



Canadian Investors: It's Time to Check Out These FANG Stocks

Description

October has traditionally been a poor month for stocks, but it's doubtful that even the most bearish investors could have predicted this year's carnage.

The TSX Composite Index has declined 8.4% from the 1st to the 30th of October. The S&P 500 has performed even worse, falling more than 9% during the same period. Both these results look pretty good against the NASDAQ 100, which is down nearly 11%.

[Technology companies](#) have taken this decline squarely on the chin. The so-called [FANG stocks](#) — **Facebook**, **Amazon**, **Netflix**, and **Alphabet** (Google) — have all seen major declines over the last month. Facebook and Alphabet shares are down 13% and 14%, respectively, while both Amazon and Netflix have shed more than 20% of their value in October.

Naturally, some investors are freaking out. Nobody wants to lose 20% of their portfolio in a month.

There's a better solution. Investors can load up on a new breed of FANGs. These Canadian companies might not be changing the world with their new technology, but they're solid companies with a demonstrated history of growing shareholders' wealth. They're also much more defensive than the original group, which will let investors sleep a little better at night.

These stocks are **Fairfax Financial Holdings** ([TSX:FFH](#)), **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)), **National Bank of Canada** ([TSX:NA](#)), and **Goldcorp** (TSX:G)(NYSE:GG). Let's take a closer look at each.

Fairfax

Fairfax is much more than your typical insurance company.

CEO Prem Watsa — the man many have dubbed Canada's Warren Buffett — has grown the company from an obscure insurer to a diversified behemoth. The company takes its insurance premiums and uses them to invest in undervalued stocks and buy up whole companies. This strategy is a good one, with book value per share growing at nearly 20% a year for the better part of three decades.

Shares are down some thanks to the recent sell-off, which presents a good opportunity to buy. The stock trades barely above book value and at just 10.5 times forward earnings expectations.

Algonquin

Algonquin has successfully diversified itself from a small power company to a big utility. The company has more than three-quarters of a million power, natural gas, and water customers, all located in the United States.

Although utilities are often viewed as being more conservative during recessions, Algonquin shares hit a 52-week low in October. Still, the company isn't likely to go much lower, and its 4.8% dividend yield also helps provide some support. The company has a history of raising its payout, so long-term investors can expect their income to go up over time.

National Bank

As the sixth-largest bank in Canada, National Bank sometimes gets ignored. Everyone focuses on the Big Five.

Some investors think this is a huge mistake. National Bank shares tend to trade at a discount to its peers, despite putting up pretty equivalent results. The company has greater growth potential, too. It has barely expanded into western Canada, and its international expansion plans are in their infancy.

National Bank shares pay a generous 4.1% dividend yield and trade at just 9.4 times forward earnings expectations.

Goldcorp

The relationship isn't perfect, but most of the time it works. When stocks sell off, gold stocks do the opposite, as investors rush to the safety of the yellow metal. This makes Goldcorp the perfect hedge stock for an uncertain world.

The company is experiencing some short-term pain right now after it announced lacklustre third-quarter results. I'm confident management will right the ship soon enough.

The bottom line

This new group of FANG stocks are the perfect choice for Canadian investors looking to own something a little more conservative during these tumultuous times. If markets continue to be weak, you'll be glad you made the switch.

CATEGORY

1. Bank Stocks

2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:FFH (Fairfax Financial Holdings Limited)
4. TSX:NA (National Bank of Canada)

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