



Buy These 2 Companies Now to Protect Your Portfolio

Description

The stock market is certainly a crazy place to operate these days. Around the world, stocks can't seem to get any traction, with each successive move upwards being followed by the market slamming stocks back to Earth with a harsh move back down. It is certainly not a place for the faint of heart.

The question that is on everyone's mind is whether this is the end of the bull market for stocks or if it is simply a minor pullback that will soon capitulate, allowing stocks to move upwards once again.

I am generally in the more positive camp, believing that this is a temporary downturn that will soon return to better levels. The economic outlook for countries such as Canada and the United States is still quite positive. Furthermore, the news is currently quite negative, making me believe that there is likely to be more upside than downside in stocks.

Let's face it, though. High-flying stocks in sectors like technology and cannabis industries needed to be taught a lesson, with their valuations far exceeding their actual value. These sectors are still by no means cheap, with these high flyers still commanding high valuations even after falls of 30% or more.

There is still risk out there, that is for certain. Debt levels rage out of control for corporations, individuals, and governments around the world, increasing the brittleness of the global economic system. The political environment is just as unstable as well, with world leaders jockeying for power on issues such as trade.

So, while I would not advise rushing out to sell all your positions, it does make sense to have a certain amount of insurance in your portfolio. One way to do this is by buying shares in gold-related companies. Gold is the oldest safe haven in the world, so owning shares of companies can be quite beneficial if things start to go downhill in a hurry.

Two of the best companies to own are **Franco Nevada** ([TSX:FNV](#))([NYSE:FNV](#)) and **Agnico Eagle Mines** ([TSX:AEM](#))([NYSE:AEM](#)). If you are concerned about political turmoil or potentially accelerating inflation, owning either of these companies should help you sleep better at night. Both are excellent businesses with strong balance sheets.

Franco Nevada, for example, has officially stated that it intends to remain [debt free](#), growing its business only through reinvestment of cash flow. Agnico Eagle, in contrast, does use debt, but its debt

maturities are staggered over time with little debt due in the short term.

Both pay small dividends of similar yields that might provide you with some comfort as you wait for chaos to occur. Franco Nevada has the more secure dividend of the two companies at a current yield of 1.46%. It has grown this dividend significantly and regularly over the years with the latest increase representing a hike of 4.3%.

Agnico Eagle's dividend is slightly less at 1.28%. The dividend is not nearly as steady as Franco Nevada's, although the company has recently returned to a raising cycle. As the company's cash flow is subject to commodity prices and operational risks, the payout is much more fluid. What this company does offer is more leveraged exposure to gold prices.

If gold does come back into favour, Agnico Eagle [has the potential](#) to experience more capital gains than a more conservative stock like Franco Nevada.

Both Agnico Eagle and Franco Nevada are both effective ways to protect yourself from market turmoil and political unrest through their gold exposure. As opposed to owning gold bullion, they also offer yields that pay you as you wait. Buying a combination of the two companies could provide you with stable cash flow and potential capital gains.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:FNV (Franco-Nevada)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:FNV (Franco-Nevada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

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

Date

2025/07/03

Date Created

2018/11/15

Author
krisknutson

default watermark

default watermark