



## This Stock Is Your #1 Hedge Against Uncertainty

### Description

**Franco Nevada Corp.** ([TSX:FNV](#))([NYSE:FNV](#)) has proven once again why this stock is a great one to have in your corner during times of volatility. The last couple of weeks, following the remarks from President Trump with respect to trade and tariff talks, demonstrated the protective power of Franco Nevada on your portfolio. The increased uncertainty resulted in a jolt to gold prices followed by a similar lift to Franco Nevada's share price. This reaction has happened enough to establish it as a legitimate hedge to uncertainty.

There are three reasons to put Franco into play as your go-to stock to cushion the uncertainty in your portfolio.

### Its focus is on precious metals, the historical safe haven

While the company has recently expanded its royalty streams to oil and gas, it does maintain that it aims to focus primarily on precious metals. In the most recent quarter, this amounted to 88.4% of its revenues coming from precious metals sources. At a maximum, Franco Nevada seeks to receive no more than 20% of its revenues from oil and gas sources.

It continues to expand its portfolio of royalty streams. In February 2019, Franco Nevada acquired a 2% royalty on Marathon Gold Corporation's Valentine Lake Camp. It also acquired a 2% royalty on Gold Fields' Salares Norte project in Chile. Its investments continue to diversify its revenue streams by geography over time.

### It maintains a debt-free balance sheet

This is one of the best reasons to invest in Franco Nevada in my opinion. The debt-free nature of its balance sheet gives the company stability in hard times that many other companies are unable to match. If there is a credit crunch, this company will be one of the few that will not be affected by debt issues.

## Its operational performance is solid

This company has continued to perform year after year, as evidenced by its Q1 2019 results. Revenue increased by 3.9% over the first quarter of 2018. Net cash provided by operating activities also increased by a comparable 4.4% over the same time period. While these numbers are not massive, they are indicative of the steady growth that Franco Nevada has provided over the years.

Franco Nevada's operational excellence has allowed it to grow its dividend for 12 consecutive years. Currently, the [stock pays a dividend](#) of 1.32% at the time of this writing. The increases, including the recent 4.2% raise, have grown the dividend to the extent that original investors are now receiving an effective 8.9% yield on their cost.

## This company adds stability in adversity

Franco Nevada provides investors with an excellent hedge to market risk and volatility. Of course, this means that during times of calm, Franco Nevada will likely pull back to a degree. As it's a company and not the precious metal itself, it also is [exposed to operational risks](#) that could negatively impact the company.

But over time, Franco Nevada has vastly outperformed gold. It also pays a dividend that gives investors income while they wait for volatility to pass. This is an excellent hedge if you believe that more uncertainty is heading our way.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSE:FNV (Franco-Nevada)
2. TSX:FNV (Franco-Nevada)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
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krisknutson

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