



2 Gold Stocks to Buy if You're Worried About a Market Crash

Description

We are undergoing somewhat uncertain economic times right now. With one market crash behind us — and one more on the horizon — financial experts are still debating whether the typical definition of a recession applies to Canada right now or if we need to redefine it because of pandemic's disruptions. Some optimists are even discarding the warnings signs that are indicating another market crash.

The **S&P TSX Composite Index** is down almost 5.8% from the end of August. Whether it's a temporary slump or a pre-cursor to a sharp fall is yet to be determined. But investor sentiment is likely shifting, and a few significant sell-offs can push the market down a cliff.

This is the time when you might want to look into safe-haven stocks like gold. Two gold stocks you may want to consider ahead of a second market crash are **B2Gold** ([TSX:BTO](#)) and **Franco-Nevada** ([TSX:FNV](#))([NYSE:FNV](#)).

A gold mining company

B2Gold is a Vancouver-based company that owns and [operates mines](#) in the Philippines, Mali, Namibia, and is developing a mine in Colombia. It markets itself as one of the “senior” gold producers and focuses on low-cost production. Its operation is massive enough, and by the end of this year, the company is expected to mine somewhere between 1,000,000 and 1,055,000 ounces of gold.

It recently started paying dividends and is offering a yield of 2.64% to its investors. This is not very high given what most other dividend stocks have to offer, but it's a considerable number compared to its other peers in the sector, very few of which pay dividends in the first place.

The company has a solid balance sheet, a decent amount of cash, and a substantial amount of debt. But it has managed to increase its revenues and gross profits drastically in the last two years, which allows it to cover any of the financial obligations. It's also an aggressive growth stock (especially since the start of this year) and returned almost 455% to its investors in the past five years.

A streaming and royalty company

Franco-Nevada has the distinction of being the only Dividend Aristocrat among gold companies. It has a well-established history of payouts and has been increasing its dividends for 12 consecutive years. This \$34.6 billion golden giant is not very old, and the company's roots go back just 27 years. But its focus on royalties and streaming instead of exploring and mining themselves has been unusually profitable.

It allows the company to reap almost all the benefits that a mining company has (in both metal and returns) while mitigating some of the inherent risks [associated with mining](#). This has resulted in the company having a sizeable cash-pile, no debt, and a robust balance sheet. It has also shown remarkable and steady growth.

Foolish takeaway

Gold can be a strong hedge against market headwinds and turmoil — and it truly shines in distressed markets. When the economy is going strong, gold doesn't perform very well, the price stays stagnant, and the gold companies don't offer very glamorous returns. Investors therefore shouldn't overpopulate their investment portfolio with gold stocks.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:FNV (Franco-Nevada)
2. TSX:BTO (B2Gold Corp.)
3. TSX:FNV (Franco-Nevada)

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