



Diversify Your Portfolio With These 2 Top TSX Stocks

Description

Portfolio diversification is everything these days. Such diversification provides better risk-adjusted returns over time. Indeed, having too many of one's eggs in a single basket isn't a good idea.

For those heavily invested in growth stocks, here are two names to round out a portfolio nicely. These companies are both highly defensive but act as portfolio hedges. For those with long-only portfolios, these could be great additions today.

Let's dive in.

Nutrien

Perhaps [the best pure play on commodities](#) on the TSX is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)). This company's potash and fertilizer production has shown impressive long-term strength, despite supply pressures, which have kept commodity prices low for a long time. However, with the improvement we've seen in commodity prices of late, Nutrien is once again basking in the sunshine.

I've been bullish on this stock since the commodity price environment was at its worst. Why? Well, Nutrien's rock-bottom cost of productions have led this company to be profitable in the worst of times. When times are good, like they are now, Nutrien is a cash flow machine.

Indeed, the company's production efficiencies have not only been noted by myself and other analysts, but also by the company's peers. The fact that Nutrien has been approached by **BHP** to assist on the Jansen mine (a massive potash mine) is bullish for investors in Nutrien. This move further validates Nutrien's dominant and industry-leading production profile.

I think this deal could be very lucrative for Nutrien and its investors. Essentially, I view this deal as a step toward further consolidation in this space. Investors should remember that Nutrien is the result of a combination between Agrium and Potash Corp. This deal provided Nutrien with a dominant market position, one which could be further emboldened by this partnership.

Whether Nutrien takes over operations of the mine or takes a massive stake in BHP remains to be seen. However, I see Nutrien as the pre-eminent play on agri-mining in Canada right now.

Equinox Gold

In the gold space, **Equinox Gold** ([TSX:EQX](#)) has been one of my top picks of late.

I've focused most of my energy on mid-cap players, as that's where I see the value right now. Equinox is one such player with excellent value and a great market position. The company's share price has unfortunately not reflected the company's current profitability potential. Hence, the value I see in this gold miner with a \$3 billion market cap currently.

As gold prices continue to hover in the US\$1,800 to US\$1,900 range, companies like Equinox will continue to see cash flow growth for some time. Investors need to remember that this is a company that hasn't seen the full effects of sustained higher gold prices at these levels for some time. Accordingly, investors need to forecast where they think gold prices will be over the long term when assessing this stock. Indeed, that's not an easy task.

However, among gold miners, I like Equinox's diversified production. The company's mines span across the Americas, and are located in mining-friendly jurisdictions. For long-term investors bullish on gold, Equinox provides some nice diversification and safety at a time of volatility. Long-term investors can't ask for much more.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Gold
2. growth
3. investing
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TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:EQX (Equinox Gold Corp.)
3. TSX:NTR (Nutrien)

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