



RRSP Investors: How to Protect Against Volatility in the Near Term

Description

Having enough money to be able to live a comfortable life and pay bills without working any further is the ideal retirement planning goal. Accordingly, RRSP investors may certainly want to consider investing some portion of their retirement savings in top TSX stocks.

For those taking a long-term (decade-plus) view of the market, here are two top picks I think can protect against near-term volatility.

Top picks for RRSP investors: Barrick Gold

For those looking to avoid market mayhem, staying away from the market completely is one choice. However, for those looking to stay invested, holding some percentage of one's retirement fund in hedges is a great choice. Even if that's only for a short amount of time.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is one such market hedge I think is worthy of consideration in this environment. With inflation running rampant, investors have reason to be worried about a flurry of risks. One such risk is to the value of the U.S. dollar.

While the dollar has strengthened due to rate hikes of late, my view is that this trend will likely revert. Money printing inevitably leads to inflation and the erosion of the value of a currency. For gold and other safe-haven commodities, this tends to provide strong long-term secular [growth](#) upside.

Gold miners such as Barrick provide amplified exposure to the price of gold. Operating leverage is a beautiful thing, when commodity prices are going up. Accordingly, gold bulls may want to look at miners for increased exposure or hedging value right now.

In May, Barrick posted its gold production numbers for Q1 2022. Barrick generated approximately 0.9 million ounces for this quarter. It also declared that it expects its annual gold production for this year to range somewhere between 4.2-4.6 million ounces.

Given the company's [profit margin](#) around 16%, and a gold price of around \$1,750 per ounce that's

roughly US\$1.2 billion a year in net profit. At a valuation of approximately US\$30 billion, Barrick is trading around 25 times trailing earnings.

Should the price of gold continue higher, as I think it will, Barrick's current valuation will become increasingly attractive from here. Thus, I think this stock is worthy of consideration right now as both a hedge and an upside bet on growth.

Suncor

Incorporated in 1917, **Suncor** ([TSX:SU](#))([NYSE:SU](#)) is Canada's premier integrated energy organization based in Alberta. It boasts a remarkable supply chain network, a solid downstream portfolio and owns significant conventional production and oil sands operations.

For RRSP investors, there's also a lot to like about Suncor's fundamentals. The company has modest near-term debt maturities and solid liquidity. In addition, this company is looking forward to maintaining a disciplined capital approach and forecasts to repay further debt this year. This is a key indicator that the company will be able to continue to generate impressive cash flow.

In Q1 2022, Suncor Energy generated the highest quarterly adjusted funds from operations in the organization's history of \$2.86 per share, or \$4.1 billion. This includes record adjusted funds from operations coming from the company's oil sands assets as commodity prices shot up.

These increased cash flows allowed Suncor to return more than \$1.4 billion of value to its shareholders. These distributions came via dividend payments of \$601 million and \$827 million in share repurchases. Also, the company lowered its net debt by \$728 million. That's a big factor for investors concerned about leverage.

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1. Dividend Stocks
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