



## The Many Pros and 1 Con to Investing in Cameco Corporation

### Description

Uranium is a resource that will make investors rich. The need for clean energy is becoming more apparent and while there are disasters sometimes, nuclear energy is likely to be the future of energy creation for many years.

There aren't many ways to really invest in uranium. But the one that I think is likely your best bet is **Cameco Corporation** ([TSX: CCO](#))([NYSE: CCJ](#)). There are many pros to investing in this stock, but then there is one glaring con.

### 5 pros

The first positive to Cameco is that it is the second-largest uranium mine in the world, with 14% of the market. That gives it a lot of size, which is a benefit when the price of uranium drops. It can handle wild price fluctuations that a smaller mine likely would not be able to stomach. Therefore, it decreases the likelihood that this company will shut down. It's safer.

The second positive is tied to that 14% because the price of uranium is rising. Right now, it's priced at right around \$40 a pound. This is still very low, but it's a significant increase from where it was a month ago when it was around \$10 less. As the price continues to rise, all of the uranium Cameco will push out will just make the company more profitable.

The third reason is because the price of the stock is at a really nice value. At only around \$18.50 a share, the point of entry is relatively low. This is right around its historical low going back over five years, so it has a pretty good support there. Unless uranium prices plummet to the single digits, I doubt it'll drop much lower than that.

The fourth reason is demand. China is going to need a significant amount of uranium over the next 10 to 15 years. Japan will as well. India is powering up nuclear power plants. So is Saudi Arabia. Nuclear is becoming bigger and all of those countries will need to buy uranium.

Finally, the company rewards its investors with a 2.2% yield. Even when times are rough, it recognizes the need to reward its investors. That makes this an income-generating stock while we wait for the

stock price to rise.

## 1 con

But there is one con to investing in this company. It's currently under investigation for tax evasion. The Canadian government says that it owes over \$800 million in taxes. It's been suggested that the bill could be even double that. The reason is because Cameco opened a reseller of uranium in Switzerland. It then would sell the uranium to that reseller for very low prices. Switzerland has low taxes, so Cameco could generate significant revenue without having to pay the taxes.

If the Canadian government wins this court case, this stock will break its support and plummet. A company losing over \$1 billion when the market cap is only \$7 billion+ would be disastrous to the company. That is the only thing that makes me hesitate over the buy button.

But if you believe in the long-term viability of uranium — which I do — then you should consider adding this company. It's low priced and if it survives the tax attack, will rise fast and hard.

Do you want a stock that is even better than Cameco?

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. TSX:CCO (Cameco Corporation)

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