



Looking to Invest in Uranium? 2 Stocks to Buy

Description

I am a long-term bull on uranium and because of that, I have my eyes out for investments that will enable me to invest in these sorts of companies. But it is important to be diversified so that if one company has problems, it doesn't destroy your portfolio.

There are two uranium companies right here in Canada that I think make great investments for a long-term portfolio. Both **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)) and **Uranium Participation Corporation** (TSX:U) are companies derive income from uranium. With the price of uranium at a very low point, the company shares are also low, which presents attractive points of entry.

Both have drawbacks that are important to understand before buying.

Cameco Corporation

Cameco is a mining company that specializes in uranium. It counts for at least 14% of the uranium production in the entire world, which puts it in an incredible position when demand for uranium kicks in again.

Over the past couple of weeks, shares of the company have risen over a dollar. Even now, it is incredibly undervalued and I believe it is a fantastic buy, especially with its 2.25% dividend.

However, I don't recommend you buy Cameco yet. It is dealing with some legal issues with the Canadian Revenue Agency that could set it back close to a billion dollars. If that happens, that share price will drop. So I would wait until that is behind the company before starting a sizable position.

Uranium Participation Corporation

This company is a fun one that I really like. Unlike Cameco, which actually produces uranium, UPC only buys and stores uranium. It uses the vast majority of its cash assets to buy the resource with the mentality that when uranium rises, the stock will as well.

And that tends to be the case with this company. Because it only has two assets—cash and

uranium—when uranium rises, the stock does as well. However, it has been undervalued for some time now and it is a great buying opportunity.

I think the fair value of a share should be \$5.39. However, it is currently trading at \$5.21. It's only a 3.5% discount, but that's still undervalued. I suggest buying this and then forgetting you own it. I doubt uranium is going to drop much further, but over the next five to 10 years, it has quite a bit of room to grow.

There are other great portfolio stocks

I think both of these companies are great to add to your portfolio if you are looking for a different type of mining. However, if you need other ideas for stocks to add to your portfolio, I would recommend this report put together by The Motley Fool.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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

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