



Planning for Retirement? Get Cash-Rich With This Royalty Stock

Description

PrairieSky Royalty Ltd. ([TSX: PSK](#)) is barely half a decade old, yet medium-term to long-term investors see the value enhancement potential of the stock. This royalty company is bursting with cash and paying [hefty dividends](#). People preparing for retirement should think about investing in a business model overflowing with liquidity.

Awash with cash

PrairieSky is a relatively young firm, but one that's endowed with deftness to acquire and manage royalty lands. That has been the game plan since May 2014 — pave the way for exploration and development on the fee simple mineral title and other royalty lands.

The set-up is straightforward. The company acquires the land, offers it for lease and then collects production royalties. PrairieSky earns big when cash starts flowing through indirect third-party petroleum and natural gas investments. The costs are minimal, but what's even laudable is that there are no operational risks whatsoever.

PrairieSky Royalty owns the largest portfolio of royalty lands in Canada. In total, the company has 7.8 million acres of fee simple mineral title land plus 6.5 million acres of other royalty lands. Prairie Sky Royalty is [four times bigger than industry rival Freehold Royalties](#) ([TSX:FRU](#)).

Growth strategy

As mentioned earlier, PrairieSky Royalty's objective is to ensure enhanced shareholder value in the medium- to long-term. That can be accomplished if more third-party oil and gas producers develop its properties. Acquiring additional complementary petroleum and natural gas royalty assets is also a top priority.

PrairieSky is not resting on its laurels, however. The company is fully concentrated on the active management of the organic growth of the royalty revenue from the properties' development. PrairieSky

is living up to the task of collecting and accurately accounting for all royalties.

There is strict monitoring of the property portfolio, particularly the fidelity of the third-parties or lessees to abide by the terms and provisions contained in the lease agreements.

The company is well aware that potential losses may come about if a counterparty or lessee fails to meet its contractual obligation. PrairieSky has set a limit on the size of any one property or industry operator vis-à-vis the total receivables. A diversified revenue stream aims to mitigate credit risk.

With the shareholders in mind, the company is circumspect and calculating when selecting business development opportunities. PrairieSky wants to keep its pristine record of picking low-risk investments intact.

Investors deserve the royal treatment

PrairieSky Royalty Ltd. is traversing a higher plane once again. The stock is on course to repeat rising to the \$29.00 level a year ago. Currently, PSX is trading at \$19.72 and comfortably way past the 52-week low of \$15.71. The trend is evidently pointing upward. You can opt for this stock if you want to sink in more cash to your RRSP account.

The sky is the limit insofar as the influx of cash is concerned should the growth strategy materializes. Hence, investors in this \$4.6 billion royalty company should look forward to a red carpet treatment. PrairieSky is ensuring that it fills its promise of enhancing shareholder value.

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