



Want to Invest in Gold and Silver? Check Out These 4 ETFs

Description

Both stocks and bonds faced strong headwinds in 2022 from a combination of interest rate hikes, high inflation, supply chain constraints, and war in Eastern Europe. Both assets incurred significant losses, leaving even the most balanced portfolios in the red.

With this much fear, uncertainty, and doubt in the market, investors have been turning to alternative assets, like precious metals. The price of gold and silver in particular recently rallied to new highs, aided by their perceived value as a safe asset during times of crisis.

How do I buy gold and silver?

Some people will buy physical bullion or miner stocks to gain exposure. The problem with bullion is that the bid-ask spread is expensive, and storage can be a pain. The problem with miner stocks is that they are correlated more with equities than gold or silver, which limits their diversification value.

Your best choice is an [exchange-traded fund \(ETF\)](#). These funds hold physical gold or silver in a vault, and a share of the ETF represents partial ownership. You can buy and sell shares of the fund on an exchange like any other stock during regular trading hours.

The best gold ETFs

If you're investing in Canadian dollars, consider buying **iShares Gold Bullion ETF** ([TSX:CGL](#)). CGL offers targeted exposure to the price of gold that is hedged to the Canadian dollar, so you're not affected by volatility in the CAD-USD exchange rate. The management expense ratio (MER) is currently 0.55%.

If you're investing in U.S. dollars, consider buying **SPDR Gold Shares** (NYSE:GLD). This ETF is the largest and most liquid one in the world, and tracks the price of gold extremely accurately. The MER is also lower at 0.40%, but keep in mind you will need to [convert CAD to USD](#).

The best silver ETFs

If you're investing in Canadian dollars, consider buying **Sprott Physical Silver Trust** (NYSE:PSLV). PSLV is a closed-end trust that invests in fully-allocated silver bars held by the Royal Canadian Mint, and you can actually redeem your ETF shares for bullion if so desired. PSLV costs an MER of 0.62%.

If you're investing in U.S. dollars, consider buying **iShares Silver Trust** (NYSE:SLV). With over \$14 billion in assets under management (AUM), this fund is the largest of its kind. Currently, SLV has 17,046 tonnes of silver in trust, and costs an MER of 0.50% to hold.

The Foolish takeaway

Holding "hard" assets like gold and silver protects us against tail risks, such as stagflation and war. As a reliable, universally recognized store of value, gold and silver are what investors buy when their local currency suffers, or when their local economy has stagnated. With the high uncertainty in the market right now, buying either could be a good defensive play, if you can stomach the volatility.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. NYSEMKT:GLD (SPDR Gold Trust)
2. NYSEMKT:PSLV (Sprott Physical Silver Trust)
3. NYSEMKT:SLV (iShares Silver Trust)
4. TSX:CGL (iShares Gold Bullion ETF)

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Date

2025/06/30

Date Created

2022/03/31

Author

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