Stop Buying Uranium Stocks! Buy This Instead

Description

Uranium stocks have been some of the most popular stocks in 2022 thus far. And it comes from a variety of reasons. Uranium will be a huge part of the clean energy future. Companies continue to receive government funding to get nuclear power plants up and running. And the war in Ukraine has led to sanctions against Russia, which would mean North American uranium stocks would receive more business.

But the problem is that some of these uranium stocks could see a fall back in the near- or long-term future. Sanctions against Russia could end, leading to more uranium use. And companies can hit hard times. That's why I wouldn't recommend uranium stocks. Consider this ETF instead.

Horizons Global Uranium Index ETF

Horizons Global Uranium Index ETF (TSX:HURA) is a pure-play uranium exchange-traded fund. It seeks to replicate the performance of the Solactive Global Uranium Pure-Play Index, net of expenses. In both cases, the uranium stocks focus on companies that mine and explore uranium, or invest and participate in the price of uranium.

Furthermore, it offers Motley Fool investors access to a variety of global uranium stocks. Right now, its holdings consist of companies like **Cameco** at 22.35%, and **Yellow Cake** at 20.23%. But it holds a variety of others to obtain that global exposure.

Performance

Compared to other uranium stocks that have gone up and down like a yo-yo lately, the Horizons ETF has been a bit more stable. Shares are up 44% in the last year and 5% year to date. In the last two years, shares have more than doubled by 155% for investors.

While there are certainly uranium stocks that have done even better, you just don't see the absolute rise and crash that you've seen with some uranium companies. Instead, it's been far more stable and still remains at a valuable share price of $24.42 as of writing.

Furthermore, that leaves even more room to grow, as the company’s management team searches for new investments or readjusts investments in existing uranium stocks. Plus, you get a nice little 0.47% dividend yield, which you may not get with all uranium companies.

Bottom line

Uranium stocks look like a great investment for the next decade. However, it’s still a risky or at least volatile area to invest in — especially after the Fukushima disaster of 2011 still has investors on edge. Therefore, Horizons can be a great way to get exposure to the uranium industry, without the fear of one stock crashing without others to pick up the slack.

Uranium production is estimated to reach 65.2 kilotons by 2025 according to estimates, with nuclear currently accounting for 10% of total electricity around the world. China is adding 50 new reactors to its fleet, joining a fleet of 445 reactors around the world. And that’s expected to increase substantially by 2050.

This could mean a rally similar to 2007 could still be in the future. You can ensure you get a piece of the action by sticking with this Horizon uranium ETF.

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1. Investing
2. Metals and Mining Stocks

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1. Editor's Choice

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2. TSX:CCO (Cameco Corporation)
3. TSX:HURA (Horizons Global Uranium Index ETF)

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Author
alegatewolfe