



Invest in Gold, Silver, and Copper With These 3 ETFs

Description

Commodities have rallied strongly so far in 2022, as stocks and bonds fell in tandem amid rising interest rates and higher-than-expected inflation. In particular, precious metals like gold, silver, and (sort of) copper outperformed thanks to geopolitical instability and supply chain constraints.

While investors can go out and buy physical gold, silver, or copper bullion, an easier approach that can be done from the comfort of your home (and tax-free/deferred using a TFSA/RRSP) is by buying an [exchange-traded funds \(ETFs\)](#) that tracks the price of gold, silver, or copper.

ETF managers like **Horizons ETFs**, **Purpose Investments**, and **BlackRock iShares** offer a set of low-cost, high-liquidity ETFs that provide exposure to these metals, either through physical storage in a vault or via miner stocks. Let's take a look at three potential options for gold, silver, and copper, respectively.

The gold option

iShares Gold Bullion ETF ([TSX:CGL](#)) offers investors targeted exposure to a vault of gold bullion stored in trust with a custodian with frequent audits. Currently, the ETF has assets under management of \$786 million, which corresponds to just over 329,000 ounces of gold.

CGL is also currency hedged. The fund uses futures derivatives to minimize the impacts of fluctuations between the CAD and USD, as the price of gold in USD is different than in CAD. This means reduced volatility but also some tracking error due to the cost of hedging.

In terms of fees, buying CGL will cost a management expense ratio of 0.55%. For a \$10,000 portfolio, this means around \$55 worth of fees annually. This is high but typical for a commodities-based ETF.

The silver option

Sprott Physical Silver Trust (NYSE:PSLV) currently holds a total of 160,944,047 ounces of silver

deposits in a vault. Like CGL, the ETF has secure custodian, trustee, and auditor appointed to ensure transparency and accuracy. This makes PSLV a great option for gaining silver exposure compared to silver futures ETFs.

It is worth noting that PSLV is structured as a close-ended trust. This means that the share price of PSLV can trade at a discount or premium relative to its net asset value (NAV) at times. Be careful of this when you're buying to avoid paying a premium.

PSLV is slightly more expensive than CGL, costing a MER of 0.62% to buy and hold. For a \$10,000 portfolio, this means around \$62 worth of fees annually.

The copper option

Unlike the previous examples on this list, **Horizons Copper Producers Index ETF** ([TSX:COPP](#)) does not hold physical copper bullion in a vault. Rather, the ETF tracks the Solactive North American Listed Copper Producers Index, which holds a portfolio of North American stocks involved in copper ore mining or copper production.

Because COPP holds mining stocks, it is more likely to be correlated with the broader stock market but also have a correlation to the spot price of copper. This makes it a good middle ground for investors still seeking some equity exposure. Compared to pure commodities, COPP is also more likely to have positive expected returns, as its underlying companies grow and pay dividends.

COPP is the most expensive ETF on this list, costing a MER of 0.65%. For a \$10,000 portfolio, this means around \$65 worth of fees annually. Still, not many Canadian ETFs offer copper exposure, so this is the best bet for now.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSEMKT:PSLV (Sprott Physical Silver Trust)
2. TSX:CGL (iShares Gold Bullion ETF)
3. TSX:COPP (Horizons Copper Producers Index ETF)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. tdong

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/08/12

Date Created

2022/06/08

Author

tdong

default watermark

default watermark