



How to Invest in One of the Most Important Commodities in the World (It's Not Gold)

Description

We all have things that we *think* we can live without. But there are things that we, as humans, *actually* can't live without, and water is near the top. It's difficult to think that way in a country like Canada, which has the fourth largest freshwater reserves in the world. Still, freshwater is scarce around the globe and becoming scarcer as the population grows.

This is why it may pay off well to start investing in one of the most important commodities in the world. There are several ways to do it, but for most investors, the best way to gain exposure to this commodity is through the right stocks.

A water resource management company

Arizona-based **Global Water Resources** ([TSX:GWR](#)) has a market capitalization of about US\$349 million, making it a small-cap stock. It's a water resource management company that markets itself as a leader in total water management – that is, from water supply to wastewater management. It recycles about a billion gallons of water each year. This approach makes it a powerful pick from an [ESG investing](#) perspective.

It's more than just an environmentally sound investment. It's a decent growth stock that has risen over 71% in the past five years, which includes a bullish and correction phase set for the post-pandemic market. The slump pushed the value of the stock below its post-pandemic peak, but it has started to recover past that point.

If the stock keeps growing at its typical pace, you can experience decent returns in the future from price appreciation alone, and the dividends at 1.9% are a bonus. It already has a massive local presence, but if it expands its operations outwards and starts implementing total water management solutions to larger geographies, the stock may grow at an expedited pace.

A water solutions company

Florida-based **Primo Water** ([TSX:PRMW](#)) offers a wide range of water solutions to both residential and commercial consumers. They have a significantly larger presence and consumers in both North America and Europe. This geographically diversified consumer base is a major strength for the company, as it has the potential to lead to more growth opportunities and newer markets.

Primo Water has a portfolio of six companies, two of which operate in the European markets and several trusted and well-known brands. The stock offers a decent mix of stability, dividends, and growth. It has risen over 133% in the last 10 years and is currently offering dividends at a yield of about 1.3%.

Foolish takeaway

These two [water stocks](#) give you two different ways to enter the market. One focuses on water as a utility and recycling, while the other is more about drinking water consumption. Both avenues are expected to stay relevant and possibly grow in relevance (and value) over time.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Inc.)
2. TSX:GWR (Global Water Resources
3. TSX:PRMW (Primo Water)

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Date

2025/06/28

Date Created

2023/02/08

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