



## Why Wheaton Precious Metals Corp. Belongs in Your Portfolio

### Description

**Wheaton Precious Metals Corp.** ([TSX:WPM](#))([NYSE:WPM](#)) continues to [hold massive appeal](#) for those investors who are looking for a precious metals investment without the added risk and volatility of a traditional miner.

As a streamer, Wheaton benefits from not owning or operating the mine directly, but from providing an upfront financial injection to the traditional miner who in turn sets up the mine and begins operations.

In exchange for that upfront capital, the streamer is granted a portion of the extracted metals at a discounted price that can be as low as US\$400 per ounce for gold, and near US\$4.50 per ounce for silver. The streamer can then sell those metals at the current market rates of US\$1300 per ounce for gold and US\$16.50 per ounce for silver.

The other benefit of the streaming model worth noting is that as the traditional miner focuses on the daily operations of the mine, the streamer can move on to another mine and commence another streaming agreement.

In short, a streamer is a lower risk, more diversified option for investors to consider over traditional miners, and Wheaton, the largest streaming company in the world, is an intriguing investment option.

There are three key reasons why investors should consider Wheaton as an investment.

### An evolving and growing business

Wheaton currently has 20 mines active around the world and at least another nine in development, many of which are with some of the [largest traditional miners](#) on the market. In the most recent quarter, those mines produced 7,428 ounces of silver and 79,657 ounces of gold, selling on 6343 ounces of silver and 69,973 ounces of gold, with a sales price of US\$16.73 per ounce of silver and US\$1330 per ounce of gold.

Over the course of the past year, Wheaton has transitioned to putting a preference on gold streaming over silver, a point noted when the company changed its name by dropping the *Silver* last year.

Wheaton has stated in the past that over the next three years, the company expects gold to comprise 45% or more of its average production, making the company not only an intriguing opportunity, but also a diversified one.

### **Strong quarterly results and growth forecasts**

Wheaton provided an update for the first fiscal quarter of 2018 that ended on March 31 2018.

Revenue for the quarter came in at US\$199 million, reflecting a small 0.7% increase over the US\$197 million reported in the same quarter last year. Net earnings came in at US\$68.1 million, or US\$0.15 per share, coming in 11.3% higher or 7.1% per share higher than the same period last year.

Looking to the rest of the fiscal year, Wheaton is forecasting production of 22.5 million ounces of silver and 355,000 ounces of gold; over the course of the next five years that forecast is set to expand to 25 million ounces of silver and 370,000 ounces of gold.

### **A dividend that beats the competition**

Precious metals miners are rarely viewed as the most rewarding dividend investments, with most miners offering a dividend that seems more like a rounding error, based off a dedicated percentage of cash flow.

Wheaton's dividend, on the other hand, is based off 30% of the average cash from operations in the trailing four quarters. Currently, that dividend provides an appealing yield of 1.71%.

While that dividend may not be reason enough to invest in Wheaton, the current yield is more than double that of traditional miners and is likely to continue at that level.

In my opinion, investors who are contemplating an investment in the precious metals segment would be well served with a position in Wheaton.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:WPM (Wheaton Precious Metals Corp.)
2. TSX:WPM (Wheaton Precious Metals Corp.)

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