



## Diversify Your Portfolio With This Mining Superstar

### Description

Do you own precious metals investments? Gold and silver have maintained their status as safe stores of wealth among investors for countless years, particularly during times of market uncertainty. As tempting as that might sound for some, before rushing off to buy bullion, there's a [lucrative opportunity](#) at hand for investors that come in the form of investing in precious metal streamers such as **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)).

### The appeal of a streamer

The streaming model is both simple and lucrative. Streamers provide upfront financing to miners who, in turn, set up operations and begin mining. In exchange for that upfront investment in the mine, streamers are permitted to purchase an amount of the metals extracted from the mine at a heavily discounted rate. That rate can be as low as US\$400 per ounce for gold and US\$4.50 per ounce for silver.

The other advantage that streamers have over their traditional miner peers is that they can move on to the next mine relatively easily, as the management and operation of the mine lies with the traditional miner. This means that the streamer can very quickly expand to a multitude of different mines, with different miners anywhere in the world. In the case of Wheaton, the company currently has 19 active streams on three different continents with a further nine in various stages of development.

### What about results?

In the most recent quarter, Wheaton earned US\$34 million, or US\$0.08 per share, reflecting a significant drop over the US\$66.57 million, or US\$0.15, earned in the same period last year. Fortunately, much of that drop had more to do with a shift in production numbers rather than the performance of the company itself.

In terms of production, Wheaton has been diversifying its mix of investments over the past two years and reducing its reliance on silver streams. In fact, the company changed its name a few years

ago, dropping the word Silver from its name to highlight the fact that it was adding other metals into its assets mix rather than focusing on being a pure-play silver streamer.

That change is ongoing, and in the most recent quarter, Wheaton produced 5,701 ounces of silver, which represented a 24.9% drop in production over the same quarter last year. Much of that decrease was attributed to the termination of several silver streaming agreements during the quarter, but fortunately, there are other streaming agreements both active and proposed to offset that loss.

Gold production topped 101,552 ounces in the most recent quarter, reflecting a 6.7% increase over the same period last year. Wheaton also began streaming palladium in the prior quarter, producing 8,817 ounces, and a subsequent streaming agreement is set to see Wheaton begin streaming cobalt for the first time in 2021.

Despite the weaker earnings figures, Wheaton's long-term prospects remain stronger than ever. The company is forecasting 355,000 ounces of gold to be produced across the entire fiscal year, along with 22.5 million ounces of silver and 10,400 ounces of palladium. Looking beyond the current fiscal quarter, those numbers are set to increase to 385,000 ounces of gold, 25 million ounces of silver, and 27,000 ounces of palladium. Wheaton's cobalt stream is forecasted to provide 2.1 million pounds each year starting in 2021.

## Should you invest?

Precious metals investments make great additions to nearly any well-diversified portfolio, and the addition of a streamer such as Wheaton provides an added layer of diversification to that mix without the added risk associated with traditional miners. Furthermore, given the continued volatility in the market and tendency to deviate back to precious metals in times of uncertainty, Wheaton could realize [additional growth](#) if precious metals prices take off as many continue to suspect.

Finally, there's Wheaton's quarterly dividend, which currently provides a yield of 1.73% that far outperforms any of the traditional miners in the sector.

### 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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