



Buy This Precious Metals Stock for More Than Gold

Description

Do you own precious metals stocks? Precious metals such as gold and silver have long been viewed as [stores of wealth](#) for thousands of years. In fact, rapidly rising gold prices are often a pre-cursor to a colossal shift in the market.

By way of example, at the onset of 2020, gold traded at just over US\$1,500 per ounce. Earlier this month, gold hit its highest price ever, breaking the US\$2,000 per ounce level. Silver also saw impressive growth in the past few years. Specifically, silver now trades at over US\$25 per ounce for the first time since 2013. So, what exactly does this mean for your precious metals portfolio?

In short, there's an opportunity on the horizon for significant gains, and precious metal stocks such as **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)) are leading the charge.

Why your precious metals portfolio needs Wheaton

Let me start by saying that Wheaton isn't a traditional precious metals miner. Instead, Wheaton is a precious metals *streamer*. This is an important distinction that needs to be clarified for investors considering precious metal stocks. Streamers do not purchase and operate mines as traditional miners do.

Streamers provide a substantial upfront financial contribution to traditional miners, who then set up the mine and begin operations. In exchange for that initial injection of capital, streamers are allocated to purchase an amount of the metal produced from the mine at a highly discounted rate.

That discount can be considerable, especially when the spot price for precious metals continues to rise. By way of example, the discounted rate for silver can be as low as US\$4 an ounce, and for gold, the discounted rate is near US\$450 per ounce. Once purchased, the streamer can move to sell those metals on the market, pocketing the gains.

In addition to the obvious gains of selling those discounted metals, there are several other advantages that streamers enjoy over their traditional miner peers. First, there's the risk. Streamers take an

increasingly hands-off approach to managing the mine, which not only lowers the overall risk to the streamer but also allows the streamer to quickly move on to another mining opportunity.

In the case of Wheaton, the company boasts an impressive portfolio of 20 active mines on three continents, with a further nine mines in various stages of development. Few precious metal stocks can provide that level of diversity.

The metal being mined is another worthy point of mention. Wheaton has diversified outside of its historical preference for silver streaming in recent years. Today, the streamer is focused on both gold and silver, but Wheaton also has streaming agreements in place for both cobalt and palladium. This adds yet another element of diversification that could prove beneficial to investors looking for a precious metals stock.

Should you buy?

No investment is without risk. While investors may be flocking to precious metals in times of uncertainty, there's no guarantee that gold and silver will continue to rise. Wheaton represents a unique opportunity to realize gains without the risk found in other precious metal stocks. This factor alone makes Wheaton a great addition to any [well-balanced portfolio](#).

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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