



Forget Bitcoin: Here's a Low-Risk, High-Value Stock

Description

The traditional view of owning precious metals as a store of wealth is stronger than ever. That view has come under fire in recent years, particularly as the rise of cryptocurrencies took hold. While there are investment arguments to be made in support of [cryptocurrency](#), there are some also compelling low-risk, high-value precious metal stocks to invest in.

Let's take a look at **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)).

What Wheaton is, and what it isn't

To be clear, Wheaton isn't a traditional precious metal stock. The company doesn't actually own any mines, nor does it engage in the day-to-day operations of precious metals mining. Wheaton is what is referred to as a precious metal *streamer*.

The streaming business model differs from that of a traditional miner in several key areas, all of which make it the low-risk, high-value stock for your portfolio.

Specifically, streamers provide upfront capital for the traditional miner. The miner will then use those funds to spin up operations in the mine. In exchange for that upfront financial injection, streamers can purchase some of the metals produced by the mine at a highly discounted rate.

That rate can be as low as US\$400 per ounce of gold and US\$4.50 per ounce of silver. To put that discount into context, as at the time of writing, the spot price for gold is US\$1,760. Similarly, silver currently trades at US\$22.50. Once purchased, the streamer can then sell those metals on the open market or wait for a more favourable price.

The low-risk, high-value appeal of the business model is significant. Streamers such as Wheaton need not bother with day-to-day operations of the mine. Furthermore, this arms-length approach allows the streamer to seek out new streaming agreements, leaving the operations side to the miner.

Also noteworthy is that this allows Wheaton to diversify itself with different precious metal streams. The

company currently has active streams around the world for gold, silver, palladium, and cobalt.

Are you ready for a low-risk, high-value investment?

To be clear, no investment is without risk, and that includes Wheaton. That being said, Wheaton does boast a well-diversified portfolio of productive mines around the world and a [respectable dividend](#).

That dividend, which is based on the performance of the trailing quarters works out to a respectable yield of 1.53%.

In my opinion, Wheaton remains a low-risk, high-value option for [nearly any portfolio](#). And unlike crypto, Wheaton is not surrounded by extensive volatility.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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