



## Here's a Lower-Risk Precious Metal Option

### Description

When there is risk in the marketplace, investors tend to seek out safer, [lower-risk investments](#). That safer place has traditionally meant precious metals. Fortunately, not all precious metal investments have the same level of risk. Here's a lower-risk precious metal option to consider.

### Meet Wheaton Precious Metals

**Wheaton Precious Metals** ([TSX:WPM](#)) ([NYSE:WPM](#)) is the lower-risk precious metal option that your portfolio needs.

Wheaton isn't a precious miner in the traditional sense. Instead, Wheaton is a streamer. While both miners and streamers share some similarities, the businesses are run very differently. Streamers provide upfront financing to traditional miners to set up mines and begin operations.

In exchange for that initial capital, streamers can purchase some of the metals produced from the mine at a substantial discount. That discount can be as little as US\$150 per ounce of gold and US\$4.50 per ounce of silver.

Once purchased, streamers can then sell those metals at the current market rate. That rate currently works out to US\$2,000 per ounce of gold and US\$26 per ounce of silver.

Apart from the obvious overall lower risk from that model, streamers also benefit from maintaining their distance from day-to-day operations. This allows streamers to maintain operations across multiple mines around the world.

In the case of Wheaton, that works out to a whopping 24 active mines on three continents. Wheaton also has a further eight mines in development. Keep in mind that those represent multiple streaming agreements, which encompass multiple types of precious metals.

Specifically, Wheaton has gold, silver, palladium, and cobalt active streams. That diversification is just another way in which Wheaton comes out as a lower-risk precious metal option.

## What about results?

That lower-risk model coupled with a large complement of active mines translates into handsome results. In the most recent quarter, Wheaton earned US\$132 million on an adjusted basis. For the full fiscal year, Wheaton earned a record-breaking US\$592 million. This represents an impressive 17% gain year over year.

Revenue during the quarter topped US\$278 million, and the company generated nearly US\$200 in cash flow.

Turning to production, in the most recent quarter, Wheaton produced over 186,000 gold equivalent ounces (GEOs). This reflects a 5% year-over-year improvement for the company. For the full year, Wheaton produced approximately 753,000 GEOs. Turning to the next quarter, Wheaton is forecasting guidance of 760,000 GEOs. That growth is set to continue for the foreseeable future.

Wheaton is forecasting production to surge to over 900,000 GEOs in the next decade. In fact, that growth is already starting. Wheaton added three streams to its portfolio just in the last quarter.

## Another lesser-known reason to consider Wheaton

Dividends aren't usually a deciding factor when looking at precious metal stocks. Fortunately, Wheaton impresses once again, emerging as a lower-risk precious metal option.

Wheaton offers investors a quarterly dividend that currently works out to 1.17%. While that may not sound like one of the [best yields on the market](#), there are several points to keep in mind.

When compared with traditional gold miners, that yield *is* competitive but still not the highest on the market. What that dividend does have is solid growth. In fact, Wheaton's fiscal 2021 payout increased 35% over the prior year.

## A lower precious metal option for your portfolio

No investment is without risk. Fortunately, Wheaton is a lower-risk precious metal option that is worthy of consideration. In my opinion, a small position in Wheaton is warranted as part of any well-diversified portfolio.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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