



## Offset Market Volatility With a Shiny Investment

### Description

Volatility has gripped the market for much of 2022, leading to an overall retreat in recent weeks. In fact, the market is down well over 11% year-to-date. While this has exposed investors to some discounted options to consider, it's also elevated the appeal of some defensive options. Specifically, to offset market volatility with a shiny investment or two.

### Something shiny and new

During times of volatility, investors have flocked to precious metals since the dawn of investing. The perceived safety of precious metals lies at the heart of this phenomenon.

One investment that all investors looking to offset market volatility should consider is **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#))

Wheaton is not a traditional [mining stock](#), but rather, a precious metals *streamer*. For those that are unfamiliar with this distinction, streamers are a lower-risk option to consider.

### The streaming business model is lucrative and lower risk

Specifically, streamers provide the upfront financing to traditional miners to setup the mine and begin operations. In exchange for that initial investment, streamers are allowed to purchase some of the metals produced by the mine at a significant discount.

To illustrate that discount, the current market price for an ounce of gold and silver is near US\$1,670 and US\$19 respectively. The discounted price that Wheaton pays for an ounce of gold can be as low as US\$400 per ounce. For silver, that price can drop as low as US\$4.50.

Once Wheaton has purchased those precious metals, it can then sell some or all of them at the current market rate. This makes the company's streaming model both lucrative and a lower-risk option when compared with its traditional mining peers.

More importantly, this means that Wheaton can quickly move on to other mines, leaving the day-to-day running of the mine to the traditional miner. Additionally, the arms-length business approach allows Wheaton to deal with a variety of miners all at once. In fact, the company has agreements in place with 24 different miners.

That's part of the reason why Wheaton has active operations in 21 mines across two continents. The company also has a further 14 mines in various stages of development.

The lucrative business model, in conjunction with strong precious metal prices and ample production, has boosted Wheaton during earnings season.

In the most recent quarter, the company reported \$300 million in revenue and \$206 million in operating cash flow. This translated into a cash balance of \$449 million and no debt.

In terms of profitability, Wheaton earned \$149 million, or \$0.33 per share in the most recent quarter.

## Should you offset market volatility with a shiny investment like Wheaton?

Wheaton is an intriguing investment that should be on the radar of every investor. Apart from its lower-risk operation, the company also provides a dividend.

The current [dividend](#) is based on the cash generated over the prior four quarters. Today's yield works out to a respectable 1.93%. That may not be high enough to lure income-seeking investors, but it's a payout that is well-covered.

In my opinion, Wheaton is an intriguing option to diversify your long-term portfolio. The stock, like much of the market, is also down significantly this year, making it an opportune time to buy.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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