



## Billionaire George Soros's Top 3 Canadian Stock Picks

### Description

George Soros is known to many people these days for his politics, but his real claim to fame is his incredible investing talent. During the early 1990s, Soros made a fortune by betting against the British pound, earning himself the nickname, 'The Man Who Broke the Bank of England'. And over the past four decades, his firm Soros Fund Management and the related Quantum funds have generated returns averaging over 20% annually.

So where is Soros putting his money now? According to the latest 13-F filings from the SEC, the billionaire hedge fund manager is looking north of the border. In the last quarter Soros initiated new positions or increased his stake in several prominent Canadian companies.

What stocks is he buying specifically? Let's take a look.

### Barrick Gold

After the plunge in the price for the yellow metal, Soros appears to be combing through the rubble in search of bargains. One miner that has caught his eye is **Barrick Gold** ([TSX:ABX](#))(NYSE:ABX). Last quarter Soros purchased 6,300,100 shares of the troubled mining giant in a stake worth over \$110 million in addition to over \$35 million in call options.

Why is he bullish on Barrick? The company has several catalysts that could continue to propel the stock higher. Under the leadership of Chief Executive Jamie Sokalsky, Barrick is cutting costs, selling off high cost mines, trimming its debt load, and improving corporate governance.

The restructuring over the company could allow Barrick to generate an acceptable level of profits for shareholders by 2015 even in the low commodity price environment. And given that the stock trades at only seven time forward cash flow, the cheapest of its peers, we can infer that the market's expectations are set incredibly low. Any bit of good news out of Barrick could continue to send the stock higher.

### Cameco

It's difficult to see any reason to be bullish on the uranium market. Following Japan's Fukushima disaster three years ago, uranium prices remain in the doldrums and most industry operators are bleeding money.

Yet this fact hasn't discouraged Soros. Last quarter he added to his position in uranium mining giant **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)) by 42%. Today, Soro's total stake is worth \$55.4 million.

Why would anyone be bullish on the uranium market? Commodity expert Rick Rule told the Motley Fool Canada [earlier this month](#) that the uranium mining industry cannot recover its cost of capital at current commodity prices. That means either prices have to rise or the lights go out.

Today, low quality outfits are closing down projects and scaling back production. And this creates the very conditions needed for higher prices in the future. Once this situation plays out, higher quality operators like Cameco stand to make a fortune as they have the financial strength needed to weather the storm.

## **Suncor Energy**

The oil sands have been off limits for a lot of investors on account of uncertainty over pipeline takeaway capacity and the low price for oil sands bitumen. But that does not appear to be a big concern for Soros. Last quarter he initiated a new position **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) and his combined stake of common stock and call options is worth \$56 million.

What is there to like about Suncor? Once again, this is an example of a company that is getting its act together. Under the leadership of Chief Executive Steve Williams, Suncor is scaling down expansion plans and choosing to return more capital to shareholders. Since taking the helm in September 2011, Suncor has almost doubled the size of its dividend and repurchased over \$3.8 billion in stock. This common sense approach to capital allocation is exactly what shareholders want to see right now in this low commodity price environment.

## **Foolish bottom line**

The lesson from these picks: it pays to be a contrarian. Many have put industries like gold mining, uranium and the oil sands on the investment backburner. But success in investing requires stepping up even when that's the uncomfortable thing to do. And that appears to be exactly what Soros is doing here.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. NYSE:CCJ (Cameco Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:ABX (Barrick Mining)
5. TSX:CCO (Cameco Corporation)
6. TSX:SU (Suncor Energy Inc.)

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