



Billionaire George Soros Bought \$9.1 Million of This Silver Stock

Description

No doubt, George Soros is one of the best stock-pickers on Earth.

In 1973, he founded the Quantum Fund. Over the next two decades, Soros went on to generate a 30% compounded annual return for his investors. Thanks to that type of performance, he has cemented his place amongst investing legends like Warren Buffett and Julian Robertson.

Because of his exceptional track record, I always pay close attention to what stocks Soros is buying. Right now, he's making some interesting bets on the Canadian mining industry.

This “mining” company could double your money

In recent quarters, Soros hasn't hesitated to express his concerns about fiat currencies and his preference for hard assets. That's probably why he has accumulated massive positions in mining companies like **Barrick Gold**, **Goldcorp**, and **Yamana Gold**. These metal producers are leveraged bets on higher gold prices and a hedge against inflation.

He also just picked up a new position. Buried inside a recent 13-F SEC filing, Soros disclosed a \$9.1 million stake in precious metals giant **Silver Wheaton** (TSX: SLW)(NYSE: SLW).

What makes Silver Wheaton interesting is that it doesn't actually own or operate any mines at all. Instead, the company buys what is called in the resource business a “streaming deal”.

In exchange for an upfront cash payment to a mining company, Silver Wheaton receives a percentage of a mine's production once the project is built. This allows Silver Wheaton to secure a dependable source of gold and silver, which it can often purchase at a steep discount to market prices.

This business model allows streaming companies to generate absolutely enormous profit margins. In the case of Silver Wheaton, the company pays an average of U.S.\$4.15 per silver equivalent ounce. It can then turn around and sell this production for U.S.\$21.50 per ounce at today's silver spot price.

That's a heck of a lot better than the returns you'll find in traditional gold companies. Finding, building,

and operating a mine (while still making a profit) is tough. You can watch your returns disappear if a producer runs into overzealous regulators, labour strikes, or an expensive engineering problem.

In contrast, streamers can generate higher profits without taking all of that risk. That's why over the past 10 years Silver Wheaton's shares have advanced 1,500%, handily outperforming regular mining stocks.

Those returns are likely to continue. Last year, the company's 19 producing streams generated 36 million silver equivalent ounces. By 2018, that figure is projected to almost double, increasing to 59 million silver equivalent ounces per year. Silver Wheaton is going to be gushing cash flow.

If you don't buy this stock now, you'll hate yourself later

Soros isn't the only hedge fund manager building a position in Silver Wheaton. Other well-known money managers, including Ken Griffin, Ray Dalio, and Matthew Hulsieer, initiated or increased their stakes in the streaming metals company last quarter.

What could all of these Wall Street titans see in this metals company? I'd say it means one thing: They see this stock going much higher.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:WPM (Wheaton Precious Metals Corp.)

Category

1. Investing

Date

2025/08/26

Date Created

2014/07/14

Author

rbailieul

default watermark