



## Billionaire Steven Cohen Bought \$160 Million of This Natural Gas Stock

### Description

Inside Wall Street's inner circle of top traders and power brokers, everybody knows Steven Cohen.

Since its inception in 1992, Cohen's SAC Capital has generated a 30% compounded annual return. Today, it's one of the largest hedge funds in the world with over \$14 billion in assets under management.

Based on his remarkable track record, I always pay attention to what stocks Cohen is buying. And recently, he has been making some big bets on Canada's energy industry.

### If you don't buy this stock now, you'll regret it later

In recent years, Cohen has expressed his bullishness on natural gas. That explains why he has built large positions in producers like **Chesapeake Energy** and **Anadarko Petroleum**. These blue-chip names are a great way to play the rebound in commodity prices.

He has also just revealed a new position. According to SAC Capital's most recent SEC filings, Cohen has accumulated a large stake in natural gas giant **Encana** (TSX: ECA)(NYSE: ECA). Based on the firm's most recent 13-F disclosure, Cohen has purchased \$160 million in common shares and call options.

As regular Motley Fool Canada readers are already aware, it has been turbulent times at Encana. After spinning off its oil assets in 2009, the company was left high and dry when the bottom fell out of natural gas prices. Encana's sprawling asset base was also an unwieldy mess.

But since taking the helm at the company last year, Encana's new Chief Executive Doug Suttles has prescribed a hearty dose of tough medicine. Over the past year, he has slashed the company's dividend, laid off thousands of employees, and sold off dozens of unprofitable properties. His ultimate vision is to pare down Encana's asset portfolio to six core properties and transition to a more lucrative oil and liquids-rich production mix.

These efforts are already showing up in the company's financial results. Encana is once again

profitable. During the first quarter, the company earned \$431 million or \$0.16 per share, compared to a loss of \$431 million or \$0.59 per share during the same period last year.

Yet in spite of the progress Encana has made, 2014 is only a transition year. By 2017, the company is hoping that higher-priced oil and natural gas liquids will account for two-thirds of its production mix, versus only 20% today. That means the stock still has a lot of untapped upside potential.

### **Is Encana about to hit \$30?**

One word of warning: Wall Street is starting to catch on to this opportunity. Since Suttles announced his turnaround plan in November, Encana shares have rallied over 25%. Other notable hedge fund managers — including Ken Griffin, Martin Whitman, and Israel Englander — initiated or increased the size of their positions last quarter.

What could they all possibly see in Encana? I'd say they see a big rally ahead.

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