



Billionaire George Soros Sold \$112 Million of This Gold Miner

Description

George Soros is probably one of the greatest investors on the planet.

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. Based on that type of performance, he has earned a place amongst business legends like Warren Buffett and John D. Rockefeller.

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

Warning: Hedge funds are dumping this gold miner

Soros hasn't hesitated to express his preference for hard assets like gold and silver in recent years. With central bankers flooding the global economy with phony paper money, fiat currencies are a terrible place to store your wealth over the long haul. That's probably why Soros has accumulated huge positions in mining companies like **Silver Wheaton Corp.**, **Goldcorp Inc.**, and **Yamana Gold Inc**.

However, for Soros, one Canadian gold miner no longer fits the bill: **Barrick Gold Corp** ([TSX: ABX](#))(NYSE: ABX). According to SEC filings published last month, Soros has sold \$112 million of his stake in the company, a 90% reduction over the previous quarter. As of June, the billionaire money manager owns only 484,000 shares valued at around US\$8.8 million.

As regular Motley Fool Canada readers know, Barrick represents everything that is wrong in the mining industry. The company, under the leadership of former Chairman Peter Munk, squandered billions of dollars on overpriced acquisitions and lavished executives with extravagant pay packages. Because the miner sacrificed profits for growth, the stock has traded at a deep discount to its peers.

However, in recent months there were signs of hope at the troubled miner. Last November, Mr. Munk announced his resignation and was replaced by a slew of new independent board members. The company's new Chief Executive Jamie Sokalsky, who was popular with shareholders, helped put Barrick on sounder financial footing by raising funds to pay down debt and selling off underperforming

mines.

But today, any hopes of a Barrick turnaround are starting to fade. Alarm bells started going off in April when talks of a mega-merger between Barrick and **Newmont Mining Corp.** broke down.

Investors are worried that Barrick may attempt to expand its empire by buying Newmont outright. An overpriced acquisition would likely flush billions of dollars of shareholder capital down the toilet.

The second blow came in July when Mr. Sokalsky announced his resignation. The management shake-up now cements Chairman and Munk-loyalist John Thornton's control over the company.

The problem: Mr. Thornton has made it clear that he has bold ambitions for Barrick. Investors are worried the company will once again return to the growth-over-profits philosophy of old.

Soros isn't the only hedge fund manager bailing on Barrick. SEC filings revealed that billionaire investor John Griffin sold off his entire stake in the company last quarter. Other hedge fund managers including Israel Englander, Louis Bacon, and Steven Cohen also closed their positions in the gold mining giant.

Why are all of these Wall Street titans rushing for the exits? I'd say it could only mean one thing: they don't trust the managers running the company.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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Author

rbailleul

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