



Billionaire George Soros Bought \$18 Million of Yamana Gold Inc.; Should You Buy, Too?

Description

George Soros may be one of the best investors on Earth.

In 1973, he founded the Quantum Fund. Over the next two decades, Soros went on to earn 30% annual returns for his clients. This performance has cemented his place amongst legends like Warren Buffett and Peter Lynch.

That's why you should always watch what stocks Soros is buying. And right now, he's making some big bets on the mining sector.

George Soros bought \$18 million of this gold stock

Soros hasn't hesitated to express his concerns about fiat currencies. Central bankers are flooding the world with cheap money and hidden inflation. That's probably why he has built huge stakes in names like **Barrick Gold Corp**, **Goldcorp Inc**, and **Silver Wheaton Corp**.

Soros has also picked up another name. In a recent 13-F filing, he disclosed a stake in **Yamana Gold Inc.** ([TSX: YRI](#))([NYSE: AUJ](#)). As of June, Soros owned 2.1 million shares valued at US\$17.7 million.

If you've been watching Yamana, you know nothing is going right at the gold giant. The firm has written off millions of dollars in reserves. Operational set-backs have also held back production. As a result, the stock is off nearly 30% over the past two months.

Here's the thing: these problems are already baked into the share price. Today, Yamana trades at less than 1.1 times its net asset value. That's the stock's cheapest multiple in decades and a steep discount to peers.

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Source: *TD Securities*.

Several things could close that gap. First, management has finally started to wrap their heads around the operational issues mentioned above. This was evident last quarter when the company posted a big bump in gold output. That picture should keep improving through the second half of the year.

Second, Yamana and **Agnico Eagle Mines Ltd** haven't disclosed their plans to develop the recently purchased Malartic mine. There's a lot of room here to cut costs and grow production. Most people don't know that. You could see the stock re-rated higher as management starts broadcasting their strategy.

Is Yamana about to hit \$10?

Soros isn't the only one bullish on Yamana. Other money mavens — including John Overdeck, Phill Gross, and Ray Dalio — have built big positions in the firm. Billionaire Ken Griffin also bought a US\$27 million stake in the stock.

Now, I have to ask you this question. What could have all of these Wall Street titans so bullish on Yamana? It could only be one thing: they see a huge rally ahead.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:YRI (Yamana Gold)

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Date

2025/08/20

Date Created

2014/09/29

Author

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