



## Billionaire Jim Simons Bought \$94 Million of Barrick Gold Corp; Should You Buy, Too?

### Description

You may have never heard of him, but everyone on Wall Street knows Jim Simons.

Simons is the founder of Renaissance Technologies. Since launching the company's flagship Medallion Fund in 1989, he has averaged over 35% annual returns for clients *after* fees. Today, Simons is widely considered to be the most successful hedge fund manager of all time.

Needless to say, Simons has earned his place amongst investing legends like George Soros and Warren Buffett. That's why I always pay attention to what stocks he's buying. And right now, Simons is making some bet bets on gold miners.

### Is gold about to hit \$2,500?

In recent months, Simons has expressed concerns about inflation.

That's probably why his fund has taken huge stakes in a number of miners like **Goldcorp**, **Yamana Gold**, and **Agnico Eagle Mines**. Because of the leverage inherent in their businesses, these stocks are like margined bets on higher gold prices.

He also picked up another name. In a recent SEC filing, Simons disclosed that he owned 6.4 million shares of **Barrick Gold Corp** ([TSX:ABX](#))(NYSE:ABX). As of September, his total stake in the miner was worth US\$94 million.

I know what you're probably thinking. This bet is absolutely crazy. Gold miners have been crushed over the past few years, which is why most investors have given up on the sector.

But this pessimism has created an opportunity for investors. As I wrote last week, gold miners are trading at their lowest level relative to the yellow metal in decades. And several catalysts could soon push the sector higher in the months ahead.

For starters, history shows gold should jump higher soon. Since June 2013, gold prices have fallen

below US\$1,250 an ounce three times – about the level where spot rates are trading today. On each occasion gold prices tested these levels, they rallied higher over the next few months.

You see, gold prices *must* rise above this level for miners to remain profitable. According to industry estimates, it costs about US\$1,300 on average to haul an ounce of gold out of the ground – much higher than the current spot price. That means gold producers are losing money hand over fist.

If gold prices remain below this breakeven cost, miners will go out of business or scale back operations. The end result doesn't take a rocket scientist to figure out. Lower supply with steady demand will ultimately result in higher prices.

Secondly, the European Central Bank is about to flood the market with cheap money. According to the latest economic data, several European nations are likely to fall back into a recession this year. That's why central bankers in Frankfurt are expected to soon announce more stimulus measures.

What would be the end result of this policy? Inflation. When these types of devaluations happen, investors start to pour their money into hard assets. Even the hint of higher prices could push gold – and gold stocks – higher.

As one of the largest miners in the world, Barrick is like the **Exxon Mobil** of the gold industry, and its profits could soar if gold prices rebound. However, like Exxon, the company also has the size and scale needed to survive the industry's current doldrums.

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

But a word of warning: Jim Simons isn't the only one backing up the truck on Barrick.

A number of hedge fund managers — including D.E. Shaw, Ray Dalio, and Ken Griffin — increased the size of their positions in Barrick last quarter. Billionaire investor Jean-Marie Eveillard has also accumulated a US\$310 million stake in the miner over the past few months.

Now I have to ask you... what would make all of these money mavens take notice of this company? I'd say it means only one thing: they see a big rally ahead.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

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

### **Category**

1. Investing
2. Metals and Mining Stocks

### **Date**

2025/09/30

**Date Created**

2015/01/20

**Author**

rbailieul

default watermark

default watermark