



## Why Pan American Silver Corp. Is a Solid Opportunity to Cash in on the Rally in Silver

### Description

The long awaited rally in silver has started. Silver has shot up a healthy 17% since hitting it a 52-week low in early November 2014. I expect this rally to continue over the course of 2015. The best way to profit is to gain leveraged exposure by investing in one of the silver miners. One silver miner that stands out for all the right reasons is **Pan American Silver Corp.** (TSX:PAA)(Nasdaq:PAAS).

### So what?

The outlook for precious metal prices in 2015, in particular silver is increasingly positive. Growing global macro-economic volatility in emerging markets and the Eurozone is driving a flight to safety among investors. In conjunction with a range of geopolitical crises in Europe, Africa, and the Middle East, this is causing investors to seek out safe haven investments, of which silver is one of the most widely recognized. Silver has rallied an impressive 17% from its early November 2014 low and I expect to see this rally continue, with investors increasingly nervous about the direction of the global economy.

Wall Street has also bet heavily on silver rallying in 2015 and this has seen some of its biggest institutional investors make considerable investments in Pan American Silver. These include George Soros, who has bet US\$4 million on the company's share price rebounding strongly, along with hedge fund managers John Hussman and Ray Dalio, who have invested US\$4 million and US\$882,000 respectively.

Despite significantly lower silver prices over the last six months, Pan American Silver has maintained its quarterly dividend payment of US\$0.125 per share. This gives it a tasty 4.5% dividend yield that I believe is sustainable, particularly with silver set to continue its rally.

### Now what?

Pan American Silver is the world's largest primary silver miner and possesses a portfolio of quality, long-life assets located throughout North and South America, with considerable reserves totaling 2.5 million ounces of silver. Despite significantly lower silver prices, Pan American Silver has continued to

invest in developing these assets with the key projects being the La Colorada mine extension and Dolores mine expansion in Mexico.

Pan American Silver has also continued increasing silver and gold production, which for the nine months ending September 30 shot up 1% and 14%, respectively, when compared to the same period in 2013. Its operating costs continue to fall, with all-in sustaining costs for the same period of US\$16.75 per ounce, which is an 11% decrease compared to the previous year. These lower operating costs and growing production bode exceptionally well for Pan American Silver's ability to cash in on higher precious metal prices.

For investors seeking leveraged exposure to the impending rally in silver, I believe Pan American Silver offers a solid investment opportunity. Not only has the company been able to maintain production growth and control costs, but its strengths have attracted the attention of some of the world's biggest money managers. These characteristics bode well for Pan American Silver's earnings and ultimately its share price as silver continues to appreciate.

## **CATEGORY**

1. Investing
2. Metals and Mining Stocks

## **TICKERS GLOBAL**

1. NYSE:PAAS (Pan American Silver)

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