



## Billionaire Soros Dumps Barrick Gold Corp.: Good Move or Big Mistake?

### Description

Filings for the fourth quarter of 2016 show Soros Fund Management LLC, the firm that manages the personal fortune of billionaire investor George Soros, exited its position in **Barrick Gold Corp.** ( [TSX:ABX](#))(NYSE:ABX).

At the end of the third quarter, the fund owned about \$50 million worth of Barrick shares.

Soros has moved in and out of the gold producer over the past year. At one point in the early part of 2016, Barrick was the firm's largest U.S. holding, but the company took advantage of the big rally to book profits and sold a large part of the position in the second quarter.

The firm then doubled down on the remaining shares through Q3, but hit the sell button in the fourth quarter.

Whether or not renewed buying has taken place in Q1 2017 is anyone's guess, but at Barrick's current price, the fund would have been better holding on than dumping the stock in the final three months of 2016.

Why?

Barrick's highest TSX closing price in Q4 was about \$24.65 in early November, and the stock hit a low below \$19 in December. At the time of writing, Barrick trades at \$25.25 per share.

Many investors bailed out of gold stocks in the wake of the U.S. election as gold prices plummeted and funds flowed into other sectors that are expected to benefit from Trump's economic policies.

In the middle of December, however, the mood began to change, and gold has since been on an upward trend, bringing the miners along for the ride.

### Can the rally continue?

Concerns over rate hikes in the United States are a headwind to rising gold prices, but fears

surrounding President Trump's aggressiveness towards key trading partners are starting to overpower the Fed resistance.

At the same time, markets are keeping a close eye on interesting developments in Europe.

Brexit could get ugly, Italy's banks are a mess, and France might be on the verge of electing a new president who wants to dump the euro and hold a referendum on E.U. membership.

If things get ugly in Europe, gold could find additional support, but the market might also shrug off any shocks, as it did in the second half of 2016.

### **Did Soros make a mistake?**

If the firm sold the shares and simply left the money in cash, the move looks like a mistake, but I suspect the funds went to work someplace else, and given the strong rally in equities over the past few months, odds are pretty good Soros isn't too concerned about getting out of the gold sector.

### **Should you buy Barrick?**

Barrick is making solid progress on its efforts to reduce debt and drive down operating costs. The business is generating healthy free cash flow and is still the largest gold producer in the industry.

If you are bullish on gold, Barrick should be on your buy list.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

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

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