

FE Trustnet News and Research

Gold funds lead market recovery



By [Jenna Voigt](#) 16 Aug 2013

Funds focused on gold and gold miners have topped the performance tables since the market bottomed out on 24 June, but Wells' Chris Mayo warns the joy could be short-lived.

Gold funds have topped the performance tables since the market correction in early summer, despite the recent slump in value of the precious metal.

The market has rebounded strongly since it bottomed out in mid-June, regaining much of its losses. However, investors may be surprised to hear the identity of the funds and sectors that have led the recovery.

IMA China/Greater China has picked up the most of any sector since 24 June, at 12.04 per cent. IMA Europe ex UK and IMA Europe inc UK were close behind, with the average fund in the sectors returning 11.67 per cent and 11.52 per cent respectively, according to *FE Analytics*.

Five best-performing sectors since correction

Sector	Performance (%)
IMA China/Greater China	12.04
IMA Europe ex UK	11.67
IMA Europe including UK	11.52
IMA European Smaller Companies	11.41
IMA UK Smaller Companies	10.34

Source: *FE Analytics*

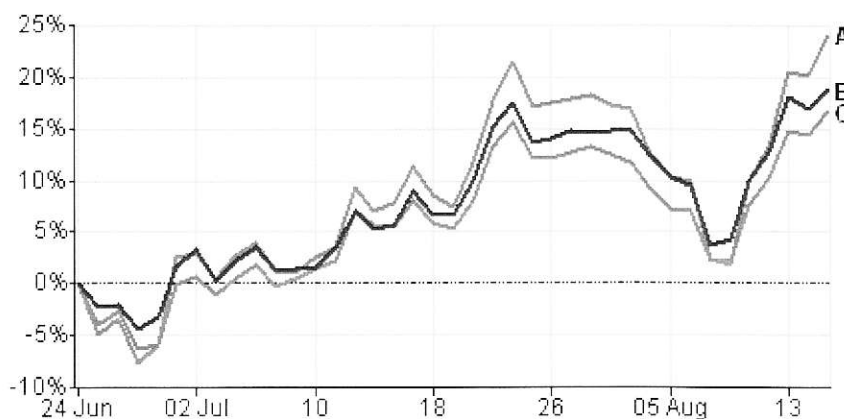
However, the best-performing individual funds in recent weeks have all had a gold focus. [WAY Charteris Gold](#), [BlackRock Gold & General](#) and [Smith & Williamson Global Gold & Resources](#) top the performance tables.

The price of physical gold has been battered over the last year, losing 15.61 per cent off its value. However, over recent weeks, funds that are invested in gold and gold mining stocks have shaken off the negative noise and delivered strong returns.

The WAY fund, managed by [Ian Williams](#), has returned an impressive 24.01 per cent since 24 June while [Evy Hambro's](#) BlackRock Gold & General fund has picked up 18.87 per cent.

The Smith & Williamson portfolio is the 10th best-performing fund in the IMA universe, with returns of 16.76 per cent.

Performance of funds since 24 June 2013



- A - WAY - Charteris Gold Portfolio Elite Ret Acc in GB [24.01%]
- B - BlackRock - Gold & General A Acc in GB [18.87%]
- C - Smith & Williamson - Global Gold & Resources A Inc in GB [16.76%]

24/06/2013 - 15/08/2013 Data from FE 2013

Source: *FE Analytics*

[Daniel Sacks](#) and FE Alpha Manager [Bradley George's](#) five crown-rated [Investec Global Gold](#) portfolio is also among the best performers since the correction, sitting just outside the top-10 with returns of 16.2 per cent.

Is this a signal that gold and gold mining stocks are again going to have their day?

Chris Mayo (*pictured*), investment director at Wells Capital Investment Solutions, thinks not.

"The funds, and the commodities sector in general, have been tanking for the better part of the year," he said.

"They have come a long way down. It's one of those scenarios where they sold off so far and now the positive news in relation to the sector has caused the stocks to rebound quite quickly. It was the worst hit area before June."

"But it's not the end of the worst period for gold and gold mining stocks," Mayo said.

"Historically, the summer months are a very good time for gold and gold mining shares because it is something like wedding season in India, so you always see a spike in that area. Around August/September time, these types of funds always seem to do well."

Despite this cyclical spike, Mayo warns the sector is not out of the woods yet.

"I wouldn't be claiming it's the start of the gold bull run. While they've done well recently, I wouldn't be putting anything long-term into the sector," he said.

Mayo says Wells Capital Investment Solutions has a very small allocation to the BlackRock Gold & General fund in its most aggressive model portfolios, but he does not expect to top up that holding any time soon.

"It's suffered through the year, but I think the team that run the fund are the best in the sector. Still, I would need to see a lot more recovery in the whole sector on a long-term basis to invest more," he said.

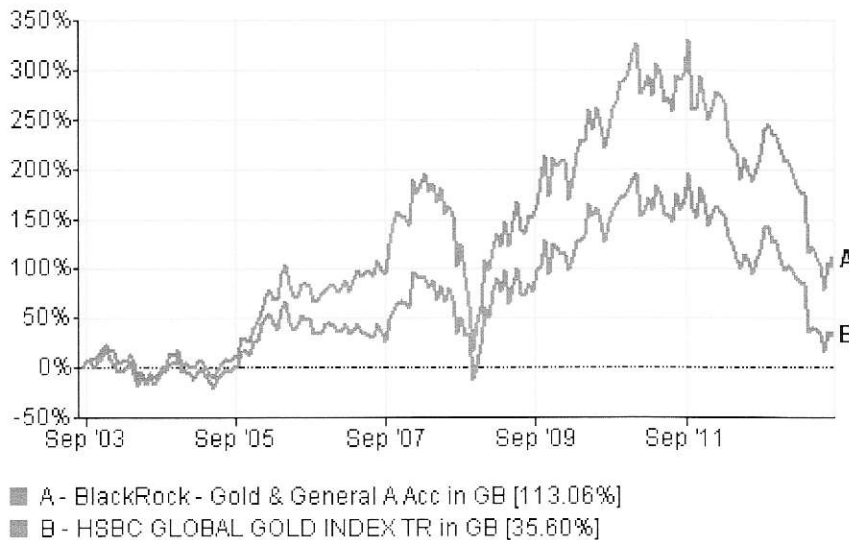
The BlackRock Gold & General fund, managed by FE Alpha Manager Evy Hambro, has had a difficult period over the last one and three years, sustaining a loss of 35.7 per cent.

The fund is benchmarked against the FTSE Gold Miners index, which does not feature on *FE Analytics*. However, the fund has consistently outperformed the HSBC Global Gold index, which has lost 42.66 per cent over three years.

Over the last decade, the fund has gained 113.06 per cent while the index made just 35.6 per cent, according to *FE Analytics*.



Performance of fund vs index over 10yrs



15/08/2003 - 15/08/2013 Data from FE 2013

Source: *FE Analytics*

The fund requires a minimum investment of £500 and has ongoing charges of 1.93 per cent.

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