

Investing in funds

Gold funds dazzle in list of 2019's top performers

Investors in gold and small and mid-caps enjoyed the best returns



Charteris Gold & Precious Metals, the best-performing fund, made 52 per cent last year © Toru Hanai/Reuters

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Gold funds dominated the top-performing investment funds of 2019, boosted by a sharp rise in the [price](#) of the yellow metal during the year.

The best-performing fund, Charteris Gold & Precious Metals, made 52 per cent — the highest total return of more than 2,500 UK-based funds.

The fund aims to provide investors exposure to gold primarily through worldwide blue-chip equities with direct exposure to precious metals, such as gold mining companies.

Ruffer Gold, which also invests in gold miners, returned 44 per cent and was the third best performing fund, according to analysis by Shore Financial Planning using FE Analytics data.

The strong performance of both funds was supported by a rise in [gold prices](#) during 2019. This was [driven](#) by investors' fears about a potential recession, geopolitical tensions and falling bond yields — particularly over the summer. Gold ended the year at \$1,520 per ounce having started 2019 below \$1,300.

UK mid-cap and smaller companies funds also performed strongly despite the political uncertainty over Brexit. Aberdeen Standard UK Smaller Companies posted the second-best total returns of 46 per cent and Franklin UK Mid Cap came in at fourth place with 42 per cent.

“It was a storming year for investors,” said Ben Yearsley, director at Shore Financial Planning. “There are of course a few exceptions [for example] Mr Woodford, but overall returns were excellent across most asset classes.”

Targeted [absolute return funds](#) — which aim not to lose investors’ money — were among the worst performers. The bottom three performing funds of 2019 were Garraway Absolute Equity with negative total returns of 57 per cent, BMO Equity Market Neutral which finished the year down 30 per cent and Oxeye Hedged Income, down 22.5 per cent.

The fourth worst-performing fund was [Neil Woodford’s](#) former vehicle, the suspended LF Equity Income fund, down 22 per cent during 2019. Investors cannot trade the fund, but daily pricing continues to be produced by Link Fund Solutions.

However, the analysis showed the vast majority of funds ended the year up. Of the 2,582 onshore funds with a record of at least one year analysed, 2,533 delivered a positive return.

10 best performing funds in 2019*

Fund	Return %
Charteris Gold & Precious Metals	51.96
Aberdeen Standard UK Smaller Companies	46.24
Ruffer Gold	44.44
Franklin UK Mid Cap	42.3
L&G Global Technology Index	41.02
Chelverton UK Equity Growth	40.58
Aberdeen Standard UK Impact Employment Opps	40.55
JPM UK Smaller Companies	40.12
Aberdeen Standard UK Real Estate Shares	39.63

Fund	Return %
Aberdeen Standard UK Mid Cap Equity	39.61

**Returns 1/1/19 to 31/12/19. All figures FE Analytics.*

All fund sectors were also up on the year, though there was large variation in performance — with the top sector, technology and telecoms, returning 30 per cent in contrast to the lowest performing sector, UK direct property, which made 0.04 per cent.

Mr Yearsley attributed the widespread good performance to the continuing loose [monetary policy](#) by central banks.

“2019 changed when the Fed cut rates last January. Without that we would have been looking at very different numbers last year,” he said. “Monetary policy has propped up markets yet again stretching valuations in some markets even further. The phrase longer for lower is often used, but there seems no real path back to ‘normalised’ rates.”

Darius McDermott, managing director at Chelsea Financial Services, said: “I would be surprised if we had such a strong year again.”

However, his firm believes there are opportunities this year for “decent returns” in small-caps and domestic facing companies in the UK, continental Europe and Japan.

10 worst performing funds in 2019*

Fund	Return %
Garraway Absolute Equity	-56.98
BMO Equity Market Neutral	-30.12
Oxeye Hedged Income	-22.52
LF Equity Income	-21.85
Omnis Income & Growth	-17.19
Miton UK Smaller Companies	-13.99
Junior Oils	-13.35

Fund	Return %
Quilter Global Equity Absolute Return	-13.04
Aberdeen Standard Strategic Investment Allocation	-12.3
Elite Webb Smaller Companies Income & Growth	-10.04

**Returns 1/1/19 to 31/12/19. All figures FE Analytics.*

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