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The winning and losing funds of 2016

Funds with exposure to commodities dominate the list of 2016's best performing Investment Association funds while some of the heaviest losses came from absolute return managers.



By **Gary Jackson**, Editor, *FE Trustnet*
Tuesday January 03, 2017

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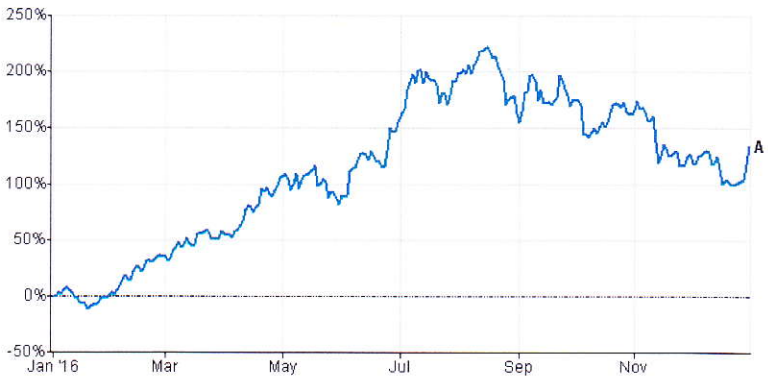
Funds investing in gold mining, Russian and Brazil equities posted the best returns from the Investment Association universe in 2016, data from FE Analytics shows, as these previously unloved areas bounced back strongly last year thanks to surging commodity prices.

As has been mentioned plenty of times already, 2016 proved to be a challenging one for investors after events such as recovering commodity prices, the Brexit result and Donald Trump's victory in the US presidential election took many by surprise.

On a sector level, it was the IA North American Smaller Companies peer group that came out on top last year after the average fund made a 39.99 per cent total return. It's followed by IA Japanese Smaller Companies (32.59 per cent), IA Global Emerging Markets (30.84 per cent) and IA North America (29.31 per cent).

At the bottom of the table (aside from the two money market sectors) is IA Targeted Absolute Return and its average return of 1.06 per cent. IA Sterling Strategic Bond, IA UK Smaller Companies and IA Property are also at the bottom with respective gains of 7.33 per cent, 8.05 per cent and 8.19 per cent.

Performance of fund over 2016



■ A - WAY - Charteris Gold & Precious Metals Elite Inst Acc in GB [133.95%]

31/12/2015 - 30/12/2016 Data from FE 2017

Source: *FE Analytics*

But when we look at 2016 on an individual fund level, we see that many of the top returns were made by members of the IA Specialist sector. The fund shown in the above chart – WAY Charteris Gold & Precious Metals – made the Investment Association universe's highest return last year after rising by 133.95 per cent.

The £15.8m fund, which has been managed by Ian Williams since launch in February 2010, has posted double-digit losses in the previous five full calendar years on the back of weakness in the gold price. However, 2016 was a decent year for investors in the yellow metal – especially those in the UK as the sharp fall in the price of sterling flattered the returns of the commodity, which is priced in dollars.

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As the table below – which reveals the 25 highest returning funds of 2016 – this trend pushed gold equity funds to the top of the performance rankings. WAY Charteris Gold & Precious Metals is joined by the likes of MFM Junior Gold, Smith & Williamson Global Gold & Resources and Investec Global Gold at the top of the table.

The highest returning funds of 2016

Fund	2016 total return
WAY Charteris Gold & Precious Metals	133.95%
Pictet Russian Equities	107.31%
MFM Junior Gold	103.99%
HSBC GIF Russia Equity	93.34%
BNY Mellon Brazil Equity	92.36%
Smith & Williamson Global Gold & Resources	91.04%
HSBC GIF Brazil Equity	88.72%
SF Peterhouse Smaller Companies Gold	88.45%
Old Mutual JPM Natural Resources	84.28%
Investec Global Gold	84.09%
BlackRock GF World Mining	83.07%
JPM Natural Resources	82.08%
BlackRock Gold & General	80.02%
Old Mutual BlackRock Gold & General	78.45%
Baring Russia	76.95%
CF Canlife Global Resource	76.84%
CF Ruffer Gold	76.66%
JPM Russia	72.81%
Neptune Russia & Greater Russia	72.69%
First State Global Resources	70.85%
JPM Brazil Equity	70.30%
LO Global Energy	68.61%
Baring Global Mining	67.06%
Artemis Global Energy	65.18%
Scottish Widows Latin American	64.69%

Source: *FE Analytics*

Of course, gold and precious metals weren't the only commodities to rebound strongly last year. FE Analytics shows that the S&P GSCI Commodity Spot index was up by close to 33 per cent in 2016, with gains being driven by significant rises in Brent crude oil, natural gas and industrial metals such as copper and aluminium.

This led to funds like [BlackRock GF World Mining](#), [JPM Natural Resources](#) and [Artemis Global Energy](#) also making some of the year's best returns.