

THE GLOBE AND MAIL 

Number Cruncher

A short-term checkup on precious metals funds

SHIRLEY WON

From Monday's Globe and Mail

Posted on Sunday, March 6, 2011 7:00PM EST

What are we looking for?

With gold and silver prices surging to record highs recently amid political unrest in Libya and other Middle East countries, let's see how precious metals funds have fared this year.

The screen

We screened for the leaders and laggards among precious metals equity and bullion funds from Jan. 1 to March 3. U.S. dollar, segregated and duplicate versions of funds were excluded, as well as those only launched after the start of the year.

What did we find?

[BMG Bullion Fund](#) glittered the most.

It topped the list among the leaders with a 4.5-per-cent gain, while many funds, including those not in the table, were underwater.

The BMG fund, which is 45 per cent invested in silver ([SI-FT](#)34.940.681.99%), 32 per cent in gold ([GC-FT](#)1,416.4012.200.87%) and 23 per cent in platinum ([PL-FT](#)1,715.508.600.50%), has benefited from rising bullion prices in all three metals. Most of its bullion peers are focused on gold.

The price of silver bullion, which stumbled earlier this year, has come back with strong momentum. It has gained about 15 per cent so far this year, while platinum is up about 4 per cent and gold has risen more than 2.5 per cent, said Nick Barisheff, president of Bullion Management Group Inc. "Platinum didn't take much of a dip, but silver and gold took serious dips toward the end of January."

Because some funds hedge all or part of their U.S.-dollar exposure back to the Canadian dollars, they have been hurt less as the loonie has strengthened. Claymore Gold Bullion ETF ([CGL-T](#)12.63----%), which is up 0.76 per cent, and [Mackenzie Universal Precious Metals](#), which has gained 1.3 per cent, are in this camp.

The laggards also include a mix bag of stock and bullion funds. The iShares S&P/TSX Global Gold ETF ([XGD-T](#)23.37----%) shed 5.3 per cent, and was one of the worst performers. This

unhedged ETF is invested mostly in larger Canadian gold companies, which are not as leveraged to a rising gold price as junior miners.

Stock-based funds may also lag their bullion-fund peers because of concerns that the rising gold price driven recently by geopolitical events may not be sustainable, said Oliver McMahon, director of product management for iShares ETFs at BlackRock Canada. “One [stocks] is just a reflection of the long-term price of gold, and the other one [bullion] is reflecting the current price of gold.”

© 2011 The Globe and Mail Inc. All Rights Reserved.