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FUND AWARDS 2012

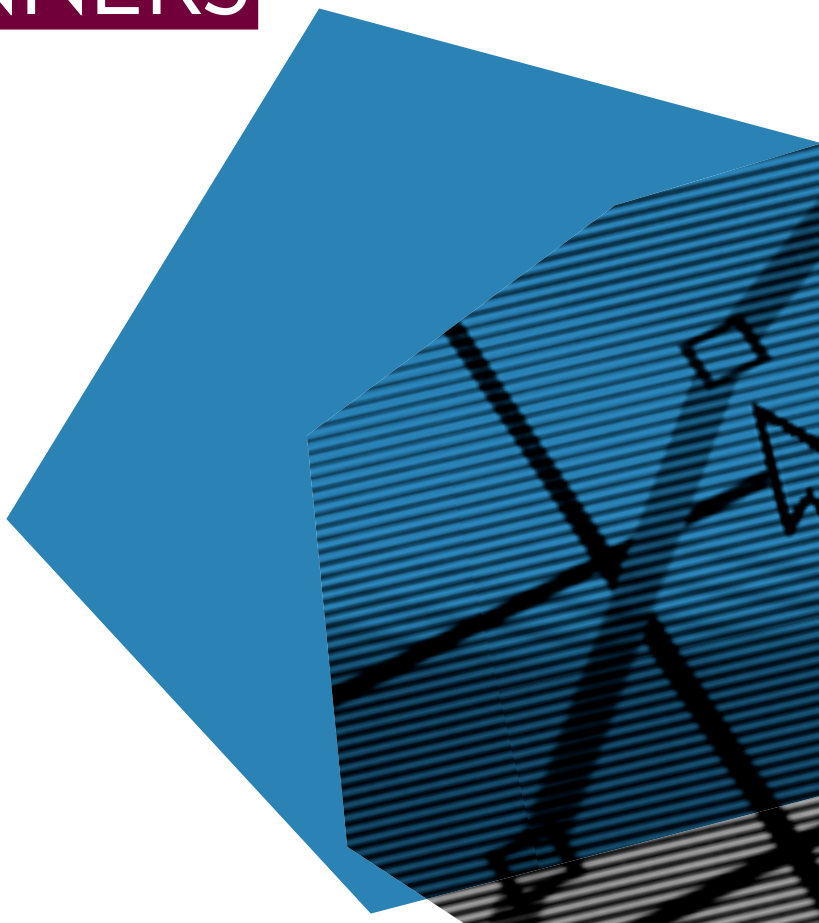
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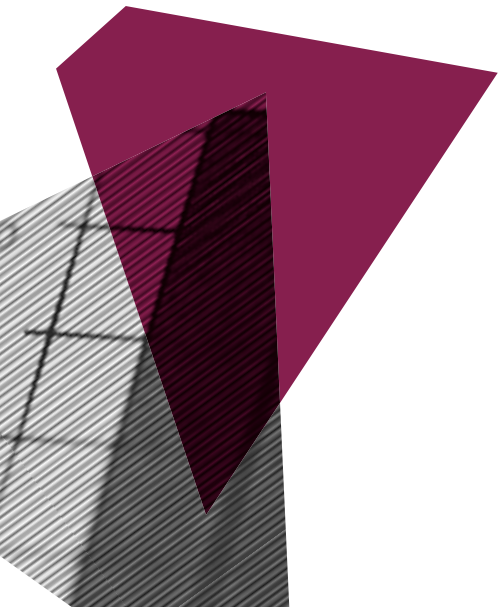
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FUND AWARDS

WINNERS





Our fund managers' most useful tool
No. 3: A good pair of shoes



Over the past year, we personally interviewed the management of over 3,000 companies worldwide.

Aberdeen's Investment Trusts Stocks and Shares ISA and Share Plan

There's nothing like being able to judge for yourself. For us, we won't add a company to our portfolios without first holding a personal interview with its management and even when we do invest, we aim to revisit our investments once a year.

We are dedicated to finding reasonably-priced companies, supported by an excellent business, with a strong balance sheet and talented management.

Our investment companies cover the UK, Asia, Latin America, and specialist sectors, as well as international markets. You can invest in these trusts from £100 per month or £1,000 lump sum. We offer daily dealings for lump sum investments.

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FUND AWARDS 2012

INTRODUCTION



EDITOR
JONATHAN ELEY

I'm well aware that the funds industry is not short of awards, so let me start by explaining why we've added to them – now, more than ever, the ordinary investor needs reliable, independent advice about what to buy and what to avoid.

By the end of this year, independent financial advice will only be available from advisers upon payment of an upfront fee. Fund platforms and providers too face some potentially big changes in how they charge for their services. This regulatory change is just one reason why we've massively expanded our funds coverage over the past few years. Since 2008 in particular, we've tipped hundreds of funds, investment trusts and exchange-traded products (ETPs), and profiled hundreds more.

But it's not the only reason. Contrary to some lingering perceptions, funds, investment trusts and ETPs are popular among our readers, and becoming more so as our reader profile changes. We would be fools to ignore an industry that collectively has £600bn or more of retail assets under management. In short, we are not, and never have been "anti-funds".

Finally, we thought we could add something different. Moira O'Neill explains how we decided our winners on page 4, but we based it on more than just performance – after all, past performance is no guide to the future. We looked at costs, tenure of managers and the quality of information provided to investors, too. The winners are an interesting mix of open- and closed-ended vehicles, physical and synthetic ETPs.

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FUND AWARDS 2012



THE PROCESS

PERSONAL FINANCE EDITOR
MOIRA O'NEILL



Our winners are not necessarily the best known funds but they do offer the best performance, transparency and value for investors.

We did not use an external judging panel, as many other funds awards do, because we wanted these awards to be completely independent and unbiased. The results are based purely on analysis by the Investors Chronicle personal finance team.

We used Morningstar to provide data on all funds and exchange-traded products (ETPs). But we asked them to screen out funds that are only available via independent financial advisers, funds that have minimum investments of more than £5,000 and funds that have total expense ratios (TERs) above 2 per cent.

In shortlisting the best actively-managed funds, we have included investment trusts as well as open-ended funds in our selection.

Using the data provided by Morningstar, we looked at performance records over four different periods, all to the end of 2011. These were the five-year performance, three-year performance, one-year performance and the performance in 2008, when stock markets fell around the world because of the credit crisis. However, we gave the most weight to the longer-term five-year performance record as we think actively managed funds should be held for this period.

Where investment trusts were concerned we looked at the net asset value performance first, and then the share price over the long-term period.

We awarded extra points for low costs – as measured by the TER. This is not a perfect measure but it is the best that investors have to compare the cost of investing in funds. The TER includes the annual management charge and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses.

TERs under 1.6 per cent – the average that open-ended funds charge – scored extra, with TERs under 1 per cent scoring even higher. Funds with total expense ratios of 2 per cent or more were completely excluded from the judging process.

In the final judging we awarded some extra qualitative points for quality of fund literature, transparency and communication. With actively-managed funds we thought monthly factsheets should include the TER (many only provided the annual management charge), performance against the benchmark (many only provide performance against other similar funds), plus a decent commentary from the fund manager detailing recent purchases and sells.

We also looked at manager tenure to check if the same person had been in charge for a decent period, ensuring continuity for investors.

For the exchange-traded products awards also using data provided by Morningstar, we looked at tracking error, cost, security for investors, transparency and investor communication. We only considered ETPs with at least one-year track records to the end of 2011, so recent launches were not eligible.

Data provided by:
MORNINGSTAR®

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FUND AWARDS 2012



THE WINNERS

BEST UK EQUITY
TROJAN INCOME FUND

Shortlisted
- Ecclesiastical Higher Income Fund
- Invesco Perpetual High Income Fund
- Trojan Income Fund
- Unicorn UK Income Fund

WINNER: Trojan Income Fund

With Bank base rate at a low, income is a big theme for our readers. With excellent performance, low costs and volatility, plus an exemplary factsheet for investors, the clear winner is Trojan Income Fund.

Troy Asset Management's managers, including the manager of Trojan Income, Francis Brooke, pay particular attention to the downside risk of any investment, preferring stable or growing companies with a strongly differentiated product or service, and high barriers to entry. They avoid highly acquisitive companies and speculative investments. The managers often take a contrarian view to take advantage of short-term market disillusionment, typically buying a stock when its share price significantly understates its long-term potential.

The downside to this defensive investment approach is that when markets rally such as in 2009 and 2010, Trojan Income fund lags its peers, although it still beats most of them over longer-term time periods. Trojan Income fund's total expense ratio is far lower than that of most unit trusts and open-ended investment companies (Oeics), which is also helpful to growth.

To align the company's interest with those of its investors, all Troy's executive directors and fund managers are significant shareholders in its investment funds.

■ Contact: *www.taml.co.uk*

BEST UK EQUITY GROWTH FUND
EDINBURGH INVESTMENT TRUST

Shortlisted
- Edinburgh Investment Trust
- Invesco Perpetual Select Trust UK Equity Share Portfolio
- Liontrust Special Situations Fund
- Marlborough UK Micro Cap Growth

WINNER: Edinburgh Investment Trust

This was a close run category, but we felt Edinburgh Investment Trust just had the edge over the other shortlisted funds – who also had excellent performance across all four periods examined – because of its low costs. Since September 2008, the trust has been managed by one of the UK's most successful and well-known fund managers, Invesco Perpetual's Neil Woodford.

Mr Woodford describes himself as a member of "a dying breed of long term fund managers who are prepared to take stakes in businesses and sit with them over a good period". He built his reputation managing the gigantic Invesco Perpetual Income fund.

The Edinburgh Investment Trust is one of the longest surviving investment trusts. Launched in March 1889, it invests in UK securities with the long term objective of achieving an increase of the Net Asset Value per share of more than the growth in the FTSE All-Share Index, plus growth in dividends per share by more than the rate of UK inflation.

■ Contact: *www.invescoperpetual.co.uk*

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THE WINNERS

BEST GLOBAL INCOME FUND
MURRAY INTERNATIONAL TRUST

Shortlisted
- Aberdeen World Growth & Income Fund
- Murray International Trust
- Newton Global Higher Income Fund
- Sarasin International Equity Income Fund

WINNER: Murray International Trust

The clear winner on cost and performance, plus great transparency for investors, Murray International is a globally invested independent investment trust.

The trust aims not only to provide good growth in shareholders' capital but a high dividend yield as well. In fact, by investing in high-yielding companies and fixed-income securities around the world, Murray International Trust has repeatedly outstripped the yield from the UK stock market. And it has either increased or maintained its dividend for 19 consecutive years.

Murray is part of the Aberdeen Asset Management stable, and fund manager Bruce Stout's research process benefits from that company's substantial resources. Alan Brierley, investment trust analyst at Collins Stewart, says Mr Stout's views have proved "prophetic" and have been a key driver of its performance. Nearly half its portfolio is allocated to Asia, Latin America and the emerging markets because Mr Stout thinks developed markets face several years of sub-trend growth.

- Contact: *www.murray-intl.co.uk*

BEST GLOBAL GROWTH FUND
F&C GLOBAL SMALLER COMPANIES INVESTMENT TRUST

Shortlisted
- F&C Global Smaller Companies Investment Trust
- Lindsell Train Investment Trust
- Personal Assets Trust
- Ruffer Investment Company

WINNER: F&C Global Smaller Companies Investment Trust

Investment trusts dominated this category. Although these four trusts have very different remits, for its low cost and good investor communications the clear winner is F&C Global Smaller Companies Investment Trust.

The Trust was launched in 1889 and invests in smaller companies worldwide in order to secure a high total return. Although there is plenty of competition in this area from the open-ended funds sector, this is the only investment trust specialising in smaller company investment on a global basis, and it has a focus on identifying undervalued companies with strong growth potential.

The trust's experienced investment team is led by Peter Ewins. He is assisted by Robert Siddles, who runs the US portfolio and is also the manager of the highly successful F&C US Smaller Companies trust.

F&C Global Smaller Companies gets its exposure via both direct shares and other funds, adding to its diversity. Although it invests in other funds, its total expense ratio is still very competitive, helped by the fact that it is mainly invested in lower-cost investment trusts and exchange-traded funds.

- Contact: *www.fandc.com*



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FUND AWARDS 2012



THE WINNERS

BEST GLOBAL EMERGING MARKETS FUND
FIRST STATE GLOBAL EMERGING MARKETS LEADERS FUND

Shortlisted
- Aberdeen Global Emerging Markets Equity Fund
- First State Global Emerging Markets Leaders Fund
- Templeton Emerging Markets Investment Trust
- Utilico Emerging Markets

About emerging markets funds

Investors are often spooked by the volatility that goes along with investing in emerging markets. Last year, political upheaval in Egypt led to a dramatic plunge in markets, culminating in the closure of the Cairo stock exchange. But so far this year Egypt is the best-performing market.

Volatility is synonymous with risk. But with more risk comes the possibility of greater reward. And for an investor taking a longer-term view – typically 10 years or longer – the additional volatility of emerging markets can reap attractive returns.

If you are considering an emerging market fund, remember that an overwhelming number of these funds are growth orientated and above average risk so it is important that the fund fits with your risk profile.

WINNER: First State Global Emerging Markets Leaders Fund

All the funds on our shortlist are strong contenders, but we thought First State Global Emerging Markets Leaders had a slight edge across our three pillars of performance, cost and transparency.

First State's emerging markets investment philosophy is based on a number of factors: a process based on an absolute as well as relative return mindset; genuine bottom-up stock selection; a focus on long-term performance and incentivisation; and benchmark insensitivity. The company has strong credentials in this asset class with experience dating back to 1992.

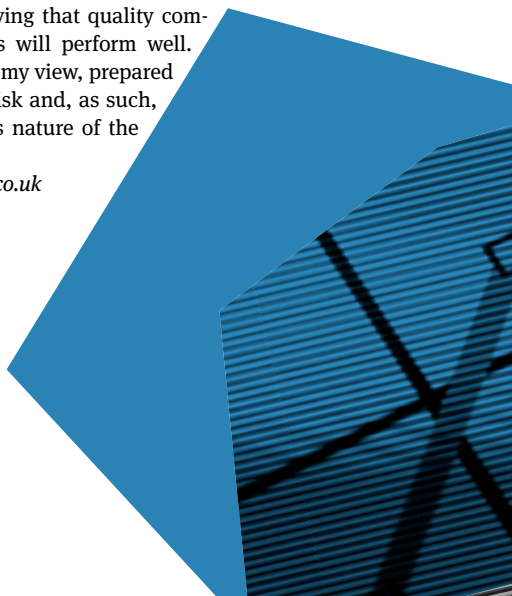
First State Global Emerging Markets Leaders fund adopts a buy-and-hold mindset. Stocks are looked at in terms of quality, earnings growth and valuation. Although the fund can lag in momentum-led markets, it has served investors well through time.

The high calibre of the management team makes this fund stand out. Widely respected fund manager Jonathan Asante has been with First State since 2004 and took over day-to-day responsibility for the fund at the beginning of 2008.

First State has a conservative valuation approach that focuses on the long-term value within businesses, where there is quality management and a solid business plan. This fund may not rise as quickly as others in bull markets, but it tends to outperform in difficult climates and, in the long term, the investment approach is likely to reward patient investors well.

Tim Cockerill, head of collectives research at Rowan Dartington, suggests pairing up the First State Global Emerging Market Leaders and Templeton Emerging Markets Investment Trust. "Their structures are different and, partly as a result of this, their volatilities are very different, too – Templeton is notably higher. They both seek quality stocks and are prepared to take the long-term view, believing that quality companies on low valuations will perform well. The Templeton trust is, in my view, prepared to take a higher level of risk and, as such, compliments the cautious nature of the First State fund."

- Contact: *www.firststate.co.uk*



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THE WINNERS

BEST COMMODITY FUND
CITY NATURAL RESOURCES HIGH YIELD TRUST

Shortlisted
- BlackRock Gold and General Fund
- City Natural Resources High Yield Trust
- Investec Global Gold Fund
- Smith & Williamson Global Gold and Resources Fund

WINNER: City Natural Resources High Yield Trust

Gold was a key theme for investors in 2011 and our winner, City Natural Resources High Yield Trust, set the gold standard with top marks across our three judging areas. City Natural Resources High Yield Trust is one of the oldest investment trusts focused on commodities, and has comfortably outperformed its composite benchmark, as well as its peers. The trust's investment objective is capital growth and income from mining and resource equities, and bonds issued by industrial and extractive companies.

With its focus on gold miners, the investment trust is often seen as a complement to the widely held – and more diverse – BlackRock Gold and General fund.

Will Smith, fund manager of City Natural Resources, is happy with this comparison. But he says: "We will always seek out growth companies and we are smaller than the BlackRock fund." The trust has also put in better performance over the periods that we looked at, plus its charges are lower than the BlackRock fund.

Mr Smith and his team use a mixture of top-down and bottom-up investment strategies, firstly identifying sectors and geographical areas, although the trust is not managed with specific reference to geographical or sectoral allocation targets, or reference to its benchmark. They focus on fundamental analysis, meeting around 20 companies a week. They look for companies with good management teams that are careful with shareholder capital, preferring companies that avoid equity dilution and are prepared to use debt financing as an alternative. The managers also favour companies with solid balance sheets, which offer growth potential and have a strong capacity to pay dividends.

- Contact: *www.ncim.co.uk*

BEST BOND FUND
M&G STRATEGIC CORPORATE BOND FUND

Shortlisted
- M&G Corporate Bond Fund
- M&G International Sovereign Bond Fund
- M&G Strategic Corporate Bond Fund
- New City High Yield Fund

WINNER: M&G Strategic Corporate Bond Fund

M&G, which has one of the largest credit analysis teams in Europe, dominated this category and they have the winner M&G Strategic Corporate Bond Fund as well.

M&G Strategic is managed by Richard Woolnough who joined M&G in January 2004. Prior to this he was the number one corporate bond fund manager from July 2000 to June 2003 when he managed the Old Mutual Corporate Bond fund.

At M&G Mr Woolnough has cemented his reputation as the UK's best known and best-performing bond manager by being one of the few bond managers to steer clear of bank debt, despite the attractive yields on offer.

M&G Strategic Corporate Bond invests mainly in investment grade bonds. The fund may invest in derivatives and other assets including collective investment schemes, other transferable securities and other debt instruments (including corporate, high yield and government debt, convertible and preference stocks), cash, and near cash, deposits, warrants and money market instruments.

The fund put in really solid, positive performance over all the time periods we looked at. Plus it has a very reasonable total expense ratio, cutting costs for investors.

- Contact: *www.mandg.co.uk*

UK COMMERCIAL PROPERTY TRUST

Maximising income potential: **Ignis Real Estate**

The UK Commercial Property Trust is delighted to receive the Investors Chronicle 2012 'Best Property Fund' award. The trust is the UK's largest closed-ended Guernsey registered property investment company with a portfolio in excess of £1bn (as at Dec 11) and is one of a range of Ignis Real Estate mandates.


Rotunda, Kingston



St George's Retail Park, Leicester


Emerald Park, Bristol

Ignis Real Estate – a robust investment approach

Ignis Real Estate is expert in the creation and asset management of UK real estate portfolios. The team seeks to maintain high and stable income streams by investing predominantly in portfolios of institutional quality bricks and mortar assets. The investment process employed places a heavy emphasis on capital preservation and maximising the income potential from assets held. This approach has generated long-term performance and earned the team a strong reputation within the industry.

Highly experienced with strength in depth

The stable and well-resourced team is led by managing director Gary Hutcheson, who has 28 years' investment experience. Gary is supported by four investment directors; each has in excess of 20 years' investment experience. One of these directors is Robert Boag. With 25 years' investment experience, Robert manages the UK Commercial Property Trust. Within Ignis Real Estate, Robert and Gary are supported by a dedicated team of asset managers together with research, operational and finance teams.

A range of offerings

Ignis Real Estate currently manages £3.1bn in a mixture of segregated mandates and collectives, including flagship products, the Ignis UK Property Fund (an £890m open ended unit trust) and the UK Commercial Property Trust*. Both the collectives have produced strong returns on a long-term basis.

UK Commercial Property Trust – acquisitions and asset management initiatives

Acquisitions:

- £100.6m invested in two acquisitions in 2011 at a combined income yield of 6.3%.
  - Rotunda Leisure Complex, Kingston Upon Thames – prime purpose built leisure scheme in prominent town centre location.
  - St George's Retail Park, Leicester – Open A1 Retail Park in prominent city centre location.
- £60.51m invested in Feb 2012 in a multi-let Industrial portfolio across three locations in Bristol, Portsmouth and Crawley with a combined 7.3% initial yield.

Asset management:

- St George's Retail Park, Leicester. Purchased in Feb 2011, the retail park offers significant potential to build rental income. This includes the pre-letting of a new 73,500 sq ft Tesco superstore, which has the potential to increase the annual rent for the park by 20% after costs.

"A consistent, disciplined approach is followed across all Ignis Real Estate property mandates. This is based on our belief that an active approach to asset management, with an emphasis on managing rental income, is essential to optimising performance in an income driven asset class."

Gary Hutcheson

*Source: Ignis Asset Management, at 30/09/11. This includes £2.5bn of direct property and £0.7bn of assets for which the team have oversight responsibilities.
Past performance is not a guide to the future. The value of units and the income from them can go down as well as up and is not guaranteed. Property investments are relatively illiquid compared to bonds and equities and can take a significant length of time to trade.

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IGNIS
ASSET MANAGEMENT

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FUND AWARDS 2012



THE WINNERS

BEST PROPERTY FUND
UK COMMERCIAL PROPERTY TRUST

Shortlisted
- F&C Commercial Property Trust
- First State Global Property Securities Fund
- ISIS Property Trust
- UK Commercial Property Trust

WINNER: UK Commercial Property Trust

The income from property is key for investors and UK Commercial Property Trust is the clear winner in this category, for its attractive yield and low costs.

The UK Commercial Property Trust is a closed ended Guernsey registered investment company. Managed by Ignis Investment Services, the company's shares are listed and traded on the London Stock Exchange.

The trust aims to provide shareholders with an attractive dividend yield and the potential for capital and income growth through investment in a diversified portfolio of UK commercial property. Its experienced managers at Ignis have managed commercial property for a number of years. Fund manager Robert Boag's monthly commentaries are full of detail about the trust's holdings, making sure investors are fully up to date with his thinking.

When we profiled the trust in January we found that it has one of the lowest levels of debt among UK property investment trusts, and one of the stronger records in terms of returns. Perhaps even more importantly, last year the trust secured a £150m seven-year borrowing facility, which sets it apart from many other property trusts which are going to have to renew their debt facilities in the near future. The trust's managers say the new facility will enable the fund to make quick and strategic acquisitions while maintaining the lowest level of debt in its peer group.

- Contact: *www.ukcpt.co.uk*

BEST TRACKER FUND
HSBC FTSE 250 INDEX FUND

Shortlisted
- Aviva Investors UK Index Tracking Fund
- Edinburgh UK Tracker Trust
- Fidelity MoneyBuilder UK Index Fund
- HSBC FTSE 250 Index Fund

WINNER: HSBC FTSE 250 Index Fund

This was a close run category. Here, instead of the actual return to investors we looked at how closely the funds tracked their index. The contenders on our shortlist are all good funds, filling different investor needs. But for its low cost and small tracking error the winner is HSBC FTSE 250 Index Fund.

The FTSE 250 Index is a capitalisation-weighted index consisting of the 101st to the 350th largest companies on the London Stock Exchange. Quite a number of companies within this index are investment trusts. The index has different sectoral exposure to the FTSE 100, having big weightings in financials, industrials and consumer services. By contrast, the FTSE 100's heavy weighting towards commodities means that the index is not the measure of the UK's economic health that it is often thought to be.

If you already have an investment in the FTSE 100 you could complement, or replace your investment in the FTSE 100 using the HSBC FTSE 250 index Fund, to get exposure to a stock market index more closely aligned with UK plc.

- Contact: *www.assetmanagement.hsbc.com*

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THE WINNERS

BEST ETP FOR UK EQUITY EXPOSURE
DB X-TRACKERS FTSE 100 ETF

Shortlisted
- db x-trackers FTSE All-Share ETF
- db x-trackers FTSE 100 ETF
- iShares FTSE 250 ETF
- iShares FTSE UK Dividend Plus ETF

WINNER: db X-trackers FTSE 100 ETF

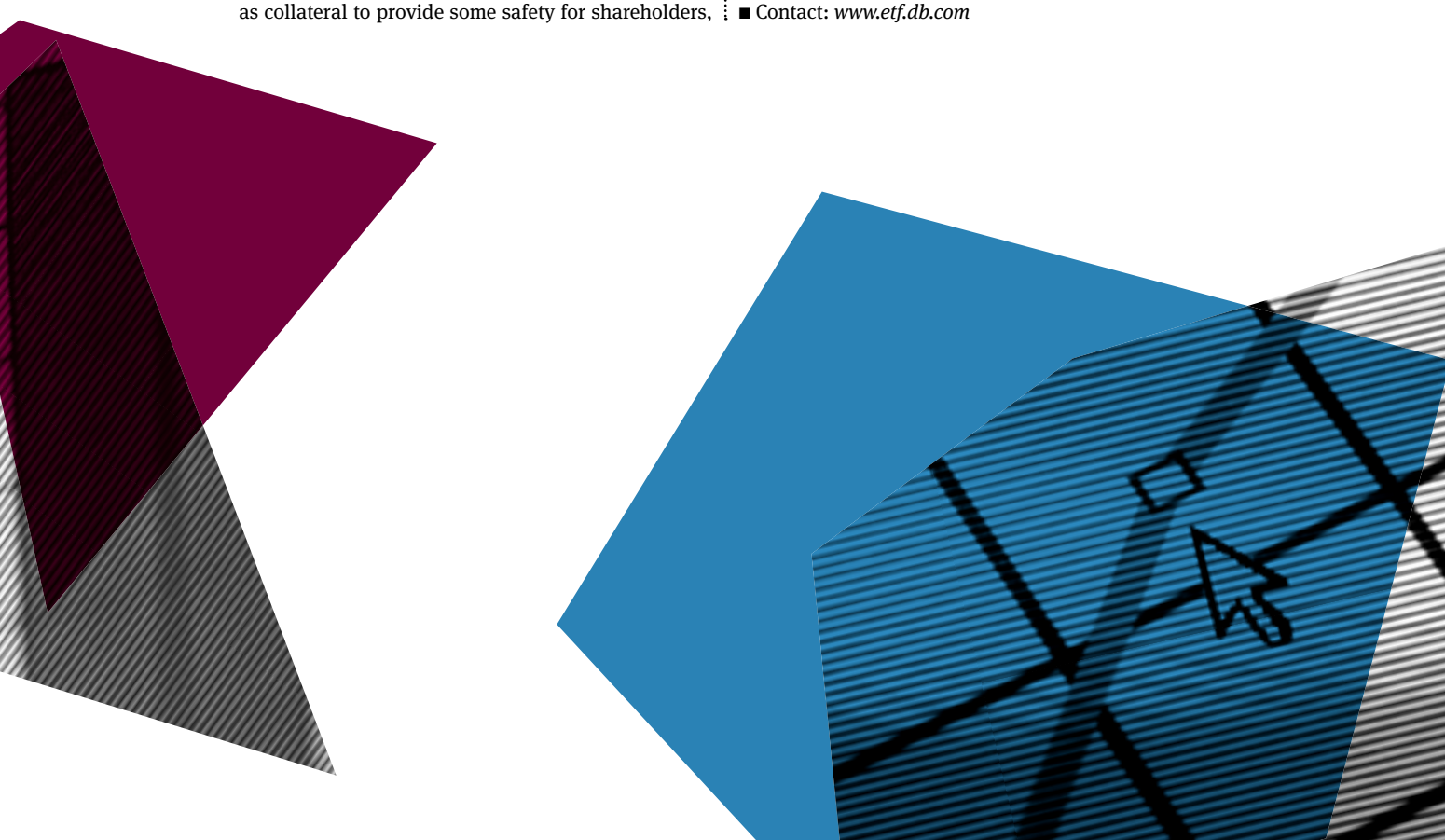
Our shortlisted candidates are all good products filling different investor needs, but we felt db X-trackers FTSE 100 ETF was the clear winner for its low cost and minimal tracking error. The exchange-traded fund (ETF) uses swap replication rather than physical replication, under which rival ETFs hold all the shares in the index.

Instead of holding the securities in the underlying index, a swap-based ETF holds a basket of securities as collateral to provide some safety for shareholders, and exchanges the performance of these securities with an investment bank counterparty for the performance of the reference index.

This synthetic replication has resulted in a close tracking error for db x-trackers FTSE 100 ETF, comparing favourably with rival FTSE 100 trackers. Its total expense ratio at 0.30 per cent is also among the cheapest.

The risk of a counterparty failing to make good on its swap contracts due to financial distress has become a real concern in the past couple of years. However, db X-trackers FTSE 100 ETF's parent company, Deutsche Bank, has credit ratings at the higher end of the spectrum. The fund is overcollateralised, so could cover its assets if Deutsche Bank did default. db X-trackers publishes what this collateral is on its website on a daily basis.

■ Contact: *www.etf.db.com*



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THE WINNERS

BEST ETP FOR US EQUITY EXPOSURE
ISHARES S&P 500 ETF

Shortlisted
- db x-trackers Russell 2000 ETF
- ETFX Russell 2000 US Small Cap Fund
- HSBC S&P 500 ETF
- iShares S&P 500 ETF

WINNER: iShares S&P 500 ETF

Cheapest is not necessarily the best in this category, with iShares S&P 500 ETF winning this category for its exemplary tracking error. The iShares S&P 500 Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of US large-cap stocks, as represented by the Standard & Poor's 500 Index.

This is a fully physically-replicated exchange-traded fund (ETF). 'Full replication' means the ETF replicates the performance of an underlying index by simply purchasing all the securities covered by the index. The portfolio manager's task is then to mirror changes in the index composition, as well as to manage cash flows from interest and dividend payments.

The ETF has a total expense ratio of 0.4 per cent, making it much cheaper than many actively managed funds that offer exposure to US large-cap equities.

■ **Contact:** *uk.ishares.com*

BEST ETP FOR GOLD EXPOSURE
ETFS PHYSICAL GOLD ETC

Shortlisted
- db Physical Gold ETC
- ETFS Gold Bullion Securities ETC
- ETFS Physical Gold ETC
- Source Physical Gold P-ETC

WINNER: ETFS Physical Gold ETC

Big, liquid and transparent, ETFS Physical Gold exchange-traded commodity (ETC) has good performance and excellent communication to investors.

ETFS Physical Gold is designed to offer investors a simple, cost-efficient and secure way to access the gold market by providing a return equivalent to movements in the gold spot price less the relevant management fees. Its TER is 0.39 per cent.

It trades on the stock exchange just like an equity and its pricing and tracking operate in a similar way to an exchange-traded fund. The ETC is backed by physical allocated gold held by the custodian, HSBC Bank USA.

Each individual ETFS Physical Gold Security has an effective entitlement to gold, and that entitlement changes daily to reflect the accrual of the management fee.

■ **Contact:** *www.etfsecurities.com*

BEST ETP FOR GLOBAL EMERGING MARKETS EQUITY EXPOSURE
DB X-TRACKERS MSCI EMERGING MARKETS TRN INDEX ETF

Shortlisted
- db x-trackers MSCI Emerging Markets TRN Index ETF
- iShares MSCI Emerging Markets ETF
- Lyxor ETF MSCI Emerging Markets GBP
- Source MSCI Emerging Markets ETF

WINNER: db x-trackers MSCI Emerging Markets TRN Index ETF

The db x-trackers MSCI Emerging Markets TRN Index ETF is not only cheap but it also has excellent tracking error. It tracks the MSCI Emerging Markets Index, the most widely used benchmark for exposure to emerging markets. Investors often wrongly assume that buying exposure to this index gives them exposure to the Bric economies (Brazil, Russia, India and China). But while the index has a significant weighting to China and Brazil, the other Bric peers, India and Russia, have much smaller weightings.

If you are buying the db x-trackers MSCI Emerging Markets TRN Index ETF, you will be getting exposure to a broad spread of 23 emerging market country indices, including significant exposure to countries such as South Korea, Taiwan and South Africa.

The ETF tracks the index by using a synthetic replication technique, which sees it using swaps to duplicate the performance of the MSCI Emerging Markets TRN Index. As the fund is a Ucits III compliant vehicle, it is only permitted to be exposed to a maximum of 10 per cent derivative counterparty risk.

The ETF comes with an all-in fee of 0.65 per cent, which makes it a cost-effective alternative to getting emerging market exposure via a mutual fund, considering that most active managed funds in this space will have a total expense ratio in excess of 1.5 per cent.

■ **Contact:** *www.etf.db.com*

investors CHRONICLE **WINNER**

FUND AWARDS 2012

Best ETP for gold exposure
ETFS Physical Gold ETC



How do you currently obtain exposure to physical gold?

ETF Securities is one of the world's leading providers of exchange-traded investment products and a pioneer in exchange-traded commodities. We are dedicated to providing investors with liquid, transparent and physical exposure to the price movement of gold.

We listed the world's first exchange-traded gold product in 2003. Today, more than three-quarters of the assets entrusted to us globally are held in precious metal products backed by allocated, physical metal stored in secure vaults.

We provide a range of exchange-traded, physically-backed precious metal products which are ISA and SIPP eligible. Tax rules may change and any tax benefits depend on individual circumstances. Investments can fall in value as well as rise and you may get back less than you invested.

ETF Securities does not provide investment advice - please consult your independent investment adviser to assess whether these products are suitable for you.

Committed to commodities

etfsecurities.com/aboutus

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THE WINNERS

MOST INNOVATIVE EXCHANGE-TRADED PRODUCT AWARD
DB PHYSICAL GOLD GBP HEDGED ETC

Exchange-traded products launched in 2011 were eligible to make submissions to this award. Five products launched in 2011 reached the shortlist, showcasing a range of difference assets and strategies.

Shortlisted

Amundi ETF MSCI Nordic: unprecedented exposure to the MSCI Nordic Countries Index composed of the leading equities in four Nordic countries: Denmark, Finland, Norway and Sweden (launch date 08.11.11).

db Physical Gold GBP Hedged ETC: the first sterling-hedged gold ETC (launch date 01.04.2011).

ETFX Dow Jones Global Select Dividend Fund: appealing for investors who believe that dividend yield will be a significant proportion of total return over the long term (launch date 09.03.11)

HSBC MSCI Russia Capped ETF: the first European ETF to physically track a Russian equity index (others in the market have been synthetic so far) – launch date 06.07.11.

iShares Markit iBoxx £ Corporate Bond 1-5 ETF: the world's first short-dated sterling-denominated corporate bond ETF (launch date 30.03.11)

Runner up

iShares Markit iBoxx £ Corporate Bond 1-5: This is the world's first short-dated sterling denominated corporate bond exchange-traded fund and, in a year when UK interest rates were predicted to rise from their all-time low, we thought it had great relevance for investors wanting to manage their exposure to interest rate risk.

Physically backed in structure, the ETF aims to track the Markit iBoxx GBP corporate 1-5 Index. It provides investors with cost-effective access to investment-grade, sterling-denominated corporate bonds with an expected remaining time to maturity of between one and five years.

Winner

db Physical Gold GBP Hedged ETC: Gold was a big seller again last year, but UK retail investors have traditionally faced two difficulties in investing in gold: how to take direct exposure to the gold price, and then how to get 'pure' exposure thereafter – ie, exposure that's free from implicit US dollar currency risk. Gold is priced in US dollars on the international markets, which means US investors in gold generally always have to accept implicit foreign-exchange risk. The emergence of exchange-traded commodities (ETCs) lets retail investors trade gold as easily as buying listed stocks through a broker, but db X-ETC innovated further to allow UK retail investors to trade gold in sterling hedged ETC form. Backed by allocated gold, the ETC is equipped with a currency hedging mechanism to minimise the GBP/USD exchange-rate risk.



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