

CITYWIRE SELECTOR

ANALYSIS

The best and worst funds since the Ukraine invasion started

A closer look at how different strategies and sectors have performed in the last week of February to the end of last week.

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The Russian invasion of Ukraine began on 24 February and saw Russia's RTS index, which tracks the top 50 stocks in the Moscow Stock Exchange, immediately fall 38.3% - [the largest ever daily decline in a major world equity index](#).

The sanctions imposed on the Russian market together with key companies withdrawing their services has had a huge impact.

European equities sold off sharply last week leading to the worst February on record for outflows. Meanwhile, commodities prices surged and raw materials saw their biggest weekly gain since the

1960s.

Coal is up 80%, oil is at decade highs and wheat prices have spiralled. Precious metals, such as palladium and platinum, have also soared, and gold may be heading to all-time highs.

Here, I look at the performance of European-domiciled funds in the week after the invasion, which covers the period 24 February to 3 March.

Best performers

Name	Citywire Sector	Manager Name	24.2.22 to 3.3.22	February	Year to 3.3.22	1 year to Feb 22	3 years to Feb 22
green benefit Global Impact Fund I	Equity - Ecology	Manfred Wiegel	18.65	5.77	-8.22	-31.70	162.65
Luxembourg Selection Active Solar C USD	Equity - Clean Energy	Pascal Rochat; Arnaud Chambaud	17.10	11.16	-5.60	-11.75	178.55
AEGON Global Commodity	Equity - Commodities	Not Disclosed	15.57	8.16	37.24	58.42	41.43
BIT Crypto Opportunities	AU - Currency	Jan Beckers	15.12	-1.99	-31.75		
GG Wasserstoff I (Hydrogen)	Equity - Ecology	N/a	14.21	6.97	-6.57	-34.00	
Industrial Metals Champions Fund A USD	Equity - Natural Resources	Pablo González	13.59	15.68	24.16	33.43	86.18
PIMCO GIS Commodity Real Return Instl USD Acc	Equity - Commodities	Greg E. Sharenow;Lorenzo Pagani;Nic Johnson;Steve Rodosky	12.01	6.69	28.88	50.10	61.79
DWS Invest Enhanced Commodity Strategy USD IC	Equity - Commodities	Darwei Kung	11.84	7.10	28.69	47.77	52.46
Maj Invest Global Sundhed	Equity - Global Blend	Erik Bak	11.79	11.62	5.03	10.52	64.09
BNP Paribas Energy Transition C D	Equity - Ecology	Edward Lees;Ulrik Fugmann	11.53	4.90	-19.84	-29.13	84.17

Source: Morningstar. European domiciled OE funds

TR% in EUR - longest running shareclass of the fund used in analysis.

A week after the invasion a number of funds have remained resilient and in some cases produced double-digit returns through the week.

Topping the table are two ESG-focused strategies, the [green benefit Global Impact](#) fund, managed by [Manfred Wiegel](#), and the [Luxembourg Selection Active Solar](#) fund, run by [Pascal Rochat](#) and [Arnaud Chambaud](#).

Both funds delivered double-digit returns during this period returning 18.65% and 17.1% in euro terms, respectively. BNP Paribas Energy Transition, run by Edward Lees and Ulrik Fugmann, is also in the top 10 and returned 11.53% over this time.

All these funds are environmentally focused. Green stocks bounced during the crisis and funds investing in them have held up due to taking advantage of energy transitions and raw materials this

shift requires.

For example, the Luxembourg Selection Active Solar fund invests in the solar photovoltaics industry, tapping companies in areas such as polysilicon, wafers, cells, modules, and power plants.

The value of materials used in the production of these products is soaring due to supply issues affecting metals such as platinum and palladium. The prices of semiconductors are also rising rapidly.

These investments have protected investors from the market falls, while the move away from gas has sparked a new lease of life in renewable energy sources, as the likes of Germany have outlined plans to diversify away from Russian supplies. However, Germany is starting up more coal power generators and has said it may use nuclear too to help it diversify.

Germany's shift towards 'dirty energy' aside, interest in renewable energy investing is reviving, which may help accelerate the transition. But this is a slow process as infrastructure needs to be put in place first to distribute such energy.

A raft of commodity funds are also in the top 10 and saw strong growth over the week because of soaring prices in wheat, other grains, metals and minerals to [name a few](#).

Wheat alone hit record highs as the war has halted exports from Ukraine and Russia, which are both key producers of this commodity and account for 30% of the world's exports. Demand has turned to other grains, such as corn, which has also soared in price due to demand. This is all going to hit inflation figures around the world further.

The [Pimco GIS Commodity Real Return](#) fund, overseen by [Greg E. Sharenow](#), [Lorenzo Pagani](#), and [Steve Rodosky](#), has done particularly well over the week due to its main investments in energy, industrial and precious metals, livestock and agriculture.

Their investments are via commodity-linked derivative instruments, collateralised by a portfolio of low duration global inflation-linked government bonds, which has added more protection to their portfolio.

Also gaining in these volatile markets is the [BIT Crypto Opportunities](#) fund, run by [Jan Beckers](#). The fund had a volatile start to the year and over the period to 3 March is down 31.75%. However it gained 15.1% in the week of 24 February to 3 March due to a rush on crypto currencies.

These are no longer seen as a niche investments and during this crisis Ukraine has been accepting donations of cryptocurrency to help fund the war.

Questions have also been raised about whether bitcoin can be used by Russia to avoid sanctions but

a lack of liquidity and the traceable nature of blockchains may make this difficult.

These sorts of investments should always be viewed through a long-term lens. Over the year period the top two funds have delivered negative returns but the numbers are better over three years.

It is worth noting that out of the 108 funds tracked within the Equity - Energy, Equity - Clean Energy, Equity - Water and Equity - Utilities sectors, 106 have posted positive returns during the period of 24 February to 3 March.

Most of best performers within these sectors have come from the Equity - Clean Energy sector.

Looking at laggards

Name	Citywire Sector	Manager Name	24.2.22 to 3.3.22	February	Year to 3.3.22	1 year to Feb 22	3 years to Feb 22
Nordea Itä-Eurooppa K NOK	Equity - EM Europe	Per Ulderup	-62.02	-48.92	-68.12	-39.90	-40.17
Manulife GF Emerging Eastern Europe AA	Equity - EM Europe	Stefan Herz	-38.99	-42.83	-49.79	-35.62	-30.07
Fidelity Emerg Eur Middle East & Africa	Equity - GEM	Nick Price;Chris Tennant;Zoltan Palfi	-32.07	-31.68	-41.44	-21.44	-8.29
MS INVF Emerging EMEA Equity A	Equity - EM Other	Paul C. Psaila;Eric Carlson;Jorge Chirino	-15.16	-20.18	-27.67	-4.98	6.74
LF Brook Absolute Return Sterling I Acc	AU - Long/Short Equity	James Hanbury;Jamie Grimston;	-14.04	-11.02	-4.21	4.98	55.14
H2O Multireturns I/A GBP	AU - Global Macro	Vincent Chailley;Phillipine Watteaux	-13.77	-8.36	-2.83	6.73	14.12
HSBC GIF BRIC Equity M1C	Equity - GEM	Stephanie Wu	-13.64	-11.58	-16.06	-6.51	4.11
LLB Anleihen Strategie CEEMENA I T	Equity - EM Europe	Christoph von Bonin;Roland Plasser	-12.98	-8.45	-18.00	-9.89	-0.78
BSF Emerging Markets Eq Strats Z2 USD	Equity - GEM	Sam Vecht;Gordon Fraser	-12.68	-10.44	-5.25	3.17	-2.01
Raiffeisen-Osteuropa-Rent R A	Bonds - EM Europe	Ronald Schneider	-12.26	-7.61	-15.93	-15.83	-11.86

Source: Morningstar. European domiciled OE funds

TR% in EUR - longest running shareclass of the fund used in analysis.

The funds that have struggled are those closely linked to Russia. These include those in the Equity - Emerging Europe sector, as well as those heavily exposed to the Russian rouble.

The worst effected fund is the [Nordea Itä-Eurooppa](#) fund, run by [Per Ulderup](#). It lost 62% during the analysis period and over February as a whole is down 48.9%.

It has exposure to Russia as well as Ukraine, through investments in Gazprom, Sberbank and Lukoil which are all in the fund's top five holdings. Almost 10% of total assets are in Lukoil and Gazprom alone.

The [Fidelity Emerging Europe, Middle East and Africa](#) fund managed by [Nick Price](#), Chris Tennant and Zoltan Palfi was also down 39.9% during the week period.

An absolute return couldn't be achieved by the [LF Brook Absolute Return](#) fund managed by [James Hanbury](#) and [Jamie Grimston](#). It lost 14% on the fund in the week and in the year to 3 March it is down 4.2%. However, longer-term numbers have looked more promising.

**In an investor note seen on 7 March by Bloomberg, Hanbury informed investors in the LF Brook Absolute Return fund that all Russian exposure was being written down to zero.*

The [H2O Multireturns](#) fund managed by [Vincent Chailley](#) and [Philippine Watteaux](#) was also down due to their large bets on the Russian rouble. This has hit returns hard and the fund lost 13.8% during the week.

This crisis hasn't panned out well for H2O due to its exposure to the Russian rouble and most of its funds have been dented by this crisis.

However, they are reluctant to sell their positions and stated in a letter to shareholders: 'We consider that selling Russian assets, among which currencies, at such discounted rates are a counterproductive "gift" to buyers, among whom is the Russian government.'

February in focus

Name	Citywire Sector	Manager Name	24.2.22 to 3.3.22	February	Year to 3.3.22	1 year to Feb 22	3 years to Feb 22
Quadrige Investors Igneo A Dist	Equity -Gold & Precious Metals	Diego Parrilla		22.00	26.38	-8.56	-17.65
Crocodile Capital 1 Global Focus B	Mixed Assets - Aggressive	Not Disclosed		18.87	29.28	117.46	145.08
Ninety One Global Gold A Acc USD	Equity -Gold & Precious Metals	George Cheveley	5.80	16.73	7.91	16.29	55.76
Precious Cap Global Minnig & Metls CHF 1	Equity -Gold & Precious Metals	Florian Siegfried	5.70	16.55	11.06	23.99	76.76
Invesco Gold & Special Miris C USD Acc	Equity -Gold & Precious Metals	Shanquan Li	7.28	15.36	7.53	19.89	61.76
Amundi Gold Stock A	Equity -Gold & Precious Metals	Alfred Grusch	6.41	15.19	9.46	12.87	50.73
AMG Gold Minen & Metalle A	Equity -Gold & Precious Metals	Fritz Eggimann;Bernhard Graf;	7.31	14.95	12.47	6.99	76.76
Ninety One GSF Glb Gold A Inc USD	Equity -Gold & Precious Metals	George Cheveley	4.55	14.56	10.26	19.82	56.38
CPR Invest Global Gold Mines A USD Acc	Equity -Gold & Precious Metals	Arnaud du Plessis	5.72	14.55	13.32	19.93	52.69
DWS Invest Gold and Prec Mtl Eqs FC	Equity -Gold & Precious Metals	Scott Ikuss;Eugene Bidchenco	4.75	14.36	11.78	16.47	66.72

The funds with the greatest returns in February come from the Equity - Gold & Precious Metals sector, with the Quadrige Investors Igneo fund returning 22%. However, the fund is in negative

territory over one and three years to the end of February.

This is due to the investors piling into growth assets over the past two years, but this crisis will see more investments going into these types of funds as a flight to safety.

The [Ninety One Global Gold](#) fund, managed by [George Cheveley](#), held up well returning 16.7% year to date, and delivering healthy positive returns over one and three years to the end of February.

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DWS Invest Enhanced Commodity Strategy USD IC	Equity - Commodities	Darwei Kung	11.84	7.10	28.69	47.77	52.46
NN (L) Energy P Dis USD	Equity - Energy	Tjeerd van Cappelle;Anastasia Naymushina	7.10	4.81	26.40	45.17	1.31
BGF World Energy A2	Equity - Energy	Alastair Bishop;Mark Hume;	6.29	3.56	26.28	55.24	18.79
Morgan Stanley Commodity RADAR Fund I	Equity - Commodities		10.48	6.26	26.24	42.22	66.00
PIMCO Lux CommoditiesPLUS™ Strat USD Acc	Equity - Commodities	Greg E. Sharenow	9.60	5.47	25.90	45.00	46.34
NN (L) Commodity Enhanced I Cap USD	AU - Commodities	Stan Verhoeven;David Koops; Long-Ni Boon; Daan van Gemert	8.61	5.61	24.69	44.44	50.87
BNP Paribas Brazil Equity Privl C	Equity - Brazil	Gilberto Nagai;Gilberto Kfourir;	4.56	1.52	24.55	13.08	-13.77
Allianz Global Metals and Mining I EUR	Equity - Natural Resources	David Finger	10.58	12.27	22.66	25.19	54.44

In the year to 3 March, the picture looks slightly different to February alone with the Equity - Commodities sector dominating the top performing funds, while the bottom funds are a mix of sectors.

The surprise fund in the bottom (see below) is Jan Beckers' [BIT Global Internet Leaders](#) fund, down 30.9% year to date, and the [Nikko AM ARK Disruptive Innovation](#) fund, managed by [Lawrence Prager](#) and [Takeshi Noda](#), down 31.2% in euro terms.

Both funds have previously appeared in many top 10 best-performing funds pieces over the past two years, and in a time of a severe market downfall haven't been able to protect assets.

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Fidelity Emerg Eur Middle East & Africa	Equity - GEM	Nick Price;Chris Tennant;Zoltan Palfi	-32.07	-31.68	-41.44	-21.44	-8.29
BIT Global Crypto Leaders I-I	AU - Currencies	Jan Beckers	8.75	-5.58	-32.02		
Nikko AM ARK Disruptive Innovation A USD	Equity - Technology	Lawrence Prager; Takeshi Noda	6.40	-6.82	-31.24	-42.20	49.26

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MS INVF Global Endurance Z USD Acc	Equity - Global Small & Mid-Cap Equity	Manas Gautam	-0.14	-9.71	-31.13	-36.42	
Handelsbanken Microcap Sverige (A4 SEK)	Equity - Sweden Small & Medium companies	Christian Brunlid	-1.00	-13.78	-30.98	-17.01	128.32
BIT Global Internet Ldrs SICAV-FIS I	Equity - Technology	Jan Beckers	-9.85	-7.49	-30.92	-27.44	327.20
IKC Sverige Flexibel	Mixed Assets - Flexible SEK	Niklas Hultqvist	-3.72	-10.43	-30.42	-0.13	108.48
Evli Swedish Small Cap A	Equity - Sweden Small & Medium companies	Janne Kujala	-4.56	-10.43	-30.42	-0.06	103.53