

# **Momentum Multi-Asset Portfolios**

*Risk-rated, outcome-based investments*

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## Introduction

Momentum Global Investment Management (MGIM) was established in the UK in 1998, and is an award winning specialist, global investment manager. We concentrate on designing, building and managing outcome-based investment solutions, delivered through multi and single asset portfolios and tailored client solutions. As a truly global player we invest client assets for supporting advisers and partners, predominately in the United Kingdom and Europe, South Africa and Africa, the Middle and Far East, South America and Asia.

The firm is a wholly owned subsidiary of Momentum Metropolitan Holdings Limited which is listed on the Johannesburg Stock Exchange in South Africa and on the Namibian Stock Exchange in Namibia. With a market capitalisation of \$1.8bn\*, Momentum Metropolitan is one of South Africa’s larger life insurers and integrated financial services companies.



*“Our heritage is multi-asset investing, where we are a leader with our outcome-based investment philosophy. We strive to deliver investment outcomes and experiences that are closely aligned with the real investment needs of our investors. With us, investing is personal”*

**Ferdi van Heerden**  
Chief Executive Officer



*\*as at March 2022*



**Founded in  
1998**



**AUM £4.9Bn**  
*at 31 Mar 2022*



**Core focus on  
Multi-Asset**



**Boutique approach  
with global backing**





## About us

At Momentum Global Investment Management (MGIM) we have a long track record of delivering returns by investing across a wide range of assets. This diversified approach to investment has the potential to both enhance returns and reduce risk for our investors.

In the UK, we have two separate but complementary businesses under MGIM; our core investment management capabilities based in London and Liverpool, and Momentum Investment Solutions & Consulting (Momentum ISC) our investment consulting business based in Windsor.

MGIM's twenty investment specialists, who on average have more than 16 years of investment experience, collectively manage £4.9 bn (*as at 31 March 2022*). In most cases, we are the discretionary manager of single asset or multi-asset class portfolios, which are either invested via third party managers or directly in securities. Investments in third party managers are generally via funds, except for our larger accounts where we may invest via segregated accounts.

We follow an outcome-based investment philosophy which guides our approach in determining the optimal strategic asset allocation for a particular investment objective.

Asset allocation is widely recognised as a key driver of investment outcomes. Our core strength is a detailed, in-depth understanding of multiple asset classes. For each asset class we undertake extensive modelling using proprietary techniques to assess valuations and likely risks and returns under different scenarios. We seek to allocate to assets that are supportive of good future growth in valuations.

We believe in the value of optimally blending various asset classes, investment strategies and mandates to provide robust solutions with the aim of making the investment journey for the end client as palatable as possible.

A consistent outcome-based investment philosophy means using international diversification and unrivalled flexibility to seek the investment return necessary to achieve a desired outcome while reducing unnecessary risk.

# Taking a different approach

The Momentum multi-asset range has been designed to offer a range of risk-rated funds targeting either inflation or income plus returns over a minimum four year time horizon. The funds are broadly diversified portfolios investing in a wide range of global asset classes such as equities, fixed income, cash, property, infrastructure, alternative strategies and cash.

The Funds’ strategic asset allocation is designed with the aim of achieving the stated target return while staying within their nominated risk bands. The funds’ tactical asset allocation is actively managed and reflects Momentum’s views on asset classes, regions, and currency. The Fund range is distinctive in having a wide range of investable assets, including direct equities and talented third party fund managers and a wide range of alternative assets for the markets and opportunities we see today.

The Fund range encompasses different risks and outcomes aligned to an investor’s needs, each delivered from a diversified pool of assets. Our heritage in multi-asset investing coupled with strong research expertise allows us to capitalise on new opportunities as they appear.

	VT Momentum Cautious	VT Momentum Balanced	VT Momentum Moderate	VT Momentum Diversified Income	VT Momentum Diversified Growth
Distribution					
Technology Risk Profile	3	4	5	5	6
Investment target	UK CPI + 3% (net)	UK CPI +4% (net)	UK CPI +5% (net)	UK CPI +4% (net)	UK CPI +6% (net)
Asset exposure	Global, multi-asset	Global, multi-asset	Global, multi-asset	Global, multi-asset	Global, multi-asset
Currency exposure	UK centric	UK centric	UK centric	UK centric	UK centric
Inception date	05 November 2012	05 November 2012	05 November 2012	08 April 2002	08 April 2002
Minimum initial investment	GBP 1,000	GBP 1,000	GBP 1,000	GBP 1,000	GBP 1,000

Please refer to the fund prospectus for full details including charges, investment objectives and investment policy.

# Asset allocation



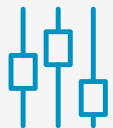
In UK equities, the Funds invest directly for some or all of their exposure, leveraging the team’s research expertise and value investing experience.



In Overseas Equities, the Funds invest in strategies managed by third party specialists who share a high conviction, benchmark agnostic investment approach.



In Fixed Income, the Funds gain exposure using both direct capabilities and blending highly experienced managers which have differentiated investment styles to benefit from a highly selective and diversifying exposure.



Within Alternatives, the Funds invest in a wide range of assets and opportunities such as property, infrastructure, private equity and specialist lending. We expect these to deliver long term returns that are more predictable than equities and have more growth potential than bonds. Care is taken to ensure liquidity is maintained by only investing in investment structures we believe are appropriate to the underlying assets.



# Investment philosophy

At Momentum Global Investment Management we have leveraged our investment expertise and resources to deliver a truly focused outcome-based investment approach. Our philosophy is both simple and compelling in taking clearly defined steps in asset allocation, risk mitigation and investment selection to increase the probability of delivering the investment outcome over a defined time horizon. Our aim is to smooth the investment journey towards the outcome and in doing so keeping your clients invested through all market conditions.

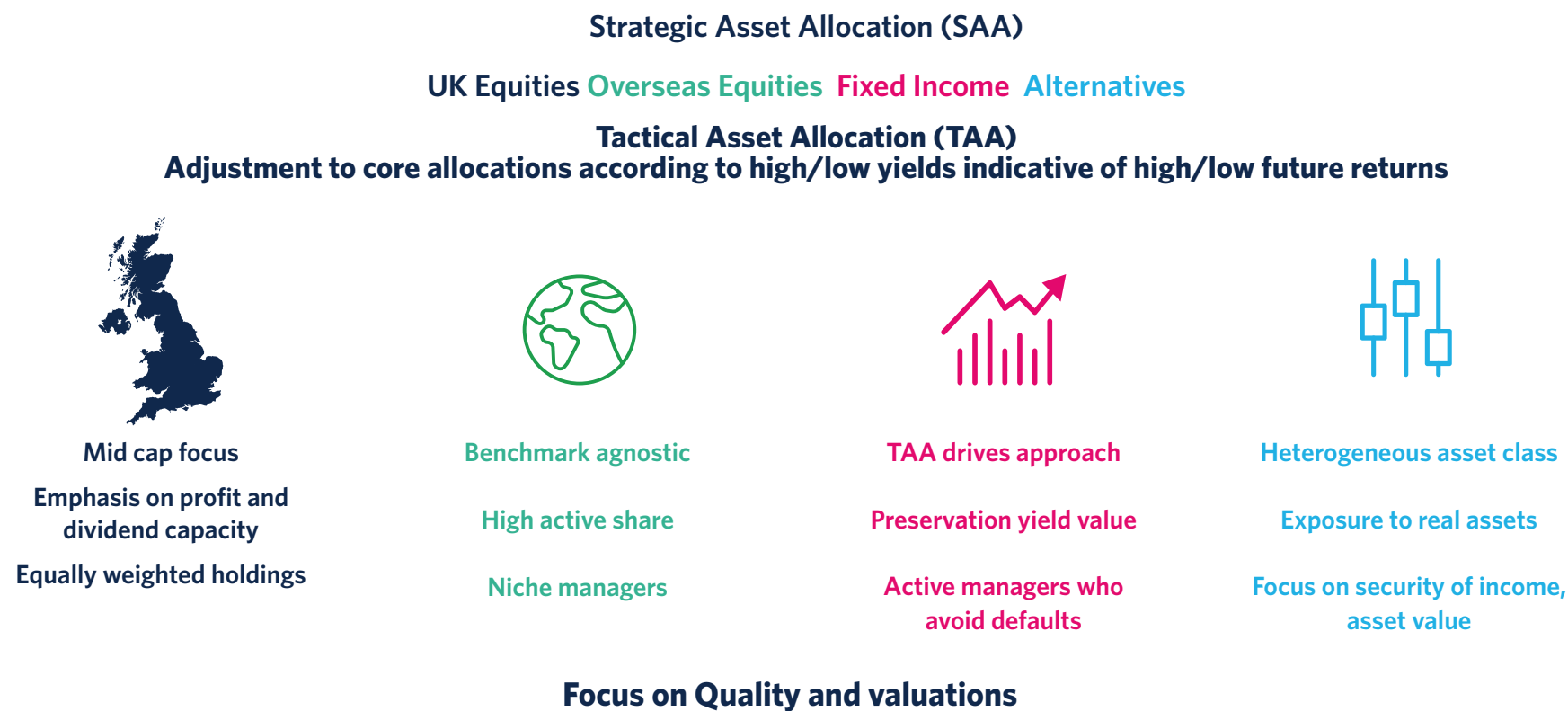
The Momentum VT Multi-Asset Fund range aims to provide an ‘all-in’ cornerstone solution for clients that effectively takes responsibility for the significant research burden of investment and manager selection combined with specialist active asset allocation, portfolio construction and risk management activities.

Asset class selection is our starting point – we first determine the relative attractiveness of asset classes based on our assessment of the macroeconomic environment, valuations and investor sentiment. We look at asset classes in an absolute sense relative to their own history and also relative to other asset classes. We model and scenario test likely returns for each asset class. We compare valuation versus our bottom-up five year expected returns and overlay different economic scenarios to stress test the prospective returns. Our ideal is to find asset classes that are likely to meet our long-term return criteria irrespective of the path of the wider economy.

Instead of researching individual companies and securities in order to implement asset allocation decisions, our investment team outsources the selection of these securities to a wide range of different specialist investment managers. Our aim is always to be invested with the managers that provide the greatest potential for strong future performance. Momentum’s dedicated investment professionals undertake detailed and extensive due diligence into all underlying managers. This creates great insight into the individual investment characteristics of any particular fund and allows us to blend best of breed managers from across the globe that we believe will complement each other to the benefit of the portfolio as a whole.

Portfolio construction is the next step in the investment management process. This is where we blend together asset allocation and manager selection decisions to form a coherent investment proposition. This is a key aspect of portfolio construction – maintaining a well-diversified portfolio reduces the impact of volatility on a portfolio and puts us in a stronger position to make the most of market dislocations.

The intention is for our funds to be well diversified by asset class, currency, geography, investment style and across several managers, in order to provide sustainable returns and reduced volatility.



# Outcome-based investing

At Momentum, we follow an outcome-based investing philosophy. The investment outcome guides our approach in determining the optimal strategic asset allocation. We assess asset classes both in the context of their potential to deliver on the investment objective over the desired time horizon and also the risk of short-term drawdowns, with the aim of making the journey for the end client as palatable as possible.

We use an optimisation process to derive the appropriate strategic asset allocation that has the best probability of delivering on the desired outcome by focusing on preferences such as:

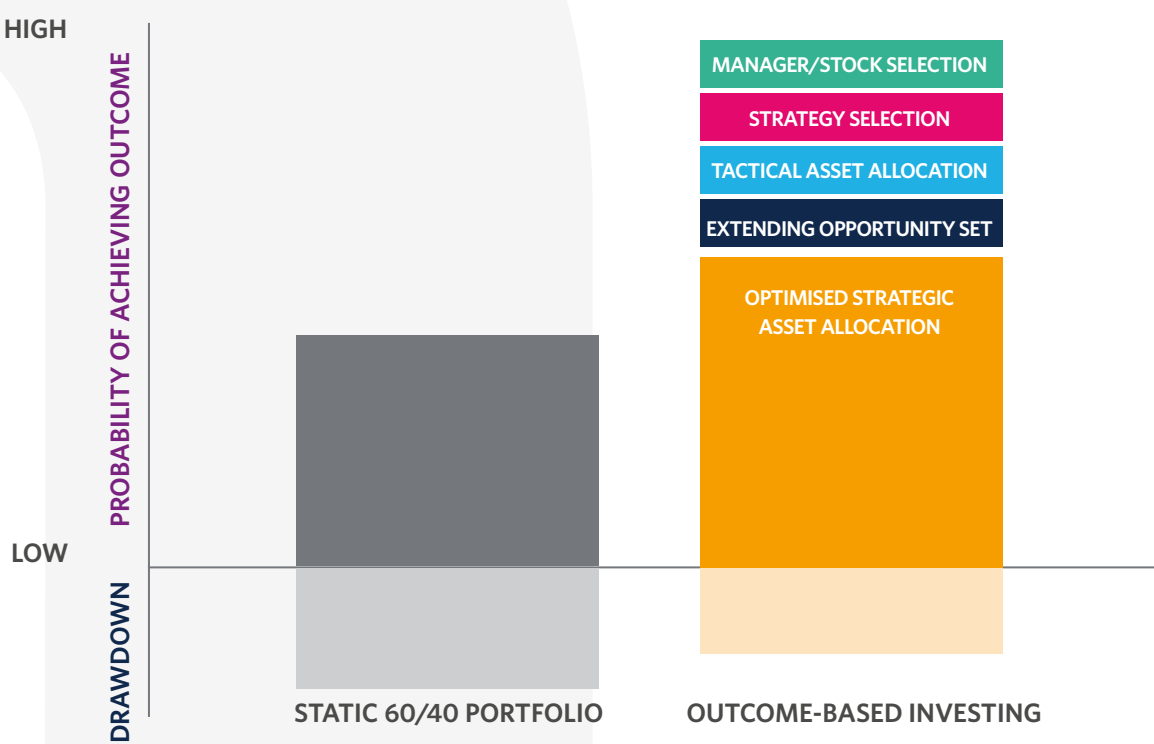
- 01. Maximising the probability of achieving the target
- 02. Minimising the risk of falling meaningfully short of the target at the end of the investment horizon.
- 03. Minimising the risk of negative absolute returns over 12 months, and
- 04. Minimising the probability of experiencing a large drawdown over a 12 month period.

Such an optimisation process allows us to meaningfully improve the risk-return characteristics of a portfolio, by expanding the universe of available asset classes, harvesting diversification benefits and reducing portfolio risk without giving up expected returns.

The funds' tactical asset allocation is actively managed and reflects Momentum's views on asset classes, regions and currency.

# Sources of return

The diagram below shows the increased probability of delivering the investor outcome through the application of optimisation over and above a simple buy and hold 60/40 equity bond portfolio.



Source: Momentum. Past performance is not indicative of future returns. 60/40 is a traditional balanced portfolio – 60% equity 40% fixed income.

# Risk aware

Having a clear and consistently applied process is just one part of our approach to mitigating risk for our investors. Risk is not best expressed in volatility units, or VaR measures, true risk is much more than that. Ultimately for our investors, risk is the chance of a permanent impairment of their real purchasing power. Our approach explicitly focuses on this type of risk, allowing the portfolios to aim to deliver superior returns over the long run which grow our investors' real wealth over time.

We believe manager outperformance is often a result of style outperformance. Therefore it is paramount to select styles which are appropriate to the outcome and risk desired. Within our higher risk funds we have a greater style bias towards value, while lower risk funds are blended across different investment styles that each tend to outperform under different scenarios, thereby diversifying idiosyncratic equity style risk. We monitor the relative 'cheapness' of the different styles by looking at cross-sectional valuation views of the market. This allows us to assess which style or section of each market is most likely to outperform in the future, which is often very different to which style has outperformed in the recent past.

- 01

Risk is required in order to generate returns
- 02

Risk can be managed not controlled
- 03

Risk is more than volatility; true risk is permanent loss of capital or loss of real purchasing power
- 04

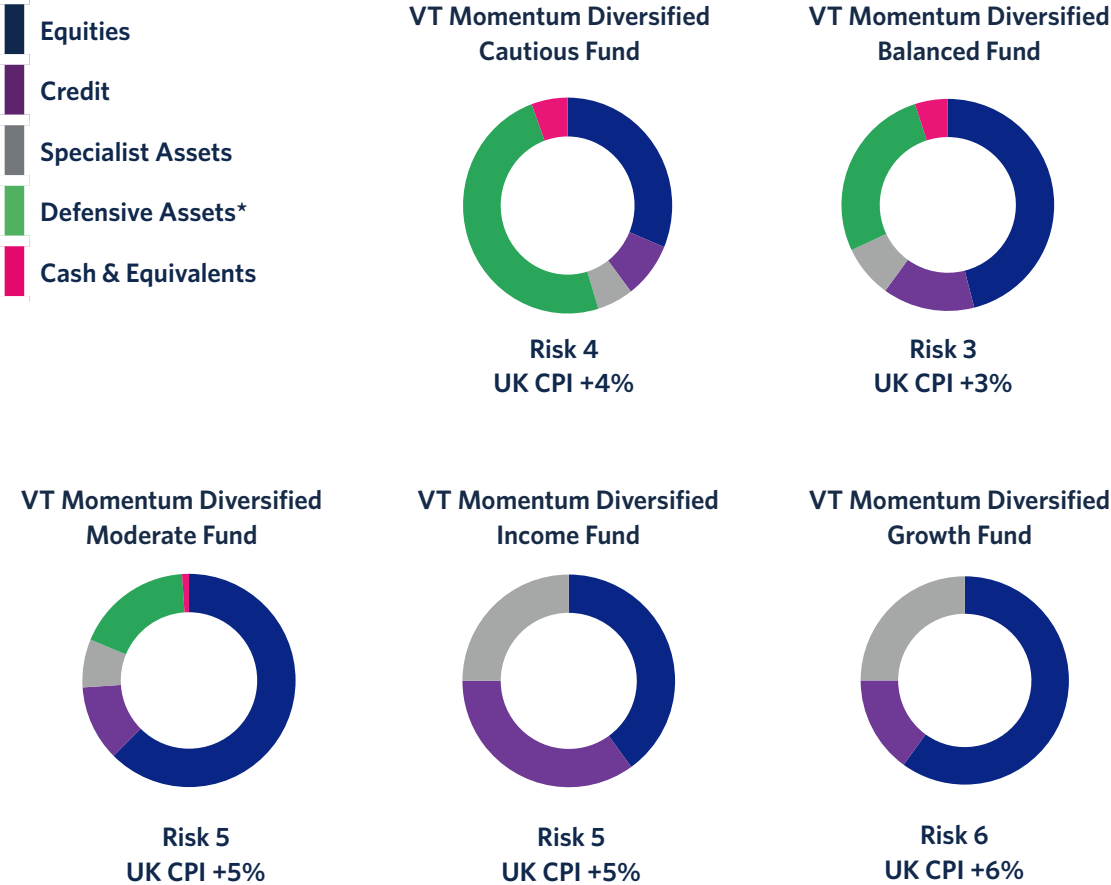
Best defence is a diverse portfolio of undervalued assets
- 05

Increase the opportunity set blending uncorrelated assets enables true diversification improves risk: return profile

# Quality outcomes

The Momentum Multi-Asset Funds are a range of outcome-based portfolios designed to provide a balance of risk and reward profiles to meet your clients' differing investment objectives. The Fund range offers a choice of five portfolios to suit various risk needs and objectives with the aim of achieving a clear financial goal. The Funds are managed by our specialist investment team and are designed to be held as a core, diversified, global multi-asset holding; a true 'whole of market' proposition.

## Multi-Asset Range Strategic Asset Allocation



*\*Defensive Assets have reduced/negative correlation to equity markets to provide a more defensive element during times of market stress. Defensive Assets may consist of a variety of investments such as gold\*\*, government bonds, short ETFs and managed futures strategies. \*\*Exposure to physical gold is achieved through investments in exchange traded certificates (ETC) which aim to provide the performance of gold, as measured by the LBMA Gold Price (PM), which is a recognised benchmark for gold. A Gold ETC is a certificate which is secured by gold bullion, held within the vaults of a nominated custodian. All risk profiles assigned by Dynamic Planner.*

# Platform availability

## For professional and institutional investors

You can make a direct investment into the Multi-Asset range through Valu-Trac Administration Services.





# Meet the team

The Funds are managed by our experienced Multi-Asset investment team, who have worked together through multiple market cycles. All portfolio managers have clear areas of research responsibility and are supported by the broader team of analysts.



**Richard Parfect - Portfolio Manager**

Richard applies a value-driven approach to his specific focus on specialist assets and is a Fellow of the CISI. Prior to joining Momentum Richard was a founder of Seneca Investment Managers Limited in 2002 and previously worked as a UK equity analyst at Merseyside Pension Fund.



**Mark Wright, CFA - Portfolio Manager**

Mark is responsible for UK equity research across our investment mandates. Mark joined Momentum in April 2021. Mark began his career at Seneca after graduating from the University of York with a BSc degree in Economics. Mark is a CFA Charter holder and an accredited member of the CFA Institute.



**Tom Delic - Portfolio Manager**

Tom is responsible for emerging markets equity and fixed income research. Tom has worked in the investment industry since 2009 after graduating from the University of Liverpool with a first class degree in Mathematics with Finance. Tom began his career as an investment analyst for Royal Liver Asset Managers. Prior to joining the Momentum team he worked at Seneca Investment Managers.



**Gary Moglione - Portfolio Manager**

Gary's role is focused on developed market overseas equity and fixed income research. Gary joined Momentum in April 2021, prior to this Gary worked at Seneca Investment Managers. Previously Gary has performed similar fund management roles within Multi-Asset and Fund of Funds at Royal Liver Asset Managers and Amundi Investment Management.



**Alex Harvey, CFA - Senior Portfolio Manager**

Alex is a Senior Portfolio Manager and Investment Strategist with a more macro focused research tilt including fixed income and asset allocation strategy. He also manages Momentum's Managed Portfolio Service (MPS) which is broadly aligned in philosophy and positioning to the Multi-Asset Fund range.





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*With us, investing is personal*

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