

# Momentum Income Portfolio

month ended 28 August 2020

## Portfolio details

Investment manager	Momentum Global Investment Management (MGIM)				
Inception	31 May 2011	Tactical version	.v16	AMC	0.25% +VAT
MGIM management from	1 February 2016	Minimum investment	£1,000	TER <sup>†</sup>	0.86%
Target volatility	6-9%	Current yield	2.20%		

## Investment objective & strategy

The Momentum Income Portfolio has been developed due to increased demand for an income generating portfolio as an alternative to capital growth. The Portfolio is carefully constructed to offer an attractive yield and spread risk by investing in various asset classes. This includes traditional funds offered by the major investment companies. The investment objective of the Income Portfolio is to achieve a reasonable yield from a mix of different asset classes. The Portfolio will actively pursue a diversified investment strategy targeting a medium yield. The Portfolio will have a medium level of risk to capital and deliver a commensurate rate of return.

## Portfolio performance\* (%)

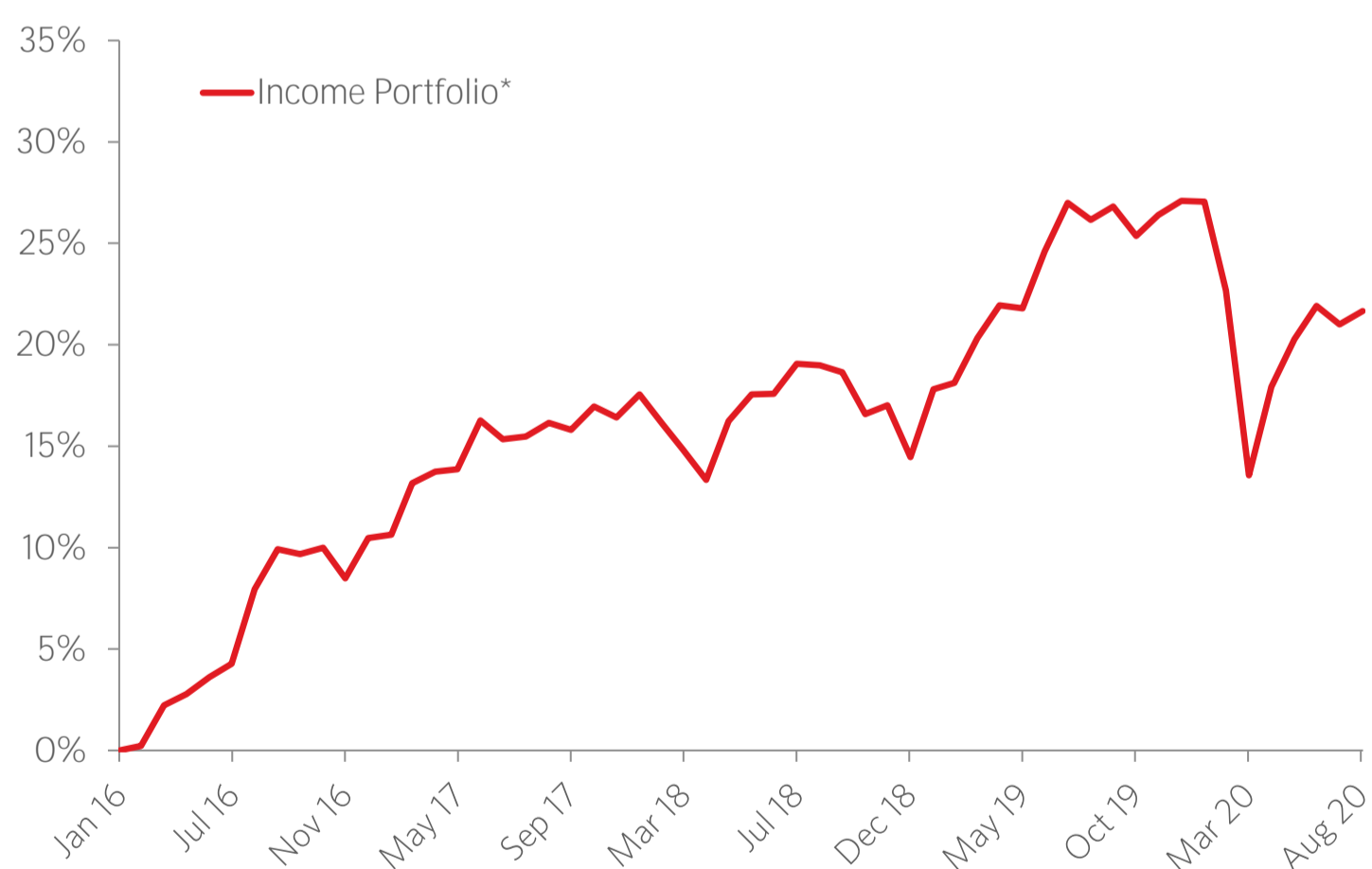
	1 month	3 months	6 months	1 year	3 years (annualised)	5 years (annualised)	Since launch (annualised)	2019	2018	2017	2016 <sup>1</sup>	2015
Portfolio return	0.5	1.2	(0.8)	(3.6)	1.6	4.1	4.3	11.0	(2.6)	6.4	9.3	2.2
MSCI UK	1.5	(1.6)	(9.3)	(16.1)	(4.2)	2.5	3.5	16.4	(8.8)	11.7	19.2	(2.2)
ICE BofA Sterling Broad Market	(2.6)	(1.9)	1.2	2.7	4.2	5.3	5.6	8.0	(0.1)	2.6	10.6	0.5

## Annualised performance to last quarter-end\* (%)

	Jun 19 - Jun 20	Jun 18 - Jun 19	Jun 17 - Jun 18	Jun 16 - Jun 17	Jun 15 - Jun 16
Portfolio return	(2.2)	6.0	1.9	10.6	3.8

Past performance is not indicative of future returns. Performance is calculated on a total return basis, net of all fees and in GBP terms. Source: Bloomberg, MGIM

## Historical cumulative performance<sup>1</sup>



Source: Bloomberg, MGIM

The value of the underlying funds and the income generated from them can go down as well as up, and is not guaranteed. Investors may not get back the original amount invested. The value of investments involving exposure to foreign currencies can be affected by currency exchange rate fluctuations. Past performance is not a guide to future performance.

## Investment team



James Klempster, CFA  
Director | Investment Management



Alex Harvey, CFA  
Portfolio Manager

The Income Portfolio is managed by James Klempster and Alex Harvey. James and Alex form part of our 13 strong investment team who have collectively built and evolved our proprietary investment process over the past 20+ years. The experienced team consists of specialists in equity, fixed income and alternative asset classes as well as members who focus on asset allocation, risk management, portfolio construction and trade implementation.



Actual performance may vary subject to the timely execution of orders.

\* The Cautious Income, Income and Higher Income Portfolios were merged in December 2017. Historical performance figures prior to the merger in December 2017 have been simulated to represent one-third of the Cautious Income Portfolio, one-third of the Income Portfolio one-third of the Higher Income Portfolio. The Momentum Income Portfolios' returns are net of the AMC and underlying fund charges but do not take into account the platform provider's charges. Performance may also differ depending upon which platform is used to access the Income Portfolios due to different rebates and fees agreed with the Fund Manager by the Platforms. † As at 31 July 2020, 0.86% of the Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. The ratio does not include platform provider's charges. <sup>1</sup> MGIM commenced management as at February 2016.

## Top 10 holdings

Holding	Weight	Current yield <sup>2</sup>
L&G Global Inflation Linked Bond Index	16.0%	0.9%
TB Evenlode Global Income	10.0%	2.2%
AXA US Short Duration High Yield	7.5%	4.2%
MI TwentyFour AM Dynamic Bond	7.0%	3.7%
TB Evenlode Income	7.0%	3.0%
Schroder Income Maximiser	6.0%	1.9%
Jupiter Income Trust	5.0%	1.7%
Neuberger Berman Uncorrelated Strategies (GBP hedged)	5.0%	0.0%
JPM Emerging Markets Income	4.5%	3.2%
L&G Global Real Estate Dividend Index	4.0%	3.1%

<sup>2</sup>The yield does not include underlying fund charges. Source: Bloomberg, MGIM

## Tactical asset allocation



<b>Equity</b>	<b>40.5%</b>
UK equity	20.0%
Developed equity	12.0%
Emerging equity	4.5%
Infrastructure equity	4.0%
<b>Fixed Income</b>	<b>45.5%</b>
Sovereign bonds	3.0%
Inflation-linked bonds	16.0%
Investment grade credit	7.0%
Convertible bonds	3.0%
Strategic bonds	7.0%
High yield credit	7.5%
Emerging market debt	2.0%
<b>Property</b>	<b>4.0%</b>
Listed property	4.0%
<b>Alternatives</b>	<b>5.0%</b>
Absolute return	5.0%
<b>Cash</b>	<b>5.0%</b>
Cash	5.0%

Allocations subject to change. Source: MGIM

## Market commentary

The pattern of market performance since the March lows continued unabated in August: global equities strong, led by the US and within that tech stocks; high yield bonds, emerging market debt and convertible bonds outperforming safe haven government bonds; precious metals strong; and the dollar weak. The S&P 500 reached new all-time highs, dragging the MSCI World index to a new high, despite many of its other constituents remaining well below previous peaks. Global cases of Covid-19 passed 25 million and the threat of second waves in many countries is still significant. There also remains deep uncertainty about the sustainability and strength of growth, despite the positive news flow in recent weeks. Markets are likely to continue experiencing higher levels of volatility in the months ahead, with uncertainty heightened by the US Presidential election.

Global developed markets rose 4.5% over the month with emerging markets returning 0.1%. In developed equities, Japan had the strongest performance over the month at 5.9%, whereas Asia Pacific was the laggard, gaining 1.7%. Europe and the US returned 2.3% and 4.9% respectively. UK equities returned 1.5%, mainly due to the performance of large (0.1%) caps, which are more exposed to the strengthening Pound (+2.1% vs USD), while small and mid caps returned 5.6% and 5.7% respectively. UK gilts returned -3.2% over the month while their investment grade counterparts returned -1.0%. In line with the UK, US treasuries returned -3.2%, whilst investment grade and high yield bonds returned -1.4% and 1.0% respectively. Oil rose 2.4% over the month, leaving it 18.0% higher over the quarter due to its recent rally.

Source: MGIM, Bloomberg

## Platforms available



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