

January 2024

# Newsletter

## HOT TOPICS

### Reflections on 2023

Despite considerable headwinds and a notable increase in geopolitical risks, 2023 turned out to be a much better year for investors than many expected. Nearly all asset classes produced positive returns over and above cash rates. Sterling corporate bonds returned 8.6%, global high yield debt returned 7.6% in GBP (unhedged) terms and developed equity markets 17.3%. Gilt yields ended the year somewhat higher at longer maturities but lower at the short end. However, this picture masks the ongoing volatility throughout the year – with gilt yields reaching levels experienced at the height of the gilts crisis. Gains across markets were heavily concentrated in the final two months, as inflation fell more rapidly than expected across the western world, increasing the likelihood of earlier policy easing from central banks.

For our pension scheme clients, key discussions were around the ongoing volatility in gilt markets, exploring credit collateralisation solutions to support liability hedging arrangements, the acceleration in pension scheme buy-outs and strengthening engagement on ESG issues.

### Our priorities for 2024

**Wrestling control over climate data.** Data coverage remains low for schemes with more complex arrangements and lower allocations to public market issuers. Our focus this year will be to help clients develop a methodology to scale up and use proxies to build a full picture of their portfolio emissions. We are also developing an approach to help our clients assess climate data in financial terms using carbon credit pricing.

**Secondary market private debt solutions.** Secondary markets in private equity are well established but this is a developing area for private debt markets. We continue to view private debt as an attractive asset class but our clients' appetite for illiquidity has changed materially since the gilts crisis. We are researching several solutions which would be helpful for clients looking to offload their illiquid allocations and also for those looking to make new allocations.

**Plotting a path to buy-out.** We were delighted to help two of our clients secure the full buy-in of their scheme's liabilities last year. Both transactions were for large, complex schemes with unique investment-related challenges and were headline news in the pensions press. Our in-depth knowledge and hands-on approach to working with our clients was essential for these transactions and we look forward to lending our experience to help other schemes looking to undertake these important but complex transactions.

**Solutions for smaller clients.** We are developing plans to work more closely with the broader business to offer customised solutions for smaller schemes who can benefit from our years of experience working with large investors. Watch this space!

## BUSINESS UPDATE



Assets under advice of £16bn.



Six strategic advisory appointments across corporate pension schemes.



One Outsourced CIO appointment.



One charity endowment.



## TEAM UPDATE

**What a year!** 2023 was a year of change and saw the team embracing these challenges and continue to deliver outstanding client service.

**Festive fun.** We celebrated the year with Christmas lunch at our favourite restaurant in Eton.

### Highlights from 2023:

- » Running success – Windsor half marathon, JP Morgan run and Bloomberg square mile relay.
- » A few birthday milestones!
- » Exam success for Anna and Alex.

**We look forward to an exciting 2024 together!**

*Partnering with large institutional investors to help them achieve their goals*



For more information, please contact:

**Momentum Investment Solutions & Consulting**

E: [mgim\\_windsor\\_consultants@momentum.co.uk](mailto:mgim_windsor_consultants@momentum.co.uk)

T: +44 (0)1753 342302

**Important notes**

Momentum Investment Solutions & Consulting is a trading name of Momentum Global Investment Management Limited (MGIM).

This document is only intended for use by the original recipient, either a MGIM client or prospective client, and does not constitute investment advice or an offer or solicitation to buy or sell. This document is not intended for use or distribution by any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient. The original recipient is solely responsible for any actions in further distributing this document, and in doing so should be satisfied that there is no breach of local legislation or regulation. This document should not be reproduced or distributed except via original recipients acting as professional intermediaries. This document is not for distribution in the United States.

Prospective investors should take appropriate advice regarding applicable legal, taxation and exchange control regulations in countries of their citizenship, residence or domicile which may be relevant to the acquisition, holding, transfer, redemption or disposal of any investments herein solicited.

Any opinions expressed herein are those at the date this document is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, MGIM does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

MGIM (Company Registration No. 3733094) has its registered office at The Rex Building, 62 Queen Street, London EC4R 1EB. MGIM is authorised and regulated by the Financial Conduct Authority in the United Kingdom (registration no.232357). For complaints relating to MGIM's financial services, please contact [distributionservices@momentum.co.uk](mailto:distributionservices@momentum.co.uk) ©MGIM 2024.

