

# VT Momentum Diversified Funds

January 2024



Aimed at professional advisers.

*With us, investing is personal*



# Contents

3

4

6

8

10

12

14

16

## Introduction

Momentum Global Investment Management was established in the UK in 1998 as an investment business focused on designing, building and managing innovative investment solutions. The firm is a wholly owned subsidiary of Momentum Metropolitan Holdings Limited, a large South African insurance and investment business, listed on the Johannesburg Stock Exchange.

We work closely with our institutional and adviser partners in the UK, Europe, Asia, Middle East, Latin America and South Africa in order to build and manage solutions that meet the needs of our investors.

We are deliberately different. We have developed a unique investment philosophy that prioritises the prospect of our clients achieving their investment goals. Our team of investment specialists work collaboratively to identify and implement innovative investment ideas based on our wealth of experience to achieve these goals.



***“At Momentum Global Investment Management, we have been focussed on client outcomes for a long time. This is embedded in our outcome-based investment philosophy and process, as well as our corporate culture and values. This defines our actions and sets the tone in our client engagements and investment decisions.***

***Our stated purpose is “To help people from all walks of life to achieve their financial goals”. Hence, we strive to deliver investment outcomes and experiences that are closely aligned with the investment needs of our investors. With us, investing is personal.”***



**Ferdi van Heerden**  
Chief Executive Officer



**Founded in  
1998**



**AUM £6.8bn  
at December 2023**



**Core capability in  
Multi-Asset solutions,  
underpinned by  
bespoke Single Asset  
class funds**



**Boutique approach  
with global backing**

# Our investment philosophy and process

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.

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.

## Strategic Asset Allocation (SAA)

UK Equities Overseas Equities Fixed Income Alternatives

## Tactical Asset Allocation (TAA)

Adjustment to core allocations according to high/low yields indicative of high/low future returns



Mid cap focus

Emphasis on profit and dividend capacity

Equally weighted holdings



Benchmark agnostic

High active share

Niche managers



TAA drives approach

Preservation yield value

Active managers who avoid defaults



Heterogeneous asset class

Exposure to real assets

Focus on security of income, asset value

Focus on Quality and valuations

# 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.






# Introducing the Funds

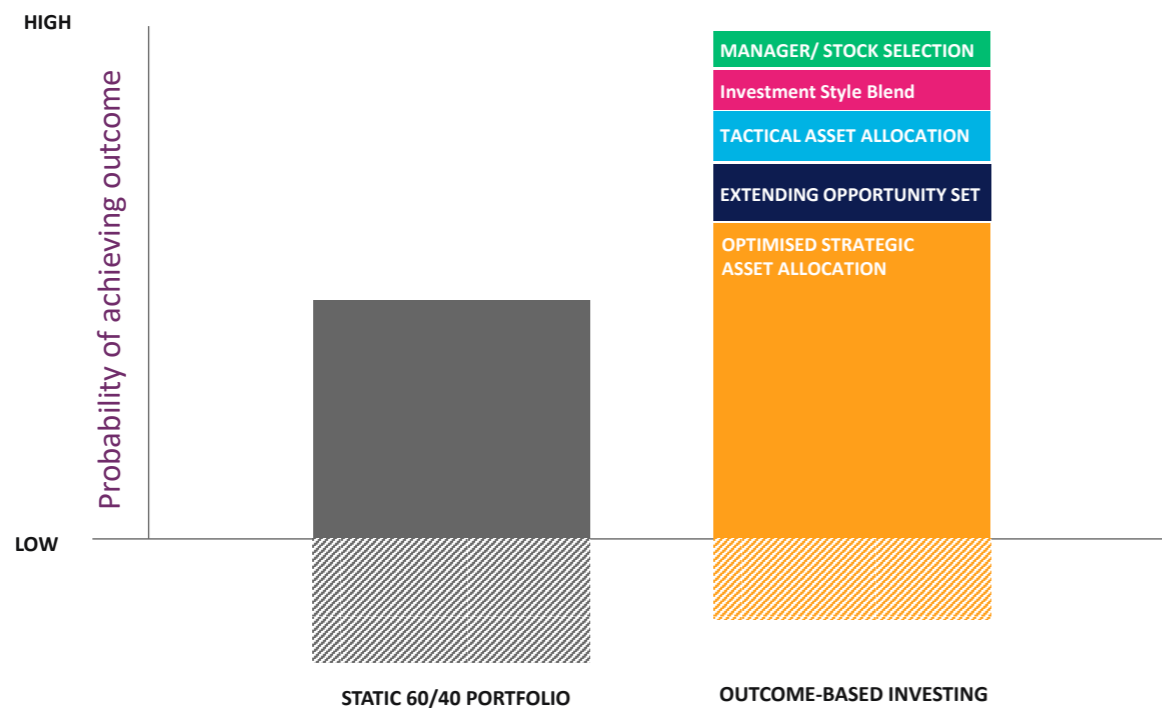
The VT Momentum Diversified Fund range aims to provide an 'all-in' cornerstone solution that effectively takes responsibility for the significant research burden of investment and manager selection combined with specialist active asset allocation, portfolio construction and risk management activities.

The Funds are ideal for clients who are looking for an investment solution that has a clear investment goal and is benchmark agnostic.

The VT Momentum Diversified Funds are suitable for clients who:

-  **have a required investment outcome with a defined level of risk**
-  **have a medium to long term investment horizon**
-  **would like exposure to a wide range of diversifying assets**

Our approach to asset allocation focuses on outcome-based investment principles where we seek to optimise allocations both strategically and tactically to ensure a high probability of delivering against the fund's objectives. 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 Global Investment Management. Past performance is not indicative of future returns. 60/40 is a traditional balanced portfolio - 60% equity 40% fixed income.



## Diversify your diversifiers

Asset allocation constitutes the most important step in constructing our investment portfolios; it has been shown as accounting for more than 90% of the variability in portfolio performance over time.

The following diagram illustrates our approach to the portfolio construction of the VT Momentum Diversified Funds, with style blending and diversification at multiple levels:



Source: Momentum Global Investment Management.

# Investment objectives & strategy

The Fund range offers a choice of five multi-asset funds designed to suit a wide range of clients' needs and objectives. The Funds are a combination of risk-rated, outcome-based strategies and are designed to compliment the diversification of investor portfolios through their different approach and holdings.

## VT Momentum Diversified Cautious Fund

The VT Momentum Diversified Cautious Fund aims to deliver a real return for investors over the medium to long term of CPI +3% net of fees, with anticipated volatility in the range of 4-7%. The Fund aims to operate within the 'low' risk profile as defined by Distribution Technology, the independent fund rating agency. The Fund will invest across a range of asset classes using third party investment funds, and is classified in the IA Mixed Investment 0-35% Shares sector. The minimum investment horizon for the Fund should be thought of as four years.

## VT Momentum Diversified Balanced Fund

The VT Momentum Diversified Balanced Fund aims to deliver a real return for investors over the medium to long term of CPI +4% net of fees, with anticipated volatility in the range of 6-9%. The Fund aims to operate within the 'lowest medium' risk profile as defined by Distribution Technology, the independent fund rating agency. The Fund will invest across a range of asset classes using third party investment funds, and is classified in the IA Mixed Investment 20-60% Shares sector. The minimum investment horizon for the Fund should be thought of as five years.

## VT Momentum Diversified Moderate Fund

The VT Momentum Diversified Moderate Fund aims to deliver a real return for investors over the medium to long term of CPI +5% net of fees, with anticipated volatility in the range of 8-11%. The Fund aims to operate within the 'low medium' risk profile as defined by Distribution Technology, the independent fund rating agency. The Fund will invest across a range of asset classes using third party investment funds, and is classified in the IA Mixed Investment 40-85% Shares sector. The minimum investment horizon for the Fund should be thought of as six years.

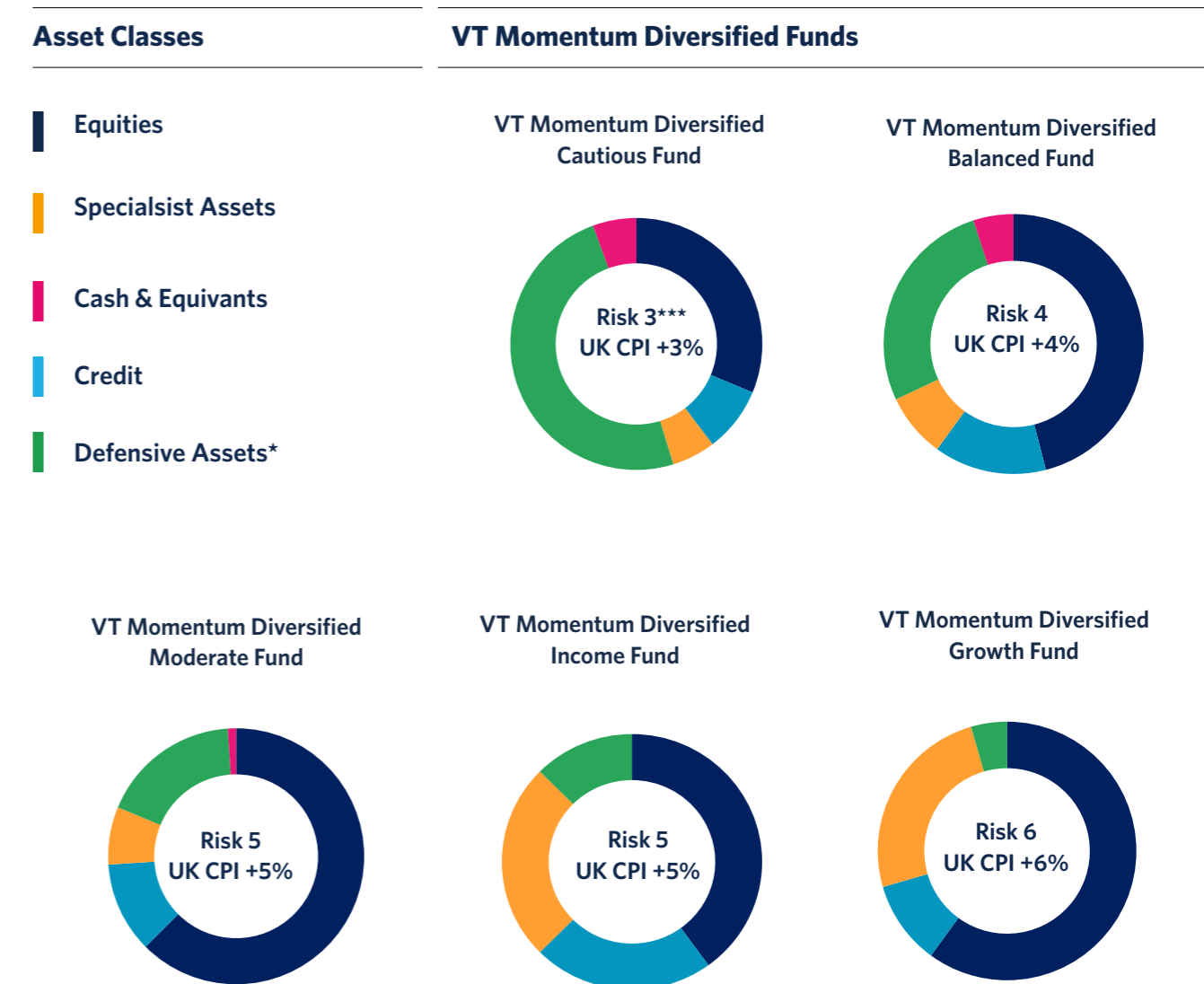
## VT Momentum Diversified Income Fund

To generate a high level of income with the prospect of maintaining the real value of capital over the long term, by investing in a multi-asset portfolio managed with a focus on value. The Fund may include directly invested UK equities with a bias towards mid-cap stocks, and overseas equity, fixed income, specialist assets and managed liquidity held through third party funds.

## VT Momentum Diversified Growth Fund

To generate long term capital growth by investing in a multi-asset portfolio, managed with a focus on value. The Fund may include directly invested UK equities with a bias towards mid-cap stocks, and overseas equity, fixed income, specialist assets and managed liquidity held through third party funds.

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 likely returns under different scenarios. This allows us to build robust portfolios that are likely to perform across different economic climates.



\*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. \*\*\*Risk rating assigned by Defaqto. Source: Momentum Global Investment Management. Past performance is not indicative of future returns.

# Risk and performance

The Momentum Diversified range has been designed to offer a range of risk-rated funds targeting inflation plus returns. 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 encompass 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. Having a clear and consistently applied process is just one part of our approach to mitigating risk for our investors.

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

The Funds' strategic asset allocation is designed with the aim of achieving the stated target return while staying within their nominated risk bands.

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

## 5 year discrete performance

as at 29 December 2023

	Dec 22 - 23	Dec 21 - 22	Dec 20 - 21	Dec 19 - 20	Dec 18 - 19
<b>VT Momentum Diversified Cautious Fund</b>	6.5%	-8.0%	4.8%	2.9%	5.5%
<b>VT Momentum Diversified Balanced Fund</b>	6.2%	-9.4%	8.9%	-0.6%	8.2%
<b>VT Momentum Diversified Moderate Fund</b>	7.2%	-11.0%	11.6%	-1.6%	10.6%
<b>VT Momentum Diversified Income Fund</b>	7.7%	-10.9%	12.8%	2.7%	11.0%
<b>VT Momentum Diversified Growth Fund</b>	6.7%	-9.1%	13.6%	3.9%	13.8%

# Platform availability



Direct investment into the VT Momentum Diversified Funds can be made through Valu-Trac Administration Services.






# Contact us

Offices in London and Liverpool




Horton House, Tenth Floor,  
Exchange Flags, Liverpool L2 3YL

 + 44 (0) 151 906 2481

 info@momentum.co.uk

The Rex Building, 62 Queen Street,  
London EC4R 1EB

 + 44 (0) 20 7618 1806

 distributionservices@momentum.co.uk

# Make it personal

Contact our sales team



**Steve Hunter - Head of Business Development**

steve.hunter@momentum.co.uk

+44 (0) 7470 478 974

*Strategic partners & adviser platforms.  
Bespoke arrangements & institutional enquiries.*



**Alistair Yeoman - Business Development Consultant**

alistair.yeoman@momentum.co.uk

+44 (0) 7789 745 214

*Relationship management: London & South West*



**Jonathan Garner - Business Development Consultant**

jonathan.garner@momentum.co.uk

+44 (0) 7469 392 164

*Relationship management: North & Northern Ireland*

## **Momentum Global Investment Management Limited**

The Rex Building, 62 Queen Street, London, EC4R 1EB  
Horton House, Tenth Floor, Exchange Flags, Liverpool L2 3YL

[www.momentum.co.uk](http://www.momentum.co.uk)

### **Important Notes** - Issue by Momentum Global Investment Management Limited (MGIM).

*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. 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. The value of investments may fluctuate, and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.*

*Whilst MGIM has used all reasonable efforts to ensure the accuracy of the information contained in this communication, we cannot guarantee the reliability, completeness or accuracy of the content. Before investing you must read the key investor information document (KIID) as it contains important information regarding the funds, including charges, tax and fund specific risk warnings and will form the basis of any investment. The prospectus, KIID and application forms for the VT Momentum Diversified Funds are available in English from Valu-trac administration services (01343 880344). 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. ©MGIM 2024.*



## **Do you need this in a different format?**

Please get in touch if you would like this document in large font or as audio.

 **+44 (0) 20 7618 1806**

 **DistributionServices@momentum.co.uk**