momentum
global investment management

# Momentum Sustainable Managed Portfolio 4

*31 December 2024*

*For professional advisors only*

## INVESTMENT OBJECTIVE & STRATEGY

To achieve sustainable real returns from a mix of different asset classes, within a tight risk controlled framework. The Portfolio will invest predominantly in funds that are considered to have a better or improving sustainability footprint versus their broader peer group, or that when blended together will help the model portfolio achieve superior sustainability credentials. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash. Sustainable Managed Portfolio 4 is designed to target a real return (above inflation) of 4% over the longer term and is aimed at investors who have a low tolerance for risk.

## INVESTMENT TEAM

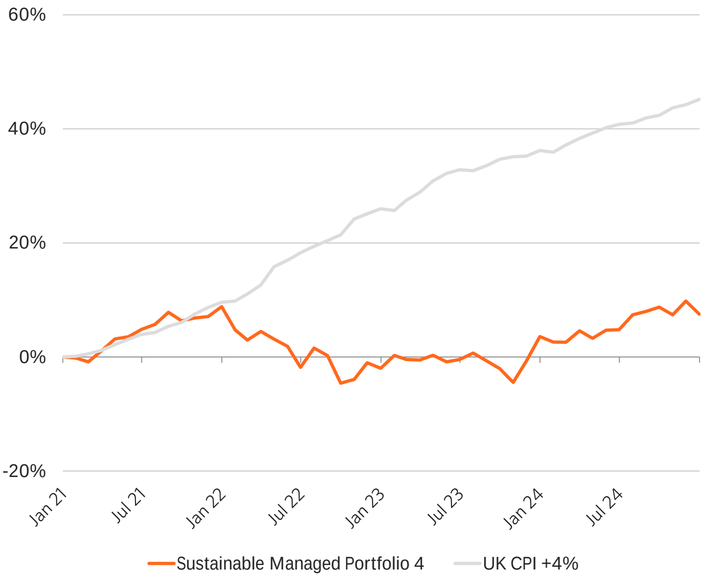
Alex Harvey, CFA
Lead Oversight
Senior Portfolio Manager
& Investment Strategist

Gregoire Sharma, CFA
Senior Portfolio
& Research Analyst

Gabby Byron
Investment Services
Executive

Our investment approach is team based with all portfolio managers having specific areas of research focus and access to and input from the wider Momentum Global Investments team.

## HISTORICAL CUMULATIVE PERFORMANCE SINCE 1 JANUARY 2021†




| CUMULATIVE PERFORMANCE (%) | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years | Since 01.01.21 annualised |
|---|---|---|---|---|---|---|---|
| Portfolio return† | (2.1) | (1.1) | 2.6 | 3.8 | (1.2) | - | 1.8 |
| UK CPI +4% | 0.6 | 2.0 | 3.1 | 6.6 | 32.5 | - | 9.8 |
| *Difference* | (2.7) | (3.1) | (0.5) | (2.8) | (33.7) | - | (8.0) |

| DISCRETE ANNUAL PERFORMANCE (%) | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|---|---|---|
| Portfolio return† | 3.8 | 5.7 | (9.9) | - | - |

*Sources: Bloomberg Finance LP, MGIM.*
*Performance is calculated on a total return basis in GBP terms. 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.*
*†Performance figures prior to the inception date of the Portfolio have been simulated. See Important Information section for more details.*
*Past performance is not a guide to future performance.*

## MONTHLY COMMENTARY

- December's market performance reflected ongoing uncertainties heading into 2025. The Fed's anticipated 25bps rate cut materialised but was tempered by a quarterly dot plot projecting only two rate cuts for 2025 – half the expected number in September. Fed Chair Powell reiterated the need for further progress on inflation before cutting rates further.
- Forward indicators of activity were resilient in the US but weak in Europe and the UK, with recession risks rising in Germany and France. UK business confidence collapsed after October's budget, reviving stagflation fears with core inflation at 3.3%, weekly earnings rising 5.2%, and growth in negative territory. China's policy shifts toward monetary easing and fiscal policy provided hope, though Trump's trade tariffs cast uncertainty.
- Markets reflected these challenges with weakness across major asset classes. Global equities, measured by the MSCI World index, fell -1.0% in December while global emerging markets returned 1.5%. Elsewhere, the ICE BofA Global Broad Market index declined -2.4%, with UK gilts and UK investment grade bonds returning -2.5% and -0.6% respectively. US Treasuries and US investment grade bonds returned -0.1% and -0.5%, with the dollar rising 1.7% against the pound.
- The most significant move was in bonds, with longer maturity yields rising due to inflation fears, slower rate cuts, and concerns over rising government debt. The US 10-year Treasury yield ended the year at almost 4.6%, up 100bps since September's rate cut, while UK 30-year bond yields hit a 21st-century high of 5.13%, driven by stagflation concerns.
- Uncertainty remains elevated as markets brace for President Trump's inauguration and the implementation of his policy agenda. Risks from policy missteps, sticky inflation, high tariffs, high government debt levels, and geopolitical tensions weigh on the outlook, while high equity valuations add to investor caution.
- The policy easing cycle is expected to continue, supporting equities, while the recent bond sell-off has improved fixed income valuations. Opportunities lie in US equities beyond megacap tech stocks and in markets outside the US where valuations are generally more attractive. We remain cautiously constructive for 2025.

Source: Bloomberg Finance LP, MGIM

## PLATFORM AVAILABILITY

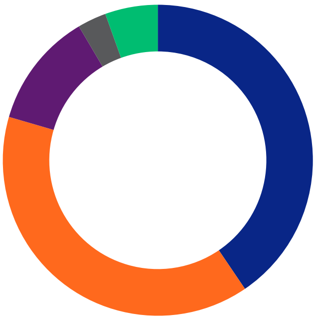
abrdn AVIVA Quilter

## PORTFOLIO RATINGS

defaqto ★★★★★ DFM MPS on Platform 2024 EXPERT RATED

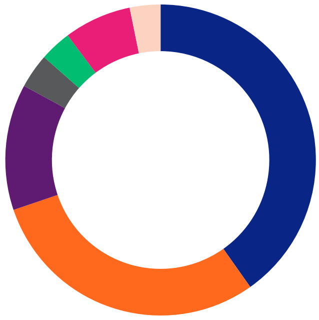
Actual performance may vary subject to the timely execution of orders.
Sources: Bloomberg Finance LP, MGIM, unless otherwise stated.

## ASSET ALLOCATION



| | |
|---|---|
| Equity | 40.5% |
| Fixed income | 39.0% |
| Real assets | 12.0% |
| Alternatives | 3.0% |
| Cash & money market | 5.5% |

## GEOGRAPHIC ALLOCATION



| | |
|---|---|
| United Kingdom | 40.2% |
| North America | 29.6% |
| Europe ex-UK | 13.1% |
| Asia Pacific ex-Japan | 3.6% |
| Japan | 3.3% |
| Emerging markets | 7.0% |
| Other | 3.2% |

Allocations subject to change. Source: MGIM

## TOP TEN HOLDINGS

| HOLDING | | |
|---|---|---|
| 1. | Vanguard US Government Bond Index | 10.0% |
| 2. | Schroder Global Sustainable Value Equity | 8.0% |
| 3. | BNY Mellon Sustainable Global Dynamic Bond | 6.0% |
| 4. | First Sentier Responsible Listed Infrastructure | 6.0% |
| 5. | FP Foresight Sustainable Real Estate Securities | 6.0% |
| 6. | IFSL Evenlode Income | 6.0% |
| 7. | iShares UK Gilts All Stocks Index | 6.0% |
| 8. | Morgan Stanley Global Quality Select | 6.0% |
| 9. | Stewart Investors Worldwide All Cap | 6.0% |
| 10. | EdenTree Responsible and Sustainable UK Equity Opportunities | 5.5% |

Source: MGIM

## PORTFOLIO DETAILS

| PORTFOLIO DETAILS | |
|---|---|
| Investment manager | Momentum Global Investment Management Limited (MGIM) |
| Inception | 1 January 2022 |
| Currency | GBP |
| Minimum investment | £1,000 |
| Tactical version | .v5 |
| Target volatility | 6-9% |
| Target return | UK CPI +4% (net) |
| AMC | 0.25% |
| OCF[2] | 0.76% |

[2]As at 31.12.2024, 0.76% 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.

## CONTACT US

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## IMPORTANT INFORMATION