

momentum
global investment management

Momentum Managed Portfolios
**Assessment of Value
Report**

for year ended 31 March 2023

With us, investing is personal

m

Contents

Section 1

Section 2

Section 3

Section 4

Message from our CEO

At Momentum Global Investment Management (“MGIM”), we take our stewardship responsibilities very seriously. We recognise the responsibility we have when clients entrust us with their savings by investing in our fund and portfolio solutions. As a result, we work hard to live up to their expectations, and assist our clients to achieve their longer-term financial outcomes.



As a client-centric business we have always focused on delivering the best investment outcomes for our clients, and welcome the FCA's Consumer Duty, which aims to achieve higher levels of consumer protection in retail financial markets. The Duty will improve the sharing of relevant information right across the supply chain ensuring that we are aligned with best practice and are all working together towards good customer outcomes.

We follow an outcome-based investment philosophy at MGIM. This philosophy is both simple and compelling in taking clearly defined steps in asset allocation, risk mitigation and investment selection to increase the probability of achieving targeted investment outcomes. This aligns with the Duty as we consider the goals and risk appetite of our clients, prioritising good customer outcomes as a core objective.

Increasingly our investors as well as other stakeholders expect much more from us than just delivering on expected investment outcomes. As a management team, we focus on ensuring that we grow a sustainable business that is well governed, and that we do so by nurturing a positive, engaged and inclusive culture for staff in which to excel and develop.

We trust that this report will help to demonstrate not only our sincere intent, but also our committed execution of our responsibilities as an investment manager, putting customers at the very heart of our business.

A handwritten signature in black ink, appearing to read 'F. van Heerden'. The signature is stylized and fluid, written over a white background.

Ferdinand van Heerden
Chief Executive Officer

SECTION 1

Overview

The financial services regulator in the United Kingdom is the Financial Conduct Authority (FCA). Its role includes protecting consumers, keeping the industry stable, and promoting healthy competition between financial service providers. It requires fund managers, including MGIM, to complete an annual assessment of whether our UK investment offerings provide value to investors. The FCA regulations set out seven criteria against which we must measure and report on. Our assessment, conclusions and, where applicable, proposed or completed actions to enhance value are set out in this report.

We have used a 'traffic light' system to help you understand the outcome of our assessment of each area where:

GREEN	AMBER	RED	GREY
indicates that no issues have been identified and the solution is delivering value.	indicates that the solution is delivering value, however enhancements may need to be considered or have recently been completed.	indicates that the solution is not consistently delivering value and some actions are required or are already underway.	indicates that performance has not been assessed for Consumer Duty as the performance history is too short.

The seven 'Assessment of Value' criteria are:

- 1 Quality of service**
The range and quality of services provided to investors.
- 2 Performance**
The performance of the portfolio after fees. Performance is measured over the timescale set out in the stated objective taking account of the investment objective, strategy and level of risk taken.
- 3 Authorised Fund Manager (AFM) costs**
This assessment includes the components of the operating charges of the Portfolios, which include the Investment Manager's fee and the costs of the underlying investments.
- 4 Economies of scale**
Whether we are able to achieve any savings from economies of scale and whether these are passed back to investors.
- 5 Comparable market rates**
How our pricing compares with the pricing offered by competitors.
- 6 Comparable services**
How our pricing compares with other similar products that are offered to other clients.
- 7 Classes of units**
The fees and charges for the different share classes, designed for different client types.

SECTION 2

Executive summary

This report has been compiled by Momentum Global Investment Management Limited as Investment Manager and covers our range of 10 Managed Portfolios for the one-year period ending 31 March 2023.

This year's Assessment of Value resulted in seven Portfolios delivering value with no action taken and three Portfolios which delivered value with action initiated to improve value further.

The scores for six of the criteria – Quality of service, AFM costs, Economies of scale, Comparable market rates, Comparable services and Classes of units – have been rated Green for each Portfolio and therefore assessed as delivering value.

For performance, Portfolios 3, 4, 5 and the Income Portfolio were rated Green. Portfolios 6 and 7 were rated Amber, while Portfolio 8 was rated Red. The three Sustainable Managed Portfolios were launched in January 2022, and as such were deemed too new to rate.

The Portfolios rated Amber or Red are designed to actively pursue a growth strategy by holding assets at the higher end of the risk spectrum and aim to deliver a commensurate rate of return given their volatility parameters. The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing along with asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds. Our Portfolio Managers have a wealth of experience in portfolio construction and asset allocation and firmly believe in the long-term benefits of diversification. We have therefore not made significant changes to portfolio construction; however, performance will continue to be monitored over the next year.

Managed Portfolio (MP)	Quality of service	Performance	AFM costs	Economies of scale	Comparable market rates	Comparable services	Classes of units	Overall assessment
Momentum MP 3	Green	Green	Green	Green	Green	Green	Green	Delivered value
Momentum MP 4	Green	Green	Green	Green	Green	Green	Green	Delivered value
Momentum MP 5	Green	Green	Green	Green	Green	Green	Green	Delivered value
Momentum MP 6	Green	Amber	Green	Green	Green	Green	Green	Delivered value plus action
Momentum MP 7	Green	Amber	Green	Green	Green	Green	Green	Delivered value plus action
Momentum MP 8	Green	Red	Green	Green	Green	Green	Green	Delivered value plus action
Momentum Income	Green	Green	Green	Green	Green	Green	Green	Delivered value
Momentum Sustainable MP 4	Green	Grey	Green	Green	Green	Green	Green	Delivered value
Momentum Sustainable MP 5	Green	Grey	Green	Green	Green	Green	Green	Delivered value
Momentum Sustainable MP 6	Green	Grey	Green	Green	Green	Green	Green	Delivered value

Section 4 provides a detailed assessment for each portfolio.

Assessment of Value Criteria

Quality of service

We have identified three key service areas that we believe are central to delivering good investor outcomes. We assess value for each area against our expectations. The areas we have assessed against are:

- » Investor communications – the accuracy, timeliness and completeness of all our communications;
- » Client services and complaints handling – the quality and speed of responding to investor requests and resolving complaints;
- » Third party services – the oversight and effectiveness of key third party providers.

The Momentum Managed Portfolio Service (MPS) is a Discretionary Investment Service hosted by various platform companies contracted to MGIM that permit the listing of funds and other assets and provides an online dealing venue for the Service. Investments into the MPS can only be made via an Adviser who acts as agent on behalf of their clients.

We communicate with advisers by providing regular reporting including factsheets, market and portfolio commentary, thought leadership articles and access to updated marketing documents. This is via our website, and email providing direct links to information and documents.

Over the period, all investor communications were delivered in a timely manner.

All requests for information were handled in a timely and efficient manner within our service standards and no complaints were received. To measure the effectiveness of our reporting and client servicing, we conduct an annual survey with advisers. This was last conducted in July 2022 and the feedback was positive.

We maintain regular contact with all platforms who provide access to the MPS models to ensure relevant information is both accurate and up to date.

Our conclusions

Overall, our investor experience, client servicing and third-party services continue to offer value to investors.

Performance

To analyse performance, each portfolio is compared against three criteria:

1. the investment objective
2. the risk-adjusted performance of a relevant passive multi-asset fund
3. the decile ranking within the stated peer group

These are all calculated net of fees.

Using this methodology, we seek to show where we are providing value to investors on an absolute and relative basis, but also showing the value that Momentum's asset allocation decisions are adding.

Where our literature states an investment objective time frame, performance is compared with the upper end of the range. For example, if the range is three-to-five years, we assess the delivery of the investment objective over five years. Where a portfolio has not been in existence long enough to be compared against its objective, we have completed a part review.

The level of risk taken to achieve performance is also taken into consideration and for this we engage an independent specialist, Distribution Technology Ltd, trading as Dynamic Planner (DP), to provide additional risk analysis and appropriate peer groups. DP are an independent ratings company that assess and rate investment solutions in terms of risk and other factors. To create a peer group, we have reviewed other solutions within the DP data that have the same risk rating as the Momentum portfolios for a relevant and fair comparison of risk, performance and fees.

Where a relevant peer group has not been defined, we have not included this comparator.

Our conclusions

The combination of heightened geopolitical tensions and a new inflationary environment presented challenges to global investment markets, and as a result the funds recently underperformed their investment objectives.

In high inflation environments, it can prove more difficult for the funds to meet or exceed their inflation targets over shorter time horizons. However, we continue to maintain conviction in our investment teams' ability to generate targeted outcomes for clients over the long-term.

Where performance has been rated as Amber or Red, we have included commentary on the specific reasoning and actions either taken or underway within the individual fund report in Section 4 of this document.

The three Sustainable Managed Portfolios have short performance track records of less than two years, and so have only been partially rated at this review.

Authorised Fund Manager (AFM) costs

To assess value, we have considered the investment management fee that we charge. This takes into consideration the depth and breadth of experience within the Investment Management Team and the value that we believe this brings to the products that we offer to investors.

Our team of 20+ investment specialists are empowered to work collaboratively as a team, to generate and implement meaningful investment ideas across multiple disciplines.

A flat fee of 0.25% (no VAT) is applied to all Portfolios which we believe is appropriate and competitive.

Our conclusions

We concluded that all Portfolios are delivering value for investors in respect of the fees applied.

Economies of scale

Economies of scale are the advantages experienced when costs reduce as the size of assets under management (AUM) increase. Here we have assessed to what extent it has been possible to achieve any savings as a result of economies of scale.

While MGIM is not able to influence the Administration or Platform costs that are applied by the relevant platforms, MGIM is able to achieve economies of scale for the Portfolios by leveraging our global scale to negotiate access to lower cost share classes ensuring cost savings are achieved.

We have also considered non-monetary benefits to investors that are enabled by the economies of scale that are achieved as MGIM expands as a business. We take into account the level of reinvestment in the business including the level of service to supporting IFAs.

Our conclusions

We concluded that all Portfolios are delivering value for investors in respect of delivering benefit through economies of scale.

Comparable market rates

Our assessment considers the OCF (Ongoing Charges Figure) of each Portfolio.

To ascertain whether the MPS costs are reasonable and offer good value in relation to investment management and the costs incurred for the underlying investments, the portfolio OCF's are compared against the median OCF's of the selected DP peer group.

Our conclusions

We concluded that all Portfolios are delivering value for investors in respect of the fees compared to comparable market rates.

Comparable services

We offer access to the MGIM investment strategies in a number of ways including through funds, some with multiple share classes, via the Momentum Managed Portfolio Service, and via numerous bespoke client solutions.

Here, we assess how the fees we charge for the MPS compare to other MGIM products with similar investment strategies. Services were deemed comparable if they had a combination of common characteristics such as similar investment strategies, the same investment manager or similar investment policies.

Our conclusions

We concluded that all Portfolios are delivering value for investors in respect of service levels provided.

Classes of units

Our conclusions

Our MPS solutions do not offer multiple classes of units, therefore our assessment concluded that all portfolios are delivering value for investors in respect of the classes of units.

Portfolio level assessments

Momentum Managed Portfolio 3

The Portfolio aims to achieve inflation beating returns over time from a mix of different asset classes, within a tight risk-controlled framework. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash.

Investment objective

Managed Portfolio 3 is designed to target a real return (above inflation) of 3% over the longer term and is aimed at investors who have a lower tolerance for risk. It is classified as 'Low Risk' by Dynamic Planner, the independent fund profiling company. The portfolio targets volatility between 4-7% and has a minimum suggested time horizon of four years. In order to assess the Portfolio's performance, investors may find it useful to compare the Portfolio against the performance of the relevant Dynamic Planner peer group (the comparator).

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 3.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 1.4% (annualised) over four years. While this underperformed the target return, it outperformed the relevant passive fund by 1.4% and was ranked top quartile in the peer group.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio did benefit from a long held underweight to interest rate risk (duration), the result of which meant this model fell less than other models and funds with a similar 'cautious' risk profile. The portfolio's relative overweight to UK equity (vs a global equity index) also helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from a healthy allocation to real assets, which performed relatively better, and from an uncorrelated strategies fund which is owned to provide additional diversification beyond bonds and cash.

The diversified equity style exposure – a blend of quality, value and growth equities – shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022. Portfolio changes included changes to the fixed income and real assets segments of the strategies in April 2022 and changes to the fixed income, alternatives and cash segments in October 2022, increasing exposure to UK and inflation-linked gilts by reducing exposure to US Treasuries, cash and alternatives.

The level of risk taken to achieve the above performance was also reviewed and we are satisfied that it remains within the stated bands and no excessive risk was taken.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.65%, the Portfolio OCF is lower than the comparator peer group median of 1.15%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

Our review determined that the Portfolio delivered value.

Momentum Managed Portfolio 4

The Portfolio aims to achieve inflation beating returns over time from a mix of different asset classes, within a tight risk-controlled framework. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash.

Investment objective

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 to medium tolerance for risk. It is classified as 'Lowest Medium Risk' by Dynamic Planner, the independent fund profiling company. The portfolio targets volatility between 6-9% and has a minimum suggested time horizon of five years. In order to assess the Portfolio's performance, investors may find it useful to compare the Portfolio against the performance of the relevant Dynamic Planner peer group (the comparator).

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 4.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 3.4% (annualised) over five years. While this underperformed the target return, it outperformed the relevant passive fund by 0.7% and was ranked top quartile in the peer group.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio did benefit from a long held underweight to interest rate risk (duration), the result of which meant this model fell less than other models and funds with a similar 'lower risk' profile. The portfolio's relative overweight to UK equity (vs a global equity index) also helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from a healthy allocation to real assets, which performed relatively better, and from an uncorrelated strategies fund which is owned to provide additional diversification beyond bonds and cash.

The diversified equity style exposure - a blend of quality, value and growth equities - shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022.

Portfolio changes included changes to the fixed income and real assets segments of the strategies in April 2022 and changes to the fixed income, alternatives and cash segments in October 2022, increasing exposure to UK and inflation-linked gilts by reducing exposure to US Treasuries, cash and alternatives.

The level of risk taken to achieve the above performance was also reviewed and we are satisfied that it remains within the stated bands and no excessive risk was taken.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.77%, the Portfolio OCF is lower than the comparator peer group median of 1.14%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

Our review determined that the Portfolio delivered value.

Momentum Managed Portfolio 5

The Portfolio aims to achieve inflation beating returns over time from a mix of different asset classes, within a tight risk-controlled framework. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash.

Investment objective

Managed Portfolio 5 is designed to target a real return (above inflation) of 5% over the longer term and is aimed at investors who have a low to medium tolerance for risk. It is classified as 'Low Medium Risk' by Dynamic Planner, the independent fund profiling company. The portfolio targets volatility between 8-11% and has a minimum suggested time horizon of six years. In order to assess the Portfolio's performance, investors may find it useful to compare the Portfolio against the performance of the relevant Dynamic Planner peer group (the comparator).

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 5.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 3.8% (annualised) over six years. This underperformed the target return and underperformed the relevant passive fund by 0.4%, however was ranked top quartile in the peer group.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio did benefit from a long held underweight to interest rate risk (duration). The portfolio's relative overweight to UK equity (vs a global equity index) also helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from a healthy allocation to real assets, which performed relatively better, and from an uncorrelated strategies fund which is owned to provide additional diversification beyond bonds and cash.

The diversified equity style exposure - a blend of quality, value and growth equities - shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022.

Portfolio changes included changes to the fixed income and real assets segments of the strategies in April 2022 and changes to the fixed income, alternatives and cash segments in October 2022, increasing exposure to UK and inflation-linked gilts by reducing exposure to US Treasuries, cash and alternatives.

The level of risk taken to achieve the above performance was also reviewed and we are satisfied that it remains within the stated bands and no excessive risk was taken.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.86%, the Portfolio OCF is lower than the comparator peer group median of 1.22%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

Our review determined that the Portfolio delivered value.

Momentum Managed Portfolio 6

The Portfolio aims to achieve inflation beating returns over time from a mix of different asset classes, within a tight risk-controlled framework. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash.

Investment objective

Managed Portfolio 6 is designed to target a real return (above inflation) of 6% over the longer term and is aimed at investors who have a medium tolerance for risk. It is classified as 'High Medium' by Dynamic Planner, the independent fund profiling company. The portfolio targets volatility between 10-13% and has a minimum suggested time horizon of seven years. In order to assess the Portfolio's performance, investors may find it useful to compare the Portfolio against the performance of the relevant Dynamic Planner peer group (the comparator).

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 6.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 5.8% (annualised) over seven years. This underperformed the target return and underperformed the relevant passive fund by 2.5%, however was ranked second quartile in the peer group.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio did benefit in small part from a long held underweight to interest rate risk (duration). The portfolio's relative overweight to UK equity (vs a global equity index) also helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from a healthy allocation to real assets, which performed relatively better, and from an uncorrelated strategies fund which is owned to provide additional diversification beyond bonds and cash.

The diversified equity style exposure - a blend of quality, value and growth equities - shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022.

Portfolio changes included changes to the fixed income and real assets segments of the strategies in April 2022 and changes to the fixed income, alternatives and cash segments in October 2022, increasing exposure to UK and inflation-linked gilts by reducing exposure to US Treasuries, cash and alternatives.

The level of risk taken to achieve the above performance was also reviewed and we are satisfied that it remains within the stated bands and no excessive risk was taken.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.88%, the Portfolio OCF is lower than the comparator peer group median of 1.25%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

While the Portfolio received Amber for performance, we have concluded that the portfolio performed in line with expectations for the remaining criteria, delivering overall value to investors.

Momentum Managed Portfolio 7

The Portfolio aims to achieve inflation beating returns over time from a mix of different asset classes, within a tight risk-controlled framework. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash.

Investment objective

Managed Portfolio 7 is designed to actively pursue a growth strategy by holding assets at the higher end of the risk spectrum and aims to deliver a commensurate rate of return given its volatility parameters. It is classified as 'Highest Medium Risk' by Dynamic Planner, the independent fund profiling company. The Portfolio targets volatility between 12-15% and has a minimum suggested time horizon of seven years. In order to assess the Portfolio's performance, investors may find it useful to compare the Portfolio against the performance of the relevant Dynamic Planner peer group (the comparator).

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 7.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 6.3% (annualised) over seven years. This underperformed the target return and underperformed the relevant passive fund by 2.0%. It was ranked third quartile in the peer group.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio's relative overweight to UK equity (vs a global equity index) helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from an allocation to real assets, which performed relatively better, and from an uncorrelated strategies fund which is owned to provide additional diversification beyond bonds and cash.

The diversified equity style exposure - a blend of quality, value and growth equities - shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022.

The underperformance vs peers is likely to have been exacerbated by the UK equity overweight, which whilst it helped in 2022, has been a negative contributor to performance post Brexit in 2016, since when UK equities have underperformed global ex UK by ~3% per annum annualised. With 28% in UK equities today (of ~60% in DM equity), all the underperformance vs peers can be attributed to this allocation. We see a lot of value in UK equities today and expect this value to unlock in time and accrue to better absolute and relative performance.

The level of risk taken to achieve the above performance was also reviewed and we are satisfied that it remains within the stated bands and no excessive risk was taken.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.96%, the Portfolio OCF is lower than the comparator peer group median of 1.30%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

While the Portfolio received Amber for performance, we have concluded that the portfolio performed in line with expectations for the remaining criteria, delivering overall value to investors.

Momentum Managed Portfolio 8

The Portfolio aims to achieve inflation beating returns over time from a mix of different asset classes, within a tight risk-controlled framework. The Portfolio can invest in a range of asset classes such as equities, bonds, real assets, absolute return funds and cash.

Investment objective

Managed Portfolio 8 i is designed to actively pursue a growth strategy by holding assets at the higher end of the risk spectrum and aims to deliver a commensurate rate of return given its volatility parameters. It is classified as 'High Risk' by Dynamic Planner, the independent fund profiling company. The Portfolio targets volatility between 14-17% and has a minimum suggested time horizon of seven years. In order to assess the Portfolio's performance, investors may find it useful to compare the Portfolio against the performance of the relevant Dynamic Planner peer group (the comparator).

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 8.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 6.5% (annualised) over seven years. This underperformed the target return and underperformed the relevant passive fund by 4.0%. The Portfolio was rated Red as it performed in the bottom decile of the peer group.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio's relative overweight to UK equity (vs a global equity index) helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from a small allocation to real assets, which performed relatively better.

The diversified equity style exposure – a blend of quality, value and growth equities – shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022.

The underperformance vs target and peers is likely to have been exacerbated by the UK equity overweight, which whilst it helped in 2022, has been a negative contributor to performance post Brexit in 2016, since when UK equities have underperformed global ex UK by ~3% per annum annualised. With ~25% in UK equities today (of ~52% in DM equity), all the underperformance vs peers can be attributed to this allocation. We see a lot of value in UK equities today and expect this value to unlock in time and accrue to better absolute and relative performance.

The level of risk taken to achieve the above performance was also reviewed and we are satisfied that it remains within the stated bands and no excessive risk was taken.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.92%, the Portfolio OCF is lower than the comparator peer group median of 1.27%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

Our review determined that overall the Portfolio delivered value. However, as the Portfolio underperformed, we will continue to closely monitor performance.

Momentum Income Portfolio

The Portfolio aims to offer an attractive yield and spread risk by investing in various asset classes. This includes traditional funds offered by the major investment companies.

Investment objective

The Income Portfolio is designed 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. It will have a low to medium level of risk to capital and deliver a commensurate rate of return. The Portfolio has a minimum suggested time horizon of five years.

Risk peer group comparator

Dynamic Planner Assigned Risk Profile 4.



Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

The Portfolio delivered 3.2% (annualised) over five years. While this underperformed the target return, it outperformed the relevant passive fund by 0.5% and was ranked top quartile in the peer group.

Our assessment concluded that, the Portfolio achieved its objective of providing a reasonable yield within a risk-controlled framework.

The key driver of performance over the last year has been the broad rise in inflation which has hurt investment returns across the board, with riskier assets suffering sharp repricing as well as asset classes usually deemed less risky, such as government bonds and high-grade corporate bonds.

The Portfolio did benefit from a long held underweight to interest rate risk (duration), the result of which meant this model fell less than other models and funds with a similar 'cautious' risk profile. The portfolio's relative overweight to UK equity (vs a global equity index) also helped as UK equities outperformed other DM markets by a decent margin. The portfolio also benefitted from a healthy allocation to real assets, which performed relatively better, and from an uncorrelated strategies fund which is owned to provide additional diversification beyond bonds and cash.

The diversified equity style exposure - a blend of quality, value and growth equities - shielded the portfolio from the sharp pullback in growth stocks that occurred in 2022.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

At 0.82%, the Portfolio OCF is lower than the comparator peer group median of 1.14%.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria



Quality of service



Performance



AFM Costs



Economies of scale



Comparable market rates



Comparable services



Classes of units



Overall value statement

Our review determined that the Portfolio delivered value.

Momentum Sustainable Managed Portfolio 4

The Portfolio aims 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.

Investment objective

The Portfolio 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.

Risk peer group comparator

A peer group has not yet been assigned.

Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

We determined that the Portfolio was too new to rate, given that it had less than five years of performance history.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates








The Portfolio OCF is 0.78% which we understand to be competitive when compared to peers.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria		
	Quality of service	●
	Performance	●
	AFM Costs	●
	Economies of scale	●
	Comparable market rates	●
	Comparable services	●
	Classes of units	●

Overall value statement

Our review determined that the Portfolio delivered value.

Momentum Sustainable Managed Portfolio 5

The Portfolio aims 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.

Investment objective

The Portfolio is designed to target a real return (above inflation) of 5% over the longer term and is aimed at investors who have a low-medium tolerance for risk.

Risk peer group comparator

A peer group has not yet been assigned.

Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

We determined that the Portfolio was too new to rate, given that it had less than five years of performance history.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

The Portfolio OCF is 0.84% which we understand to be competitive when compared to peers.

Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria		
	Quality of service	●
	Performance	●
	AFM Costs	●
	Economies of scale	●
	Comparable market rates	●
	Comparable services	●
	Classes of units	●

Overall value statement

Our review determined that the Portfolio delivered value.

Momentum Sustainable Managed Portfolio 6

The Portfolio aims 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.

Investment objective

The Portfolio is designed to target a real return (above inflation) of 6% over the longer term and is aimed at investors who have a medium tolerance for risk.

Risk peer group comparator

A peer group has not yet been assigned.

Quality of service

Our review determined that a good level of service was provided by all parties involved commensurate to the amount paid for those services.

Performance

We determined that the Portfolio was too new to rate, given that it had less than five years of performance history.

AFM costs

Our review has concluded that costs, and in particular the Investment Manager's fee are priced appropriately.

Economies of scale

Where any savings as a result of economies of scale have been made, this has in every case been passed on to the shareholders.

Comparable market rates

The Portfolio OCF is 0.85% which we understand to be competitive when compared to peers.










Comparable services

Our assessment has concluded that investors in this Portfolio are charged appropriately relative to investors in other, similar MGIM funds and segregated mandates.

Classes of units

The Portfolio does not have multiple classes.

Assessment criteria

	Quality of service	
	Performance	
	AFM Costs	
	Economies of scale	
	Comparable market rates	
	Comparable services	
	Classes of units	

Overall value statement

Our review determined that the Portfolio delivered value.

Contact us

Should you need additional information please contact us at:
distributionservices@momentum.co.uk



For more information, please contact:

Distribution Services

E: distributionservices@momentum.co.uk

T: +44 (0)207 618 1803

Investment Manager - Momentum Global Investment Management Limited.

Important notes - This document is only intended for use by the original recipient, either a Momentum Global Investment Management Limited (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.

The value of investments, and the income derived, may fluctuate and as a result there is no guarantee that the investment objectives of the MPS will be achieved and it is possible that an investor may incur losses, including a loss of the principal invested.

MGIM (Company Registration No. 3733094) has its registered office at The Rex Building, 62 Queen Street, London EC4R 1EB, UK. MGIM is authorised and regulated by the Financial Conduct Authority in the United Kingdom (registration no.232357). ©MGIM 2023.

