

Press release

Inflation: the sleeping giant

11 February 2013

A white paper released today by Momentum Global Investment Management 'Momentum' reveals that a lack of awareness of the risks posed by inflation to long term investments could have a severe impact on the real value of tomorrow's pensions and investments.

"It is vital for investors to put in place investments that are intended to provide returns in excess of inflation over the medium to long term," said **James Klempster, Portfolio Manager of Momentum's Factor Series Fund range.**

"Following a difficult decade for equity investments, the number of investors making extensive use of cash has grown. The issue with cash – especially at present – is that while the volatility of these assets is zero, the returns are paltry and are at particular risk from the erosive effects of inflation.

"While inflation has been a ubiquitous feature of the UK's investment landscape, rarely has it been so significantly greater than the yield available from cash or safe haven government bonds. As a result, today's investors must look to combine asset classes that, in aggregate provide a total return that delivers real returns over inflation with appropriate levels of risk.

James concludes: "While Momentum believes that valuation remains the single most important driver of returns over the long term, different inflationary regimes have markedly diverse effects on asset classes. Therefore the need for active asset allocation is even greater if investors are concerned about inflation."

The white paper can be viewed at www.momentumgim.com



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Notes to editors

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