

For immediate release

Home, but not free

London, 23 October 2014

Glyn Owen, Investment Director at Momentum Global Investment Management, talks about the unexpected conditions we face as we emerge from the financial crisis:

“As we surface from the financial crisis, it is clear that the conditions we face today are no less extraordinary than those we have faced in recent years. Central banks have maintained their monetary experiment with ultra-loose monetary policy; in Europe we have the unprecedented situation in which the European Central Bank (ECB) has negative interest rates on deposits; there are negative interest rates on 2-year bonds issued by no less than 10 European countries, including Ireland, which was bailed out only four years ago, and where interest rates at the height of the Euro crisis in mid-2011 reached 23% on those same 2-year bonds; most longer-term sovereign bond yields in the Eurozone are at all-time multi-century lows and most other government bond yields around the world are close to all-time lows.

“Yet despite all the liquidity and near zero interest rates around the developed world, growth remains subdued and inflation is remarkably low. Not only has inflation not risen as many of us expected after this long and exceptional period of loose monetary policy, but this year it has fallen further to levels in some parts of the world (most notably the Eurozone), which are in deflationary territory. At the same time the Federal Reserve (Fed) is trying to manage its exit from ultra-loose policy with minimal disruption. And the world’s great engine of growth over the past decade or more, China, is showing signs of a structural slowdown.

“Amidst these economic uncertainties, the geopolitical situation globally is as unstable and unpredictable as at any time since the end of the Cold War. Perhaps no surprise then that equity markets, having been at all-time highs in many cases only a few weeks ago, are now going through a major correction or possibly something much bigger. How do we track a course through these uncharted waters and set our asset allocation strategy for the coming year?



“There are several key themes that are likely to drive asset prices, all with a very substantial impact on markets and which are to some degree inter-related. These are:

- evidence of slowing global growth;
- divergent performance among economies, especially between the US and other developed economies, notably the euro area and Japan;
- largely as a result of the second, divergent expectations for central bank behaviour;
- a slowdown in emerging market growth; and
- sizeable shifts in relative pricing with a strong US dollar and weak commodity prices.

“All of these have far reaching implications for asset prices and we suspect they are of much greater importance to asset allocation policy than all of the geopolitical problems combined. Overall, markets are presenting us with the best opportunity for two, possibly three, years to take on some additional risk and take advantage of this remarkable environment in which we find ourselves.”

Ends



For further information please contact:

Caroline Church-Taylor	Lansons Carolinect@lansons.com	020 7294 3625
Nick Robert-Nicoud	Momentum Global Investment Management nick.robert-nicoud@momentumgim.com	020 7618 1742

Photographs are available from sally.savery@momentumgim.com

Notes to editors

Momentum Global Investment Management Limited is the global investment arm of Momentum Investments, and provides specialist investment management services to retail and institutional clients, financial intermediaries and their clients in the UK and Europe, the Middle and Far East and South Africa.

Momentum Global Investment Management Limited is part of the MMI Holdings Ltd, one of the largest insurance companies in South Africa, with a market capitalisation of circa GBP2.3 billion as at 30 June 2014.

Momentum Global Investment Management Limited has GBP3.4 billion under management as at 30 June 2014.

Momentum Global Investment Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom, and is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act 37 of 2002 in South Africa.

About FundsNetwork

FIL Limited (“FIL”) and its subsidiary companies serve the major markets of the world by providing investment products and services to individuals and institutional investors outside the US. Any opinions expressed are made at the time of writing and can be subject to change without notification. Issued by Financial Administration Services Limited, authorised and regulated in the UK by the Financial Conduct Authority. FundsNetwork™ and its logo are trademarks of FIL Limited.

FundsNetwork™ is a leading investment services platform committed to helping intermediary and institutional clients grow their businesses. Owned by Fidelity Worldwide Investment, we have global platform experience in many markets around the world. We aim to deliver the best service and customer experience for advisers and their clients and to become a trusted business partner. Today, the platform offers a comprehensive range of value added services including fund and portfolio analysis tools, time-saving client management and wide-ranging business management support.

Over the last decade, Fidelity’s UK platform has grown to be one of the largest in the UK, currently administering £48bn in assets (as at 31.12.13). Fidelity’s financial strength allows continual investment to develop the platform’s capabilities, underlining the long-term commitment to the advisers that FundsNetwork – the adviser facing part of the platform serves. Fidelity’s UK platform includes all Fidelity’s retail fund assets, retail assets held on Fidelity FundsNetwork and retail and institutional assets held on the Fidelity DC Investment Platform.

Important information



This document is only intended for use by the original recipient, either a Momentum GIM client or prospective client, and does not constitute an offer or solicitation to 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, Momentum GIM does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

The value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally 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.

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

Momentum Global Investment Management (Company Registration No. 3733094) has its registered office at 2nd Floor, The Rex Building, 62 Queen Street, London, EC4R 1EB.

Momentum Global Investment Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom, and is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act 37 of 2002 in South Africa.

© Momentum Global Investment Management Limited 2014