

# Momentum Income Portfolio\*

month ended 28 February 2019

## Portfolio details

Investment manager	Momentum Global Investment Management (MGIM)				
Inception	31 May 2011	Tactical version	.v9	AMC	0.25% +VAT
MGIM management from	1 February 2016	Minimum investment	£1,000	TER†	0.93%
Target volatility	6-9%	Current yield	3.29%		

## Investment objective & strategy

The Momentum Income Portfolio has been developed due to increased demand for an income generating portfolio as an alternative to capital growth. The Portfolio is carefully constructed to offer an attractive yield and spread risk by investing in various asset classes. This includes traditional funds offered by the major investment companies. The investment objective of the Income Portfolio is 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. The Portfolio will have a medium level of risk to capital and deliver a commensurate rate of return.

## Portfolio performance (%)

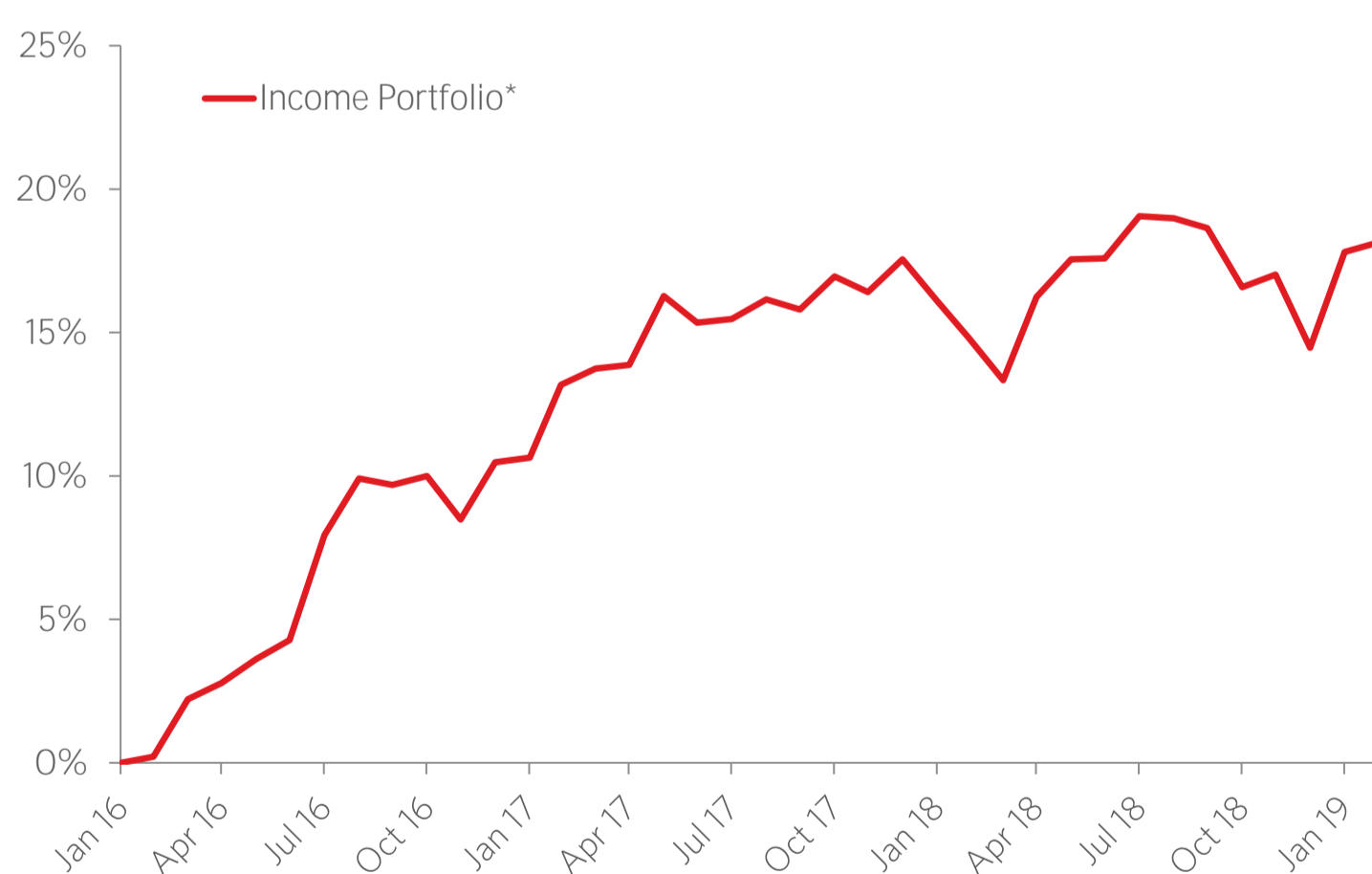
	1 month	3 months	6 months	1 year	3 years (annualised)	5 years (annualised)	Since launch (annualised)	2018	2017	2016 <sup>1</sup>	2015	2014
Portfolio return*	0.3	0.9	(0.7)	2.9	5.6	4.3	4.7	(2.6)	6.4	9.3	2.2	4.5
MSCI UK	2.3	2.2	(2.9)	2.1	9.3	4.6	6.0	(8.8)	11.7	19.2	(2.2)	0.5
ICE BofAML Sterling Broad Market	(0.7)	2.6	0.6	2.4	3.2	5.0	5.0	(0.1)	2.6	10.6	0.5	13.9

## Annualised performance to last quarter-end (%)

	Dec 17 - Dec 18	Dec 16 - Dec 17	Dec 15 - Dec 16	Dec 14 - Dec 15	Dec 13 - Dec 14
Portfolio return*	(2.6)	6.4	9.3	2.2	4.5

Past performance is not indicative of future returns. The portfolio performance is calculated on a total return basis, net of all fees and in GBP terms. Source: FE Analytics, Bloomberg

## Historical cumulative performance<sup>1</sup>



Source: FE Analytics

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. Past performance is not a guide to future performance.

## Investment team



Jernej Bukovec, CFA  
Portfolio manager



James Klempster, CFA  
Head of Investment Management

The Income Portfolio is managed by Jernej Bukovec and James Klempster. Jernej and James form part of our 13 strong investment team who have collectively built and evolved our proprietary investment process over the past nineteen years. The experienced team consists of specialists in equity, fixed income and alternative asset classes as well as members who focus on asset allocation, risk management, portfolio construction and trade implementation.



Actual performance may vary subject to the timely execution of orders.

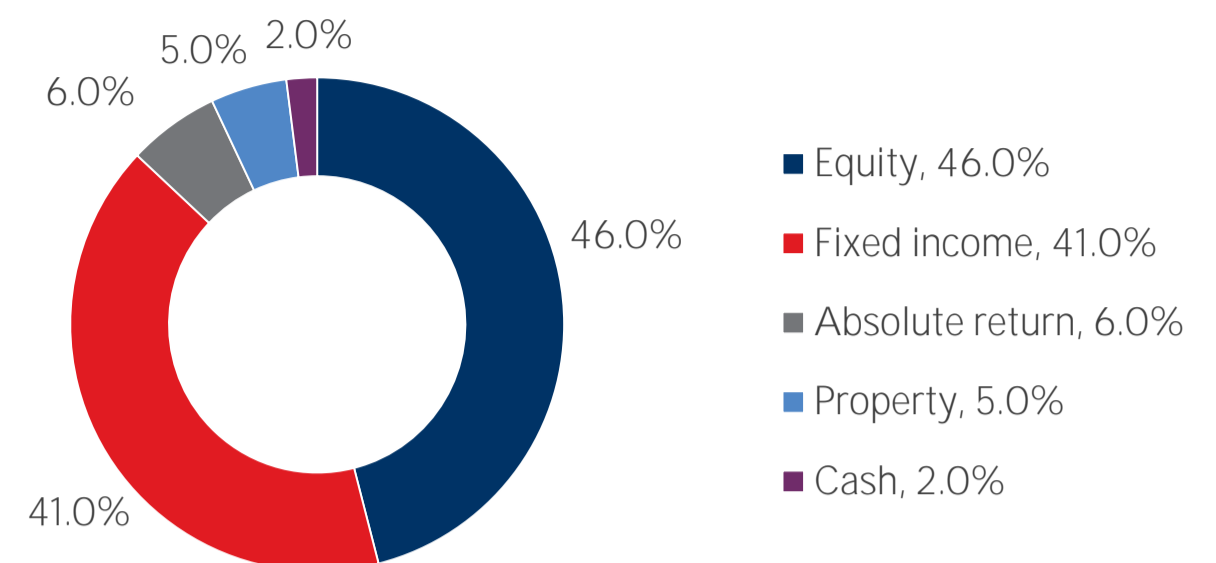
\* The Cautious Income, Income and Higher Income Portfolios were merged in December 2017. Historical performance figures prior to the merger in December 2017 have been simulated to represent one-third of the Cautious Income Portfolio, one-third of the Income Portfolio one-third of the Higher Income Portfolio. The Momentum Income Portfolios' returns are net of the AMC and underlying fund charges but do not take into account the platform provider's charges. Performance may also differ depending upon which platform is used to access the Income Portfolios due to different rebates and fees agreed with the Fund Manager by the Platforms. † As at 31 October 2018, 0.93% 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. <sup>1</sup> MGIM commenced management as at February 2016.

Current holdings - top 10 funds

Holding	Weight	Current yield <sup>2</sup>
MI TwentyFour AM Dynamic Bond	10.0%	4.6%
AXA US Short Duration High Yield	8.0%	2.3%
L&G Emerging Markets Government Bond Index	8.0%	4.2%
Evenlode Global Income	8.0%	2.6%
Evenlode Income	7.0%	3.3%
Schroder Strategic Credit	7.0%	4.2%
JPM Emerging Markets Income	6.0%	4.3%
First State Global Listed Infrastructure	5.0%	1.5%
Jupiter Income Trust	5.0%	4.3%
L&G Global Real Estate Dividend Index	5.0%	3.1%

<sup>2</sup>The yield does not include underlying fund charges.  
Source: MGIM, Bloomberg

Tactical asset allocation



Allocations subject to change. Source: MGIM

Market commentary

Equity markets continued their rally for a second consecutive month in February following the Q4 2018 sell-off, albeit on a more mixed and less dramatic basis than January. Developed market equities returned 1.9% over the month, outperforming emerging markets which were generally more subdued following their surge in January. European equity markets performed strongly, advancing 4.1% in euro terms, despite economic data continuing to show signs of weakening momentum in Europe. In the US, equity markets returned 3.1% in US dollar terms, with investor sentiment buoyed by constructive US-China trade talks and the Federal Reserve reaffirming their dovish shift in policy, emphasising that its policy will be patient and data dependent. The UK equity market produced a positive return during February, returning 2.3%, although lagged the other major indices amid Brexit uncertainty and sterling strength. The value of sterling strengthened on rising expectations that the UK will avoid a no-deal exit from the EU on 29<sup>th</sup> March 2019. With Brexit in focus, UK Gilts came under pressure late in the month, ending February down 1.0%. The yield on the 10-year Gilt increased 8.3 basis points to 1.3%. Global government bonds declined on the month, while the higher risk credit market performed well with US High Yield returning 1.7% in US dollar terms.

Source: MGIM, Bloomberg

Platforms available



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