

VT Momentum Diversified Funds

Q4/2024 Investment update
+11,00.00

For professional advisers only

With us, investing is personal



Fund commentary & performance

The VT Momentum Diversified Funds delivered quarterly returns of -1.5% (Cautious), -0.3% (Balanced), 0.0% (Moderate), -0.6% (Income) and -0.7% (Growth). Rising bond yields put pressure on fixed income and real assets like infrastructure and property, while equities also faced headwinds. However, our allocation to uncorrelated strategies within the unconstrained funds helped ease losses.

In the Income Fund, we introduced MONY Group within UK equities. MONY, founded in 1993, operates brands such as MoneySuperMarket and MoneySavingExpert, which help consumers save on household bills and financial products. Its shift toward a membership model could improve customer retention and competitiveness.

Top UK equity performers included Diversified Energy Company, Burberry Group, and Games Workshop. Diversified Energy reported strong Q3 results, with \$115m adjusted EBITDA and \$47m in free cash flow. The company also successfully reduced its debt principal by \$155m and returned around \$85m to shareholders, highlighting financial discipline and shareholder focus. Games Workshop shares reacted positively after a trading update exceeded expectations, with forecasted H1 core revenue of over £260m (up from £235.6m last year), and licensing revenue more than doubling to at least £30m. Profit before tax is also expected to reach £120m. Burberry Group reported H1 revenue slightly ahead of consensus estimates, and an adjusted operating loss less than forecasted. On a positive note, the group introduced its 'Burberry Forward' plan to boost brand appeal and long-term value creation. Despite Q2 challenges, the company received upgrades from analysts, driven by optimism around its cost-saving initiatives targeting £40m annually.

Within Overseas Equities, we have introduced the Schroder Emerging Markets Value Fund, exiting the iShares EM Dividend ETF (unconstrained funds) and iShares Asia Pacific Dividend ETF (income constrained fund). This strategy is managed by Schroder's renowned Global Value team, which has origins dating back to 1970. The team's contrarian,

bottom-up investment philosophy is grounded in 150 years of market data, demonstrating that lowly valued securities deliver excess returns over the long term. Schroder EM Value focuses exclusively on the cheapest securities within the emerging markets universe, with a disciplined and consistent process. The strategy is managed by two dedicated specialists bringing deep regional knowledge and passion for value investing in these markets. By adding this differentiated strategy, we have enhanced our emerging markets exposure, particularly in underrepresented regions outside of Asia.

Within the Income Fund, we added Real Estate Credit Investments (RECI), a closed-ended fund focusing on high-quality real estate debt across Western Europe. With near-record low loan-to-value ratios and historically high yields, RECI offers resilience despite uncertainties around property debt.

Top specialist asset performers included Chrysalis Investments, Schroder Global Capital Innovation Trust, and Digital 9 Infrastructure. Chrysalis Investments shares rose on the back of Klarna's anticipated IPO and the completion of its sale of Featurespace to Visa. Digital 9 announced the \$42m sale of its Emic-1 project, releasing the company from additional construction commitments and repaying debt. Schroders Capital Global Innovation Trust rose as its continuation vote was brought forward, creating potential for a managed wind-down to return capital to investors closer to NAV.

Portfolio Management Team



Richard Parfect
Portfolio Manager



Tom Delic
Portfolio Manager



Gary Moglione
Portfolio Manager



Gabby Byron
Investment Services
Executive

Performance to 31 December 2024

Fund	3 mths	6 mths	YTD	3 yr (ann)	Since Inc	Vol
VT Diversified Cautious Fund	-1.5%	1.2%	2.0%	0.0%	2.6%	5.7%
VT Diversified Balanced Fund	-0.3%	2.2%	5.1%	0.4%	3.8%	7.3%
VT Diversified Moderate Fund	0.0%	4.1%	8.2%	1.1%	4.8%	8.7%
VT Diversified Income Fund	-0.6%	4.1%	5.3%	0.4%	5.0%	9.5%
VT Diversified Growth Fund	-0.7%	2.3%	6.3%	1.0%	6.2%	11.7%

Five years discrete performance to 31 December 2024

Fund	Dec 23 - 24	Dec 22 - 23	Dec 21 - 22	Dec 20 - 21	Dec 19 - 20
VT Diversified Cautious Fund	2.0%	6.5%	-8.0%	4.8%	2.9%
VT Diversified Balanced Fund	5.1%	6.2%	-9.4%	8.9%	-0.6%
VT Diversified Moderate Fund	8.2%	7.2%	-11.0%	11.6%	-1.6%
VT Diversified Income Fund	5.3%	7.7%	-10.9%	12.8%	2.7%
VT Diversified Growth Fund	6.3%	6.7%	-9.1%	13.6%	3.9%

Q4 2024 portfolio changes

↑ Buy ↓ Sell ● Fund not held

	Cautious	Balanced	Moderate	Income	Growth
Schroder EM Value	↑	↑	↑	↑	↑
iShares EM Dividend ETF	↓	↓	↓	●	↓
iShares Asia Pacific Dividend ETF	●	●	●	↓	●
Real Estate Credit Investments	●	●	●	↑	●
MONY Group	●	●	●	↑	●
Barclays	↓	↓	↓	↓	↓
Secure Trust Bank	↓	↓	↓	●	↓
Chrysalis Investments	↓	↓	↓	↓	↓
Diversified Energy Company	↓	↓	●	●	↓

Sources: Momentum Global Investment Management, Valu-Trac, Morningstar. 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.

Momentum Global Investment Management Limited
The Rex Building, 62 Queen Street. London, EC4R 1EB

+44(0)20 7618 1806

distributionservices@momentum.co.uk

www.momentum.co.uk

Important Notes - Issued by Momentum Global Investment Management Limited (MGIM), with its registered office at The Rex Building, 62 Queen Street, London, EC4R 1EB, and which is authorised and regulated by the Financial Conduct Authority.

Whilst MGIM has used all reasonable efforts to ensure the accuracy of the information contained in this communication, we cannot guarantee the reliability, completeness or accuracy of the content.

This material is confidential and is intended solely for the use of the person or persons to whom it is given or sent and may not be reproduced, copied or given, in whole or in part, to any other person. This is a document for professional advisers only. This document is not to be supplied to retail clients. The document is not an invitation to subscribe and is by way of information only. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be solely relied on in making an investment or other decision. The views expressed herein are those at the time of publication and are subject to change. Past performance is not indicative of future returns. The value of investments may go down as well as up and the value will depend on fluctuations in financial markets outside MGIM's control, as a result an investor may not get back the amount invested. Performance of the Portfolios is net of AMC fees but doesn't take into account platform providers charges.

Momentum Diversified Funds are sub-funds of the VT Momentum Investment Funds I and II ICVC umbrella, an open-ended investment company which is authorised by the Financial Conduct Authority (FCA). Valu-Trac Investment Management Limited (authorised and regulated by the FCA) acts as the Authorised Corporate Director (ACD) of the VT Momentum Investment Funds I and II ICVC. Investment in the Funds may not be suitable for all investors. Investors should read the Key Investor Information Document (KIID) and seek professional investment advice prior to investment. The prospectus and KIID documents are available in English on the website via www.valu-trac.com.

Do you need this in a different format?

Please get in touch if you would like this document in large font or as audio.

+44 (0) 20 7618 1806

DistributionServices@momentum.co.uk

