

MOMENTUM 2022 OUTLOOK

2021 marked the second year in the global fight against COVID-19 and in many ways brought back some form of normality to many. While we are still behind the curve, South Africa's vaccine drive brought with it a relaxation of lockdown restrictions and hope that the fourth wave will be less devastating than those before.

Markets worldwide recovered further following the March 2020 sell off and delivered strong returns over the last year resulting in inflation beating returns to many investors in multi-asset-class portfolios, after a prolonged period of average returns. The drive for investment management firms to consider environmental, social and governance aspects in their investment decisions gathered further steam and impact investing, investing for the greater good of the community is also top of mind, especially in the South African context.

At Momentum Investments we are dedicated to responsible investing. While our primary objective is to deliver returns for our clients, when doing this, we consider how we can use investment opportunities to create a better future for our investors, their communities and society.

THEO
TERBLANCHE

*executive head of investment management
at Momentum Investments*

Businesses have had to come to grips with the reality of hybrid working conditions and to assess the impact of this on their culture and general wellbeing of their staff. The investment management industry has not been spared. At Momentum we have weathered the storm. We are in the fortunate position of having been mostly unaffected by lockdown restrictions and blessed with employees who are dedicated to our clients and their investments. It has been a stressful two years for investment teams globally who had to navigate clients' investments through times of great uncertainty.

Looking ahead the investment landscape becomes a little murkier. The rebound is starting to lose momentum and concerns regarding rising inflation and a slow-down in economic growth in China is taking centre stage globally. Commodity prices are decreasing after a period of sustained growth and this windfall to the local economy is waning, bringing structural slow economic growth and a lack of job creation back into focus. The political landscape in South Africa also changed considerably following the local government elections in November with coalition governments now the order of the day.

This brings with it the opportunity for better run municipalities, provided that smaller parties can work together towards a better future. All this points to a moderation of returns over the short to medium term and investors would do well to not become too obsessed with short-term fluctuations but to focus on their longer-term goals.

This is the crux of our outcome-based investing philosophy at Momentum Investments. Outcome-based investing that makes investing personal is centered around defining your client's investment goal and time frame and then staying invested throughout to maximise the probability of achieving those investment goals. We believe in long-term investing and the value of a well-diversified investment portfolio.

Investment teams will have to think out of the box in future to achieve decent returns for their clients, whether this is through exposure to alternative asset classes, different styles of investing, or focusing on lower-cost solutions. This includes infrastructure investments, passive and smart beta portfolios, thematic investing - all solutions that Momentum Investments are already offering as stand-alone funds and incorporated into our multi-asset-class portfolios.

The world is forever changing, and the future is uncertain. But as the world changes, your clients' long-term investment goals shouldn't. In times like this you need a partner you can trust and one that puts your needs first. With us, investing is personal. We have the solutions to help meet your clients' financial needs and achieve their goals effectively.

