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**REFINITIV LIPPER
FUND AWARDS**

Second, Equity steadily delivers superior returns versus those of any other asset class. Europe will benefit from the supply chain reshoring and its policies to favour energy independence and transition, accelerated by the geopolitical situation. Finally, a Long/Short strategy is intellectually challenging, mitigates risks and maximises adjusted returns.

A GREAT BALANCE OF STYLES AND SECTORS

Q: Over the past three years, we've seen the end of a low-inflation environment favouring growth, the meltdown of Covid, the post-Covid period of disrupted supply chains, rising inflation and current geopolitical uncertainty. Have you changed your investment approach along with these swings, and if so, how?

A: We have never changed our investment philosophy. In this regard, a premise is necessary. We are forward-looking and long-term investors, believing in a bottom-up, fundamentals-driven approach. Our portfolio is thus constantly analysed to check its sensitivity to specific factors, enabling prompt reactivity to any exogenous shocks (only if long-lasting).

Ideally, we aim to align investments as by the 'Barbell Strategy', with a portfolio that epitomises a balance of styles and sectors. This, we believe, would enable a minimisation of the impact of short-term, volatile macro variables. We intend to focus solely on the companies that we invest in, with a long-term horizon. Our predilection is for overlooked stocks: hidden gems, ESG enablers or improvers, and so forth. We seek, exclusively, excellence – companies which are leaders either in a market or a niche.

Insistence is on secular trends that can be reconciled with most of the 17 Sustainable Development Goals of the United Nations, and which enjoy sound fundamentals and balance sheets. Further, these companies are run by visionary management teams and – though this goes without saying – supported by compelling valuations.

All of the above is encapsulated, I like to think, very helpfully, within the single formula: S^3E^2L . To expound the theorem: S^3 stands for Sustainability, Small&Mid Caps and Stock Picking; E^2 for Equity and Europe; L for Long/Short. The ability to properly combine these six factors in managing a fund guarantees a unique method for excellent returns, consistently, as is especially valuable in the medium and long term.

An individual analysis would be beneficial. Firstly, Sustainability allows the identification and management of the relevant risks, and – simultaneously – to seize the respective opportunities. Empirical evidence highlights that, over time and in all regions, Small&Mid Caps consistently outperform Large Caps. Stock Picking commonly allows active fund managers to deliver better risk-adjusted returns and more alpha, when focus is on Small&Mid Caps that are far less covered by analysts and efficiently priced, and less exposed to passive flows.

Q: ESG has really come to the fore over the past few years. How has this impacted on you, and do you see this as becoming more significant?

A: Our preference is to talk about Sustainability or SDGs, as opposed to ESG, given that there persists an absence of universal standard and because of the high risk of greenwashing. Lyra is an Article 8 Fund (SFDR), applying the 'double materiality' approach in its investment process, which takes into account ESG aspects alongside financial information, aspiring towards alignment with a selection of the UN SDGs.

We are confident to be part of what is only the dawn of an irreversible trend, that is, exceptionally, not subject to neither geopolitical crises, nor stagflations or recessions. The Business & Sustainable Development Commission predicts that "sustainable business models could open economic opportunities worth up to US\$12trn by 2030".

The EU Taxonomy will help scale up private and public investments, "redirecting capital to economic activities and projects that are truly sustainable". The European Green Deal and the RePowerEU provide good examples for investments in sustainability that are accelerating and gaining political momentum.

Likely, we will experience a new, broader definition of the "E", though we will never come back to the status quo ante. In developed countries, millennials and generation Z represent two-thirds of the population. However, they own only 6% of net wealth, and today invest just 8% of their assets in equity (vs c25% of the older generations). Their worth is expected to quintuple by 2030; \$30trn to be transferred from baby boomers, divided between the receiving 75 million millennials.

Over 90% of youths are interested in sustainable investing and are twice as likely to invest in companies with clear social or environmental goals. Flows into sustainable funds cannot but boom.

Q: What do you see the value of this Lipper Fund Award as being?

A: This is the fifth Lipper Award we have received since 2018, and we cherish it as the best testimony to the effort, passion, curiosity, expertise and vision that drive the team of MOMentum. The unique level of prestige of the Lipper Awards is characterised by their objective, quantitative proprietary criteria, and is therefore a reflection of a truly independent and uncompromised assessment. We are incredibly proud of such recognition ■



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