momentum
global investment management

VT Momentum Diversified Funds

Q3 2026 Investment Update



Stewards of your investment success

Fund commentary

The third quarter presented investors with an unusual combination of resilient economic growth and increasingly restrictive financial conditions. The artificial intelligence investment cycle continued to support corporate earnings, capital expenditure and economic activity, helping equities remain relatively resilient despite a significant rise in bond yields. At the same time, renewed geopolitical tensions and higher energy prices added to inflation concerns. Stronger economic data increasingly challenged expectations for lower interest rates, culminating in a sharp bond market sell-off during September.

Equity markets produced mixed returns across regions. In sterling terms, developed market equities advanced over the quarter, with Japan the standout major market. UK equities also rose, with smaller companies performing particularly strongly, while US equities generated positive returns. Continental European and emerging market equities were weaker. Market leadership also shifted considerably during the quarter. The weakness in technology and semiconductor-related shares earlier in the period briefly favoured more defensive and quality-oriented businesses, before enthusiasm for artificial intelligence reasserted itself towards quarter end. This created a challenging environment for diversified equity strategies as returns became increasingly concentrated among some of the largest technology companies.

Within the Funds, UK equity exposure was particularly supportive, with small cap and value-oriented exposure among the stronger areas. Japanese exposure also benefitted from the strength of the local market. Emerging market performance was more varied.

Specialist assets were another important source of positive returns. Infrastructure performed well, with Greencoat UK Wind returning over 16%. The company reported a significant improvement in operating performance as wind conditions normalised, generation moved ahead of budget and cash generation strengthened. Private equity was another strong performing area. Within private equity, Molten Ventures benefitted from improving portfolio performance and continued realisations, while Syncona was supported by positive Phase II/III clinical trial results from portfolio company Beacon Therapeutics. Property became increasingly challenged as bond yields rose, creating a more difficult environment for rate-sensitive assets, particularly during September.

Fixed income was the principal area of weakness. Government bond yields moved higher as investors reassessed the outlook for economic growth and interest rates, resulting in negative returns across UK gilts and other major sovereign bond markets. Longer-dated gilts were particularly weak, while investment-grade corporate bonds also declined. This environment weighed most heavily on portfolios with larger fixed income allocations, although differentiated sources of return elsewhere helped provide some offset.

Gold provided some diversification over the quarter, while broader commodities were considerably stronger as geopolitical tensions and higher energy prices supported the asset class.

Looking ahead, the investment backdrop remains finely balanced. Economic growth and corporate earnings remain supportive, but higher borrowing costs, geopolitical uncertainty and increasingly concentrated equity market leadership create important risks. Against this backdrop, we continue to believe that diversification across asset classes, regions and investment styles remains important in managing risk and navigating an increasingly uncertain market environment.

Fund performance & portfolio changes

Portfolio Management Team



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Gabby Byron
Client Portfolio Manager

Performance to 30 September 2026

Fund	3 mths	6 mths	YTD	3 yr (ann)	Since Inc (ann)	Volatility (SI)
VT Diversified Balanced Fund	-0.5%	4.3%	1.6%	7.4%	4.1%	7.1%
VT Diversified Income Fund	1.9%	9.4%	7.2%	10.9%	5.5%	9.3%
VT Diversified Growth Fund	1.1%	9.8%	5.4%	9.8%	6.5%	11.4%

Five years discrete performance to 30 September 2026

Fund	Sep 25 - 26	Sep 24 - 25	Sep 23 - 24	Sep 22 - 23	Sep 21 - 22
VT Diversified Balanced Fund	4.9%	5.0%	12.4%	2.0%	-9.6%
VT Diversified Income Fund	10.2%	9.8%	12.9%	6.4%	-14.2%
VT Diversified Growth Fund	8.6%	6.7%	14.2%	4.7%	-12.4%

Q3 2026 Fund contributions*

Helped	Hurt
» UK equities	» Global growth equities
» Infrastructure	» Government bonds
» Private equity	» Investment grade credit
» EM value equities	» Property

**Not an exhaustive list, information shown highlights the main contributors and detractors. 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.*

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