

## Richest match in football

## Global Matters Weekly

22 May 2023

– Jackson Franks — Analyst

On Saturday, the most lucrative match in world football unfolds, and surprisingly, it is not the Champions League final or the World Cup final, but rather the Championship Play Off final. In case you are unfamiliar, the Championship is the division just below the esteemed English Premier League (EPL). While the top two teams from the division secure automatic promotion, the teams that finish third, fourth, fifth, and sixth engage in the playoffs, competing for the last available promotion spot to the EPL. This year, Coventry City and Luton Town, which pains me to say as a Watford fan (as Luton happens to be our greatest rival, known as the M1 derby), face off in the final. This one-off match, held at the iconic Wembley Stadium, carries an astonishing value of approximately £265million<sup>1</sup>. When Coventry City get promoted on Saturday, preserving the financial prosperity of the EPL will undoubtedly be at the forefront of their mind. The crucial element in upholding their EPL status, and the riches that come with it, will be the investment of those funds.

While I do not have a personal fortune of £265million to invest right now, it sparked my consideration about how I would strategically allocate such funds if given the opportunity. Given my focus within commercial real estate, I have outlined below the areas where I would seek to invest these resources, aiming for sustainable long-term returns in today's ever-changing macro environment.

**Offices.** Despite the rise of remote and flexible work arrangements, office spaces remain an essential component of the commercial real estate market. Investing a portion of the capital in prime office locations can yield stable returns. However, it is crucial to focus on high-demand areas with robust rental markets, such as central business districts and hubs. These locations are likely to continue attracting companies seeking collaborative spaces and physical presence for their operations. Especially for those businesses with a younger workforce, enabling a space for personal development, culture adoption and welfare.

### Several sectors within commercial real estate still present promising longterm prospects.

**Industrial and Logistics.** The ongoing growth of e-commerce continues to present high demand for industrial and logistics facilities. Investing in warehouses, distribution centres, and fulfilment hubs can prove profitable, given the ever-increasing need for efficient supply chain management. With the continued growth in online retail, companies require strategically located facilities to expedite last-mile deliveries. Allocating a substantial portion of the capital in this sector offers attractive long-term prospects.

**Mixed-Use Developments.** Mixed-use developments that combine commercial, residential, and entertainment spaces have gained significant traction in recent years. These developments create vibrant communities and offer a diverse range of amenities, making them appealing to both tenants and residents. Investing in well-planned mixed-use projects, particularly in urban areas experiencing growth, can provide a steady stream of income from commercial leases while benefiting from residential property appreciation.

**Healthcare Real Estate.** The healthcare sector is expected to witness steady growth due to an aging population and increased demand for medical services. Investing in healthcare real estate, such as medical office buildings, outpatient facilities, and specialised clinics, can offer stability and potentially attractive returns. It is essential to focus on locations with established medical infrastructure and proximity to hospitals and research centres.

**Data Centres.** With the digital age in full swing, data centres have become the backbone of modern technology and cloud computing. The increasing reliance on data storage and processing necessitates substantial investments in

these facilities. Given the constantly evolving technological landscape, targeting data centre developments in regions with favourable business climates and robust connectivity can yield long-term gains as demand continues to rise.

Hospitality and Leisure. While the hospitality industry faced significant challenges during the pandemic, it is gradually recovering and poised for growth. Investing in hotels, resorts, and leisure facilities in popular tourist destinations or emerging markets can be a prudent choice for medium and long-term investments. Careful consideration of the local tourism landscape, accessibility, and demand patterns is crucial to capitalise on this sector's potential.

Considering the evolving macro environment, several sectors within commercial real estate still present promising long-term prospects. Offices in high-demand areas, industrial and logistics facilities to support the continued e-commerce growth, well-planned mixed-use developments, healthcare real estate, data centres, and hospitality and leisure properties in strategic locations all offer avenues for sustainable returns. But, more importantly, and to conclude, come on Coventry City!

## The Marketplace

- Global equities returned 1.2% last week
- 'War rooms' have been established inside several of the world's largest banks as the US runs the risk of being unable to cover its debt by 1 June 2023
- Brent crude rose 1.9% last week to \$75.58 per barrel
- Gold fell 1.6% last week to \$1977.81 per ounce

## Market Focus

### US

- US equities rose 1.7% last week, with the benchmark index breaching the 4,200 level in intraday trading for the first time since late August 2022
- Crunch talks on whether to raise the US debt ceiling concluded without a deal on Friday, hours after Republican negotiators stormed out complaining that President Biden's team were being unreasonable
- Chairman Powell stated in a speech on Friday that "rates may not need to rise as high given credit stress", with the Federal Reserve to remain data dependent

### UK

- UK equities returned 0.1% last week
- The government has offered the owner of Jaguar Land Rover £500million in subsidies in an effort to persuade the carmaker to build a new electric battery plant in the UK
- Britain and the European Union have taken a 'significant step' towards closer post-Brexit ties on financial services regulation, according to a treasury minister
- The UK and other G7 countries are planning collective action against Russia and China if they threaten trade boycotts for political reasons, announcing a new body to deal with 'economic coercion'

### Europe

- European equities returned 0.9% last week
- European Central Bank President Christine Lagarde says the ECB's fight to tame inflation isn't over and more action is still needed
- Eurozone industrial production sank 4.1% sequentially in March after rising 1.5% in February 2023. On a year-over-year basis, industrial output declined 1.4% after increasing 2.0% in the preceding month

### Asia/Rest of The World

- Global emerging market equities returned 0.5% last week
- Japanese equities returned 0.7% last week. Sentiment was supported by data showing that the Japanese economy grew by more than expected over the first quarter of the year, boosted by a post-COVID-19 revival in consumption
- Chinese equities fell 0.8% last week amid concerns that the country's post-COVID-19 recovery is losing steam

## Global Matters Weekly

22 May 2023

Asset Class/Region	Currency	Currency returns			
		Week ending 19 May 2023	Month to date	YTD 2023	12 months
<b>Developed Market Equities</b>					
United States	USD	1.7%	0.6%	9.7%	8.8%
United Kingdom	GBP	0.1%	-1.2%	5.6%	9.9%
Continental Europe	EUR	0.9%	1.3%	13.8%	15.0%
Japan	JPY	3.1%	5.1%	15.7%	19.5%
Asia Pacific (ex Japan)	USD	0.7%	0.0%	2.3%	-0.2%
Australia	AUD	0.5%	0.0%	5.4%	7.8%
Global	USD	1.2%	0.4%	10.1%	9.1%
<b>Emerging markets equities</b>					
Emerging Europe	USD	-3.3%	-0.6%	6.3%	22.8%
Emerging Asia	USD	1.0%	0.3%	2.7%	-0.7%
Emerging Latin America	USD	-0.4%	3.6%	10.5%	7.9%
BRICs	USD	-0.8%	-0.8%	-1.9%	-0.2%
China	USD	-0.8%	-2.4%	-3.0%	-2.5%
MENA countries	USD	-0.6%	-0.4%	2.3%	-11.6%
South Africa	USD	-1.4%	-9.7%	-9.4%	-11.6%
India	USD	-1.2%	-0.4%	0.7%	9.1%
Global emerging markets	USD	0.5%	0.2%	2.9%	-0.8%
<b>Bonds</b>					
US Treasuries	USD	-1.4%	-1.5%	2.1%	-2.4%
US Treasuries (inflation protected)	USD	-1.1%	-1.2%	2.3%	-4.0%
US Corporate (investment grade)	USD	-1.4%	-2.0%	2.2%	-0.4%
US High Yield	USD	-0.4%	-0.9%	3.8%	3.5%
UK Gilts	GBP	-2.0%	-2.5%	-2.2%	-18.0%
UK Corporate (investment grade)	GBP	-1.2%	-1.4%	1.2%	-9.1%
Euro Government Bonds	EUR	-1.0%	-0.8%	1.7%	-9.0%
Euro Corporate (investment grade)	EUR	-0.8%	-0.5%	1.7%	-4.2%
Euro High Yield	EUR	0.3%	0.6%	3.7%	1.3%
Japanese Government	JPY	0.0%	0.0%	2.7%	-1.0%
Australian Government	AUD	-1.5%	-1.4%	3.6%	1.9%
Global Government Bonds	USD	-1.7%	-2.0%	1.4%	-5.7%
Global Bonds	USD	-1.5%	-2.0%	2.0%	-4.2%
Global Convertible Bonds	USD	0.3%	0.5%	2.5%	0.1%
Emerging Market Bonds	USD	-2.0%	-1.8%	0.6%	-1.3%

Source: Bloomberg. Past performance is not indicative of future returns

## Global Matters Weekly

22 May 2023

Asset Class/Region	Currency	Currency returns			
		Week ending 19 May 2023	Month to date	YTD 2023	12 months
<b>Property</b>					
US Property Securities	USD	-2.1%	-3.1%	-0.1%	-8.8%
Australian Property Securities	AUD	-0.4%	0.9%	6.1%	-2.8%
Asia Property Securities	USD	-2.3%	-3.9%	-5.5%	-10.1%
Global Property Securities	USD	-1.8%	-3.2%	-1.0%	-10.6%
<b>Currencies</b>					
Euro	USD	-0.3%	-1.9%	1.0%	2.2%
UK Pound Sterling	USD	0.1%	-0.9%	3.1%	-0.3%
Japanese Yen	USD	-1.5%	-1.3%	-4.9%	-7.4%
Australian Dollar	USD	0.3%	0.7%	-2.2%	-5.6%
South African Rand	USD	-0.5%	-5.8%	-12.2%	-18.4%
Swiss Franc	USD	-0.1%	-0.7%	2.6%	8.1%
Chinese Yuan	USD	-0.8%	-1.4%	-1.6%	-4.3%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	0.9%	-2.8%	-8.1%	-18.3%
Agricultural Commodities	USD	-1.6%	-1.8%	-4.6%	-17.1%
Oil	USD	1.9%	-5.0%	-12.0%	-32.5%
Gold	USD	-1.6%	-0.6%	8.4%	7.3%
Hedge funds	USD	-0.2%	-0.1%	0.2%	-0.3%

**Important notes**

This document is for information purposes only and does not constitute any investment advice. This document is only intended for use by Newport Distribution Ltd and their clients. This does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient.

Prospective investors should take appropriate advice regarding applicable legal, taxation and exchange control regulations in countries of their citizenship, residence or domicile which may be relevant to the acquisition, holding, transfer, redemption or disposal of any investments herein solicited.

Any opinions expressed herein are those at the date this document is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, Momentum GIM does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

The value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally indicative of future performance. Investors whose reference currency differs from that in which the

underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

*Momentum Global Investment Management (Company Registration No. 3733094) has its registered office at The Rex Building, 62 Queen Street, EC4R 1EB*

*Momentum Global Investment Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom.*

© Momentum Global Investment Management Limited 2023