



# Embrace the trend: Invest in companies showing strong momentum

ASX: MTUM

ASX: GTUM

## Betashares Australian Momentum ETF (ASX: MTUM)

## Betashares Global Momentum ETF (ASX: GTUM)

Momentum is a phenomenon that we experience in day-to-day life – a psychological, but very real effect where positive outcomes drive further success, or setbacks can compound leading to a downward spiral.

Academic research and empirical data demonstrate that this behaviour can also be applied to investing, by buying stocks that are increasing in price while avoiding or selling those that are not. However, this requires a disciplined approach which seeks to avoid human bias.

Investors can now access a convenient, systematic way to implement momentum investing in both Australian and international equities, via the [Betashares Australian Momentum ETF \(ASX: MTUM\)](#), and the [Betashares Global Momentum ETF \(ASX: GTUM\)](#).

MTUM and GTUM each aim to track an index comprising a portfolio of Australian or international companies with above-average momentum scores, as measured by their risk-adjusted returns.



### Reasons to consider the Betashares Momentum Funds:

#### 1. Proven investment approach

Momentum investing is a proven approach, supported by empirical research, that seeks to identify stocks that have recently outperformed the broad market, based on the tendency for such trends to persist over time.

#### 2. Complementary equity diversifier

MTUM and GTUM provide exposure to companies with return profiles that are distinct from other investment styles. This makes them compelling complements to both active and passive funds within a diversified equity portfolio.

#### 3. Convenient, systematic way to capture momentum

Momentum investing can be difficult to implement directly and is prone to human bias. MTUM and GTUM's indices are purely rules-based, prioritising stocks with strong and consistent momentum, while removing the worst performers.

## What is momentum investing?

Momentum investing is a strategy that involves buying companies that have outperformed and selling or avoiding those that have recently underperformed.

Backed by academic research, momentum is a well-known 'style factor' (alongside value and quality).

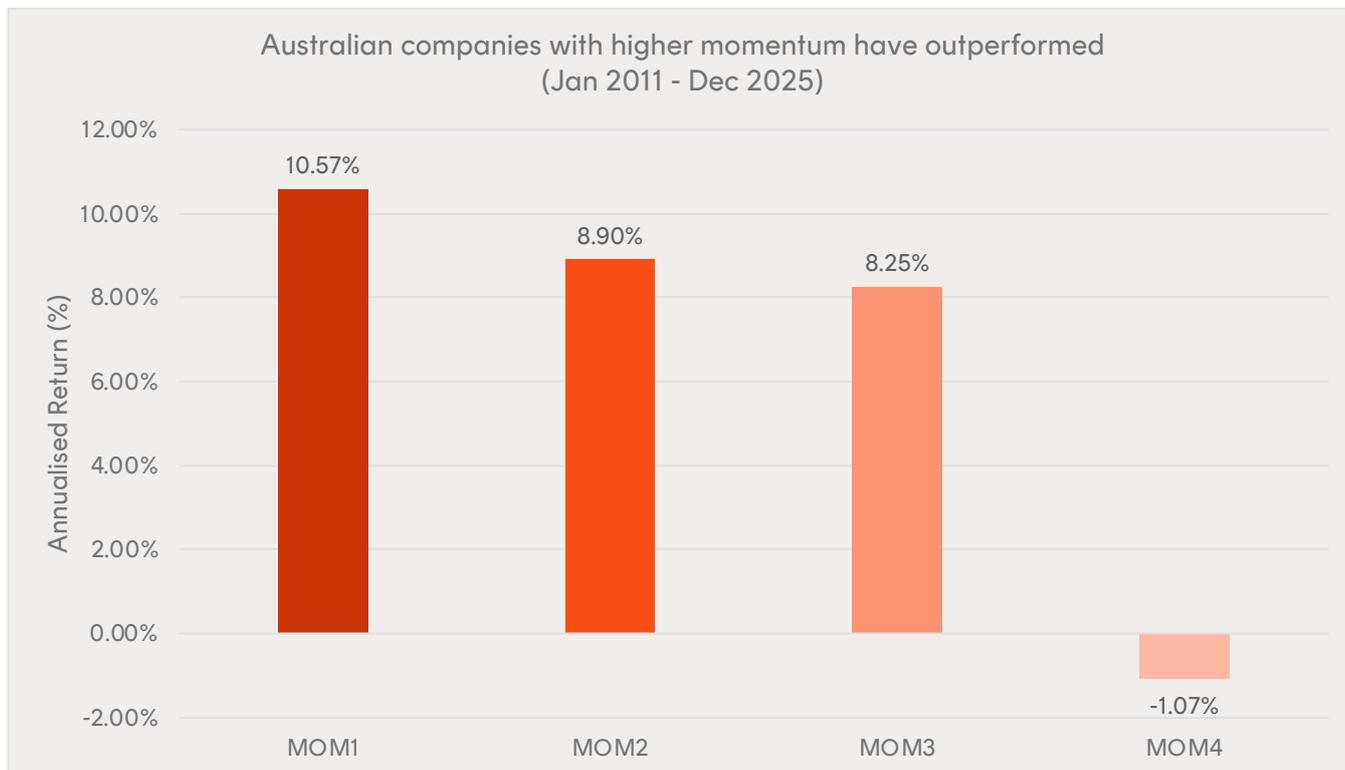
Rather than aiming to profit from underlying company fundamentals, momentum investing instead is based on the theory that rising asset prices tend to continue rising, and falling prices tend to continue falling.

## Why should investors consider a momentum-based investment strategy?

Momentum can play a key role in investors' portfolios, by potentially providing enhanced returns when compared to a broad based, market cap-weighted equity fund, or as a complement to other equity funds.

The below analysis illustrates the performance of 200 of the largest Australian companies grouped into quartiles by their *momentum rankings* measured by their risk-adjusted returns (12-month total return/12-month volatility), weighted equally and rebalanced semi-annually.

The top 50 stocks by momentum ranking are grouped into the first quartile (MOM1) with MOM2 consisting of stocks with the next 50 highest risk-adjusted rankings, and so on.



Source: Solactive, Betashares as at 31 December 2025. Past performance is not indicative of future returns.

The chart above shows that, over this period, stocks with the highest momentum scores (MOM 1) achieved far superior performance (by around 12% p.a.) compared to stocks with the lowest momentum scores (MOM 4), while both MOM 2 and MOM 3 lie somewhere in between.

## Why does momentum work?

The initial research on momentum was published by Jegadeesh and Titman in 1993<sup>1</sup>, and has been found to be persistent since that time and pervasive across a range of countries and asset classes.<sup>2</sup>

There are two main explanations for why momentum investing works – behavioural and risk based.

The behavioural explanation says that momentum exists because of investors' cognitive biases such as herding behaviour, whereby the buying pressure of investors following the crowd leads to a self-fulfilling prophecy which accelerates the momentum trend and the fear of missing out.

Another behavioural explanation for the momentum phenomenon is the 'limited attention bias' that assumes there is a limit to the amount of information an investor can process in a given period. As a result, you would be more likely to act (buy or sell) when there is a large movement in the share price of a company, as this information is readily available and recallable, than when a stock moves in a small and gradual manner. The end result is that investors with this bias tend to buy into a stock that's going up while selling those that are going down – fuelling momentum.

<sup>1</sup>Jegadeesh, N. and Sheridan, T., (1993). "Returns to Buying Winners and Selling Losers: Implications for Stock Market Inefficiency." *Journal of Finance*. 48, 65-91.

<sup>2</sup>Your Complete Guide to Factor-Based Investing by Andrew L. Berkin & Larry E. Swedroe (2016). See Chapter 4 'The Momentum Factor' pp. 76-80.

The risk-based explanation holds that you are being compensated for bearing risk – i.e. the risk of markets suddenly plunging in the event of a recession or major correction. While momentum (as a well-established factor) has positive expected returns over the long run, it can come with large but infrequent losses that risk-averse investors may wish to avoid. For example, momentum experienced a sharp negative reversal throughout the Global Financial Crisis of 2008, but recovered in the years after.

## Introducing MTUM and GTUM

An individual investor seeking to implement a momentum-based strategy on their own faces several hurdles, including the time commitment required, the difficulty of consistently identifying outperforming stocks, the challenge of maintaining an unbiased buying and selling discipline, and the impact of execution costs.

MTUM and GTUM each provide a professionally managed, cost-effective approach to momentum investing for Australian investors.

**Betashares Australian Momentum ETF (ASX: MTUM)** seeks to track an index (before fees and expenses) comprising a portfolio of Australian companies with above average momentum scores, as measured by risk adjusted returns.

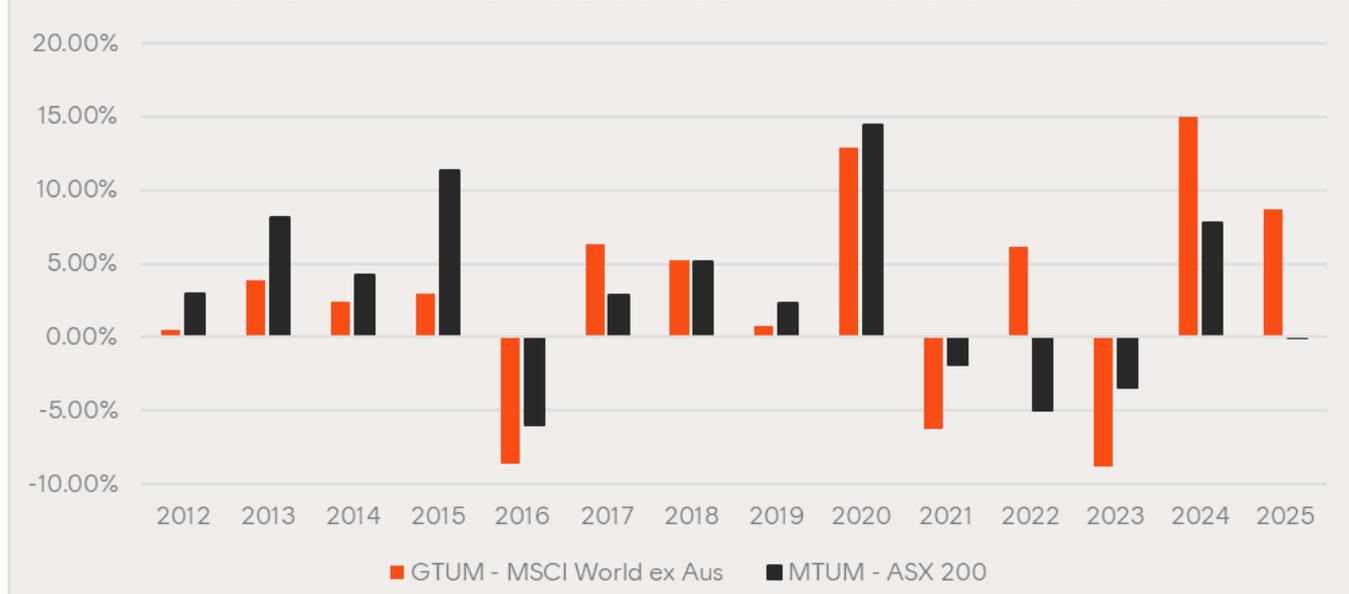
**Betashares Global Momentum ETF (ASX: GTUM)** aims to track the performance of an index (before fees and expenses) comprising a portfolio of global developed-market companies excluding Australia with above average momentum scores, as measured by risk-adjusted returns.

	Australian Shares	Global Shares
Fund	Betashares Australian Momentum ETF	Betashares Global Momentum ETF
ASX code	MTUM	GTUM
Underlying portfolio	Portfolio of Australian equities showing strong momentum	Portfolio of global developed markets companies (excluding Australia) showing strong momentum
Index	Solactive Australia Momentum Select Index	Solactive Developed Markets Ex Australia Momentum Select Index (NTR)
Management fee and costs	0.35% p.a.*	0.35% p.a.*

\* Certain additional costs apply. Please refer to PDS.

In terms of calendar year returns, MTUM's index has outperformed the S&P/ASX 200 Index in 9 out of the 14 most recent calendar years by an average of 3.07% p.a., while GTUM's index has outperformed the MSCI World ex Australia Index in 11 out of the 14 most recent calendar years by an average of 2.93% p.a.

## Momentum Indices vs Broad Benchmarks: Excess Returns



Source: Bloomberg, Betashares. As at 31 December 2025. Chart shows index performance (not actual fund performance) to illustrate the longer-term historical performance of companies with high momentum, and does not take into account management fees and costs of 0.35% p.a. You cannot invest directly in an index. **Past performance is not indicative of future performance.**

Total Return as at 31 December 2025 (p.a.)	MTUM's Index	ASX 200
1Y	10.31%	10.31%
3Y	12.73%	11.36%
5Y	9.21%	9.87%
10Y	10.87%	9.28%
Since MTUM Index Inception	11.38%	8.69%

Source: Bloomberg, Betashares as at 31 December 2025. MTUM's index inception date was 31 May 2011. Table shows index performance (not actual fund performance) to illustrate the longer-term historical performance of Australian companies with high momentum, and does not take into account MTUM management fees and costs of 0.35% p.a. MTUM's inception date was 22 July 2024. You cannot invest directly in an index. **Past performance is not indicative of future performance of MTUM's index or MTUM.**

Total return as at 31 December 2025 (p.a.)	GTUM's Index	MSCI World ex Australia
1y	20.90%	12.53%
3y	26.51%	22.03%
5y	18.35%	15.57%
10y	16.24%	13.22%
Since GTUM Index Inception	16.81%	13.67%

Source: Bloomberg, Betashares as at 31 December 2025. GTUM's index inception date was 31 January 2011. Table shows index performance (not actual fund performance) to illustrate the longer-term historical performance of global companies with high momentum, and does not take into account GTUM management fees and costs of 0.35% p.a. GTUM's inception date was 30 January 2026. You cannot invest directly in an index. **Past performance is not indicative of future performance of GTUM's index or GTUM.**

## A systematic approach to momentum

MTUM and GTUM's indices (the Solactive Australia Momentum Select Index and the Solactive Developed Markets Ex Australia Momentum Select Index (NTR), respectively) employ a systematic or 'rules based' approach to momentum investing. This removes human biases from the investment process, as these biases can cause irrational behaviour.

For each index, a selection day occurs every two months whereby all stocks in the eligible Index universe are given a momentum ranking. This score is based off 6 and 12-month risk adjusted returns to target more sustainable positive momentum over sharp, highly volatile run-ups. Stocks displaying consistently strong positive momentum over the last 4 selection days are rewarded with higher weights in the index. The constituents in the final index are weighted based on a combination of their momentum score and their market capitalisation.

On the latest selection day, any stock with a 6-month total return that ranks in the lowest 10% (MTUM) or 20% (GTUM) of the Index universe is excluded from the final portfolio, ensuring the worst performing stocks are removed quickly.

For further information about each Funds' index methodology, please refer to the PDS.

## Portfolio diversification

Momentum offers a unique return profile that differentiates it from other popular style factors such as quality and value, historically displaying negative or low excess return correlation. This makes it an appealing complement to many equity fund strategies (both passive and active).

Excess Return Correlation	GTUM's Index	Value	Quality
GTUM's Index	1		
Value	-0.22	1	
Quality	0.27	-0.51	1

Correlation of monthly excess returns over MSCI World ex Australia Index, from Jan 2011 – Dec 2025. Value is represented by MSCI Value Index, Quality is represented by MSCI Quality Index. All returns in AUD. You cannot invest directly in an index. Past performance is not indicative of future performance.

Academic research has shown that differences in long-term equity returns can be largely explained by exposure to a set of systematic factors. The Carhart Four-Factor Model (1997) expands on the well-established Fama-French Three-Factor Model by adding momentum to the existing market beta, size, and value factors, helping improve the explanation of return drivers. More recent models, such as the Hou–Xue–Zhang q-Factor Model (2015), further build on this by incorporating quality factors such as profitability.

These insights highlight the importance of blending factors such as value, quality and momentum together to help improve portfolio diversification and capture return drivers across different stages of the market cycle.

## Portfolio implementation

MTUM and GTUM are designed to provide a convenient, transparent and cost-effective way for Australian investors to gain diversified exposure to companies exhibiting strong price momentum as measured by their risk-adjusted returns.

Investors may consider MTUM or GTUM:

- as an efficient way of accessing the performance potential of high momentum stocks, and
- as a complement to other equity strategies, including both passively and actively managed funds, given momentum's unique return profile.

There are risks associated with an investment in the Funds, including market risk, index methodology risk, momentum investing risk, portfolio turnover risk and concentration risk. Investment value can go up and down. For more information on risks and other features of the Funds, please see the Product Disclosure Statement and Target Market Determination available at [www.betashares.com.au](http://www.betashares.com.au).

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