

The Most Hated Winning Strategy in Finance

Key Takeaways

- Momentum investing is too **often dismissed as performance chasing** or speculative trading, despite decades of evidence supporting its persistence across markets and asset classes.
- Momentum is **not a surrender to emotion, but a systematic discipline** that helps investors adapt to changing market regimes and improves portfolio resilience.
- The persistence of momentum may be explained, in part, by the very **behavioral and institutional biases** that continue to make many investors hesitant to embrace it.

Momentum investing presents one of the great ironies in modern finance. Across decades of academic research, market cycles, geographies, and asset classes, momentum remains among the most persistent and empirically validated investment factors ever observed. Yet despite this extensive evidence, it is still frequently viewed with skepticism, discomfort, or even outright disdain within institutional investment circles.

The very strategy that has repeatedly demonstrated an ability to identify market leadership, adapt to changing regimes, and improve portfolio resilience is too often reduced to simplistic labels such as “performance chasing” or speculative trading. In reality, momentum investing represents precisely the opposite. It is not a surrender to emotion - it is a systematic defense against it. The irony is not that momentum exists. The irony is that an industry built on research, evidence, and fiduciary discipline can remain hesitant to embrace one of the market’s most enduring empirical truths simply because it feels uncomfortable.

At its core, momentum investing recognizes a deeply human reality: markets do not instantly and perfectly incorporate information. Investors underreact, anchor to prior beliefs, cling to familiar narratives, and slowly adjust expectations over time. Institutions themselves are not immune to these same behavioral forces. Committee structures, governance processes, consultant frameworks, and career incentives often favor familiarity, consensus, and reputational comfort over adaptability and evidence-driven evolution. Momentum challenges these tendencies. It asks investors to acknowledge that leadership can persist longer than expected, that deteriorating assets often continue deteriorating, and that markets frequently contain valuable information long before narratives fully catch up. That discomfort should not be viewed as evidence against momentum. If anything, it may help explain why the premium has persisted across generations of investors and across nearly every major asset class in the world.

For investment committees and consultants, this presents both a challenge and an opportunity. Fiduciary leadership requires more than simply following convention or repeating familiar frameworks. It requires the willingness to evaluate ideas objectively, transparently, and with intellectual honesty - particularly when those ideas challenge instinct or institutional habit. Every investment approach experiences periods of difficulty, including value, quality, growth and more traditional active management. Momentum is no exception. But as fiduciaries, we should ask ourselves an important question: should investment decisions be governed primarily by evidence and disciplined process, or by emotional comfort and narrative familiarity? The responsibility of long-term capital stewardship is not to avoid discomfort at all costs. It is to pursue rational allocation with humility, rigor, and openness to approaches that have demonstrated persistent merit over time. Momentum investing does not ask institutions to abandon fundamental analysis or long-term thinking. Rather, it complements those disciplines by introducing adaptability, behavioral awareness, and systematic decision-making into the portfolio construction process.



The institutional investment community has made enormous progress over the past several decades by embracing research, advancing risk management, and moving steadily toward more evidence-based approaches to investing. Momentum deserves to be viewed through that same lens. Institutions have an opportunity to lead by remaining open to the possibility that some of the market's greatest lessons emerge not from what feels comfortable, but from what the evidence consistently reveals. History suggests that many of the most effective investment disciplines initially appeared counterintuitive before becoming accepted practice. Momentum may ultimately prove no different. In an industry that rightly prides itself on intellectual rigor and fiduciary responsibility, the greater risk may not be embracing momentum thoughtfully and prudently - but continuing to dismiss one of the market's most persistent truths because it asks us to rise above instinct, convention, and institutional comfort.

A handwritten signature in black ink, appearing to read "Travis Prentice".

Travis Prentice
Chief Investment Officer, Portfolio Manager

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