

# Harmony US Dollar Balanced Fund

## Fund details

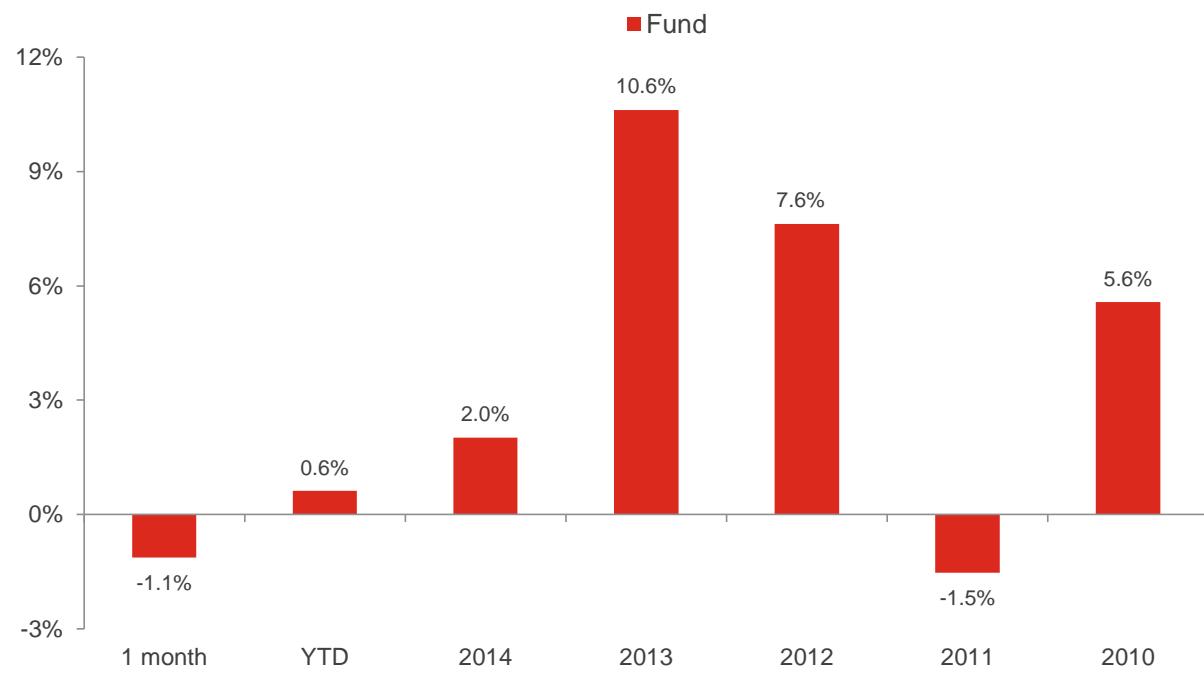
Investment manager: <b>Momentum Global Investment Management</b>	ISIN A Class: <b>LU0651986068</b>	Price per share A Class: <b>USD 1.1197</b>
Currency: <b>USD</b>	ISIN B Class: <b>LU0651986142</b>	Price per share B Class: <b>USD 1.1336</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651986225</b>	Price per share C Class: <b>USD 1.2443</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651986498</b>	Price per share D Class: <b>USD 1.1743</b>
Minimum investment: <b>Share classes A, B, C &amp; D: USD 7,500</b>	Subscriptions / redemptions: <b>daily</b>	Investment timeframe: <b>3 years +</b>

## Investment objective

The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

Please refer to the Prospectus for full details of the fund, its charges, the investment objective and investment policy.

## Fund performance



## Cumulative returns



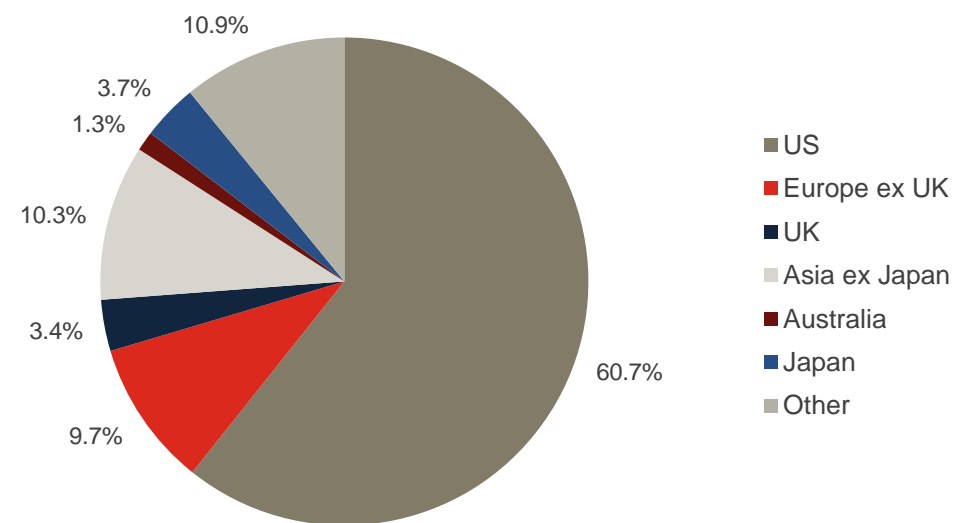
## Holdings

Holdings	Asset type	Weight
Muzinich EnhancedYield Short-Term (USD hedged)	Fixed Income	9.5%
Harris Associates Concentrated US Equity	Equity	7.8%
RWC Asia Convertibles	Fixed Income	6.6%
Artisan Global Value	Equity	6.2%
Wells Fargo US All Cap Growth	Equity	6.2%
RWC Global Convertibles	Fixed Income	6.1%
Yacktman US Equity	Equity	5.3%
Vulcan Value Equity	Equity	5.3%
Muzinich EM Short Duration (USD hedged)	Fixed Income	4.9%
AXA US Short Duration High Yield	Fixed Income	4.9%
Cash	Cash	4.6%
Third Avenue Real Estate Value	Property	4.5%
AXA US High Yield	Fixed Income	4.2%
iShares JP Morgan Emerging Markets Bond	Fixed Income	4.1%
Dimensional Emerging Markets Value	Equity	3.8%
Heptagon Kopernik Global All-Cap Equity	Equity	2.3%
Old Mutual Dublin Global Bond	Fixed Income	2.0%
First State Global Listed Infrastructure	Equity	1.9%
Schroder UK Recovery	Equity	1.9%
American Century Concentrated Global Growth	Equity	1.6%
Cohen & Steers Global Real Estate	Property	1.5%
Polar Capital Japan (USD hedged)	Equity	1.5%
Morgan Stanley Global Brands	Equity	1.5%
Granahan US Focused Growth	Equity	1.4%
iShares Gold Producers	Commodities	0.4%

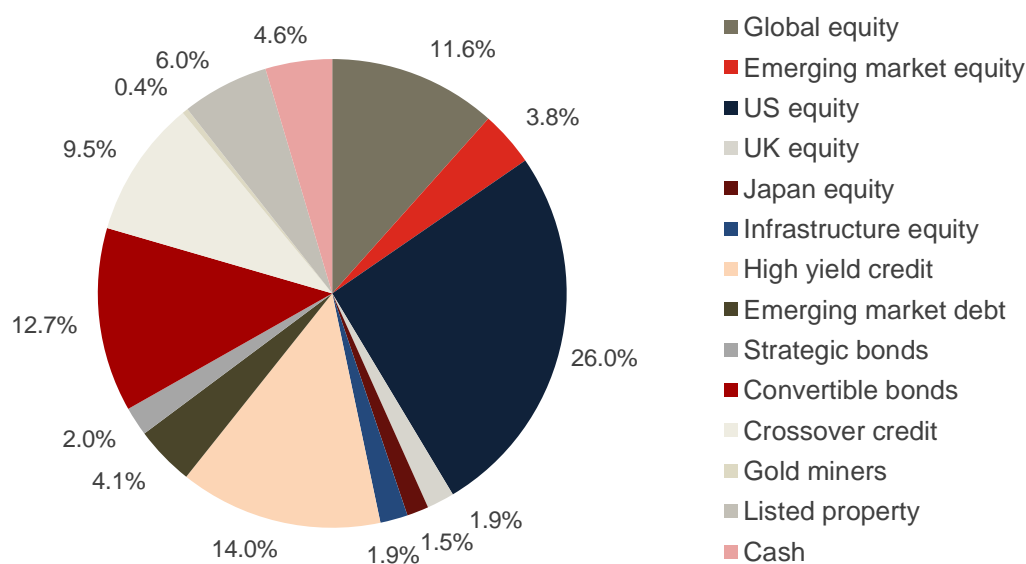
## Investment statistics (since 1 January 2009)

Current month return:	-1.1%
Cumulative return:	52.5%
Annualised return:	7.0%
Annualised volatility:	7.1%

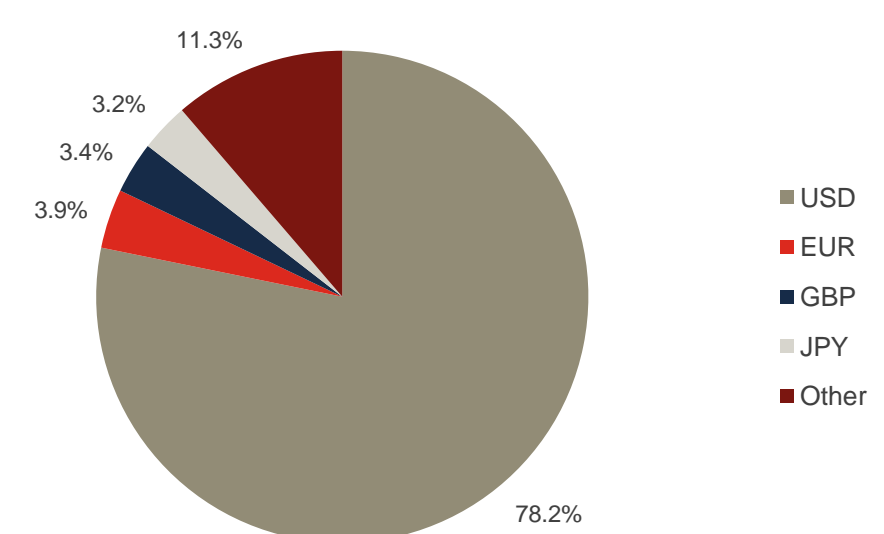
## Regional allocation



## Strategy allocation



## Currency allocation



## ■ Manager commentary

Markets continued to be led by central bank policy moves and statements in April. The European Central Bank (ECB) announced details of its quantitative easing programme and started buying assets at a rate of €60 billion per month from the 9th of March. In the meantime the Federal Reserve (Fed) indicated its desire to begin the process of policy normalisation, dropping the word 'patient' when referring to its stance on raising interest rates. As a result policy is diverging between these two key central banks, with the ECB in ultra-loose mode while the Fed has stopped asset purchases and is looking to raise interest rates. Meanwhile, the Bank of Japan also remains in ultra-loose mode, continuing to purchase assets at the rate of US\$50-60 billion per month.

These actions drove markets, with European and Japanese equities and bonds outperforming significantly in March, while US equities struggled to make progress. European equities added 3.2% in March in local currency terms, taking their rise so far this year to close to 20%, while Japanese equities added 2.1%. Both the Asia Pacific ex Japan and Australian equity markets were marginally down for the month. Meanwhile equity indices in the US and UK declined by 1.6% and 2.0% respectively. Bond markets benefited from the drop in yields in Europe, as well as the benign outlook for inflation. The biggest beneficiaries in March were government bonds whereas credit markets, especially in Europe, failed to match these returns. High yield bonds produced negative returns over the month, but still show good gains year to date. Some of the largest moves were seen in the currency markets, with the euro and Sterling depreciating by around 4% relative to the US dollar over the month, while the Australian Dollar weakened by 2.6%. These moves resulted in declines for most global equity and bond indices when expressed in US dollar terms.

In March the Harmony US Dollar Balanced Fund returned -1.1% net of all fees in US dollar terms. This weak performance was largely driven by the US equity market's modest decline as well as the translation effects of a strong US dollar. Our selected US equity managers had mixed success in offsetting the equity market headwind: the Granahan (-0.4%) and Wells (-0.5%) holdings fell by less than the S&P 500 index, while Vulcan were in line (-1.6%) and both Harris (-1.7%) and Yacktmann (-2.7%) underperformed. All of the Fund's global equity holdings also posted declines of varying magnitudes due to the decline in the US market, which represents a large proportion of most global managers' portfolios, as well as continued strength in the US Dollar. These detractors were offset by reasonable returns from some of the Fund's fixed income holdings, including RWC Asian Convertibles (+1.6%) and Muzinich Emerging Markets (+0.4%).

One significant change was made to the portfolio during March: after conducting a detailed research review into the global listed real estate sector, reviewing and meeting dozens of managers, we have replaced our previous incumbent manager in this sector, Cohen & Steers, with Third Avenue. We believe now is a good time to make this manager change in the Harmony funds; Real Estate Investment Trusts (REITs) have performed very well in recent years, with investors being attracted to the relatively high dividend yields on offer, leading to higher valuations across the sector. Third Avenue look beyond the typical universe of other listed real estate strategies in order to identify securities that offer more attractive valuations and better growth potential and we believe their strategy is capable of delivering long term outperformance compared to the sector.

Third Value is a specialist value orientated manager based in New York, managing approximately \$12bn across various strategies including Global, US Small Cap, International and Real Estate equity as well as a focused credit strategy. They are owned by AMG, a global asset management company that also owns several other boutique investment management firms that all act autonomously from each other. Third Avenue's Real Estate Value strategy was launched in 1998 and is managed by a dedicated team of three portfolio managers and three analysts. Michael Winner, one of three co-portfolio managers, has managed the strategy since inception, and was joined by Jason Wolf and Ryan Dobratz in 2004 and 2006 respectively. The team members are highly focused on this strategy and very experienced, with each benefiting from additional real estate related experience prior to starting their current roles. Since inception the strategy has been managed according to a long term value orientated approach, investing in out of favour securities with a focus on total return and capital appreciation. The team mostly seek exposure to prime real estate in core markets and have a broad investable universe which includes equities that are classified as REITs, Real Estate Operating Companies or homebuilders as well as businesses that are focused on providing real estate related services. These securities offer the diversification benefit and long term return potential of real estate, but with the liquidity of an equity security. The team consistently implement a strong and sensible investment process and the resultant portfolio, which is highly differentiated from both the benchmark and peers, is concentrated in only 30-40 positions with the top ten holdings usually accounting for 40-50% of the Fund. This concentrated approach allows them to take high conviction positions. Holdings are typically divided between strategic positions, with a five to ten year investment horizon, and tactical positions, with a shorter term outlook of two or three years.

Source: Bloomberg, Momentum Global Investment Management.

## ■ Important Information

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. Past performance is not a guide to future performance. Performance is calculated on a total return basis, net of all fees.

This document does not provide all the facts needed to make an informed investment decision. Prior to investing, investors should read the Key Investor Information Document (KIID) and seek professional investment advice where appropriate.

Harmony Portfolios are sub-funds of the Momentum Global Funds SICAV, which is domiciled in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier. The fund conforms to the requirements of the European UCITS Directive.

Prior to the fund's inception as a sub fund of the Momentum Global Funds SICAV on 12 August 2011, the fund was managed as the Harmony US Dollar Balanced Incorporated Cell (IC) within the Momentum Mutual Fund. The historical performance of the Harmony US Dollar Balanced IC is shown from 1 January 2009 until the inception date of the SICAV.

This financial promotion is issued by Momentum Global Investment Management Limited (MGIM). MGIM is the Investment Manager, Promoter and Distributer for the Momentum Global Funds SICAV. MGIM is registered in England and Wales No. 03733094. Registered Office: The Rex Building, 62 Queen Street, London EC4R 1EB. MGIM is authorised and regulated by the Financial Conduct Authority No. 232357.