

# Harmony US Dollar Balanced Fund

## Fund details

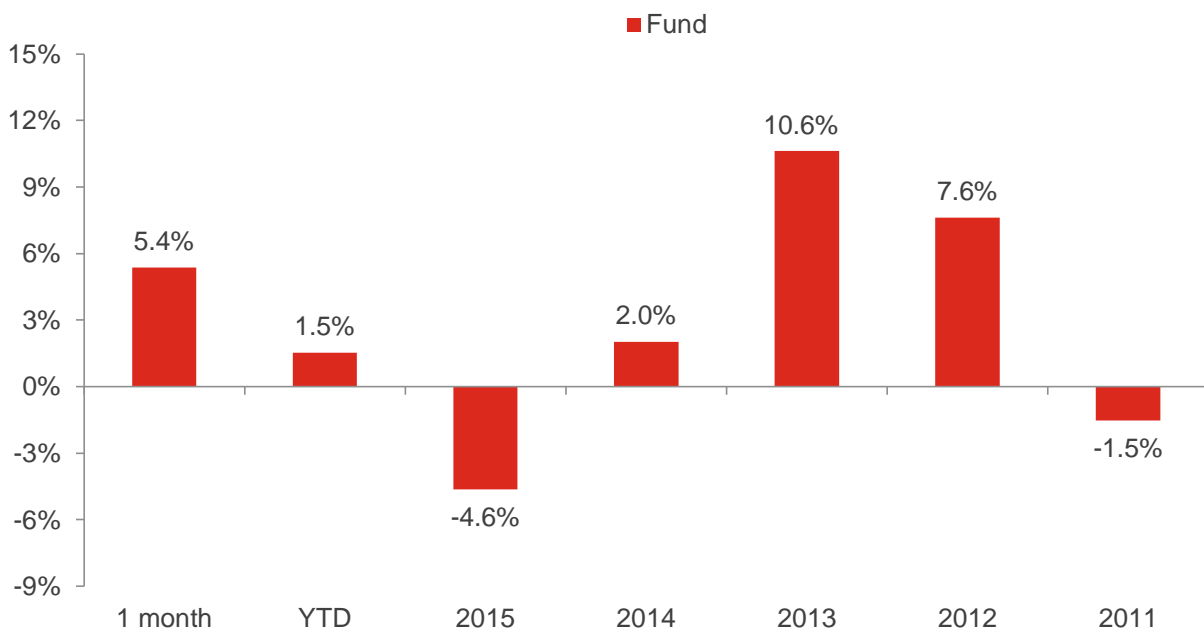
Investment manager: <b>Momentum Global Investment Management</b>	ISIN A Class: <b>LU0651986068</b>	Price per share A Class: <b>USD 1.0774</b>
Currency: <b>USD</b>	ISIN B Class: <b>LU0651986142</b>	Price per share B Class: <b>USD 1.0906</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651986225</b>	Price per share C Class: <b>USD 1.1914</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651986498</b>	Price per share D Class: <b>USD 1.1181</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

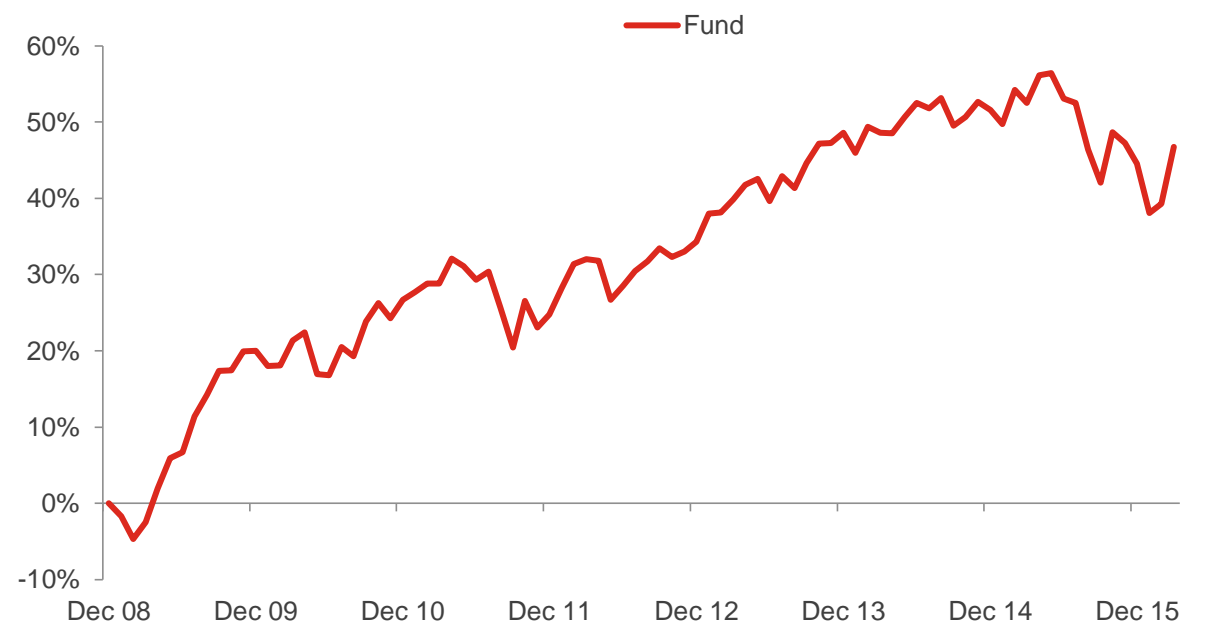
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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



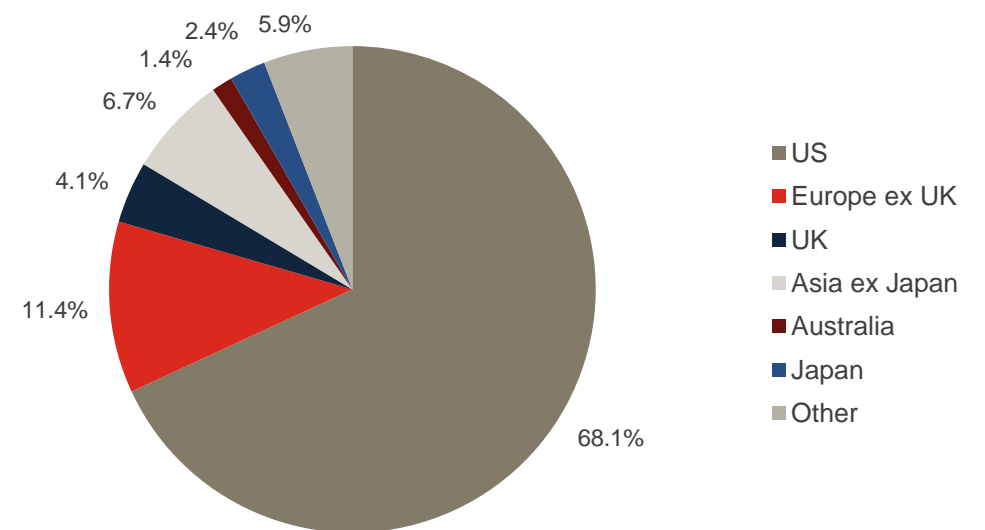
## Holdings

Holdings	Asset type	Weight
BlackRock US Corporate Bond Index	Fixed Income	10.2%
Artisan Global Value	Equity	6.2%
Third Avenue Real Estate Value	Property	6.1%
AXA US High Yield	Fixed Income	5.8%
Yacktman US Equity	Equity	4.9%
Vulcan Value Equity	Equity	4.8%
Cash	Cash	4.7%
Muzinich EnhancedYield Short-Term (USD hedged)	Fixed Income	4.6%
Wells Fargo US All Cap Growth	Equity	4.2%
iShares JP Morgan Emerging Markets Bond	Fixed Income	4.1%
Harris Associates Concentrated US Equity	Equity	4.1%
Conventum Lyrical	Equity	4.0%
AXA US Short Duration High Yield	Fixed Income	4.0%
Westwood Strategic Global Convertibles (USD hedged)	Fixed Income	3.4%
RWC Asia Convertibles	Fixed Income	3.4%
First State Global Listed Infrastructure	Equity	3.2%
FP Crux European Special Situations	Equity	3.1%
Dimensional Emerging Markets Value	Equity	3.1%
RWC Global Convertibles	Fixed Income	2.9%
Heptagon Kopernik Global All-Cap Equity	Equity	2.8%
Schroder UK Recovery	Equity	2.1%
Jennison Global Equity Opportunities	Equity	2.1%
Morgan Stanley Global Brands	Equity	2.0%
American Century Concentrated Global Growth	Equity	1.5%
Granahan US Focused Growth	Equity	1.1%
BlackRock Developed Real Estate	Property	1.1%
iShares Gold Producers	Commodities	0.5%

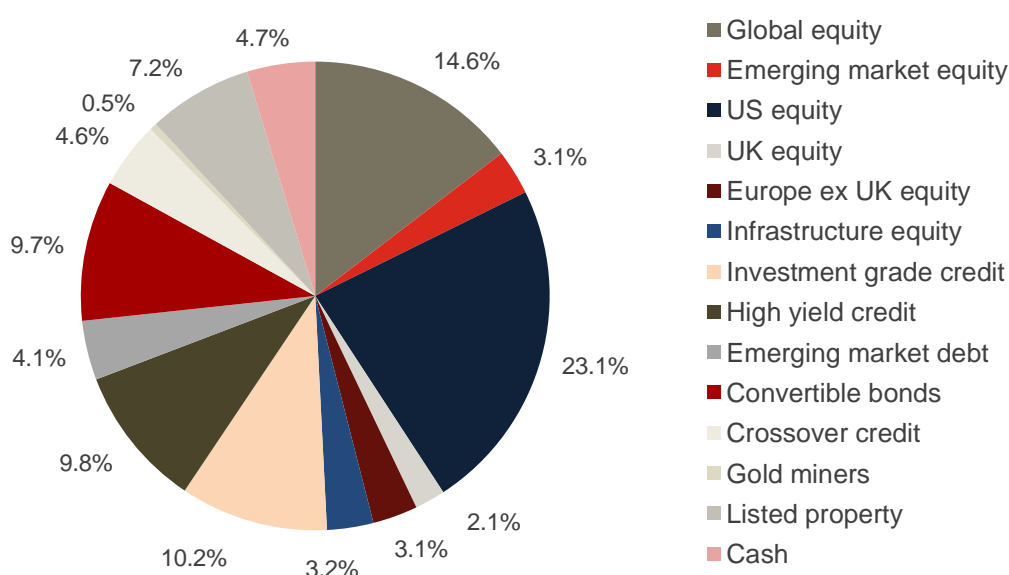
## Investment statistics (since 1 January 2009)

Current month return:	5.4%
Cumulative return:	46.8%
Annualised return:	5.4%
Annualised volatility:	7.7%

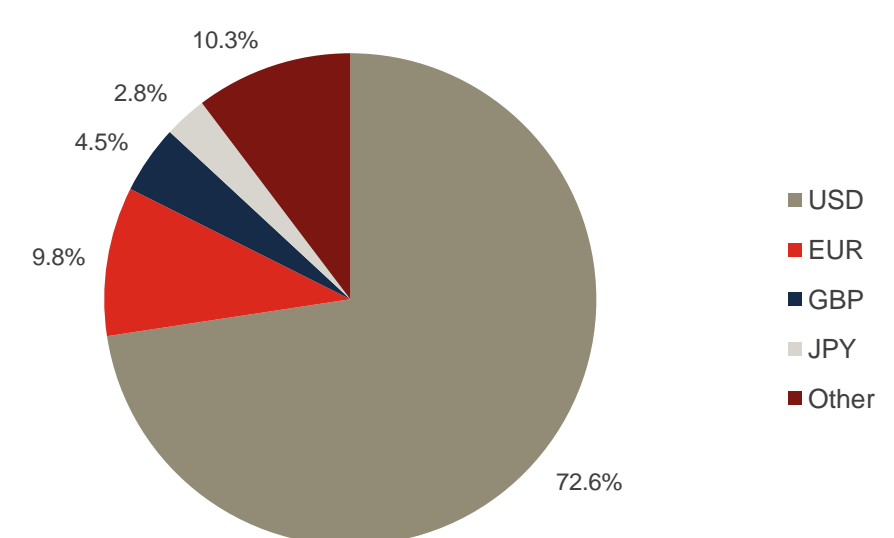
## Regional allocation



## Strategy allocation



## Currency allocation



## ■ Manager commentary

The recovery in markets, which started in February, continued into March and by month-end many equity markets had recovered much of the ground lost from the sharp sell-off at the start of the year. A rally of 12.0% by the MSCI World index, from the February lows to the end of March, left the year-to-date return at -2.0% in local currency terms. Emerging markets led the way, with a return of 8.3% in March, taking the year-to-date return to 2.7% in local currency terms. Among the major developed equity markets the US produced the best return, 6.8% in March, bringing the S&P 500 index to within a whisker of its all-time high. Other areas were less strong: continental Europe was up by 1.9% in March; the UK added 1.7% and Australia rose by 4.8%. Credit participated fully in the rally in risk assets in March, with global investment grade bonds rising by 2.3%, US high yield by 4.4% and hard currency emerging market debt adding 3.2%. Several factors lay behind the recovery, aside from the fact that markets were oversold at the start of the year. Firstly, after the oil price bottomed in late January, Brent crude oil rallied over 40% to above USD 40 per barrel during the month, before settling at USD 39.6 at month-end. This eased the pressure on the oil sector, as well as on several important emerging economies. Additionally, central banks provided big support once again, with the European Central Bank over-delivering in its latest round of monetary easing. The bank cut interest rates further into negative territory, extended the size and reach of its asset purchase programme, and provided a new financing facility for Eurozone banks to help offset the problem of negative interest rates on profitability. Finally, US dollar weakness provided a much needed relief to commodities and emerging markets. The greenback's trade-weighted index fell by 3.7% in March providing a tailwind for asset class returns when translated into US dollar terms.

The Harmony US Dollar Balanced Fund returned 5.4% in US dollar terms in March net of fees. The Fund achieved a positive return of 1.5% for the first quarter of 2016, marginally ahead of the S&P 500 index. Asset allocation and equity manager selection contributed significantly to performance last month. In terms of asset allocation, the Fund benefited from both its developed and emerging market equity holdings, as well as from corporate bond holdings, particularly US high yield. The returns from these asset classes were substantially higher than the areas of the market where we take limited exposure, including cash and government bonds. Furthermore, our decision to increase the Fund's equity allocation at the start of February, prior to the lows reached across most equity markets around the middle of that month, also benefited performance. In terms of manager selection, the main contribution came from the Fund's value orientated equity managers with outperformance of as much as 4%. The top performing holding was the Dimensional Emerging Markets Value fund, which returned 14.8% in US dollar terms, while larger holdings in listed real estate and listed infrastructure contributed gains of between 8.9-10.3%. Further depreciation in the US dollar relative to other major currencies provided a tailwind to performance of these international holdings when measured in the Fund's base currency.

A new holding in the Jennison Global Equity Opportunities fund was added during late February/early March. The fund is managed by Mark Baribeau who has invested with the same approach since 2004 and has been supported by several of the same experienced team members for many years (Mark's team came across with him from Loomis Sayles in 2011). The team implement an aggressive growth investment approach, focusing on stocks displaying acceleration in their earnings growth (as opposed to just high and stable growth rates). The consistent style exposure their approach provides is typically complementary to more value orientated investment styles, with outperformance from aggressive growth and value styles usually being delivered in different market environments.

Having experienced a strong rally against a background of subdued growth, corporate profitability under pressure, continuing debt problems especially in Europe, and question marks over extraordinary monetary policy, markets may be due a period of consolidation. On the positive side, the worst fears and consequences of the crash in oil and commodity markets are now fully priced in and discounted, and we may already have seen the bottom in these markets; additionally economies continue to grow, albeit modestly, while emerging markets are five years through the down cycle and offer recovery prospects from these levels. Finally, a damaging surge in inflation seems a distant prospect, and with USD 7 trillion of government debt, or about one third of the total in issue globally, trading with negative yields, risk assets are likely to see continuing support. However, with these competing forces on markets, it is likely that the volatility we have witnessed in the first quarter of this year will be a feature in the months if not years ahead. In these conditions we believe it is important to stay invested, broadly diversified, and patient. Alongside risk assets, safe havens such as investment grade bonds and gold or gold producers, offer good diversification and some protection from periods of market dislocation. Finally the big shift from growth to value stocks in the past quarter illustrates the benefit of diversification across equity styles, and with value still trading at historically low levels, widespread opportunities still exist globally.

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.

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