

# Harmony US Dollar Balanced Fund

## Fund details

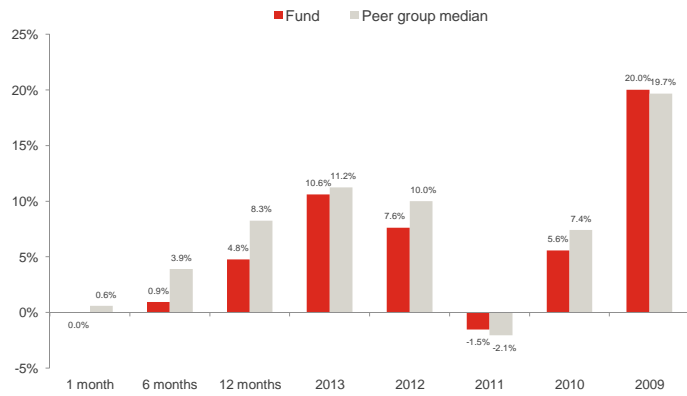
Investment manager: <b>Momentum Global Investment Management</b>	ISIN A Class: <b>LU0651986068</b>	Price per share A Class: <b>USD 1.0905</b>
Currency: <b>USD</b>	ISIN B Class: <b>LU0651986142</b>	Price per share B Class: <b>USD 1.1042</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651986225</b>	Price per share C Class: <b>USD 1.2175</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651986498</b>	Price per share D Class: <b>USD 1.1542</b>
Minimum investment <b>Share Class A: USD 100,000; Classes B, C &amp; D: USD 7,500</b>	Subscriptions / redemptions: <b>daily</b>	
Peer group source: <b>Bloomberg<sup>1</sup></b>	Investment timeframe: <b>3 years +</b>	

## Investment objective

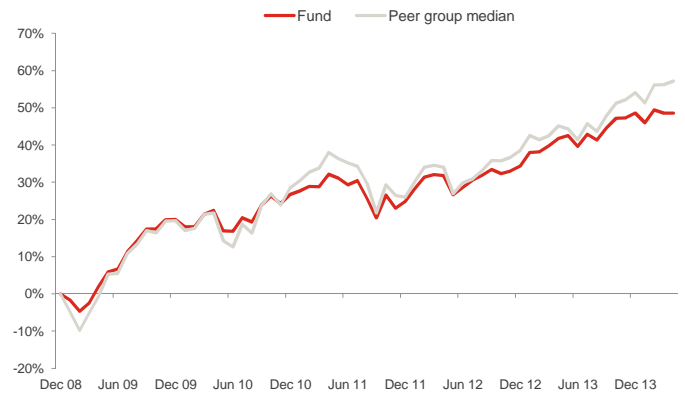
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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



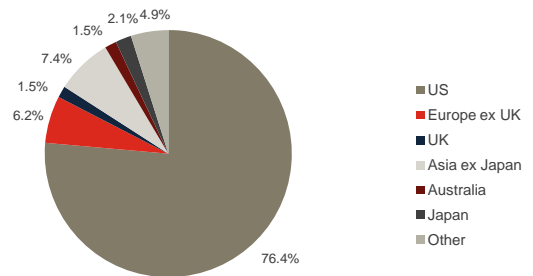
## Holdings

Holdings	Asset type	Weight
Cash	Cash	19.7%
Old Mutual Dublin Global Bond	Fixed Income	9.7%
Wells Fargo US All Cap Growth	Equity	8.0%
Harris Associates Concentrated US Equity	Equity	7.0%
Cohen & Steers Global Real Estate	Property	6.8%
Artisan Global Value	Equity	6.1%
RWC Global Convertibles	Fixed Income	5.8%
Yacktman US Equity	Equity	5.6%
Vulcan Value Equity	Equity	5.5%
BlackRock US Corporate Bond Index	Fixed Income	5.2%
RWC Asia Convertibles	Fixed Income	4.9%
iShares JP Morgan Emerging Markets Bond	Fixed Income	3.2%
Muzinich EnhancedYield Short-Term	Fixed Income	3.1%
First State Global Listed Infrastructure	Equity	3.0%
Dimensional Emerging Markets Value	Equity	2.5%
American Century Concentrated Global Growth	Equity	1.6%
Morgan Stanley Global Brands	Equity	1.4%
iShares Gold Producers	Commodities	0.8%
Jupiter Dynamic Bond	Fixed Income	0.1%

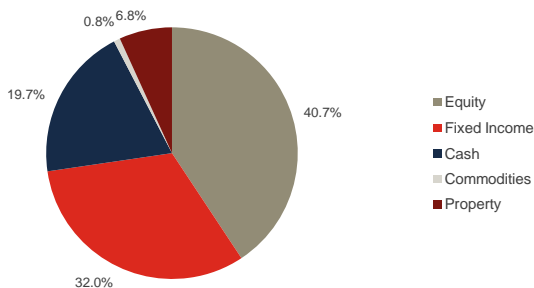
## Investment statistics (since 1 January 2009)

Current month return:	0.0%
Cumulative return:	48.5%
Annualised return:	7.7%
Annualised volatility:	7.4%

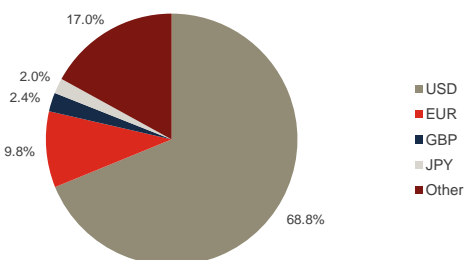
## Regional allocation



## Asset allocation



## Currency allocation



Sources: Momentum Global Investment Management, JP Morgan Bank (Luxembourg) S.A., Bloomberg.

<sup>1</sup> The peer group median is a composite of (i) global peers and (ii) local peers, in the ratio 1:2. The return of the global peer group each month receives a weight of one-third, and this is added to the return of the local peer group which receives a weight of two-thirds; together these two numbers produce a single composite peer group return. This weighting methodology is consistent with the "normal" asset allocation of the Fund, with a two-thirds bias towards "home" country assets and currencies.

## ■ Manager commentary

In a relatively quiet month for news flow, markets failed to establish a clear trend while volatility continued to fall. Over the month both the MSCI World index (developed equities) and the MSCI Emerging Markets index were modestly in positive territory (1.0% and 0.3% in US dollar terms respectively), while bond yields generally drifted down slightly, leading to gains of 1.1% for global government bonds. Credit experienced a mixed month with high quality corporate debt outperforming sovereign debt, but with other parts of the credit spectrum lagging. Emerging market (EM) bonds continued their recovery post the sell-off in 2013, returning 1.9% in April to make them one of the best performing asset classes to date in 2014 with a return of 5.4% (in US dollar terms).

In the US, economic data remains difficult to interpret given the impact on activity of the severe winter weather. First quarter GDP growth registered 0.1%, well below the previous quarter's 2.6%, but forward indicators are currently pointing towards a rebound in Q2. Less encouraging was data from China, where first quarter GDP fell to 7.4% annualised, below the government's 7.5% target for 2014. The decline in peripheral European government bond yields has been a notable feature of the past 12 months. So far this year yields on 10 year Spanish and Italian bonds have fallen by between 1 and 3%, taking them to their lowest levels since the euro was launched in 1999, and comparing with levels of around 7% at the height of the crisis in 2012. In Greece and Portugal yields have fallen by over 2% this year to 6% and 3.6% respectively.

Against this backdrop, the Harmony US Dollar Balanced Fund returned 0.0% last month compared to a peer median return of 0.6%. In April, top-level asset allocation had a modest impact on portfolio performance. While the Fund is neutral to global equity, the small overweight to global emerging markets detracted from relative performance as EM underperformed slightly. The largest detractor from relative performance came from the use of various credit strategies within the fixed income allocation of the Fund. This is largely a consequence of the underweight sovereign debt and overweight credit positions established in the Fund. Over the month, the government bond market outperformed the majority of the credit market. The Fund is overweight cash which did not have a significant impact on relative performance given the modest price moves in both equity and sovereign bond markets.

Overall performance in April was negatively impacted by manager selection as a number of our manager selections underperformed in the month. From a manager selection perspective, the Wells Fargo US All Cap Growth fund endured a difficult month in April, delivering a return of -4.3% compared to a gain of 0.7% for the S&P 500, as several of their holdings suffered from a broad sell off in those stocks within the information technology and bio-tech sectors that display high growth and high valuations. This area of the market contributed significantly to the strong outperformance delivered by Wells' fund recently, particularly in the second half of 2013. Many managers that invest with an aggressive growth or momentum orientated investment style, like Wells do, were exposed to this area of the market. Although the sell-off in this segment of the market has been both severe in magnitude and occurred over a short period of time, our meetings with managers have indicated that the business fundamentals of the stocks they are invested in remain strong. We continue to believe that managers such as Wells have the ability to generate meaningful outperformance in the future and we do not intend to change our manager allocations as a result of recent performance. Nonetheless we will continue to closely monitor the situation – analysing the market environment and the trading actions of our underlying managers – and take any appropriate action as required.

Wells has been a key holding within the portfolio since the first quarter of 2012. The managers, based in Milwaukee, look to invest in companies with sustainable growth and to capitalise on opportunities that arise when a 'gap' exists between their assessment of a company's future growth and the market's expectations. Well's approach leads them towards an earnings acceleration investment style, which generally performs well in sharply rising or momentum-driven markets.

The prospect of a steady pickup in the US and Europe through the remainder of 2014 should help to bolster confidence following the wobbles seen in Q1. Improved sentiment towards EM assets and lately the euro area are also encouraging signs, and it seems clear that while the Federal Reserve gradually removes its ultra loose monetary policy, both the European Central Bank and the Bank of Japan will continue to ease. Although there are clear risks on the horizon, notably the impact of tapering in the US and the potential for a policy misstep in China, the underlying economic and corporate news and the continuation of zero interest rate policy are all positives for markets.

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.