Momentum Global Funds

Société d'Investissement à Capital Variable

momentum

month ended 29 April 2016

Harmony Europe Diversified Fund

(Formerly known as the Harmony Euro Balanced Fund)

Fund details

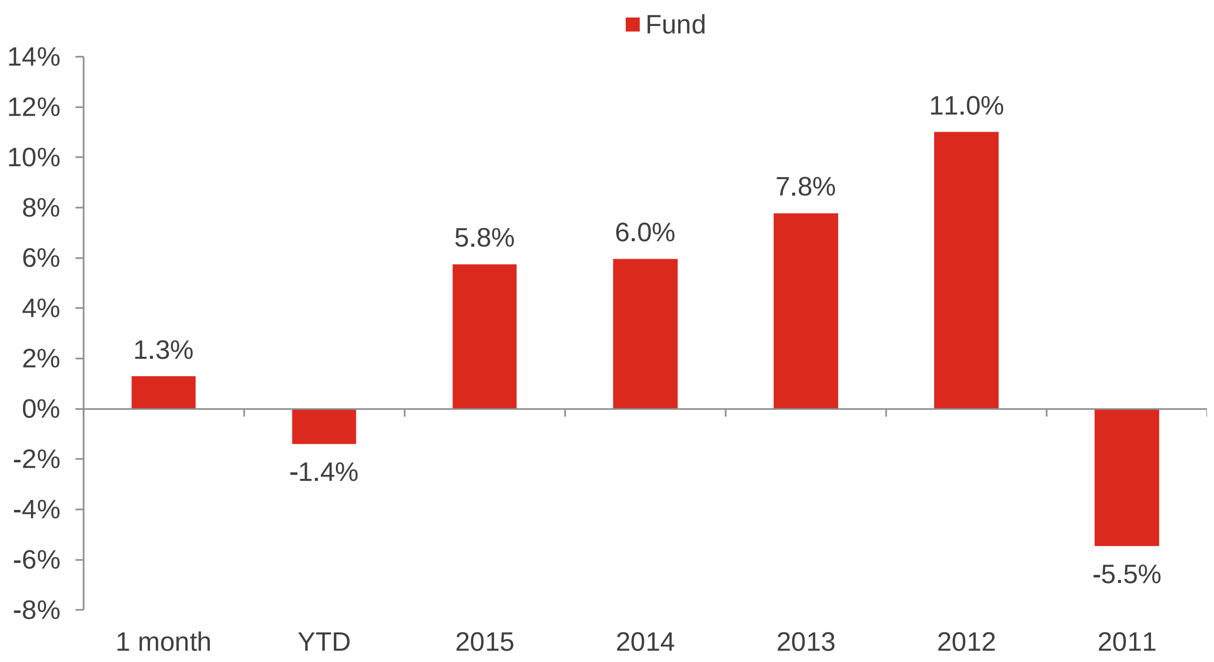
Investment manager: **Momentum Global Investment Management**	ISIN A Class: **LU0651984873**	Price per share A Class: **EUR 1.1705**
Currency: **EUR**	ISIN B Class: **LU0651984956**	Price per share B Class: **EUR 1.1030**
Inception date (fund): **12 August 2011**	ISIN C Class: **LU0651985094**	Price per share C Class: **EUR 1.2408**
Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	ISIN D Class: **LU0651985177**	Price per share D Class: **EUR 1.2655**
Minimum investment: **Share classes A, B, C & D: USD 7,500 (EUR equivalent)**	Subscriptions / redemptions: **daily**	Investment timeframe: **3 years +**

Investment objective

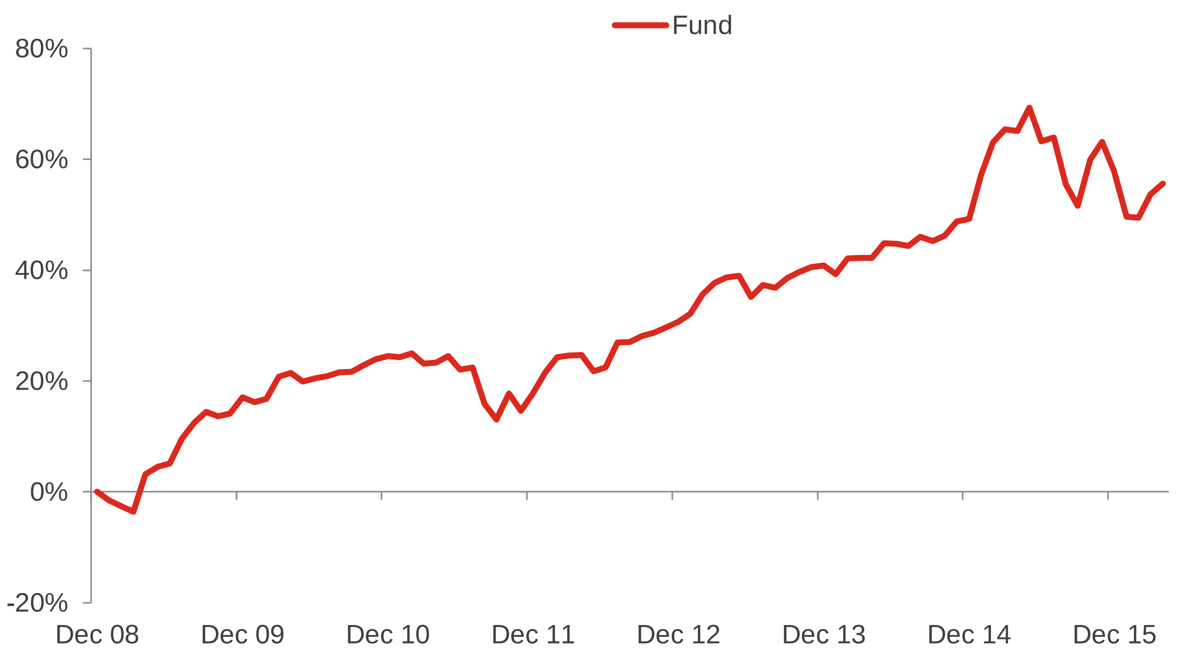
The portfolio will be biased to investments in Europe, but could also hold investments outside this region. The portfolio aims to provide a balance between capital preservation and capital growth in euros with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



Cumulative returns



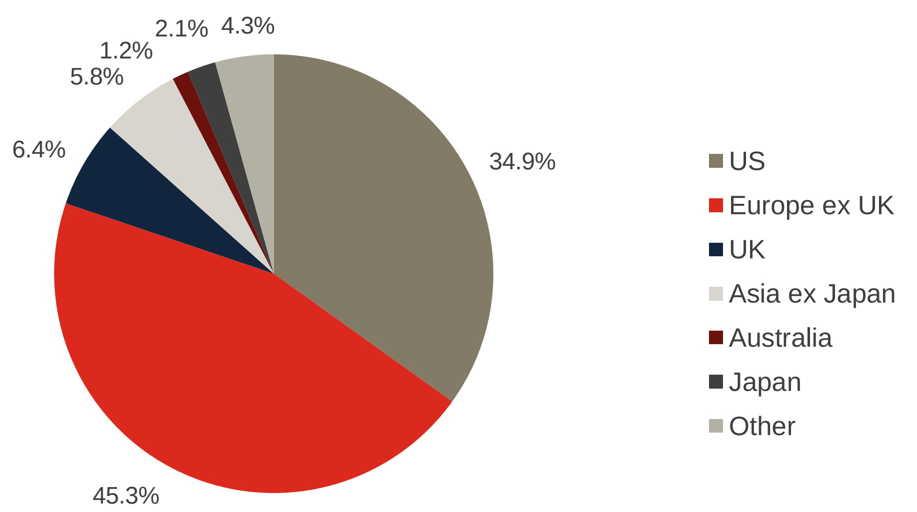
Holdings

Holdings	Asset type	Weight
Jupiter European Special Situations	Equity	19.0%
FP Crux European Special Situations	Equity	17.0%
Muzinich EnhancedYield Short-Term (EUR hedged)	Fixed Income	6.4%
Third Avenue Real Estate Value	Property	5.7%
MI Twentyfour Dynamic Bond	Fixed Income	4.8%
Schroder UK Recovery	Equity	4.7%
Artisan Global Value	Equity	4.5%
BlackRock US Corporate Bond Index	Fixed Income	4.1%
AXA US Short Duration High Yield (EUR hedged)	Fixed Income	4.1%
Cash	Cash	3.5%
First State Global Listed Infrastructure	Equity	3.3%
RWC Global Convertibles (EUR hedged)	Fixed Income	3.1%
RWC Asia Convertibles	Fixed Income	3.0%
American Century Concentrated Global Growth	Equity	3.0%
iShares JP Morgan Emerging Markets Bond	Fixed Income	2.9%
Dimensional Emerging Markets Value	Equity	2.5%
Heptagon Kopernik Global All-Cap Equity	Equity	2.1%
AXA US High Yield (EUR hedged)	Fixed Income	2.0%
Westwood Strategic Global Convertibles (EUR hedged)	Fixed Income	1.6%
BlackRock Developed Real Estate	Property	1.1%
Morgan Stanley Global Brands	Equity	0.7%
Morgan Stanley UK Global Brands	Equity	0.6%
iShares Gold Producers	Commodities	0.3%

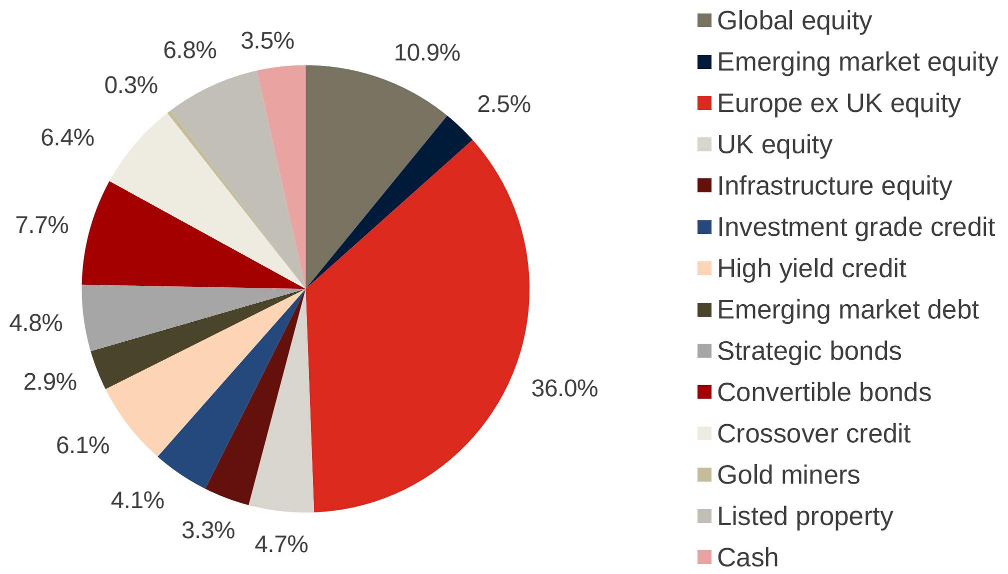
Investment statistics (since 1 January 2009)

Current month return:	1.3%
Cumulative return:	55.7%
Annualised return:	6.2%
Annualised volatility:	7.5%

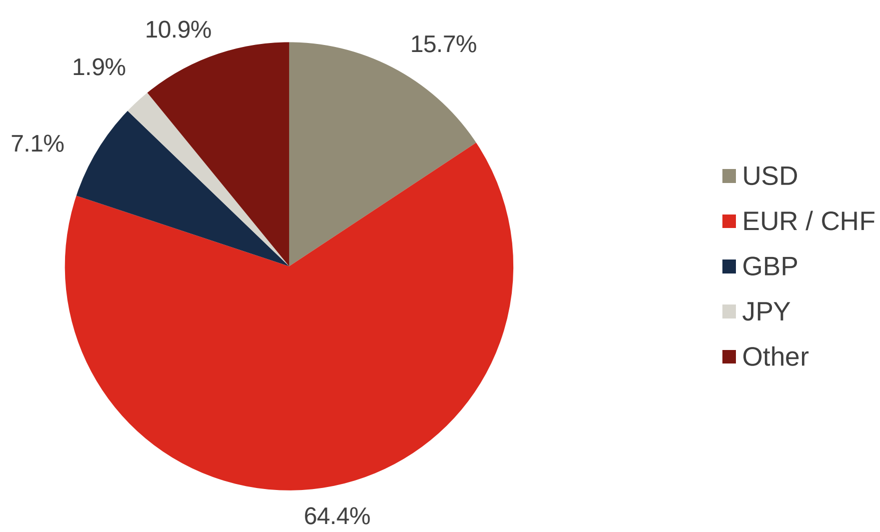
Regional allocation



Strategy allocation



Currency allocation



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

Manager commentary

Markets broadly continued their upward trend in April, extending the rally witnessed from the lows of mid-February. The rises were smaller than in March, however, and returns across various asset classes more mixed. The MSCI World index gain of 0.9% in local currency terms reduced the year to date to just 1.1%, with many of the underlying markets having fully recovered the ground lost in the first six weeks of the year. Japan remains one of the key laggards this year and the market fell by a further 0.4% in April, while other major developed markets posted gains over the month. Credit again participated fully in the rally in risk assets, particularly US high yield where the Barclays index returned 3.9%, while emerging market sovereign debt gained 1.9% in US dollar terms. In contrast, yields on safe haven government bonds rose over the month, so local currency returns from the major markets were generally negative. Commodity markets continued their remarkable rally over the month: Brent crude oil rose by 21.5%, rising almost 30% year-to-date, while iron ore rallied 23.7%. The US dollar remained weak in April with the trade weighted dollar index falling a further 1.6% in the month, taking it to its lowest since early 2015. The year to date decline of the greenback is now 5.6%, which has acted as a tailwind for the returns of most international asset classes when measured in US dollar terms.

The Harmony Europe Diversified fund returned 1.3% in euro terms in April net of fees, broadly in line with the MSCI Europe ex UK equity index which gained 1.5%. Year to date the fund has declined by 1.4% while the continental Europe equity market is 5.8% lower. Both asset allocation and manager selection contributed meaningfully to performance in April with the underlying drivers being very similar to those that also drove strong performance in March. 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. In terms of manager selection, the main contribution came from the fund’s value orientated equity managers which all outperformed their respective benchmarks, by as much as 12% in the case of the Kopernik Global All Cap equity fund. Our decision to increase the fund’s equity allocation at the start of February has benefited performance significantly in recent months. Around the middle of April we decided to take some profits from our equity positions in response to the significant market rally we have witnessed since then. We also reduced the US high yield allocation whilst rotating within the asset class away from core (full duration) bonds and towards the existing short duration US high yield holding, which should prove more defensive during market corrections.

After a strong recovery, and with a background of subdued growth, continuing debt overhang and question marks over the impact of monetary policy, markets are entering a more uncertain period. On the positive side, the worst consequences of the crash in oil and commodities are now behind us; developed economies continue to grow, albeit modestly; and with about one third of global government bonds trading with negative yields, risk assets are likely to see continuing support. With these competing forces on markets it is likely that the volatility we have witnessed so far in 2016 will remain a feature in the months if not years ahead. There is also a risk, for the first time since the global financial crisis, that the Federal Reserve (Fed) could be underestimating the pick-up in core inflation in recent months. All eyes will be on the data and the Fed as the year progresses, and there is a distinct possibility that the market’s – currently low – expectations for interest rate rises will begin to tick up. This would lead to a recovery in the US dollar after its sharp fall this year, which in turn would provide more of a headwind for markets. Against this background, in the shorter term a period of consolidation in markets is due, but further upward progress is likely over the next 12-18 months. In these conditions we believe it is important to remain patient.

Source: Bloomberg, Momentum Global Investment Management.

Important Information