

# Harmony US Dollar Balanced Fund

## Fund details

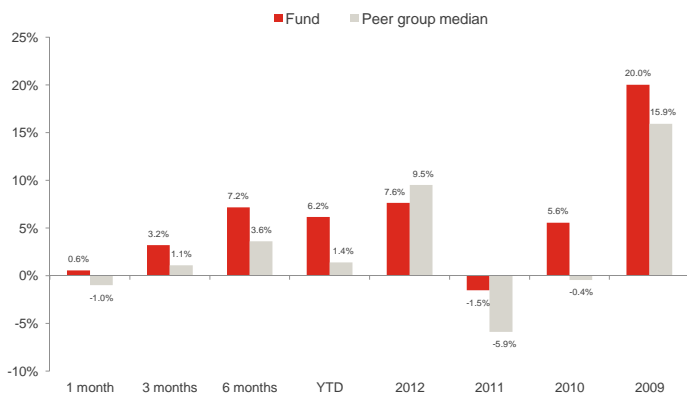
Investment manager: <b>Momentum Global Investment Management Limited</b>	ISIN A Class: <b>LU0651986068</b>	Price per share A Class: <b>USD 1.0467</b>
Currency: <b>USD</b>	ISIN B Class: <b>LU0651986142</b>	Price per share B Class: <b>USD 1.0599</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651986225</b>	Price per share C Class: <b>USD 1.1740</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651986498</b>	Price per share D Class: <b>USD 1.1176</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: <b>Bloomberg Active Index for Funds - Global Balanced Offshore Funds</b>	Investment timeframe: <b>3 years +</b>	

## Investment objective

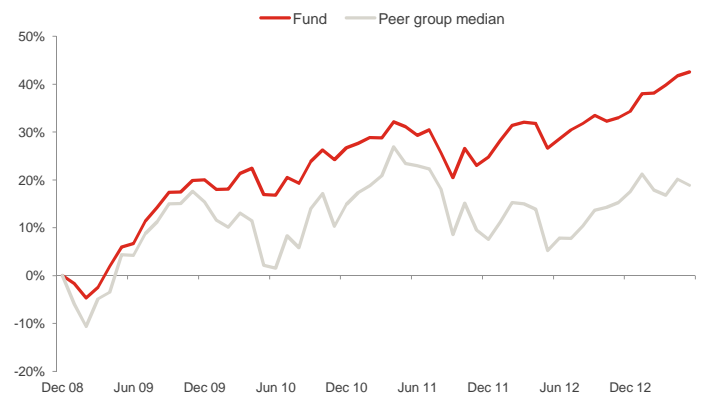
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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

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

## Fund performance<sup>1</sup>



## Cumulative returns<sup>1</sup>



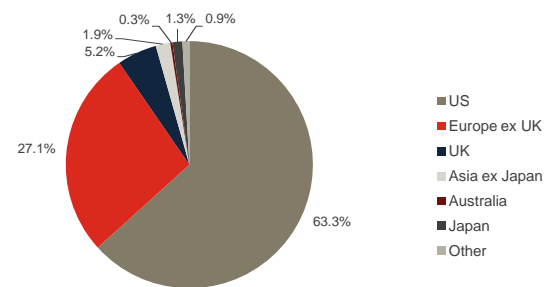
## All holdings

Holdings	Asset type	Weight
Cash	Cash	12.0%
Old Mutual Dublin Global Bond	Fixed Income	10.1%
Harris Associates Concentrated US Equity Fund	Equity	10.0%
Wells Fargo US All Cap Growth	Equity	9.5%
Yackman US Equity	Equity	9.1%
Cohen & Steers Global Real Estate	Property	6.5%
ING (L) Flex Senior Loans (USD hedged)	Fixed Income	6.3%
RWC Global Convertibles	Fixed Income	6.2%
Momentum IF Global Equity	Equity	5.3%
Muzinich EnhancedYield Short-Term	Fixed Income	5.0%
Jupiter Dynamic Bond	Fixed Income	5.0%
Muzinich EnhancedYield Short-Term (USD hedged)	Fixed Income	4.0%
First State Global Listed Infrastructure	Equity	2.9%
BlackRock US Corporate Bond Index	Fixed Income	2.9%
Artisan Global Value	Equity	2.3%
Morgan Stanley Global Brands	Equity	1.7%
Dimensional Emerging Markets Value	Equity	1.2%

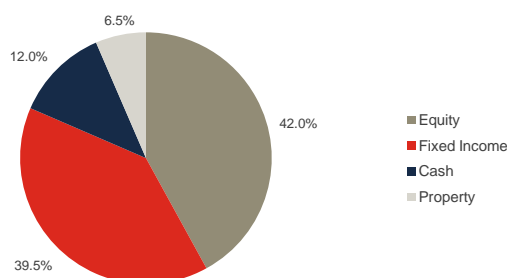
## Investment statistics (since 1 January 2009)<sup>1</sup>

Current month return:	0.6%
Cumulative return:	42.6%
Annualised return:	8.4%
Annualised volatility:	7.7%

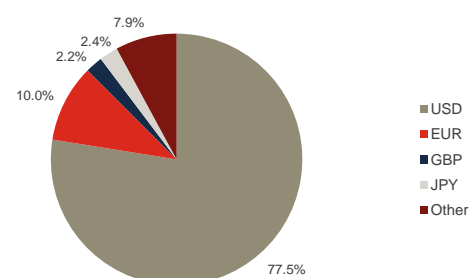
## Regional allocation



## Asset allocation



## Currency allocation



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

<sup>1</sup>As a result of its bias to the United States, the fund will tend to perform well versus peers when US securities (including the dollar) outperform. The opposite will also be true when US securities underperform other regions. Performance relates to Share Class A.

## ■ Manager commentary

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As May progressed, investors' attention gradually began to shift towards the US Federal Reserve and the prospect of a reduction in the rate of quantitative easing (QE) coming sooner rather than later. If market moves in the latter part of the month offer any guide to what will happen when the Federal Reserve actually begins to unwind its QE programme we could be in for a difficult period, as volatility spiked upwards, the US dollar appreciated, bond yields rose and some asset classes suffered sharp falls. The immediate catalyst for the rise in expectations over QE 'tapering' was the release of the minutes of the FOMC (Federal Open Market Committee) meeting of 30 April, which showed support from several Fed officials for adjusting the rate of asset purchases downwards as early as June. The impact of this rise in expectations was most keenly felt in bond and currency markets, although equities also fell during the second half of the month. It is important to remember that the Federal Reserve is expected to moderate QE only slowly, and the central bank could equally increase the pace of purchases if economic conditions require it. However, market moves in the past month serve to illustrate the extent to which liquidity has become one of the main factors behind rising market prices.

Elsewhere, in Japan early evidence suggests that the 'Abe medicine' may be having a positive effect on the real economy. Industrial production rose by 1.7% in April and Japanese GDP grew by 0.9% during the first quarter (later revised up to 1.0%). Perhaps more importantly, the policies appear to be having a significant impact on inflation expectations, with 5 year breakeven rates increasing from 0.8% in December to 1.8% now.

Markets paused in May, following positive absolute returns in nine out of the past 12 months. Against this backdrop the Harmony US Dollar Balanced fund returned 0.6%, to bring its 12 month return to 12.6%. The key development last month and the issue which is likely to have the biggest impact on markets in the medium term is the discussion taking place at the Federal Reserve about slowing QE. As a major recipient of QE flows, the government bond market is particularly sensitive to talk around 'tapering', and treasuries duly sold off in May with yields rising across the curve. Overall, global government bonds returned -3.4% in US dollar terms during May. We believe that a period of equity market consolidation alongside rising government bond yields is now likely on the balance of probabilities, and to that end we have taken some profit in the equity portion of the fund in recent months whilst continuing to hold low levels of sovereign debt. From an asset allocation perspective the decision to allocate money away from government bonds and towards various parts of the credit spectrum was rewarded last month. Overall, we see the current pause in markets as being a normal and healthy development considering the strength of the equity rally since the middle of last year. While we are cautiously optimistic about the prospects for markets over the medium term, investors should look to retain a prudent level of diversification in their portfolios and be careful to avoid complacency.

The Harmony US Dollar Balanced fund benefited from the strong absolute and relative returns of its underlying US equity managers during May. Wells and Harris both outperformed the S&P 500's return of 2.3%, with gains of 3.8% and 4.4% respectively. These managers provide exposure to earnings acceleration and deep value styles respectively, which leads to contrasting portfolios and return profiles although last month both styles were rewarded. Meanwhile the third US equity holding, managed by Yacktman Asset Management and invested predominantly in high quality companies, underperformed slightly with a return of 1.8%.

Source: Bloomberg, Momentum Global Investment Management Limited, May 2013.

## ■ Important Information

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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. 3733094. Registered Office: 20 Gracechurch Street, London EC3V 0BG. MGIM is authorised and regulated by the Financial Conduct Authority No. 232357.