

Harmony Euro Balanced Fund

Fund details

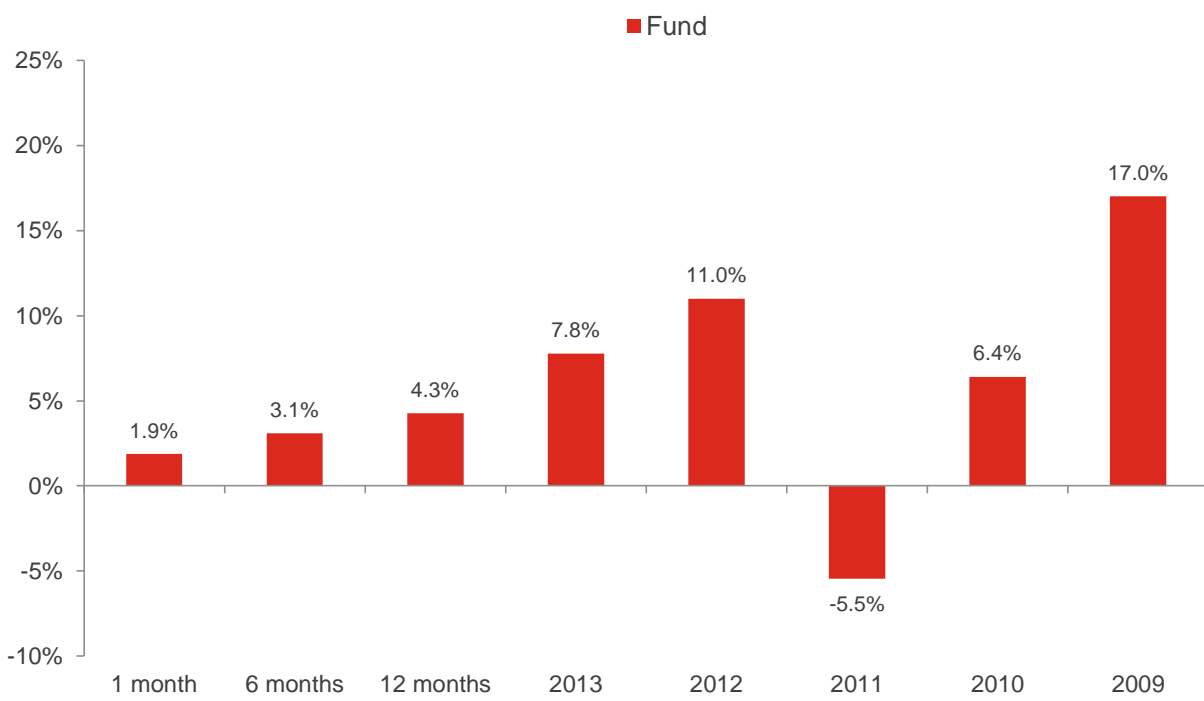
Investment manager: Momentum Global Investment Management	ISIN A Class: LU0651984873	Price per share A Class: EUR 1.0894
Currency: EUR	ISIN B Class: LU0651984956	Price per share B Class: EUR 1.0267
Inception date (fund): 12 August 2011	ISIN C Class: LU0651985094	Price per share C Class: EUR 1.1659
Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS)	ISIN D Class: LU0651985177	Price per share D Class: EUR 1.1992
Minimum investment: Share Class A: USD 100,000; Classes B, C & D: USD 7,500 (EUR equivalent)		Subscriptions / redemptions: daily
		Investment timeframe: 3 years +

Investment objective

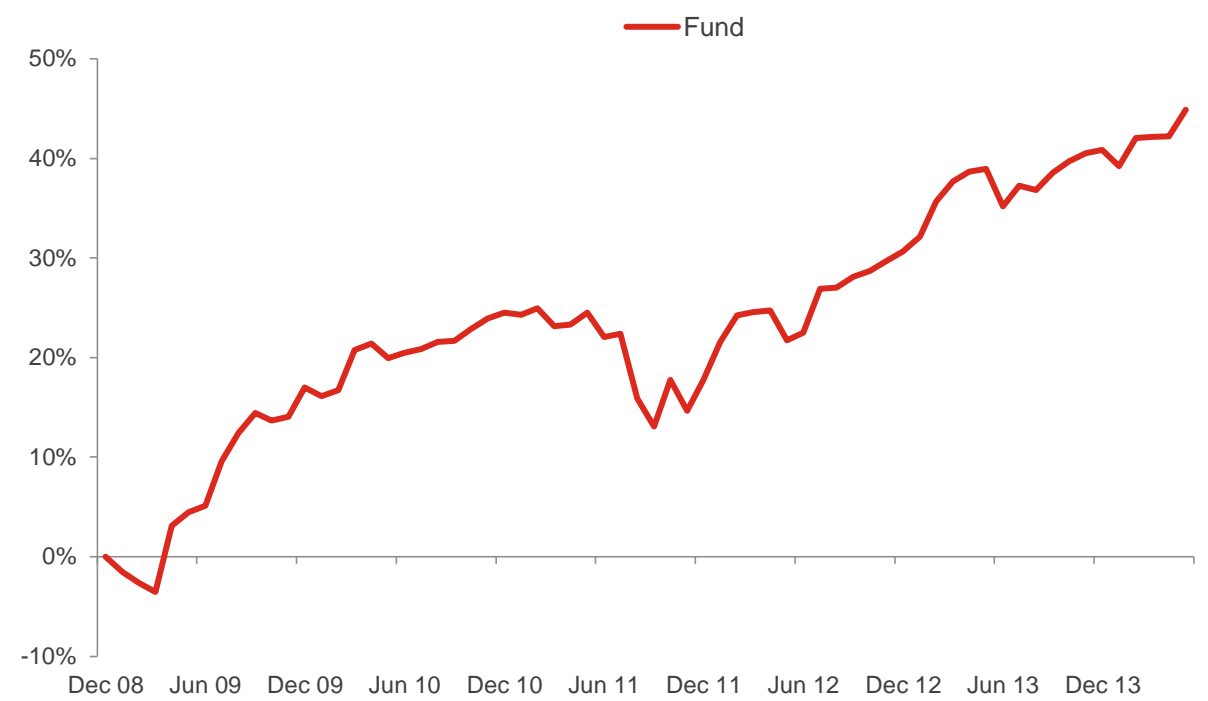
The portfolio will be biased to investments in Europe, but could also hold investments outside this region. The portfolio aims to provide a balance between capital preservation and capital growth in euros with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



Cumulative returns



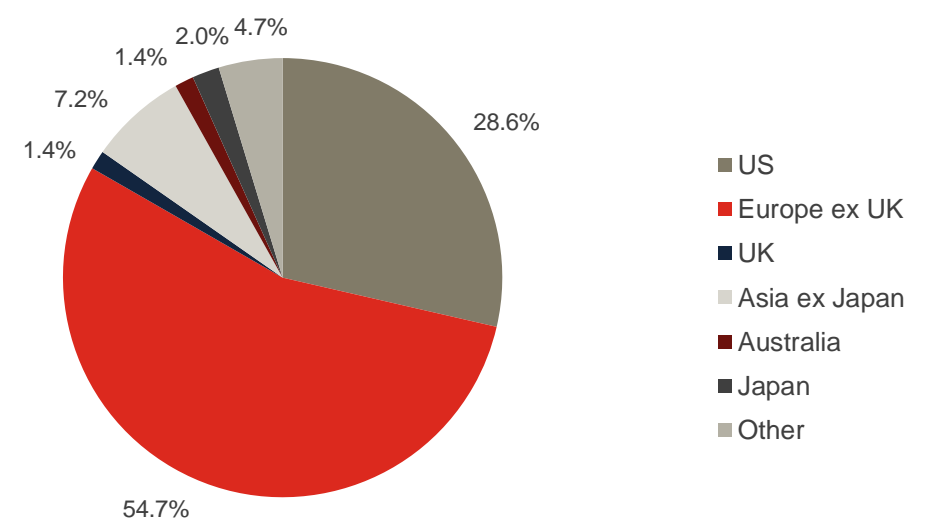
Holdings

Holdings	Asset type	Weight
Cash	Cash	19.5%
Jupiter European Special Situations	Equity	15.5%
Henderson European Special Situations	Equity	14.4%
Old Mutual Dublin Global Bond	Fixed Income	8.7%
Cohen & Steers Global Real Estate	Property	6.8%
RWC Global Convertibles	Fixed Income	5.8%
BlackRock European Corporate Bond Index	Fixed Income	4.8%
RWC Asia Convertibles	Fixed Income	4.7%
Muzinich EnhancedYield Short-Term	Fixed Income	3.1%
iShares JP Morgan Emerging Markets Bond	Fixed Income	3.1%
First State Global Listed Infrastructure	Equity	3.0%
Artisan Global Value	Equity	3.0%
American Century Concentrated Global Growth	Equity	2.7%
Dimensional Emerging Markets Value	Equity	2.3%
Morgan Stanley Global Brands	Equity	1.8%
iShares Gold Producers	Commodities	0.7%
Jupiter Dynamic Bond	Fixed Income	0.1%

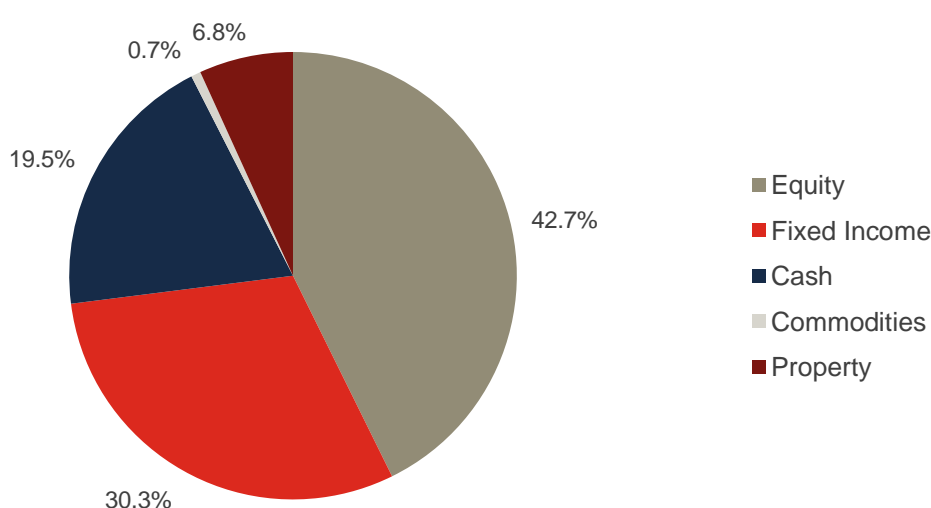
Investment statistics (since 1 January 2009)

Current month return:	1.9%
Cumulative return:	44.9%
Annualised return:	7.1%
Annualised volatility:	6.5%

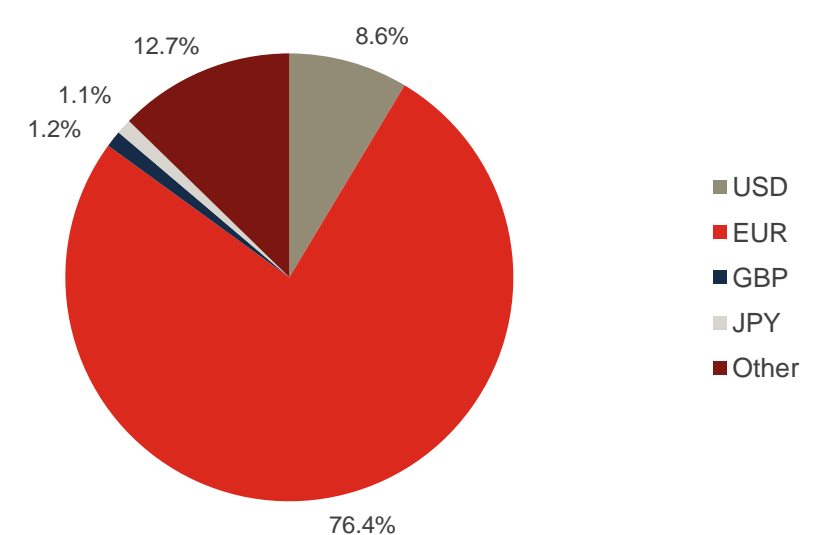
Regional allocation



Asset allocation



Currency allocation



■ Manager commentary

The majority of asset classes followed an upward trend in May. Equities returned 3.6% in developed markets while emerging markets added 5.2% (both in euro terms), to move them marginally ahead of their developed counterparts for the year. Bond yields continued on their downward trajectory in May, despite already moving significantly at the beginning of the year. This resulted in government bonds returning around 1% in the US, UK and the euro area (in their respective currencies), to take the year-to-date returns of the Citigroup WorldBIG index to 4.9% in euro terms.

An increasingly dovish tone from central banks followed news of generally sluggish, and in some cases, disappointing economic growth. Excluding Germany, where the economy grew by 0.8%, first quarter growth in the euro area registered a disappointing 0.2%. Output fell by 0.1% in the euro area as a whole. In the US, Q1 growth was revised down to -1.0%, well below consensus expectations. However, most of the weakness has been attributed to transitory factors, notably the severe winter weather and reduced inventory accumulation. As expected, Japan produced strong first quarter growth of 6.7% annualised, due to discretionary spending being brought forward ahead of the sales tax increase at the start of April. In the immediate aftermath there has been a sharp drop-off in spending, but anecdotal evidence from Japan suggests that fears of a sustained slump in activity levels are as yet unfounded.

Away from central banks, politics was the other key feature of the month, with important elections in Europe, India and Ukraine, together with a military coup in Thailand. Elections to the European Parliament saw a notable swing towards anti-establishment parties. Although mainstream parties remain in the majority, there is no doubt that euro-sceptic and protest parties will influence policy making at both EU and individual country level going forward.

Despite the weak economic news of late, leading indicators are pointing to improved prospects for a steady pick up in the key US economy, and in Europe through the remainder of 2014. The Federal Reserve's tapering and interest rate policy is now well flagged and discounted in the markets, and its increasingly dovish tone about future interest rate rises (lower for longer) bodes well for more economically sensitive asset classes, notwithstanding the challenges posed by a Chinese slowdown and/or a misstep from policymakers.

Against this backdrop, the Harmony Euro Balanced Fund returned 1.9% last month. While the Fund has a neutral allocation to equity markets overall, the allocation to global emerging markets (GEM) aided performance as GEM achieved returns in excess of the developed markets. Furthermore, the credit positions taken in the fund aided performance as these asset classes, in aggregate, added more value than government paper. The largest detractor from performance came from the relatively large cash holding, which was a drag on performance in a month where both equity and fixed income markets increased in value.

From a manager selection perspective, the Henderson European Special Situations fund returned 2.9% in euro terms during May, while the Jupiter European Special Situations fund returned 3.2%. Both funds outperformed the MSCI Europe ex UK benchmark which posted a marginally smaller gain of 2.6%. Over twelve months these funds have underperformed their benchmark by 3-4%, during which period the MSCI Europe ex UK index has returned 18.9%. Underperformance was driven largely by the manager's styles being out of favour over the period, with higher risk deep value strategies typically outperforming, driven by strong returns from peripheral European countries and sectors such as financials and property. The managers have limited exposure to these areas and indeed their strategies have paid off over longer time periods – over three years the Henderson and Jupiter funds have returned 40.5% and 33.4% respectively, compared to 30.4% for the benchmark.

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 Euro Balanced Incorporated Cell (IC) within the Momentum Mutual Fund. The historical performance of the Harmony Euro 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.