

Harmony US Dollar Balanced Fund

Fund details

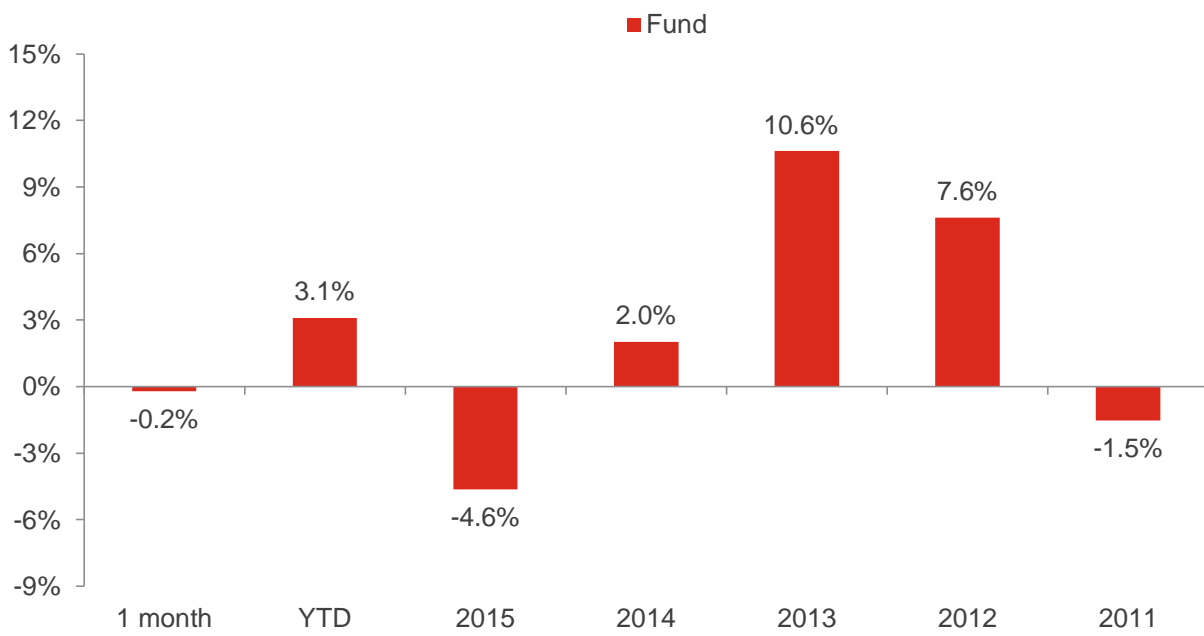
Investment manager: Momentum Global Investment Management	ISIN A Class: LU0651986068	Price per share A Class: USD 1.0941
Currency: USD	ISIN B Class: LU0651986142	Price per share B Class: USD 1.1077
Inception date (fund): 12 August 2011	ISIN C Class: LU0651986225	Price per share C Class: USD 1.2089
Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS)	ISIN D Class: LU0651986498	Price per share D Class: USD 1.1333
Minimum investment: Share classes A, B, C & D: USD 7,500	Subscriptions / redemptions: daily	Investment timeframe: 3 years +

Investment objective

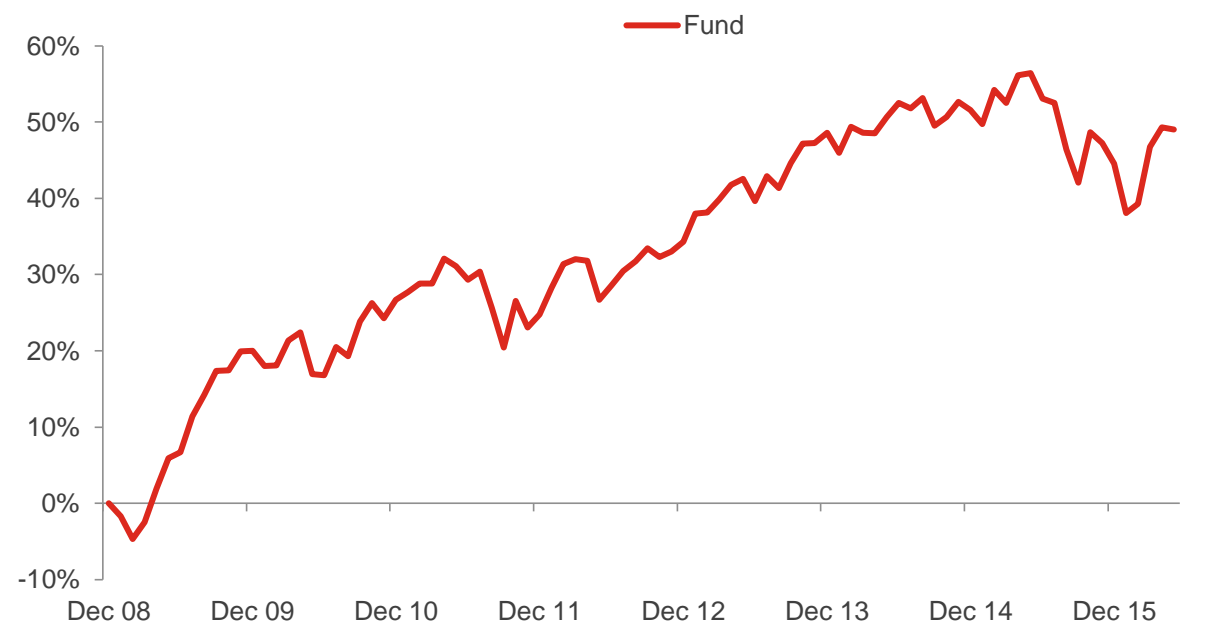
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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



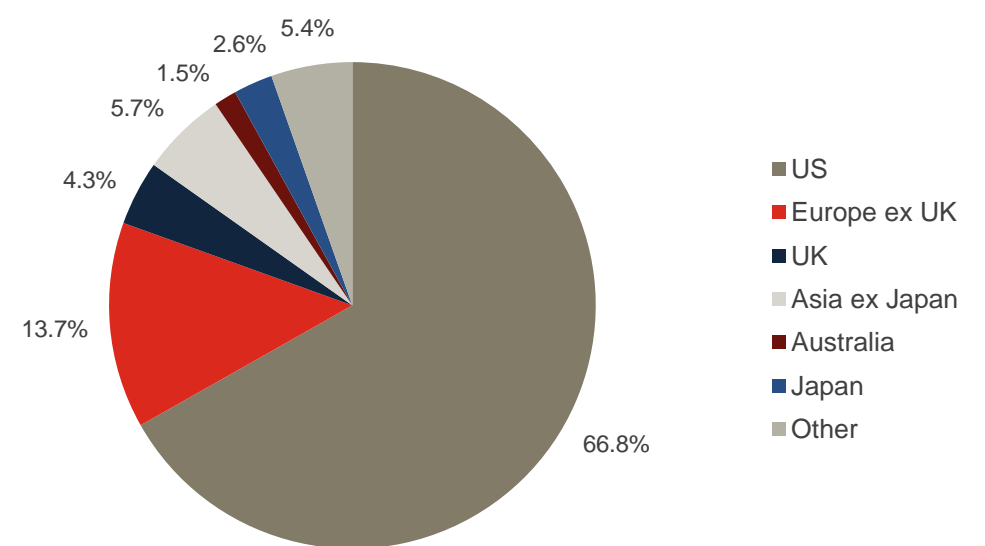
Holdings

Holdings	Asset type	Weight
BlackRock US Corporate Bond Index	Fixed Income	10.1%
Muzinich EnhancedYield Short-Term (USD hedged)	Fixed Income	10.0%
Artisan Global Value	Equity	6.2%
Third Avenue Real Estate Value	Property	6.2%
AXA US Short Duration High Yield	Fixed Income	5.0%
Vulcan Value Equity	Equity	4.7%
Cash	Cash	4.5%
iShares JP Morgan Emerging Markets Bond	Fixed Income	4.1%
Conventum Lyrical	Equity	4.0%
Yacktman US Equity	Equity	4.0%
Wells Fargo US All Cap Growth	Equity	3.5%
Harris Associates Concentrated US Equity	Equity	3.5%
Westwood Strategic Global Convertibles (USD hedged)	Fixed Income	3.4%
RWC Asia Convertibles	Fixed Income	3.3%
First State Global Listed Infrastructure	Equity	3.2%
AXA US High Yield	Fixed Income	3.0%
RWC Global Convertibles	Fixed Income	2.9%
Schroder UK Recovery	Equity	2.2%
Jennison Global Equity Opportunities	Equity	2.0%
Heptagon Kopernik Global All-Cap Equity	Equity	2.0%
FP Crux European Special Situations	Equity	2.0%
Goldman Sachs EFI Long Short Risk Premia Portfolio	Equity	2.0%
Dimensional Emerging Markets Value	Equity	1.9%
American Century Concentrated Global Growth	Equity	1.6%
Granahan US Focused Growth	Equity	1.2%
Morgan Stanley Global Brands	Equity	2.0%
BlackRock Developed Real Estate	Property	1.0%
iShares Gold Producers	Commodities	0.5%

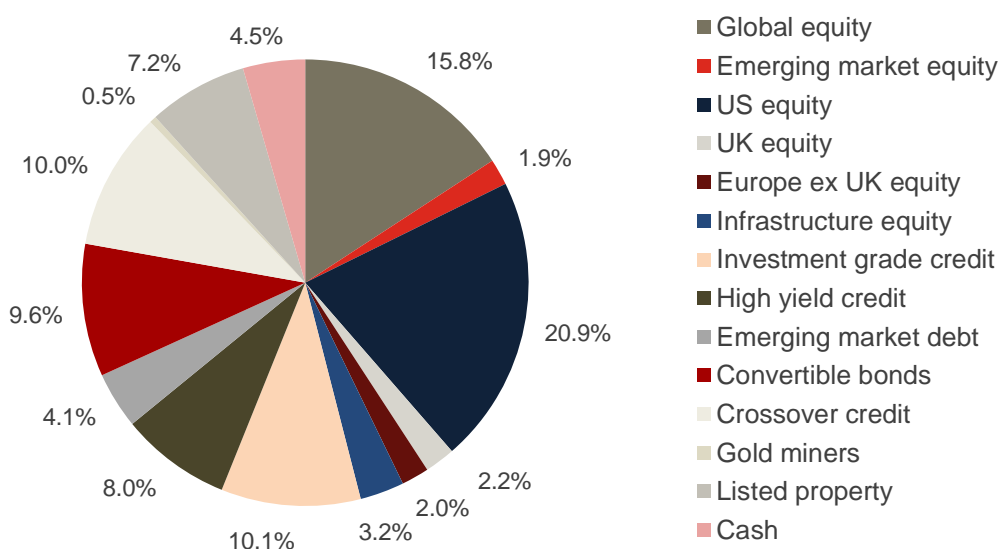
Investment statistics (since 1 January 2009)

Current month return:	-0.2%
Cumulative return:	49.0%
Annualised return:	5.5%
Annualised volatility:	7.7%

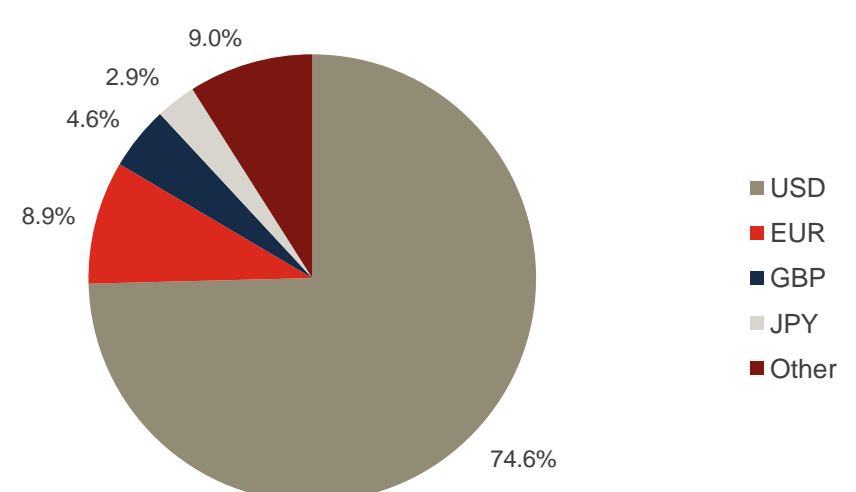
Regional allocation



Strategy allocation



Currency allocation



■ Manager commentary

By far the most significant development in the month was the change in expectations for a US Federal Reserve (Fed) interest rate hike in 2016. During May the probability of a rate rise for the June and July meetings increased from 12.0% and 26.1% at the start of the month to 24.0% and 52.9% at month end. Markets reacted fairly predictably to this development. The US dollar rallied sharply, reversing some of its weakness earlier in the year: the greenback was up by 2.9% against the euro and 4.0% versus the yen, as well as rallying against many emerging market currencies. The gold price fell by 6.0% over the month in US dollar terms, giving back some of the sharp gains from early in the year. Industrial metal prices also reversed direction, notably iron ore which fell by 28.3%. Emerging market (EM) equities fell by 3.7% and EM debt declined by 0.2%, although both these falls came after sharp rallies in previous months. Despite a flat return from US Treasuries, global government bonds gained 0.6% in local currency terms, driven by falling European bond yields. Perhaps surprisingly, developed market equities predominantly reacted with equanimity to a less dovish Fed and the increased likelihood of an early interest rate rise, with the MSCI World index returning 1.8% in local currency terms. Gains were driven by the US returning 1.7% for the month, Europe adding 2.2% and Japan rising by 2.6% in local currency terms; the UK lagged somewhat with a return of 0.2%.

The Harmony US Dollar Balanced Fund returned -0.2% in US dollar terms in May net of fees, compared to a 1.7% gain for the S&P 500 equity index. Over three months the Fund has gained 7.0% while the US equity market is up 8.9%. Both asset allocation and manager selection detracted slightly from performance in May. This was driven by the Fund's allocation to equity markets outside of the US, in a month where global markets were broadly flat, as well as by underperformance from our blend of US equity managers. Within that blend Vulcan Value Equity was the main detractor due to a couple of key detractors, including a holding in Fossil Group, but despite a difficult month their strategy remains ahead of the US market year to date. Offsetting this to some extent, the Fund's equity managers with a growth style bias performed very well and outperformed their respective benchmarks in all cases. This translated into strong positive returns for the Jennison and American Century holdings which gained 2.7% and 3.2% respectively. Also, within fixed income the fund's allocation to US high yield bonds delivered modest positive returns, a considerably better outcome than the -1.1% decline in the global aggregate bond index.

A new holding was added to the portfolio during May: the Goldman Sachs EFI Long Short Risk Premia fund. This strategy provides market neutral equity exposure to specific style factors; value, quality, low beta, size and momentum, all of which have been rigorously researched and proven to outperform over time. The portfolio is systematically constructed using a quantitative approach and is well diversified across around 800 stocks in order to minimise stock specific risk. The equity market exposure arising from these holdings is hedged away using futures so that fund returns are driven by the performance of these style factors relative to the MSCI World index. This results in a return stream that is uncorrelated with other holdings in the portfolio, thereby increasing diversification and the potential for downside protection when equity markets are falling.

Having recovered strongly after the sharp falls in January and early February, markets have now consolidated in the past few weeks. On top of continuing uncertainty in the global economy, there is increased risk of another interest rate rise in the US this summer: a risk that had been all but eliminated in investors' minds earlier this year. On balance a June rate rise is very unlikely in our view, as the economy continues to show a mixed picture and, importantly, market expectations for inflation remain very subdued. Longer term inflation expectations remain anchored around 1.5% and the Fed will want to see this move higher before tightening further. All eyes will be on the data and the Fed as the year progresses. On a positive note, economies continue to grow, albeit modestly; emerging markets are five years through the down cycle and offer recovery prospects from these levels; and a damaging surge in inflation seems a distant prospect. With competing forces influencing 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. Against this background, in the shorter term a period of consolidation and drift in markets is likely, but further upward progress is expected over the next 12-18 months.

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.