

# Harmony Portfolios Euro Balanced Fund

(formerly known as the Harmony Euro Balanced Fund IC Ltd within the Momentum Mutual Fund ICC until 12 August 2011)

## Fund details

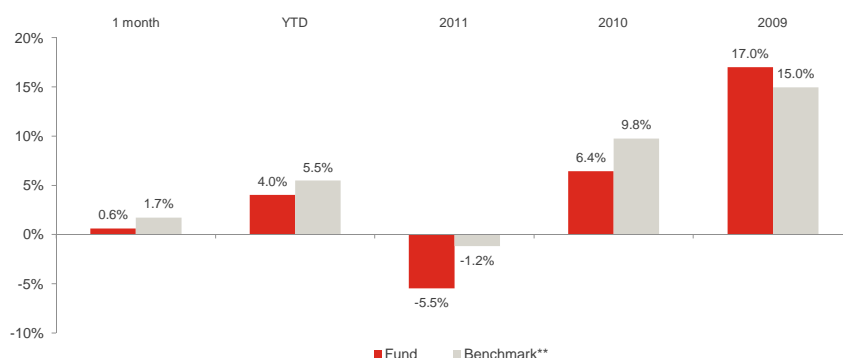
Investment manager: <b>Momentum Global Investment Management Limited</b>	Currency: <b>EUR</b>	ISIN A Class: <b>LU0651984873</b>	Price per share A Class: <b>EUR 0.9210</b>
Initial fee: <b>none</b>	Subscriptions / redemptions: <b>daily</b>	Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651985094</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	Investment timeframe: <b>3 years +</b>	ISIN D Class: <b>LU0651985177</b>	Price per share D Class: <b>EUR 1.0332</b>
Minimum Investment <b>Share Class A: USD 100,000 (EUR equivalent); Share Classes B, C &amp; D: USD 7,500 (EUR equivalent)</b>			
Prior Form: <b>before the above inception date the fund was managed to the same strategy as an integrated cell within Momentum Mutual Fund ICC Ltd</b>			
Benchmark: <b>30% MSCI Europe ex UK, 30% JPM European GBI, 10% MSCI AC World, 10% Citigroup WorldBIG, 10% FTSE EPRA/NAREIT Developed, 10% EUR 7-Day LIBID</b>			

## 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 other asset classes.

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

## Fund performance\*



Source: Lipper Hindsight, JP Morgan Bank (Luxembourg) S.A.

\* Prior to the funds inception as a sub fund of the Momentum Global Funds SICAV on 12 August 2011, the fund was managed as the Harmony Euro Balanced IC Cell within the Momentum Mutual Fund. The historical performance of the Harmony Euro Balanced IC is shown in the above chart from 1 January 2009 until the inception date of the SICAV. Past performance is not indicative of future returns. The fund performance is calculated on a total return basis, net of all fees and in Euro terms.

\*\* From January 2009 to January 2010 the benchmark for performance comparison provided in this document comprised: 16% MSCI Europe ex UK, 10% MSCI Europe ex EMU, 25% Citigroup EUR WGBI, 12% JPM EMBI+, 13% Lipper Property Peer Group, 24% EUR 7-Day LIBID. From January 2010 to August 2011 the benchmark comprised: 18% MSCI Europe ex UK, 12% MSCI World ex EMU, 35% Citigroup EUR WGBI, 10% JPM EMBI+, 10% FTSE EPRA/NAREIT Developed CR, 15% EUR 7-Day LIBID.

## All holdings

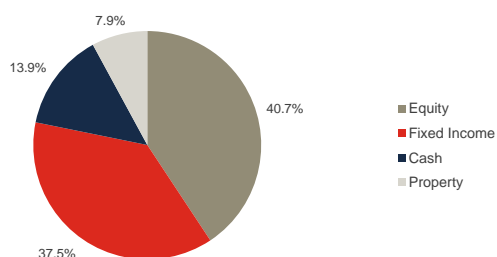
Holdings	Asset type	Weight
Jupiter European Special Situations Fund	Equity	17.6%
Henderson European Special Situations	Equity	14.5%
Cash	Cash	13.9%
Old Mutual Dublin Global Bond Fund I Acc EUR	Fixed Income	10.2%
RWC Global Convertibles Fund	Fixed Income	8.3%
Cohen & Steers Global Real Estate USD	Property	7.9%
Momentum IF Global Equity Fund	Equity	7.3%
BlackRock Euro Government Bond Index Fund	Fixed Income	5.9%
Threadneedle European High Yield Bond Fund	Fixed Income	5.6%
BlackRock European Corporate Bond Index Fund	Fixed Income	4.7%
iShares \$ TIPS	Fixed Income	2.8%
Momentum IF Global Emerging Markets Fund	Equity	1.3%

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

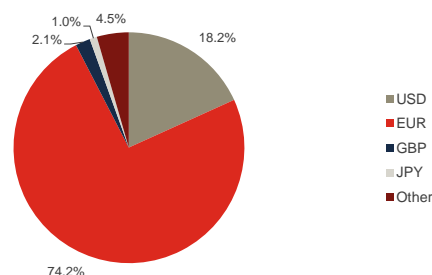
## Investment statistics

Current month return:	0.6%
Cumulative return:	22.5%
Annualised return:	6.0%
Annualised volatility:	7.5%

## Asset allocation



## Currency allocation



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

## ■ Market commentary

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The sharp selloff in markets in May continued into the early days of June, with the market's attention firmly focussed on the debt problems in the Eurozone and growing evidence of a slowdown in the key economies of the US and China. Spain finally succumbed to an inevitable bailout request at the start of the month, asking the Eurozone for EUR 100 billion of funding to support its ailing banking system. While the acceptance of the need for help and the Eurozone's agreement to assist initially calmed markets, investors took fright when the terms of the support left many questions unanswered. Sentiment began to improve ahead of the Greek elections on 17 June, as fears over a socialist party (Syriza) victory began to recede. The centre right party duly won sufficient support to form a coalition government, thereby avoiding the immediate risk of a disorderly exit and default. Markets gradually began to recover some poise ahead of the meeting of European leaders at the end of June, although expectations for any substantive progress towards a long term solution to the crisis remained low. In the event the summit produced a dramatic surprise, with Germany agreeing to some modest growth initiatives and, more importantly, to direct bailouts of Eurozone banks from European funds in return for more centralised supervision of the sector. The result was an immediate surge in markets as sentiment improved amid hopes that Europe was gradually moving towards greater integration and an enhanced fiscal union. The MSCI World index rose by 2.4% in local currency terms in a single day, its biggest move of the year, with many European markets rallying by over 5% in their respective currencies. The markets are now at an interesting juncture. On the one hand the Eurozone crisis has appeared to ease in the near term, and progress is underway towards closer Eurozone integration. Yet on the other hand economies have slowed and there is little to suggest that they will bounce back to higher growth levels. These competing forces are likely to result in continuing volatility in markets in the months ahead, with periods of decent growth punctured by periodic setbacks.

The Harmony EUR Balanced fund returned 0.6%, net of all fees, in June. Asset allocation benefited performance over the month, with the neutral position to equity markets complemented well by the fund's underweight exposure to sovereign paper and overweight to credit. Overall, the Harmony EUR Balanced fund is positioned for a low (but positive) growth environment, and under these conditions the portfolio's underweight to government debt is expected to benefit performance through the cycle. In the short term, however, when markets are impacted by a degree of risk aversion, this positioning may lead to the fund's underperforming its benchmark. Within the fixed income portion of the portfolio use is made of strategic, investment grade, convertible and high yield mandates. Some relatively small mid month changes were made to the allocation of the fund, including the initiation of a position in inflation protected government bonds and a small reduction of the global property securities holding to underweight, on the basis that this asset class has significantly outperformed the broader equity market year to date. From a manager selection perspective, the Momentum IF Global Equity fund rose by 4.6% in US dollar terms last month, underperforming its benchmark. In aggregate, the fund's deep value component was the main contributor to performance, with both managers outperforming the index last month, whilst the quality-value blend was broadly in line with the benchmark. The fund's aggressive growth component struggled, however, as all three managers underperformed the benchmark. This was driven by an overweight allocation to the IT sector in the case of the global manager, and by stock selection within the consumer discretionary and IT sectors for the US small cap managers.

As with November last year, in June the fund's relative performance was impacted by the difference between the time that this fund's price is calculated and the time that the prices of the underlying funds are published. As a result, many of the equity holdings are priced to the 28th of June, meaning that the fund's performance may not fully reflect the final day's significant equity market rally. This effect should be reversed next month. In June the fund's benchmark, which is not affected by this timing issue, returned 1.7%.

Source: Lipper Hindsight, Momentum Global Investment Management Limited, June 2012

## ■ Risk warnings and important notes

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Harmony Portfolios Euro Balanced Fund is a sub fund of the Momentum Global Funds SICAV which is domiciled in Luxembourg and is an "umbrella" fund which offers a wide range of single-priced, open-ended sub-funds. It is regulated by the Commission de Surveillance du Secteur Financier, the Luxembourg financial services regulator and conforms to the requirements of the European UCITS directive.

Past performance of any investment is not necessarily a guide to the future. All performance is calculated Total Return, Net of all fees and in Euro terms.

Fluctuations in the value of the underlying funds and the income from them and changes in interest rates mean that the value of the Fund and any income arising from it may fall, as well as rise, and is not guaranteed. Deductions of charges and expenses mean that you may not get back the amount you invested.

The fees charged within the Fund and by the managers of the underlying funds are not guaranteed and may change in the future.

Notwithstanding ongoing monitoring of the underlying funds within the Fund, there can be no assurance that the performance of the funds will achieve their stated objectives.

The Fund may contain shares or units in underlying funds that invest internationally. The value of your investment and the income arising from it may therefore be subject to exchange rate fluctuations.

This report should not be construed as investment advice or guidance or a proposal or recommendation in any form whatsoever, whether relating to the Fund or its underlying investments. It is for information purposes only and has been prepared and is made available for the benefit of the investors in the Fund and clients of the Distribution Partner.

The appointed Management Company for the Momentum Global Funds SICAV are RBS (Luxembourg) S.A. of 33 Rue de Gasperich, L-5826, Hesperange, Luxembourg.

The appointed Administrator of the Momentum Global Funds SICAV are JP Morgan Bank Luxembourg S.A. of 6 Route de Treves, L-2633 Senningerberg, Luxembourg. The latest copy of the Prospectus can be obtained from the appointed Administrator at this address.

Momentum Global Investment Management Limited (company registration no. 3733094) is the appointed Investment Manager, Promoter and Distributor of the Momentum Global Funds SICAV and are authorised and regulated by the UK Financial Services Authority, with registered address at 20 Gracechurch Street, London, EC3V 0BG. Momentum Global Investment management Limited is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act No. 37 of 2002 in South Africa.

The appointed Depositary of the Momentum Global Funds SICAV are JP Morgan Bank Luxembourg S.A. of 6 Route de Treves, L-2633 Senningerberg, Luxembourg.

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