

# 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

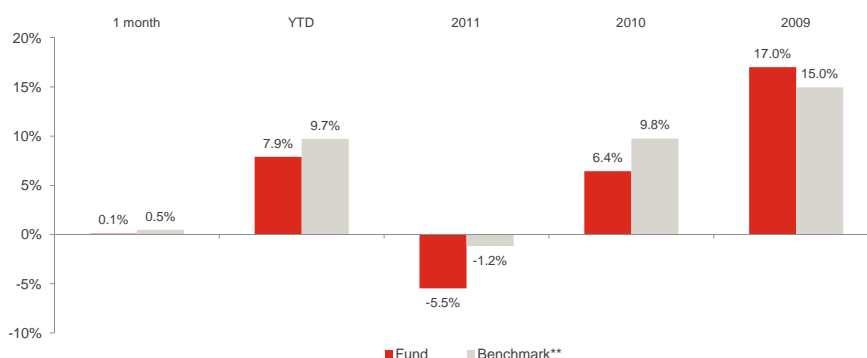
Investment manager: <b>Momentum Global Investment Management Limited</b>	Currency: <b>EUR</b>	ISIN A Class: <b>LU0651984873</b>	Price per share A Class: <b>EUR 0.9552</b>
Initial fee: <b>none</b>	Subscriptions / redemptions: <b>daily</b>	Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651985094</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 1.0698</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 the 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 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

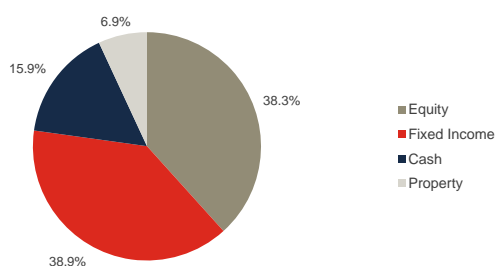
Holdings	Asset type	Weight
Jupiter European Special Situations Fund	Equity	16.4%
Cash	Money Market	15.9%
Henderson European Special Situations	Equity	14.4%
Old Mutual Dublin Global Bond Fund I Acc EUR	Fixed Income	10.4%
RWC Global Convertibles Fund	Fixed Income	8.7%
Cohen & Steers Global Real Estate USD	Property	6.9%
Momentum IF Global Equity Fund	Equity	6.2%
BlackRock Euro Government Bond Index Fund	Fixed Income	6.1%
Threadneedle European High Yield Bond Fund	Fixed Income	5.9%
BlackRock European Corporate Bond Index Fund	Fixed Income	4.9%
iShares \$ TIPS	Fixed Income	2.9%
Momentum IF Global Emerging Markets Fund	Equity	1.3%

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

## Investment statistics

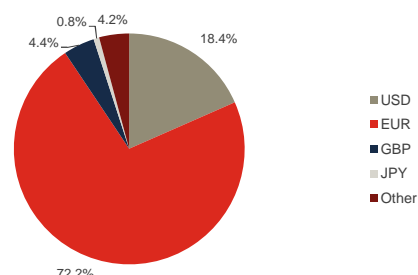
Current month return:	0.1%
Cumulative return:	27.0%
Annualised return:	6.7%
Annualised volatility:	7.5%

## Asset allocation



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

## Currency allocation



## ■ Market commentary

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Equities continued to rally during August, in anticipation of further intervention from policymakers on both sides of the Atlantic, alongside tentative signs of an improvement in the underlying economic data. In the US, latest economic releases generally exceeded expectations, with positive news from the labour market, the housing market and manufacturers. Nonetheless, the headline unemployment rate remains above the level at which the Federal Reserve (Fed) can be expected to consider exiting its current monetary policy stance. In Europe, output continues to contract, although data has begun to move back in line with market expectations. Eurozone gross domestic product (GDP) contracted by 0.2% in the second quarter, despite growth of 0.3% in Germany. The Fed has indicated its willingness to provide additional monetary stimulus, highlighting the current state of the US labour market. Ben Bernanke stopped short of committing to further quantitative easing during his speech at Jackson Hole at the end of the month, but the Fed Chairman made clear that he believes the non-traditional measures employed by the bank over the past five years have been successful. Higher risk assets generally responded positively to the prospect of further intervention from central banks during August, as equities, credit and commodities all posted gains. Safe haven government bonds saw their yields rise modestly, whereas peripheral European government bond yields fell. Perhaps the biggest surprise was the 10% rise in the oil price, taking Brent crude to USD 115 compared with USD 90 at the end of June. The latest moves appear to have been caused by fears over future supply emanating from the Middle East.

Against a backdrop of reasonable equity returns following on from a positive July, the Harmony Euro Balanced fund returned 0.1% in euro terms versus a benchmark return of 0.5%. Over the month, the contribution from asset allocation to relative performance was mixed, with the strong euro reporting currency acting as a headwind to foreign-currency returns. The portfolio manager has reduced the equity holding to mildly underweight, following the decent run enjoyed by equities since hitting their most recent bottom in June. Despite this move, the fund remains sensitive to the performance of the equity markets through its credit holdings. The fund is now slightly underweight equity, in mind of the possibility of a short term correction in markets. The portfolio manager does not consider equities to be overly expensive however, and if the market drops back it is likely that the equity position will be topped up. The fund's underweight to global government bonds aided relative performance during August, as these assets underperformed equities, despite posting positive returns. Within the fixed income portion of the portfolio use is made of strategic, investment grade, convertible and high yield mandates. Overall, the fund is positioned for a low (but positive) growth environment, and under these conditions the long-held strategic underweight to government debt is expected to benefit performance through the cycle.

From a manager selection perspective the Henderson European Special Situations fund performed in line with the MSCI Europe ex UK index in August, with a return of 2.6% in euro terms. The past twelve months have been an extremely volatile period for European markets, but the manager, Richard Pease, has used his experience to protect capital in generating outperformance of over 6%. Richard's focus remains on well-funded companies that are as insulated as possible from the challenges of the Eurozone and its consumers. He believes that the market is currently undervaluing the cash flows and dividend streams that businesses in the portfolio are able to earn, which should lead to them outperforming over the long run.

Source: Lipper Hindsight, Momentum Global Investment Management Limited, August 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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