

# Harmony Euro Balanced Fund

## Fund details

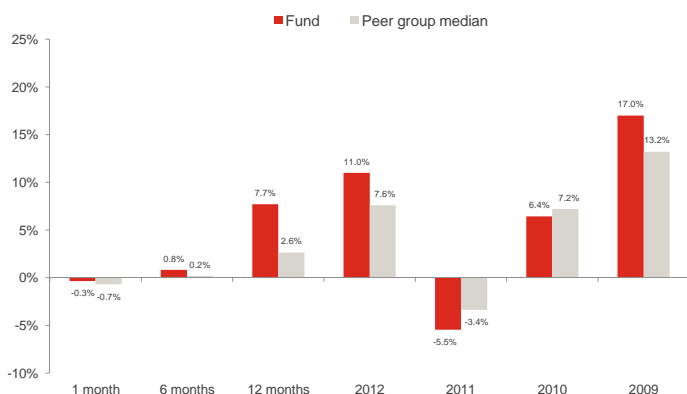
Investment manager: <b>Momentum Global Investment Management Limited</b>	ISIN A Class: <b>LU0651984873</b>	Price per share A Class: <b>EUR 1.0288</b>
Currency: <b>EUR</b>	ISIN B Class: <b>not yet launched</b>	Price per share B Class: <b>not yet launched</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651985094</b>	Price per share C Class: <b>EUR 1.1053</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651985177</b>	Price per share D Class: <b>EUR 1.1409</b>
Minimum investment <b>Share Class A: USD 100,000; Classes B, C &amp; D: USD 7,500 (EUR equivalent)</b>	Subscriptions / redemptions: <b>daily</b>	
Peer group: <b>Bloomberg Active Index for Funds - Global Balanced Offshore Funds (returns in EUR)</b>	Investment timeframe: <b>3 years +</b>	

## Investment objective

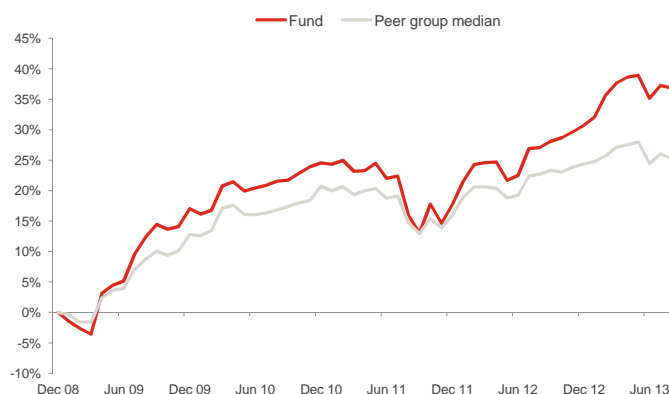
The portfolio will be biased to investments in Europe, but could also hold investments outside this region. The portfolio aims to provide a balance between capital preservation and capital growth in euros with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

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



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



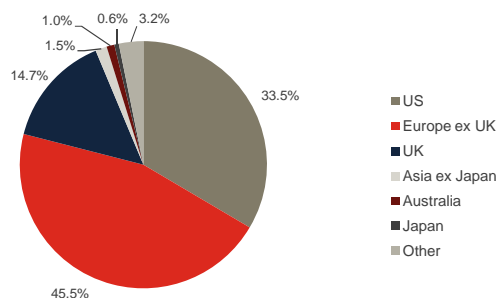
## All holdings

Holdings	Asset type	Weight
Jupiter European Special Situations	Equity	15.3%
Henderson European Special Situations	Equity	14.3%
Cash	Cash	12.1%
Old Mutual Dublin Global Bond	Fixed Income	10.3%
Cohen & Steers Global Real Estate	Property	6.9%
RWC Global Convertibles	Fixed Income	5.7%
BlackRock European Corporate Bond Index	Fixed Income	5.4%
Jupiter Dynamic Bond	Fixed Income	5.3%
Muzinich EnhancedYield Short-Term	Fixed Income	4.9%
Momentum IF Global Equity	Equity	4.5%
Threadneedle European High Yield Bond	Fixed Income	3.6%
First State Global Listed Infrastructure	Equity	3.1%
iShares \$ TIPS	Fixed Income	2.4%
Dimensional Emerging Markets Value	Equity	2.1%
Morgan Stanley Global Brands	Equity	2.0%
iShares Gold Producers	Commodities	1.1%
Artisan Global Value	Equity	1.0%

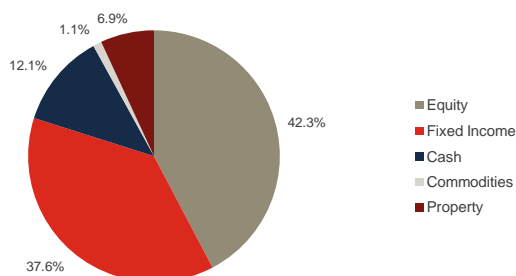
## Investment statistics (since 1 January 2009)<sup>1</sup>

Current month return:	-0.3%
Cumulative return:	36.8%
Annualised return:	6.9%
Annualised volatility:	6.9%

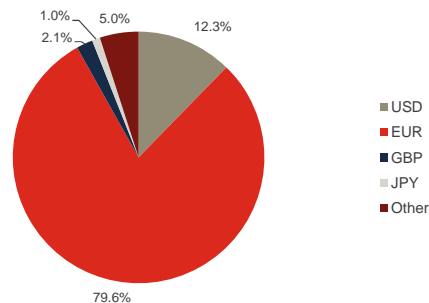
## Regional allocation



## 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 Europe, the fund will tend to perform well versus peers when European securities and currencies outperform. The opposite will also be true when European securities underperform other regions. Performance relates to Share Class A.

## ■ Manager commentary

While July was a solid month for global equity, August was a little nervier; with the condition of emerging market economies and the potential for conflict in Syria mainly weighing on investors' minds. Overall markets are in limbo presently as investors wait for more guidance or moves from the US Federal Reserve on tapering of Quantitative Easing (QE) in September. As was the case during the 'Taper Tantrum' of May and June, equity and bond markets tended to move in the same direction in August, and as a result there were few opportunities for global investors to realise positive absolute returns during the month. One effect of QE has been to move the markets as a homogenous mass. We believe that, in a world where QE tapering becomes a reality, there will be a return to fundamentally driven markets, with genuinely undervalued asset classes likely to be rewarding compared to those that are fair value or expensive.

The Harmony Euro Balanced fund returned -0.3% in August, net of all fees. Over the past twelve months the fund has returned 7.7%. The global aggregate bond market returned 0.2% in August, while global stocks returned -1.4% and global emerging markets returned -1.2% in euro terms. The fund's asset allocation policy contributed positively to performance last month, with our decision to avoid government bonds in favour of various aspects of the credit markets paying off in August, as these assets in aggregate outperformed sovereign paper. Moreover the fund's small underweight to global emerging markets equity (which we have recently moved to neutral) will have helped somewhat. The funds are also below their long term (strategic) asset allocation in terms of global property securities and these assets significantly underperformed the broader equity market, registering a return of -3.8% globally. Indeed year to date this subsector of the equity market is approximately 12% behind the broader global equity market. Finally, the fund is overweight cash; in a month where both equity and bond markets fall, a return of essentially zero from your cash holdings is relatively attractive.

Going forward, with uncertainty remaining over the solidity and pace of the strength of developed world economic growth, combined with potentially tightening credit conditions, it would be unwise to expect this year's relatively benign volatility environment to continue in perpetuity and as such investors should look to retain a prudent level of diversification in their portfolios. This is especially the case given the growing concern over certain parts of the global emerging markets combined with the growing spectre of some sort of military intervention in Syria. Overall, we believe that the fund is well positioned to take advantage of future opportunities in the markets as they present themselves.

From a manager selection perspective the two Europe-ex-UK focused equity managers held within the Harmony EUR Balanced portfolio continued to contribute to strong performance during August. The Henderson European Special Situations fund gained 1.0% in euro terms compared to the MSCI Europe ex UK index which fell by 1.0%, while the Jupiter European Special Situations fund protected capital versus the market with a 0.1% decline. Year to date performance has also been strong in both absolute and relative terms with the funds having gained 14.2% and 13.8% respectively versus a benchmark gain of 9.3%. This comes after excellent returns in 2012 as well, when the managers each returned over 20% in euro terms, again outperforming the benchmark. It's also worth noting that, despite a weak macroeconomic setting, the European market has actually outperformed US and UK equities by around 4% and 9% respectively when measured in common currency terms, and has only lagged the sharp rally in the Japanese market by 1.6%.

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

## ■ 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.