

# Harmony US Dollar Balanced Fund

## Fund details

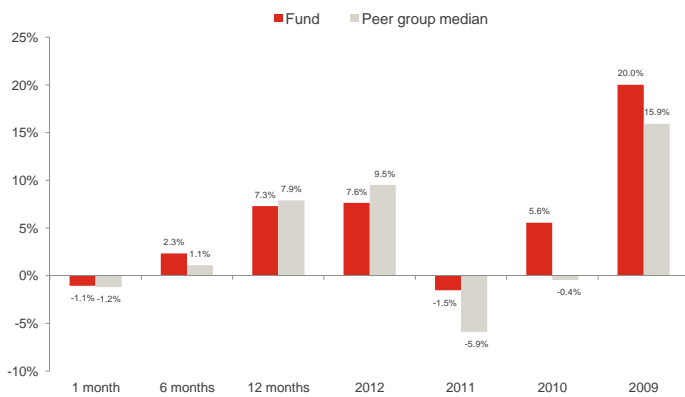
Investment manager: <b>Momentum Global Investment Management Limited</b>	ISIN A Class: <b>LU0651986068</b>	Price per share A Class: <b>USD 1.0379</b>
Currency: <b>USD</b>	ISIN B Class: <b>LU0651986142</b>	Price per share B Class: <b>USD 1.0510</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651986225</b>	Price per share C Class: <b>USD 1.1627</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651986498</b>	Price per share D Class: <b>USD 1.1055</b>
Minimum investment <b>Share Class A: USD 100,000; Classes B, C &amp; D: USD 7,500</b>	Subscriptions / redemptions: <b>daily</b>	
Peer group: <b>Bloomberg Active Index for Funds - Global Balanced Offshore Funds</b>	Investment timeframe: <b>3 years +</b>	

## Investment objective

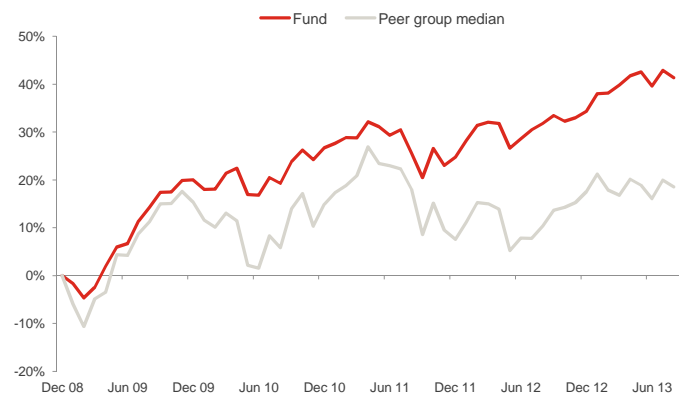
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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

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

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



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



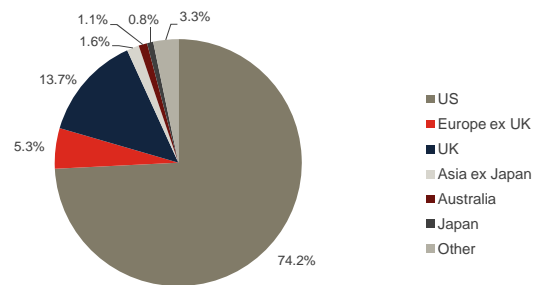
## All holdings

Holdings	Asset type	Weight
Cash	Cash	11.0%
Old Mutual Dublin Global Bond	Fixed Income	10.1%
Harris Associates Concentrated US Equity Fund	Equity	9.4%
Yacktman US Equity	Equity	9.2%
Wells Fargo US All Cap Growth	Equity	9.2%
Cohen & Steers Global Real Estate	Property	6.8%
ING (L) Flex Senior Loans (USD hedged)	Fixed Income	6.1%
RWC Global Convertibles	Fixed Income	5.9%
Jupiter Dynamic Bond	Fixed Income	5.0%
Momentum IF Global Equity	Equity	5.0%
Muzinich EnhancedYield Short-Term	Fixed Income	4.9%
Muzinich Short Duration High Yield (USD hedged)	Fixed Income	4.0%
First State Global Listed Infrastructure	Equity	3.1%
BlackRock US Corporate Bond Index	Fixed Income	2.8%
Artisan Global Value	Equity	2.4%
Dimensional Emerging Markets Value	Equity	2.3%
Morgan Stanley Global Brands	Equity	1.8%
iShares Gold Producers	Commodities	1.0%

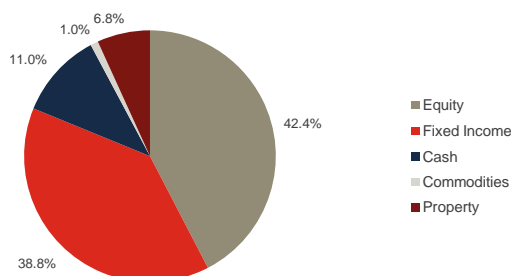
## Investment statistics (since 1 January 2009)<sup>1</sup>

Current month return:	-1.1%
Cumulative return:	41.4%
Annualised return:	7.7%
Annualised volatility:	7.7%

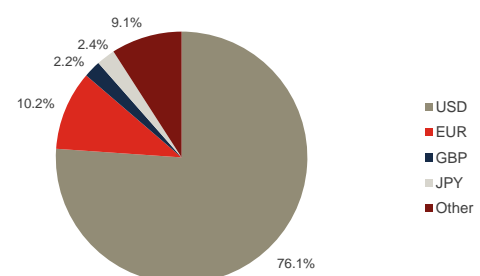
## Regional allocation



## 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 the United States, the fund will tend to perform well versus peers when US securities (including the dollar) outperform. The opposite will also be true when US securities underperform other regions. Performance relates to Share Class A.

## ■ Manager commentary

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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 US Dollar Balanced fund returned -1.1% in August, net of all fees. Over the past twelve months the fund has returned 7.3%. The global aggregate bond market returned -0.5% in August, while global stocks returned -2.1% and global emerging markets returned -1.7%. 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 -4.3% 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 Morgan Stanley Global Brands fund underperformed in August with a decline of 3.1% in US Dollar terms compared to -2.1% for the MSCI World index. Despite a strong gain of 8.5% year to date the fund has lagged the benchmark which has added almost 12%. One of the factors that detracted from relative returns in August was their large overweight to the US market which lagged other major developed markets over the month, in both local currency and US Dollar terms. A more significant factor though was the underperformance of the consumer staples sector (-3.9%) which makes up almost 70% of their portfolio and proved to be the second worst performing sector over the month after utilities (-4.6%). Indeed the consumer staples sector has now lagged the market over three and twelve months as well, a result that should be expected in such a strongly rising market given the defensive characteristics of the sector. This has led to most equity managers with a quality bias having underperformed, particularly in August when the trend was particularly pronounced and more cyclical sectors such as energy and materials outperformed.

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

## ■ Important Information

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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.