

Harmony Europe Diversified Fund

(Formerly known as the Harmony Euro Balanced Fund)

Fund details

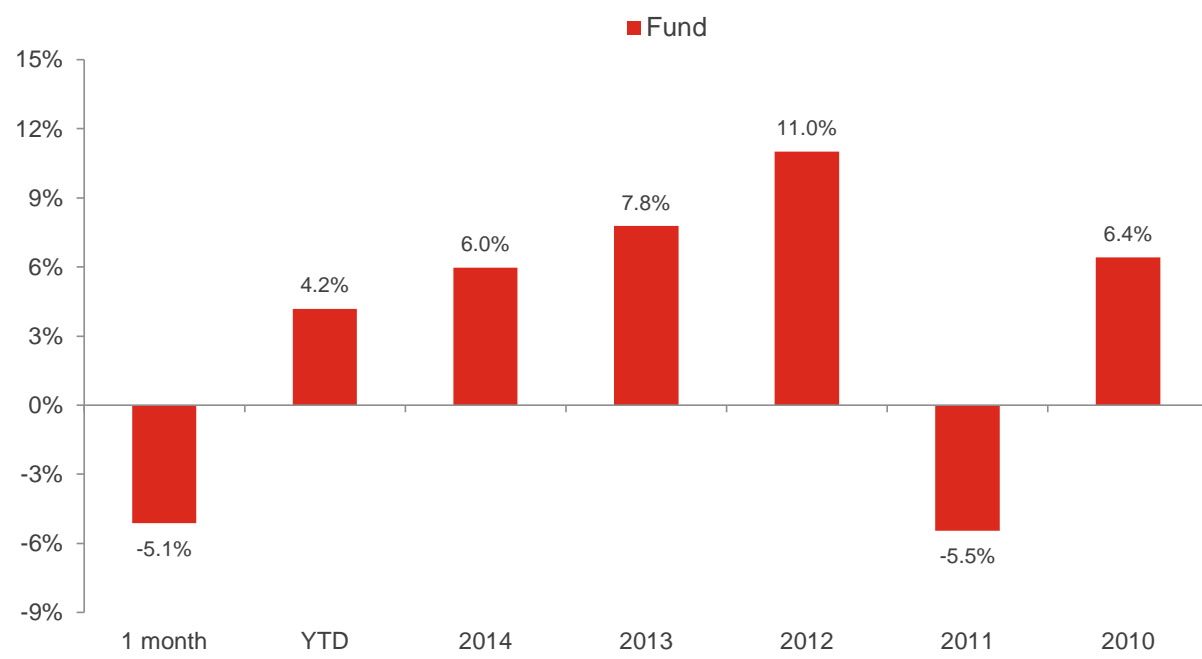
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|--|---|--|
| Investment manager: Momentum Global Investment Management | ISIN A Class: LU0651984873 | Price per share A Class: EUR 1.1694 |
| Currency: EUR | ISIN B Class: LU0651984956 | Price per share B Class: EUR 1.1021 |
| Inception date (fund): 12 August 2011 | ISIN C Class: LU0651985094 | Price per share C Class: EUR 1.2440 |
| Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS) | ISIN D Class: LU0651985177 | Price per share D Class: EUR 1.2723 |
| Minimum investment: Share classes A, B, C & D: USD 7,500 (EUR equivalent) | Subscriptions / redemptions: daily | Investment timeframe: 3 years + |

Investment objective

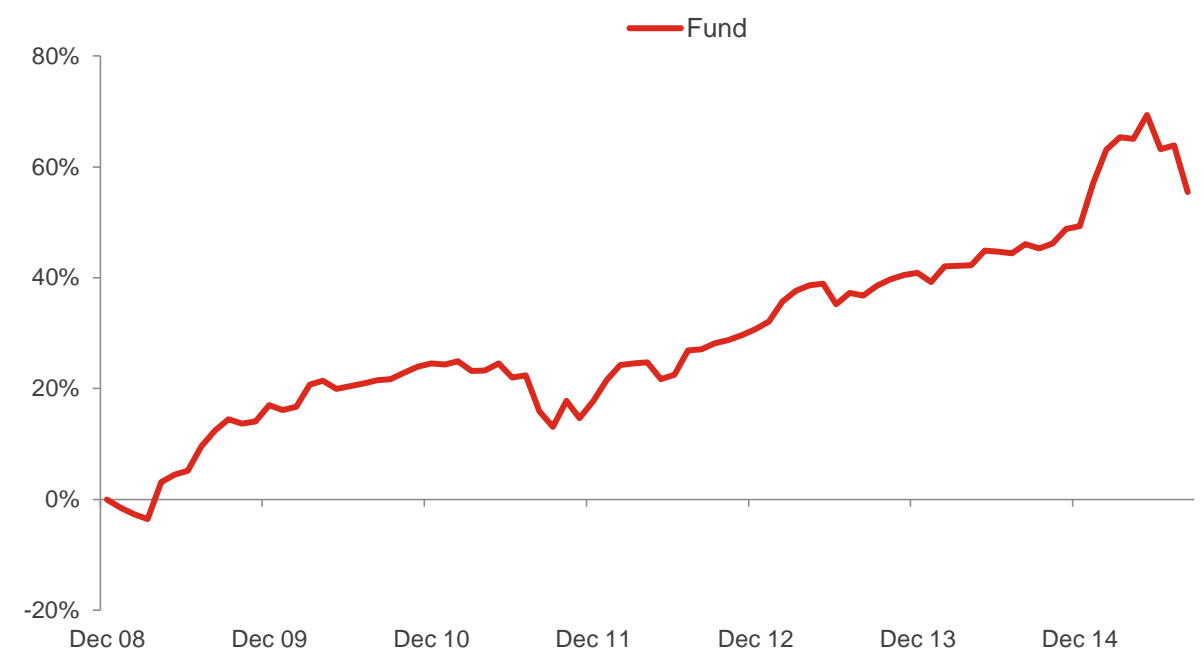
The portfolio will be biased to investments in Europe, but could also hold investments outside this region. The portfolio aims to provide a balance between capital preservation and capital growth in euros with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



Cumulative returns



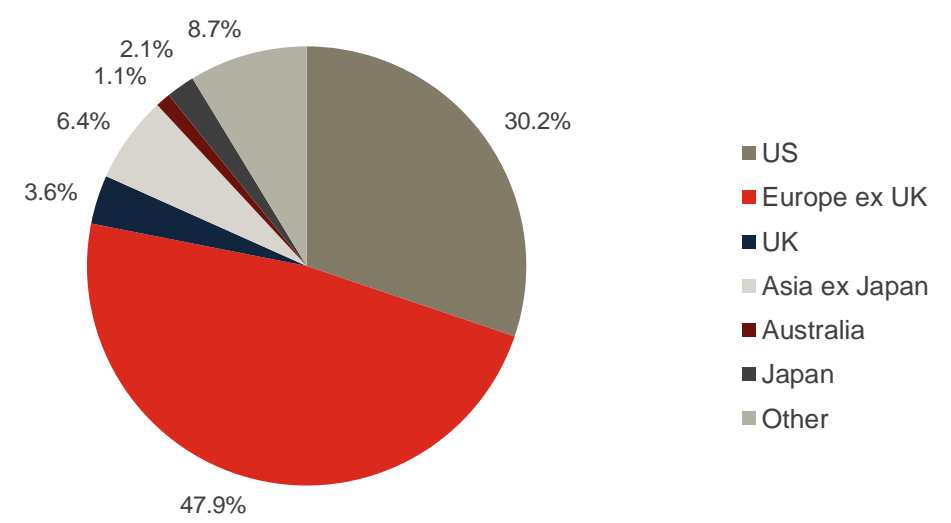
Holdings

| Holdings | Asset type | Weight |
|---|--------------|--------|
| Jupiter European Special Situations | Equity | 19.3% |
| FP Crux European Special Situations | Equity | 19.1% |
| Third Avenue Real Estate Value | Property | 5.8% |
| Artisan Global Value | Equity | 4.9% |
| PFS Twentyfour Dynamic Bond | Fixed Income | 4.8% |
| Muzinich EnhancedYield Short-Term (EUR hedged) | Fixed Income | 4.7% |
| RWC Global Convertibles | Fixed Income | 4.6% |
| Muzinich EM Short Duration (EUR hedged) | Fixed Income | 4.2% |
| Cash | Cash | 4.2% |
| AXA US Short Duration High Yield (EUR hedged) | Fixed Income | 4.0% |
| American Century Concentrated Global Growth | Equity | 3.4% |
| RWC Asia Convertibles | Fixed Income | 3.3% |
| Dimensional Emerging Markets Value | Equity | 3.2% |
| iShares JP Morgan Emerging Markets Bond | Fixed Income | 2.8% |
| AXA US High Yield (EUR hedged) | Fixed Income | 2.7% |
| First State Global Listed Infrastructure | Equity | 2.4% |
| Heptagon Kopernik Global All-Cap Equity | Equity | 2.4% |
| Schroder UK Recovery | Equity | 1.9% |
| Morgan Stanley UK Global Brands | Equity | 0.9% |
| Morgan Stanley Global Brands | Equity | 0.8% |
| Westwood Strategic Global Convertibles (EUR hedged) | Fixed Income | 0.4% |
| iShares Gold Producers | Commodities | 0.2% |

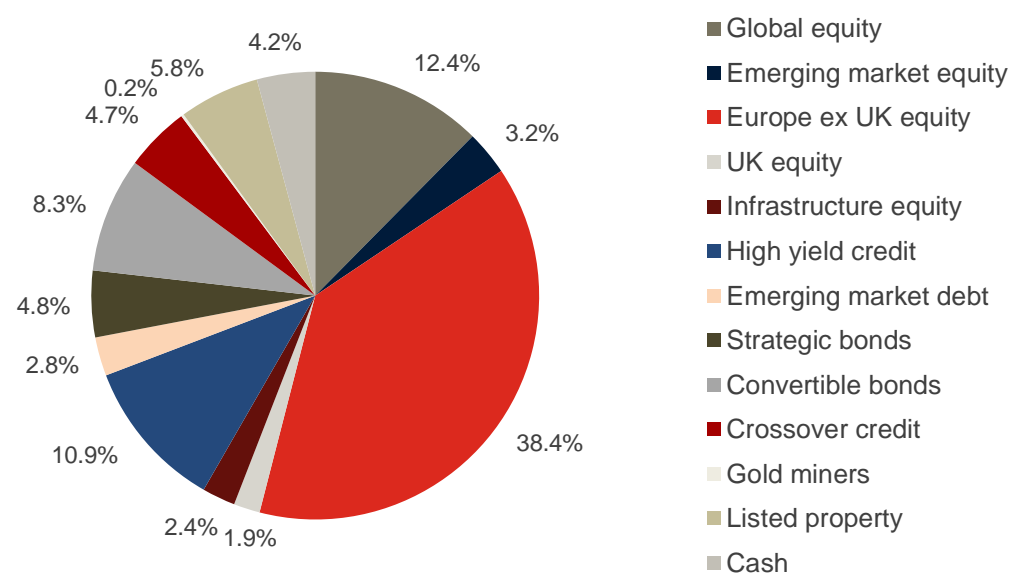
Investment statistics (since 1 January 2009)

| | |
|------------------------|-------|
| Current month return: | -5.1% |
| Cumulative return: | 55.5% |
| Annualised return: | 6.8% |
| Annualised volatility: | 7.0% |

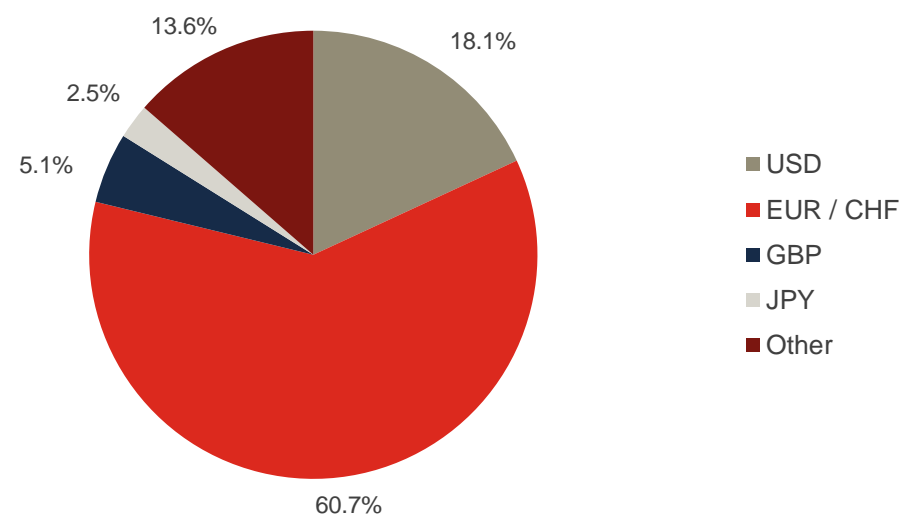
Regional allocation



Strategy allocation



Currency allocation



■ Manager commentary

Equity markets posted sharp falls in August and year-to-date most indices have now moved into negative territory, having erased decent gains made earlier in the year. Volatility rose significantly and many markets saw their largest daily moves in over six years. Having come on the back of smaller declines since May, this fall now represents one of the biggest setbacks that markets have seen since the current global equity bull market started. There are a number of factors that have contributed to the market weakness, but the main drivers have been developments in China and the prospect of the first interest rate rise in the US for nearly a decade. Markets are adjusting to the sharp slowdown in Chinese growth, which was further highlighted during August by the devaluation of the Chinese yuan. Given the size of the Chinese economy this has profound implications globally, not least for commodity prices, while the unwinding of the speculative bubble in onshore Chinese equities has also dented sentiment towards other equity markets, particularly in Asia. Over in the US, market expectations that the Federal Reserve (Fed) would increase rates as soon as September was another contributing factor to the sell-off, with anticipated monetary tightening affecting emerging markets in particular through capital outflows and currency weakness. However, question-marks over the resilience of Western economies to the slowdown in emerging markets, along with heightened market volatility, has cast significant doubt over the likelihood of the Fed increasing rates this year.

The sell-off was initially concentrated in the commodities complex and emerging market assets (stocks, currencies and ultimately bond markets), but spread more broadly across developed market equities later in August. Despite rallying in the last few days of the month the MSCI World index ended August down by 6.7% in local currency terms. The US equity market outperformed, although the S&P 500 still fell 5.3%, while the UK, Japan and Australia fell by between 6 and 7% in local currency terms. Continental European equities lagged with an 8.0% decline in euro terms, but the Asia Pacific ex Japan region fell most, by 9.6% in US dollar terms. Japan and Europe both saw their currencies strengthen by 1.8% versus the US dollar, but most other currencies depreciated versus the greenback. Emerging market currencies were particularly weak, resulting in the MSCI Emerging Markets equity index underperforming by over 2% versus global developed markets when measured in common currency terms, despite outperforming slightly in local currency terms. Bonds provided minimal protection to investors in August; although UK Gilts appreciated marginally. US Treasuries were flat whilst European government bonds fell, along with most investment grade and high yield credit indices. The one area that did provide reasonable positive returns for the month was gold, which is traditionally seen as a safe haven investment, with a gain of over 3%, which supported equity prices for gold mining companies. Otherwise, commodity prices continued to fall with many hitting six year lows and with the broad index falling 3.3%. Oil also hit new lows for the year before rallying just prior to month end.

Against this backdrop, the Harmony Europe Diversified Fund fell 5.1% in euro terms, reducing the year-to-date gains to 4.2% net of fees. Given the extent of the monthly index declines outlined above, it was a month where capital protection proved difficult, as the sell-off became increasingly indiscriminate with even European government bonds failing to protect. The Citigroup EMU Government Bond Index fell by 0.8% in August. Although the absolute return over the month was disappointing, the Fund provided meaningful downside protection relative to the 8.0% fall in the MSCI Europe ex UK equity index. Several of the Fund's equity holdings outperformed significantly versus their respective benchmarks, somewhat offsetting the modest declines posted by the various fixed income holdings. The Fund continues to have no exposure to developed market government bonds on valuation grounds; the various holdings we have instead, including high yield credit and emerging market debt, fell by 0.8%-1.8% over the month and have mostly outperformed European government bonds so far this year. Similarly, the Fund's convertible bond holdings have performed relatively well year-to-date, but contributed more downside in August as a result of their sensitivity to equity markets, falling by 1.5% to 2.8% for the month.

We believe that valuations across most equity markets and particular areas of fixed income markets are attractive at current levels, in a variety of possible economic scenarios. Moreover, we see the developed world as being on a steadily improving trend, despite the challenging market conditions witnessed in August. Corporations are in good shape, generating solid profits and holding large cash reserves, and consumers are also feeling reasonably positive once more. Slack in developed world labour markets also looks to have all but disappeared, which is a positive sign for wage negotiation. Meanwhile, the falls in energy prices have kept a lid on inflation, which is benefitting consumers and (most) corporations alike, while the banking sector, an important source of liquidity in the real economy, is better capitalised now than it has been for many years. Finally, despite nerves around when interest rates may start rising in the US (and to a lesser extent the UK), the monetary policy backdrop remains highly supportive for markets and we believe the 'lower for longer' mantra will remain true for some time to come.

The Fund remains well positioned for this environment, investing in the best managers we can find globally, in those asset classes which offer the best risk to reward prospects. We have maintained broadly the same asset allocation throughout this recent period of volatility, topping up underperforming holdings as necessary, and we are looking to take advantage of additional opportunities that arise. The Fund retains a high level of diversification; including by asset class, geography, manager and investment style, whilst avoiding over-concentration to particular portfolio risks.

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 Europe Diversified Incorporated Cell (IC) within the Momentum Mutual Fund. The historical performance of the Harmony Europe Diversified 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.