

# Harmony US Dollar Balanced Fund

## Fund details

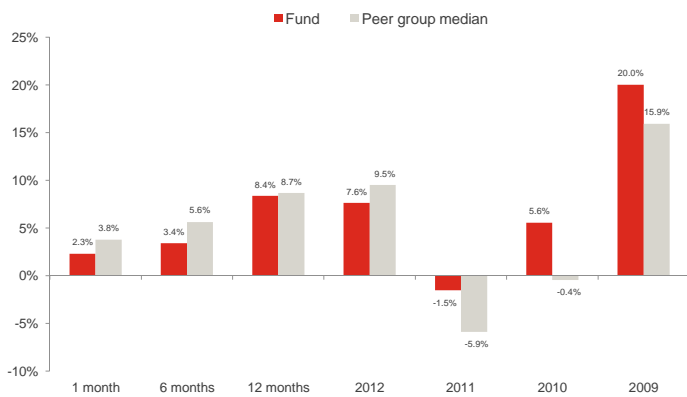
|   |   |  |
|---|---|--|
| Investment manager: <b>Momentum Global Investment Management</b>                      | ISIN A Class: <b>LU0651986068</b>         | Price per share A Class: <b>USD 1.0617</b> |
| Currency: <b>USD</b>  | ISIN B Class: <b>LU0651986142</b>         | Price per share B Class: <b>USD 1.0751</b> |
| Inception date (fund): <b>12 August 2011</b>  | ISIN C Class: <b>LU0651986225</b>         | Price per share C Class: <b>USD 1.1888</b> |
| Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>                          | ISIN D Class: <b>LU0651986498</b>         | Price per share D Class: <b>USD 1.1299</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

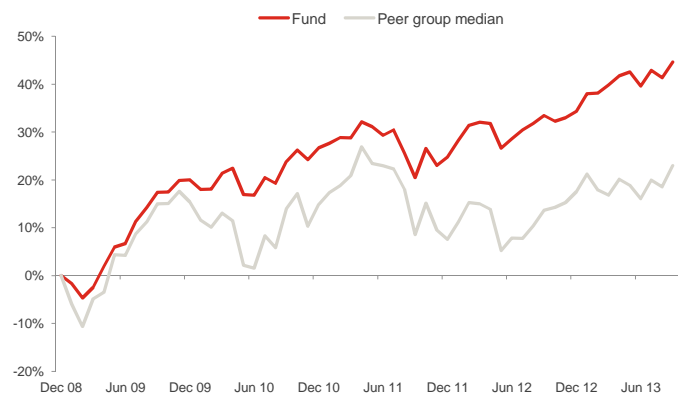
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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



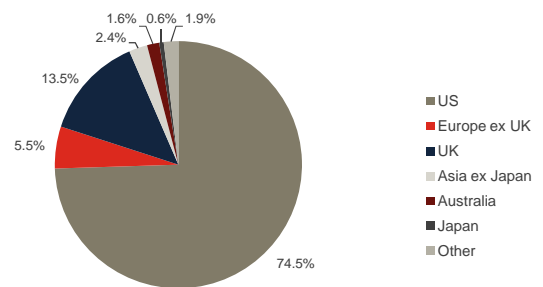
## Holdings

| Holdings  | Asset type   | Weight |
|---|--------------|--------|
| Cash  | Cash         | 12.0%  |
| Old Mutual Dublin Global Bond                   | Fixed Income | 9.9%   |
| Harris Associates Concentrated US Equity Fund   | Equity       | 9.4%   |
| Yacktman US Equity                              | Equity       | 9.1%   |
| Wells Fargo US All Cap Growth                   | Equity       | 9.0%   |
| ING (L) Flex Senior Loans (USD hedged)          | Fixed Income | 8.5%   |
| Cohen & Steers Global Real Estate               | Property     | 6.9%   |
| RWC Global Convertibles                         | Fixed Income | 6.0%   |
| Jupiter Dynamic Bond                            | Fixed Income | 4.9%   |
| Momentum IF Global Equity                       | Equity       | 4.9%   |
| 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%   |
| Artisan Global Value                            | Equity       | 2.4%   |
| Dimensional Emerging Markets Value              | Equity       | 2.3%   |
| Morgan Stanley Global Brands                    | Equity       | 1.8%   |
| iShares Gold Producers                          | Commodities  | 0.9%   |

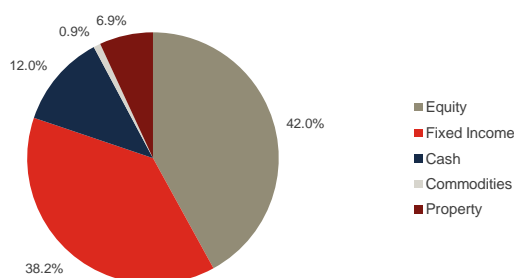
## Investment statistics (since 1 January 2009)<sup>1</sup>

|                        |       |
|------------------------|-------|
| Current month return:  | 2.3%  |
| Cumulative return:     | 44.6% |
| Annualised return:     | 8.1%  |
| Annualised volatility: | 7.7%  |

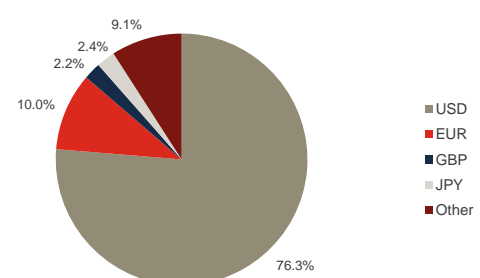
## Regional allocation



## Asset allocation



## Currency allocation



Sources: Momentum Global Investment Management, 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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September brought with it a return to form for global markets following a nervous August. The tension over possible military intervention in Syria largely dissipated in September, as a number of western states stepped back from earlier rhetoric. The market was surprised by the Federal Open Markets Committee's (the Fed's) decision to delay starting to taper its Quantitative Easing (QE) programme. From the moment the Fed proposed tapering QE it has clearly been contingent on the strength of US economic data. It is somewhat paradoxical to see a strong equity market performance in a month where the subtext suggests that the economic recovery of the world's largest economy is not quite as strong as had been hoped. Ultimately, however, market fundamentals and economics are not the same thing. 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 rewarded compared to those that are fair value or expensive.

The Harmony US Dollar Balanced fund returned 2.3% in September. Over the past twelve months the fund has returned 8.4% net of all fees. The global aggregate bond market returned 2.0% in September, while global stocks returned 5.2% in US dollar terms. Whilst the fund's asset allocation policy displayed mixed results over the month, decisions to avoid government bonds in favour of various aspects of the credit markets and the choice to underweight global property securities in favour of global listed infrastructure benefitted as these assets outperformed. On the other hand, in a month where government bonds increased in value, the fund's overweight position in cash negatively impacted relative performance.

Going forward, with uncertainty remaining over the solidity and pace of the strength of developed world economic growth, combined with a potentially tightening credit conditions, 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 and the impact that any QE tapering may have there. Further potential issues in the short term include the US sequestration and potential political intransigence over the debt ceiling.

From a manager selection perspective, of the three US equity managers in the portfolio, two – Wells and Harris – managed to outperform the S&P 500 during the third quarter. The holding in the Yackman fund underperformed by 3%. The Wells fund, which is managed according to a growth investment style, was the main contributor to outperformance within this portion of the portfolio given the 13.4% return of their fund compared to 5.1% for the S&P 500. The Wells US All Cap Growth fund has been a core US equity holding within the portfolio since the first quarter of 2012. The managers, based in Milwaukee, look to invest in companies with sustainable growth and to capitalise on opportunities that arise when a 'gap' exists between their assessment of a company's future growth and the market's expectations. An example of a stock where the managers feel this 'gap' is still present is Google, which at a weight of almost 4% represented their largest holding at the end of August. Their approach leads to exposure to an earnings acceleration investment style, which generally performs well in sharply rising or momentum-driven markets. This strategy has performed very well recently; year to date the fund has returned 23.6%, compared to the market's return of approximately 19%. One factor that we believe to be key to ensuring that the manager continues to deliver strong returns going forward, is preventing assets under management from growing to a level at which they have difficulty implementing their all-cap approach effectively. As such it is pleasing that the fund remains closed to new investors which should help protect future returns, although this does not affect the Harmony US Dollar Balanced fund given that we are existing investors.

Source: Bloomberg, Momentum Global Investment Management.

## ■ 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.