Momentum Global Funds

Société d'Investissement à Capital Variable

Harmony Europe Diversified Fund

(Formerly known as the Harmony Euro Balanced Fund)

momentum

month ended 30 November 2015

Fund details

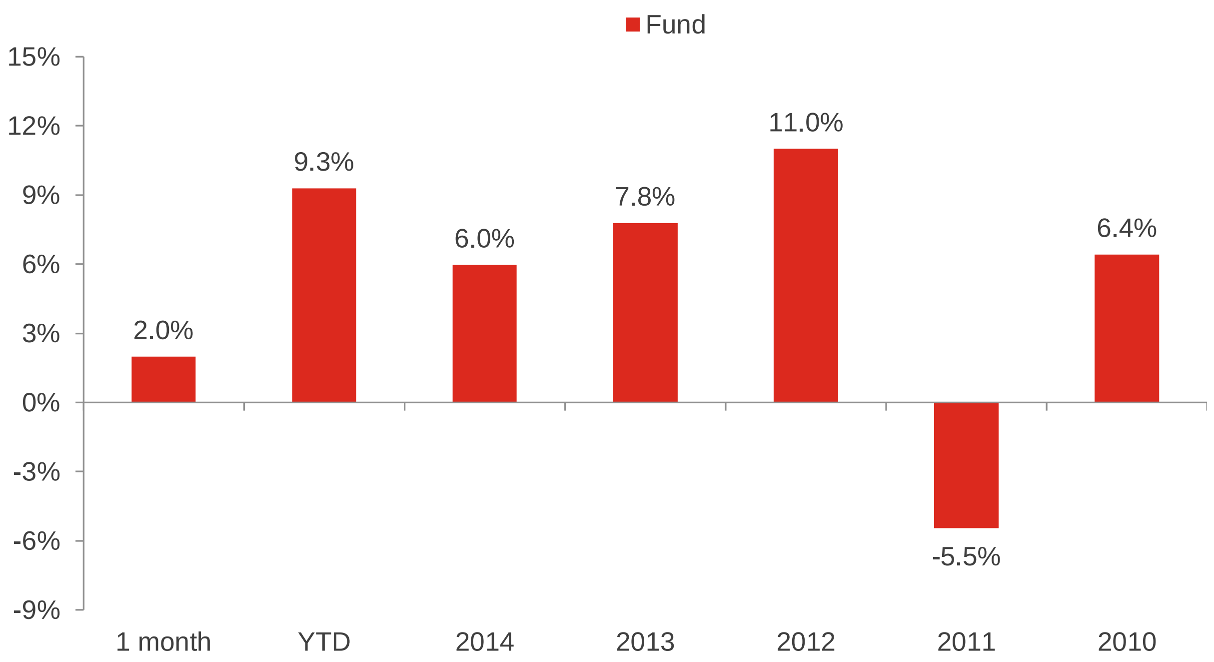
Investment manager: **Momentum Global Investment Management**	ISIN A Class: **LU0651984873**	Price per share A Class: **EUR 1.2267**
Currency: **EUR**	ISIN B Class: **LU0651984956**	Price per share B Class: **EUR 1.1560**
Inception date (fund): **12 August 2011**	ISIN C Class: **LU0651985094**	Price per share C Class: **EUR 1.3031**
Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	ISIN D Class: **LU0651985177**	Price per share D Class: **EUR 1.3312**
Minimum investment: **Share classes A, B, C & D: USD 7,500 (EUR equivalent)**	Subscriptions / redemptions: **daily**	Investment timeframe: **3 years +**

Investment objective

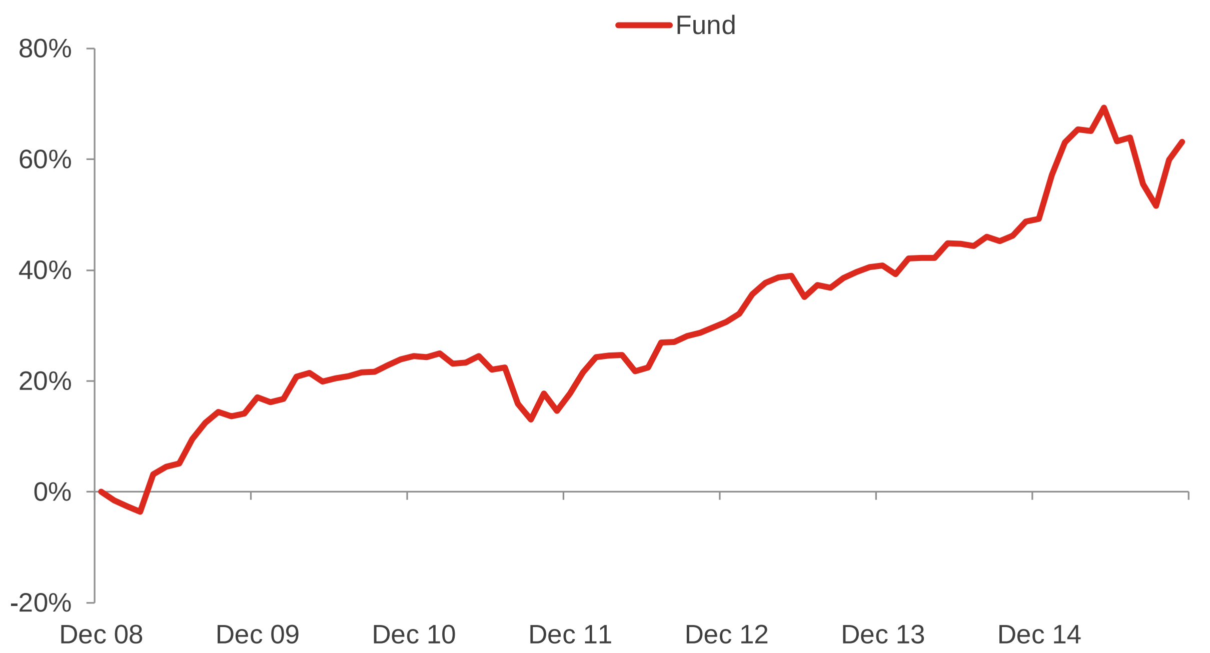
The portfolio will be biased to investments in Europe, but could also hold investments outside this region. The portfolio aims to provide a balance between capital preservation and capital growth in euros with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



Cumulative returns



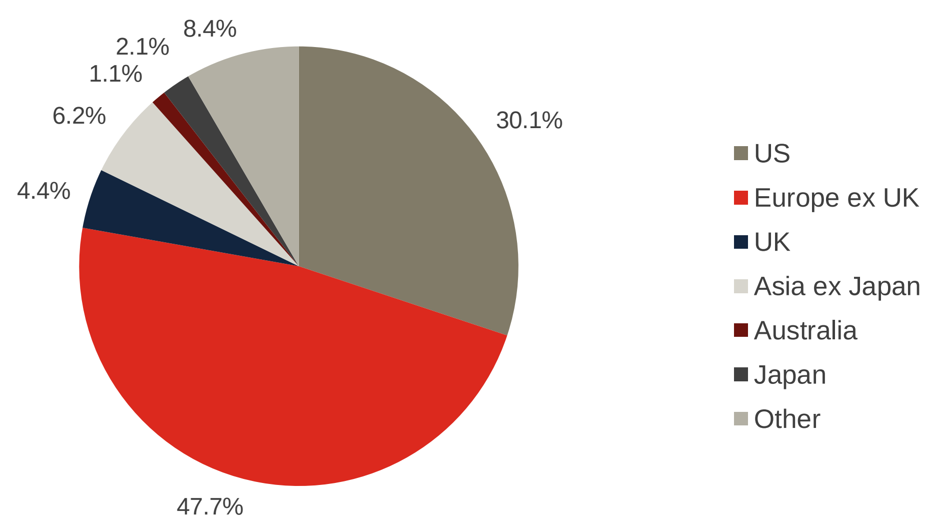
Holdings

Holdings	Asset type	Weight
FP Crux European Special Situations	Equity	19.3%
Jupiter European Special Situations	Equity	19.3%
Third Avenue Real Estate Value	Property	5.8%
Artisan Global Value	Equity	5.3%
PFS Twentyfour Dynamic Bond	Fixed Income	5.1%
AXA US High Yield (EUR hedged)	Fixed Income	4.9%
Cash	Cash	4.4%
RWC Global Convertibles	Fixed Income	4.1%
Muzinich EM Short Duration (EUR hedged)	Fixed Income	3.7%
Dimensional Emerging Markets Value	Equity	3.5%
iShares JP Morgan Emerging Markets Bond	Fixed Income	3.3%
American Century Concentrated Global Growth	Equity	3.2%
Muzinich EnhancedYield Short-Term (EUR hedged)	Fixed Income	3.0%
RWC Asia Convertibles	Fixed Income	2.9%
Schroder UK Recovery	Equity	2.7%
AXA US Short Duration High Yield (EUR hedged)	Fixed Income	2.6%
Heptagon Kopernik Global All-Cap Equity	Equity	2.2%
First State Global Listed Infrastructure	Equity	2.2%
Morgan Stanley UK Global Brands	Equity	0.9%
Westwood Strategic Global Convertibles (EUR hedged)	Fixed Income	0.7%
Morgan Stanley Global Brands	Equity	0.7%
iShares Gold Producers	Commodities	0.2%

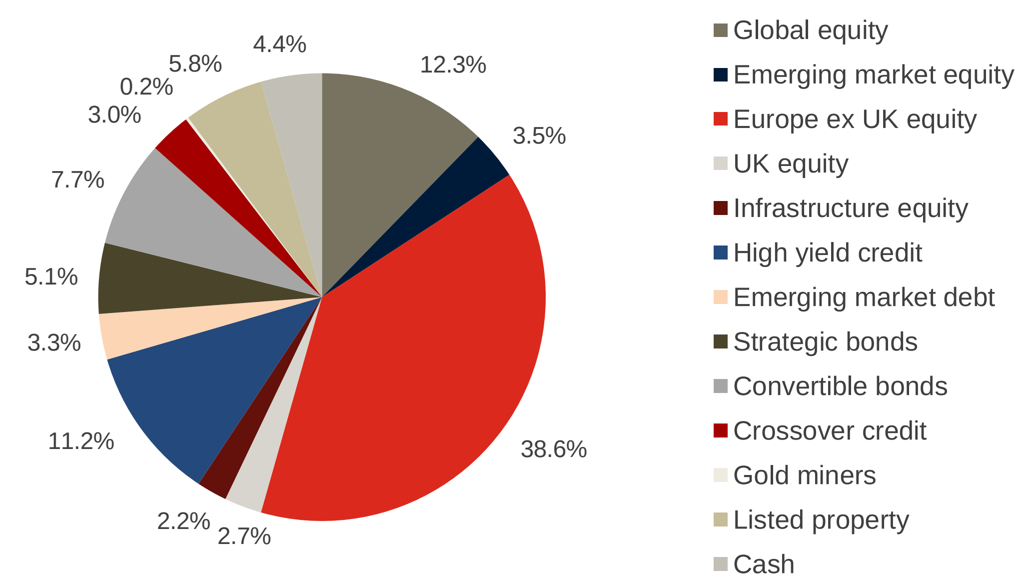
Investment statistics (since 1 January 2009)

Current month return:	2.0%
Cumulative return:	63.1%
Annualised return:	7.3%
Annualised volatility:	7.2%

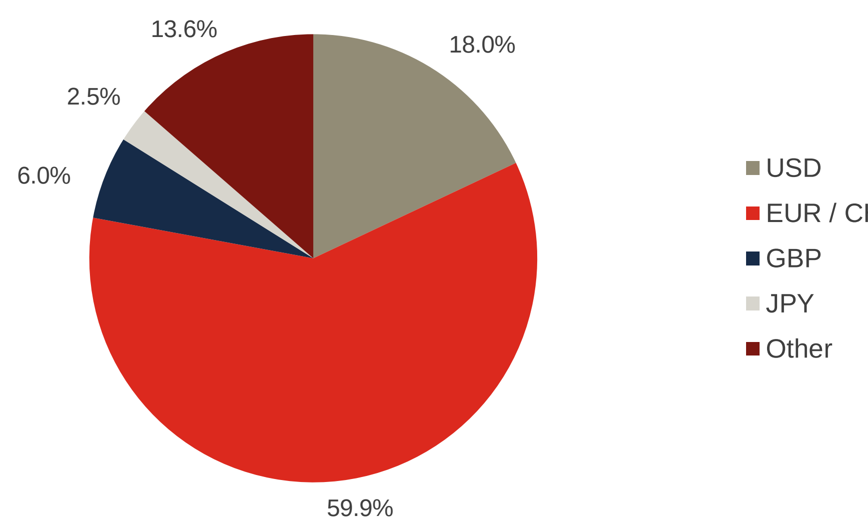
Regional allocation



Strategy allocation



Currency allocation



Sources: Momentum Global Investment Management, JP Morgan Bank (Luxembourg) S.A., Bloomberg.

Manager commentary

In contrast to the elevated volatility seen across markets in recent months, most asset classes ended November with relatively small moves, except for further large falls in various commodity markets. Global equities rose 0.6% in local currency terms as most major markets delivered gains, ranging from 0.3% for both the US and the UK to stronger gains of 1.1% for Japan and 2.7% for continental Europe. Emerging market equities underperformed, falling 2.7% in local currency terms. Returns from fixed income markets were more varied: UK and European government bonds performed well, gaining 1.2% and 0.4% respectively, while US treasuries fell 0.4%. Corporate credit outperformed government bonds in most markets, including European high yield bonds, but in the US high yield bonds were a notable underperformer falling 2.2% for the month. Meanwhile the US dollar appreciated further versus most other major currencies in November, in part reflecting heightened expectations for an interest rate hike by the US Federal Reserve (Fed) at their next meeting in December. The euro proved particularly weak, falling 4.0% versus the US dollar, which provided a tailwind for global asset class returns when measured in euro terms; on this basis global developed market equities gained 4.0% while global bonds rose 2.6%. However, US dollar strength contributed to further weakness in the commodity complex, with the Goldman Sachs Commodity Index falling 9.0% in US dollar terms, in part driven by an 11.6% fall in the Brent crude oil price.

Against this backdrop the Harmony Europe Diversified Fund returned 2.0% in November net of all fees. Equity holdings contributed most to this outcome, particularly the Fund's core holdings in Europe ex UK strategies managed by Crux and Jupiter, which both outperformed their benchmarks with returns of 5.1% and 3.0% respectively. Most of the Fund's global equity holdings also performed well, but this was offset by weaker performance from deep-value and emerging market orientated equity strategies. Overall the equity component of the portfolio continued to benefit from low exposure to the underperforming energy and materials sectors in November. However, yet another sharp fall in the oil price over the month did impact the Fund via its US high yield bond holdings, where the energy sector represents around 13% of the market. The main exposure we have to the broad US high yield market is through a holding in the AXA US High Yield Bond Fund. On energy specifically, the manager currently has an underweight allocation and only owns those credits that offer a sufficiently attractive risk/reward profile. Considering the entire portfolio, we believe the aggregate yield, which has risen to over 8% as bond prices have fallen, more than compensates investors for the risks inherent in this asset class and should lead to strong risk adjusted performance over the medium term. However, we maintain sufficient diversification within our fixed income holdings by balancing this with other asset classes, such as convertible bonds and hard currency emerging market debt, both of which delivered small gains over the month.

Overall there is a sense that the markets are marking time ahead of the Fed's interest rate decision in mid-December and what that portends for global economic activity and for investment markets. This is a period where portfolio risk has not been particularly well rewarded and while we remain constructive on equity markets from here, going forward we expect volatility will continue along with sharp divergence of performance between countries, sectors and companies depending on fundamentals. On the positive side, it appears that against this backdrop even hawkish central banks will be unlikely to adjust interest rate and other easing measures aggressively, which should help underpin this long credit and market cycle for several years ahead. Nevertheless, in this uncertain world, prudent diversification and a focus on quality stocks, cash generation and strong balance sheets will continue to reward investors.

Source: Bloomberg, Momentum Global Investment Management.

Important Information

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.