

Harmony Portfolios Euro Balanced Fund

(formerly known as the Harmony Euro Balanced Fund IC Ltd within the Momentum Mutual Fund ICC until 12 August 2011)

Fund details

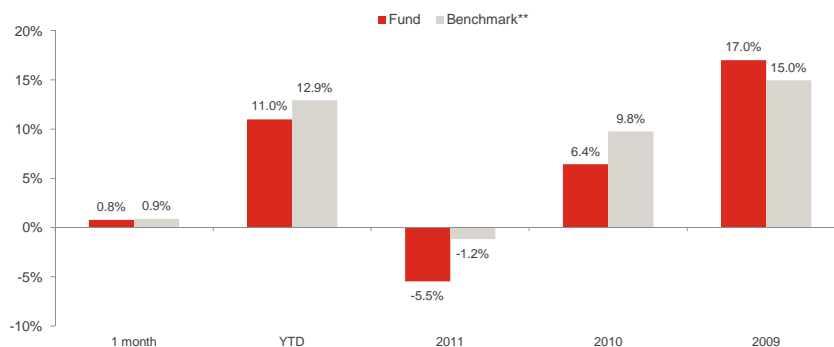
Investment manager: Momentum Global Investment Management Limited	Currency: EUR	ISIN A Class: LU0651984873	Price per share A Class: EUR 0.9827
Initial fee: none	Subscriptions / redemptions: daily	Inception date (fund): 12 August 2011	ISIN C Class: LU0651985094
Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS)	Investment timeframe: 3 years +	ISIN D Class: LU0651985177	Price per share D Class: EUR 1.0968
Minimum Investment Share Class A: USD 100,000 (EUR equivalent); Share Classes B, C & D: USD 7,500 (EUR equivalent)			
Prior Form: before the above inception date the fund was managed to the same strategy as an integrated cell within the Momentum Mutual Fund ICC Ltd			
Benchmark: 30% MSCI Europe ex UK, 30% JPM European GBI, 10% MSCI AC World, 10% Citigroup WorldBIG, 10% FTSE EPRA/NAREIT Developed, 10% EUR 7-Day LIBID			

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*



Source: Lipper Hindsight, JP Morgan Bank (Luxembourg) S.A. Performance relates to Share Class A.

* Prior to the funds inception as a sub fund of the Momentum Global Funds SICAV on 12 August 2011, the fund was managed as the Harmony Euro Balanced IC Cell within the Momentum Mutual Fund. The historical performance of the Harmony Euro Balanced IC is shown in the above chart from 1 January 2009 until the inception date of the SICAV. Past performance is not indicative of future returns. The fund performance is calculated on a total return basis, net of all fees and in Euro terms.

** From January 2009 to January 2010 the benchmark for performance comparison provided in this document comprised: 18% MSCI Europe ex UK, 10% MSCI Europe ex EMU, 25% Citigroup EUR WGBI, 12% JPM EMBI+, 13% Lipper Property Peer Group, 24% EUR 7-Day LIBID. From January 2010 to August 2011 the benchmark comprised: 18% MSCI Europe ex UK, 12% MSCI World ex EMU, 35% Citigroup EUR WGBI, 10% JPM EMBI+, 10% FTSE EPRA/NAREIT Developed CR, 15% EUR 7-Day LIBID.

All holdings

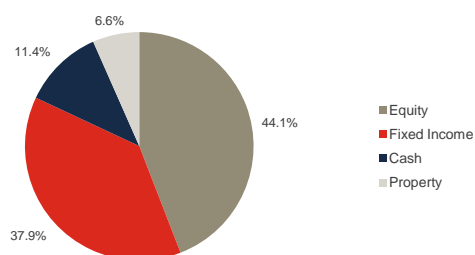
Holdings	Asset type	Weight
Jupiter European Special Situations Fund	Equity	15.5%
Henderson European Special Situations	Equity	15.3%
Cash	Cash	11.4%
Old Mutual Dublin Global Bond Fund I Acc EUR	Fixed Income	9.9%
Momentum IF Global Equity Fund	Equity	6.9%
Cohen & Steers Global Real Estate USD	Property	6.6%
BlackRock European Corporate Bond Index Fund	Fixed Income	5.7%
RWC Global Convertibles Fund	Fixed Income	5.7%
BlackRock Euro Government Bond Index Fund	Fixed Income	5.1%
Muzinich EnhancedYield Short-Term Fund EUR	Fixed Income	4.8%
Threadneedle European High Yield Bond Fund	Fixed Income	4.0%
First State Global Listed Infrastructure EUR	Equity	2.9%
iShares \$ TIPS	Fixed Income	2.7%
Morgan Stanley Global Brands Fund Z	Equity	2.1%
Momentum IF Global Emerging Markets Fund	Equity	1.4%

Source: Momentum Global Investment Management Limited, JP Morgan Bank (Luxembourg) S.A.

Investment statistics

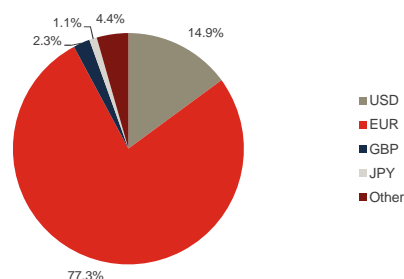
Current month return:	0.8%
Cumulative return:	30.7%
Annualised return:	6.9%
Annualised volatility:	7.2%

Asset allocation



Source: Momentum Global Investment Management Limited, JP Morgan Bank (Luxembourg) S.A.

Currency allocation



■ Market commentary

The final month of 2012 was dominated by two key themes: the looming 'fiscal cliff' in the US, and the strong performance of Japanese equities. Global equity markets (0.4%) rose steadily during the first three weeks of December in anticipation of new legislation to avert the US fiscal cliff, before pulling back as it became clear that discussions were set to continue right up to the deadline. Several days of discussions concluded with an eleventh hour deal to stop tax rises on individuals earning less than USD 400,000 and married couples with combined incomes of up to USD 450,000. The so-called 'fiscal cliff' is more appropriately described as a 'fiscal slide'; the widely-discussed headline reduction in US GDP – estimated to be around 4% – would only come to pass if tax breaks and government spending cuts were left untreated for the whole of 2013. Nonetheless, the total effect of planned measures is significantly larger than anything seen in Europe thus far. The deal does little to alter the current trajectory of US public debt, which is on course to hit the debt ceiling at the end of February. The US will soon be forced to introduce extraordinary measures in order to continue paying its bills. Japanese stocks added 10.1% in local currency terms during December, following the Liberal Democratic Party's election victory at the beginning of the month. It was the best festive period for investors in Japan since at least 1989, and moved the Topix index ahead of peer markets for the year. The new government is pushing for stronger action to bring an end to Japan's period of low inflation/deflation, with "bold monetary easing" and "flexible" fiscal policy. Elsewhere, in Europe the passing of new budget laws in Italy was followed by the resignation of Mario Monti as Prime Minister on 21 December. Mr. Monti is unlikely to disappear from the political spotlight, however, after announcing his willingness to play a role in a reform-minded centrist coalition in the next elections. A huge amount still remains to be done with regards to the euro 'project', with centralised banking supervision and greater fiscal integration at the top of politicians' wish list for 2013.

Despite a relatively weak end to the month, overall December provided positive returns for equity investors. Indeed December represented a reasonable end to what has proven to be a strong year for higher risk assets such as equities. Overall the global equity market returned 0.9% in December in EUR terms, helped by a strong final trading session as concerns started to lift regarding the US fiscal cliff. Against this backdrop, the Harmony EUR Balanced fund delivered its seventh consecutive positive month. The fund returned 0.8% in EUR terms in December, bringing its twelve month return to 11.0%. From an asset allocation perspective, the fund's underweight to global government bonds and overweight allocation to areas of the credit markets benefited both absolute and relative performance. The fund's holdings in credit securities, as well as the allocation to strategic bond mandates and convertible debt, provided positive returns. The fund's small underweight to global property securities was a drag on performance as these securities outperformed the broader equity markets in December. The fund remains underweight to government bonds, as we do not see compelling valuations available in this area of the fixed income markets. Looking forward to 2013, while a degree of welcome optimism appears to be returning to the markets, it is worth bearing in mind that a multitude of risks remain for investors. Consequently, while we are cautiously optimistic about the prospects for 2013, investors should look to retain a prudent level of diversification in their portfolios.

The Harmony EUR Balanced fund initiated a small position in the First State Global Listed Infrastructure strategy during December. The Sydney-based fund managers, Peter Meany and Andrew Greenup, are supported by a team of experienced infrastructure specialists and only invest in the equity of businesses that derive the bulk of their earnings from owning and operating infrastructure assets. Such assets enable the delivery of some of the essential services that make up today's modern society. Infrastructure assets often hold a guaranteed agreement with the government to provide essential services, which creates an effective monopoly for the provider and results in extremely predictable cash flows. Therefore, these businesses are often less vulnerable to economic cycles and can support high credit ratings and lower borrowing costs, due to their high predictability. Also, government agreements usually include automatic tariff increases which in many cases explicitly consider the rate of inflation. In combination these characteristics mean infrastructure equities are able to deliver more stable, defensive returns with lower correlations to other asset classes, compared to general equities. As experienced investors in this area, the managers of the First State strategy implement a conservative approach that focuses on buying the highest quality infrastructure stocks at attractive prices. They look to minimise risk through an in-depth due diligence process that excludes riskier, low quality businesses, as well as by constructing a portfolio that is well diversified by sector, geography and other economic drivers.

Source: Lipper Hindsight, Momentum Global Investment Management Limited, December 2012

■ Risk warnings and important notes

Harmony Portfolios Euro Balanced Fund is a sub fund of the Momentum Global Funds SICAV which is domiciled in Luxembourg and is an "umbrella" fund which offers a wide range of single-priced, open-ended sub-funds. It is regulated by the Commission de Surveillance du Secteur Financier, the Luxembourg financial services regulator and conforms to the requirements of the European UCITS directive.

Past performance of any investment is not necessarily a guide to the future. All performance is calculated Total Return, Net of all fees and in Euro terms.

Fluctuations in the value of the underlying funds and the income from them and changes in interest rates mean that the value of the Fund and any income arising from it may fall, as well as rise, and is not guaranteed. Deductions of charges and expenses mean that you may not get back the amount you invested.

The fees charged within the Fund and by the managers of the underlying funds are not guaranteed and may change in the future.

Notwithstanding ongoing monitoring of the underlying funds within the Fund, there can be no assurance that the performance of the funds will achieve their stated objectives.

The Fund may contain shares or units in underlying funds that invest internationally. The value of your investment and the income arising from it may therefore be subject to exchange rate fluctuations.

This report should not be construed as investment advice or guidance or a proposal or recommendation in any form whatsoever, whether relating to the Fund or its underlying investments. It is for information purposes only and has been prepared and is made available for the benefit of the investors in the Fund and clients of the Distribution Partner.

The appointed Management Company for the Momentum Global Funds SICAV are RBS (Luxembourg) S.A. of 33 Rue de Gasperich, L-5826, Hesperange, Luxembourg.

The appointed Administrator of the Momentum Global Funds SICAV are JP Morgan Bank Luxembourg S.A. of 6 Route de Treves, L-2633 Senningerberg, Luxembourg. The latest copy of the Prospectus can be obtained from the appointed Administrator at this address.

Momentum Global Investment Management Limited (company registration no. 3733094) is the appointed Investment Manager, Promoter and Distributor of the Momentum Global Funds SICAV and are authorised and regulated by the UK Financial Services Authority, with registered address at 20 Gracechurch Street, London, EC3V 0BG. Momentum Global Investment management Limited is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act No. 37 of 2002 in South Africa.

The appointed Depositary of the Momentum Global Funds SICAV are JP Morgan Bank Luxembourg S.A. of 6 Route de Treves, L-2633 Senningerberg, Luxembourg.

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