

# Harmony Sterling Balanced Fund

## Fund details

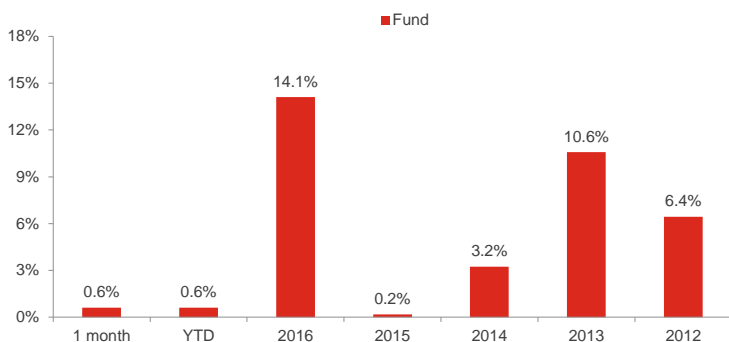
Investment manager: <b>Momentum Global Investment Management</b>	ISIN A Class: <b>LU0651985250</b>	Price per share A Class: <b>GBP 1.4451</b>
Currency: <b>GBP</b>	ISIN B Class: <b>LU0651985334</b>	Price per share B Class: <b>GBP 1.3704</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651985417</b>	Price per share C Class: <b>GBP 1.4182</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651985508</b>	Price per share D Class: <b>GBP 1.3467</b>
Minimum investment: <b>Share classes A, B, C &amp; D: USD 7,500 (GBP equivalent)</b>	Subscriptions / redemptions: <b>daily</b>	Investment timeframe: <b>3 years +</b>

## Investment objective

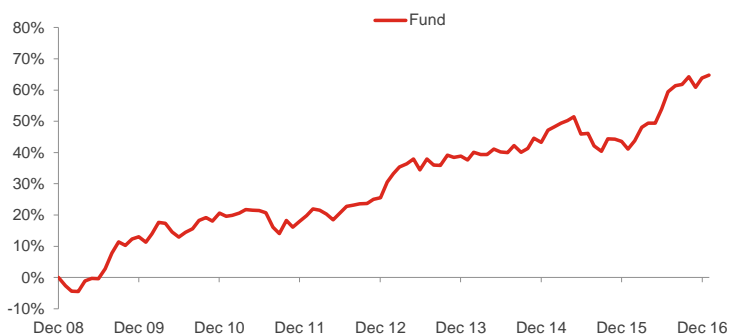
The portfolio will be biased to investments in the United Kingdom, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in sterling with a reduced level of volatility, via strategic exposures to a wide range of asset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

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

## Fund performance



## Cumulative returns



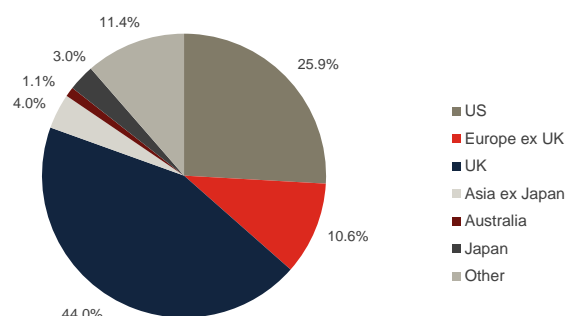
## Holdings

Holdings	Asset type	Weight
Schroder UK Recovery	Equity	9.2%
Evenlode Income	Equity	6.6%
Muzinich EnhancedYield Short-Term (GBP hedged)	Fixed Income	6.6%
CF Lindsell Train UK Equity	Equity	5.8%
Cash	Cash	5.7%
RWC Income Opportunities (GBP hedged)	Equity	5.4%
BlackRock UK Corporate Bond Index	Fixed Income	5.0%
AXA US Short Duration High Yield (GBP hedged)	Fixed Income	4.6%
RWC Global Convertibles (GBP hedged)	Fixed Income	4.3%
Ediston Property Investment Co	Property	4.2%
iShares JP Morgan Emerging Markets Bond	Fixed Income	4.1%
ETFS Physical Gold	Commodities	3.8%
Third Avenue Real Estate Value	Property	3.7%
First State Global Listed Infrastructure	Equity	2.4%
RWC Asia Convertibles (GBP hedged)	Fixed Income	2.1%
Westwood Strategic Global Convertibles (GBP hedged)	Fixed Income	2.1%
Heptagon Kopernik Global All-Cap Equity	Equity	2.0%
BlackRock US Corporate Bond Index	Fixed Income	2.0%
F&C Global Equity Market Neutral	Alternatives	1.9%
GSAM Global Strategic Macro Bond (GBP hedged)	Alternatives	1.9%
Muzinich EM Short Duration (GBP hedged)	Fixed Income	1.9%
Goldman Sachs EFI Long Short Risk Premia (GBP hedged)	Alternatives	1.7%
FP Crux European Special Situations	Equity	1.7%
American Century Concentrated Global Growth	Equity	1.3%
US TIPS 0% 01/15/25	Fixed Income	1.1%
US TIPS 1% 01/15/20	Fixed Income	1.1%
Sands Capital Emerging Markets Growth	Equity	1.0%
Schroder Real Estate Investment Trust	Property	1.0%
Dimensional Emerging Markets Value	Equity	1.0%
Artisan Global Value	Equity	1.0%
Amundi ETF JPX-Nikkei 400 JPY	Equity	1.0%
Morgan Stanley Global Brands	Equity	0.9%
BlackRock Developed Real Estate	Property	0.8%
iShares Gold Producers	Commodities	0.7%
US TIPS 0% 02/15/42	Fixed Income	0.4%

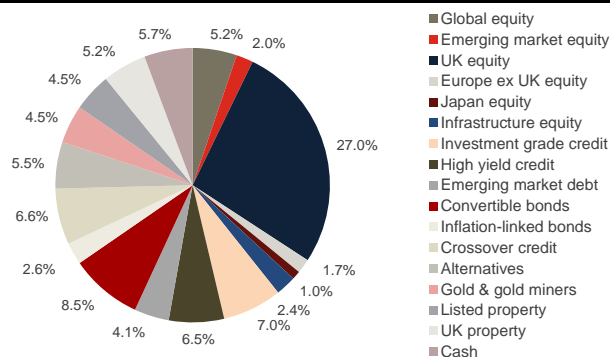
## Investment statistics (since 1 January 2009)

Current month return:	0.6%
Cumulative return:	64.8%
Annualised return:	6.4%
Annualised volatility:	6.1%

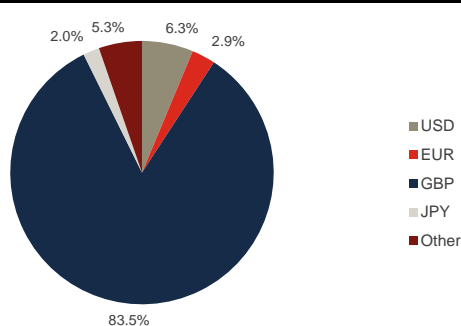
## Regional allocation



## Strategy allocation



## Currency allocation



## ■ Manager commentary

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The early weeks of 2017 in financial markets have been a sharp contrast to the same period in 2016, when markets fell sharply on fears about China's slowdown and currency weakness. This year markets have continued their post-election pattern, rising on expectations of 'Trumpflation', higher growth and strong corporate profits. Equities, again led by the US, have continued to outperform bonds, with the MSCI World index up 1.3% in January in local currency terms while global government bonds were down 0.8%. It was notable that global emerging markets, which underperformed markedly in the aftermath of the US election, recovered strongly, with the MSCI Global Emerging Markets index up 5.5% in US dollar terms for the month, helped by currency gains and strong rises in Asian and Latin American markets. Having risen sharply over the second half of last year, the US dollar experienced a sharp setback in January; the USD trade weighted index fell by 3.7% from its late December peak to month-end, with emerging market and commodity linked currencies enjoying a strong rally, as well as the euro and Japanese yen rising by 2.7% and 3.7% respectively. Pound sterling, weighed down by concerns about a 'hard' Brexit following a speech of Prime Minister May's in which she outlined her strategy on Brexit, underperformed, but still managed a 1.8% rise against the USD.

The Harmony Sterling Balanced fund returned 0.6% in January in Sterling terms net of fees, compared to returns of -0.5% and -1.8% for UK equities and UK gilts respectively. Over twelve months the fund has returned 16.8%. Most holdings contributed modest positive returns in January, while the strongest returns came from strategies managed with a value orientated approach or with an emerging markets bias. Also, international investments generally outperformed domestic investments by virtue of the relative underperformance of the UK equity market. These gains were further supported by the fund's commodity related allocations, with the physical gold and gold mining equity holdings returning 4.5% and 9.1%. The fixed income and liquid alternative portions of the fund also delivered small gains.

During the month we made two changes to the fund's asset allocation policy. We reduced the target for the overall equity allocation by 2.5% in response to the recent strength in markets which has seen further increases in valuation multiples. The fund's equity allocation has been reduced in small increments over the past year as markets have recovered from the recent trough in early 2016, at which point we had substantially higher equity and credit allocations. The other key change was the addition of a 2.5% holding in US Treasury Inflation-Protected Securities (TIPS), purchased via three bonds with different maturities and fully currency hedged back to Sterling. This is the first direct exposure the fund has had to government bonds in several years. The asset class has been very weak recently due to a change in market expectations for future monetary policy across key central banks globally, spurred by higher inflation expectations. In our view the asset class has a better risk/reward profile than it has had for some time, with 10 year Treasury yields having risen rapidly from below 1.4% in mid-2016 to around 2.5% at the time of purchase. By buying TIPS as opposed to nominal government bonds, our positions are protected from further rises in inflation expectations. Overall we continue to view most government bond markets as overvalued, which is reflected in the modest sizing of this new position, but we believe some exposure to the US market is now warranted at these yield levels on the basis of the diversification benefits that bonds bring to the fund, especially given the increase in equity valuations in recent years. Although most market participants have rapidly turned their attention to worrying about inflation risks, the deflationary forces that have driven the multi-decade bull market in bonds have not disappeared overnight. We do believe this cycle has further to run and that equities will continue to outperform bonds through 2017, but prudent diversification and a focus on valuation levels remains a key focus in order to smooth the journey and ensure we are in a position to take advantage of buying opportunities presented by market volatility.

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