

# Harmony Sterling Balanced Fund

month ended 31 May 2017

## Fund details

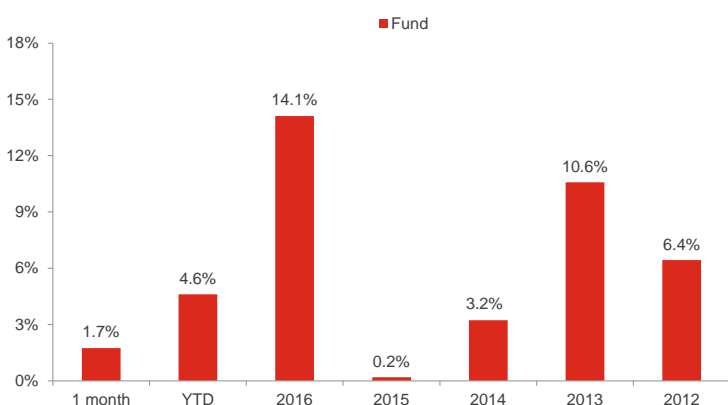
Investment manager: <b>Momentum Global Investment Management</b>	ISIN A Class: <b>LU0651985250</b>	Price per share A Class: <b>GBP 1.5025</b>
Currency: <b>GBP</b>	ISIN B Class: <b>LU0651985334</b>	Price per share B Class: <b>GBP 1.4247</b>
Inception date (fund): <b>12 August 2011</b>	ISIN C Class: <b>LU0651985417</b>	Price per share C Class: <b>GBP 1.4719</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	ISIN D Class: <b>LU0651985508</b>	Price per share D Class: <b>GBP 1.3958</b>
Minimum investment: <b>Share classes A, B, C &amp; D: USD 7,500 (GBP equivalent)</b>	Subscriptions / redemptions: <b>daily</b>	Momentum Global Funds AUM: <b>USD 599.0 million</b>
Investment timeframe: <b>3 years +</b>	Website: <b>harmonyportfolios.com</b>	Sterling Balanced Fund AUM: <b>USD 127.5 million</b>

## Investment objective

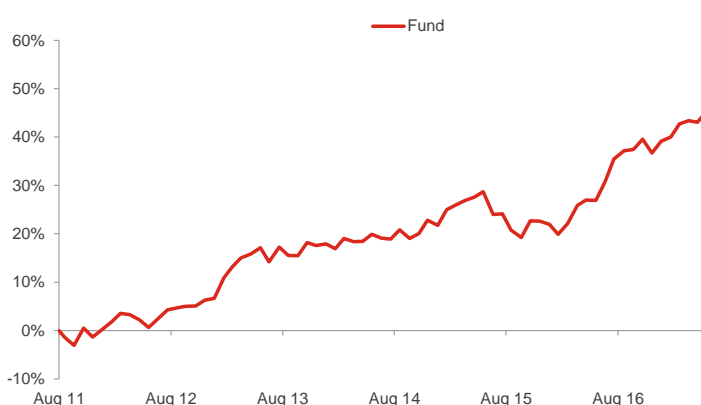
The portfolio will be biased to investments in the United Kingdom, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in sterling with a reduced level of volatility, via strategic exposures to a wide range of asset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

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

## Fund performance



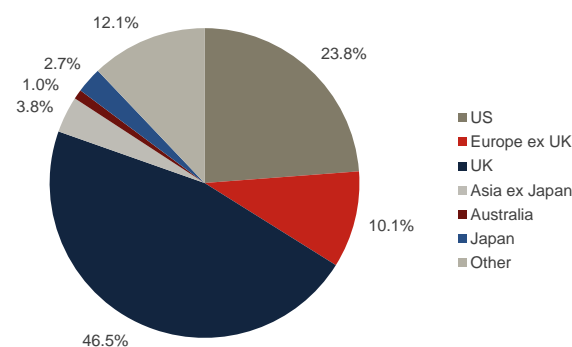
## Cumulative returns (since inception, 12 August 2011)



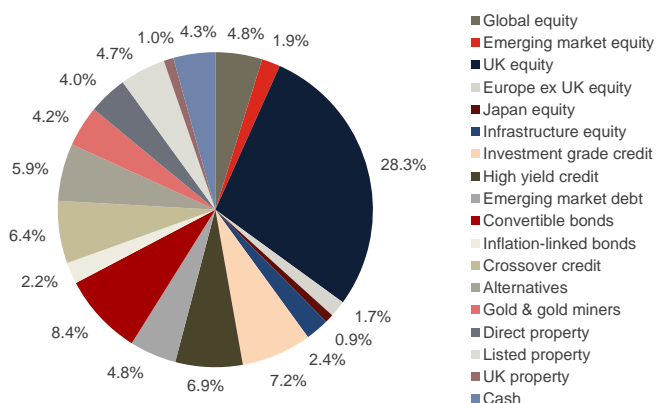
## Investment statistics (since inception, 12 August 2011)

	Cumulative	Annualised
Current month return	1.7%	-
Year-to-date return	4.6%	-
1 year return	14.7%	-
3 year return	21.4%	6.7%
5 year return	44.7%	7.7%
Since inception return	45.6%	6.7%
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Annualised volatility:	5.6%	

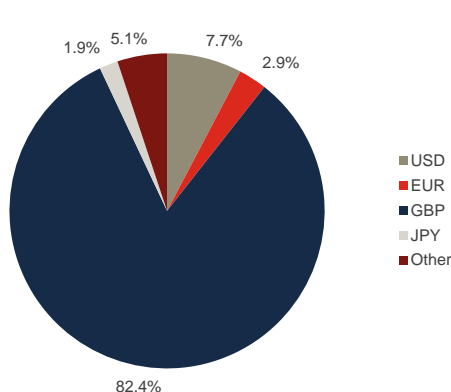
## Regional allocation



## Strategy allocation



## Currency allocation



## ■ Holdings

Holdings	Asset type	Weight
Schroder UK Recovery	Equity	9.0%
CF Lindsell Train UK Equity	Equity	6.5%
Evenlode Income	Equity	6.5%
Muzinich Enhanced Yield Short-Term (GBP hedged)	Fixed Income	6.4%
RWC Income Opportunities (GBP hedged)	Equity	6.3%
BlackRock UK Corporate Bond Index	Fixed Income	5.5%
AXA US Short Duration High Yield (GBP hedged)	Fixed Income	4.8%
iShares JP Morgan Emerging Markets Bond	Fixed Income	4.8%
RWC Global Convertibles (GBP hedged)	Fixed Income	4.6%
Cash	Cash	4.3%
Ediston Property Investment Co	Property	4.0%
ETFS Physical Gold	Commodities	3.7%
Third Avenue Real Estate Value	Property	3.4%
Maple-Brown Abbott Global Infrastructure	Equity	2.4%
US TIPS	Fixed Income	2.2%
Muzinich EM Short Duration (GBP hedged)	Fixed Income	2.1%
F&C Global Equity Market Neutral	Alternatives	2.1%
GSAM Global Strategic Macro Bond (GBP hedged)	Alternatives	1.9%
Goldman Sachs EFl Long Short Risk Premia (GBP hedged)	Alternatives	1.9%
Westwood Strategic Global Convertibles (GBP hedged)	Fixed Income	1.9%
RWC Asia Convertibles (GBP hedged)	Fixed Income	1.9%
BlackRock US Corporate Bond Index	Fixed Income	1.7%
FP Crux European Special Situations	Equity	1.7%
Heptagon Kopernik Global All-Cap Equity	Equity	1.5%
Jennison Global Equity Opportunities	Equity	1.5%
BlackRock Developed Real Estate	Property	1.3%
Schroder Real Estate Investment Trust	Property	1.0%
Sands Capital Emerging Markets Growth	Equity	1.0%
Dimensional Emerging Markets Value	Equity	0.9%
Artisan Global Value	Equity	0.9%
Morgan Stanley Global Brands	Equity	0.9%
Amundi ETF JPX-Nikkei 400 JPY	Equity	0.9%
iShares Gold Producers	Commodities	0.5%

## ■ Manager commentary

We purchased a small position in at-the-money put options on the S&P 500 during May. The options we purchased will expire at the end of October, at which point their pay-outs will be based on the level of the S&P 500 index relative to when we purchased the options. If the index is lower at the expiry date then the pay-out will be positive, otherwise the options will expire worthless. We initiated the position on the basis that these options offer cheap protection at a time when markets generally appear somewhat complacent, partly evidenced by very low implied volatility (which itself results in option prices being much lower than usual). We believe the current bull market in equities has further to run and so we are reluctant to reduce equity exposure, but there is a reasonable chance that markets may experience a correction before too long. Furthermore, US equity market valuations are relatively high and the S&P 500 options market is one of the most liquid in the world; additional factors that make this an appealing, low-cost protection strategy.

We also added a new strategy within the global convertible bond allocation, managed by Ferox Capital, initially at a very small weight but this has been increased to a more meaningful position during June. Ferox Capital focus exclusively on managing global convertible bond mandates and manage \$1.6bn across four long only and absolute return strategies. The firm is owned by three founding partners who set up the business in 2000 after having worked together at JP Morgan. The investment team consists of ten people with combined experience of over 160 years, making it one of the best resourced and most experienced convertible bond teams globally. The 'Chinook' strategy we have invested in was launched in 2016 following extensive research and preparation; it is a systematic, rules-based strategy that aims to provide a balanced and well diversified exposure to global convertible bonds. The investment process focuses on building a portfolio of 50-100 relatively cheap bonds that display strong upside optionality and limited downside risk.

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 Sterling Balanced Incorporated Cell (IC) within the Momentum Mutual Fund.

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.