Harmony Cautious Income Fund USD

month ended 31 July 2019

momentum
harmony portfolios

Fund details

Investment manager: **Momentum Global Investment Management**	Currency: **USD**	
Investment timeframe: **3 years +**	ISIN A Class USD Dist: **LU1931605148**	Price per share A Class USD Dist: **USD 1.0191**
Inception date (Fund): **16 January 2019**	ISIN D Class USD Dist: **LU1926195212**	Price per share D Class USD Dist: **USD 1.0410**
Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	Subscriptions / redemptions: **daily**	Momentum Global Funds AUM: **USD 674.2 million**
Minimum investment: **Share classes A, D: USD 7,500**	Website: **harmonyportfolios.com**	Cautious Income Fund AUM: **USD 12.5 million**

Investment objective

The portfolio aims to deliver a stable level of income of 3-4% per annum whilst still maintaining the capital value, via strategic exposures to a wide range of global asset classes.

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

Share class details

Class and currency	Date of launch	End of month NAV												
		At launch	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
A USD (Distributing)	25-Feb-2019	*1.0000*	-	0.9982	1.0055	1.0163	1.004	1.0132	1.0191	-	-	-	-	-
D USD (Distributing)	16-Jan-2019	*1.0000*	1.0163	1.0269	1.0302	1.0404	1.027	1.0358	1.041	-	-	-	-	-

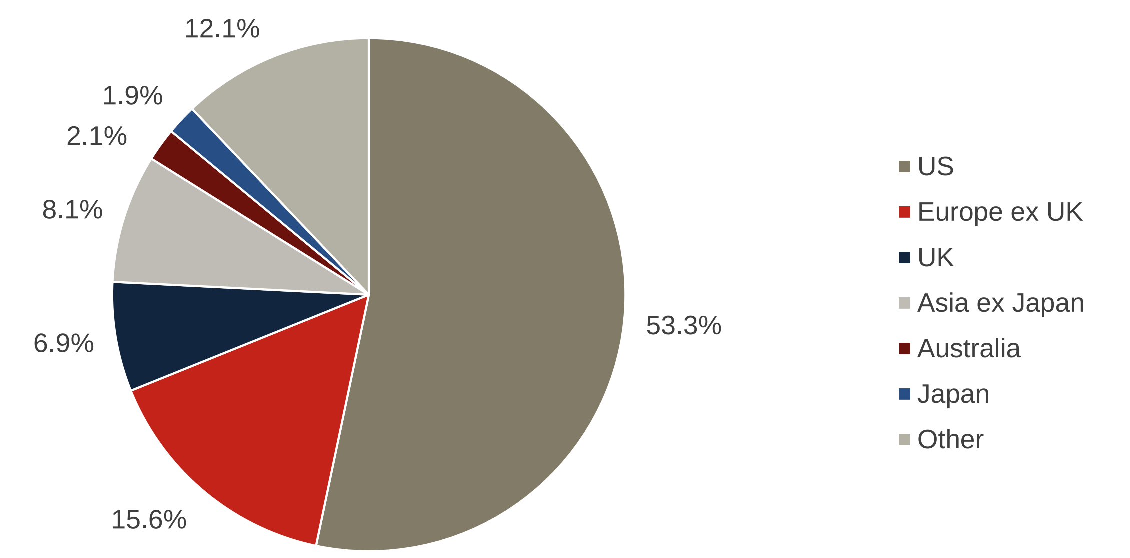
Investment statistics (since inception)

	Cumulative	Annualised
Current month return		
Year-to-date return		
1 year return		
3 year return		
5 year return		
Since inception return		
Annualised volatility:		

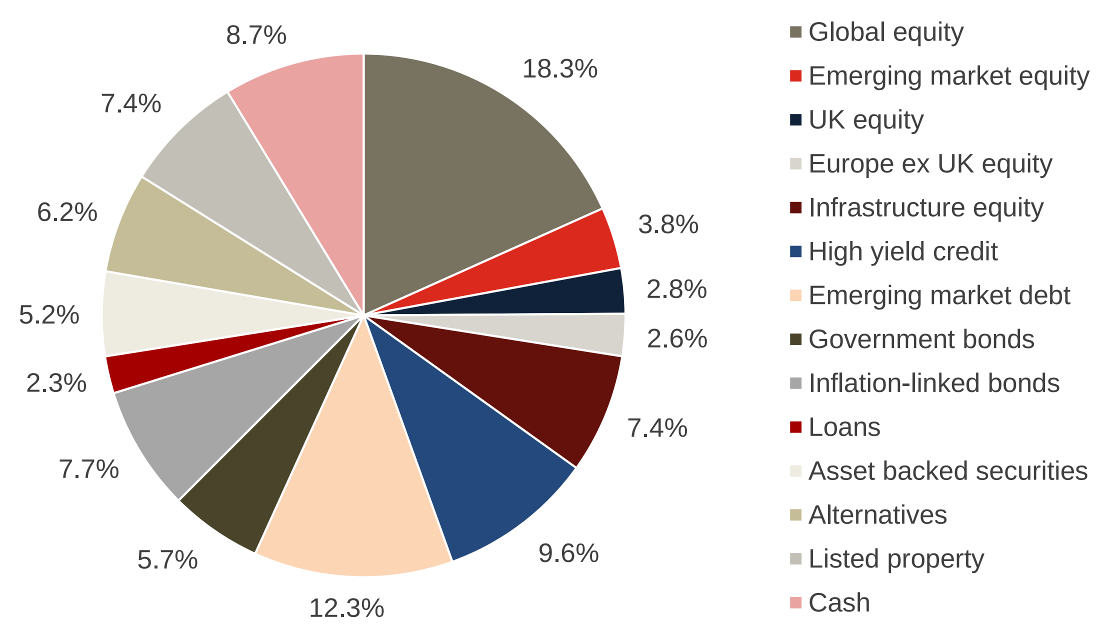
Return and volatility statistics may only be published 12 months after the inception of the Fund

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. The value of investments involving exposure to foreign currencies can be affected by currency exchange rate fluctuations. Past performance is not a guide to future performance.

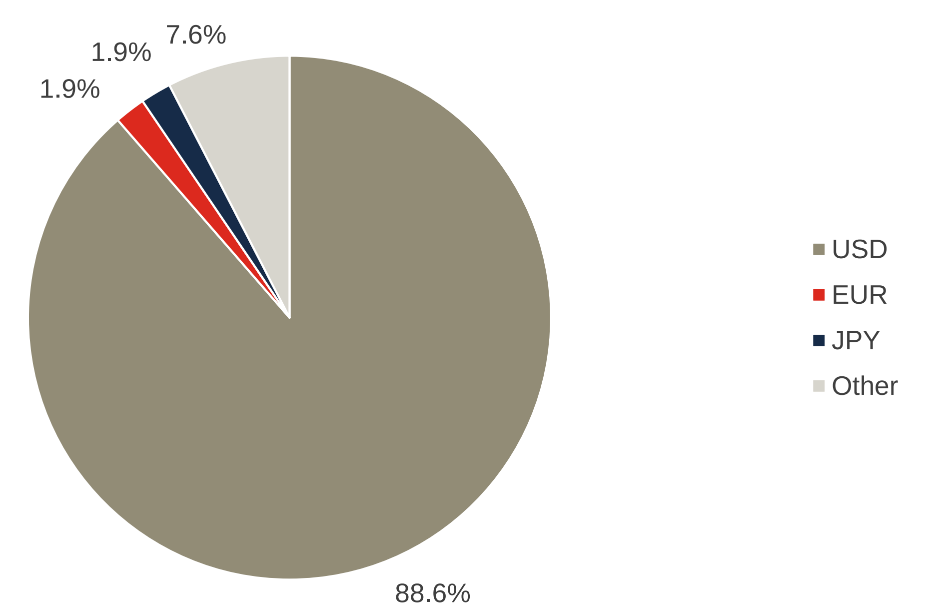
Regional allocation



Strategy allocation



Currency allocation



All data sourced from Momentum Global Investment Management, JP Morgan Bank (Luxembourg) S.A. Allocations subject to change.

Holdings

Holdings	Asset type	Weight
AXA US Short Duration High Yield	Fixed Income	9.6%
Cash	Cash	8.7%
US TIPS	Fixed Income	7.7%
Evenlode Global Income	Equity	7.6%
First State Global Listed Infrastructure	Infrastructure	7.4%
Guinness Global Equity Income	Equity	6.2%
US Treasury Bonds	Fixed Income	5.7%
TwentyFour Income	Fixed Income	5.2%
Jupiter Global Emerging Markets Short Duration Bond	Fixed Income	4.8%
iShares JPMorgan $ Emerging Markets Bond ETF	Fixed Income	4.5%
Morgan Stanley Global Brands Equity Income	Equity	4.5%
Third Avenue Real Estate Value	Property	3.9%
Neuberger Berman Uncorrelated Strategies	Alternatives	3.3%
iShares Emerging Markets Government Bond Index	Fixed Income	3.0%
TM RWC UK Equity Income	Equity	2.8%
FP Crux European Special Situations	Equity	2.6%
Sequoia Economic Infrastructure Income	Fixed Income	2.3%
iShares Developed Markets Property Yield	Property	2.1%
JPMorgan Emerging Markets Income	Equity	1.9%
Prusik Asian Equity Income	Equity	1.9%
Allianz Structured Return	Alternatives	1.5%
Schroder Real Estate Investment Trust	Property	1.4%
Wells Fargo Global Equity Absolute Return	Alternatives	1.4%

Source: Bloomberg, Momentum Global Investment Management.

Manager commentary

During July we made several changes to the Portfolio, most notably lowering the exposure to equity markets and adding to fixed income holdings. The overall effect was a meaningful reduction in the Portfolio's level of risk and sensitivity to equity markets, which has so far helped in August following sharp falls in stock markets around the world and further strengthening in bond markets.

These changes followed on from our investment team's latest asset allocation review, where we debate the macroeconomic and investment environment and formulate our outlook. We ultimately took the view that equity markets were not fully reflecting the various downside risks to global growth. Our medium-term investment view remains constructive, but we felt that some consolidation in markets was overdue, particularly after a strong rally during the first half of the year. By reducing risk at this point we put ourselves in a better position to be able to add to risk assets following any falls in markets.

Specifically, equity holdings were reduced by approximately 3% in the Harmony Cautious Income Portfolio, through trimming allocations to several underlying strategies across both developed and emerging markets. The proceeds were largely invested in fixed income assets. We added to US Treasury bonds, which are very defensive assets, as well as to some riskier assets including emerging market, high yield and convertible bonds.

One further change was made to our liquid alternative holdings, where we eliminated our position in the Aberdeen Alternative Risk Premia Fund and added the proceeds to our existing holding in the Neuberger Berman Uncorrelated Strategies Fund. This followed several review meetings with the managers of both strategies and further performance analysis, from which we concluded that we have greater confidence in the latter strategy. We also felt that the Neuberger Berman Fund deserves a higher weighting given it is a more diversified strategy which itself provides exposure to seven specialist managers, most of which we could not otherwise access. We believe that this updated blend of three alternatives funds is more robust and offers strong diversification benefits, both relative to each other but particularly relative to other assets across the Portfolio, while also providing good upside potential across a range of market environments.

Source: 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.

The fund is not managed with reference to a benchmark, but its performance may be measured against one.

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.

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