

Harmony Europe Diversified Fund

month ended 29 March 2019

Fund details

Investment manager: Momentum Global Investment Management	ISIN A Class: LU0651984873	Price per share A Class: EUR 1.2441
Currency: EUR	ISIN B Class*: LU0651984956	Price per share B Class*: EUR 1.1623
Inception date (fund): 12 August 2011	ISIN C Class*: LU0651985094	Price per share C Class*: EUR 1.2996
Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS)	ISIN D Class*: LU0651985177	Price per share D Class*: EUR 1.3014
Minimum investment: Share classes A, B, C & D: USD 7,500 (EUR equivalent)	Subscriptions / redemptions: daily	Momentum Global Funds AUM: EUR 597.4 million
Investment timeframe: 3 years +	Website: harmonyportfolios.com	Europe Diversified Fund AUM: EUR 29.7 million

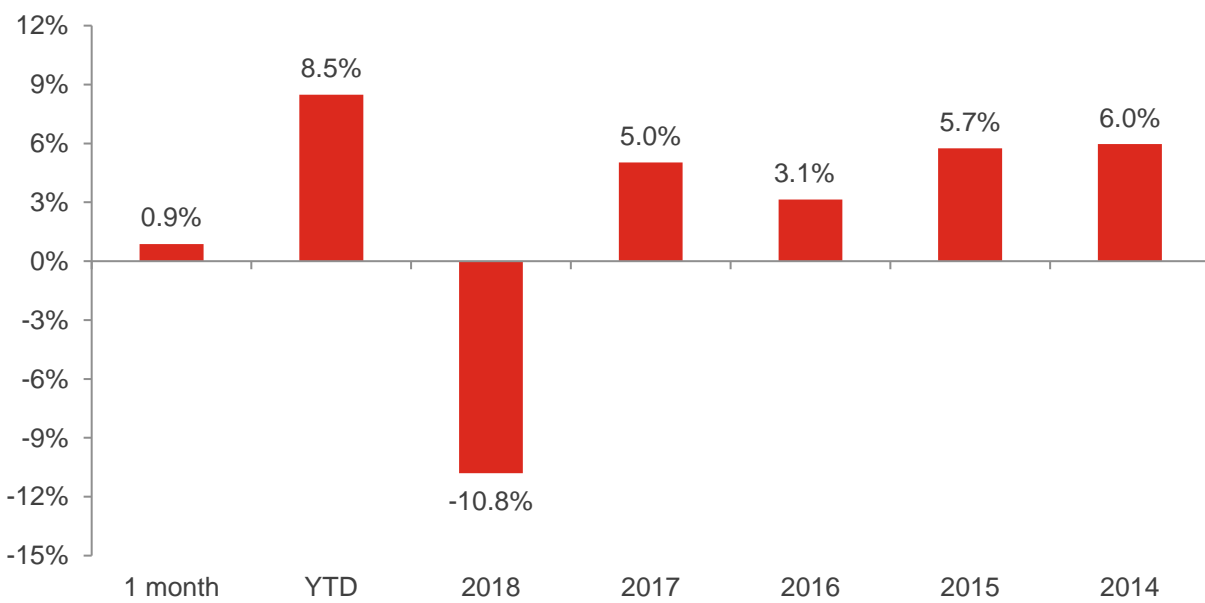
* share class not available for sale in Hong Kong

Investment objective

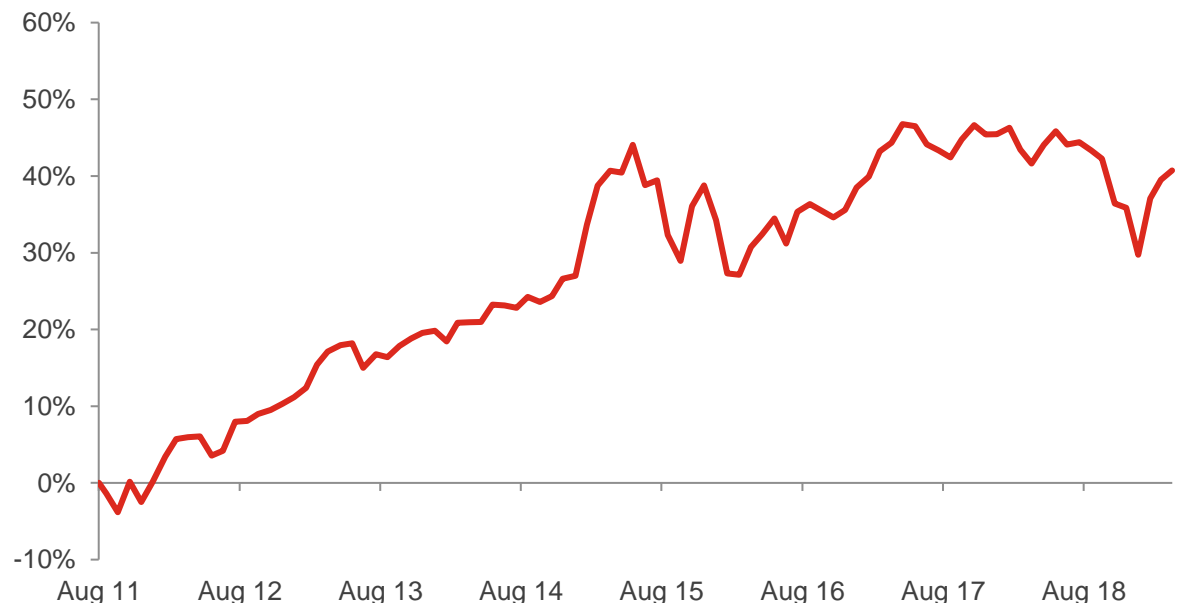
The portfolio will be biased to investments in Europe, but could also hold investments outside this region. The portfolio aims to provide a balance between capital preservation and capital growth in euros with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



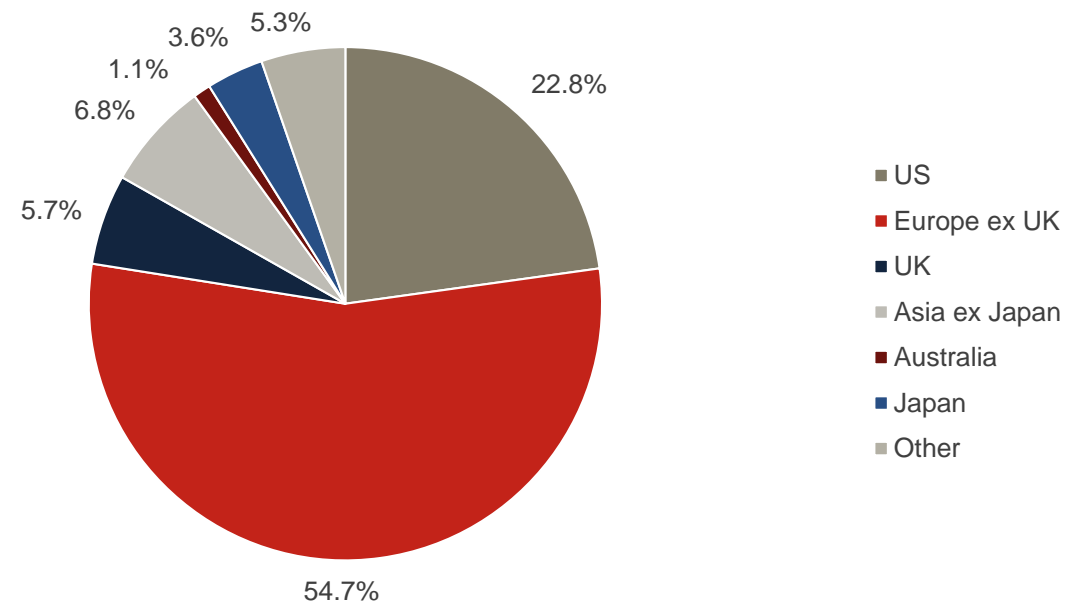
Cumulative returns (since inception, 12 August 2011)



Investment statistics (since inception, 12 August 2011)

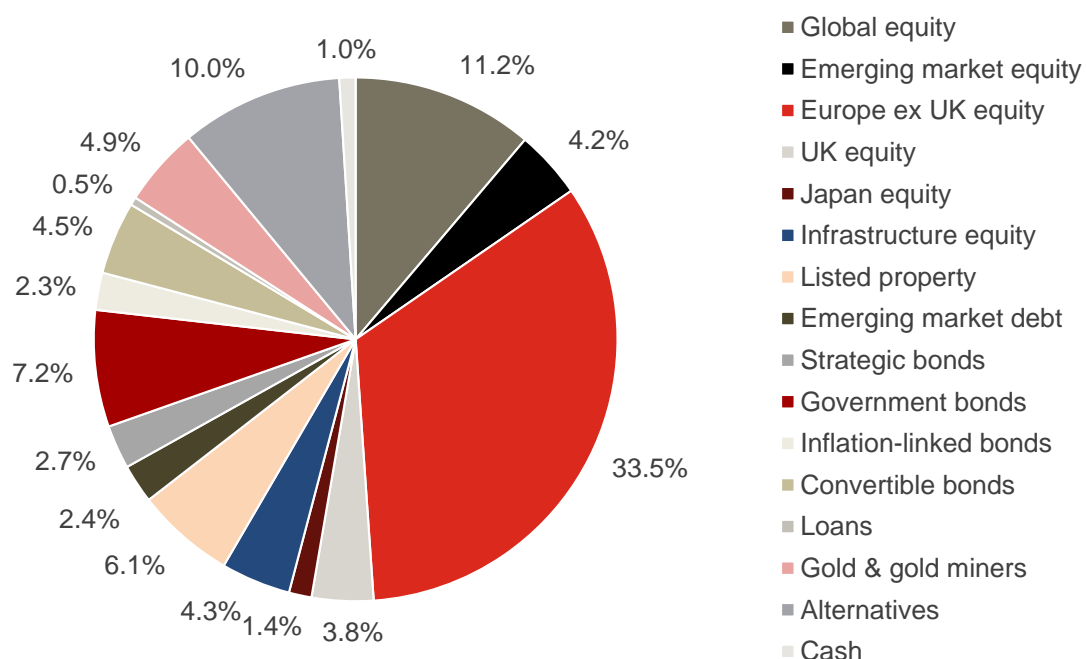
	Cumulative	Annualised
Current month return	0.9%	-
Year-to-date return	8.5%	-
1 year return	-0.6%	-
3 year return	7.6%	2.5%
5 year return	16.4%	3.1%
Since inception return	40.7%	4.6%
Annualised volatility:	7.3%	

Regional allocation

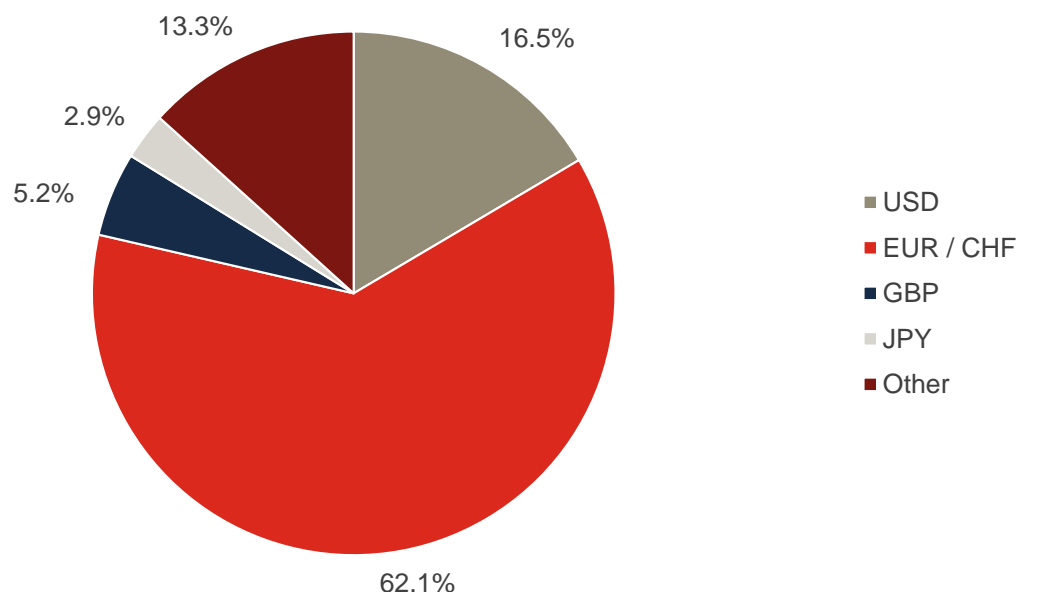


The value of the underlying funds and the income generated from them can go down as well as up, and is not guaranteed. Investors may not get back the original amount invested. The value of investments involving exposure to foreign currencies can be affected by currency exchange rate fluctuations. Past performance is not a guide to future performance.

Strategy allocation



Currency allocation



■ Holdings

Holdings	Asset type	Weight
FP Crux European Special Situations	Equity	14.9%
Magallanes European Equity	Equity	10.1%
Jupiter European Special Situations	Equity	8.5%
US Treasury Bonds	Fixed Income	7.2%
Third Avenue Real Estate Value	Property	5.1%
iShares Physical Gold ETC	Commodities	4.4%
Maple-Brown Abbott Global Infrastructure	Infrastructure	4.3%
Schroder UK Recovery	Equity	3.8%
Artisan Global Value	Equity	3.2%
MI TwentyFour Dynamic Bond	Fixed Income	2.7%
Chinook Global Convertible Bond (GBP hedged)	Fixed Income	2.6%
Jennison Global Equity Opportunities	Equity	2.5%
US TIPS	Fixed Income	2.3%
Dimensional Emerging Markets Value	Equity	2.3%
Neuberger Berman Uncorrelated Strategies	Alternatives	2.3%
Aberdeen Alternative Risk Premia Enhanced	Alternatives	2.1%
F&C Global Equity Market Neutral	Alternatives	2.0%
Contrarius Global Equity	Equity	2.0%
Sands Capital Emerging Markets Growth	Equity	1.9%
Wells Fargo Global Equity Absolute Return	Alternatives	1.8%
Heptagon Kopernik Global All-Cap Equity	Equity	1.8%
Allianz Structured Return	Alternatives	1.8%
Morgan Stanley Global Brands	Equity	1.7%
RWC Asia Convertibles (EUR hedged)	Fixed Income	1.4%
Amundi ETF JPX-Nikkei 400	Equity	1.4%
Jupiter Global Emerging Markets Short Duration Bond	Fixed Income	1.0%
Cash	Cash	1.0%
iShares Developed Real Estate Index	Property	1.0%
Muzinich EM Short Duration (EUR hedged)	Fixed Income	0.8%
iShares JPMorgan \$ Emerging Markets Bond ETF	Fixed Income	0.6%
iShares Gold Producers ETF	Equity	0.5%
Sequoia Economic Infrastructure Income	Fixed Income	0.5%
Aviva Global Convertibles	Fixed Income	0.5%

Source: Bloomberg, Momentum Global Investment Management.

■ Manager commentary

We took the decision to adjust asset allocation in the Portfolio during March, taking profits from our equity positions whilst also reducing interest rate risk within our government bond holdings.

Having benefited from our decision to increase equity exposure following the sharp falls in the last quarter of 2018, we felt it appropriate to now reduce those holdings somewhat given stock markets and valuations have recovered materially. Our outlook for equity markets remains constructive but we believe a degree of consolidation is likely, so moderating our exposure now provides room to use any periods of weakness as an opportunity to accumulate risk assets again on lower valuations.

Somewhat unusually, the rally in risk assets has coincided with a significant rally in government bond markets as interest rate expectations have tumbled on the back of very dovish messaging from the US Federal Reserve (Fed). This has benefited Portfolio performance as we gradually accumulated Treasury bond holdings over the last two years (as interest rate expectations fall the value of fixed rate bonds rises). This rapid about-turn in market pricing makes some sense given Fed guidance, but in our opinion may have gone too far. Although the global economy has slowed this could well turn out to be a late cycle lull and unlike the market consensus we would ascribe a greater than zero probability to the chance of another interest rate rise in the US later this year. If market expectations did adjust in that direction then there could be substantial downside in longer term Treasury bonds, therefore we reduced our holding in a Treasury bond that matures in 2043 and allocated the proceeds from both this and our equity reductions to a shorter term bond, that matures in 2020 and which is far less vulnerable to changes in interest rate expectations.

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.

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 Euro 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.