

Harmony Sterling Balanced Fund

month ended 29 March 2019

Fund details

Investment manager: Momentum Global Investment Management	ISIN A Class: LU0651985250	Price per share A Class: GBP 1.5107
Currency: GBP	ISIN B Class*: LU0651985334	Price per share B Class*: GBP 1.4286
Inception date (fund): 12 August 2011	ISIN C Class*: LU0651985417	Price per share C Class*: GBP 1.4665
Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS)	ISIN D Class*: LU0651985508	Price per share D Class*: GBP 1.3779
Minimum investment: Share classes A, B, C & D: USD 7,500 (GBP equivalent)	Subscriptions / redemptions: daily	Momentum Global Funds AUM: GBP 514.8 million
Investment timeframe: 3 years +	Website: harmonyportfolios.com	Sterling Balanced Fund AUM: GBP 98.4 million

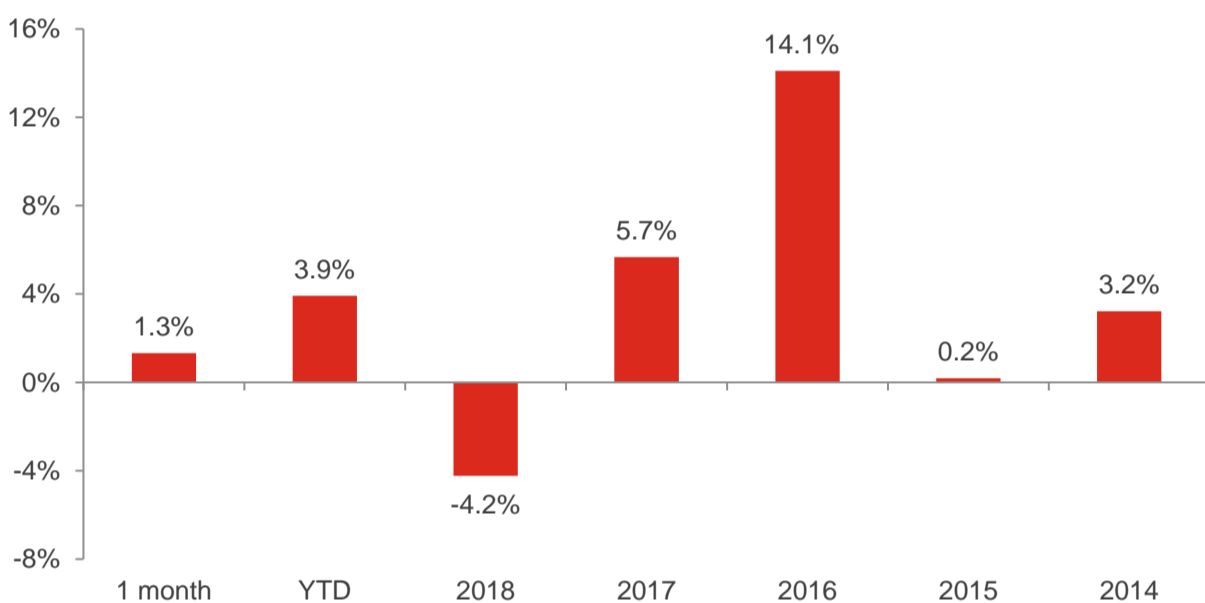
* share class not available for sale in Hong Kong

Investment objective

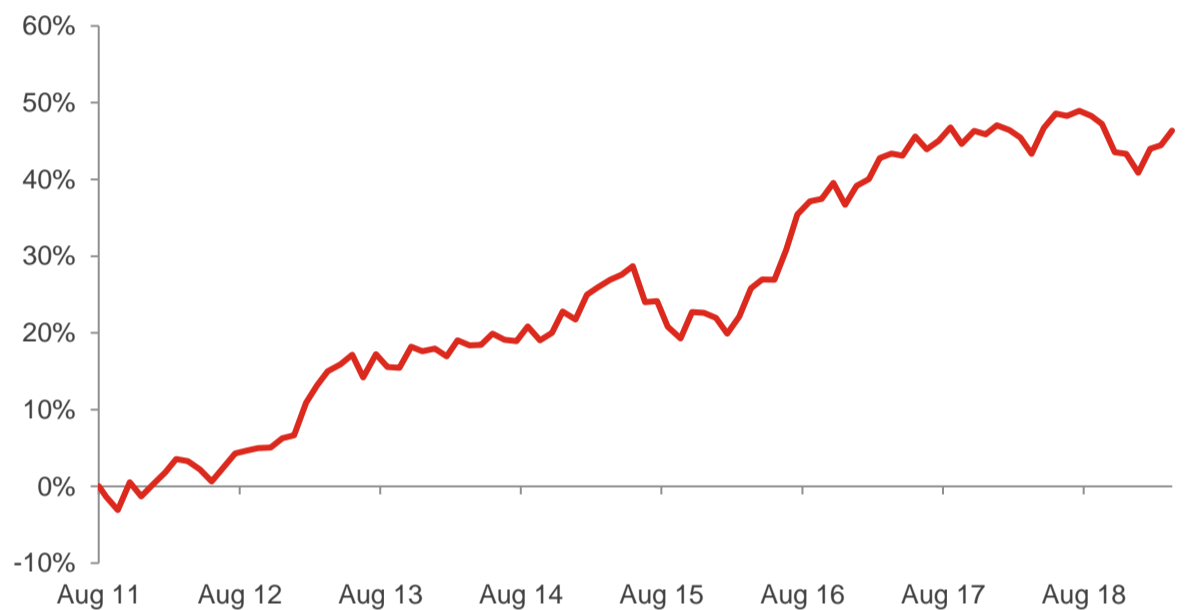
The portfolio will be biased to investments in the United Kingdom, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in sterling with a reduced level of volatility, via strategic exposures to a wide range of asset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

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

Fund performance



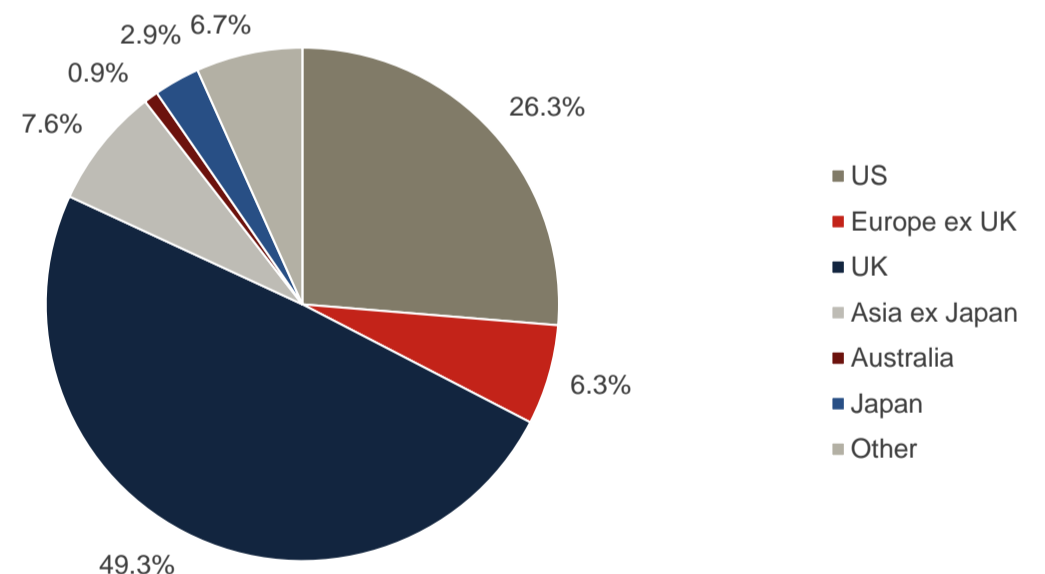
Cumulative returns (since inception, 12 August 2011)



Investment statistics (since inception, 12 August 2011)

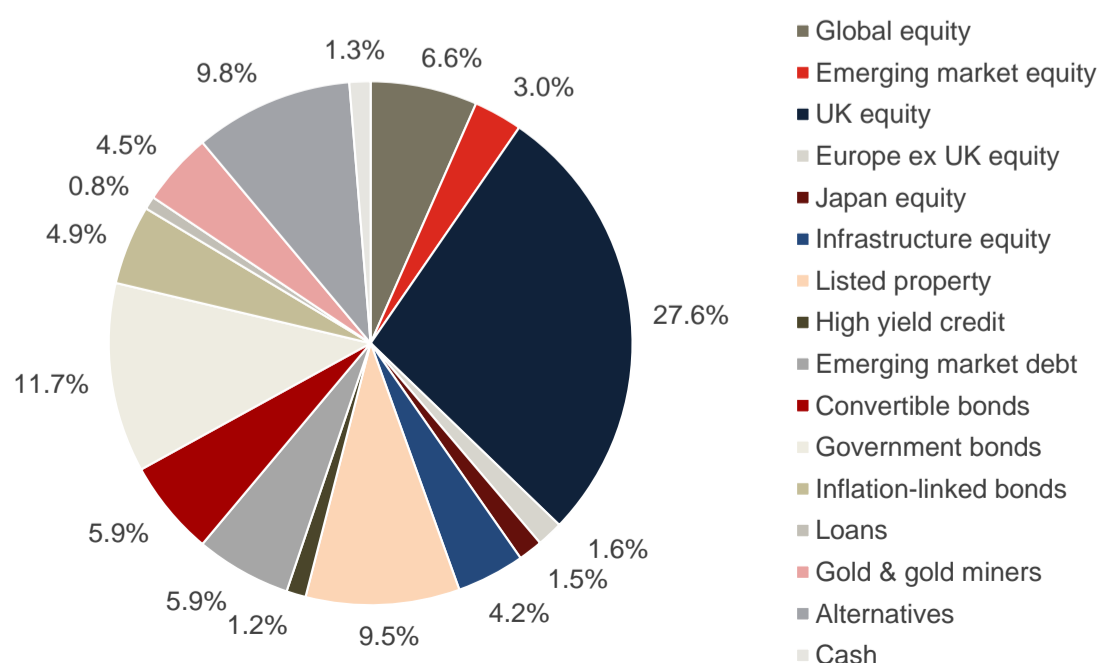
	Cumulative	Annualised
Current month return	1.3%	-
Year-to-date return	3.9%	-
1 year return	2.1%	-
3 year return	16.3%	5.2%
5 year return	23.6%	4.3%
Since inception return	46.4%	5.1%
Annualised volatility:	5.4%	

Regional allocation

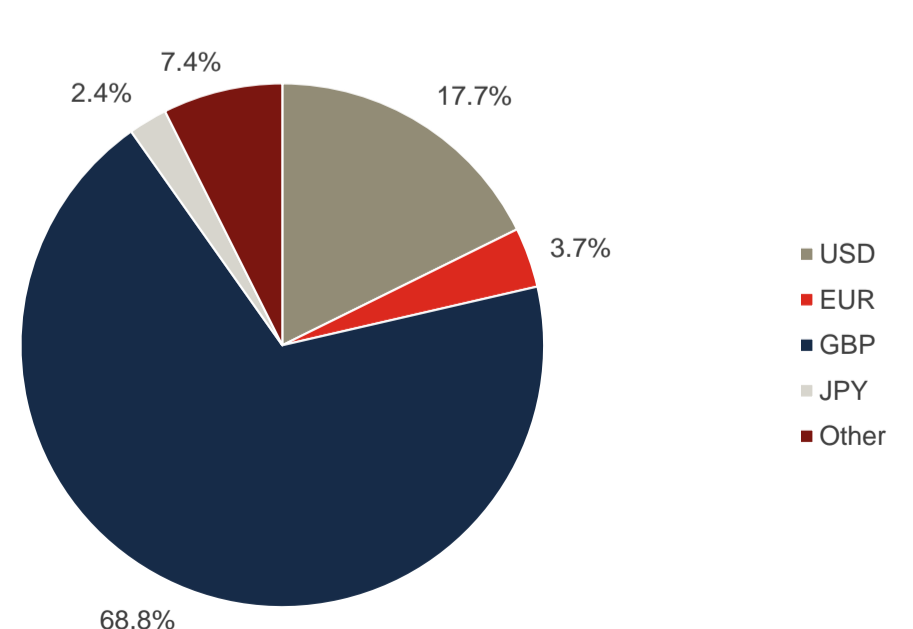


The value of the underlying funds and the income generated from them can go down as well as up, and is not guaranteed. Investors may not get back the original amount invested. The value of investments involving exposure to foreign currencies can be affected by currency exchange rate fluctuations. Past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

Strategy allocation



Currency allocation



■ Holdings

Holdings	Asset type	Weight
US Treasury Bonds	Fixed Income	11.7%
Schroder UK Recovery	Equity	10.5%
Evenlode Income	Equity	7.4%
iShares FTSE 100	Equity	5.1%
US TIPS	Fixed Income	4.9%
Ediston Property Investment Company	Property	4.7%
TM RWC UK Equity Income	Equity	4.6%
Maple-Brown Abbott Global Infrastructure	Infrastructure	4.2%
iShares Physical Gold ETC	Commodities	4.0%
Third Avenue Real Estate Value	Property	3.7%
Chinook Global Convertible Bond (GBP hedged)	Fixed Income	3.3%
Jupiter Global Emerging Markets Short Duration Bond	Fixed Income	2.8%
Allianz Structured Return	Alternatives	2.2%
Neuberger Berman Uncorrelated Strategies	Alternatives	2.1%
RWC Asia Convertibles (GBP hedged)	Fixed Income	2.1%
Jennison Global Equity Opportunities	Equity	2.0%
F&C Global Equity Market Neutral	Alternatives	2.0%
Wells Fargo Global Equity Absolute Return	Alternatives	1.9%
Aberdeen Alternative Risk Premia Enhanced	Alternatives	1.6%
iShares JPMorgan \$ Emerging Markets Bond ETF	Fixed Income	1.6%
FP Crux European Special Situations	Equity	1.6%
Contrarius Global Equity	Equity	1.6%
Sands Capital Emerging Markets Growth	Equity	1.5%
Amundi ETF JPX-Nikkei 400	Equity	1.5%
Dimensional Emerging Markets Value	Equity	1.5%
Muzinich EM Short Duration (GBP hedged)	Fixed Income	1.5%
Cash	Cash	1.3%
AXA US Short Duration High Yield	Fixed Income	1.2%
Schroder Real Estate Investment Trust	Property	1.1%
Heptagon Kopernik Global All-Cap Equity	Equity	1.1%
Artisan Global Value	Equity	1.0%
Morgan Stanley Global Brands	Equity	0.9%
Sequoia Economic Infrastructure Income	Fixed Income	0.8%
iShares Gold Producers ETF	Equity	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 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.