

Harmony US Dollar Balanced Fund

month ended 29 March 2019

Fund details

| | | |
|---|---|--|
| Investment manager: Momentum Global Investment Management | ISIN A Class: LU0651986068 | Price per share A Class: USD 1.2513 |
| Currency: USD | ISIN B Class*: LU0651986142 | Price per share B Class*: USD 1.2632 |
| Inception date (fund): 12 August 2011 | ISIN C Class*: LU0651986225 | Price per share C Class*: USD 1.3632 |
| Structure: SICAV - Part 1 Luxembourg 2002 Law (UCITS) | ISIN D Class*: LU0651986498 | Price per share D Class*: USD 1.2571 |
| Minimum investment: Share classes A, B, C & D: USD 7,500 | Subscriptions / redemptions: daily | Momentum Global Funds AUM: USD 670.8 million |
| Investment timeframe: 3 years + | Website: harmonypartfolios.com | US Dollar Balanced Fund AUM: USD 67.0 million |

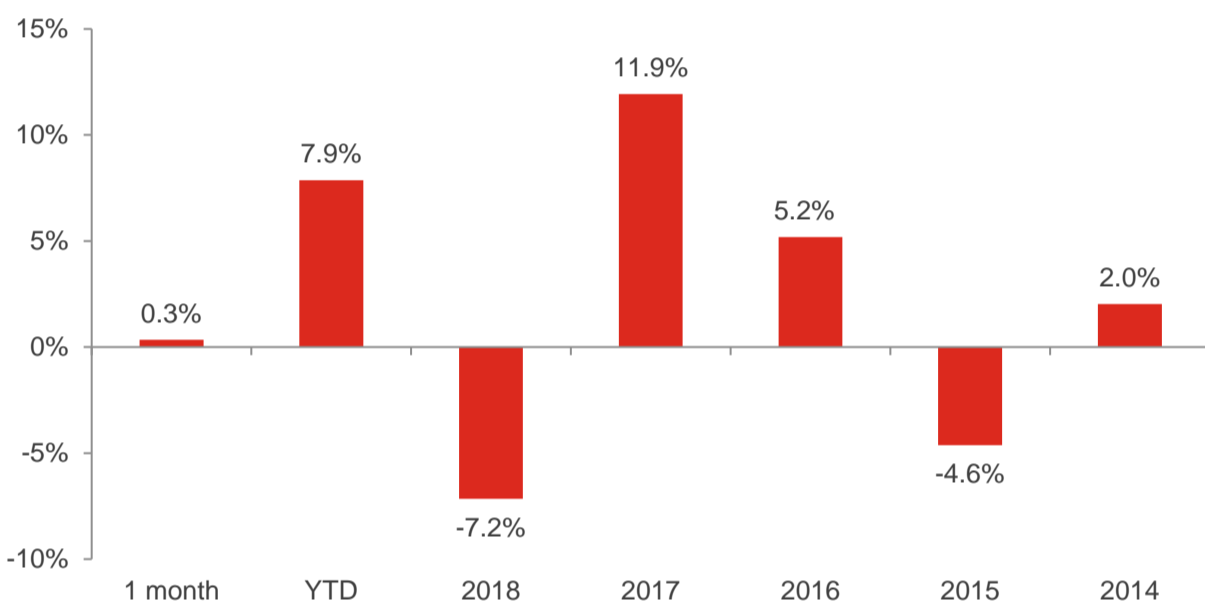
* share class not available for sale in Hong Kong

Investment objective

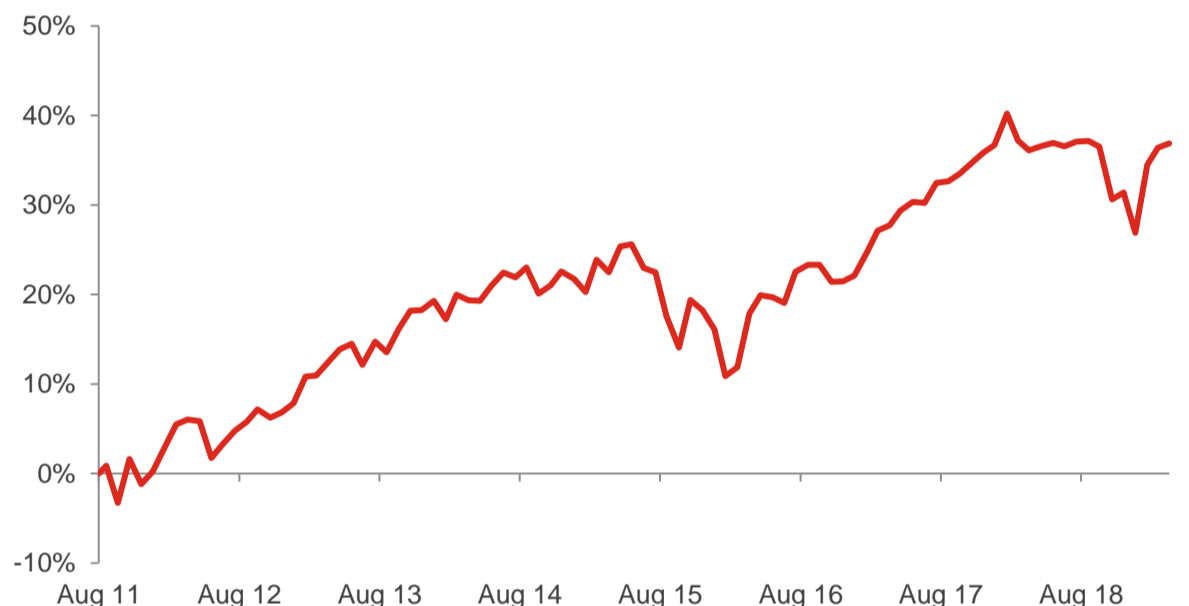
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US dollars with a reduced level of volatility, via strategic exposures to a wide range of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

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

Fund performance



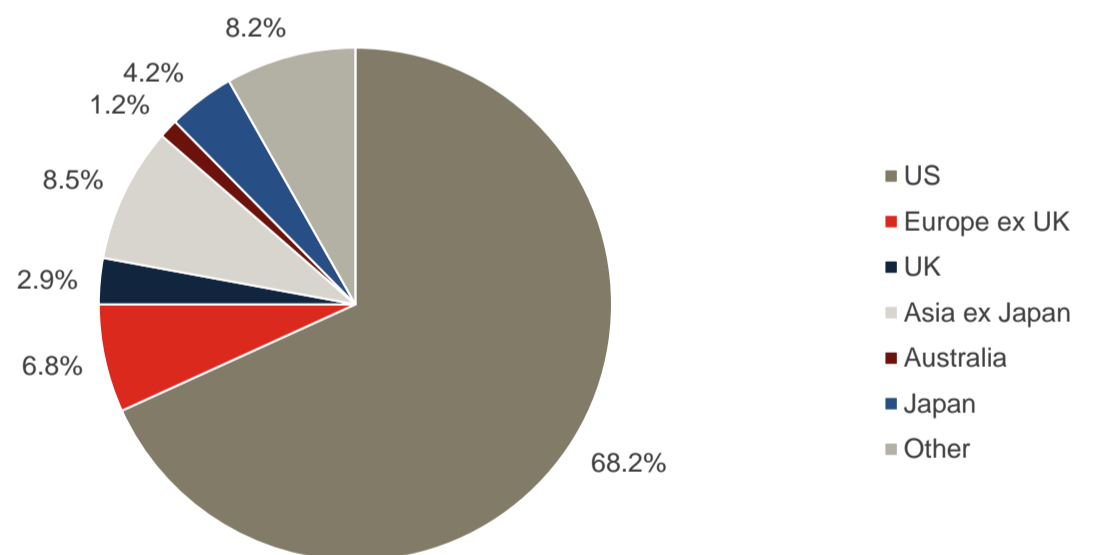
Cumulative returns (since inception, 12 August 2011)



Investment statistics (since inception, 12 August 2011)

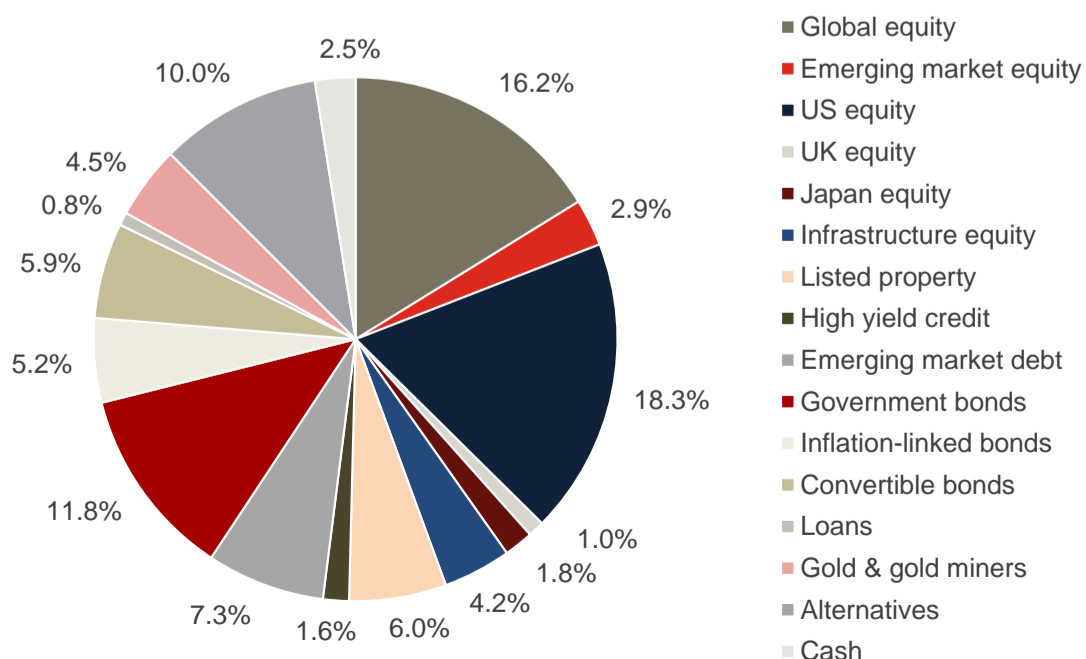
| | Cumulative | Annualised |
|------------------------|------------|------------|
| Current month return | 0.3% | - |
| Year-to-date return | 7.9% | - |
| 1 year return | 0.6% | - |
| 3 year return | 16.1% | 5.1% |
| 5 year return | 14.7% | 2.8% |
| Since inception return | 36.9% | 4.2% |
| Annualised volatility: | 7.0% | |

Regional allocation

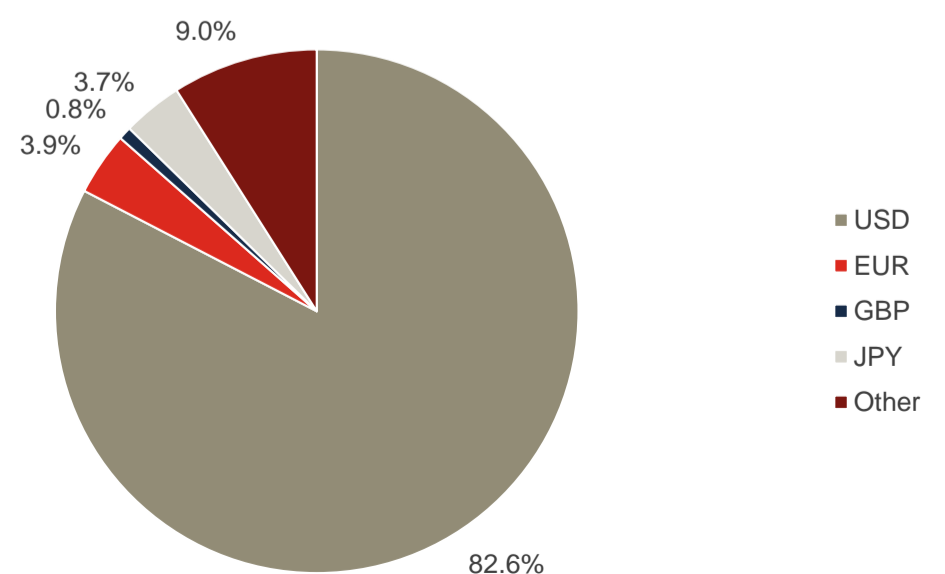


The value of the underlying funds and the income generated from them can go down as well as up, and is not guaranteed. Investors may not get back the original amount invested. The value of investments involving exposure to foreign currencies can be affected by currency exchange rate fluctuations. Past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

Strategy allocation



Currency allocation



■ Holdings

| Holdings | Asset type | Weight |
|---|----------------|--------|
| US Treasury Bonds | Fixed Income | 11.8% |
| Conventum Lyrical | Equity | 5.5% |
| US TIPS | Fixed Income | 5.2% |
| Vulcan Value Equity | Equity | 5.1% |
| Jennison Global Equity Opportunities | Equity | 5.1% |
| Third Avenue Real Estate Value | Property | 5.1% |
| Artisan Global Value | Equity | 5.0% |
| Maple-Brown Abbott Global Infrastructure | Infrastructure | 4.2% |
| iShares Physical Gold ETC | Commodities | 3.9% |
| Chinook Global Convertible Bond | Fixed Income | 3.5% |
| Wells Fargo US All Cap Growth | Equity | 3.5% |
| Contrarius Global Equity | Equity | 3.1% |
| Yacktman US Equity | Equity | 3.1% |
| Jupiter Global Emerging Markets Short Duration Bond | Fixed Income | 2.9% |
| Muzinich EM Short Duration (USD hedged) | Fixed Income | 2.8% |
| Cash | Cash | 2.5% |
| Morgan Stanley Global Brands | Equity | 2.2% |
| Allianz Structured Return | Alternatives | 2.2% |
| Neuberger Berman Uncorrelated Strategies | Alternatives | 2.1% |
| F&C Global Equity Market Neutral | Alternatives | 2.0% |
| Wells Fargo Global Equity Absolute Return | Alternatives | 2.0% |
| RWC Asia Convertibles (USD hedged) | Fixed Income | 1.9% |
| Amundi ETF JPX-Nikkei 400 | Equity | 1.8% |
| Aberdeen Alternative Risk Premia Enhanced | Alternatives | 1.7% |
| iShares JPMorgan \$ Emerging Markets Bond ETF | Fixed Income | 1.6% |
| Sands Capital Emerging Markets Growth | Equity | 1.6% |
| AXA US Short Duration High Yield | Fixed Income | 1.6% |
| Dimensional Emerging Markets Value | Equity | 1.3% |
| Granahan US Focused Growth | Equity | 1.1% |
| Schroder UK Recovery | Equity | 1.0% |
| iShares Developed Real Estate Index | Property | 0.9% |
| Sequoia Economic Infrastructure Income | Fixed Income | 0.8% |
| Heptagon Kopernik Global All-Cap Equity | Equity | 0.8% |
| iShares Gold Producers ETF | Equity | 0.6% |
| 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 US Dollar 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.