momentum

harmony portfolios

HARMONY PORTFOLIOS

MULTI-MANAGER, DIVERSIFIED SOLUTIONS

Q1 ENDED 31 MARCH 2021

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The Harmony Portfolio range

The Harmony Portfolios are a long established range of globally diversified, multi-asset funds designed specifically to provide a cornerstone investment. The Harmony range consists of ten portfolios, each risk profiled and with a specific geographical and currency focus, housed in a Luxembourg UCITS structure with daily pricing and daily liquidity.

The full range includes:

- Momentum Harmony US Dollar Balanced
- Momentum Harmony US Dollar Growth
- Momentum Harmony Sterling Balanced
- Momentum Harmony Sterling Growth
- Momentum Harmony Europe Diversified
- Momentum Harmony Australian Dollar Growth
- Momentum Harmony Asian Balanced
- Momentum Harmony Asian Growth
- Momentum Harmony Cautious Income
- Momentum Harmony Global Equity
- Momentum Harmony Global Index Enhanced Equity

As at the end of March 2021, assets under management across the Momentum Global Fund range totalled USD 2,608.7 million.

The Harmony Portfolios investment philosophy is built on three core capabilities:

- Asset allocation
- Investment selection
- Portfolio construction

The asset allocation process is disciplined, robust and valuation driven, and builds portfolios with true diversification across a wide range of non-correlated assets. 'Best of breed' fund solutions are then used to construct each portfolio. We recognise that no investment house has a monopoly of skill in all disciplines: having an unconstrained choice allows us to choose the most appropriate investment managers for any particular asset class. We are objective and independent in our approach, with no incentive to utilise a specific provider in the underlying composition of the portfolios.

The Harmony Portfolios aim to create the best combination of investments to provide optimal returns relative to each of the nine mandates' tolerance for risk.

The Investment Manager

The Portfolios are managed in London by a team of experienced investment professionals at Momentum Global Investment Management (MGIM), which has been offering investment management and advisory services to institutional and retail investors since 1998. The nineteen strong multi-asset investment team have been responsible for the investment strategy and management of the Portfolios since their inception in 2004. Senior members of the investment team have been working together throughout most of this period.

Investors can be confident that their investments are being managed within a strictly regulated environment, and by a highly qualified and experienced team with significant resources across the globe. MGIM is wholly owned by Momentum Metropolitan Holdings Limited in South Africa, a listed company with a market capitalisation of $2bn and a strong capital position with total assets of $50bn. MGIM is authorised and regulated by the Financial Conduct Authority in the UK and is an authorised Financial Services Provider in South Africa in terms of the Financial Advisory and Intermediary Services Act 2002 (FAIS).

Portfolio commentary

Portfolio Performance

A recovery and reflation trade took hold of global markets in the first quarter of 2021. Whilst this first began with the first 'vaccine Monday' in early November last year, it accelerated during the last three months. This was most clearly apparent at the headline asset class level (global equities +5% in USD, global bonds -6%), but there were also significant changes in leadership beneath the surface (global value stocks +14% and global small caps +9%, global momentum stocks (flat) and 'FANG+' stocks +3%).

These trends drove good performance across all the Harmony Portfolios. We were well positioned for this rotation in several ways, through:

1) maintaining substantial exposure to 'value' stocks (corresponding global strategies we hold outperformed by c.10-30%)

2) being underweight the mega-cap stocks which initially drove the rebound last year (in the US these now represent ~20% of the index) but significantly underperformed this quarter

3) having limited interest rate risk / duration in portfolios, as well as biasing our government bond holdings heavily towards inflation linked bonds

The Harmony multi-asset Portfolios delivered modest gains across the board in Q1 2021, of between 0.8% to 4.5%, net of fees (A class) and in base currency terms. All Portfolios outperformed the median for their peer group. Over twelve months, which takes us back to just after the pandemic lows in markets, the Portfolios have captured a large proportion of the equity market rebound; returns range from 18% to 42% and all but one of the Portfolios have outperformed the median for their peer group.

The single asset class Global Equity and Global Equity Enhanced Index Funds both gained 6.4% in US dollar terms over the quarter, outperforming the MSCI World index by nearly 2%, compared to some popular quality growth funds which underperformed by 2-3%. The Global Equity Fund is now in the top quartile of its peer group over most time periods, including 3 months, 1 year, 5 years and since inception.

Performance attribution for Q1 2021 shows our active manager selection and asset allocation decisions both adding value across most of the multi-asset Portfolios. The single biggest positive contributor to performance in most cases was from asset allocation within fixed income, reflecting our underweight to interest rate risk (duration), although this was partially offset by our holdings in gold, which are also sensitive to real interest rates and fell sharply over the quarter. Consequently, manager selection was a bigger contributor to performance for most Funds, driven by our active manager picks within equities and real estate.

The most notable contributor to performance, held across all the Portfolios except Cautious Income and Global Equity Enhanced Index, was the Contrarius Global Equity Fund. Their contrarian value strategy returned 38% in US dollar terms, due to very strong performance from positions in US retailers such as Bed Bath and Beyond and Signet Jewellers. Their strategy is ranked #2 over the past twelve months in a universe of 2,271 global equity funds on Morningstar, with outperformance of approximately 160% versus the MSCI World index. Several other global and regional value strategies held in one or more Portfolios in the range also delivered very strong performance, including Robeco Global (+17%), RWC UK (+17%), Hotchkis & Wiley Global (+16%), Lyrical US (+16%), Magallanes Europe (+15%), Schroder UK (+12%), Artisan Global (+10%), Dimensional EM (+9%) and Prusik Asia (+8%). Our global listed real estate manager, Third Avenue, delivered a similar gain of +11%.

Some fixed income holdings also delivered strong gains, despite the very weak backdrop for government and investment grade corporate bond markets, reflecting their lower interest rate risk and focused, active security selection. These included RWC Asia Convertible Bond, up 5%, and TwentyFour Income Fund, up 3%.

Portfolio Changes

During January we adjusted the fixed income portion of the Portfolios; roughly halving the holdings in convertible bonds, from 10% to 5%, and reallocating the proceeds to emerging market bonds and infrastructure debt.

Convertible bonds performed extremely well last year, with our three holdings returning between 20% to 30% and significantly outperforming global equity markets, thus realising a much greater level of equity upside capture than normal. Having increased our allocation to the asset class earlier last year when valuations were in our opinion too low, this is the second time we have reduced our allocations in the last few months, which has allowed us to reallocate to other areas with slightly better return prospects.

We invested the full proceeds roughly equally between the Sequoia Economic Infrastructure Income Trust and the iShares Emerging Market Debt Index Fund, for most Portfolios. Both offer much higher running yields, in the mid to high single digits, through well diversified portfolios representing a wide range of corporate and sovereign issuers, respectively. These yield levels are attractive in absolute terms given the moderate level of risk, but even more so when viewed relative to ultra-low yields on developed market government bonds. We believe there is ample room for further yield compression, which will translate into capital gains, later in the year as the global economy and corporate earnings likely begin to rebound strongly.

We made further asset allocation adjustments across all Portfolios during March, which in combination improved the diversification and downside protection characteristics of the Portfolios.

We adjusted our allocations to US government bonds, selling shorter maturity inflation protected bonds and adding slightly to longer duration nominal bonds, in such proportions that left our interest rate duration largely unchanged. Inflation protected Treasury bonds ('TIPS') have significantly outperformed nominal bonds over the past year as pricing has adjusted to reflect a higher expected rate of inflation. The implied breakeven rate of inflation over the next ten years has increased from approximately 0.5% per annum at its low in March last year, to 2.4% per annum at the end of March 2021. We continue to see a greater risk of this breakeven rate moving higher through this year rather than falling substantially but, having benefited from our bias to TIPS over the past year, we decided to move towards a more balanced allocation between nominal and inflation linked bonds.

We also increased the exposure to precious metals across the Portfolios and adjusted the mix thereof. Specifically, we added to our existing position in gold mining shares, which we access through a diversified iShares ETF, and initiated a new holding in Physical Silver, through an iShares ETC. With the gold pricing having retreated by nearly 20% from it's high in August last year, the equity of related mining companies, whose earnings are highly sensitive to that price, have fallen further. Valuations in this sector remain attractive, especially considering improvements in cash flow, balance sheet strength and governance standards in recent years, so we saw this as an opportune time to increase exposure. Meanwhile, silver tends to be highly correlated with gold, but has greater industrial usage which is expected to grow over the coming years, particularly as an input to solar projects and electric vehicle production. The silver price is significantly lower than for an equivalent weight of gold, with a current price ratio of approximately 70:1, and it remains some 80% below it's all time inflation adjusted high of previous decades.

Within the Europe Diversified Portfolio, we also introduced a new equity strategy; the Comgest Europe Opportunities Fund. The strategy focuses on the bottom-up selection of European businesses with competitive advantages, sound balance sheets and above-average earnings growth. The fund is managed by a strong, experienced team within Comgest, who are an employee-owned, Paris-based firm with more than 35 years' history in quality-growth investing. The new allocation was funded by reducing the exposure to Crux Europe Special Situations Fund and the Jennison Global Opportunities Fund, to keep the overall style allocation broadly unchanged.

Portfolio Positioning

Overall, the Harmony multi-asset Portfolios continue to carry more risk than their long-term strategic asset allocation, reflecting our constructive outlook for equity and credit markets, and our negative outlook for returns from government bonds. The additional risk / tracking error largely comes from active security selection within equities, our credit bias within fixed income and our overweight to real assets (listed infrastructure and real estate). However, our risk levels are meaningfully lower and cash levels higher, than they were one year ago, when valuation for most 'risky' asset classes were considerably lower.

We expect bumps along the way as we head into and through the economic boom to come. However, we need to keep the risks in perspective. Inflation expectations have risen but have returned essentially to pre-pandemic levels. Bond yields have risen but from the lowest levels in history and are still well into negative territory in real terms. With one of the biggest economic recoveries in history ahead, these do not appear to be the conditions for a sustained fall in risk assets. We expect bouts of volatility and we are still cautious about bond markets, but equities offer good opportunities to participate in the recovery, especially in value sectors.

Recent activity Q1 2021

Date	Holding initiated/ *Increased*	Holding sold/ *Decreased*	**Harmony Funds**
January	*Sequoia Economic Infrastructure Income*	*Aviva Global Convertible Bond* *Ferox Global Convertible Bond*	All except Cautious Income
	iShares $ Emerging Market Debt		All except Asian
	Artemis Global Short Duration High Yield		Cautious Income
	Fullerton Asian Local Currency Debt		Asian Portfolios
March	Comgest European Opportunities	*Jennison Global Equity Opportunities* *Crux European Special Situations*	Europe Diversified
	Evenlode Income *Schroder Recovery*	*FTSE 100 Index Futures*	Sterling Growth
	iShares Physical Silver *iShares Gold Producers*	*iShares Physical Gold*	All except Cautious Income
	US Treasury Bond 2043	US Treasury Inflation Linked Bond 2025	US Dollar, Sterling, Europe
	iShares $ Emerging Market Debt		Asian Balanced
	Fullerton Asian Local Currency Debt		Asian Growth
	iShares Physical Silver *iShares Gold Producers* *Muzinich Enhanced Yield* US Treasury Bond 2043	*US Treasury Bond 2025* *US Treasury Inflation Linked Bond 2043*	Cautious Income

Asset allocation decision	Manager selection decision

Target Portfolios

	Cautious	Balanced	Diversified	Growth
Equities	26.5%	35.0%	46.5%	58.0%
Fixed Income	45.0%	31.5%	24.3%	13.8%
Property / Infrastructure	16.0%	13.0%	13.5%	14.0%
Alternatives	4.5%	6.0%	6.0%	4.0%
Commodities	4.0%	7.5%	6.0%	5.0%
Cash	4.0%	7.0%	3.8%	5.3%

These target weights are correct as at the time this report is published and are indicative of the managers' medium term outlook for markets, which is driven principally by their assessment of relative valuation opportunities. Target weights are based on the Cautious Income, USD Balanced, Europe Diversified and USD Growth Funds respectively. Allocations may vary for the other Balanced and Growth Funds in the range.

Harmony Portfolio and peer group performance

	Performance to 31 March 2021							
	Fund returns (local currency)	3 months	6 months	2020	2019	2018	3 years (annualised)	5 years (annualised)
USD	Cautious Income[1]	0.9%	7.6%	0.8%	9.4%			
	Peer group median	*0.1%*	*4.7%*	*5.5%*	*10.9%*			
	Balanced Portfolio	1.0%	9.9%	6.7%	14.9%	-7.2%	4.9%	5.9%
	Peer group median	*0.9%*	*9.6%*	*9.6%*	*13.3%*	*-7.3%*	*5.3%*	*6.1%*
	Growth Portfolio	2.8%	14.6%	7.5%	19.0%	-9.2%	6.1%	7.7%
	Peer group median	*1.5%*	*11.1%*	*10.3%*	*15.0%*	*-7.8%*	*6.1%*	*6.9%*
	Global Equity Portfolio[2]	16.3%	25.3%	12.6%	21.5%	*-10.8%*	*7.6%*	*11.3%*
	Peer group median	*13.7%*	*22.8%*	*14.4%*	*24.3%*	*-11.9%*	*7.4%*	*9.5%*
	MSCI AC World	4.6%	19.9%	16.3%	26.6%	-9.4%	12.1%	13.2%
	S&P 500	6.1%	18.8%	17.8%	30.7%	-4.9%	16.1%	15.6%
GBP	Cautious Income[3]	0.6%	6.2%	-2.1%	7.5%			
	Peer group median	-1.0%	2.2%	4.1%	7.4%			
	Balanced Portfolio	0.8%	8.6%	-0.3%	8.2%	-4.2%	2.2%	4.0%
	Peer group median	*0.0%*	*5.8%*	*3.7%*	*10.0%*	*-5.5%*	*3.8%*	*5.1%*
	Growth Portfolio	2.0%	11.8%	-1.6%	10.8%	-4.9%	3.0%	5.0%
	Peer group median	*0.2%*	*6.3%*	*3.8%*	*10.4%*	*-5.7%*	*3.9%*	*5.3%*
	MSCI AC World	3.6%	12.4%	12.7%	21.7%	-3.8%	12.7%	14.1%
	MSCI UK	5.2%	16.4%	-13.2%	16.4%	-8.8%	1.5%	5.2%
EUR	Cautious Income[4]	1.3%	6.9%	-2.7%	4.4%			
	Peer group median	0.9%	4.3%	1.3%	4.4%			
	Diversified Portfolio	4.5%	11.6%	-1.3%	15.7%	-10.8%	3.0%	3.4%
	Peer group median	*2.7%*	*7.7%*	*0.1%*	*10.4%*	*-6.7%*	*2.6%*	*2.6%*
	MSCI AC World	8.9%	19.7%	6.7%	28.9%	-4.8%	13.8%	12.5%
	MSCI Europe ex UK	7.7%	19.0%	1.7%	27.1%	-10.9%	8.8%	8.8%
AUD	Cautious Income[5]	1.0%	6.3%	-3.0%				
	Peer group median	*N/A*	*N/A*	N/A				
	Growth Portfolio	1.9%	8.7%	-0.9%	16.2%	-3.9%	4.6%	6.0%
	Peer group median	*0.7%*	*5.8%*	*-1.1%*	*12.3%*	*-1.3%*	*3.6%*	*4.6%*
	MSCI AC World	6.1%	13.1%	6.4%	27.5%	1.2%	12.9%	14.0%
	ASX All Ordinaries	3.6%	18.6%	3.6%	24.1%	-3.5%	10.1%	10.6%

Harmony Portfolio and peer group performance

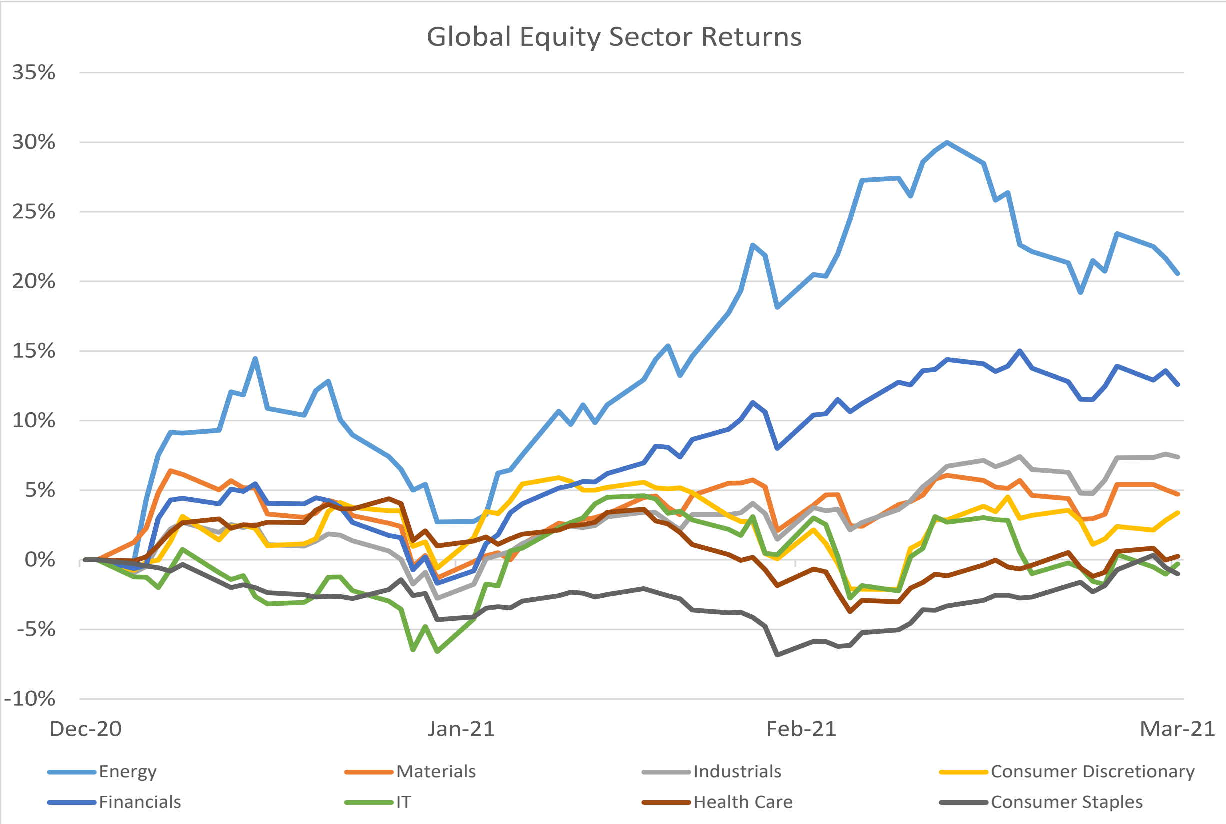
	Performance to 31 March 2021							
	Fund returns (local currency)	3 months	6 months	2020	2019	2018	3 years (annualised)	5 years (annualised)
Asia (in USD)	Balanced Portfolio	0.3%	10.7%	7.1%	11.0%	-8.8%	3.1%	4.7%
	Peer group median	*-0.2%*	*11.8%*	*11.4%*	*10.9%*	*-10.5%*	*3.3%*	*4.8%*
	Growth Portfolio	2.0%	16.1%	8.5%	12.6%	-10.6%	4.0%	6.3%
	Peer group median	*0.4%*	*11.7%*	*10.4%*	*11.1%*	*-11.2%*	*3.1%*	*5.1%*
	MSCI AC World	2.7%	22.4%	16.3%	26.6%	-9.4%	9.1%	13.1%
	MSCI AC Asia Pacific ex Japan	4.6%	19.9%	22.4%	19.2%	-13.9%	12.1%	13.2%

Past performance is not indicative of future returns. Returns are based on share class A except for Cautious Income Portfolios, which are based on share class E (accumulating).

[1]Inception date January 17 2019
[2]Historical performance, figures prior to 12 June 2020, when Momentum IF Global Equity Fund (MIF GEF) merged into the UCITS structure to combine with Momentum GF Global Equity Fund (MGF GEF), comprises three components: i) between 28 February 2009 and 16 December 2019 performance figures reflect MIF GEF A; ii) between 16 December 2019 and 9 January 2020 the performance figures are a composite of MIF GEF A and MGF GEF I on an asset-weighted basis; iii) between 9 January 2019 and 11 June 2020 the performance figures are a composite of MIF GEF I and Harmony Global Equity Fund A (Harmony GEF) on an asset-weighted basis. MIF GEF A and MGF GEF I historical performance figures have been adjusted to incorporate the prevailing fees for Harmony GEF.
[3] Inception 14 March 2019
[4] Inception 18 February 2019
[5] Inception 27 September 2019

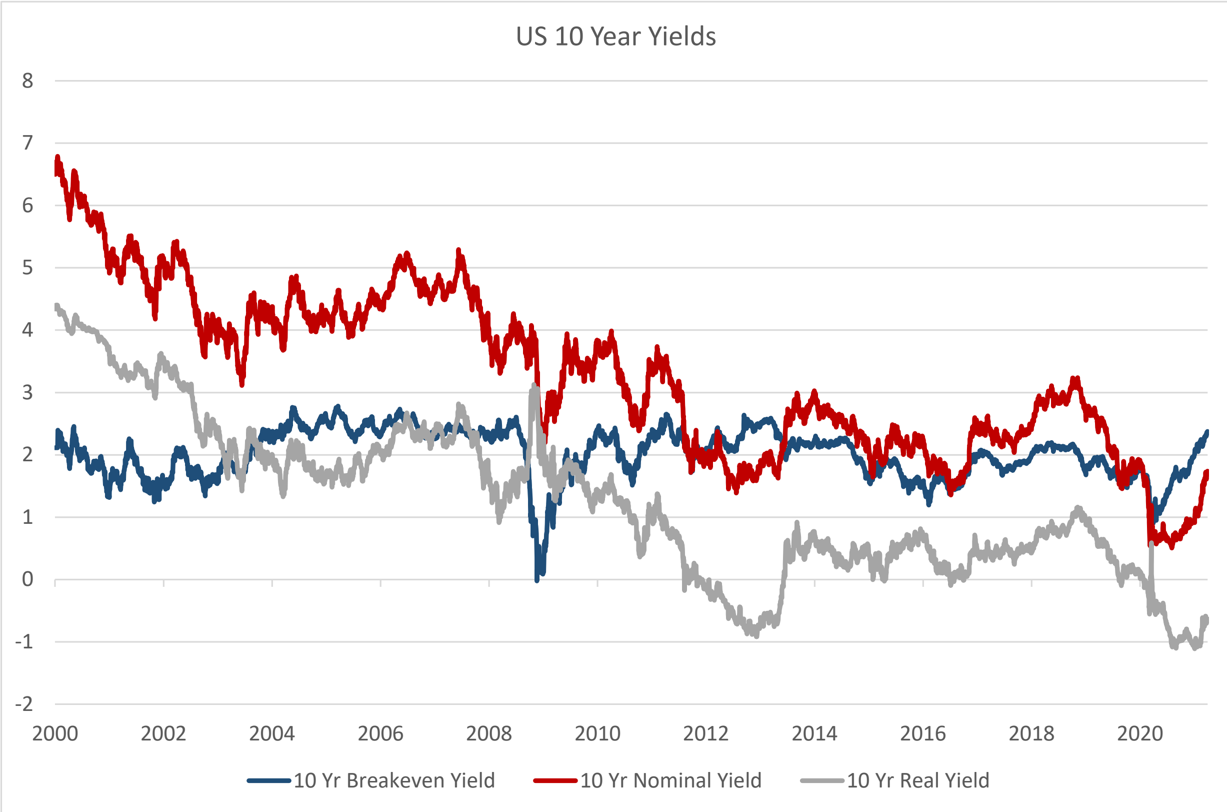
Global Markets Review & Outlook

While the vaccine news in early November was arguably the critical turning point in this cycle, providing light at the end of the pandemic tunnel, it was only in the first quarter of 2021, 12 months from the pandemic's onset, that investors began to price in the recovery ahead and a return to post-pandemic normality. The recovery and reflation trade took hold, manifest most clearly in sharp falls in bond markets, suffering one of their worst quarterly returns in decades, and in a big rotation in equity markets, from the pandemic winners, in e-commerce, the digital and online world, to those sectors which have suffered most from lockdowns and restricted mobility. Over the quarter, global equities returned 4.9%, but within that, the sectors most sensitive to economic recovery produced substantial returns, including energy +22% and banks +19%, while those which had benefitted from the pandemic, such as IT, healthcare and consumer staples, were flat.



Source: Bloomberg, Momentum Global Investment Management

In contrast to equities, bonds had a torrid quarter, reflected in the yield on the 10 year US Treasury, the world's key discount rate, almost doubling, from 0.9% at the end of 2020 to 1.74% by the end of March. Unlike the more modest rise in yield which had taken place in the latter months of 2020, which was driven entirely by rising inflation expectations, in recent months it was also a rise in real yields which drove the market. Inflationary expectations moved up over the quarter from 2% to 2.37%, but real yields rose from around all-time lows of -1.1% at year end to -0.63% by the end of March – a move which occurred in a three week period from mid February to early March.



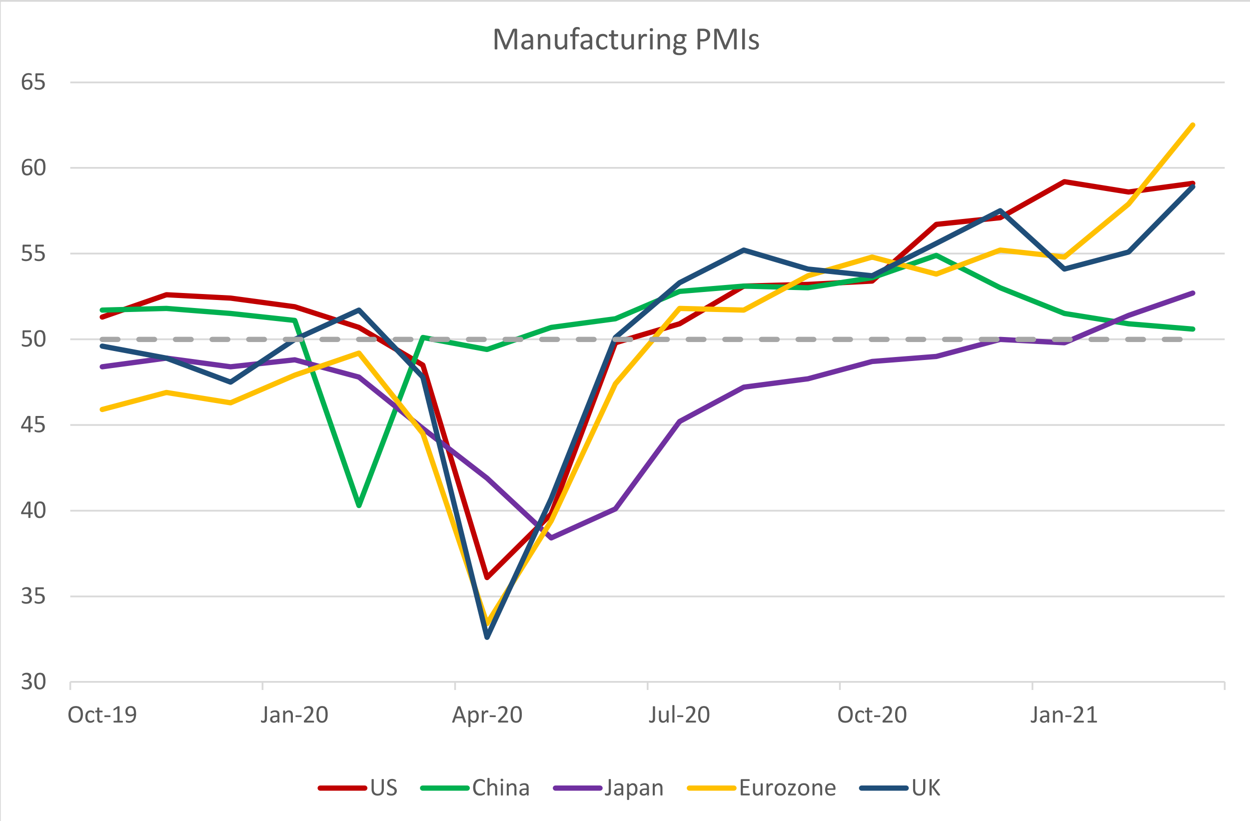
Source: Bloomberg, Momentum Global Investment Management

The speed and sharpness of the move rattled investors and triggered a setback in safe haven and risk assets alike, but was most marked in longer duration bonds, with the 30 year Treasury bond recording a return of -16% in Q1; in gold, which fell by 10% over the quarter; and in highly rated growth equities, which had led markets higher over the past year but suffered sharp falls in the face of the rise in the discount rate, with the NYSE FANG+ Index (representing the fastest growing US mega cap stocks) falling by 17% from peak to trough during the quarter. The key factors driving these shifts, and which are central to prospects for the remainder of the year, are:

1) Growing confidence in the success of the vaccination programme, enabling lockdowns and mobility restrictions to be eased. While by no means universal, with the vaccine fiasco in the EU failing to prevent a third wave of the pandemic, extended lockdowns and a delayed recovery across much of the continent, the extraordinary success of the vaccine roll-out across the US and UK points to the way out of the pandemic and has already led to an easing of restrictions in those countries.

2) Clear signs of rising consumer and business confidence, with leading indicators across most major economies moving sharply higher during the quarter and pointing to strong growth ahead.

3) Activity levels stronger than expected, especially in the world's two largest economies, the US and China, but also across Europe, Japan and the developing world. Purchasing Managers Indices, a reliable barometer of future growth, have moved well into expansionary territory.



Source: Bloomberg, Momentum Global Investment Management

4) The Democrat's success in winning the two outstanding Senate seats in early January enabled Biden to push rapidly through virtually all of his planned pandemic fiscal stimulus package. The $1.9tn package is equivalent to a 9% boost to national income, with much of the stimulus made available almost immediately. The $1400 cheques for nearly all adults are already being distributed and will help to turbo-charge the recovery underway. The President is now working on the next $2tn package, focussed on infrastructure spending and the green economy, which is expected to be approved later this year.

5) The Federal Reserve's commitment to its ultra-loose policy, and preparedness to look through the spike in inflation ahead. Like most forecasters, the Fed raised its growth expectations for the US this year, to 6.5%, and is expecting a pick up in inflation as recovery takes hold, but views this as transitory, pointing to a global shortage of demand and the inflation dynamics of the past quarter of a century being essentially intact. Importantly, the Fed has shifted its policy stance to focus on observables rather than estimates, from pre-emptive to reactive, and continues to expect to keep interest rates at current levels to the end of 2023, and to maintain its bond buying programme at the rate of $120bn per month until substantial progress has been made towards the goals of 2% stable inflation and full employment.

6) To cap all this policy support, the easing of lockdowns in the weeks and months ahead is set to unleash huge pent up demand. During the enforced lockdowns, savings levels have built up substantially: the US household savings rate has soared to 20%, with some $1.6tn of excess savings built up during the pandemic, equivalent to 7% of national income. At the same time, household wealth has remained robust as equity markets have moved to new highs and the housing market has been strong. With businesses also expecting to increase investment, the stage is set for an economic boom globally.

Against this backdrop, corporate earnings will rise substantially in 2021, with consensus forecasts predicting over 40% growth in S&P 500 earnings per share. Even if those levels prove to be optimistic, we expect equity markets to move higher over the year, driven by earnings growth rather than higher valuations.

We remain alert, however, to the risks ahead. The roll-out of the vaccines faces hurdles, all too evident in the EU and in developing countries. The extent of long-term scarring from the pandemic will only become clearer in the months ahead, but some sectors, especially in travel and hospitality, face structural challenges. The huge public debt overhang built up in the past year is a longer term drag on growth and could become a more urgent problem if bond yields rise further. The US-China relationship is problematic, not in any material way lessened with Biden as President, and now more likely to be across a united front with US allies. And perhaps most importantly as 2021 progresses, there is the risk of a sizeable pick-up in inflation.

That inflation is set to rise in coming months is beyond dispute, not least due to base effects, as well as the economic boom arriving at a time when there are certain supply shortages. Even if the higher inflation proves to be transitory, which is our central view, it could lead to a further jump in bond yields, triggering a sharp sell-off in markets. The Fed, and other central banks, have the tools to deal with a persistent rise in inflation but deploying those tools would be damaging for the economy and markets. Rising inflation, higher yields, policy mis-steps and a 'taper tantrum' remain our biggest risk factors for 2021.

Within markets we are also aware of some signs of excess. Valuations in the tech and digital sectors have become stretched, and the spate of highly valued IPOs and SPACs is a warning, as is the surge of retail buying and the recent collapse of highly leveraged hedge fund Archegos Capital. China has successfully emerged from the pandemic and its economy has recovered strongly, but the Chinese authorities are now trying to rein in asset bubbles and reduce risk in their financial system, including measures to reduce credit growth. The impact on markets in China has been swift, with the equity market down 6% in March, losing all the ground made up in the early weeks of the year and making it the worst performing major market so far this year.

Inevitably, then, we expect bumps along the way as we head into and through the economic boom to come. However, we need to keep the risks in perspective. Inflation expectations have risen but have returned essentially to pre-pandemic levels and are causing few concerns among central banks. There remains ample slack in economies and employment levels are well below pre-pandemic levels. Bond yields have risen but from the lowest levels in history and are still well into negative territory in real terms. Financial conditions remain very easy and liquidity is abundant. With one of the biggest economic recoveries in history ahead, these do not appear to be the conditions for a sustained fall in risk assets. We expect bouts of volatility and we are still cautious about bond markets, but yields on longer dated maturities are beginning to return to more realistic levels, and equities offer good opportunities to participate in the recovery, especially in value sectors, which have only in recent months begun to recover some of their underperformance against growth stocks of the past few years.

As ever, true portfolio diversification, including defensive assets and a range of equity styles, will be the best way to mitigate the risks and enhance returns, and most importantly it will be vital to stay invested; the highly promising prospects for 2021 should reward investors and we see any setbacks as a good opportunity to add to portfolio risk.

Market Performance

			To 31 March 2021	
Asset Class / Region	**Index**	**Currency**	**Quarter**	**12 months**
Developed Markets Equities				
United States	S&P 500 NR	USD	6.1%	55.6%
United Kingdom	MSCI UK NR	GBP	5.2%	20.0%
Continental Europe	MSCI Europe ex UK NR	EUR	7.7%	38.7%
Japan	Topix TR	JPY	9.3%	42.1%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	2.7%	58.6%
Global	MSCI World NR	USD	4.9%	54.0%
Emerging Markets Equities				
Emerging Europe	MSCI EM Europe NR	USD	0.7%	38.6%
Emerging Asia	MSCI EM Asia NR	USD	2.2%	60.1%
Emerging Latin America	MSCI EM Latin America NR	USD	-5.3%	50.1%
BRICs	MSCI BRIC NR	USD	-0.1%	48.6%
China	MSCI China NR	USD	-0.4%	43.6%
Global emerging markets	MSCI Emerging Markets NR	USD	2.3%	58.4%
Bonds				
US Treasuries	JP Morgan United States Government Bond TR	USD	-4.6%	-5.1%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	-1.8%	7.4%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	-4.6%	8.7%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	0.9%	23.6%
UK Gilts	JP Morgan UK Government Bond TR	GBP	-7.4%	-5.6%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	-4.1%	7.0%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	-2.3%	2.3%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	-0.7%	8.8%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	1.6%	22.0%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	-0.5%	-1.0%
Australian Government	JP Morgan Australia GBI TR	AUD	-4.1%	-4.0%
Global Government Bonds	JP Morgan Global GBI	USD	-5.7%	0.4%
Global Bonds	ICE BofAML Global Broad Market	USD	-4.8%	3.5%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	1.9%	62.0%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	-7.2%	8.8%

		To 31 March 2021		
Asset Class / Region	**Index**	**Currency**	**Quarter**	**12 months**
Property				
US Property Securities	MSCI US REIT NR	USD	8.5%	36.1%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	-1.1%	39.6%
Asia Property Securities	S&P Asia Property 40 Index NR	USD	7.9%	21.9%
Global Property Securities	S&P Global Property USD TR	USD	5.4%	34.6%
Currencies				
Euro		USD	-4.0%	6.3%
UK Pound Sterling		USD	0.8%	11.0%
Japanese Yen		USD	-6.7%	-2.9%
Australian Dollar		USD	-1.2%	23.9%
South African Rand		USD	-0.5%	20.7%
Commodities & Alternatives				
Commodities	RICI TR	USD	11.1%	51.0%
Agricultural Commodities	RICI Agriculture TR	USD	7.5%	43.8%
Oil	Brent Crude Oil	USD	22.7%	179.4%
Gold	Gold Spot	USD	-10.0%	8.3%
Hedge funds	HFRX Global Hedge Fund	USD	1.2%	16.1%

Source: Bloomberg. March 2021.
Past performance is not indicative of future returns.

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We caution that the value of investments, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Investment inherently involves an element of risk. It cannot be guaranteed that the performance of any fund mentioned henceforth will generate a return and there may be circumstances whereby no returns are generated or the principle invested is lost or eroded. As a result investors may not get back the original amount invested. Investors should ensure that they fully understand the risks associated with the Fund and should consider their own investment objectives and risk tolerance levels.

Prior to investing in a fund it is suggested that all potential investors read the prospectus and either Key Investor Information Document (KIID) or Key Financial Statement (KFS) in tandem with the offering documentation. Investors are advised to seek professional investment advice before making any investment decisions.

This disclosure has not been reviewed by the Securities and Futures Commission (SFC) of Hong Kong.

Our investment mandates in alternative strategies and hedge funds permit us to invest in unregulated funds that may be highly volatile. Although alternative strategies funds will seek to follow a wide diversification policy, these funds may be subject to sudden and/or large falls in value. The illiquid nature of the underlying funds is such that alternative strategies funds deal infrequently and require longer notice periods for redemptions. These Investments are therefore not readily realisable. If an alternative strategies fund fails to perform, it may not be possible to realise the investment without further loss in value. These unregulated funds may engage in the short selling of securities or may use a greater degree of gearing than is permitted for regulated funds (including the ability to borrow for a leverage strategy). A relatively small price movement may result in a disproportionately large movement in the investment value. The purpose of gearing is to achieve higher returns associated with larger investment exposures, but has concomitant exposure to loss if positive performance is not achieved. Reliable information about the value of an investment in an alternative strategies fund may not be available (other than at the fund's infrequent valuation points).

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multi-manager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

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