

# Harmony US Dollar Growth Fund – Class E

## Fund details

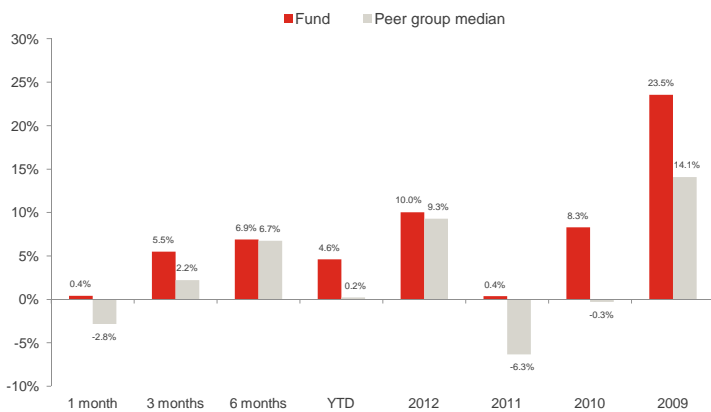
Investment manager: <b>Momentum Global Investment Management Limited</b>	ISIN: <b>LU0795381598</b>
Currency: <b>USD</b>	Price per share: <b>USD 1.0713</b>
Inception date (fund): <b>12 August 2011</b>	Minimum investment: <b>USD 250,000</b>
Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	Subscriptions / redemptions: <b>daily</b>
Peer group: <b>Bloomberg Active Index for Funds - Global Balanced Offshore Funds</b>	Investment timeframe: <b>5 years +</b>

## Investment objective

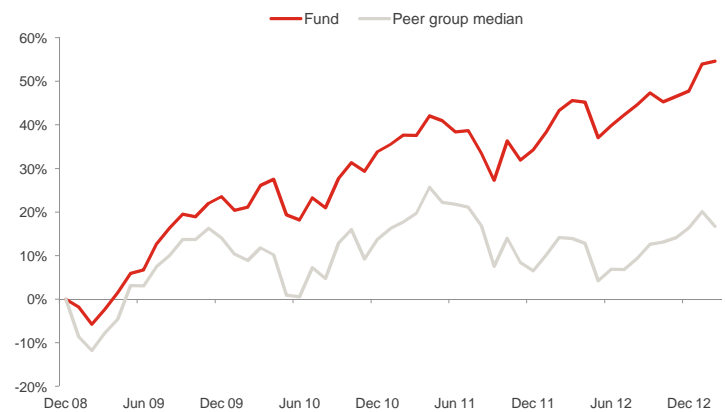
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The investment objective is to provide capital growth in US dollar terms but with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

## Fund performance<sup>1</sup>



## Cumulative returns<sup>1</sup>



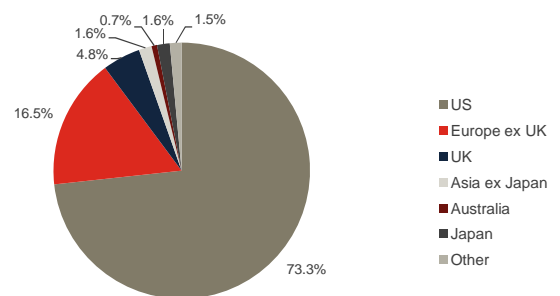
## All holdings

Holdings	Asset type	Weight
Yacktman US Equity	Equity	15.0%
Wells Fargo US All Cap Growth	Equity	14.8%
Hotchkis & Wiley US Value	Equity	10.6%
Cohen & Steers Global Real Estate	Property	7.0%
Artisan Global Value	Equity	6.7%
BlackRock US Index	Equity	6.4%
Old Mutual Dublin Global Bond	Fixed Income	5.8%
Cash	Cash	5.4%
Momentum IF Global Equity	Equity	5.2%
Jupiter Dynamic Bond	Fixed Income	4.0%
Morgan Stanley Global Brands	Equity	3.8%
First State Global Listed Infrastructure	Equity	3.1%
RWC Global Convertibles	Fixed Income	3.0%
AXA US High Yield Bonds	Fixed Income	3.0%
Muzinich Enhanced Yield Short-Term	Fixed Income	1.9%
iShares \$ TIPS	Fixed Income	1.8%
Dimensional Emerging Markets Value	Equity	1.8%
iShares MSCI World	Equity	0.7%

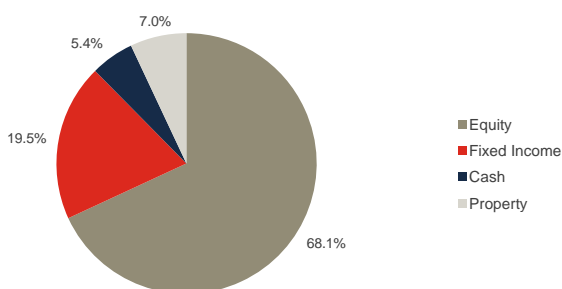
## Investment statistics (since 1 January 2009)<sup>1</sup>

Current month return:	0.4%
Cumulative return:	54.6%
Annualised return:	11.0%
Annualised volatility:	10.3%

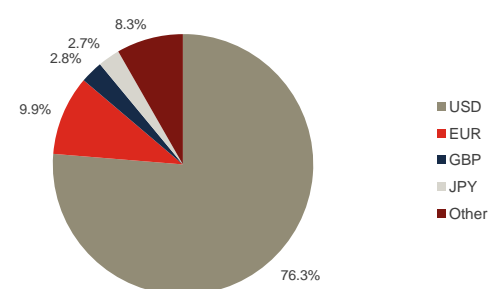
## Regional allocation



## Asset allocation



## Currency allocation



Sources: Momentum Global Investment Management Limited, JP Morgan Bank (Luxembourg) S.A. and Bloomberg.

<sup>1</sup> As a result of its bias to the United States, the fund will tend to perform well versus peers when US securities (including the dollar) outperform. The opposite will also be true when US securities underperform other regions.

## ■ Manager commentary

After a strong January, equities consolidated their gains in February. At the same time, anxiety grew over the outlook for further central bank asset purchases (quantitative easing) in the US, the growth of the global economy, and Europe. Equity markets were more volatile as a result, with the balance of up days to down days moving closer to 50:50. Despite fresh nervousness amongst investors, global developed markets rose during February, with US equities adding 1.3% and treasuries adding 0.6% in US dollar terms. Perhaps the most notable moves last month were in currencies, with the US dollar posting gains against the major currencies. In terms of key events, the main talking point last month came from Europe; Italian elections yielded a difficult outcome, with reformist former Prime Minister Mario Monti receiving only 10% of the vote, the centre left controlling the lower house, a split vote in the Senate with no party able to take control, and a comedian the unlikely beneficiary of the polls. On the face of it, last month's vote represented a loud rejection of the EU's severe austerity programme, with investors now facing a period of uncertainty until a new government can be formed (or new elections held). Italian bond yields spiked upwards in the wake of the news, and global equity markets appeared to wobble, but importantly there was no material impact on the bonds of other European peripherals. In other news, Japan continues to move to looser monetary policy, supporting the market as it goes. Keeping the yen weak has positive implications for corporate profitability, given the large numbers of Japanese exporters. In China, the news was mixed last month, with PMIs falling to their lowest level in five months, amidst reports that Beijing is set to tighten home lending in order to control the boom in house prices in major cities. Overall, the ongoing process of deleveraging and rebalancing, which has been underway since the global financial crisis, will keep growth relatively subdued and competitive conditions for companies will remain tough.

Following a strong January, February provided something of a pause for the global equity markets for US dollar based investors. A period of consolidation perhaps provides an opportunity for reflection following what was at times a breathless run up in the equity markets since the middle of 2012. Indeed, given the potentially disruptive news flow, including an inconclusive Italian parliamentary election and the downgrade of the UK's credit rating, an essentially flat return of -0.02% in US Dollar terms for the MSCI AC World in February appears to be a reasonable result and is a testament to the resilient sentiment amongst market participants. Major global equity markets posted positive returns in local currency terms, but their translation into a strong US Dollar provided a headwind to performance. Against this backdrop, the Harmony US Dollar Growth Fund returned 0.4%. From an asset allocation perspective, the fund's low weight to global government bonds and higher allocation to areas of the credit markets benefited absolute performance. The fund remains lowly allocated to government bonds, as we do not see compelling valuations available in this area of the fixed income markets. While a degree of welcome optimism appears to be returning to the markets, it is worth bearing in mind that there are still significant risks for investors to contend with in the medium-term. Consequently, while we are cautiously optimistic about the prospects for 2013, investors should look to retain a prudent level of diversification in their portfolios and avoid complacency.

From a manager selection perspective, the Yacktman US Equity fund, managed out of Austin, Texas, continues to deliver strong returns having gained 1.8% and 8.4% over one and three months respectively, compared to 1.3% and 7.4% for the S&P 500 index. Established in 1992 the firm has always implemented a disciplined, bottom up value-orientated investment approach that results in a focused portfolio of high quality holdings. The investment team, who benefit from over 70 years of combined experience, approach the selection process as though they were buying a long-term bond, with the purpose of holding it for an extended period of time. The main focus is on the rate of the return they would earn and the quality of those businesses; the higher the quality, the lesser the required rate of return. The top three holdings at present are News Corp, Procter & Gamble and PepsiCo, together representing over a quarter of the portfolio and highlighting both the manager's willingness to concentrate the portfolio in their best ideas and their view on how attractive the valuations of these businesses currently are.

Source: Lipper Hindsight, Momentum Global Investment Management Limited, February 2013.

## ■ 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.

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.

Performance figures prior to the inception date of the Class E share have been simulated to show its lower fees by adjusting the Harmony US Dollar Growth Fund Class A share's past performance. Prior to the Class A 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 Growth Incorporated Cell (IC) within the Momentum Mutual Fund. The historical performance of the Harmony US Dollar Growth IC Class A fund is shown from 1 January 2009 until the inception date of the SICAV. The annualised return figure has been corrected from that shown when this factsheet was first issued.

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