Momentum Global Funds
Société d'Investissement à Capital Variable

Harmony US Dollar Growth Fund (Class E)

momentum
month ended 28 February 2014

Fund details

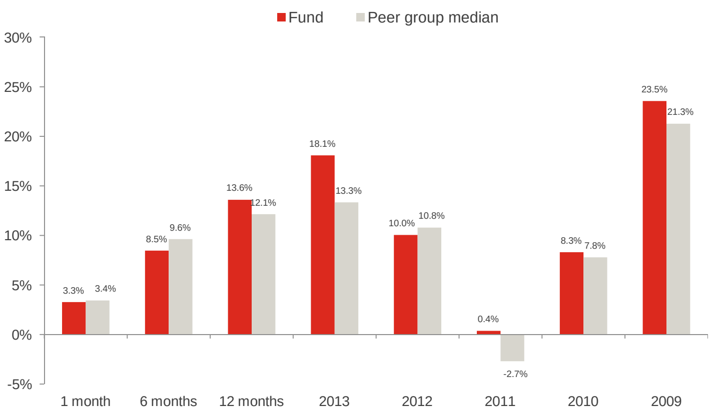
Investment manager: **Momentum Global Investment Management**	ISIN: **LU0795381598**
Currency: **USD**	Price per share: **USD 1.2170**
Inception date (fund): **12 August 2011**	Minimum investment: **USD 250,000**
Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	Subscriptions / redemptions: **daily**
Peer group source: **Bloomberg**[1]	Investment timeframe: **5 years +**

Investment objective

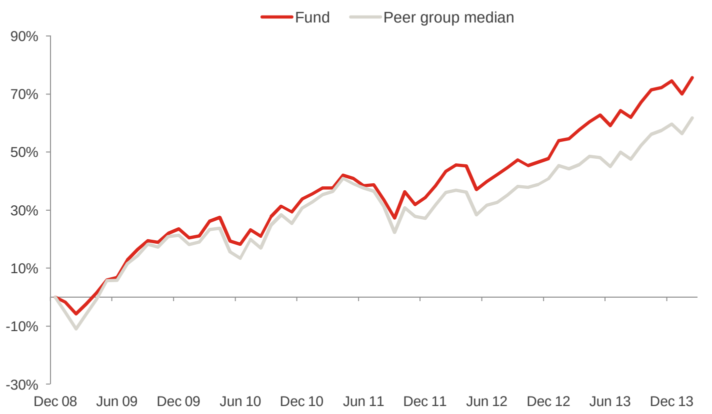
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The investment objective is to provide capital growth in US dollar terms but with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



Cumulative returns



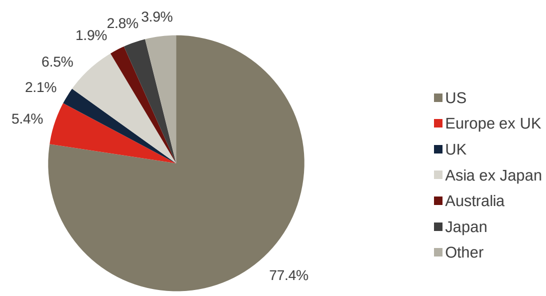
Holdings

Holdings	Asset type	Weight
Wells Fargo US All Cap Growth	Equity	14.2%
Harris Associates Concentrated US Equity	Equity	13.7%
Yacktman US Equity	Equity	9.0%
Vulcan Value Equity	Equity	9.0%
Artisan Global Value	Equity	8.1%
Cash	Cash	7.1%
Cohen & Steers Global Real Estate	Property	7.0%
Old Mutual Dublin Global Bond	Fixed Income	5.0%
Morgan Stanley Global Brands	Equity	4.0%
RWC Asia Convertibles	Fixed Income	3.9%
Jupiter Dynamic Bond	Fixed Income	3.9%
American Century Concentrated Global Growth	Equity	3.5%
First State Global Listed Infrastructure	Equity	3.0%
RWC Global Convertibles	Fixed Income	2.9%
Dimensional Emerging Markets Value	Equity	2.6%
iShares JP Morgan Emerging Markets Bond	Fixed Income	1.9%
iShares Gold Producers	Commodities	1.0%
BlackRock US Index	Equity	0.2%

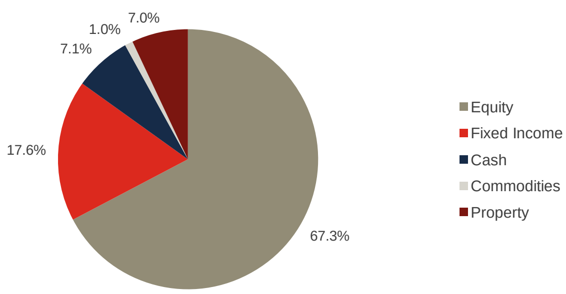
Investment statistics (since 1 January 2009)

Current month return:	3.3%
Cumulative return:	75.6%
Annualised return:	11.5%
Annualised volatility:	9.7%

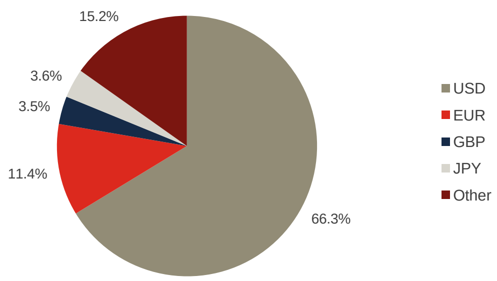
Regional allocation



Asset allocation



Currency allocation



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

[1] The peer group median is a composite of (i) global peers and (ii) local peers, in the ratio 1:2. The return of the global peer group each month receives a weight of one-third, and this is added to the return of the local peer group which receives a weight of two-thirds; together these two numbers produce a single composite peer group return. This weighting methodology is consistent with the "normal" asset allocation of the Fund, with a two-thirds bias towards "home" country assets and currencies.

Manager commentary

Markets recovered well post January's setback, with a number of major equity markets reaching multi year, and in some cases (notably the US), all time highs during February. A combination of mixed economic data, particularly from the US where severe winter weather has had a significant but as yet unquantifiable impact on growth, and dovish comments from new Fed Chair Janet Yellen, pushed expectations for the first rise in interest rates further out. This, together with greater stability in emerging market currencies, helped asset prices to recover. Stock markets in the US, Europe and the UK all rose by close to 5% in local currency terms, with Japan the only major market not to participate, after prices declined by 0.7% in yen terms. Overall, global equities rallied by 5% in US dollar terms during February, while global emerging markets added 3.3%.

Against this backdrop the Harmony US Dollar Growth Fund returned 3.3% last month. While the Fund is neutral to global equity, the small overweight to global emerging markets equity detracted from relative performance as these markets lagged their developed counterparts. The Fund is overweight cash which, while a store of value, further detracted from performance in a month where global government bonds and global equities rallied.

Over the past month our macroeconomic outlook has not changed materially. We still expect modest but positive economic growth in the developed world, and we anticipate that the pace of growth in emerging markets will continue to outstrip the developed world even if it has slowed in recent years. Furthermore, equity valuations remain reasonable and in select pockets we are still able to identify significant value. However, the ongoing tensions between Ukraine and Russia will likely provide a source of uncertainty and volatility in the coming weeks. This is an example of a geopolitical risk that is largely unpredictable, reminding us of the importance of retaining a prudent level of diversification in the portfolio. While the situation in Ukraine may bring uncertainty, volatility also provides valuation opportunities for disciplined investors and our overweight to cash should enable us to take advantage of these opportunities as and when they arise.

From a manager selection perspective, Wells Fargo US All Cap Growth returned 6.0% in February compared to 4.5% for the S&P 500. Wells has been a key holding within the portfolio since the first quarter of 2012. The managers, based in Milwaukee, look to invest in companies with sustainable growth and to capitalise on opportunities that arise when a 'gap' exists between their assessment of a company's future growth and the market's expectations. An example of a stock where the managers feel this 'gap' is still present is Google, which at a weight of almost 4.6% represented their largest holding at the end of January. Well's approach leads them towards an earnings acceleration investment style, which generally performs well in sharply rising or momentum-driven markets. This strategy has performed very well recently: over twelve months the portfolio has returned 31.6% compared to the market's return of 24.6%. One factor that we believe to be key to ensuring that this manager continues to deliver strong returns going forward, is preventing assets under management from growing to a level at which they have difficulty implementing their all-cap approach effectively. As such it is pleasing that the strategy remains closed to new investors which should help protect future returns, although this does not affect the Harmony US Dollar Growth Fund given that we are existing investors.

Source: Bloomberg, Momentum Global Investment Management.

Important Information