Momentum Global Funds
Société d'Investissement à Capital Variable

Harmony US Dollar Growth Fund – Class E

month ended 31 May 2013

Fund details

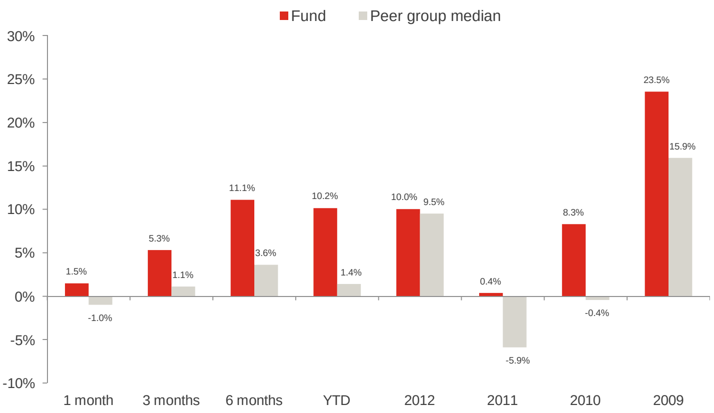
Investment manager: **Momentum Global Investment Management Limited**	ISIN: **LU0795381598**
Currency: **USD**	Price per share: **USD 1.1281**
Inception date (fund): **12 August 2011**	Minimum investment: **USD 250,000**
Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	Subscriptions / redemptions: **daily**
Peer group: **Bloomberg Active Index for Funds - Global Balanced Offshore Funds**	Investment timeframe: **5 years +**

Investment objective

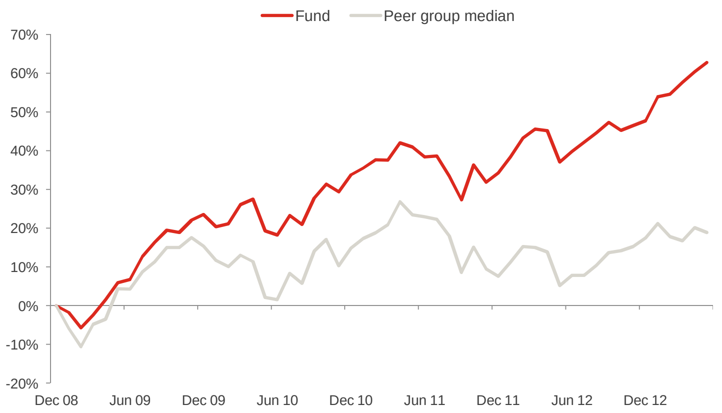
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The investment objective is to provide capital growth in US dollar terms but with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance[1]



Cumulative returns[1]



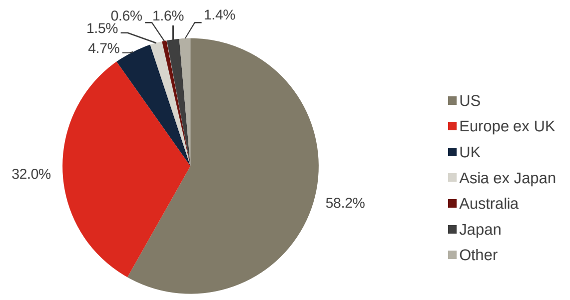
All holdings

Holdings	Asset type	Weight
Harris Associates Concentrated US Equity Fund	Equity	16.6%
Yacktman US Equity	Equity	14.7%
Wells Fargo US All Cap Growth	Equity	14.7%
Cohen & Steers Global Real Estate	Property	8.0%
Artisan Global Value	Equity	7.4%
Cash	Cash	6.4%
Old Mutual Dublin Global Bond	Fixed Income	5.7%
Momentum IF Global Equity	Equity	4.1%
Jupiter Dynamic Bond	Fixed Income	4.0%
Morgan Stanley Global Brands	Equity	3.8%
First State Global Listed Infrastructure	Equity	2.9%
RWC Global Convertibles	Fixed Income	2.9%
ING (L) Flex Senior Loans (USD hedged)	Fixed Income	2.8%
BlackRock US Corporate Bond Index	Fixed Income	2.0%
Dimensional Emerging Markets Value	Equity	1.8%
Muzinich EnhancedYield Short-Term	Fixed Income	1.8%
BlackRock US Index	Equity	0.3%
iShares MSCI World	Equity	0.1%

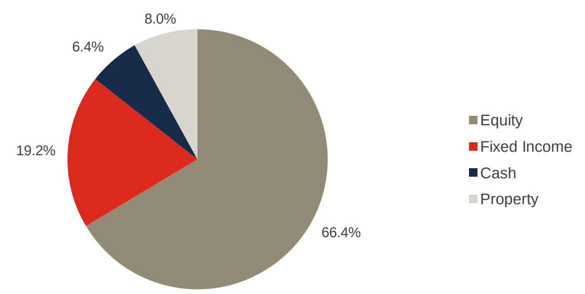
Investment statistics (since 1 January 2009)[1]

Current month return:	1.5%
Cumulative return:	62.8%
Annualised return:	11.7%
Annualised volatility:	10.0%

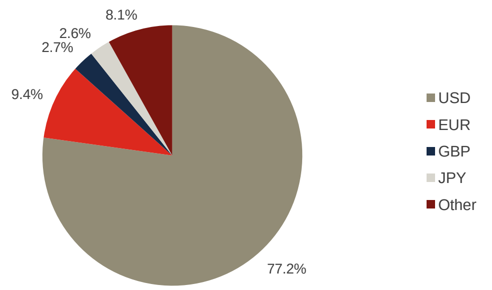
Regional allocation



Asset allocation



Currency allocation



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

[1] 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

As May progressed, investors' attention gradually began to shift towards the US Federal Reserve and the prospect of a reduction in the rate of quantitative easing (QE) coming sooner rather than later. If market moves in the latter part of the month offer any guide to what will happen when the Federal Reserve actually begins to unwind its QE programme we could be in for a difficult period, as volatility spiked upwards, the US dollar appreciated, bond yields rose and some asset classes suffered sharp falls. The immediate catalyst for the rise in expectations over QE 'tapering' was the release of the minutes of the FOMC (Federal Open Market Committee) meeting of 30 April, which showed support from several Fed officials for adjusting the rate of asset purchases downwards as early as June. The impact of this rise in expectations was most keenly felt in bond and currency markets, although equities also fell during the second half of the month. It is important to remember that the Federal Reserve is expected to moderate QE only slowly, and the central bank could equally increase the pace of purchases if economic conditions require it. However, market moves in the past month serve to illustrate the extent to which liquidity has become one of the main factors behind rising market prices.

Elsewhere, in Japan early evidence suggests that the 'Abe medicine' may be having a positive effect on the real economy. Industrial production rose by 1.7% in April and Japanese GDP grew by 0.9% during the first quarter (later revised up to 1.0%). Perhaps more importantly, the policies appear to be having a significant impact on inflation expectations, with 5 year breakeven rates increasing from 0.8% in December to 1.8% now.

Markets paused in May, following positive absolute returns in nine out of the past 12 months. Against this backdrop the Harmony US Dollar Growth fund returned 1.5%, to bring its 12 month return to 18.8%. The key development last month and the issue which is likely to have the biggest impact on markets in the medium term is the discussion taking place at the Federal Reserve about slowing QE. As a major recipient of QE flows, the government bond market is particularly sensitive to talk around 'tapering', and treasuries duly sold off in May with yields rising across the curve. Overall, global government bonds returned -3.4% in US dollar terms during May. We believe that a period of equity market consolidation alongside rising government bond yields is now likely on the balance of probabilities, and to that end we have taken some profit in the equity portion of the fund in recent months whilst continuing to hold low levels of sovereign debt. From an asset allocation perspective the decision to allocate money away from government bonds and towards various parts of the credit spectrum was rewarded last month. Overall, we see the current pause in markets as being a normal and healthy development considering the strength of the equity rally since the middle of last year. While we are cautiously optimistic about the prospects for markets over the medium term, investors should look to retain a prudent level of diversification in their portfolios and be careful to avoid complacency.

The Harmony US Dollar Growth fund benefited from the strong absolute and relative returns of its underlying US equity managers during May. Wells and Harris both outperformed the S&P 500's return of 2.3%, with gains of 3.8% and 4.4% respectively. These managers provide exposure to earnings acceleration and deep value styles respectively, which leads to contrasting portfolios and return profiles although last month both styles were rewarded. Meanwhile the third US equity holding, managed by Yacktman Asset Management and invested predominantly in high quality companies, underperformed slightly with a return of 1.8%.

Source: Bloomberg, Momentum Global Investment Management Limited, May 2013.

Important Information

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.