Momentum Global Funds
Société d'Investissement à Capital Variable

Harmony US Dollar Growth Fund (Class E)

month ended 30 May 2014

Fund details

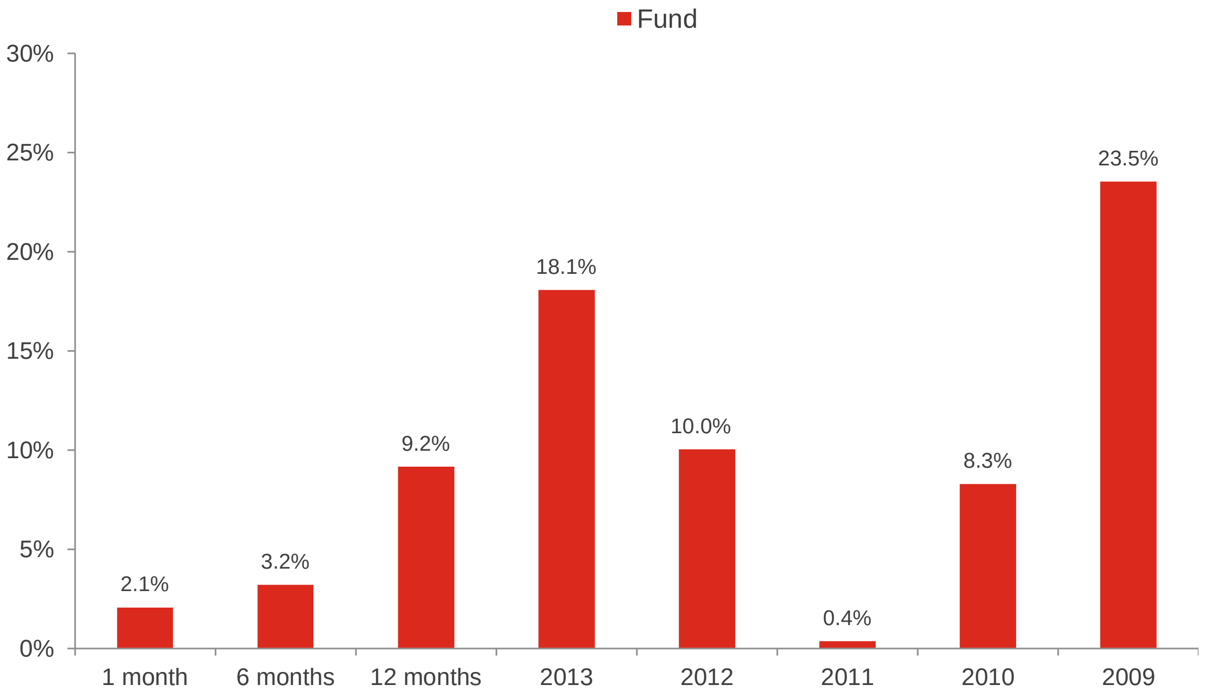
Investment manager: **Momentum Global Investment Management**	ISIN: **LU0795381598**
Currency: **USD**	Price per share: **USD 1.2314**
Inception date (fund): **12 August 2011**	Minimum investment: **USD 250,000**
Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	Subscriptions / redemptions: **daily**
Investment timeframe: **5 years +**	

Investment objective

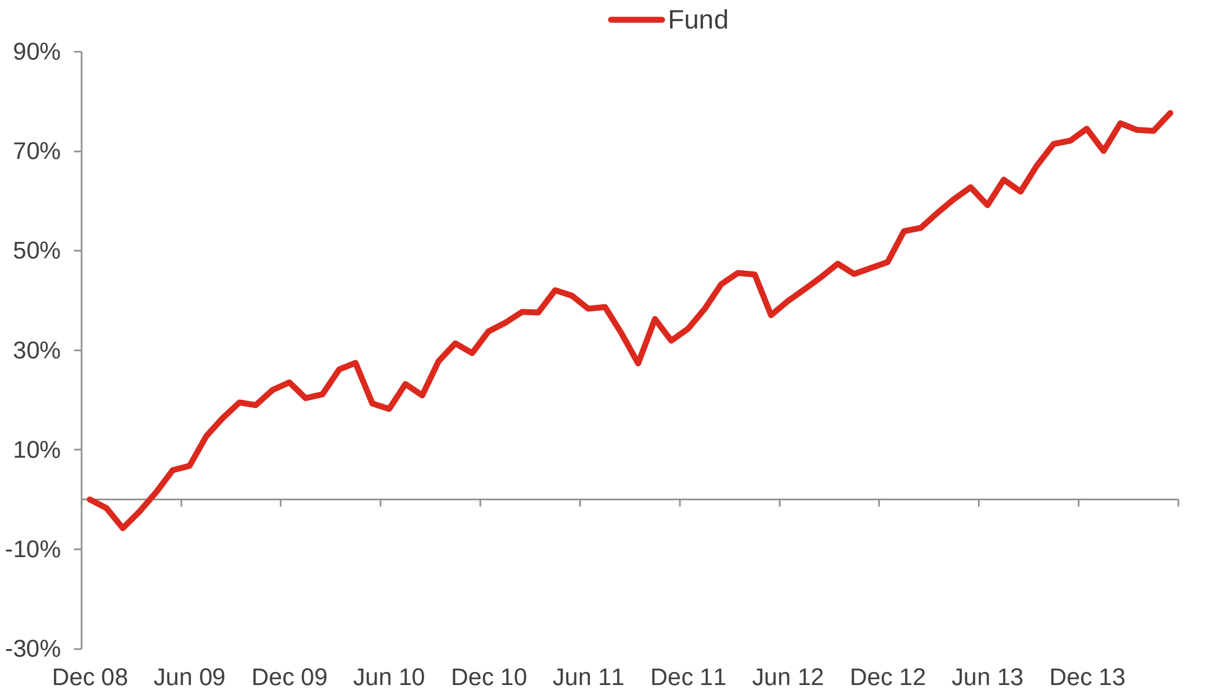
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The investment objective is to provide capital growth in US dollar terms but with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

Fund performance



Cumulative returns



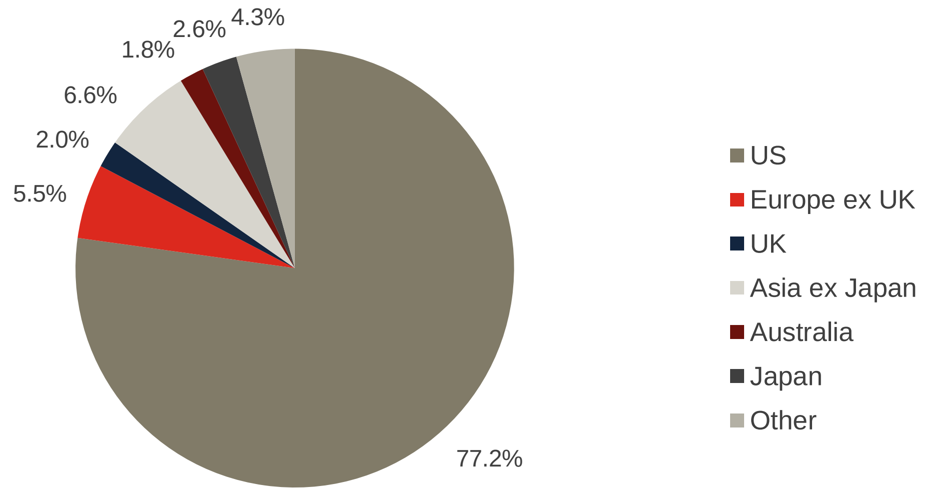
Holdings

Holdings	Asset type	Weight
Harris Associates Concentrated US Equity	Equity	13.8%
Wells Fargo US All Cap Growth	Equity	12.3%
Yacktman US Equity	Equity	9.4%
Vulcan Value Equity	Equity	8.8%
Artisan Global Value	Equity	8.4%
Cash	Cash	7.0%
Cohen & Steers Global Real Estate	Property	6.9%
Old Mutual Dublin Global Bond	Fixed Income	4.6%
BlackRock US Corporate Bond Index	Fixed Income	4.2%
RWC Asia Convertibles	Fixed Income	3.7%
American Century Concentrated Global Growth	Equity	3.5%
Morgan Stanley Global Brands	Equity	3.4%
Dimensional Emerging Markets Value	Equity	3.2%
RWC Global Convertibles	Fixed Income	3.0%
First State Global Listed Infrastructure	Equity	2.9%
iShares JP Morgan Emerging Markets Bond	Fixed Income	2.1%
Granahan US Focused Growth Fund	Equity	1.2%
iShares Gold Producers	Commodities	0.8%
Morgan Stanley UK Global Brands	Equity	0.5%
BlackRock US Index	Equity	0.2%
Jupiter Dynamic Bond	Fixed Income	0.1%

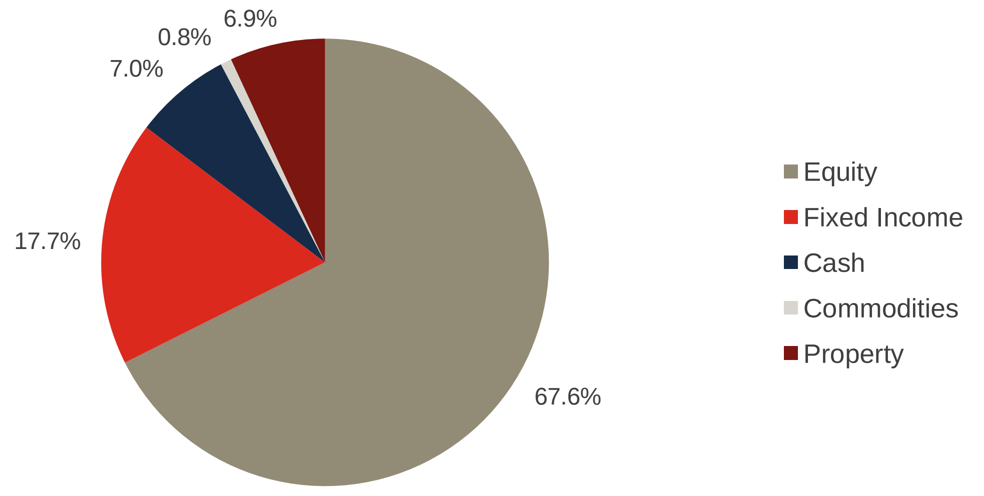
Investment statistics (since 1 January 2009)

Current month return:	2.1%
Cumulative return:	77.7%
Annualised return:	11.2%
Annualised volatility:	9.6%

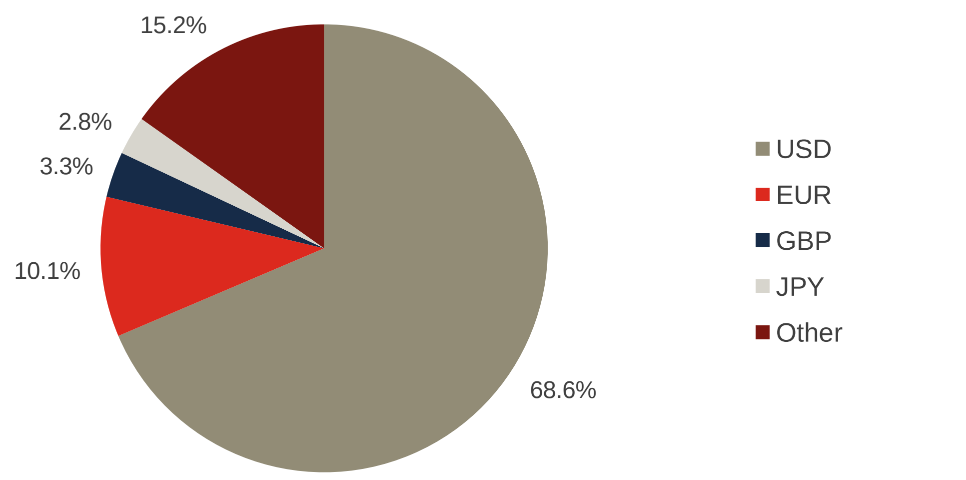
Regional allocation



Asset allocation



Currency allocation



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

Manager commentary

The majority of asset classes followed an upward trend in May. Equities returned 2.0% in developed markets while emerging markets added 3.5% (both in US dollar terms), to move them marginally ahead of their developed counterparts for the year. Bond yields continued on their downward trajectory in May, despite already moving significantly at the beginning of the year. This resulted in government bonds returning around 1% in the US, UK and the euro area (in their respective currencies), to take the year-to-date returns of the Citigroup WorldBIG index to 4.1% in US dollar terms.

An increasingly dovish tone from central banks followed news of generally sluggish, and in some cases, disappointing economic growth. Excluding Germany, where the economy grew by 0.8%, first quarter growth in the euro area registered a disappointing 0.2%. Output fell by 0.1% in the euro area as a whole. In the US, Q1 growth was revised down to -1.0%, well below consensus expectations. However, most of the weakness has been attributed to transitory factors, notably the severe winter weather and reduced inventory accumulation. As expected, Japan produced strong first quarter growth of 6.7% annualised, due to discretionary spending being brought forward ahead of the sales tax increase at the start of April. In the immediate aftermath there has been a sharp drop-off in spending, but anecdotal evidence from Japan suggests that fears of a sustained slump in activity levels are as yet unfounded.

Away from central banks, politics was the other key feature of the month, with important elections in Europe, India and Ukraine, together with a military coup in Thailand. Elections to the European Parliament saw a notable swing towards anti-establishment parties. Although mainstream parties remain in the majority, there is no doubt that euro-sceptic and protest parties will influence policy making at both EU and individual country level going forward.

Despite the weak economic news of late, leading indicators are pointing to improved prospects for a steady pick up in the key US economy, and in Europe through the remainder of 2014. The Federal Reserve's tapering and interest rate policy is now well flagged and discounted in the markets, and its increasingly dovish tone about future interest rate rises (lower for longer) bodes well for more economically sensitive asset classes, notwithstanding the challenges posed by a Chinese slowdown and/or a misstep from policymakers.

Against this backdrop, the Harmony US Dollar Growth Fund returned 2.1% last month. While the Fund has a neutral allocation to equity markets overall, the allocation to global emerging markets (GEM) aided performance as GEM achieved returns in excess of the developed markets. Furthermore, the credit positions taken in the fund aided performance as these asset classes, in aggregate, added more value than government paper. The largest detractor from performance came from the relatively large cash holding, which was a drag on performance in a month where both equity and fixed income markets increased in value.

From a manager selection perspective, the Artisan Global Value fund, which is managed by Dan O'Keefe and David Samra from San Francisco, gained 2.8% in May and 4.8% year to date in US dollar terms, representing outperformance versus their MSCI World benchmark over both periods. Over twelve months the strategy has returned an impressive 20.7%, compared to 18.9% for the benchmark. During May the main contributor to returns was the holding in Royal Bank of Scotland which rose by 15% over the period. Other contributors posting high single digit share price gains included Samsung Electronics and Apple. The managers continue to find it difficult to find new, high quality investment ideas that are available at attractive valuations and as a result cash levels within the portfolio remain elevated. The manager's allocation to emerging markets remains low; their view is that the high quality emerging market businesses they would like to own remain too expensive while those that are available at more attractive valuations are of too low quality.

Source: Bloomberg, Momentum Global Investment Management.

Important Information