

**Harmony Portfolios US Dollar Balanced Fund - Class E**

**Fund details**

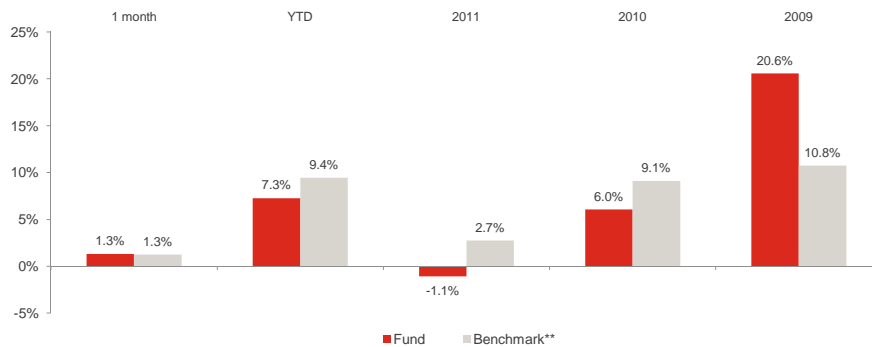
Investment manager: <b>Momentum Global Investment Management Limited</b>	Currency: <b>USD</b>	ISIN: <b>LU0795381242</b>
Initial fee: <b>none</b>	Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>	Price per share: <b>USD 1.0141</b>
Minimum Investment: <b>USD 250,000</b>	Subscriptions / redemptions: <b>daily</b>	
Investment timeframe: <b>3 years +</b>	Inception date (fund): <b>9 August 2012</b>	
Benchmark: <b>30% S&amp;P 500, 10% MSCI AC World, 10% Citigroup WorldBIG, 30% JP Morgan US GBI, 10% FTSE EPRA/NAREIT Developed, 10% USD 7-Day LIBID</b>		

**Investment objective**

The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The portfolio aims to provide a balance between capital preservation and capital growth in US Dollars 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\***



Source: Lipper Hindsight, JP Morgan Bank (Luxembourg) S.A.

\* Performance figures prior to the inception date of the Class E share have been simulated to show its lower fees by adjusting the Harmony Portfolios US Dollar Balanced Fund Class A share's past performance. Past performance is not indicative of future returns. Prior to the Class A funds inception as a sub fund of the Momentum Global Funds SICAV on 12 August 2011, the fund was managed as the Harmony US Dollar Balanced IC Cell within the Momentum Mutual Fund. The historical performance of the Harmony US Dollar Balanced IC Class A fund is shown in the above chart from 1 January 2009 until the inception date of the SICAV. Past performance is not indicative of future returns. The fund performance is calculated on a total return basis, net of all fees and in US Dollar terms.

\*\* From January 2009 to January 2010 the benchmark for performance comparison provided in this document comprised: 16% S&P 500, 10% MSCI World ex USA, 25% Citigroup US WGBI, 12% JPM EMBI+, 13% Lipper Property Peer Group, 24% US Dollar 7-Day LIBID. From January 2010 to August 2011 the benchmark comprised: 18% S&P 500, 12% MSCI World ex USA, 35% Citigroup US WGBI, 10% JPM EMBI+, 10% FTSE EPRA/NAREIT Developed CR, 15% US Dollar 7-Day LIBID.

**All holdings**

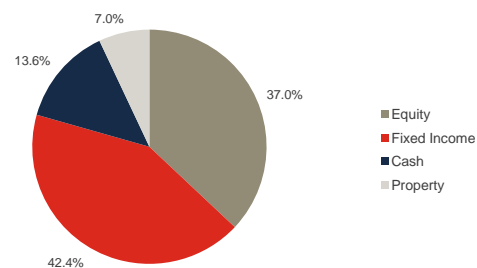
Holdings	Asset type	Weight
Cash	Cash	13.6%
Old Mutual Dublin Global Bond I Acc USD	Fixed Income	9.7%
Yacktman US Equity I	Equity	8.6%
Wells Fargo US All Cap Growth	Equity	8.1%
RWC Global Convertibles Fund	Fixed Income	7.4%
Momentum IF Global Equity Fund	Equity	7.1%
Cohen & Steers Global Real Estate USD	Property	7.0%
Muzinich EnhancedYield Short-Term Fund USD	Fixed Income	5.7%
Hotchkis & Wiley US Value	Equity	5.4%
BlackRock US Corporate Bond Index Fund	Fixed Income	5.3%
BlackRock US Index Fund	Equity	5.2%
BlackRock US Dollar High Yield Bond Fund	Fixed Income	4.8%
AXA US High Yield Bonds	Fixed Income	2.7%
iShares \$ TIPS	Fixed Income	2.6%
iShares USD Treasury Bond 7-10	Fixed Income	2.6%
iShares USD Treasury Bond 1-3	Fixed Income	1.6%
Morgan Stanley Global Brands Fund	Equity	1.5%
Momentum IF Global Emerging Markets Fund	Equity	1.1%

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

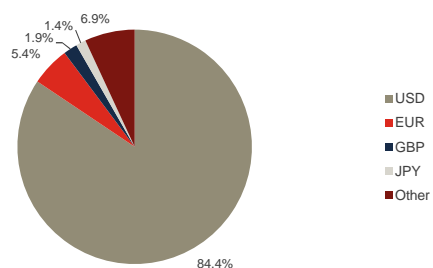
**Investment statistics**

Current month return:	1.3%
Cumulative return:	35.7%
Annualised return:	8.5%
Annualised volatility:	8.3%

**Asset allocation**



**Currency allocation**



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

## ■ Market commentary

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Investor sentiment has steadily improved as a result of the positive steps taken by policymakers in recent months. At the start of September, the European Central Bank announced that it was prepared to buy bonds from peripheral Eurozone governments in the secondary market, that it would do so in unlimited quantities and that it would not subordinate existing bond holders through its actions, on the condition that the countries in question first applied for a bailout from the European Stability Mechanism (the Eurozone's new bailout facility). Towards the end of the month the US Federal Reserve announced a further round of Quantitative Easing (the third thus far) this time focussing on the purchase of mortgage backed securities at an initial rate of USD 40 billion per month, as well as other policy measures such as the extension of 'Operation Twist'. These huge injections of liquidity – with the pledge of more to come if needed – have provided significant support for asset prices in the past few weeks. However, the real economy has shown few signs of improvement, with the Eurozone in a mild recession (whilst peripheral members suffer a serious recession), Japan stagnating, China continuing to slow down, the UK flat to mildly positive and the US growing at an annualised rate of around 1.5%. Furthermore, significant macroeconomic and political risks, including the upcoming US elections, the so called 'fiscal cliff', the slowing Chinese economy and the ongoing issues in Europe, are likely to create fresh challenges for markets.

Markets continued to rally last month, capping a run of four consecutive positive months for equities. Against this backdrop the Harmony USD Balanced fund returned 1.3% in US dollar terms, net of all fees, compared to a benchmark return of 1.3%. Over the month, the contribution from asset allocation to relative performance was mixed. The recent decision by the portfolio manager to reduce the equity holding to mildly underweight resulted in the fund having too little equity exposure in a strong month for the asset class. The fund's underweight to government bonds and overweight allocation to areas of the credit markets benefited relative performance, however. The valuation premise for the tactical underweight to equities has been strengthened by last month's strong market returns, and for that reason the position has been maintained in October. The portfolio manager does not consider equities to be especially expensive however, and if the market was to drop back it is likely that the equity allocation would be topped up. From a long term perspective, the fund remains underweight of government bonds, as we do not see compelling valuations available in this area of the fixed income markets. Indeed, barring significant global shocks the upside from sovereign debt is anticipated to be muted, making the risk-return trade off unattractive in anything but a significant 'double dip' scenario. In the event of a more moderate outcome, including gentle global GDP growth in coming years, we expect government bonds to underperform other asset classes.

From a manager selection perspective the Wells US All Cap Growth fund has been a core US equity holding within the portfolio since the first quarter of this year. 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 clearly feel this 'gap' is still present is Apple, which at 8% represented their largest holding at the end of August. Their approach leads to exposure to an earnings acceleration investment style, which generally performs well in sharply rising or momentum-driven markets. This strategy has performed very well recently, matching the 2.5% return of the S&P 500 index in September but outperforming by 1.2% during the third quarter in US dollar terms. Year to date the fund has returned close to 20%, compared to the market's return of approximately 16%. One factor that we believe to be key to ensuring that the 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 approach effectively. As such it was pleasing to hear last month that the manager is taking steps to close the strategy to new investors. This will not affect the Harmony US Dollar Balanced fund given that we are existing investors, but should help to protect future returns.

Source: Lipper Hindsight, Momentum Global Investment Management Limited, September 2012

## ■ Risk warnings and important notes

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Harmony Portfolios US Dollar Balanced Fund is a sub fund of the Momentum Global Funds SICAV which is domiciled in Luxembourg and is an "umbrella" fund which offers a wide range of single-priced, open-ended sub-funds. It is regulated by the Commission de Surveillance du Secteur Financier, the Luxembourg financial services regulator and conforms to the requirements of the European UCITS directive.

Past performance of any investment is not necessarily a guide to the future. All performance is calculated Total Return, Net of all fees and in US Dollar terms. The annualised return figure has been corrected from that shown when this factsheet was first issued.

Fluctuations in the value of the underlying funds and the income from them and changes in interest rates mean that the value of the Fund and any income arising from it may fall, as well as rise, and is not guaranteed. Deductions of charges and expenses mean that you may not get back the amount you invested.

The fees charged within the Fund and by the managers of the underlying funds are not guaranteed and may change in the future.

Notwithstanding ongoing monitoring of the underlying funds within the Fund, there can be no assurance that the performance of the funds will achieve their stated objectives.

The Fund may contain shares or units in underlying funds that invest internationally. The value of your investment and the income arising from it may therefore be subject to exchange rate fluctuations.

This report should not be construed as investment advice or guidance or a proposal or recommendation in any form whatsoever, whether relating to the Fund or its underlying investments. It is for information purposes only and has been prepared and is made available for the benefit of the investors in the Fund and clients of the Distribution Partner.

The appointed Management Company for the Momentum Global Funds SICAV are RBS (Luxembourg) S.A. of 33 Rue de Gasperich, L-5826, Hesperange, Luxembourg.

The appointed Administrator of the Momentum Global Funds SICAV are JP Morgan Bank Luxembourg S.A. of 6 Route de Treves, L-2633 Senningerberg, Luxembourg. The latest copy of the Prospectus can be obtained from the appointed Administrator at this address.

Momentum Global Investment Management Limited (company registration no. 3733094) is the appointed Investment Manager, Promoter and Distributor of the Momentum Global Funds SICAV and are authorised and regulated by the UK Financial Services Authority, with registered address at 20 Gracechurch Street, London, EC3V 0BG. Momentum Global Investment management Limited is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act No. 37 of 2002 in South Africa.

The appointed Depositary of the Momentum Global Funds SICAV are JP Morgan Bank Luxembourg S.A. of, 6 Route de Treves, L-2633 Senningerberg, Luxembourg.

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