Momentum Global Funds
Société d'Investissement à Capital Variable

Harmony Portfolios US Dollar Balanced Fund - Class E

momentum

month ended 31 October 2012

Fund details

Investment manager: **Momentum Global Investment Management Limited**	Currency: **USD**	ISIN: **LU0795381242**
Initial fee: **none**	Structure: **SICAV - Part 1 Luxembourg 2002 Law (UCITS)**	Price per share: **USD 1.0059**
Minimum Investment: **USD 250,000**	Subscriptions / redemptions: **daily**	
Investment timeframe: **3 years +**	Inception date (fund): **9 August 2012**	

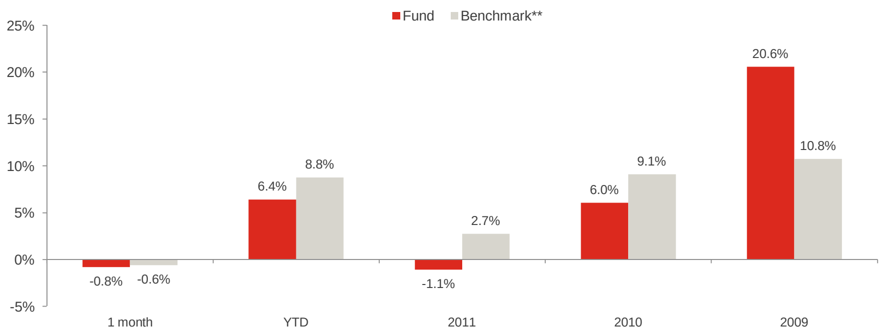
Benchmark: **30% S&P 500, 10% MSCI AC World, 10% Citigroup WorldBIG, 30% JP Morgan US GBI, 10% FTSE EPRA/NAREIT Developed, 10% USD 7-Day LIBID**

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

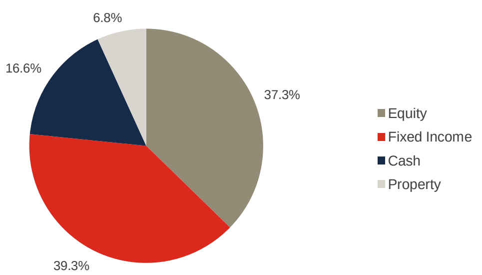
Holdings	Asset type	Weight
Cash	Cash	16.6%
Old Mutual Dublin Global Bond I Acc USD	Fixed Income	10.1%
Yacktman US Equity I	Equity	8.5%
Wells Fargo US All Cap Growth	Equity	8.4%
Momentum IF Global Equity Fund	Equity	7.3%
Cohen & Steers Global Real Estate USD	Property	6.8%
BlackRock US Corporate Bond Index Fund	Fixed Income	6.1%
RWC Global Convertibles Fund	Fixed Income	6.0%
Muzinich EnhancedYield Short-Term Fund USD	Fixed Income	5.8%
Hotchkis & Wiley US Value	Equity	5.5%
BlackRock US Index Fund	Equity	4.9%
BlackRock US Dollar High Yield Bond Fund	Fixed Income	4.6%
AXA US High Yield Bonds	Fixed Income	3.6%
iShares $ TIPS	Fixed Income	3.1%
Morgan Stanley Global Brands Fund	Equity	1.5%
Momentum IF Global Emerging Markets Fund	Equity	1.2%

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

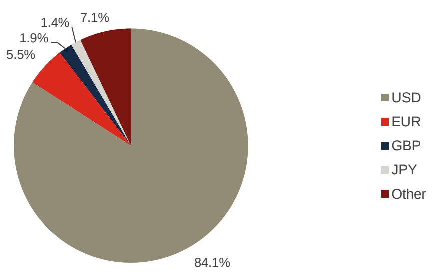
Investment statistics

Current month return:	-0.8%
Cumulative return:	34.6%
Annualised return:	8.1%
Annualised volatility:	8.2%

Asset allocation



Currency allocation



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

Market commentary

October was a more mixed month for markets, after the excitement created by central bank announcements in September. Last month's modest falls by global equities were perhaps unsurprising, after markets had moved to within 13% of their 2007 highs (in local currency terms) during September, propelled by major commitments from central bankers. The general undertone remained broadly positive, however, with positive returns from a significant number of regional equity markets and from the majority of credit markets. The MSCI World index fell by 0.7% during the period, largely due to a 1.9% decline by stocks in the US. All other major markets were up, with Asia ex Japan adding 1.8%, Continental Europe 1.2%, the UK 1.0% and Japan 0.7% (returns in local currency terms, including reinvested dividends). Emerging markets fell by 0.6%, to leave their year to date returns slightly behind those of developed markets. Compared to the dramatic actions by the European Central Bank and Federal Reserve in September, October was on course to be a quieter month for markets. That is, until Hurricane Sandy hit the eastern seaboard of the US at the end of the month, causing major disruption to New York City and the closure of the New York Stock Exchange for two days – the first time the market has been closed on consecutive days due to weather since 1888. Reconstruction will start immediately and could have a material impact on fourth quarter GDP in the US, with some estimates of the incremental benefit reaching as high as 0.5%. Overall, markets have rallied very sharply from their mid year lows and have received huge support from central bankers. The uncertainties ahead – namely the elections in the US and China, the 'fiscal cliff' and the ongoing problems in the Eurozone – all present significant risks, with the latter two in particular likely to act as a source of volatility in the short term.

Global equity markets were a little weaker in October, led by the negative returns of the US market. Against this backdrop, the Harmony USD Balanced fund was unable to extend its recent run of positive months to five. The fund returned -0.8% in US dollar terms over the course of the period, compared to a benchmark return of -0.6%. From an asset allocation perspective, the fund's underweight to global government bonds and overweight allocation to areas of the credit markets benefited relative performance. The fund's holdings in investment grade and high yield credit, as well as the allocation to strategic bond mandates, provided positive returns, whereas convertible bonds underperformed as a result of their sensitivity to falling equity prices. Furthermore, the fund's underweight to global property securities had a negative impact on relative returns, as these assets outperformed other areas of the equity markets. The fund remains underweight to 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 Morgan Stanley Global Brands fund fell modestly last month, down by 0.2% compared to a larger fall of 0.7% by the MSCI World index. We have written extensively about the attractive return profile of this fund, driven by its focus on cash-generative, high quality global franchises, which have tended to be highly sought-after by investors since 2008. Indeed, year to date the fund has returned over 14%, compared to a benchmark return of 12.3%. As ever, starting valuations are a key determinant of the subsequent performance of any investment, and hence it is important to bear in mind that focussing on 'quality' companies alone does not guarantee strong downside protection. If a stock trades at a large premium to the rest of the market then investors may still be exposed to above-average downside risk. Currently, whilst moderately expensive on a relative basis, we do not believe the opportunity in these types of stocks has been fully priced-in, and on an absolute basis the valuation case remains compelling.

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

Risk warnings and important notes

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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