

# Harmony US Dollar Growth Fund (Class E)

## Fund details

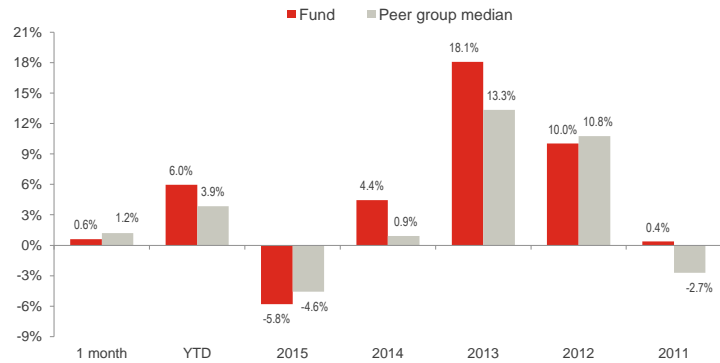
|  |   |
|--|---|
| Investment manager: <b>Momentum Global Investment Management</b> | ISIN: <b>LU0795381598</b>                 |
| Currency: <b>USD</b>   | Price per share: <b>USD 1.2613</b>        |
| Inception date (fund): <b>12 August 2011</b>                     | Minimum investment: <b>USD 250,000</b>    |
| Structure: <b>SICAV - Part 1 Luxembourg 2002 Law (UCITS)</b>     | Subscriptions / redemptions: <b>daily</b> |
| Peer group source: <b>Bloomberg<sup>1</sup></b>                  | Investment timeframe: <b>5 years +</b>    |

## Investment objective

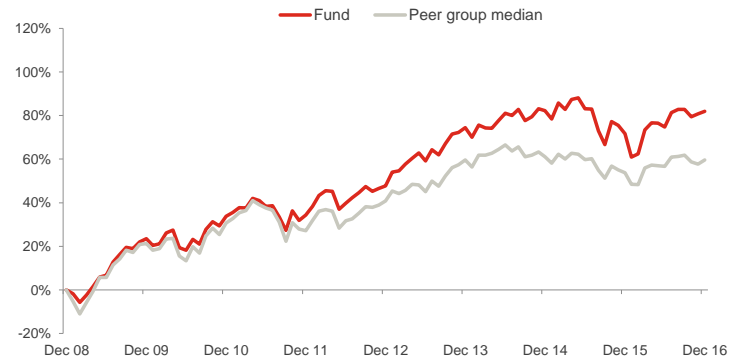
The portfolio will be biased to investments in the United States, but could also hold investments outside this country. The investment objective is to provide capital growth in US dollar terms but with a reduced level of volatility, via strategic exposures to a wide range of asset classes.

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

## Fund performance



## Cumulative returns



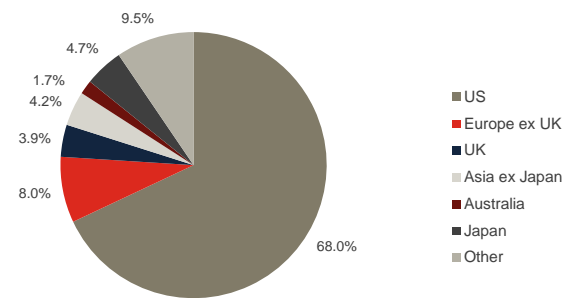
## Holdings

| Holdings  | Asset type   | Weight |
|---|--------------|--------|
| Artisan Global Value                                | Equity       | 11.3%  |
| Vulcan Value Equity                                 | Equity       | 8.4%   |
| Yachtman US Equity                                  | Equity       | 6.9%   |
| Wells Fargo US All Cap Growth                       | Equity       | 6.6%   |
| Conventum Lyrical                                   | Equity       | 6.5%   |
| Third Avenue Real Estate Value                      | Property     | 5.4%   |
| Jennison Global Equity Opportunities                | Equity       | 4.7%   |
| Cash  | Cash         | 4.4%   |
| American Century Concentrated Global Growth         | Equity       | 3.8%   |
| ETFS Physical Gold                                  | Commodities  | 3.7%   |
| Morgan Stanley Global Brands                        | Equity       | 3.7%   |
| iShares JP Morgan Emerging Markets Bond             | Fixed Income | 3.5%   |
| BlackRock US Corporate Bond Index                   | Fixed Income | 2.9%   |
| Dimensional Emerging Markets Value                  | Equity       | 2.8%   |
| First State Global Listed Infrastructure            | Equity       | 2.7%   |
| AXA US Short Duration High Yield                    | Fixed Income | 2.7%   |
| Heptagon Kopernik Global All-Cap Equity             | Equity       | 2.4%   |
| Granahan US Focused Growth                          | Equity       | 2.3%   |
| RWC Global Convertibles (USD hedged)                | Fixed Income | 2.1%   |
| RWC Asia Convertibles (USD hedged)                  | Fixed Income | 1.8%   |
| Schroder UK Recovery                                | Equity       | 1.7%   |
| BlackRock Developed Real Estate                     | Property     | 1.6%   |
| Goldman Sachs EFI Long Short Risk Premia Portfolio  | Alternatives | 1.5%   |
| Amundi ETF JPX-Nikkei 400 JPY                       | Equity       | 1.5%   |
| GSAM Global Strategic Macro Bond (USD hedged)       | Alternatives | 1.4%   |
| FP Crux European Special Situations                 | Equity       | 1.3%   |
| F&C Global Equity Market Neutral                    | Alternatives | 1.3%   |
| iShares Gold Producers                              | Commodities  | 0.6%   |
| Westwood Strategic Global Convertibles (USD hedged) | Fixed Income | 0.5%   |

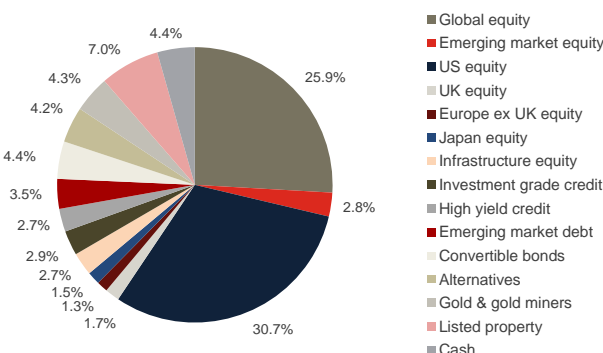
## Investment statistics (since 1 January 2009)

|                        |       |
|------------------------|-------|
| Current month return:  | 0.6%  |
| Cumulative return:     | 81.9% |
| Annualised return:     | 7.8%  |
| Annualised volatility: | 9.8%  |

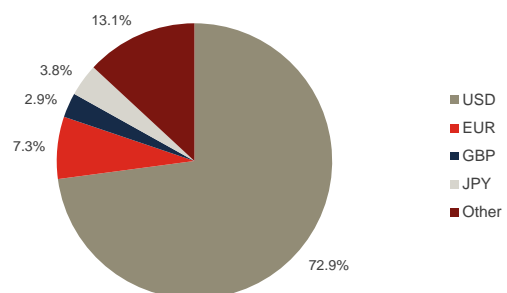
## Regional allocation



## Strategy allocation



## Currency allocation



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

<sup>1</sup> The peer group median return is a composite of (i) global peers and (ii) local peers, in the ratio 1:2. 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

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Equity markets enjoyed a strong end to 2016 with the MSCI World index gaining 2.4% in local currency terms. Global bond prices continued their downward trend, falling by 0.3% amid higher inflation expectations for the coming year. The headline economic event over the period was the Federal Open Market Committee's decision to increase the US Federal Reserve rate, from a bound of 0.25-0.50% to 0.50-0.75%, for only the second time since the Financial Crisis. The move ensured that momentum in currency markets remained firmly with the US dollar, which gained 0.7% in value relative to a weighted basket of all other major currencies, while yields on US 10-year Treasuries rose 6.3 basis points to 2.44%, their highest monthly close since September 2014.

The Harmony US Dollar Growth fund returned 0.6% in December in US dollar terms net of fees, resulting in a fourth quarter return of -0.5%. In total over 2016 the fund gained 6.0%, compared to the 11.2% return of the US equity market over the same period. The US market also performed strongly over the month and quarter, gaining 1.9% and 3.7% over the respective periods. Markets have been buoyed by optimistic outlooks for US growth in 2017, following the release of some strong labour market and economic data to end the year; which added to expectations of higher growth resulting from President elect Donald Trump's expansionary mandate. The fund has lagged the strong return of the local equity market in recent months due to the diversification into global equities and other asset classes, such as fixed income and property, all of which have failed to keep pace with US equities. Indeed, international developed market equities underperformed the US market by 4.2% and 9.2% over the quarter and year respectively in US dollar terms.

The Fed's aforementioned rate rise is somewhat representative of the positive expectations for economic growth and the resulting investment outlook for the coming year. Our key message heading into 2017 is this: we are at a major inflection point in an uncertain world. We are likely to see further weakness in bond markets, but in many ways this marks a healthy return to some degree of normality. It does not signal the end of the bull market in equities, which have a good valuation cushion against bonds and which will benefit from rising growth and earnings. The prospect of a pick-up in growth and inflation is supportive, while a return to boom-bust seems a very distant prospect given the structural headwinds to growth. This cycle therefore has much further to run.

There will be plenty of bumps along the way but by prudent diversification and taking advantage of valuation opportunities as they arise, good real returns are available. To capture these it will be vital to stay invested, ride out the bumps and focus on the longer term. Anything less invariably leads to disappointment.

Source: Bloomberg, Momentum Global Investment Management.

## ■ Important Information

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The value of the underlying funds and the income generated from them can go down as well as up, and is not guaranteed. Investors may not get back the original amount invested. Past performance is not a guide to future performance. Performance is calculated on a total return basis, net of all fees.

This document does not provide all the facts needed to make an informed investment decision. Prior to investing, investors should read the Key Investor Information Document (KIID) and seek professional investment advice where appropriate.

Harmony Portfolios are sub-funds of the Momentum Global Funds SICAV, which is domiciled in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier. The fund conforms to the requirements of the European UCITS Directive.

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.

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