Weekly Review

Week ending 22^{nd} March 2013

Late last night officials from the European Commission, the European Central Bank and the International Monetary Fund (the "troika") came together with Cypriot President Nicos Anastasiades, to strike a 10 billion euro bailout deal, in order to avert the collapse of the country's banking system and keep Cyprus in the Eurozone. After being approved by finance ministers from the 17 Eurozone member states, the deal will see Cyprus' second largest bank, Laiki Bank, split into a "good" bank and a "bad" bank, with the good assets held in the former being eventually absorbed into the Bank of Cyprus. Unlike the initial proposal, which proposed a bank levy of 6.75% on small savers and 9.9% on larger investors, the new deal ensures that deposits below EUR 100,000 remain fully guaranteed. Although the rate to be applied on deposits worth in excess of EUR 100,000 is still to be decided in the coming weeks, the president of the Eurogroup, Jeroen Dijsselbloem, said the deal has "put an end to uncertainty" surrounding Cyprus' economy.

In the US, the Federal Open Market Committee (FOMC) meeting on Wednesday saw attendees vote to keep the rate of asset purchases at their current level of USD 85 billion per month, whilst also committing to maintaining interest rates at today's ultra-low levels until unemployment falls below 6.5% from its current level of 7.7%. In the statement which followed the meeting, the FOMC highlighted "signs of improvement" in the labour market, and lowered their forecast of unemployment from 7.6% to 7.4% for the end of 2013. The statement, however, also highlighted the downside risks to the committee's forecasts, after growth for 2013 was lowered by 0.1% to 2.6%. Elsewhere, the National Association of Realtors (NAR) reported that sales of existing homes during the 12 months to the end of February had risen to their highest level since November 2009, at 4.98 million units, whilst the US Conference Board index of economic indicators - a leading indicator used to forecast future economic activity - rose by 0.5 points to 94.8 in February.

In the UK, last Wednesday's budget included few surprises, with Chancellor George Osborne outlining plans for a "modest loosening" in the next two years followed by a period of austerity from 2015-16 when public sector national insurance contributions will rise. In his seventh fiscal statement since taking office, the main points addressed by Mr. Osborne included a reduction in corporation tax (down 1% to 20%, to leave the UK with the lowest corporation tax of any major economy); a "help to buy" scheme which will see the government provide interest free equity stakes of up to 20% in new build homes, and an accelerated timetable for raising the personal income tax allowance to GBP 10,000. Growth in 2013 was halved from December's 1.2% projection to 0.6%, whilst the Office of Budget Responsibility also lowered growth in 2014 by 0.2% to 1.8%. Ratings agency Fitch placed the UK's triple-A rating on credit watch negative in the wake of the budget, following concerns over higher than expected debt levels and the downward revisions to the economy's growth forecast.

In Asia, the preliminary HSBC Manufacturing PMI (Purchasing Managers' index) for March - which is considered a better indicator of the sector's health compared to January and February's readings, given the effect of the Chinese New Year - rose to 51.7 from 50.4 previously. Meanwhile in Japan, in his first press conference as governor of the Bank of Japan, Haruhiko Kuroda promised to do whatever he can to achieve the government's 2% inflation target "at the earliest possible time", and said Japan's central bank will target the domestic economy instead of currency manipulation in order to achieve this aim.

Global equities fell by 0.8% last week, following falls in most major markets. Emerging markets lagged their developed counterparts, down by 2.5%, as uncertainty over Cyprus' banking sector contributed to declines of 3.8% by equities in emerging Europe. Fixed interest securities generally outperformed equities over the week, with global government bonds returning 0.6%. Credit underperformed government bonds, whilst UK investment grade bonds offered some of the highest returns in developed markets, up by 1.0% (gilts) and 0.7% (corporate) respectively. Global property securities fell by 0.9% whilst the broad commodities index declined by 0.7%, despite gold appreciating by 1.0% over the week.

Source: Bloomberg. Returns in US dollars unless otherwise stated. March 2013.

Returns to 22 March 2013

Asset Class/Region	Index	Currency	Currency returns: Week ending 22 March 2013	Currency returns: Month to date	Currency returns: YTD 2013
Developed Market Equities					
United States	S&P 500 NR	**USD**	-0.2%	2.9%	9.5%
United Kingdom	FTSE All Share TR	**GBP**	-1.3%	1.1%	10.0%
Continental Europe	MSCI Europe ex UK NR	**EUR**	-1.5%	1.6%	6.3%
Japan	Topix TR	**JPY**	-1.2%	6.5%	20.8%
Asia Pacific (ex Japan)	MSCI Pacific ex Japan TR	**USD**	-2.1%	-1.0%	6.5%
Global	MSCI World NR	**USD**	-0.8%	2.1%	7.5%
Emerging Market Equities					
Emerging Europe	MSCI EM Europe NR	**USD**	-3.8%	-2.1%	-3.1%
Emerging Asia	MSCI EM Asia NR	**USD**	-2.4%	-4.4%	-3.4%
Emerging Latin America	MSCI EM Latin America NR	**USD**	-2.3%	-2.1%	-1.3%
BRICs	MSCI BRIC NR	**USD**	-2.9%	-3.4%	-3.7%
South Africa	FTSE JSE All Share TR	**USD**	-2.7%	-1.4%	-6.2%
Global emerging markets	MSCI EM (Emerging Markets) NR	**USD**	-2.5%	-3.6%	-3.5%
Bonds					
US Treasuries	JP Morgan United States Government Bond Index TR	**USD**	0.4%	-0.1%	-0.4%
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	**USD**	0.3%	0.0%	-0.8%
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	**USD**	0.4%	-0.1%	-0.2%
US High Yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	**USD**	0.1%	0.9%	2.7%
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	**GBP**	1.0%	1.2%	0.1%
UK Corporate (investment grade)	BofA Merrill Lynch Sterling Non Gilts TR	**GBP**	0.7%	1.2%	1.2%
Euro Government Bonds	Citigroup EMU GBI TR	**EUR**	0.5%	0.9%	0.6%
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	**EUR**	0.1%	0.5%	0.5%
Euro High Yield	BofA Merrill Lynch Euro High Yield Constrained TR	**EUR**	-0.8%	0.3%	0.3%
Japanese Government	JP Morgan Japan Government Bond Index TR	**JPY**	0.6%	1.0%	2.2%
Australian Government	JP Morgan Australia GBI TR	**AUD**	0.5%	-1.0%	-0.8%
Global Government Bonds	JP Morgan Global GBI	**USD**	0.6%	-0.2%	-2.8%
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	**USD**	0.3%	-0.1%	-1.9%
Global Convertible Bonds	UBS Global Convertible Bond	**USD**	-0.5%	1.1%	3.3%
Emerging Market Bonds	JP Morgan EMBI +	**USD**	-0.3%	-1.1%	-3.3%

Source: Bloomberg, March 2013

Returns to 22 March 2013

Asset Class/Region	Index	Currency	Currency returns: Week ending 22 March 2013	Currency returns: Month to date	Currency returns: YTD 2013
Property					
US Property Securities	MSCI US REIT NR	**USD**	-0.5%	1.4%	6.3%
UK Property Securities	FTSE EPRA/NAREIT United Kingdom TR	**GBP**	-1.2%	-0.7%	2.6%
Europe ex UK Property Securities	FTSE EPRA/NAREIT Developed Europe ex UK TR	**EUR**	-0.5%	0.1%	1.1%
Australian Property Securities	FTSE EPRA/NAREIT Australia TR	**AUD**	-2.1%	-2.4%	5.5%
Asia Property Securities	FTSE EPRA/NAREIT Developed Asia TR	**USD**	-1.3%	0.7%	6.2%
Global Property Securities	FTSE EPRA/NAREIT Developed TR	**USD**	-0.9%	0.9%	4.8%
Currencies					
Euro		**USD**	-0.7%	-0.5%	-1.5%
UK Pound Sterling		**USD**	0.8%	0.4%	-6.3%
Japanese Yen		**USD**	0.8%	-2.0%	-8.2%
Australian Dollar		**USD**	0.3%	2.2%	0.5%
South African Rand		**USD**	-1.2%	-3.0%	-8.9%
Swiss Franc		**USD**	-0.2%	-0.4%	-2.7%
Chinese Yuan		**USD**	0.0%	0.2%	0.3%
Commodities & Alternatives					
Commodities	RICI TR	**USD**	-0.7%	0.2%	0.0%
Agricultural Commodities	RICI Agriculture TR	**USD**	-0.5%	0.8%	0.5%
Oil	ICE Crude Oil CR	**USD**	-1.2%	-4.1%	-2.3%
Gold	Gold Index	**USD**	1.0%	1.8%	-4.0%
Hedge Funds	HFRX Global Hedge Fund	**USD**	-0.1%*	0.8%*	3.2%*

* *Estimate*

Source: Bloomberg, March 2013

Important notes

This document does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient, and is only intended for use by original recipients and addressees. The original recipient is solely responsible for any actions in further distributing this document, and should be satisfied in doing so that there is no breach of local legislation or regulation. The information is intended solely for use by our clients or prospective clients, and should not be reproduced or distributed except via original recipients acting as professional intermediaries. This document is not for distribution in the United States.

Prospective investors should inform themselves and if need be take appropriate advice regarding applicable legal, taxation and exchange control regulations in countries of their citizenship, residence or domicile which may be relevant to the acquisition, holding, transfer, redemption or disposal of any investments herein solicited.

Any opinions expressed herein are those at the date this material is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated herein. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, Momentum Global Investment Management Limited does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

We caution that the value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Our investment mandates in alternative strategies and hedge funds permit us to invest in unregulated funds that may be highly volatile. Although alternative strategies funds will seek to follow a wide diversification policy, these funds may be subject to sudden and/or large falls in value. The illiquid nature of the underlying funds is such that alternative strategies funds deal infrequently and require longer notice periods for redemptions. These Investments are therefore not readily realisable. If an alternative strategies fund fails to perform, it may not be possible to realise the investment without further loss in value. These unregulated funds may engage in the short selling of securities or may use a greater degree of gearing than is permitted for regulated funds (including the ability to borrow for a leverage strategy). A relatively small price movement may result in a disproportionately large movement in the investment value. The purpose of gearing is to achieve higher returns associated with larger investment exposures, but has concomitant exposure to loss if positive performance is not achieved. Reliable information about the value of an investment in an alternative strategies fund may not be available (other than at the fund's infrequent valuation points).

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

Momentum Global Investment Management Limited (Company Registration No. 3733094) and has its registered office at 20 Gracechurch Street, London, EC3V 0BG.

Momentum Global Investment Management Limited is authorised and regulated by the Financial Services Authority in the United Kingdom, and is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act 37 of 2002 in South Africa.