

September 2016

For professional investors only

## Fund details

<b>Portfolio managers</b>	Thomas Vester, CFA Dafydd Lewis, CFA
<b>Fund type</b>	UCITS
<b>Domicile</b>	Ireland
<b>Benchmark</b>	50% MSCI Frontier Markets 50% MSCI Frontier Markets ex GCC
<b>Inception date</b>	01 December 2011
<b>Fund size</b>	US\$ 629.3m
<b>Strategy size</b> <sup>1</sup>	US\$ 885.2m
<b>NAV per share</b>	US\$ 17.2345 (A Inc) US\$ 17.3748 (B Acc) US\$ 15.2643 (B Inc) US\$ 14.3261 (E Acc)
<b>Min. initial investment</b>	Class A - US\$50,000 Class B - US\$1,000,000 Class E - US\$10,000,000
<b>Dealing day</b>	every fortnight <sup>2</sup>
<b>Initial charge</b>	Class A - up to 3% Class B - nil Class E - Contact Investment Manager
<b>Investment management fee</b>	Class A - 2.0% + 20% rel. perf. fee (HWM) Class B - 1.5% + 20% rel. perf. fee (HWM) Class E - Contact Investment Manager

## Fund codes by share classes

ISIN A Inc	IE00B54MVM56
ISIN B Acc	IE00B4RLKV41
ISIN B Inc	IE00B5539788
ISIN E Acc	IE00B56QS461
Bloomberg ticker A Inc	LGFMFAI ID
Bloomberg ticker B Acc	LGFMFBA ID
Bloomberg ticker B Inc	LGFMFBI ID
Bloomberg ticker E Acc	LGFMFCA ID

## Administrator

**State Street Fund Services (Ireland) Ltd.**  
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## Contact details

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**Email:** info@lgminvestments.com  
**Website:** www.lgminvestments.com

## Dealing details

Dealing instructions must be received not later than 4:00 p.m. (Irish time) on the Business Day prior to the Dealing Day (Class A) and four Business Days prior to the Dealing Day (Class B and E). Subscription monies must be received in cleared funds no later than two Business Days after the Dealing Day.

## Other details

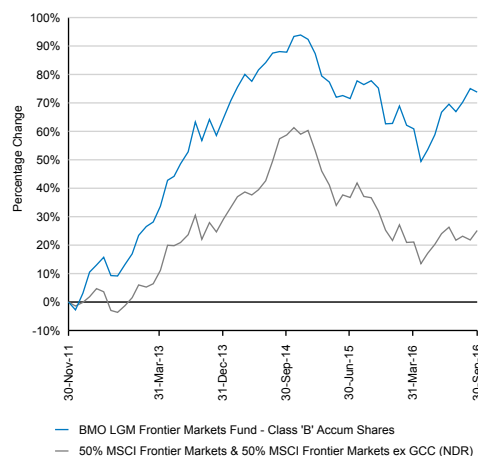
BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

Key Investor Information Document and Prospectus are available from the Fund's Investment Manager, LGM Investments Limited.

## Investment objective

The Fund aims for long-term capital growth through investment in an actively managed portfolio, primarily invested in equity and equity-related securities of companies in Frontier Markets worldwide. In exceptional circumstances, the Fund may invest in debt securities.

## Performance since launch (%)



Performance data of BMO LGM Frontier Markets Fund (class B Acc) are in US\$ terms and net of investment management fee and performance fee. Investors should be aware that past performance should not be considered a guide to future performance.

## Top ten holdings

Company Name	Country	% NAV
Vietnam Dairy Products	Vietnam	9.2
Aramex	United Arab Emirates	5.9
Commercial International Bank	Egypt	5.5
BGEO Group	Georgia	4.6
Pricesmart Inc	Costa Rica	4.0
Florida Ice & Farm Co	Costa Rica	3.9
Alicorp	Peru	3.6
Nagacorp	Cambodia	3.5
Guaranty Trust Bank	Nigeria	3.3
Sonatel	Senegal	3.3
<b>Total</b>		<b>46.7</b>
<b>No. of Holdings</b>		<b>45</b>

## Risk statistics

	Since Inception
Alpha (annual basis)	8.0%
Annualised volatility (fund)	11.6%
Annualised volatility (benchmark)	11.9%
Sharpe ratio <sup>4</sup>	1.0
Tracking error (ex-post)	6.5%
Information ratio	1.1
Up market capture ratio	102.8
Down market capture ratio	57.8

<sup>1</sup> Total assets of all portfolio managed by LGM following a similar benchmark to the BMO LGM Frontier Markets Fund as at 31 December 2015. The capacity limit for the Frontier Strategy is US\$1bn. LGM will determine that capacity has been reached when both of the following conditions are met: 1) AUM in the Strategy reaches US\$1bn and 2) AUM as at 31 December 2013 (when we first announced the closure of the Strategy) plus all new flows (net) since that time exceed US\$1bn. As at 31 January 2016, there is some capacity available.

<sup>2</sup> Dealing Day means 'the 15th calendar day of each month (or the immediately preceding Business Day if it is not a Business Day) and the last Business Day of the month or such other day or days as may be determined by the Directors and notified in advance to Shareholders, provided that there shall be at least two such Dealing Days per month at intervals'.

<sup>4</sup> Risk Free Rate: US T-Bill 3 Month.

<sup>5</sup> Based on dividends received during the latest full calendar year divided by the dividends received during the previous full calendar year.

<sup>6</sup> Calculated over 3 months.

<sup>7</sup> Based on 3 months daily average.

<sup>8</sup> Measured as the lesser of purchases or sales divided by the average strategy size for the rolling 12 months

\*ROIC - Return on Invested Capital; ROE - Return on Equity; P/E - Price to Earnings

Source throughout the document: BMO Global Asset Management and Factset. Benchmark data source: MSCI. All MSCI index data is copyright and proprietary to MSCI.

Notice to investors in Switzerland: The Prospectus (Swiss Version), Key Investor Information Document, Articles of Association, Annual and Interim Reports in German, as well as further information, can be obtained free of charge from our Swiss Representative: Carnegie Fund Services S.A., 11, rue du Général Dufour, CH-1204 Geneva, Switzerland, Web: www.carnegie-fund-services.ch. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'île, CH-1204 Geneva. The current prices can be found at: www.fundinfo.com.

This document is directed to those persons who have been classified as 'Eligible Counterparties' and 'Professional Clients' in accordance with FCA COBS4. It is issued by LGM Investments Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom and registered in England and Wales with Company Registration No3029249. Registered Office: 95 Wigmore Street, London, W1U 1FD. VAT Registration No. 662 9409 13

## Performance as at 30 September 2016 (%)

	Fund	Benchmark
<b>Since inception</b>	73.8	25.1
Last month	-0.7	2.7
Last 3 months	4.1	2.8
Last 6 months	9.4	4.0
Last 12 months	6.8	2.9
YTD	8.0	3.3
CY 2015	-9.3	-14.2
CY 2014	-1.5	1.8
CY 2013	34.7	24.8
CY 2012	37.5	12.7
<b>Annualised Performance</b>		
1 year	6.7	2.9
2 years	-4.9	-11.6
3 years	1.8	-1.1
Since inception	12.1	4.7

## Portfolio characteristics\*

	Fund	Benchmark
ROIC (non financials)	21.8%	17.7%
ROE (financials)	23.0%	15.8%
Net debt / Equity (non financials)	16.3%	25.6%
Equity / Assets (financials)	12.4%	11.9%
Dividend Yield	3.7%	4.5%
DPS growth <sup>5</sup>	6.5%	9.3%
P/E (trailing 12 months)	16.5	15.8
P/E (12 months forward)	14.1	13.9
Weighted avg daily vol (US\$m) <sup>6</sup>	3.4	2.7
% trading < US\$0.25m / day <sup>7</sup>	15.4%	13.8%
Turnover rate (12 months) <sup>8</sup>	12.1%	N/A

## Market cap (US\$bn)

	Fund	Benchmark
< 1 bn	18.7%	8.7%
1-5 bn	63.2%	62.3%
> 5 bn	18.1%	29.0%
<b>Weighted Average (US\$bn)</b>	<b>2.9</b>	<b>3.9</b>

Sources: FactSet, LGM, BMO Global Asset Management, MSCI.

Data historic unless stated otherwise. Data may not be available for all portfolio and benchmark constituents. Please note that dividend yield is based on portfolio holdings and does not reflect the actual yield an investor in the Fund would receive.



Other details

BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

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Portfolio managers

Thomas Vester, CFA, Chief Investment Officer and Portfolio Manager. Thomas joined LGM in September 2011. Prior to this, he was at BankInvest in Copenhagen for over 6 years, initially specialising in Latin America and then Eastern Europe and was the Portfolio Manager of the BankInvest Eastern European Fund. Thomas has also covered Asian equities and was seconded to BankInvest's Singapore office. From September 2007, he was responsible for the BankInvest Frontier Market mandates. He holds a MSc in Applied Economics and Finance from Copenhagen Business School and has a distinguished academic career including studying at Harvard Business School, London School of Economics, University of Southern California and National University of Singapore. Thomas is an Associate of the Brenthurst Foundation in South Africa. In 2014 Thomas was appointed CIO of LGM.

Dafydd Lewis, CFA, Portfolio Manager. Dafydd graduated with a BSc (Hons) in Economics from the University of Bath. He began his career in HSBC's emerging market equity strategy team in 2005 and relocated to Dubai at the beginning of 2007 to cover Middle Eastern equity markets. In 2008 he joined GAM's emerging market team in Dubai as an investment analyst with a primary focus on global frontier markets. Dafydd joined LGM in December 2011 as an Analyst focusing on Frontier Financials and in 2014 he became Portfolio Manager to support Thomas Vester.

Thomas and Dafydd are supported by a further dedicated Frontier Market analyst. Together they have an average of over 11 years experience and all are based in our London office.

About LGM Investments

LGM Investments is a specialist Asian, Global Emerging (GEM) and Frontier Markets equity manager. Our investment professionals are based in London and Hong Kong.

We are active bottom up stock pickers with a long-term perspective. Quality underpins all our investment thinking and results in nonindex driven, high conviction portfolios with outperformance potential.

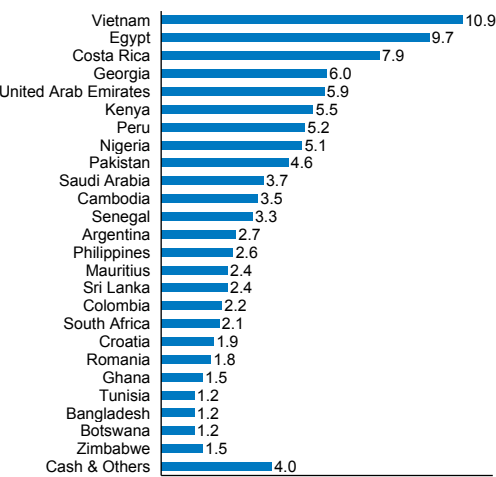
LGM Investments was established in Hong Kong in 1991 and became a wholly owned subsidiary of Bank of Montreal (BMO) in April 2011. It is part of BMO Global Asset Management.

Investment approach

Primary research is the cornerstone of our investment process. We research companies with a long-term view and wait for the opportunity to buy high quality companies without overpaying for their inherent quality.

Our focus on quality companies with sustainable business models generating substantial excess returns over their cost of capital through the cycle leads us towards asset light business models with modest capital needs; robust balance sheets; and proven management teams with disciplined capital management. We seek clear and fair alignment between majority and minority shareholders.

Geographic breakdown (%)<sup>9,10</sup>



<sup>9</sup> Other countries include countries with a weighting less than 1%.

<sup>10</sup> Total may not be exact due to rounding.

Fund manager's commentary

Frontier Comment

We have been looking forward to the end of this period, not because of Q3 itself but because that it marks the start of Q4 2016 – the quarter where the fund will turn 5 years old. We are fully aware that the best birthday celebration will be a strong return, but only time will tell if we can deliver that.

Q3 was satisfying as it gave an absolute return of close to 4.1% to investors net of fees, which was better than the benchmark return of 2.8%. September in isolation was not good, but it came after a very strong August, so some mean reversion was not a complete surprise. As an example was Vinamilk up around 18% in August and we saw it fall around 10% in September, but still a healthy total return. Staying on Vinamilk we would like to refresh the concept of compounding and the art of making time your friend. In the case of Vinamilk, it has been our largest holding practically since the inception of the fund. We have, from time to time, faced questions on this decision as it has not worked in to our favour at all times – as was the case during 2014 and now again in September 2016. However, it is important to keep in mind, while fundamental intrinsic value may grow steadily over time, stock prices may fluctuate. Since we started the fund, our shares in Vinamilk have delivered an annualised return of 36% in USD (though it must be considered when we initiated the position we paid c.7-20% premium on the shares so the actual return in the fund will be a bit lower, but not much). That is a very significant return and translates into a total return of 354% cumulative and hence it has been a very significant contributor to the total return the fund has achieved since inception. The biggest challenge with Vinamilk has been to avoid the temptation of selling the shares when they have gone up. It is a natural temptation for most humans that one likes to take a bit of money “off the table”. However to maximize the compounding effect one needs to have patience. Over the years it has been tempting to sell, but we resisted and that has been very important for the return the fund has generated over its lifetime - that is compounding in a nutshell. Recently we have sold some Vinamilk shares as it has reached the maximum allowed 10% weight in the fund and we have therefore been forced to bring it below 10%. One can argue that it is strange an active manager (such as ourselves) should highlight the fact that we have done nothing with our Vinamilk shares as something good, but sometimes the best choice is to do nothing and wait – making time your friend!

During September we travelled to Kenya, Tanzania, Botswana and Mauritius, the latter actually not for holiday (although we wish), but to meet the portfolio company Mauritius Commercial Bank. It was a very interesting meeting in Pour Louis with Group CEO Pierre Guy Noel and Bank CEO Anthony Withers. The bank is very well run, very profitable, very well capitalised and very liquid. A description we are sure would make most Western banks envious. What we like in particular about the small banking market in Mauritius is two things. Firstly, the market is consolidated with c. 70% split between two players. One of these is the state bank and fairly inefficient and focused on deploying excess capital on a questionable India strategy. Mauritius Commercial bank on the other hand is efficient and focussed on its core market and a low risk (no bricks and mortar) African strategy. It is miles ahead of the competitor on digital banking and the general customer experience on banking. The second point is a different point compared to what most investors would value. It is the fact that Mauritius is a fairly small country. Most investors would see this as a problem as it limits the growth opportunities, which is somewhat true. However the other effect is that we doubt this market will attract much international competition beyond what is already there. This means that Mauritius Commercial Bank can keep doing what they do and send a significant amount of capital back to investors via dividend. It currently trades on a c.4% dividend yield. We believe the stock is significantly undervalued and so does its management. We highlighted that a well-executed buyback program could make sense, and we hope that management will consider this. In Botswana, we visited Letshego, one of our worst investments this year. A key reason for this has been their exposure to Mozambique but even more so the fact that the stock is fairly illiquid and a couple of bigger shareholders have been exiting the company, we have therefore been pleased to see that the company has taken the correct steps and start buying back the shares in the market. Ultimately we expect Letshego will get sold, but not surprisingly, M&A on the continent of Africa has slowed rather dramatically over the past couple of years.

Risk warning

Investment involves risk. Share prices may fall as well as rise.  
Funds invested in emerging markets and in smaller companies may involve a higher degree of risk. Exchange rates and currency fluctuations may affect the value of an investment.  
Investment in LGM Funds may be unlawful in some jurisdictions.  
This fact sheet is for general information only. Reference should be made to the Fund's offering documents for full details of the risks involved.  
Past performance should not be seen as an indication of future performance. The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

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