

April 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\$ 587.8m
<b>Strategy size</b> <sup>1</sup>	US\$ 753.0m
<b>NAV per share</b>	US\$ 16.5626 (A Inc) US\$ 16.6696 (B Acc) US\$ 14.6431 (B Inc) US\$ 13.5473 (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	LGFMFBI 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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## 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

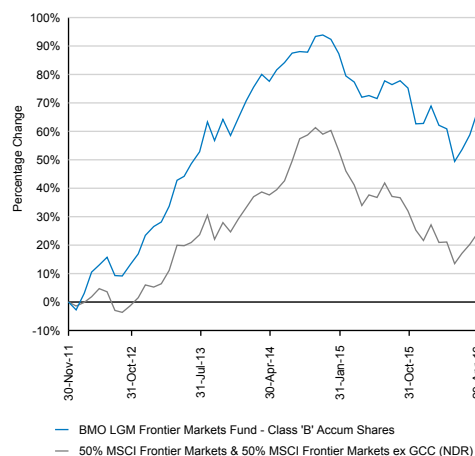
BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

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	9.4
Aramex	United Arab Emirates	5.4
Commercial International Bank	Egypt	4.9
BGEO Group plc	Georgia	4.4
Pricesmart Inc	Costa Rica	4.3
Sonatel	Senegal	4.0
Nagacorp	Cambodia	4.0
Guaranty Trust Bank	Nigeria	3.5
Universal Robina Corp	Philippines	3.4
BBVA Banco Frances	Argentina	3.1
<b>Total</b>		<b>46.5</b>
<b>No. of Holdings</b>		<b>43</b>

## Risk statistics

	Since Inception
Alpha (annual basis)	7.8%
Annualised volatility (fund)	12.0%
Annualised volatility (benchmark)	12.2%
Sharpe ratio <sup>4</sup>	1.0
Tracking error (ex-post)	6.3%
Information ratio	1.1
Up market capture ratio	106.0
Down market capture ratio	63.8

## Performance as at 30 April 2016 (%)

	Fund	Benchmark
<b>Since inception</b>	66.7	24.0
Last month	5.0	3.1
Last 3 months	11.6	9.3
Last 6 months	-1.3	-2.4
Last 12 months	-6.2	-12.6
YTD	3.6	2.4
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	-6.2	-12.6
2 years	-5.7	-8.9
3 years	3.0	0.1
Since inception	12.3	5.0

## Portfolio characteristics\*

	Fund	Benchmark
ROIC (non financials)	21.0%	17.5%
ROE (financials)	23.3%	16.2%
Net debt / Equity (non financials)	9.3%	28.1%
Equity / Assets (financials)	12.6%	11.6%
Dividend Yield <sup>4</sup>	3.8%	4.6%
DPS growth <sup>5</sup>	7.2%	4.0%
P/E (trailing 12 months)	17.2	13.7
P/E (12 months forward)	14.0	12.8
Weighted avg daily vol (US\$m) <sup>6</sup>	2.6	2.6
% trading < US\$0.25m / day <sup>7</sup>	24.2%	19.2%
Turnover rate (12 months) <sup>8</sup>	17.3%	N/A

## Market cap (US\$bn)

	Fund	Benchmark
< 1 bn	19.9%	10.8%
1-5 bn	61.8%	65.1%
> 5 bn	18.3%	24.1%
Weighted Average (US\$bn)	2.9	3.8

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.

<sup>1</sup> Performance and risk statistics shown are supplemental to the Frontier Markets Composite. Please see full GIPS compliant performance disclosure at the end of this document.

<sup>2</sup> Supplemental performance information. The above strategy characteristics are for a representative account and shown for illustrative purposes only. Each account is managed individually. Accordingly, account characteristics may vary. Portfolio composition is subject to change.

<sup>3</sup> Totals may not be exact due to rounding. Other countries include countries with a weighting less than 1%.

<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 distribution of [Shares / Units / Interests] in Switzerland will be exclusively made to, and directed at, regulated qualified investors (the "Regulated Qualified Investors"), as defined in Article 10 (3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("CISA"). Accordingly, the [Company / Fund / Partnership] has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA) and no Swiss representative or paying agent have been or will be appointed in Switzerland. This [Private Placement Memorandum] and/or any other offering materials relating to the [Shares / Units / Interests] may be made available in Switzerland solely to Regulated Qualified Investors.

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



Portfolio managers

**Thomas Vester**, CFA, CIO and Portfolio Manager, 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, 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 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.

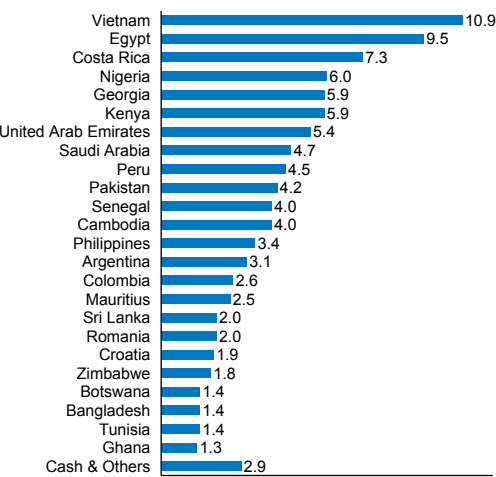
LGM Investments was established in Hong Kong in 1991 and became a wholly owned subsidiary of Bank of Montreal (BMO) in April 2011. It is part of BMO Global Asset Management.

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.

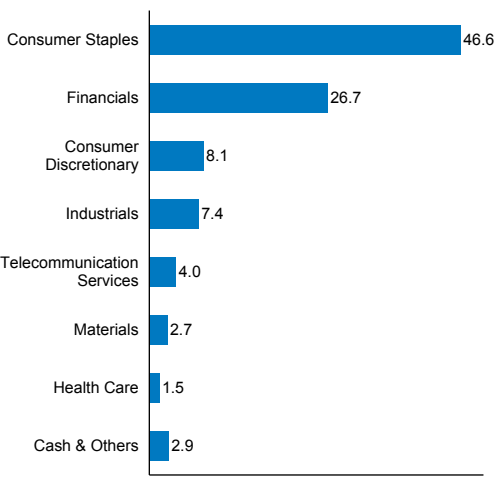
Geographic breakdown (%)<sup>9,10</sup>



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

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

Sector breakdown (%)<sup>10</sup>



Fund manager's commentary

Over the past 18 months, we have pointed out multiple times that, due to our focus on buying high quality companies and because we are looking to invest in these companies at attractive valuations, we have been continuously drawn to Latin and Central America. While we had no investments in the region when we launched the Fund, the Fund now has seven investments and 17.4% of its total assets invested there. We have been very pleased to see that it has started to pay off so far this year.

The political landscape globally has changed significantly after the financial crisis. We see a much stronger nationalistic voting pattern in the Western world, something that scares us, but a deeper discussion on this would be out of the scope for this letter. However, political changes have not all been negative. Rather unnoticed, we have seen a significant swing in votes to more pro-market policy makers across Latin America including Macri's election in Argentina and Maduro's party loss in the parliamentary elections in Venezuela. In April, we also had primaries in Peru. These were very important as the left wing candidate had a real chance of securing enough votes to make it to the second round. Very positively, this did not happen and we are now almost certain to get a more pro-market government than the one under current President Humala. This resulted in a strong positive market reaction and the share prices of our two investments, BBVA Continental and Alicorp, went up significantly.

Alicorp is one of our latest investments; we first started buying shares in the middle of 2015 and have kept buying since then. Alicorp is predominately a branded consumer goods company with an extremely strong market position in its home market, Peru. However, ambitions to conquer Latin America at a time when valuations were very high indeed led to a leveraged balance sheet and a portfolio of subscale businesses outside Peru. The situation deteriorated further when the company's financial department attempted to hedge exposures with instruments they did not fully understand. This resulted in earnings being wiped out, dividends cancelled and the removal of the CEO and the CFO. Due to its very strong core business, the new management, under the leadership of Alfredo Perez, had the ability to quickly use the cash flow generated to start turning the balance sheet around. We took note of this and given the very undemanding valuation, we decided to invest. As our conviction has grown from actions we have seen and meetings we have had with management in Lima (4 times over the last 24 months), we have kept on buying more shares. The company has now resumed paying a dividend and management has scrapped the previous ambition of conquering the continent and is working on defining a sounder long-term strategy, which should clearly benefit the share price over the years to come. Management know our stance: stay focused on branded consumer foods in Peru and keep consolidating that space. There is no antitrust regulation in Peru and Alicorp is in a tremendous sweet spot. We think the company still might have some regional ambitions, which is acceptable as long as it is not the key focus, it only happens by being number one wherever they are and it does not compromise the quality of the balance sheet. Alicorp could become one of our biggest investments but we need more proof that management is ready to put their plan into action.

We expect that the bulk of investments will be made in companies where performance has been good in the past and we believe it will continue to be so. However, we also acknowledge that often the best investments, from a return perspective, are made when a very good company is going through some troubles which are being dealt with and ultimately the company might come out stronger. Alicorp is such an example.

During April, we made our first new investment of the year. The company is in Ghana and has a very strong core franchise. However, troubles in the Ghanaian economy and a business that was not run tightly enough led to weak financial performance and a cancellation of the dividend, just like Alicorp. The new management has now trimmed the cost structure and focused on expanding the product portfolio and, so far, we like the results we are seeing; after cleaning up the balance sheet, the company resumed paying a dividend and we are buying it on a yield close to 5%. It is actually not surprising that our first new investment in 2016 was in Africa. Africa has very much fallen out of favour and liquidity has dried up. This is a very good environment for us as it gives a chance to buy some great businesses at very undemanding valuations. In May, we shall travel to the company's annual general meeting in Accra where we will also have another meeting with the CEO.

As at 30 April 2016

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.