

May 2016

For professional investors only

## Fund details

Portfolio managers	Thomas Vester, CFA Dafydd Lewis, CFA
Fund type	UCITS
Domicile	Ireland
Benchmark	50% MSCI Frontier Markets 50% MSCI Frontier Markets ex GCC
Inception date	01 December 2011
Fund size	US\$ 597.5m
Strategy size <sup>1</sup>	US\$ 789.5m
NAV per share	US\$ 16.8308 (A Inc) US\$ 16.9526 (B Acc) US\$ 14.8920 (B Inc) US\$ 13.7913 (E Acc)
Min. initial investment	Class A - US\$50,000 Class B - US\$1,000,000 Class E - US\$10,000,000
Dealing day	every fortnight <sup>2</sup>
Initial charge	Class A - up to 3% Class B - nil Class E - Contact Investment Manager
Investment management fee	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

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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

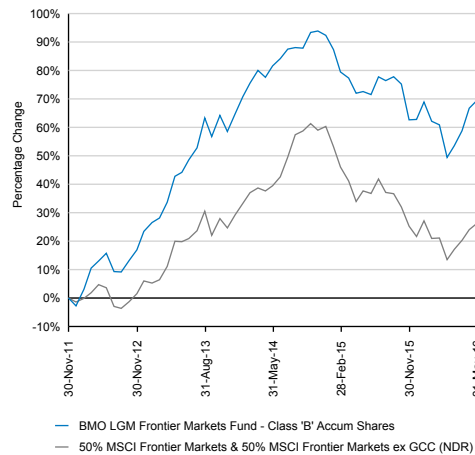
BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

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	9.5
Aramex	United Arab Emirates	5.1
Commercial International Bank	Egypt	4.9
BGEO Group plc	Georgia	4.8
Pricemart Inc	Costa Rica	4.4
Guaranty Trust Bank	Nigeria	4.1
Nagacorp	Cambodia	3.9
Sonatel	Senegal	3.5
Florida Ice & Farm Co	Costa Rica	3.3
Universal Robina Corp	Philippines	3.1
<b>Total</b>		<b>46.5</b>
<b>No. of Holdings</b>		<b>43</b>

## Risk statistics

	Since Inception
Alpha (annual basis)	7.7%
Annualised volatility (fund)	11.9%
Annualised volatility (benchmark)	12.1%
Sharpe ratio <sup>4</sup>	1.0
Tracking error (ex-post)	6.2%
Information ratio	1.1
Up market capture ratio	105.8
Down market capture ratio	63.8

<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 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.

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## Performance as at 31 May 2016 (%)

	Fund	Benchmark
<b>Since inception</b>	69.6	26.3
Last month	1.7	1.8
Last 3 months	10.4	7.8
Last 6 months	4.6	4.4
Last 12 months	-3.9	-7.9
YTD	5.4	4.3
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	-3.9	-7.8
2 years	-5.0	-10.4
3 years	1.3	-1.1
Since inception	12.4	5.3

## Portfolio characteristics\*

	Fund	Benchmark
ROIC (non financials)	21.3%	17.4%
ROE (financials)	23.1%	17.2%
Net debt / Equity (non financials)	12.3%	28.0%
Equity / Assets (financials)	11.9%	12.0%
Dividend Yield	3.8%	4.6%
DPS growth <sup>5</sup>	6.7%	3.5%
P/E (trailing 12 months)	16.4	14.5
P/E (12 months forward)	14.1	12.9
Weighted avg daily vol (US\$m) <sup>6</sup>	2.6	2.7
% trading < US\$0.25m / day <sup>7</sup>	16.2%	16.3%
Turnover rate (12 months) <sup>8</sup>	16.9%	N/A

## Market cap (US\$bn)

	Fund	Benchmark
< 1 bn	19.9%	10.8%
1-5 bn	60.3%	63.3%
> 5 bn	19.7%	25.9%
Weighted Average (US\$bn)	2.9	3.7

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.



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.

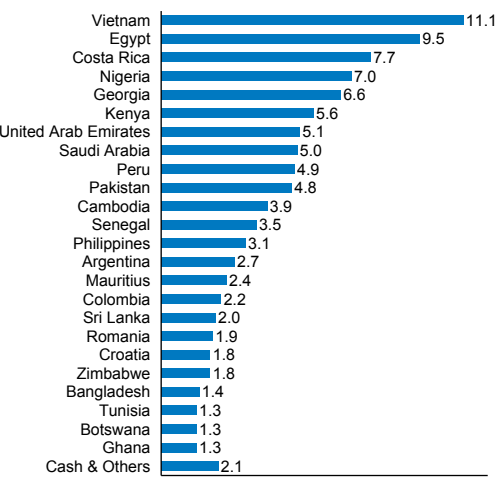
LGM Investments was established in Hong Kong in 1991 and became a wholly owned subsidiary of Bank of Montreal (BMO) in April 2011. It is part of BMO Global Asset Management.

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.

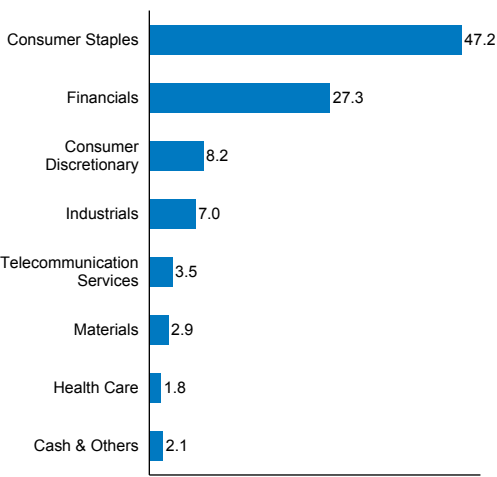
Geographic breakdown (%)<sup>9,10</sup>



<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

Most of our companies have now released their first set of results in 2016 and it has been pleasing to see that the strong trend we saw during 2015 has continued into the current year. The latest quarter saw an average year-on-year earnings growth for our companies of 17.6%, which was in line with what we saw in the third and fourth quarters of last year. Combined with a revenue growth of 14.5% these results only continue to increase our confidence in the companies we hold and their ability to generate strong long-term returns for our investors. The fund had a good performance during May but despite there being no significant changes, the portfolio price-earnings ratio dropped from 17.2x to 16.4x over the course of the month. This again is reflective of the earnings growth we have seen. It is not difficult to make a fund look cheap but this is never our goal and it should be noted that around 55% of the fund is invested in solid consumer companies which we would expect to trade at higher multiples than the average company in our universe.

One company that delivered strong earnings growth in the quarter – growing into its trailing multiples – was Georgia Healthcare Group (GHG). GHG, which listed late last year, is only the second IPO that we have participated in since the fund's inception as most companies we see listing tend to do so for many of the wrong reasons. In GHG's case the rationale for the listing made sense and the lack of demand at that time gave us the opportunity to buy shares in this high quality company at very undemanding valuations. Six months have passed since the IPO and the developments we have seen so far have justified our confidence, with management continuing to take the right steps to maximise shareholder value. This is something we expected having been long term shareholders in the parent company, BGEO (formerly Bank of Georgia), but even we were impressed by the speed with which they were able to improve margins and also the decision to acquire the third largest pharmacy chain in the country. As one of the largest investors in the company we meet, and engage with management, on a regular basis and have been pleased to see that our suggestions, such as the possibility of introducing private label products in the pharmacy chain are listened to and taken on board. Strong results since listing have been reflected in a significant movement in the share price, with a 71% gain year-to-date. We highlighted in March that the negative initial reaction to the pharmacy acquisition led us acquire more shares. However, since then the company has continued to do very well and we took the opportunity to sell some of our shares in May after a 37% jump in the price. We invest in companies with a long-term horizon and we will buy more of the companies we own when they are cheap or if they are unfairly punished. If we see very strong movements we may also sell.

One of the other changes to the fund during May was the purchase of more shares in Florida Ice and Farm, our Costa Rican brewer and now a top 10 holding in the fund. We had the opportunity during the month to visit Costa Rica and Nicaragua – where the company also has a subsidiary – and we are more and more convinced that at our investment in Florida Ice and Farm will provide a major boost to the fund's net asset value. The company remains a de-facto monopoly in Costa Rica with a 97% market share. We firmly believe that, at some point in the future, the company will become a takeover target for one of the large multinational brewers. Given that Florida Ice and Farm is trading on an enterprise value and earnings before interest, taxes, depreciation and amortisation (EV/EBITDA) multiple of just 7x, which compares with recent sector transaction multiples – including our previous Jamaican investment – of 20x or above, there is clearly a lot of value in the company. If a deal doesn't happen then we will still be happy long term shareholders given that this is a well-managed company with a highly cash generative beer asset paying us quarterly dividends.

During June, we will be visiting Sri Lanka where we will be meeting with the CEO's of our two investments, Commercial bank of Ceylon and Ceylon Tobacco.

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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