

March 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\$ 558.7m
<b>Strategy size</b> <sup>1</sup>	US\$ 724.4m
<b>NAV per share</b>	US\$ 15.7374 (A Inc) US\$ 15.8772 (B Acc) US\$ 13.9135 (B Inc) US\$ 12.8488 (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	IE00B56QSA61
Bloomberg ticker A Inc	LGMFAI ID
Bloomberg ticker B Acc	LGMFBA ID
Bloomberg ticker B Inc	LGMFBI ID
Bloomberg ticker E Acc	LGMFCA ID

## Administrator

**State Street Fund Services (Ireland) Ltd.**  
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Dublin 2, Ireland

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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

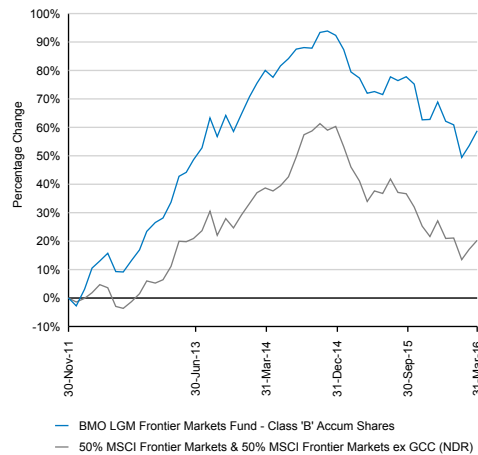
BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

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	9.6
Aramex	United Arab Emirates	5.7
Commercial International Bank	Egypt	5.0
Pricesmart Inc	Costa Rica	4.5
BGEO Group plc	Georgia	4.1
Sonatel	Senegal	4.0
Nagacorp	Cambodia	3.8
Universal Robina Corp	Philippines	3.8
Guaranty Trust Bank	Nigeria	3.2
Eastern Tobacco	Egypt	3.1
<b>Total</b>		<b>46.8</b>
<b>No. of Holdings</b>		<b>42</b>

## Risk statistics

	Since Inception
Alpha (annual basis)	7.5%
Annualised volatility (fund)	11.9%
Annualised volatility (benchmark)	12.2%
Sharpe ratio <sup>4</sup>	0.9
Tracking error (ex-post)	6.3%
Information ratio	1.0
Up market capture ratio	104.1
Down market capture ratio	63.8

## Performance as at 31 March 2016 (%)

	Fund	Benchmark
<b>Since inception</b>	<b>58.8</b>	<b>20.3</b>
Last month	3.4	2.7
Last 3 months	-1.3	-0.7
Last 6 months	-2.4	-1.1
Last 12 months	-7.4	-12.1
YTD	-1.3	-0.7
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	-7.4	-12.0
2 years	-7.1	-8.2
3 years	2.2	-0.2
Since inception	11.3	4.3

## Portfolio characteristics\*

	Fund	Benchmark
ROIC (non financials)	21.1%	17.3%
ROE (financials)	23.5%	16.7%
Net debt / Equity (non financials)	10.8%	30.2%
Equity / Assets (financials)	12.5%	11.7%
Dividend Yield <sup>4</sup>	4.0%	4.7%
DPS growth <sup>5</sup>	7.7%	3.8%
P/E (trailing 12 months)	16.8	13.0
P/E (12 months forward)	13.6	11.9
Weighted avg daily vol (US\$m) <sup>6</sup>	2.6	2.2
% trading < US\$0.25m / day <sup>7</sup>	23.3%	19.7%
Turnover rate (12 months) <sup>8</sup>	17.6%	N/A

## Market cap (US\$bn)

	Fund	Benchmark
< 1 bn	18.8%	10.8%
1-5 bn	67.3%	67.4%
> 5 bn	13.9%	21.9%
Weighted Average (US\$bn)	2.8	3.6

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.



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 10 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.

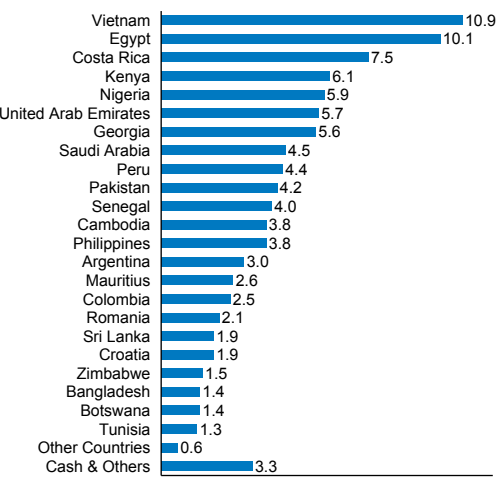
LGM Investments was established in Hong Kong in 1991 and became a wholly owned subsidiary of Bank of Montreal (BMO) in April 2011. It is part of BMO Global Asset Management.

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.

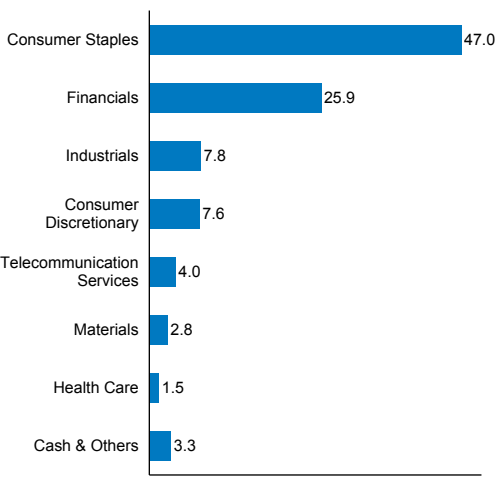
Geographic breakdown (%)<sup>9,10</sup>



<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

In what was a volatile first three months of the year the Fund ended the first quarter of 2016 down 1.3% (net of fees, in U.S. dollar terms), slightly behind the benchmark, which declined by 0.7%. This was a noticeable underperformance compared to emerging markets which, thanks to a 13.2% gain in March alone, ended the quarter up 5.7%. Given the low correlation of frontier markets with emerging markets and their strong outperformance over the last three years this is not necessarily surprising. However what it does mean is that the large valuation discount has only widened further with frontier markets now trading on a 29% discount to Emerging markets.

One of the major contributors to the negative returns over the last year has been the movements seen in most currencies against the U.S. dollar, not just in frontier markets. One currency which had failed to adjust accordingly was the Egyptian Pound. However, this month a decision was made to devalue it by 13% against the U.S. dollar and to remove some local foreign currency banking restrictions. We are pleased to see that President Sisi seems to have listened to his economic advisors as local companies had been struggling with the lack of foreign currency availability and capex investments were being delayed. Whilst devaluations are generally negative for performance, the direct impact on the Fund was limited by the fact that this devaluation had been expected and half of our exposure to Egypt is in Commercial International Bank (CIB) where the GDR, through which we are invested, was already pricing in this currency move. Further movements in the currency may be needed but we feel this is already reflected in valuations and they are welcomed if they help create a better environment for our companies to grow.

As we have stated on many occasions, we firmly believe that investing is all about trust and that we are merely intermediaries passing on the trust our clients give us to the companies we invest in on their behalves. One management team to whom we have passed on a significant part of this trust is BGEO Group, our bank in Georgia. During the month, we took the opportunity to visit Georgia where we met with over 10 members of the holding group and subsidiary companies' management as well as with the Prime Minister, the Central Bank and also the banks main competitors. Despite the tougher economic conditions in the last year, the bank is doing well and asset quality concerns surrounding the currency devaluation and the highly dollarized nature of the economy have not materialised to the extent that most expected. Business confidence appears to be improving again and the bank appears on track for a better underlying performance this year despite upcoming elections.

Over the last few years, BGEO has evolved into a holding company with a strategy to have up to 20% of profits coming from non-banking investments. Some investors did not support this change but we think that what they have done so far makes sense; they invested limited amounts of capital in undervalued assets with the potential of high returns to shareholders. One of these investments is in Georgia Healthcare Group, a company BGEO has built into the largest healthcare provider in the country and a subsidiary that we also became investors in when it became listed at the end of the last year. During the month, the company acquired the third largest pharmacy chain in the country with a 15% market share. We believe this is a very good acquisition for the company and in line with their historic record of acquiring cheap assets; the 5.7x EV/EBITDA multiple they paid is attractive, especially in light of immediate cost reductions which can be achieved. The announcement of the deal didn't appear to sit well with some investors as it was outside the originally stated strategy of only investing in hospitals and ambulatory clinics. We took advantage of the share price weakness to add to our holding. We don't believe in ticking boxes and, as long as management are doing what makes sense and generate good returns for shareholders, we are more than happy for them to do adapt and take advantage of situations which present themselves over time. The fact that management's interests are aligned through their shareholdings and long-term incentive plans also helps in this regard.

The company in which we have invested the largest amount of capital is Vinamilk, our Vietnamese dairy company, and, at the time of writing this commentary, we were pleased to see that the company has received approval at its Annual General Meeting to withdraw or amend a number of immaterial business lines which were a restriction to increasing foreign ownership limits. This approval should now lead to a lifting of these limits which as we have discussed on many occasions should be positive for the company's share price in the longer term. The other company we own in Vietnam, Phu Nhuan Jewellery (PNJ), will continue to operate under foreign ownership limits, at least in the near future. However, under these restrictions, we believe that the share price does not reflect its true value as selling shares in PNJ to other foreign investors can currently be done at a 30% premium approximately, when selling a large amount of shares.

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.