

February 2017

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\$ 690.9m
<b>Strategy size</b> <sup>1</sup>	US\$ 871.4m
<b>NAV per share</b>	US\$ 17.5375 (A Inc) US\$ 17.8727 (B Acc) US\$ 15.5373 (B Inc) US\$ 14.8133 (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	IE00B65QS461
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.  
78, Sir John Rogerson's Quay  
Dublin 2, Ireland

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## Contact details

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**Fax:** +44 (0)20 7495 8651  
**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

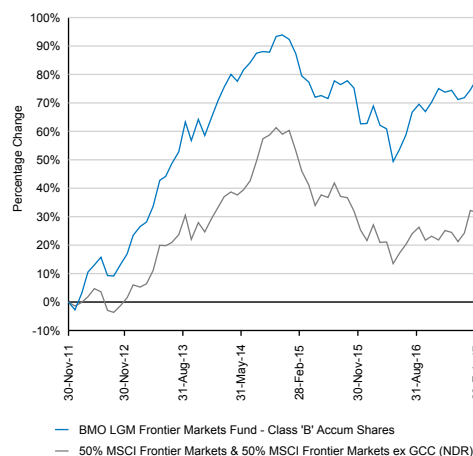
BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

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	8.2
Commercial International Bank	Egypt	5.7
BGEO Group	Georgia	4.6
Famous Brands	South Africa	4.4
Alicorp	Peru	4.2
Sonatel	Senegal	4.1
Florida Ice & Farm Co	Costa Rica	3.9
Aramex	United Arab Emirates	3.9
United Bank	Pakistan	3.7
Pricesmart Inc	Costa Rica	3.7
<b>Total</b>		<b>46.4</b>
<b>No. of Holdings</b>		<b>45</b>

## Risk statistics

	Since Inception
Alpha (annual basis)	7.3%
Annualised volatility (fund)	11.2%
Annualised volatility (benchmark)	11.7%
Sharpe ratio <sup>4</sup>	1.0
Tracking error (ex-post)	6.7%
Information ratio	0.9
Up market capture ratio	96.5
Down market capture ratio	54.1

<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 28 February 2017 (%)

	Fund	Benchmark
<b>Since inception</b>	78.8	31.4
Last month	2.4	-0.6
Last 3 months	4.4	8.4
Last 6 months	2.1	7.9
Last 12 months	16.4	12.2
YTD	4.0	5.8
CY 2016	6.8	2.6
CY 2015	-9.3	-14.2
CY 2014	-1.5	1.8
CY 2013	34.7	24.8
<b>Annualised Performance</b>		
1 year	16.4	12.2
2 years	1.8	-2.3
3 years	-0.5	-2.0
5 years	10.1	5.2
Since inception	11.7	5.3

## Portfolio characteristics\*

	Fund	Benchmark
ROIC (non financials)	22.5%	17.4%
ROE (financials)	24.6%	15.8%
Net debt / Equity (non financials)	16.8%	29.3%
Equity / Assets (financials)	11.2%	12.0%
Dividend Yield	3.4%	4.3%
DPS growth <sup>5</sup>	11.3%	16.2%
P/E (trailing 12 months)	16.8	15.6
P/E (12 months forward)	14.9	13.4
Weighted avg daily vol (US\$m) <sup>6</sup>	2.6	3.8
Trading under USD 0.25m / day <sup>7</sup>	22.2%	6.3%
Turnover rate (12 months) <sup>8</sup>	13.3%	N/A

## Market cap (US\$bn)

	Fund	Benchmark
< 1 bn	15.4%	7.9%
1-5 bn	65.8%	59.7%
> 5 bn	18.8%	32.4%
<b>Weighted Average (US\$bn)</b>	<b>2.8</b>	<b>4.3</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

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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.

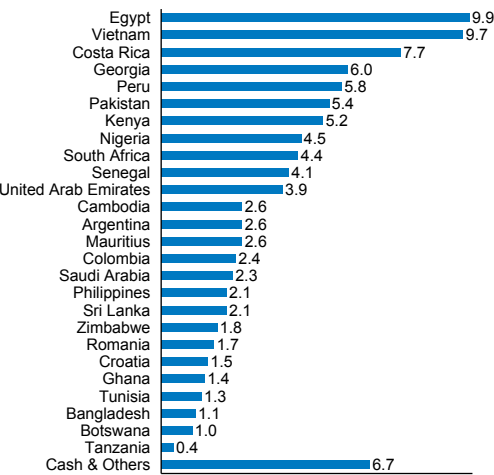
LGM Investments was established in Hong Kong in 1991 and became a wholly owned subsidiary of Bank of Montreal (BMO) in April 2011. It is part of BMO Global Asset Management.

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.

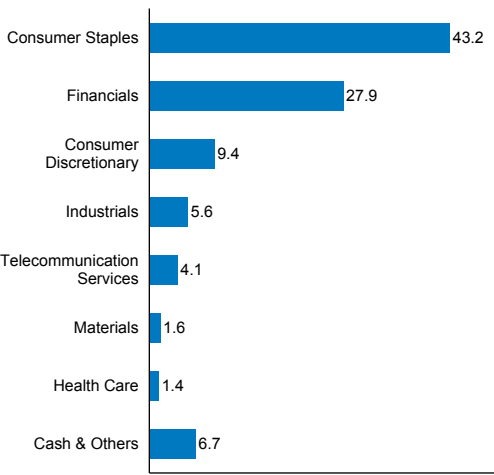
Geographic breakdown (%)<sup>9,10</sup>



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

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

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



Fund manager's commentary

While we do not dwell on short-term performance, it is worth highlighting that in February the portfolio again outperformed during a negative period for the benchmark. This should be expected as, since its inception, the portfolio has delivered a downside capture ratio of less than 60%. Given the start we had in January, we know we still have some performance to make up for this year. However, we take comfort that it is still early days and we are only two months into 2017.

As always, the most import thing for us is that our companies continue to move in the right direction as this is what will ultimately drive positive absolute and relative returns over time. It is therefore pleasing that our companies have, on the whole, delivered well with revenues and earnings up over 10% year-on-year in the final quarter of 2016. One investment that has shown impressive results is our Peruvian consumer goods company – Alicorp. Since our initial investment in 2015, Alicorp has continued to de-leverage and focus on improving cash flow generation through better margins and improved working capital. The latest results were again reflective of these trends with an improved free cash flow allowing the company to send tangible money back to shareholders through a 160% year-on-year increase in dividends. Despite gaining over 30% since the beginning of last year, we have not sold any shares and with a free cash flow yield of around 8%, Alicorp remains one of the portfolio's largest investments. We will be travelling to Peru to meet with management in early April.

During the month, and into the first few days of March, we had the opportunity to meet with many of our investments (representing around 38% of the portfolio's net asset value (NAV)). Included in this was a meeting with another of our largest investments, Famous Brands (South African based Quick Service Restaurant (QSR) company). This was our first opportunity to meet face-to-face with the company's CEO, Darren Hele, having previously had meetings with the prior CEO and group strategic advisor Kevin Hedderwick. Every time we have the opportunity to meet with the management of this company we always come away with the same three conclusions – how great the underlying business model is, how well managed it continues to be and how much we believe this will be a very good long-term investment for the portfolio. Our meeting with Darren reconfirmed that our investment here is in very good hands, that business remains good and that the latest acquisitions of Gourmet Burger Kitchen in the UK and Word of Mouth in South Africa are very good strategic fits for the company.

One company that we haven't talked a lot about in past commentaries is BVC, the Colombian stock exchange. We became investors at the beginning of 2013 and admittedly our timing for this investment was very bad with the company suffering more than expected from the blow up of one of the country's largest brokerages, Interbolsa, and the declines in market volumes. Whilst the company's share price has yet to fully recover, operationally the business has actually been doing well, helped in part by management's decision in late 2015 to purchase a leading Colombian IT service provider, Sophos. The big change for BVC will, however, come from the recently announced agreement to integrate the exchange with the country's custodian, Deceval. Historically, this lack of integration has been one of the main reasons that BVC has generated lower margins than many of its regional peers and the potential for the two businesses to integrate was one of the reasons that we initially became shareholders. Whilst this integration has taken a long time to happen, we are pleased to see that it is now finally moving ahead and we are very supportive of it. This should lead to a bigger, higher margin company which, despite being highly cash generative, still trades on a sizable discount to other stock exchanges globally.

As at 28 February 2017

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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