

## BMO LGM Global Emerging Markets Fund

ARSN 600 336 105

29 September 2017

This Product Disclosure Statement (PDS) is issued by Perpetual Trust Services Limited, ABN 48 000 142 049, AFS Licence No 236648 ('Perpetual', 'us', 'we', 'our' and 'responsible entity'), as responsible entity of the BMO LGM Global Emerging Markets Fund ('Fund'). The investment manager of the Fund is LGM Investments Limited ('LGM Investments' and 'investment manager').

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#### Contact details

If you have any questions or would like more information about the Fund, please contact Perpetual:

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#### Read this

This PDS provides a summary of significant information and contains a number of references to important information (each of which forms part of the PDS, including the information set out in the Fund's Reference Guide dated 29 September 2017 ('Reference Guide')). You should consider the information before making a decision about the Fund.

The information in this PDS is general information only and does not take account of your personal financial situation or needs. You should consult a licensed financial adviser to obtain financial advice that is tailored to your personal circumstances. We consent to the use of this PDS by operators of IDPS, masterfunds, wraps or similar platform products (referred to as IDPS) who include the Fund on their investment menus.

Perpetual is the responsible entity for the Fund. References to 'you' in this PDS is generally a reference to a unit holder in the Fund, except where the context requires or where it is intended to refer to an indirect investor investing through an IDPS. Information in this PDS may change from time to time. Updated information that is not materially adverse may be provided by contacting Perpetual on (02) 9229 9000. A paper copy of the updated information will be provided without charge on request. Perpetual reserves the right to change any terms and conditions set out in this PDS. The offer made in this PDS is available only to persons receiving this PDS in Australia and New Zealand (electronically or otherwise). If you receive this PDS electronically, we will provide a paper copy to you free of charge upon request during the life of this PDS. Please call (02) 9229 9000 for a copy.

This PDS does not constitute an offer or invitation in any place where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the units or the offer or otherwise to permit a public offering of the units in any country outside of Australia and New Zealand. The distribution of this PDS in countries outside Australia and New Zealand may be restricted by the laws of those countries. A failure to comply with these restrictions may constitute a violation of the laws in those countries.

## 1. About Perpetual

### Perpetual Trust Services Limited

Perpetual is the Fund's responsible entity and issuer of this PDS. It is part of the Perpetual Limited group of companies which has been in operation for over 125 years.

Perpetual's responsibilities and obligations as the Fund's responsible entity are governed by the Fund's constitution ('Constitution'), the Corporations Act and general trust law. As responsible entity of the Fund, Perpetual is solely responsible for the management of the Fund. Perpetual has delegated the investment management functions to LGM Investments Limited which will make investment decisions in relation to the Fund.

### LGM Investments Limited

LGM Investments Limited (LGM Investments) is a private company limited by shares, incorporated in England and Wales on 28 February, 1995. It is a subsidiary of LGM (Bermuda) Limited which is a wholly-owned subsidiary of Bank of Montreal, a company listed on the Toronto Stock Exchange. LGM Investments is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the Financial Conduct Authority under UK laws, which differ from Australian laws.

LGM (Bermuda) Limited and its subsidiaries (collectively, 'LGM Group') commenced business in December 1991. LGM Group is a specialist Asian, Global Emerging and Frontier Markets equity manager with US\$2.6 billion in assets under management (as of March 31, 2017). Its team of 17 investment professionals are primarily based in London and Hong Kong.

LGM Investments' approach is active and primarily stock driven, with a focus on high quality companies with strong capital management. It seeks investment opportunities across the market cap spectrum. LGM Investments is a conviction-driven and primarily stock-driven manager with a long-term focus. The investment team uses screens and relies on its own internal idea generation to narrow down a broad universe to a smaller number of companies. From there, attention is focused on detailed, fundamental research to create a portfolio of high quality companies.

LGM Investments' objective is to grow clients' capital by investing in cash-generating emerging market companies utilising an active, bottom-up, long-term and unconstrained style.

LGM Investments invests in companies that offer:

- Sustainable business models that generate high returns on invested capital across the cycle;
- Prudent management teams with a disciplined approach to capital management;
- Robust balance sheets; and
- A clear alignment of interest between majority and minority shareholders.

LGM Investments provides its services to individual and institutional investors. It manages separate client-focused equity portfolios. It also manages mutual funds for its clients.

## 2. How the BMO LGM Global Emerging Markets Fund works

### Managed Investments

The Fund is a managed investment scheme. When you invest your money in a managed investment scheme, your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all scheme members. This means that, through the managed investment scheme, you may access certain investments that you would not otherwise be able to access, your transaction costs may be reduced, and you access the knowledge of our independent investment manager through their investment decisions concerning the Fund. However, we, rather than you, have day to day control over the operation of the Fund.

### Your interests

So that you know what your interest in the Fund is worth, the total value of the assets in the scheme (which are normally valued each business day) is divided into 'units'. We will provide you a daily price for each unit and will keep a record of the number of units you have bought.

Units will be issued at the initial price of \$1.00. Subsequently, the price of units will change from time to time as the market value of assets in the Fund rises or falls. Units are priced each business day by dividing the Fund net value by the number of units on issue, adjusted for transaction costs. We will be able to provide you with information about the current unit price to help you decide whether to sell your units or buy more.

You can get started with a minimum investment of \$20,000. You can increase your investment at any time by buying more units in the Fund with a minimum of \$5,000.

Generally, you can decrease your investment by selling (in particular, by redeeming) some or all of your units, although in certain circumstances (such as a freeze on withdrawals) you may have to wait for a period of time before you can reduce your investment. The minimum amount you can reduce your investment by is \$5,000, unless you are withdrawing all of your investment.

We reserve the right to vary or waive the above minimum amounts. If investing through an IDPS, other minimums may apply and you can only increase and decrease your investment in accordance with the IDPS terms and conditions.

Properly completed requests for applications or withdrawals received by State Street before 2:00 pm Sydney time on a business day will be processed using the application or withdrawal price calculated for that day. Where the requests are received after 2:00pm Sydney time on a business day, it will be processed using the application or withdrawal price calculated on the next business day.

Proceeds of a properly completed request for withdrawal received by 2:00 pm Sydney time on a business day are usually paid within 5 business days but may take longer in some circumstances (up to 21 days).

## Distributions

Income is distributed half-yearly to investors within 30 days after the end of June and December.

In special circumstances, such as where there is a large withdrawal during a distribution period, we may change distribution periods by notice to investors.

Depending on your selection, your distributions will be paid directly to your nominated account or reinvested. The unit price for reinvestment will be the price applying on the last business day of the distribution period, adjusted for distributions. There are no transaction costs for income reinvestment.

If you do not make a selection or distributions cannot be paid into your account, distributions will be reinvested (less any bank charges), until you advise us otherwise.

The income of the Fund is paid to investors in proportion to the number of units held by the investor on the last day of a distribution period. As distributions are part of the unit price, the unit price normally falls following a distribution. Investors who acquire units just before a distribution may receive some of their investment back immediately as income or investors who dispose of units just before a distribution may effectively turn income into capital. In certain circumstances, such as where there is a large withdrawal by an investor, part of the withdrawal proceeds may consist of taxable income, including any taxable gains.

If investing through an IDPS, other conditions may apply and you should consult the IDPS terms and conditions.

## Holding of Fund assets and Fund administration

Perpetual have appointed State Street Australia Ltd ABN 21 002 965 200, AFSL 241 419 ('State Street' or 'custodian'), as the custodian of the assets and administrator of the Fund. State Street's role is limited to holding the assets of the Fund as agent of the responsible entity, and to administer the Fund assets, including providing Fund accounting and unit registry services.

You should read the important information about your interests and freezes on withdrawals (the Important Information) before making a decision. Go to Perpetual by calling (02) 9229 9000 for a copy of the Reference Guide. The material relating to the Important Information may change between the time when you read this PDS and the day when you acquire the product.

## 3. Benefits of investing in the BMO LGM Global Emerging Markets Fund

Investing in the Fund offers you a range of features and benefits:

- The expertise of LGM Investments managing the Fund assets as the appointed investment manager.
- Services to make investing easier – you will receive a confirmation of investment or withdrawal plus regular statements to keep you up to date with your account, including an annual taxation statement (if investing through an IDPS they will provide you with this information).
- Investor protection - your rights are set out under the Constitution which established the Fund as well as under the Corporations Act.
- Perpetual has a compliance plan used to monitor compliance with the Corporations Act and the Constitution. The compliance plan is lodged with ASIC and Perpetual's compliance with the plan is independently audited each year.

Details of the Fund, including what assets it invests in, are set out later in this PDS at Section 5, How we invest your money.

## 4. Risks of managed investment schemes

### Investment risks

All investments have some level of risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy.

Managed investment schemes can invest in a range of asset classes – for example, cash, bonds, equities and property. The likely investment return, and the level of risk of losing money, is different for each investment option depending on the underlying assets. Those assets with potentially the highest return (such as equities), may also have the highest long-term risk of losing money on a shorter term view.

The following significant risks apply to this investment:

- The level of returns may vary and future returns may differ from past returns.
- The value of investments will vary in line with movement in the value of the Fund's assets.
- Changes in the price of shares held for the Fund may result in a loss to the Fund. Many factors drive share prices, including profits made by companies and industries, economic cycles, volume of trading, matters relating to particular sectors or industries of companies, investor demand, business confidence and government and central bank policies.
- The Fund may invest in the securities of smaller to medium size companies by market capitalisation. These securities may have a more limited market than that of a larger company. Accordingly, it may be more difficult to effect sales of these securities at an advantageous time or without a substantial drop in price than the securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.
- As the Fund invests in international investments, it is exposed to currency risks. Changes in the exchange rate between the Australian dollar and the currency of the investment may lead to a loss of value of the Fund's assets as expressed in Australian dollars. It may not be possible or practical to hedge against exchange rate risks.
- The investment manager may, but is not obliged to, mitigate currency risks by using financial instruments which are derivatives. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might be realised, if the value of the hedged currency increases. The types of derivatives the Fund may invest in includes currency forwards, as well as participatory notes to gain exposure to Indian securities. A derivative may involve gearing, that is, liability for a loss from a change in the price of a security, currency or index which exceeds the amount of cash or assets initially required to establish the derivative.
- The Fund invests in emerging and frontier markets which are subject to a greater risk of loss than investments in developed markets due to greater political, economic and regulatory uncertainty, additional volatility and low market liquidity. Risks also include the risk of expropriation and nationalisation, national policies which may restrict the Fund's investment opportunities, the absence of developed legal structures governing private or foreign investment and less developed custody and settlement practices.
- If Fund investments are difficult to buy or sell, this can prevent sale of an investment in a timely fashion and at a fair price. If the Fund is required to liquidate assets to settle withdrawals, there is a risk that liquidation may be made on unfavourable terms, subjecting the Fund to loss.
- The investment manager may not achieve returns comparable to its peers.
- The Fund could be terminated.

When considering investing in a managed investment scheme, it is important to understand that:

- returns are not guaranteed and you may lose some of your money
- laws affecting your investment in a managed investment scheme may change in the future.

The appropriate level of risk for you will depend on a range of factors including your age, investment time frame, where other parts of your wealth are invested and how comfortable you are with the possibility of losing some of your money in some years (ie your risk tolerance).

Your financial adviser can help you understand investment risk and help you design an investment strategy that is right for you.

## 5. How we invest your money

You should consider the likely investment return, risk and your investment timeframe when choosing an investment.

The table below shows a summary of the Fund's investment profile.

<p><b>NAME AND DESCRIPTION OF INVESTMENT OPTION</b></p>	<p>The BMO LGM Global Emerging Markets Fund seeks capital appreciation and income by investing in a diversified portfolio of equity and equity related securities of foreign companies located, or with primary operations, in emerging market countries. The Fund may invest in companies which have, in the opinion of LGM Investments, substantial economic activities in an emerging market, but whose stock listing may only be in a developed market. The Fund may invest in securities of issuers located in frontier, or pre-emerging, equity markets.</p> <p>LGM Investments uses a bottom up fundamental approach in selecting stocks for the Fund's portfolio. LGM Investments invest in quality companies defined as having sustainable business models, prudent management teams, robust balance sheets and a clear alignment of interest between majority and minority shareholders. LGM Investments' strategy is also biased to companies that can pay, sustain and grow their dividends. Companies meeting LGM Investments' criteria generally have strong corporate governance and integrity of management.</p> <p>Emerging markets are investment markets which, in the opinion of LGM Investments, have yet to reach a level of maturity associated with developed stock markets.</p>						
<p><b>TYPE OF INVESTOR FOR WHOM SUITABLE</b></p>	<p>Investors who want the potential for capital appreciation and the benefit of some income returns.</p>						
<p><b>LIST OF ASSET CLASSES IN WHICH INVESTMENT OPTION INVESTS</b></p>	<p>The Fund may invest in any of the following 2 asset classes:</p> <ol style="list-style-type: none"> <li><b>Equities</b> and equity-related securities invested in by the Fund are of companies or trusts which are located in emerging markets or whose primary business activities or principal trading activities are in emerging markets. The Fund may invest in securities of companies in frontier markets.</li> <li><b>Cash or cash</b> equivalents including short term money market instruments.</li> </ol> <p>In addition, currency forward contracts may be used to hedge the currency exposure of assets held by the Fund in one currency, against movement in other currencies, including but not limited to the Australian dollar. Typically, it is not the investment manager's intention to use derivatives to hedge currencies.</p>						
<p><b>STRATEGIC ASSET ALLOCATION OF ASSET CLASSES*</b></p>	<table border="1"> <thead> <tr> <th>Asset class</th> <th>Range of Fund value %</th> </tr> </thead> <tbody> <tr> <td>Equities and equity-related securities</td> <td>80 - 100</td> </tr> <tr> <td>Cash or cash equivalents including short term money market instruments</td> <td>0 - 20</td> </tr> </tbody> </table>	Asset class	Range of Fund value %	Equities and equity-related securities	80 - 100	Cash or cash equivalents including short term money market instruments	0 - 20
Asset class	Range of Fund value %						
Equities and equity-related securities	80 - 100						
Cash or cash equivalents including short term money market instruments	0 - 20						
<p><b>INVESTMENT RETURN OBJECTIVE</b></p>	<p>To aim to provide a total return, before costs and tax, above the Fund's benchmark of the MSCI Emerging Markets Index (Net Dividends Reinvested).</p>						
<p><b>MINIMUM SUGGESTED TIME FRAME</b></p>	<p>Suggested minimum investment timeframe is 5 – 7 years.</p>						
<p><b>RISK LEVEL</b></p>	<p>High risk of loss of capital in the short and medium term.</p>						

*\*This provides only an indication of the intended investments of the Fund.*

### Changes to the investment option and other matters

We have the right to close or terminate the Fund and change the Fund's investment objective, asset classes and asset allocation ranges and investment approach, without prior notice to you. We will inform investors of any material change to the Fund's details.

The Responsible Entity may, in accordance with the Constitution of the Fund and without the consent of Unitholders create additional, different classes of Units and determine the rights, liabilities, obligations and restrictions which attach to each class. The terms of investment of any future class of Units may differ from the class of Units offered under this PDS.

You should read the important information about the type of equities we invest in and other investment guidelines and the extent to which environmental and ethical considerations are taken into account when we invest (the Important Information) before making a decision. Go to Perpetual by calling (02) 9229 9000 for a copy of the Reference Guide.

The material relating to the Important Information may change between the time when you read this PDS and the day when you acquire the product.

## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

## Fees and costs

This table shows fees and other costs that you may be charged in the Fund and can be used to compare costs between different managed investment schemes. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole. Details about taxes are set out in a later part of this PDS at Section 7, How managed investment schemes are taxed. You should read all of the information about fees and costs because it is important to understand their impact on your investment.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs**</b>	
The fees and costs for managing your investment	0.90% of the Fund net value of your investment per year (inclusive of GST less reduced input tax credits). The investment manager fees are included in these costs and are not an additional cost to investors. Fees may be negotiated with certain wholesale clients.**

\* Management costs are comprised of the management fee, indirect costs and recoverable expenses, which are variable. For more information on the management fee, indirect costs and recoverable expenses please refer to the Fees and costs section in the Reference Guide. The management costs are capped at 0.90% of the Fund value of your investment per year (inclusive of the net effects of GST).

\*\* What it costs you will depend on the fees you negotiate with your financial adviser or your IDPS (as applicable). For further information, refer to the information about fees paid to a financial adviser which appears below, or information about wholesale investors in the Fees and costs section in the Reference Guide.

## Transactional and operational costs and buy/sell spread

Transactional and operational costs include the costs associated with buying and selling assets such as brokerage, clearing, settlement costs (including custody costs) and stamp duties. The transactional and operational costs of the Fund are estimated to be 2.4% pa of the net asset value of the Fund. We have estimated the calculation of transactional and operational costs based on actual transactions during the most relevant period in the last financial year. In making this estimate we have included the difference between the average execution price that would be received for disposing of the securities and the closing price (or last traded price) that would be paid for acquiring securities.

When you invest or withdraw from the Fund we deduct transactional and operational costs to cover the costs of buying or selling the Fund's assets (**Buy/Sell Spread**). Transactional and operational costs will generally be incurred when you invest or withdraw from the Fund and are reflected in the Fund unit prices. The Buy/Sell Spread is an additional cost to investors and is retained by the Fund and not paid to the responsible entity or the investment manager. Currently the Fund charges 0.50% of the amount you invest and 0.60% of the amount you withdraw. These amounts may change if, for example, transactional and operational costs change. Based on the Buy/Sell spread recovered for applications and withdrawals in the previous financial year ended 30 June 2017 (at a rate of 0.50% and 0.60% respectively), the transactional and operational costs for the previous financial year were fully recovered by the buy/sell spread. In any financial year where there are net transactional and operational costs they will be borne by the Fund.

## Fee changes

Keep in mind that the amount of transaction or management costs may change without investor consent, except if required by the Corporations Act. We will give you at least 30 days prior notice of any increase in the management fees. All estimates of fees in this section 6 are based on information available as at the date of this PDS.

## How fees and costs are charged to you

Fees and costs can be paid directly from your investment or deducted from investment returns.

## Example of annual fees and costs for the Fund

The table gives an example of how the fees and other costs in the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

EXAMPLE - Fund		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged nil.
<b>PLUS</b> Management costs	0.90% p.a. of Fund net value inclusive of GST less reduced input tax credits**	And, for every \$50,000 you have in the Fund you will be charged \$450 each year.
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged a fee of \$450* What it costs you will depend on the fees you negotiate.

\* Additional fees may apply. This example assumes the \$5,000 contribution occurs at the end of the year and so management costs are calculated using the \$50,000 balance only and excludes any transaction costs that may be charged. Additional costs may be charged by your financial adviser or IDPS (as applicable) if you are an indirect investor for investing in the Fund.

\*\* For more information on the management fee, indirect costs and recoverable expenses please refer to the Fees and costs section in the Reference Guide.

## Fees paid to a financial adviser

If you have a financial adviser, you may also have to pay other fees to your adviser. See the Statement of Advice given to you by your adviser. A service charge may be separately negotiated with your financial adviser and deducted from your investment at your request. These payments are separate from the management costs referred to in this PDS.

You should read the Important Information about Fees and Costs before making a decision. Go to Perpetual by calling (02) 9229 9000 for a copy of the Reference Guide. The material relation to Fees and Costs may change between the time when you read this PDS and the day when you acquire this product.

## 7. How managed investment schemes are taxed

**WARNING:** Investing in a registered managed investment scheme (such as the Fund) is likely to have tax consequences. You are strongly advised to seek your own professional tax advice about the applicable Australian tax (including income tax, GST and duty) consequences and, if appropriate, foreign tax consequences which may apply to you based on your particular circumstances before investing in the Fund.

The Fund is an Australian resident for tax purposes and does not pay tax on behalf of its members. Australian resident investors are assessed for tax on any income and capital gains generated by the Fund.

You should read the Important Information about Australian Taxation and Tax Withholding and Reporting before making a decision. Go to Perpetual by calling (02) 9229 9000 for a copy of the Reference Guide. The material relating to the Important Information may change between the time when you read this PDS and the day when you acquire the product.

## 8. How to apply

1. Read this PDS together with the Reference Guide.
2. Complete the Application available by calling (02) 9229 9000. For IDPS investors, you should consult your IDPS operator about investing.
3. You can then start to make payments into your account.

If you are investing indirectly through an IDPS, you may invest in the Fund by directing the IDPS operator to lodge an application with us. You should complete any relevant forms provided by the IDPS operator.

A **cooling-off period** applies. We will return your money to you and no fees will apply (but the refund may be adjusted to reflect any change in unit prices, positively or negatively, and there may be some tax payable) if you cancel your account in writing. The 14 day cooling-off period commences on the earlier of you receiving confirmation from us that your investment has been accepted or 5 business days after the day on which units were issued to you. For IDPS investors, you should consult your IDPS operator about any cooling off rights you may have.

If you feel we are not dealing with you as you would like, you can make a complaint by contacting the responsible entity in the first instance. We will acknowledge any complaint in writing within 5 business days and make every effort to resolve your issue within 30 days of us being notified.

If you are not satisfied with the response, you should refer your complaint to the Financial Ombudsman Service (FOS) by calling 1300 780 808, emailing [info@fos.org.au](mailto:info@fos.org.au) or by writing to GPO Box 3, Melbourne VIC 3001. If investing through an IDPS, you should contact the IDPS operator for their complaint processes.

## 9. New Zealand investors

New Zealand investors should read the important additional information for New Zealand investors (Important Information) before making a decision. Go to Perpetual by calling (02) 9229 9000 for a copy of the Reference Guide. The material relating to the Important Information may change between the time when you read this PDS and the day when you acquire the product.