

# **BMO INVESTMENTS II (IRELAND) PLC**

(an investment company with variable capital incorporated with limited liability in Ireland with registered number 457359 and operating as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (“UCITS Regulations”))

**Annual Report and Audited Financial Statements for the financial year  
ended 31 December 2015**

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Contents**

	<b>Page</b>
Directory	3
General Information	4
Investment Manager's Report	8
Directors' Report	18
Report of the Depositary to the Shareholders of the Company	21
Independent Auditor's Report	22
Statement of Financial Position	24
Statement of Comprehensive Income	26
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	28
Statement of Cash Flows	30
Notes to the Financial Statements	32
Schedule of Investments	63
BMO LGM Asian Growth and Income Fund	63
BMO LGM Frontier Markets Fund	66
BMO LGM Global Emerging Markets Growth and Income Fund	69
BMO LGM Greater India Fund	72
BMO LGM Asian Smaller Companies Fund	73
Supplemental Unaudited Information	76
Schedule of Portfolio Changes (Unaudited)	80

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Directory**

### **BOARD OF DIRECTORS**

Anthony Cousins (British)\*  
Eimear Cowhey (Irish)‡  
Barry McInerney (Canadian)  
Paul McNaughton (Irish)‡\*  
Liam Miley (Irish)‡\*\*  
Hugh Moir (British)\*\*  
Lars Nielsen (Danish)\*\*  
Drew Newman (British) (Chairman)  
Diane Seymour-Williams (British)\*

‡Independent Directors

\*Resigned 1 April 2016

\*\*Appointed 1 April 2016

### **REGISTERED OFFICE**

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Dublin 2  
Ireland

### **INVESTMENT MANAGER & DISTRIBUTOR**

LGM Investments Limited  
95 Wigmore Street  
London  
W1U 1FD  
United Kingdom

### **ADMINISTRATOR**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **DEPOSITARY**

State Street Custodial Services (Ireland)  
Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **AUDITOR**

KPMG  
1-2 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

### **LEGAL ADVISERS**

Arthur Cox  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

### **COMPANY SECRETARY**

Bradwell Limited  
Arthur Cox Building  
Earlsfort Terrace  
Dublin 2  
Ireland

### **GOVERNANCE SERVICE PROVIDER**

KB Associates  
Ground Floor  
5 Georges Dock  
IFSC  
Dublin 1  
Ireland

### **REGISTRATION NUMBER**

457359

# **BMO INVESTMENTS II (IRELAND) PLC**

## **General Information**

The Company is an open-ended investment company with variable capital and was incorporated in Ireland on 14 May 2008 and is organised under the laws of Ireland with registration number 457359. The Company was formerly known as Lloyd George Investment Company Plc and, on 8 September 2014, the Company changed its name to BMO Investments II (Ireland) Plc. The Company has been authorised by the Central Bank of Ireland (the “Central Bank”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the “UCITS Regulations”). All capitalised terms used but not defined herein shall have the meaning ascribed thereto in the Company’s Prospectus dated 9 December 2015 (the “Prospectus”).

The Company is structured as an umbrella fund consisting of different sub-funds (“Funds”) each comprising one or more classes of shares and with segregated liability between Funds in accordance of with the provisions of Part 24 of the Companies Act 2014 and as such, as a matter of Irish law, the assets of a Fund will not be exposed to the liabilities of the Company’s other Funds. Each Fund of the Company will be responsible for paying its own fees and expenses regardless of the level of its profitability. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

The Shares issued in each Fund will rank pari passu with each other in all respects, provided that they may differ as to certain matters including currency of denomination, hedging strategies, if any, applied to the currency of a particular Class, dividend policy, voting rights, return of capital, the level of fees and expenses to be charged, or the Minimum Subscription and Minimum Holding applicable. The assets of each Fund will be invested separately on behalf of each Fund in accordance with the investment objective and policies of each Fund. A separate portfolio of assets is not maintained for each Class within a Fund.

## **Fund Share Classes**

<b>Name of Fund</b>	<b>Currency</b>	<b>Class</b>
BMO LGM Asian Growth and Income Fund	USD	Class A Income Shares Class A Accumulating Shares Class B Income Shares* Class B Accumulating Shares* Class E Income Shares Class E Accumulating Shares Class S Income Shares Class S Accumulating Shares Class W Income Shares Class W Accumulating Shares
BMO LGM Frontier Markets Fund	USD	Class A Income Shares* Class A Accumulating Shares Class B Income Shares* Class B Accumulating Shares* Class E Income Shares Class E Accumulating Shares*
BMO LGM Global Emerging Markets Growth and Income Fund	USD	Class A Income Shares Class A Accumulating Shares Class B Income Shares* Class B Accumulating Shares* Class D Income Shares Class D Accumulating Shares Class E Income Shares Class E Accumulating Shares* Class F Income Shares Class F Accumulating Shares Class S Income Shares Class S Accumulating Shares Class W Income Shares Class W Accumulating Shares

\*These Classes of Shares are active as at 31 December 2015.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **General Information cont/d**

### **Fund Share Classes cont/d**

<b>Name of Fund</b>	<b>Currency</b>	<b>Class</b>
BMO LGM Greater India Fund	USD	Class A Income Shares Class A Accumulating Shares Class B Income Shares* Class B Accumulating Shares Class E Income Shares Class E Accumulating Shares*
BMO LGM Asian Smaller Companies Fund	USD	Class A Income Shares Class A Accumulating Shares Class B Income Shares Class B Accumulating Shares* Class E Income Shares Class E Accumulating Shares

\* These Classes of Shares are active as at 31 December 2015.

There are currently five active Funds in operation as at 31 December 2015, BMO LGM Asian Growth and Income Fund, BMO LGM Frontier Markets Fund, BMO LGM Global Emerging Markets Growth and Income Fund, BMO LGM Greater India Fund and BMO LGM Asian Smaller Companies Fund.

### **Investment Objectives and Policies**

The following is a summary of the investment objectives and policies of the active Funds. It does not purport to be a complete account of the investment objectives and policies and you should refer to the Prospectus in case of any uncertainty.

#### **Investment Objective and Policies of the BMO LGM Asian Growth and Income Fund**

The Fund aims to achieve long-term capital growth through investment in an actively managed portfolio, primarily invested in equity and equity-related securities of companies in the Asian region with the potential for capital appreciation and a growing stream of dividends.

The Fund will invest primarily in equity and equity-related securities of companies in the Asian region which are listed or traded on a Recognised Exchange and which have, in the opinion of the Investment Manager, the potential for growth appreciation and a growing stream of dividends. The Fund may also invest in companies that have, in the opinion of the Investment Manager, substantial economic activities in the Asian region.

The Asian region may include, but is not limited to, Hong Kong, Singapore, Malaysia, Thailand, Taiwan, China, Indonesia, South Korea and the Philippines. Investment may be made in developed and emerging markets and Frontier Markets in the Asian region and exposure to countries that do not form part of the MSCI AC Asia ex Japan Index (Net Dividends Reinvested), such as Japan and Vietnam, is permitted up to a maximum of 20% of the Fund's Net Asset Value. In addition to the above, in constructing the portfolio, the Investment Manager will focus on the selection of securities of quality companies and consider factors including but not limited to sustainable business models, robust balance sheets, proven management teams with disciplined capital management, clear and fair alignment between majority and minority shareholders, share valuations, market capitalisation, liquidity and dividend yield.

#### **Investment Objective and Policies of the BMO LGM Frontier Markets Fund**

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.

The Fund will invest primarily in equities and equity-related securities of companies which are listed or traded on a Recognised Exchange in countries of Frontier Markets and companies which have, in the opinion of the Investment Manager, substantial economic activities in Frontier Markets, but whose stock listing may only be on a Recognised Exchange outside Frontier Markets region.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **General Information cont/d**

### **Investment Objective and Policies of the BMO LGM Frontier Markets Fund cont/d**

In constructing the portfolio, the Investment Manager will focus on the selection of securities of quality companies and consider factors, including, but not limited to, sustainable business models, robust balance sheets, proven management teams with disciplined and fair alignment between majority and minority shareholders, share valuations, market capitalisation, liquidity and dividend yield.

### **Investment Objective and Policies of the BMO LGM Global Emerging Markets Growth and Income Fund**

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 emerging markets worldwide with the potential for capital appreciation and a growing stream of dividends.

The Fund will invest primarily in equity and equity related securities of companies which are listed or traded on a Recognised Exchange in emerging market countries worldwide, including Russia, which have, in the opinion of the Investment Manager, the potential for both capital appreciation and a growing stream of dividends.

### **Investment Objective and Policies of the BMO LGM Greater India Fund**

The Fund aims to achieve long-term capital growth through investment in an actively managed portfolio, primarily invested in equity and equity-related securities of companies in India and may include investment in other countries in the Indian sub-continent such as Sri Lanka and Bangladesh.

The Fund will invest primarily in equity securities and equity-related securities of companies in India or other countries in the Indian sub-continent that are listed or traded on a Recognised Exchange. The Fund may also invest in companies that, in the opinion of the Investment Manager, have substantial economic activities in India or other countries in the Indian sub-continent, but that are listed or traded on a Recognised Exchange outside of India or other countries in the Indian sub-continent.

### **Investment Objective and Policies of the BMO LGM Asian Smaller Companies Fund**

The Fund aims to achieve long-term capital growth through investment in an actively managed portfolio, primarily invested in equity and equity-related securities of smaller companies in the Asian region.

The Fund will invest primarily in equity and equity-related securities smaller companies in the Asian region which are listed or traded on a Recognised Exchange. In this context, smaller companies generally mean companies which are, at the time of investment, of a market capitalisation within a small company sector benchmark market capitalisation range. Investments in companies which subsequently outgrow the small company sector benchmark will not be sold unless, in the opinion of the Investment Manager, this is in the best interests of Shareholders.

## **Redemption of Shares**

The redemption price per Share shall be the Net Asset Value per Share. A redemption fee of up to 3% of the Net Asset Value per Share being redeemed may be charged in respect of Class E Income Shares and Class E Accumulating Shares of BMO LGM Frontier Markets Fund. Other than as set forth below or in the section of The Prospectus titled "Redemption of Shares" it is not the intention to charge a redemption fee in respect of any other Class of any Fund.

The Directors are empowered to charge a redemption fee of up to 3% of the Net Asset Value per Share of any Class of any Fund and may exercise their discretion to charge the redemption fee if they have reason to believe that any Shareholder requesting redemption is attempting any form of arbitrage on the yield of Shares in the Fund. In addition, in respect of BMO LGM Frontier Markets Fund only, if a Shareholder requests redemption within six months of the initial investment, then the Directors may exercise their discretion to charge a redemption fee. The Directors will give not less than one month's notice to Shareholders of their intention to introduce a redemption fee generally. In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term. A redeeming Shareholder of Shares may also receive additional redemption proceeds if any Equalisation Credit paid at the time of subscription has not been fully applied.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **General Information cont/d**

### **Dividends and Distributions**

The Directors are empowered to declare and pay dividends on Shares issued in any Class or Fund in the Company.

*Income Share Classes:* Dividends will be declared and paid on these Shares. Dividends will normally be declared in respect of the financial year end (i.e., 31 December in each year) and paid to Shareholders as of 31 December within four months of the financial year end and will usually be paid to the Shareholder's bank account as detailed on the Application Form. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the relevant class. The Directors will declare dividends in respect of any Shares in the Company out of the net income (i.e., income less expenses) of the Company (whether in the form of dividends, interest or otherwise), subject to certain adjustments.

*Accumulating Share Classes:* Dividends will be declared on these Shares but automatically reinvested and will be reflected in the Net Asset Value of the Share class. Dividends will normally be declared in respect of the financial year end (i.e., 31 December in each year). The Directors will declare dividends in respect of any Shares in the Company out of the net income (i.e., income less expenses) of the Company (whether in the form of dividends, interest or otherwise), subject to certain adjustments.

With effect from 1 October 2013, all Classes of Shares will be permitted to operate equalisation. Where the Classes of Shares operate equalisation, distributions made by such Classes of Shares will include an amount of income equalisation. This amount corresponds to the equalisation income included in the Net Asset Value per Share of such Classes.

All investors, including UK investors, should seek their own tax advice in relation to the implications (if any) of these distribution policies.

Any change to the dividend policy will be provided in an updated Prospectus and all Shareholders will be notified in advance.

### **Reporting to investors – UK Reporting Fund Regime**

It is the intention of each Fund to continue to meet its annual obligations to be a "reporting fund", as defined in the Offshore Funds (Tax) Regulations 2009 (SI 2009 No. 3001). The Fund will report income to investors via the company's website at [www.bmo.com/lgminvestments](http://www.bmo.com/lgminvestments) and this is expected to be made available to investors by 30 June in each year.

### **Net Asset Value and Valuation of Assets**

The Net Asset Value of each Fund or, if there are different classes within a Fund, each class, will be calculated by the Administrator as at the Valuation Point on or with respect to each Dealing Day in accordance with the Articles of Association. The Net Asset Value of a Fund shall be determined as at the Valuation Point for the relevant Dealing Day by valuing the assets of the relevant Fund (including income accrued but not collected) and deducting the liabilities of the relevant Fund (including a provision for duties and charges, accrued expenses and fees and other liabilities). The Net Asset Value attributable to a class shall be determined as at the Valuation Point for the relevant Dealing Day by calculating that portion of the Net Asset Value of the relevant Fund attributable to the relevant class as at the Valuation Point, subject to adjustment to take account of assets and/or liabilities attributable to the class.

The Net Asset Value of a Fund will be expressed in the Base Currency of the Fund, or in such other currency as the Directors may determine either generally or in relation to a particular class or in a specific case.

The Net Asset Value per share shall be calculated as at the Valuation Point on or with respect to each Dealing Day by dividing the Net Asset Value of the relevant Fund or attributable to a class by the total number of shares in issue in the Fund or class at the relevant Valuation Point and rounding the resulting total to four decimal places.

For further information regarding the method and principles by which the Net Asset Value is determined and the circumstances under which the Directors may temporarily suspend the determination of the Net Asset Value, please refer to the Prospectus.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report**

### **BMO LGM Asian Growth and Income Fund**

2015 was a challenging year for Asian equities. The MSCI Asia ex-Japan benchmark fell 9.2% in US dollar terms. The Fund closed the year down 10.8%, which was clearly disappointing.

2015 was dominated by macroeconomic events, with the collapsing oil price, a stronger U.S. Dollar, worries about rising U.S. interest rates and mounting concerns over both the health of the Chinese economy and the erratic nature of Chinese policy-making all creating a deeply unfavourable backdrop for Asian equity markets. Many of these problems are cyclical, but others are more structural in nature. Amongst the latter we would include: the issue of chronic deflation in China caused by manufacturing overcapacity and capital misallocation; debt problems in China and other parts of Asia; weak export demand; and the maturing of the tech super-cycle that had been the main growth driver for Korea and Taiwan over the last 4-5 years.

We continue to believe that the key to investing in Asian markets is to ignore most of the set menu provided by the index. We take a bottom-up view, focusing on quality companies with defensive characteristics such as high returns and strong cash flows. This approach tends to produce a bias towards dominant companies that operate in the less developed markets of the Asian region. The long-term demand outlook in these countries is supported by low penetration rates for many goods and services, whilst generally poor infrastructure creates significant barriers for new entrants. This tends to promote a relatively benign competitive environment, allowing many of the dominant companies (which have distribution or scale advantages) to generate high margins, high returns and strong free cash flows. We typically find more of these companies in markets such as India, Indonesia and the Philippines, which explains why 54% of the portfolio is currently invested in these and similar emerging or frontier Asian markets (up from 43% at the start of the 2015). By contrast, we can identify fewer of these quality companies in markets like China, Hong Kong, Korea or Taiwan. These markets are more developed, which means the competitive environment tends to be tougher and the ability to generate supernormal profits and returns tends to be significantly lower. In China, these difficulties are compounded by state intervention, opaque company structures, stretched balance sheets and an almost total lack of transparency in the strategic decision making process. The portfolio currently has just 10% of its NAV invested in Chinese companies, which is down from 16% at the start of 2015.

The main detractor from performance in 2015 was Advance Info Services (AIS), which is the leading mobile telecoms provider in Thailand. The entire sector was shaken by the arrival of a new competitor in the latter part of the year when the auction for new mobile spectrum was won by the least favoured outsider. We commend AIS for its admirable capital discipline in not chasing new capacity at any price, but the competitive landscape has clearly deteriorated, meaning that costs and capex will rise and returns will fall. AIS pays a 9% dividend yield and this should sustain investor interest for now. The second key detractor from performance was the Macau casino operator, SJM Holdings, which has struggled alongside the rest of the Macau gaming sector in the face of China's pervasive anti-corruption campaign. This campaign has effectively removed the "high-roller" segment from the gaming market. Paradoxically, this is actually good news longer term, because the high-rollers generate a lower margin for casino operators when compared to the mass market segment. Whether SJM is best placed to benefit from this trend is another question, of course, and we are reviewing the Fund's investment in this name. At the other end of the spectrum the Fund's best performers in 2015 included Sino Biopharm and Tencent in China, and Bank Rakyat and Sampoerna in Indonesia (see below).

2015 was a busy year for the portfolio, with the addition of nine new companies and the disposal of eleven. The total number of holdings consequently dropped to 43 by year end. Despite these changes, portfolio turnover for the year was just 25%, which we believe is still consistent with the Fund's long-term investment philosophy. As indicated above, the net effect of these changes was to increase the Fund's exposure to India and Indonesia, whilst reducing the exposure to China, Hong Kong and Korea.



# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Asian Growth and Income Fund cont/d**

Rakyat and Sampoerna were two of the Fund's new acquisitions in 2015 and, as indicated above, both were among the portfolio's top five contributors during the year. Founded in 1985, Bank Rakyat (BRI) is Indonesia's oldest financial institution and second biggest bank. BRI pioneered the concept of micro-lending in Indonesia, targeting the under-banked, rural and semi-urban communities. Micro loans, retail loans and small commercial loans together account for more than 70% of the book. BRI thus operates what is probably the world's largest micro-banking operation. Micro-lending is not for the faint hearted. It requires the right network, the right people and, above all, a "boots-on-the-ground" knowledge of borrowers, their businesses and their ability to repay. BRI's expertise, network and high level of consumer trust were built over decades and cannot be copied easily. We therefore expect BRI to continue compounding excellent returns for shareholders. Founded in 1913, Sampoerna started as a producer of unfiltered, hand-rolled kretek cigarettes. Kretek is a mixture of cloves and tobacco, which is highly popular in Indonesia and dominates the domestic cigarette market to this day. Sampoerna is the largest cigarette manufacturer in Indonesia, with five of the top ten brands and 35% market share. Since Philip Morris International (PMI) acquired a majority stake in 2005, Sampoerna has increased its market share by 1% per annum, doubled volumes, improved profitability, reduced working capital needs and boosted free cash flow generation. The Indonesian cigarette industry is the biggest single contributor to government tax revenues, which helps ensure a relatively benign regulatory environment. The company is in a net cash position, annual capex needs are modest, and the return on invested capital exceeds 50%.

Markets began 2016 in sombre mood, hit by Middle East tensions and yet more worries over the Chinese economy. Most attention is currently focused on the gradual, but seemingly entrenched depreciation of the Chinese Yuan, as well as the rapid fall in the price of oil. It would appear that most markets are interpreting the weak oil price as a negative macro-economic indicator. We generally try to avoid getting involved in these "top down" issues but, since most of Asia relies heavily on oil imports for the bulk of its energy needs, the weaker oil price can only mean significant windfall gains for consumers, lower input costs for manufacturers and an improving current account position for many of Asia's economies. The weak oil price is a good thing for Asia and we shall see increasing evidence of this as companies across the region begin reporting their fourth quarter earnings. For the year as a whole, we believe that most of our companies will successfully grow their cash flows at a high single digit or even low double digit level. But at what point the market gets round to recognising these encouraging bottom-up fundamentals is frankly anyone's guess.

References to benchmark (MSCI Asia Pacific ex Japan Index) are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

LGM Investments Limited

February 2016

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Frontier Markets Fund**

2015 proved to be a very difficult year for emerging and frontier markets. The Fund ended the year down 9.3% (net of fees, in U.S. dollar terms). This is by no means satisfying, however this was 4.9% better than the benchmark\* and 5.6% better than the MSCI Emerging Markets Index (net dividends reinvested, in U.S. dollar terms).

Looking back over the last three years, it has been a very volatile period for emerging markets and a period where emerging and frontier Markets seem to have "gone out of favour" among global investors. As such, the 3-year annualised return in emerging markets, as measured by the MSCI Emerging Markets Index, has been a very disappointing -6.8%. Frontier markets have done significantly better illustrated by the 2.9% return of the Fund's benchmark over the same period and the 4.8% return for the MSCI Frontier Markets Index. This indicates that investors' decision to take part of their emerging market exposure and allocate it to frontier markets made sense. We are pleased to report that over the same period, the Fund has outperformed the benchmark by 3.5%. That leaves a question of whether or not frontier markets has become expensive compared to emerging markets. Looking at the price/earnings ("P/E") and dividend yield, this does not seem to be the case. On a trailing P/E basis frontier markets are trading, as of end of December, on approximately a 24% discount to emerging markets, which is the highest discount over the last three years.

The last 12 months have been dominated by global macroeconomic events which, through lower oil prices and weaker currencies, have continued to impact the performance of frontier markets. This has been particularly true for large oil exporting countries and, in this regard, our decision to limit our exposure, currently 23.1%<sup>1</sup> of the Fund, has helped. The notable dollar strength has been seen against most currencies in our universe and contributed to the majority of the negative performance for the Fund. Our ultimate goal remains unchanged: we aim to deliver strong USD returns on a 10 year horizon without exposing capital to unnecessary risk, as observed through a low down market capture ratio which since inception stands at 58.7%. We recognise that in periods of dollar strength this might be difficult, at least for the given time period, but sooner or later we will expect to see the share prices of our companies appreciate again in USD terms. Our conviction comes from the fact that our portfolio companies are doing well as evidenced by the strong earnings growth seen during the year. We believe time is on our side when companies are growing at such a rate. However, knowing when it will translate into a growing U.S. dollar NAV for the Fund again is hard to tell, but at some point we firmly believe it will.

After a tough 2014 on the back of higher raw milk prices Vinamilk, the Fund's largest holding, had a very strong year in 2015 ending up 53% in U.S. dollar terms and contributing significantly to the Fund's performance. The company's strong performance was helped by lower raw milk prices which have fed through to improved margins. However, the major share price impact resulted from the announcements during the year that the Vietnamese government intends to increase foreign ownership limits and to sell down its stakes in a number of companies including its 45% ownership in Vinamilk. The presence of a foreign ownership limit had historically been the reason that this high quality company has traded on attractive valuations and, whilst the timeframe for the implementation of both announcements remains unclear we, like the wider market, see both as very positive news.

The two other largest positive contributors to the Fund's performance in 2015 both resulted from tender offers. The first of these related to Dragon oil, our Turkmenistan oil and gas investment, where the majority shareholder, Emirates National Oil Company finally managed to, after a failed attempt in 2009, buy out minority shareholders. The price paid and received by the Fund in August was a 55% premium to the share price at the time of the tender announcement in March 2015. In light of the conditions seen during the year this was an especially good return and, following the tender, the Fund no longer has any direct oil and gas investments.

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<sup>1</sup> Countries included are: Bahrain, Colombia, Kazakhstan, Kuwait, Nigeria, Oman, Saudi Arabia, Turkmenistan and UAE.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Frontier Markets Fund cont/d**

The other Fund investment involved in a tender offer was Desnoes and Geddes, our Jamaican beer company. The last quarter of the year saw a number of mergers and acquisitions ("M&A") transactions announced globally within the brewing industry but the most important for us was the deal between, Heineken and Diageo, which saw the latter continue to clean up its global operations with a transfer of ownership between the two in a number of countries of operations. The change that mattered for us was the agreement by Heineken to purchase Diageo's 57.9% ownership in Desnoes and Geddes, the leading beer company in Jamaica, and in which we had been building our shareholding during the course of the year. The takeover price was at a 340% premium to the share price at the time and, following the announcement of an intention to initiate a tender offer at such a valuation, markets quickly reflected this. It was somewhat disappointing we were not able to build a bigger stake in Desnoes and Geddes before this happened but it does illustrate the difference we believe we can make.

The largest negative contributors to the Fund's performance this year were Guaranty Trust Bank, our Nigerian Bank, and Grupo Exito, our Colombian retailer. Given they are both located in oil exporting countries, the decline in commodities was a large driver of their performance. In Nigeria, the decline in oil prices naturally raises concern over both the economic outlook and the asset quality of the banking system. However, Guaranty Trust Bank has proven itself in the past to be significantly better at managing credit risk than the majority of its peers and its superior profitability provides it with more room to absorb any higher provisioning expenses needed. While the successful transition of political power during the year was very positive. Nigeria's decision to put off a devaluation of its currency was not as they are simply delaying the inevitable. Colombia, on the other hand, let its currency reflect the reality of a lower oil price environment and the 34% depreciation of the currency strongly impacted the U.S. dollar performance of our two Colombian holdings. Exito's performance was also significantly impacted during the year by their decision to acquire stakes in the Brazilian and Argentinian operations of its parent group, Casino, a decision widely opposed by minority shareholders including ourselves.

2015 was a more active year for the Fund in terms of new investment decisions with 8 new companies added to the Fund. However despite these new investments and 7 companies leaving the Fund the turnover remains low, reflecting our process of investing long-term in high quality companies. As of December 2015, the turnover\*\* stands at 20.5%. Alongside Desnoes and Geddes, the other new investments included 3 further consumer companies: Alicorp in Peru, EDITDA in Egypt and Ceylon Tobacco in Sri Lanka. The Fund also made new investments in 3 banks: BBVA in Argentina, Commercial bank of Ceylon in Sri Lanka, UBL in Pakistan and one Healthcare company, Georgia Healthcare group.

\*The benchmark is a composite index comprising 50% MSCI Frontier Markets Index and 50% MSCI Frontier Markets ex GCC Index.

\*\*Measured as the lesser of purchases or sales divided by the average Fund size during the year.

References to benchmark are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

All index data referred to in this report is copyright and propriety to MSCI.

LGM Investments Limited

February 2016

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Global Emerging Markets Growth and Income Fund**

2015 proved to be a difficult year for emerging markets with the MSCI Emerging Markets Index (USD terms, net of dividends reinvested) losing about 14.9%. The Fund ended the year down 11.6% (net of fees in U.S. dollar terms). While this is better than the benchmark, this is by no means satisfying.

2015 was dominated by macroeconomic events with lower oil prices and a stronger U.S. Dollar, which continued to have a negative impact on the performance of emerging markets. The emerging markets asset class is clearly facing a number of issues from a headline perspective, such as: a slowing China; policy paralysis in major markets such as Brazil, South Africa and Turkey; as well as the maturing of the tech super cycle which has been driving earnings in particular in South Korea and Taiwan for the last 4-5 years. We continue to believe that the key to investing in emerging markets is to sidestep the default exposure embedded in the Index. Given our bottom-up focus on quality companies with defensive characteristics such as high returns and recurring cash flows, we tend to favour dominant companies in less developed countries. Not only are penetration rates low for many goods and services, providing a favourable long-term secular demand outlook, but also challenging infrastructure in many of these countries raises entry barriers substantially which often facilitates a benign competitive environment that allows many of the dominant companies (with a distribution or scale advantage) to generate high margins and high returns and, as a result, strong free cash flow. Typically, these kinds of companies are found in the less developed parts of emerging markets such as India, Indonesia, Philippines, Vietnam, Kenya, Egypt and Peru which explains why we have the majority of the portfolio invested in these markets.

In 2015 the Fund's main performance contributors included Vietnam Dairy Products (Vinamilk) and PT Hanjaya Mandala Sampoerna Tbk (Sampoerna). Vinamilk, the leading dairy producer in Vietnam, continued to enjoy increasing profitability and cash flow generation following a rebound in consumer spending and favorable raw material price environment. The Company's performance was further supported by the Vietnamese government's decision to open up the country to foreign investments through increasing Foreign Ownership limits as well as gradually divesting its 45% stake in Vinamilk. Sampoerna, the leading Indonesian tobacco company, benefited from strong operational results in a difficult consumer environment, clarity regarding excise taxes for 2016 as well as inclusion into JCI Index and MSCI Index following its capital raising.

Among the detractors to both absolute and relative performance in 2015 were SJM holdings, our casino operator in Macau, and Bank Mandiri. We met Mandiri back in August when the overall sentiment was quite grim as a result of slowing growth and continued Rupiah depreciation prompting questions on future loan growth and asset quality deterioration. We exploited the weakness in the share price to increase our position as it can pay off to be greedy when others are fearful. Mandiri is a quality bank in the attractive Indonesian banking sector which is one of the most profitable globally with return on assets (ROA) for leading banks well above 2%. This is a result of a benign competitive environment and a fundamentally sound system that is well capitalised as regulators are still heavily influenced by the Asian crisis back in 1998 and therefore focus on stability and profitability. The next couple of quarters will most likely continue to be difficult due to lower asset quality but as long-term investors we continue to view Mandiri as one of the best positioned financial institutions in Indonesia, well placed to take advantage of the significant opportunities that we expect will arise over the next decade.

During 2015, six new companies were added to the Fund while seven companies were sold. Despite this portfolio turnover was approximately 18%, reflecting the Fund's investment philosophy of investing long-term in high quality companies. Alongside our Indonesian tobacco company Sampoerna we invested in two other consumer companies: the Egyptian snack producer, Edita, and the pan-Asian retailer Dairy Farm. The Fund also made investments in two financial companies: the Indian Mahindra & Mahindra Financial Services and the Indonesian Bank Rakyat. Lastly, we made an investment in a materials company, the Indian market leader in consumer and specialty industrial chemicals, Pidilite.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Global Emerging Markets Growth and Income Fund cont/d**

A key attribute in our definition of quality companies is the focus on sustainable business models that are not only attractive from a one to two year perspective, but also more importantly throughout the entire business cycle. While market noise and news flows tend to drive share prices in the short run, in the long run - beyond two or three years - the primary driver for share price movements is true operating profit growth (i.e., cash flow driven, not accounting driven). As such, our investment horizon and thus analysis is focused on identifying quality companies, protected by strong moats, which will continue to create strong free cash flows over the next 5 to 10 years. Given the indiscriminate selling we have witnessed across the board in global emerging markets in 2015, valuations are now attractive for our holdings and we believe currencies are cheap. Despite volatile stock markets, a difficult economic environment and U.S. dollar strengthening, consumers will continue to use and purchase basic goods such as shampoo, milk and crisps which should continue to benefit the cash flows of our holdings. As such we believe that most of our holdings should be able to grow their free cash flow by high single digits/low double digits in 2016. Whether these encouraging bottom-up fundamentals will be reflected in share price performance in 2016 or at a later stage is anyone's guess.

References to benchmark (MSCI Emerging Markets Index) are for illustrative purposes only. There is no guarantee that the Fund will outperform its benchmark.

LGM Investments Limited

February 2016

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Greater India Fund\***

Despite favourable macro-economic fundamentals such as improvements in twin deficits, interest rate cuts triggered by fall in inflation and acceleration in GDP growth, the equity markets declined. The benchmark S&P Bombay Stock Exchange 100 Index declined 7.7% in U.S. dollar terms for the 12-month period ended December 31, 2015 compared with a spectacular 29.6% rise in the previous year. The fund declined 14.7% (net of fees, in US\$ terms) for the period under review, since inception on 20<sup>th</sup> January 2015 to 31 December 2015, underperforming the benchmark S&P BSE100 Index by 0.81% which declined 13.9%.

India became the fastest growing major economy in the world with reported GDP growth of 6.9% for the nine months ending September 2015. India is no longer part of the infamous "fragile 5" as lower crude oil prices are favourable not only to improve current account deficit and fiscal deficit but also to lower inflation. Decline in inflation prompted the Reserve Bank of India to cut interest rates by 125bps even as the U.S. Federal Reserve hiked interest rates by 25bps towards the end of the year. With respect to institutional flows, the net foreign buying was at a modest US\$3.3bn in contrast to an average of US\$20bn in the preceding 3 years but, more importantly, after a gap of 4 years it was lower than net domestic mutual fund buying at US\$10.8bn.

The key detractor to performance was ICICI Bank, the largest private sector bank in India offering traditional banking and a gamut of financial services businesses including life and general insurance, asset management, and brokerage. ICICI Bank's exposure to infrastructure and metal sectors has weighed heavily on its asset quality, further exasperated by the central bank's push to downgrade loans to select leveraged corporates. The bank is focused on retail and high-rated corporates, and has taken steps to reduce exposures to legacy stressed assets.

Among the key contributors to performance was Zee Entertainment, one of the largest broadcasting houses in India with a portfolio of more than 30 channels. The company should benefit from the digitisation of cable television in India through improved realisation and subscriber growth, benign content costs, and increase in advertising revenues. Strong balance sheet and growing cash flows enables Zee to invest in content, new channels and digital platform laying the foundation for future growth.

India, the 7th country largest by size, 2nd largest by population and the 9th largest economy is a "true" emerging market with rising but low per capita GDP below US\$2000. With the largest young population, rising per capita GDP and low per capita consumption levels should translate into large domestic demand potential for products and services. India is a large and complex country with many 'mini-countries' where distribution is a challenge but importantly a competitive advantage for incumbent companies focused on domestic consumption. As a consequence, the Fund is focused on companies which will benefit from India's domestic consumption boom as opposed to export sectors such as information technology and health care where the drivers of growth reside outside India. The Fund is a "true" India fund focused on a "true" emerging market, India, which presents significant long-term investment opportunities in high quality companies focused on a large domestic economy.

References to benchmark (S&P BSE 100) are for illustrative purposes only. There is no guarantee that the Fund will outperform its Benchmark.

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\*The BMO LGM Greater India Fund launched on 20 January 2015.

LGM Investments Limited

February 2016

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Asian Smaller Companies Fund\***

2015 was a challenging year for Asian equities. The MSCI Asia ex-Japan Small Cap benchmark fell 7.5% in US dollar terms since the Fund's inception on March 6, 2015. The Fund closed the year down 11.9% over the same period, which is clearly disappointing.

2015 was an extremely volatile year, largely dominated by macroeconomic events such as the collapse in the oil price, the strengthening of the U.S. Dollar, worries about rising U.S. interest rates and mounting concerns over both the health of the Chinese economy and the erratic nature of Chinese policy-making. All of these factors created a deeply unfavourable backdrop for Asian equity markets. Many of these problems are cyclical, but others are more structural in nature. Amongst the latter we would include: the issue of chronic deflation in China caused by manufacturing overcapacity and capital misallocation; debt problems in China and other parts of Asia; weak export demand; and the maturing of the tech super-cycle that had been the main growth driver for Korea and Taiwan over the last 4-5 years.

We continue to believe that the key to investing in Asian markets is to ignore most of the index. We take a bottom-up view, focusing on quality companies with defensive characteristics such as high returns and strong cash flows. This approach tends to produce a bias towards companies that operate in the less developed markets of the Asian region. The long-term demand outlook in these countries is supported by low penetration rates for many goods and services, whilst generally poor infrastructure creates significant barriers for new entrants. This tends to promote a relatively benign competitive environment, allowing certain companies to generate high margins, high returns and strong free cash flows. We typically find more of these companies in markets such as India, Indonesia and Thailand, which explains why 52% of the portfolio is currently invested in these and similar emerging or frontier Asian markets. By contrast, we can identify fewer of these quality companies in markets like China, Hong Kong, Korea or Taiwan. These markets are more developed, which means the competitive environment tends to be tougher and the ability to generate supernormal profits and returns tends to be significantly lower. In China, these difficulties are compounded by state intervention, opaque company structures, stretched balance sheets and an almost total lack of transparency in the strategic decision making process. The portfolio currently has just 6% of its NAV invested in Chinese companies.

The main detractor from performance in 2015 was Silverlake Axis, which fell foul of an anonymous short-selling report alleging various malpractices with regard to related party transactions. An independent report prepared by Deloitte largely vindicated the company, but a more energetic response from the company would certainly have mitigated at least part of the damage. Silverlake provides operating software for banks and other financial institutions, with around two thirds of ASEAN's biggest banks on its client list. Since listing on the Singapore market in 2003, Silverlake has generated S\$598.4m in Free Cash Flow and paid out S\$280m in dividends. The company has continued to win new customers despite the recent adverse publicity, but we reserve judgement on the stock's future position in the portfolio until the management takes more active steps to engage with shareholders and to improve transparency.

Bata also detracted from performance in 2015, especially in the earlier part of the year when problems associated with the roll out of new SAP software impacted sales performance. The worst of these problems now seem to be behind us. Bata India has been operating in India for over eight decades and is the market leader in footwear retailing with an estimated 16% share of the organised sector. Bata's key strength is its distribution network, with over 1,400 retail stores and an urban wholesale division comprising 180 large distributors and 30,000 direct dealers across India. The company continues to expand the network, with a target of 100 new store openings each year. Bata is also investing in developing an e-commerce platform, digital marketing and a customer loyalty programme. Over the years, Bata India has transformed itself from a rather staid retailer of black shoes for men into a contemporary lifestyle brand catering to a much broader customer base. The company has a strong balance sheet, impressive free cash flows and generates a return on invested capital in excess of 30%.

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Investment Manager's Report cont/d**

#### **BMO LGM Asian Smaller Companies Fund\* cont/d**

Top contributors over the period included Beauty Community in Thailand and I Kang in China. Beauty was one of the portfolio's strongest performers in 2015, with a gain of more than 70% in local currency terms over the year as a whole. The company is on track to produce record fourth quarter earnings, supported by solid same stores sales growth, continuing network expansion and falling SG&A expenses as scale benefits materialise. The company will enjoy further strong growth in 2016 as the store network expands and the structural shift away from traditional kiosks towards branded and conceptual cosmetic retail stores gathers momentum. Overseas expansion in the largely underpenetrated markets of Laos, Cambodia, Vietnam and Burma will provide additional growth impetus. The company has no debt and generates a return on invested capital of more than 40%. Beauty's 90% pay-out ratio will also generate a dividend yield of around 3% this year and 4% next.

I Kang is particularly worthy of note because the company is presently the subject of two takeover bids. I Kang is the largest player in the Chinese private healthcare market. The company operates a network of 80 self-owned medical centres covering 22 of the most affluent cities in China and has contractual arrangements with 400 third-party service provider facilities in another 150 cities. Their market share is about 13%. The number of self-owned centres has doubled in the last two years, partly through organic growth and partly through acquisition.

The company provides a wide variety of medical examination and disease screening services, primarily for corporate customers. I Kang handled more than 2.2m customer visits in the first six months of the current fiscal year, which is a 29% increase on the same period last year. All of which has attracted the attention of a company called Jiangsu Sanyou, which is in exactly the same line of business with an approximately equal market share. Jiangsu is working together with Ping An Insurance and several private equity investors. What makes the situation fascinating is the fact that the Chairman and founder of iKang is himself trying to take the company private – we presume with the aim of re-listing in the A-share market at four or five times the current valuation. We currently expect the Chairman to respond with a higher privatisation offer in due course.

In terms of portfolio activity during the quarter, we completely sold Sa Sa in Hong Kong and Biostime in China. Like Beauty Community, Sa Sa is also a cosmetics retailer. Unlike Beauty, however, Sa Sa is experiencing significant structural headwinds that the management seems in no way able to address. Mainland tourist arrivals into Hong Kong – the company's chief revenue source – continue to decline, consumer preferences are shifting, the tax arbitrage that encouraged mainland visitors to shop in Hong Kong rather than China is under threat and, finally, the on-line channel is starting to take significant market share. Because of the company's formerly excellent execution track record and impeccable history of free cash flow generation, we gave Sa Sa the benefit of the doubt for perhaps longer than we really should have. In the absence of any tangible turnaround strategy from the management, we were left with no option to sell the position.

Biostime International grabbed the headlines in late September after announcing that it was to buy an 83% stake in an Australian vitamin and health supplement maker called Swisse Wellness (SW). The price tag of A\$1.3bn appeared relatively rich based on the scant financials available (SW is a privately-owned company). Biostime already has its hands full sorting out a variety of distribution and inventory issues arising from the recent launch of new products in the China market, so we were left wondering if management really had the bandwidth to cope with this new acquisition. Biostime will be taking on significant debt to finance this purchase, increasing the gearing ratio from a negative 50% to a positive 160% in the process. This represents a major deterioration in the balance sheet position for Biostime. Debt servicing will clearly become the priority for Biostime's management and we now worry about the sustainability of the company's previously rather attractive dividend pay-out ratio. We therefore sold the Fund's entire position in Biostime.



# **BMO INVESTMENTS II (IRELAND) PLC**

## **Investment Manager's Report cont/d**

### **BMO LGM Asian Smaller Companies Fund\* cont/d**

We added one new position, Bajaj Corp in India, which has a 60% market share in the relatively fast growing market category of light hair oils. The company's leading brand, "Almond Drops Hair Oil" is positioned in the upper segment of the hair care market, commanding a premium price over more commoditised categories like coconut oil. The company has doubled its market share over the last decade despite annual price increases. Bajaj Corp has delivered 26% and 58% growth in sales and profits respectively over the past decade with gross margins and Earnings Before Interest, Taxes, Depreciation, and Amortization margins averaging 53% and 22%, respectively. The company operates with low to negative working capital, it has cash on the books and minimal capital expenditure needs. The company's dividend pay-out has averaged 50% and the return on invested capital is close to 100%. We expect the company to sustain the excellent performance over the coming years.

Markets began 2016 in sombre mood, hit by Middle East tensions and yet more worries over the Chinese economy. Most attention is currently focused on the gradual, but seemingly entrenched depreciation of the Chinese Yuan, as well as the rapid fall in the price of oil. It would appear that most markets are interpreting the weak oil price as a negative macro-economic indicator. We generally try to avoid getting involved in these "top down" issues but, since most of Asia relies heavily on oil imports for the bulk of its energy needs, the weaker oil price can only mean significant windfall gains for consumers, lower input costs for manufacturers and an improving current account position for many of Asia's economies. The weak oil price is a good thing for Asia and we shall see increasing evidence of this as companies across the region begin reporting their fourth quarter earnings. For the year as a whole, we believe that most of our companies will successfully grow their cash flows at a high single digit or even low double digit level. But at what point the market gets round to recognising these encouraging bottom-up fundamentals is frankly anyone's guess.

\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

LGM Investments Limited

February 2016

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Directors' Report for the year ended 31 December 2015**

The Directors present herewith the annual report and audited financial statements of BMO Investments II (Ireland) Plc (the "Company") for the year ended 31 December 2015.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended (the "UCITS Regulations"), and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 ("the Central Bank UCITS Regulations").

### **Statement of Compliance on Corporate Governance**

The Company has adopted in full the voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies (the "Code") as published by Irish Funds (formerly the Irish Funds Industry Association), the text of which is available from the Irish Funds website, [www.irishfunds.ie](http://www.irishfunds.ie). The Company has been fully compliant with the Code for the year ended 31 December 2015.

### **Statement of Directors' Responsibilities**

The Directors are responsible for overseeing the preparation of the directors' report and the financial statements in accordance with applicable Irish laws and regulations.

Irish company law requires the Directors to oversee the preparation of financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, and applicable law.

Under Irish company law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities, financial position as at the end of the financial year and of the changes in net assets attributable to holders of redeemable participating shares of the Company for the financial year.

In preparing these financial statements, the Directors are required to:

- oversee the selection of suitable accounting policies and that such policies are consistently applied;
- ensure that judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014; and
- oversee the preparation of the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company. In this regard they have entrusted the assets of the Company to a depositary for safe-keeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

### **Results**

The results for the year are set out in the Statement of Comprehensive Income on page 26.

### **Distributions**

Distributions declared for the year ending 31 December 2015 are disclosed under note 11.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Directors' Report for the year ended 31 December 2015 cont/d**

### **Review of Business and Future Developments**

The investment objectives and policies of the active Funds are outlined on pages 5 to 6 and the performance of the active Funds is set out in the Investment Manager's Report on pages 8 to 17. The Directors do not anticipate any significant change in the structure or investment objectives of the Funds.

The results of the operations are set out on page 26. A detailed review of the development of the business and future developments is included in each Fund's Investment Manager's Report on pages 8 to 17. The Company will continue to act as an investment vehicle as set out in the Prospectus.

### **Risk Management Objectives and Policies**

Details of the Company's risk management objectives and policies are included in note 6 to the financial statements.

### **Key Performance Indicators**

The Directors consider that the change in net asset value ("NAV") per share is a key indicator of the performance of the Company. Key performance indicators ("KPIs") monitored by the Directors for each Fund include: the month to month movement in the NAV per share; and the share capital movements.

### **Connected party transactions**

Regulation 41(1) of the Central Bank UCITS Regulations states that "a responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length; and b) in the best interest of the unit-holders of the UCITS".

As required under Regulation 78 (4) of the Central Bank UCITS Regulations, the Directors are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected party; and all transactions with connected parties that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

### **Significant events during the year**

KB Associates were appointed as governance service provider from 1 January 2015.

The BMO LGM Greater India Fund was launched on 20 January 2015.

The BMO LGM Asian Smaller Companies Fund was launched on 6 March 2015.

The Memorandum and Articles of Association of the Company were amended by special resolution of the members on 28 May 2015.

The BMO LGM Greater India Fund Class E Accumulating Shares was launched on 25 August 2015.

A revised Prospectus was noted by the Central Bank on 9 December 2015. Among the main changes were the creation of Class S and Class W share classes of the BMO LGM Asian Growth and Income Fund and BMO LGM Global Emerging Markets Growth and Income Fund, updates to reflect the introduction of the Central Bank's UCITS Regulations and the restructuring of the Central Bank's UCITS guidance, updates to refer to the Companies Act 2014 and updates to the Irish taxation disclosure to reflect recent changes in Irish tax legislation.

### **Significant events since year end**

The European Union (Undertakings for Collective Investment and Transferable Securities)(Amendment) Regulations 2016 became effective on 18 March 2016.

Effective 1 April 2016, the following Directors resigned as Directors of the Company: Anthony Cousins, Paul McNaughton and Diane Seymour-Williams. Effective the same date, the following appointments were made as Directors of the Company: Liam Miley, Hugh Moir and Lars Nielsen.

There were no other significant events affecting the Company's financial statements since the year end.

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Directors' Report for the year ended 31 December 2015 cont/d**

#### **Directors**

Unless indicated otherwise, the following Directors served throughout the year:

Anthony Cousins (British)  
Eimear Cowhey (Irish)\*  
Barry McInerney (Canadian)  
Paul McNaughton (Irish)\*  
Drew Newman (British) (Chairman)  
Diane Seymour-Williams (British)  
\*Independent Directors

#### **Directors' and Secretary Interests in shares and contracts**

The Board of Directors are not aware of any shareholding in the share capital of the Company by the Company Secretary during the year ended 31 December 2015 (2014: None). The Board of Directors are aware of the shareholding by Diane Seymour-Williams in the share capital of the BMO LGM Frontier Markets Fund. The interests of the Directors in related parties are disclosed in note 9 of the financial statements.

#### **Transactions Involving Directors**

The Board of Directors are not aware of any contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest as defined in the Companies Act 2014 at any time during the year ended 31 December 2015 (2014: None) other than those disclosed in note 9 of the financial statements.

#### **Adequate Accounting Records**

To ensure that adequate accounting records are kept in accordance with Section 281 of the Companies Act, 2014, the Company has employed a service organisation, State Street Fund Services (Ireland) Limited ("the Administrator"). The accounting records are maintained at the offices of the Administrator at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

#### **Irish Regulatory Management**

The Company has appointed KB Associates which is a company that offers operational compliance and governance support services to Irish Funds and Management Companies. KB Associates' oversight of the Company enables the Directors to receive additional assurance that operations are being conducted to a consistently high standard. Frank Connolly and Ross Allen of KB Associates have been appointed as Designated Individuals and have been approved by the Central Bank to act in this capacity.

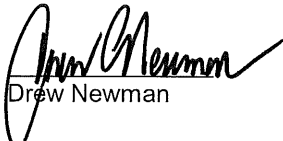
#### **Independent Auditors**

KPMG, were appointed auditors on 12 November 2014 and will continue in office in accordance with Section 383(2) of the Companies Act 2014.

ON BEHALF OF THE BOARD

  
Eimear Cowhey

Date: 19 April 2016

  
Drew Newman

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Report of the Depositary to the Shareholders of the Company**

We have enquired into the conduct of BMO Investments II (Ireland) Plc ('the Company') for the year ended 31 December 2015, in our capacity as Depositary to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, ('the UCITS Regulations'), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### **Responsibilities of the Depositary**

Our duties and responsibilities are outlined in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

### **Basis of Depositary opinion**

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### **Opinion**

In our opinion, the Company has been managed during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 ('the Central Bank UCITS Regulations'); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank UCITS Regulations.

  
State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Date: 19 April 2016**

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Independent Auditor's Report to the Members of BMO II Investments (Ireland) Plc**

We have audited the financial statements of BMO Investments (Ireland) PLC ("the Company") for the year ended 31 December 2015 which comprise Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, Statement of Cash Flows, Schedule of Investments and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

### **Opinions and conclusions arising from our audit**

#### **1 Our opinion on the financial statements is unmodified**

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015 and of its decrease in net assets attributable to holders of redeemable participating shares for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

#### **2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

#### **3 We have nothing to report in respect of matters on which we are required to report by exception**

International Standards on Auditing ("ISAs") (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

#### **Basis of our report, responsibilities and restrictions on use**

As explained more fully in the Statement of Directors' Responsibilities set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Independent Auditor's Report to the Members of BMO II Investments (Ireland) Plc cont/d**

### **Basis of our report, responsibilities and restrictions on use cont/d**

This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Darina Barrett**  
**for and on behalf of**  
**KPMG**  
**Chartered Accountants, Statutory Audit Firm**

19 April 2016

1 Harbourmaster Place  
International Financial Services Centre  
Dublin1

# BMO INVESTMENTS II (IRELAND) PLC

## Statement of Financial Position

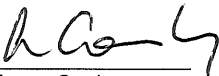
As at 31 December 2015


	Note	Company Total USD	BMO LGM Asian Growth and Income Fund USD	BMO LGM Frontier Markets Fund USD	BMO LGM Global Emerging Markets Growth and Income Fund USD	BMO LGM Greater India Fund* USD	BMO LGM Asian Smaller Companies Fund** USD
<b>Current Assets</b>							
Financial assets at fair value through profit or loss:							
Transferable securities		684,007,243	7,133,720	547,402,528	118,445,071	3,198,974	7,826,950
Financial derivative instruments		1,724	-	-	1,724	-	-
Cash and cash equivalents	7	17,606,092	231,345	9,939,480	5,969,608	230,553	1,235,106
Other receivables		2,222,986	15,989	2,002,656	185,070	9,776	9,495
<b>Total Current Assets</b>		<b>703,838,045</b>	<b>7,381,054</b>	<b>559,344,664</b>	<b>124,601,473</b>	<b>3,439,303</b>	<b>9,071,551</b>
<b>Current Liabilities</b>							
Creditors - amounts falling due within one year:							
Financial derivative instruments		(2,703)	-	-	(2,703)	-	-
Other payables		(5,104,329)	(28,514)	(2,117,889)	(2,816,439)	(110,963)	(30,524)
<b>Total Current Liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>(5,107,032)</b>	<b>(28,514)</b>	<b>(2,117,889)</b>	<b>(2,819,142)</b>	<b>(110,963)</b>	<b>(30,524)</b>
<b>Net assets attributable to redeemable participating shareholders</b>		<b>698,731,013</b>	<b>7,352,540</b>	<b>557,226,775</b>	<b>121,782,331</b>	<b>3,328,340</b>	<b>9,041,027</b>

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

ON BEHALF OF THE BOARD

  
Eimear Cowhey

  
Drew Newman

Date: 19 April 2016

The accompanying notes are an integral part of the financial statements.



# **BMO INVESTMENTS II (IRELAND) PLC**

## **Statement of Financial Position**

**As at 31 December 2014**

	Note	Company Total USD	BMO LGM Asian Growth and Income Fund USD	BMO LGM Frontier Markets Fund USD	BMO LGM Global Emerging Markets Growth and Income Fund USD
<b>Current Assets</b>					
Financial assets at fair value through profit or loss:					
Transferable securities		730,839,653	8,809,604	608,343,627	113,686,422
Cash and cash equivalents	7	20,068,015	362,055	16,487,031	3,218,929
Other receivables		418,742	15,305	266,522	136,915
<b>Total Assets</b>		<b>751,326,410</b>	<b>9,186,964</b>	<b>625,097,180</b>	<b>117,042,266</b>
<b>Current Liabilities</b>					
Creditors - amounts falling due within one year:					
Other payables		(1,615,156)	(39,308)	(1,372,016)	(203,832)
<b>Total Current Liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>(1,615,156)</b>	<b>(39,308)</b>	<b>(1,372,016)</b>	<b>(203,832)</b>
<b>Net assets attributable to redeemable participating shareholders</b>		<b>749,711,254</b>	<b>9,147,656</b>	<b>623,725,164</b>	<b>116,838,434</b>

*The accompanying notes are an integral part of the financial statements.*

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Statement of Comprehensive Income**

**For the year ended 31 December 2015**

		<b>Company Total USD</b>	<b>BMO LGM Asian Growth and Income Fund USD</b>	<b>BMO LGM Frontier Markets Fund USD</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund USD</b>	<b>BMO LGM Greater India Fund* USD</b>	<b>BMO LGM Asian Smaller Companies Fund** USD</b>
<b>Income</b>	<b>Note</b>						
Investment income	1(c)	25,459,172	197,244	22,009,593	3,044,031	16,239	192,065
Other income		97,032	21,579	-	-	75,453	-
Net loss on investment activities	4, 1(c)	(84,243,148)	(923,681)	(63,754,802)	(18,024,470)	(265,961)	(1,274,234)
<b>Total investment expense</b>		<b>(58,686,944)</b>	<b>(704,858)</b>	<b>(41,745,209)</b>	<b>(14,980,439)</b>	<b>(174,269)</b>	<b>(1,082,169)</b>
<b>Expenses</b>							
Operating Expenses	5	(7,115,776)	(128,763)	(6,292,377)	(457,375)	(105,846)	(131,415)
<b>Net expense</b>		<b>(65,802,720)</b>	<b>(833,621)</b>	<b>(48,037,586)</b>	<b>(15,437,814)</b>	<b>(280,115)</b>	<b>(1,213,584)</b>
<b>Finance Costs</b>							
Distributions	11	(16,691,483)	(57,903)	(13,963,598)	(2,669,982)	-	-
<b>Taxation</b>							
Capital gain tax	2	(510,998)	-	(413,263)	(97,506)	(229)	-
Withholding tax	2	(1,432,284)	(19,376)	(1,175,473)	(227,760)	-	(9,675)
<b>Net decrease in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>		<b>(84,437,485)</b>	<b>(910,900)</b>	<b>(63,589,920)</b>	<b>(18,433,062)</b>	<b>(280,344)</b>	<b>(1,223,259)</b>

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

*The accompanying notes are an integral part of the financial statements.*

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Statement of Comprehensive Income**

**For the period ended 31 December 2014**

	Note	Company Total USD	BMO LGM Asian Growth and Income Fund USD	BMO LGM Frontier Markets Fund USD	BMO LGM Global Emerging Markets Growth and Income Fund USD
<b>Income</b>					
Investment income	1(c)	25,776,205	166,648	22,251,546	3,358,011
Other income		38,738	9,864	-	28,874
Net gain on investment activities		28,429,316	53,441	18,202,346	10,173,529
<b>Total investment income</b>		<b>54,244,259</b>	<b>229,953</b>	<b>40,453,892</b>	<b>13,560,414</b>
<b>Expenses</b>					
Operating expenses	5	(7,872,117)	(110,017)	(7,311,843)	(450,257)
<b>Net Income</b>		<b>46,372,142</b>	<b>119,936</b>	<b>33,142,049</b>	<b>13,110,157</b>
<b>Finance Costs</b>					
Bank interest expense		-	-	-	-
Distributions	11	-	-	-	-
<b>Taxation</b>					
Capital gains tax	2	(37,100)	-	-	(37,100)
Withholding tax	2	(1,556,216)	(12,280)	(1,264,911)	(279,025)
<b>Net movement in net assets attributable to redeemable participating shareholders resulting from operations</b>		<b>44,778,826</b>	<b>107,656</b>	<b>31,877,138</b>	<b>12,794,032</b>

*The accompanying notes are an integral part of the financial statements.*

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares**

For the year ended 31 December 2015

	<b>BMO LGM Asian Growth and Income Fund USD</b>	<b>BMO LGM Frontier Markets Fund USD</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund USD</b>	<b>BMO LGM Greater India Fund* USD</b>	<b>BMO LGM Asian Smaller Companies Fund** USD</b>
<b>Net assets attributable to redeemable participating shareholders at beginning of year</b>	<b>9,147,656</b>	<b>623,725,164</b>	<b>116,838,434</b>	-	-
Net movement in net assets attributable to redeemable participating shareholders resulting from operations	(910,900)	(63,589,920)	(18,433,062)	(280,344)	(1,223,259)
Proceeds from the issuance of redeemable participating shares	55,600	12,262,568	21,712,726	3,604,327	10,264,286
Distributions reinvested	57,684	13,622,482	2,664,390	-	-
Anti – dilution levy	2,500	331,646	51,501	4,357	-
Cost of redeemable participating shares redeemed	(1,000,000)	(29,125,165)	(1,051,658)	-	-
Movement in net assets resulting from share transactions	(884,216)	(2,908,469)	23,376,959	3,608,684	10,264,286
<b>Net assets attributable to redeemable participating shareholders at end of year</b>	<b>7,352,540</b>	<b>557,226,775</b>	<b>121,782,331</b>	<b>3,328,340</b>	<b>9,041,027</b>

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

*The accompanying notes are an integral part of the financial statements.*

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares**

**For the period ended 31 December 2014**

	<b>BMO LGM Asian Growth and Income Fund USD</b>	<b>BMO LGM Frontier Markets Fund USD</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund USD</b>
<b>Net assets attributable to redeemable participating shareholders at beginning of period</b>	-	320,981,065	8,233,385
Net movement in net assets attributable to redeemable participating shareholders resulting from operations	107,656	31,877,138	12,794,032
Proceeds from the issuance of redeemable participating shares	9,029,900	321,329,005	100,321,067
Cost of redeemable participating shares redeemed	-	(53,772,651)	(4,793,849)
Anti – dilution levy	10,100	3,310,607	283,799
Movement in net assets resulting from share transactions	9,040,000	270,866,961	95,811,017
<b>Net assets attributable to redeemable participating shareholders at end of period</b>	<b>9,147,656</b>	<b>623,725,164</b>	<b>116,838,434</b>

*The accompanying notes are an integral part of the financial statements.*

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Statement of Cash Flow**

For the year ended 31 December 2015

	Company Total USD	BMO LGM Asian Growth and Income Fund USD	BMO LGM Frontier Markets Fund USD	BMO LGM Global Emerging Markets Growth and Income Fund USD	BMO LGM Greater India Fund* USD	BMO LGM Asian Smaller Companies Fund** USD
<b>Cash flows from operating activities</b>						
Net decrease in net assets attributable to holders of redeemable participating shares	(67,746,002)	(852,997)	(49,626,322)	(15,763,080)	(280,344)	(1,223,259)
<b>Adjustments for:</b>						
Movement in financial assets at fair value through profit or loss	47,427,153	1,675,884	59,163,047	(2,486,808)	(3,098,020)	(7,826,950)
Unrealised movement on derivative assets and liabilities	979	-	-	979	-	-
<b>Operating cash flows before movements in working capital</b>	<b>(20,317,870)</b>	<b>822,887</b>	<b>9,536,725</b>	<b>(18,248,909)</b>	<b>(3,378,364)</b>	<b>(9,050,209)</b>
Movement in receivables	641,803	674	253,380	407,020	(9,776)	(9,495)
Movement in payables	428,093	(12,152)	514,121	(114,409)	10,009	30,524
<b>Cash inflow/(outflow) from operations</b>	<b>1,069,896</b>	<b>(11,478)</b>	<b>767,501</b>	<b>292,611</b>	<b>233</b>	<b>21,029</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(19,247,974)</b>	<b>811,409</b>	<b>10,304,226</b>	<b>(17,956,298)</b>	<b>(3,378,131)</b>	<b>(9,029,180)</b>
<b>Cash flows from financing activities</b>						
Proceeds from subscriptions	48,287,973	58,100	12,592,676	21,764,227	3,608,684	10,264,286
Payment of redemptions	(31,154,995)	(1,000,000)	(29,103,337)	(1,051,658)	-	-
Distributions paid	(346,927)	(219)	(341,116)	(5,592)	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>16,786,051</b>	<b>(942,119)</b>	<b>(16,851,777)</b>	<b>20,706,977</b>	<b>3,608,684</b>	<b>10,264,286</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,461,923)</b>	<b>(130,710)</b>	<b>(6,547,551)</b>	<b>2,750,679</b>	<b>230,553</b>	<b>1,235,106</b>
Cash and cash equivalents at the start of the year	20,068,015	362,055	16,487,031	3,218,929	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>17,606,092</b>	<b>231,345</b>	<b>9,939,480</b>	<b>5,969,608</b>	<b>230,553</b>	<b>1,235,106</b>
<b>Cashflows from operating activities include:</b>						
Interest received	-	-	-	-	-	-
Dividends received	22,417,642	-	22,232,236	-	-	185,406

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

*The accompanying notes are an integral part of the financial statements.*

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Statement of Cash Flow**

For the period ended 31 December 2014

	Company Total USD	BMO LGM Asian Growth and Income Fund USD	LG Global Investment Fund USD	BMO LGM Frontier Markets Fund USD	BMO LGM Global Emerging Markets Growth and Income Fund USD
<b>Cash flows from operating activities</b>					
Net increase in net assets attributable to holders of redeemable participating shares	44,778,826	107,656	-	31,877,138	12,794,032
<b>Adjustments for:</b>					
Movement in financial assets at fair value through profit or loss	(422,805,726)	(8,809,604)	-	(316,824,983)	(97,171,139)
<b>Operating cash flows before movements in working capital</b>	<b>(378,026,900)</b>	<b>(8,701,948)</b>	<b>-</b>	<b>(284,947,845)</b>	<b>(84,377,107)</b>
Movement in receivables	(75,528)	(15,305)	-	(55,243)	(4,980)
Movement in payables	545,662	39,308	(21,468)	467,103	60,719
<b>Cash inflow/(outflow) from operations</b>	<b>470,134</b>	<b>24,003</b>	<b>(21,468)</b>	<b>411,860</b>	<b>55,739</b>
<b>Net cash outflow from operating activities</b>	<b>(377,556,766)</b>	<b>(8,677,945)</b>	<b>(21,468)</b>	<b>(284,535,985)</b>	<b>(84,321,368)</b>
<b>Cash flows from financing activities</b>					
Proceeds from subscriptions	457,707,981	9,040,000	-	348,063,115	100,604,866
Payment of redemptions	(67,786,917)	-	-	(54,432,418)	(13,354,499)
<b>Net cash provided by financing activities</b>	<b>389,921,064</b>	<b>9,040,000</b>	<b>-</b>	<b>293,630,697</b>	<b>87,250,367</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,364,298</b>	<b>362,055</b>	<b>(21,468)</b>	<b>9,094,712</b>	<b>2,928,999</b>
Cash and cash equivalents at the start of the period	7,703,717	-	21,468	7,392,319	289,930
<b>Cash and cash equivalents at the end of the period</b>	<b>20,068,015</b>	<b>362,055</b>	<b>-</b>	<b>16,487,031</b>	<b>3,218,929</b>
<b>Cashflows from operating activities include:</b>					
Interest received	4,578	-	-	4,166	412
Dividends received	25,686,715	151,578	-	22,183,345	3,351,791

*The accompanying notes are an integral part of the financial statements.*

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015**

### **1. Significant Accounting Policies**

The principal accounting policies and estimation techniques applied in the preparation of these financial statements are set out below.

#### **a) Basis of Preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU"). The financial statements have been prepared under the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

The financial statements have been prepared on a going concern basis.

#### **b) Functional and Presentation Currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the relevant Fund operates (the "functional currency"). The functional currency of each Fund is USD. The Company also has adopted these functional currencies as the presentation currency of each of the Funds. The functional and presentation currency of the Company is USD. The majority of the Funds' investments and transactions are denominated in USD. Investor subscriptions and redemptions are determined based on the net asset value, and are received and paid in USD.

Transactions in foreign currencies are translated into USD at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into USD at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into USD at the exchange rate at the date on which fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange losses, except for those arising on financial instruments at fair value through profit or loss ("FVTPL"), which are recognised as a component of net gain from financial instruments at FVTPL.

#### **c) Investments at Fair Value Through Profit or Loss**

##### **Classification**

The Company classifies financial assets and financial liabilities into the following categories:

Financial assets at fair value through profit or loss:

Held for trading: equity investments, participation notes and derivative financial instruments.

Financial assets at amortised cost:

Loans and receivables: cash and cash equivalents and other assets.

Financial liabilities at fair value through profit or loss:

Held for trading: derivative financial instruments.

Financial liabilities at amortised cost:

Other liabilities.

A financial instrument is classified as held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of a short term profit taking; or
- it is a derivative, other than a designated and effective hedging instrument.



# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **1. Significant Accounting Policies cont/d**

#### **c) Investments at Fair Value Through Profit or Loss cont/d**

##### **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the relevant Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Funds measure the fair value of an investment using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Funds measure instruments quoted in an active market at a last traded price, because this price provides a reasonable approximation of exit price.

If there is no quoted price in an active market, then a Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. A Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

##### **Participation Notes**

The Funds may invest in warrants, notes or other structured investments commonly referred to as participation notes designed to provide a return which is directly linked to the performance of a security as a means of gaining exposure to Asian securities markets. These are identified in the Schedule of Investments. Participation notes are valued based on the fair value of the underlying security.

##### **Forward Foreign Exchange Contracts**

The Funds may employ forward currency exchange contracts to purchase or sell a specific currency at a future date at a price set at the time of the contract. The Base Currency of each Fund is USD but securities in a Fund may be denominated in large range of currencies.

Consequently, a Fund may enter into forward currency contracts to hedge against exchange rate risk. Performance may be significantly influenced by movements in foreign exchange rates because currency positions held by a Fund may not correspond with the currency of the securities invested in.

The unrealised gain or loss on open forward foreign currency exchange contracts is calculated as the difference between the contract price and the spot price as at year end. Any changes in fair value are recognised in the Statement of Comprehensive Income.

##### **Amortised Cost**

Financial assets and financial liabilities other than those held for trading are held at amortised cost. The amortised cost of the financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the accumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

##### **Right of Offset**

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit and loss and foreign exchange gains and losses. The Company's financial assets and liabilities are not subject to offsetting, enforceable master netting arrangements and similar agreements.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **1. Significant Accounting Policies cont/d**

#### **c) Investments at Fair Value Through Profit or Loss cont/d**

##### **Recognition and Initial Measurement**

Purchases and sales of investments are recognised as of the day the transaction takes place, i.e., the trade date – the date on which the Company commits to purchase or sell the asset. Other financial assets and liabilities are recognised on the date in which they originated. Investments are initially recognised at fair value, and costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Financial assets and liabilities not at FVTPL are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

##### **De-recognition**

Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognised in the Statement of Comprehensive Income. Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expired.

#### **d) Dividend Income**

Dividend income arising on the underlying equity investments of the Company is recognised as income of the Company on the ex-dividend date. Income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

#### **e) Interest Income**

Deposit interest is recognised as income of the Company on an effective interest basis in line with the contractual terms.

#### **f) Expenses**

All expenses, including management fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

#### **g) Realised Gains & Losses**

Realised gains and losses on sales of investments are calculated based on the average book cost of the investment in local currency and are included in net gains/(losses) on investment activities at fair value in the Statement of Comprehensive Income. Realised gains and losses on investments include interest received on debt securities.

#### **h) Unrealised Gains & Losses**

Unrealised gains and losses on investments arising during the year are included in net gains/(losses) on investment activities in the Statement of Comprehensive Income.

#### **i) Redeemable Participating Shares**

The Company issues redeemable participating shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable participating shares can be put back to the Company at any time for cash equal to a proportionate share of the Company's Net Asset Value.

The Company's Net Asset Value per Share is calculated by dividing the net assets attributable to the holders of redeemable participating shares with the total number of outstanding redeemable participating shares. In accordance with the provisions of the Company's Prospectus, investment positions are valued based on the last traded market price for the purpose of determining the Net Asset Value per Share for subscriptions and redemptions and organisational fees are deferred and amortised over 5 years.

#### **j) Taxation**

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the corresponding withholding tax is recognised as a tax expense.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **1. Significant Accounting Policies cont/d**

#### **j) Taxation cont/d**

Withholding tax reclaims receivable are recorded as receivables in the Statement of Financial Position.

#### **k) Transaction Costs**

Transaction costs are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or a financial liability is recognised initially, an entity shall measure it at its fair value through profit or loss plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on purchases and sales of equities are included in net realised or unrealised gains/ (losses) on investments in the Statement of Comprehensive Income account and transaction costs on custody transactions are included in Depository fees in the Statement of Comprehensive Income for each Fund. These costs are separately identifiable transaction costs and the total costs incurred by each Fund during the year are disclosed in note 5.

#### **l) Distribution Policy**

The Company may issue either or both income share classes and accumulating share classes. In the case of Funds with income share classes, the Company intends to distribute net income and realised and unrealised gains net of realised and unrealised losses attributable to such classes annually. In the case of Funds with accumulating share classes, dividends will be declared on these Shares but automatically reinvested and will be reflected in the Net Asset Value of the Share class.

#### **m) Significant Accounting Estimates and Assumptions**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those which involve the most complex or subjective judgments or assessments. The areas of the Company's business that typically require such estimates are the determination of the fair value of financial assets and liabilities.

Management also made the assessment on the functional and presentation currency as outlined in note 1(b). Management has also made the assessment on uncertain tax liabilities with respect to foreign capital gains taxes as outlined in note 2.

#### **n) Anti-Dilution Levy**

Where the Company deems there to be large net subscriptions and net redemptions and to prevent any adverse effect on the value of the assets of a Fund, the Company may charge an anti-dilution levy for retention as part of the assets of the Fund. The levy will be calculated to cover the dealing costs and to preserve the value of underlying investments of the Fund. Such costs will include any dealing spreads, commissions, transfer taxes and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund in the event of receipt for processing of net subscription or net redemption requests.

If charged, such anti-dilution levy will be based on estimated actual costs up to a maximum of 0.5% of the value of any net subscription or net redemption of each Class of Shares of each Fund (other than BMO LGM Frontier Markets Fund in respect which the anti-dilution levy may be up to 1.25% of the value of any net subscription or net redemption of each Class of Shares of such Fund and the BMO LGM Greater India Fund in respect which the anti-dilution levy may be up to 1% of the value of any net subscription or net redemption of each Class of Shares of such Fund). Such Anti-Dilution Levy shall be added/deducted from the subscription amount and the redemption proceeds, respectively.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **1. Significant Accounting Policies cont/d**

#### **o) Cash and Cash Equivalents**

Cash comprises current deposits with banks. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are carried at amortised cost which approximates its fair value.

#### **p) New Accounting Standards**

##### **New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted**

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Company. This is because the financial instruments currently measured at FVTPL will continue to be measured at FVTPL under IFRS 9 and those currently measured at amortised cost will continue to be measured at amortised cost under IFRS 9.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

### **2. Taxation**

The Directors have been advised that the Company is an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997. The Company will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period". A "Relevant Period" being an eight year period beginning with the acquisition of the shares by the Shareholder and each subsequent period of eight years beginning immediately after the preceding relevant Period.

A gain on a chargeable event does not arise in respect of:

- (i) a shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; or
- (ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations; or
- (iii) any transactions in relation to shares held in a recognised clearing system as designated by the order of the Revenue Commissioners of Ireland; or
- (iv) an exchange of shares representing one Fund for another Fund of the Company; or
- (v) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another Company; or
- (vi) certain exchanges of shares between spouses and former spouses.

In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

There were no chargeable events during the year under review. The Company is exposed to tax risks with regard to the imposition of taxes in the jurisdictions in which it invests (including but not limited to capital gains tax and withholding tax), and has put in place a process for the identification of its obligations in this regard including periodic updates to its tax database and external, third party validation of this database at regular intervals.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **2. Taxation cont/d**

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders. The dividend withholding tax charge for the year ending 31 December 2015 was USD 1,432,284 (2014: USD 1,556,216). The capital gains tax charge for the year ending 31 December 2015 was USD 510,998 (2014: USD 37,100).

### **3. Share Capital & Net Asset Value per Share**

#### **Authorised**

The authorised share capital of the Company is five hundred billion (500,000,000,000) Shares of no par value and 300,000 redeemable non-participating shares of no par value. Redeemable non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the amount paid up thereon but do not otherwise entitle them to participate in the assets of the Company. The Directors have the power to allot shares in the capital of the Company on such terms and in such manner as they may think fit.

#### **Redeemable Participating Shares**

Each of the shares (other than subscriber shares) entitles the holder to participate equally on a pro rata basis in the dividends (save in the case of dividends declared prior to becoming a shareholder) and net assets of the Company attributable to such shares. Each of the shares entitles the holder to attend and vote at meetings of the Company and of the Fund represented by those shares. No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other class of shares or any voting rights in relation to matters relating solely to any other class of shares. The Company's capital currently exceeds EUR 300,000, being the capital required to establish a self-managed investment company under the UCITS Regulations.

#### **Subscriber shares**

As at year end, two subscriber shares of €1 each were in issue. These subscriber shares were issued for the purposes of the incorporation of the Company, and are legally and beneficially owned by LGM Investments and Drew Newman. The subscriber shares do not form part of the Net Asset Value of the Company and are thus disclosed in the financial statements by way of this note only.

#### **Issued Share Capital**

	<b>BMO LGM Asian Growth and Income Fund Class B Income Shares 31 December 2015</b>	<b>BMO LGM Asian Growth and Income Fund Class B Income Shares 31 December 2014</b>
Shares in issue at beginning of year/period	379,011	-
Shares issued	5,454	379,011
Shares redeemed	-	-
Shares in issue at end of year/period	384,465	379,011
Net Asset Value	USD 3,457,366	USD 3,820,766
Net Asset Value per Share	<u>USD 8.9927</u>	<u>USD 10.0809</u>
	USD	USD
Subscriptions during the year/period	55,550	3,830,400
Redemptions during the year/period	-	-

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **3. Share Capital & Net Asset Value per Share cont/d**

#### **Issued Share Capital cont/d**

	<b>BMO LGM Asian Growth and Income Fund Class B Accumulating Shares 31 December 2015</b>	<b>BMO LGM Asian Growth and Income Fund Class B Accumulating Shares 31 December 2014</b>
Shares in issue at beginning of year/period	519,613	-
Shares issued		519,613
Shares redeemed	(93,709)	-
Shares in issue at end of year/period	425,904	519,613
Net Asset Value	USD 3,895,175	USD 5,326,890
Net Asset Value per Share	<u>USD 9.1457</u>	<u>USD 10.2517</u>
	USD	USD
Subscriptions during the year/period	-	5,199,500
Redemptions during the year/period	(998,126)	-

	<b>BMO LGM Frontier Markets Fund Class A Income Shares 31 December 2015</b>	<b>BMO LGM Frontier Markets Fund Class A Income Shares 31 December 2014</b>
Shares in issue at beginning of year/period	245,822	248,172
Shares issued	9,820	64,502
Shares redeemed	(156,959)	(66,852)
Shares in issue at end of year/period	98,683	245,822
Net Asset Value	USD 1,594,155	USD 4,400,604
Net Asset Value per Share	<u>USD 16.1543</u>	<u>USD 17.9016</u>
	USD	USD
Subscriptions during the year/period	172,941	1,198,306
Redemptions during the year/period	(2,761,226)	(1,269,102)

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **3. Share Capital & Net Asset Value per Share cont/d**

#### **Issued Share Capital cont/d**

	<b>BMO LGM Frontier Markets Fund Class B Income Shares 31 December 2015</b>	<b>BMO LGM Frontier Markets Fund Class B Income Shares 31 December 2014</b>
Shares in issue at beginning of year/period	2,755,958	800,086
Shares issued	32,950	2,033,040
Shares redeemed	(223,651)	(77,168)
Shares in issue at end of year/period	<u>2,565,257</u>	<u>2,755,958</u>
Net Asset Value	USD 36,578,019	USD 43,597,612
Net Asset Value per Share	<u>USD 14.2590</u>	<u>USD 15.8194</u>
	USD	USD
Subscriptions during the year/period	500,266	32,565,847
Redemptions during the year/period	(3,381,354)	(1,441,693)
	<b>BMO LGM Frontier Markets Fund Class B Accumulating Shares 31 December 2015</b>	<b>BMO LGM Frontier Markets Fund Class B Accumulating Shares 31 December 2014</b>
Shares in issue at beginning of year/period	9,953,533	4,674,597
Shares issued	660,251	7,992,708
Shares redeemed	(1,326,850)	(2,713,772)
Shares in issue at end of year/period	<u>9,286,934</u>	<u>9,953,533</u>
Net Asset Value	USD 149,383,201	USD 176,478,383
Net Asset Value per Share	<u>USD 16.0853</u>	<u>USD 17.7302</u>
	USD	USD
Subscriptions during the year/period	11,513,289	143,249,520
Redemptions during the year/period	(22,894,628)	(47,751,249)

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

#### **3. Share Capital & Net Asset Value per Share cont/d**

##### **Issued Share Capital cont/d**

	<b>BMO LGM Frontier Markets Fund Class E Accumulating Shares 31 December 2015</b>	<b>BMO LGM Frontier Markets Fund Class E Accumulating Shares 31 December 2014</b>
Shares in issue at beginning of year/period	28,501,317	17,957,515
Shares issued	-	10,543,802
Shares redeemed	-	-
Shares in issue at end of year/period	<u>28,501,317</u>	<u>28,501,317</u>
Net Asset Value	USD 369,671,399	USD 399,248,565
Net Asset Value per Share	<u>USD 12.9703</u>	<u>USD 14.0081</u>
	USD	USD
Subscriptions during the year/period	-	144,315,332
Redemptions during the year/period	-	-

	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class B Income Shares 31 December 2015</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class B Income Shares 31 December 2014</b>
Shares in issue at beginning of year/period	61,431	81,172
Shares issued	-	8,759
Shares redeemed	(1,260)	(28,500)
Shares in issue at end of year/period	<u>60,171</u>	<u>61,431</u>
Net Asset Value	USD 479,128	USD 558,929
Net Asset Value per Share	<u>USD 7.9628</u>	<u>USD 9.0985</u>
	USD	USD
Subscriptions during the year/period	-	78,747
Redemptions during the year/period	(11,835)	(414,715)



# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **3. Share Capital & Net Asset Value per Share cont/d**

#### **Issued Share Capital cont/d**

	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class B Accumulating Shares 31 December 2015</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class B Accumulating Shares 31 December 2014</b>
Shares in issue at beginning of year/period	273,711	603,858
Shares issued	86,468	39,049
Shares redeemed	(80,116)	(369,196)
Shares in issue at end of year/period	280,063	273,711
Net Asset Value	USD 3,265,741	USD 3,611,248
Net Asset Value per Share	<u>USD 11.6607</u>	<u>USD 13.1937</u>
	USD	USD
Subscriptions during the year/period	1,163,891	492,320
Redemptions during the year/period	(1,033,633)	(4,095,335)

	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class E Accumulating Shares 31 December 2015</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class E Accumulating Shares 31 December 2014</b>
Shares in issue at beginning of year/period	9,975,000	-
Shares issued	1,760,721	9,975,000
Shares redeemed	-	-
Shares in issue at end of year/period	11,735,721	9,975,000
Net Asset Value	USD 118,037,826	USD 112,668,257
Net Asset Value per Share	<u>USD 10.0580</u>	<u>USD 11.2951</u>
	USD	USD
Subscriptions during the year/period	20,460,464	99,750,000
Redemptions during the year/period	-	-

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **3. Share Capital & Net Asset Value per Share cont/d**

#### **Issued Share Capital cont/d**

	<b>BMO LGM Greater India Fund* Class B Income Shares 31 December 2015</b>
Shares in issue at beginning of year	-
Shares issued	181,440
Shares redeemed	-
Shares in issue at end of year	<u>181,440</u>
Net Asset Value	USD 1,547,868
Net Asset Value per Share	<u><u>USD 8.5310</u></u>
	USD
Subscriptions during the year	1,793,125
Redemptions during the year	-

\*The BMO LGM Greater India Fund launched on 20 January 2015.

	<b>BMO LGM Greater India Fund* Class E Accumulating Shares** 31 December 2015</b>
Shares in issue at beginning of year	-
Shares issued	181,120
Shares redeemed	-
Shares in issue at end of year	<u>181,120</u>
Net Asset Value	USD 1,780,472
Net Asset Value per Share	<u><u>USD 9.8303</u></u>
	USD
Subscriptions during the year	1,811,203
Redemptions during the year	-

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Greater India Fund Class E Accumulating Shares launched on 25 August 2015.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **3. Share Capital & Net Asset Value per Share cont/d**

#### **Issued Share Capital cont/d**

	<b>BMO LGM Asian Smaller Companies Fund* Class B Accumulating Shares 31 December 2015</b>
Shares in issue at beginning of year	-
Shares issued	1,026,486
Shares redeemed	-
Shares in issue at end of year	<u>1,026,486</u>
Net Asset Value	USD 9,041,027
Net Asset Value per Share	<u>USD 8.8077</u>
	USD
Subscriptions during the year	10,264,226
Redemptions during the year	-

\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

#### **Significant Shareholders**

The following table details the number of shareholders with significant holdings of at least 20% of the relevant Fund and the percentage of that holding as at 31 December 2015.

<b>Fund</b>	<b>Number of significant shareholders</b>	<b>Total Holding as at 31 Dec 2015</b>	<b>Aggregate Shareholding as a % of the sub fund as at 31 Dec 2015</b>	<b>Total Holding as at 31 Dec 2014</b>	<b>Aggregate Shareholding as a % of the sub fund as at 31 Dec 2014</b>
BMO LGM Asian Growth and Income Fund	1	406,292	95.40%	879,011	97.82%
BMO LGM Frontier Markets Fund	1	11,454,492	28.46%	11,454,492	27.74%
BMO LGM Global Emerging Markets Growth and Income Fund	1	11,735,721	97.18%	9,975,000	96.75%
BMO LGM Greater India Fund*	2	341,458	94.18%	-	-
BMO LGM Asian Smaller Companies Fund**	1	1,026,486	100.00%	-	-

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015

#### **Share Rights**

The rights attaching to the Shares issued in any class or Fund may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Shareholders of three-quarters of the issued Shares of that Class or Fund, or with the sanction of an ordinary resolution passed at a general meeting of the Shareholders of that Class or Fund.

A resolution in writing signed by all the Shareholders for the time being entitled to attend and vote on such resolution at a general meeting of the Company shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and if described as a special resolution shall be deemed to be a special resolution.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **3. Share Capital & Net Asset Value per Share cont/d**

#### **Share Rights cont/d**

The rights attaching to the Shares shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or a Fund, be deemed to be varied by the creation, allotment or issue of any further Shares ranking pari passu with Shares already in issue.

Pursuant to the Prospectus, where the Company deems there to be large net subscriptions and net redemptions and to prevent any adverse effect on the value of the assets of a Fund, the Company may charge an anti-dilution levy for retention as part of the assets of the Fund. The levy will be calculated to cover the dealing costs and to preserve the value of underlying investments of the Fund. Such costs will include any dealing spreads, commissions, transfer taxes and other dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of a Fund in the event of receipt for processing of net subscription or net redemption requests.

If charged, such anti-dilution levy will be based on estimated actual costs up to a maximum of 0.5% of the value of any net subscription or net redemption of each Class of Shares of each Fund (other than BMO LGM Frontier Markets Fund in respect which the anti-dilution levy may be up to 1.25% of the value of any net subscription or net redemption of each Class of Shares of such Fund and the BMO LGM Greater India Fund in respect which the anti-dilution levy may be up to 1% of the value of any net subscription or net redemption of each Class of Shares of such Fund). Such Anti-Dilution Levy shall be added/deducted from the subscription amount and the redemption proceeds respectively.

#### **Redemption of Shares**

As detailed in the Prospectus, requests for a redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day (save during any period when the calculation of the Net Asset Value is suspended). Requests for a redemption received after the Dealing Deadline for any Dealing Day will be processed on the next Dealing Day, unless the Company, in its absolute discretion, determines otherwise.

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

#### **4. Net (Loss)/Gain on Investment Activities during the year**

Year ended 31 December 2015

	<b>Total</b>	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Frontier Markets Funds</b>	<b>BMO LGM Global Emerging Markets Growth and Income fund</b>	<b>BMO LGM Greater India Fund*</b>	<b>BMO LGM Asian Smaller Companies Fund**</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>GBP</b>	<b>USD</b>	<b>USD</b>
<b>Gains/(losses) on:</b>						
Investments	(73,112,005)	(806,872)	(55,112,874)	(15,672,387)	(241,845)	(1,278,027)
Foreign currency	(11,131,143)	(116,809)	(8,641,928)	(2,352,083)	(24,116)	3,793
<b>Net losses on investment activities</b>	<b>(84,243,148)</b>	<b>(923,681)</b>	<b>(63,754,802)</b>	<b>(18,024,470)</b>	<b>(265,961)</b>	<b>(1,274,234)</b>

\*The BMO LGM Greater India Fund launched on 20 January 2015 therefore there are no comparatives.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015 therefore there are no comparatives.

Year ended 31 December 2014

	<b>Total</b>	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Emerging Markets Growth and Income Fund</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>GBP</b>
<b>Gains/(losses) on:</b>				
Investments	29,510,073	47,651	18,891,529	10,570,893
Foreign currency	(1,080,757)	5,790	(689,183)	(397,364)
<b>Net gains on investment activities</b>	<b>28,429,316</b>	<b>53,441</b>	<b>18,202,346</b>	<b>10,173,529</b>

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **5. Fees**

#### **Directors' Fees**

The Articles of Association authorise the Directors to charge a fee for their services at a rate determined by the Directors and which is not expected to exceed EUR 70,000. The Directors may be entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors will be entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Directors' fees charged for the year ended 31 December 2015 were USD 35,814 (31 December 2014: USD 55,382) of which USD 18,660 (31 December 2014: USD 18,700) was outstanding at the year end.

#### **Administration Fee**

The Company pays to the Administrator out of the assets of the Company an annual fee, accrued at each Valuation Point and payable monthly in arrears at a rate which shall not exceed 0.07% per annum of the Net Asset Value of each Fund subject to a minimum annual fee of USD 72,000 (plus VAT, if any thereon), which may be negotiated from time to time. Shareholders will be notified in advance of any proposed increase in the Administrator's annual fee.

The Administrator is also entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of a Fund.

The Administrator's fees charged during the year were USD 481,742 (31 December 2014: USD 543,931) of which USD 77,272 (31 December 2014: USD 142,971) was payable at year end 31 December 2015.

#### **Depository's Fees**

The Depository is entitled to receive out of the assets of the Company an annual fee, accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.02% per annum of the average monthly Net Asset Value of each Fund thereon. The Depository is also entitled to be repaid all of its disbursements out of the assets of the Funds, including couriers' fees and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

The Depository's fees charged during the year were USD 2,046,417 (31 December 2014: USD 2,277,186) of which USD 301,198 (31 December 2014: USD 673,867) was payable at year end 31 December 2015.

#### **Investment Manager's Fees**

The Investment Manager is entitled to receive the following annual investment management fees, out of the assets of the relevant Fund pursuant to the Prospectus.

<b>Fund</b>	<b>Share Class</b>	<b>Annual Fee</b>
BMO LGM Asian Growth and Income Fund	Class A Income Shares	1.00%
	Class A Accumulating Shares	1.00%
	Class B Income Shares	0.75%
	Class B Accumulating Shares	0.75%
	Class E Income Shares	0.00%
	Class E Accumulating Shares	0.00%
	Class S Income Shares	0.75%
	Class S Accumulating Shares	0.75%
	Class W Income Shares	1.50%
	Class W Accumulating Shares	1.50%

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

#### **5. Fees cont/d**

##### **Investment Manager's Fees cont/d**

<b>Fund</b>	<b>Share Class</b>	<b>Annual Fee</b>
BMO LGM Frontier Markets Fund**	Class A Income Shares	2.00%*
	Class A Accumulating Shares	2.00%*
	Class B Income Shares	1.50%*
	Class B Accumulating Shares	1.50%*
	Class E Income Shares	0.00%
	Class E Accumulating Shares	0.00%
BMO LGM Global Emerging Markets Growth and Income Fund***	Class A Income Shares	1.00%
	Class A Accumulating Shares	1.00%
	Class B Accumulating Shares	0.75%
	Class B Income Shares	0.75%
	Class D Income Shares	0.75%
	Class D Accumulating Shares	0.75%
	Class E Income Shares	0.00%
	Class E Accumulating Shares	0.00%
	Class F Income Shares	0.75%
	Class F Accumulating Shares	0.75%
	Class S Income Shares	0.75%
	Class S Accumulating Shares	0.75%
	Class W Income Shares	1.50%
	Class W Accumulating Shares	1.50%
BMO LGM Greater India Fund **	Class A Income Shares	1.50%
	Class A Accumulating Shares	1.50%
	Class B Income Shares	1.00%
	Class B Accumulating Shares	1.00%
	Class E Income Shares	0.00%
	Class E Accumulating Shares	0.00%
BMO LGM Asian Smaller Companies Fund***	Class A Income Shares	1.50%
	Class A Accumulating Shares	1.50%
	Class B Income Shares	1.00%
	Class B Accumulating Shares	1.00%
	Class E Income Shares	0.00%
	Class E Accumulating Shares	0.00%

\*For these share classes, in addition to the investment management fees detailed above, the Investment Manager is also entitled to receive annual performance fees out of the assets of the Fund, as disclosed below.

\*\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **5. Fees cont/d**

#### **Investment Manager's Fees cont/d**

The Investment Manager's fees charged during the year were USD 3,243,120 (31 December 2014: USD 4,097,220) of which USD 505,275 (31 December 2014: USD 575,701) was payable at year end 31 December 2015.

#### **Governance Service Provider's Fees**

KB Associates was appointed by the Company in January 2015 as governance service provider to the Company. The fees charged by KB Associates for services provided since date of appointment and charged to the Company during the financial year ended 31 December 2015 amounted to USD17,914.

#### **Auditor Remuneration**

The remuneration for all work carried out by the statutory audit firm in respect of the financial year 31 December 2015 and 31 December 2014 is as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>USD</b>	<b>USD</b>
Statutory Audit*	34,000	25,411
Total	<u>34,000</u>	<u>25,411</u>

\*The fees for statutory audit of the accounts disclosed in the table above are exclusive of VAT and inclusive of out of pocket expenses.

There were no fees for other assurance services or other non-audit services during the year ended 31 December 2015 and 31 December 2014.

#### **Transaction Costs**

For the year ended 31 December 2015, and 31 December 2014, the Funds incurred transaction costs as follows:

<b>Fund Name</b>	<b>31 December 2015</b>	<b>31 December</b>
	<b>USD</b>	<b>2014</b>
	<b>USD</b>	<b>USD</b>
BMO LGM Asian Growth and Income Fund	25,969	42,957
BMO LGM Frontier Markets Fund	2,375,077	3,909,834
BMO LGM Global Emerging Markets Growth and Income Fund	394,351	512,966
BMO LGM Greater India Fund *	71,903	-
BMO LGM Asian Smaller Companies Fund**	29,755	-

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

#### **Performance Fee**

The Investment Manager is entitled to receive a performance fee out of the assets of the Fund in respect of certain of the classes as listed in the table above (the "performance fee"). The performance fee is calculated in respect of each year ending 31 December (or the immediately preceding Business Day if it is not a Business Day) in each year (a "calculation period" with each end date being a "calculation day"). The first calculation period is the period commencing on the business day immediately following the close of the Initial Offer Period and ending on 31 December of the same year. The performance fee accrues on each Dealing Day. The performance fee is normally payable to the Investment Manager in arrears within 14 days of the end of each calculation period. However, in the case of shares redeemed during a calculation period, the accrued performance fee in respect of those shares are payable within 14 days after the date of repurchase as though the date of redemption was the end of the relevant calculation period. The Depositary verifies the calculation of any performance fee paid to the Investment Manager.



## **BMO INVESTMENTS II (IRELAND) PLC**

### **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

#### **5. Fees cont/d**

##### **Performance Fee cont/d**

The performance fee is calculated separately for each shareholder as set out below. The performance fee is payable at the rate of 20% of the amount by which the Net Asset Value per share on the calculation day without deduction of any accrued performance fee, exceeds the Benchmark Value. In order for a performance fee to be payable in respect of a calculation period, the Net Asset Value per share on the relevant calculation date, without deduction of any accrued performance fee (the "final net asset value per share") must exceed the Benchmark Value. Where the Benchmark Value is exceeded, the performance fee payable per share is equal to 20% of the amount by which the final net asset value per share exceeds the Benchmark Value.

For the purpose of calculating the performance fee, the Net Asset Value per Share is calculated without accounting for the performance fee payable in respect of the relevant calculation period. If the determination of the Net Asset Value per Share is suspended on any calculation day, the calculation of the performance fee on that date is based upon the next available determination of the Net Asset Value per share and the amount of any performance fee accrued is adjusted accordingly. Any underperformance of the Benchmark Index in preceding periods is claimed back (cleared) before a fee becomes due in subsequent periods.

If the Investment Manager receives a performance fee with respect to the performance of a Fund during a calculation period, and the Fund suffers losses in a subsequent calculation period, the Investment Manager is under no obligation to, and will not, refund such performance fee.

If the Investment Management Agreement is terminated during a calculation period, the performance fee in respect of the current calculation period will be calculated and paid as though the date of termination were the end of the relevant calculation period. Upon termination of the Fund the Investment Manager will receive the performance fee for the calculation period in which the termination occurs. If the termination occurs prior to the end of a month, the Investment Manager shall receive the amount of the investment management fee prorated through the effective date of the termination of the Fund, as appropriate.

Where performance fees are payable by a Fund, these fees will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, performance fees may be paid on unrealised gains which may subsequently never be realised.

The performance fees charged during the year were USD 1,021,720 (31 December 2014: USD 636,439) of which USD 996,057 (31 December 2014: USD Nil) was payable at year end 31 December 2015.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **5. Fees cont/d**

#### **Operating expenses**

For the year ended 31 December 2015 and 31 December 2014, the Funds incurred the following operating expenses:

Year ended 31 December 2015

<b>Expenses</b>	<b>Company Total USD</b>	<b>BMO LGM Asian Growth and Income Fund USD</b>	<b>BMO LGM Frontier Markets Fund USD</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund USD</b>	<b>BMO LGM Greater India Fund* USD</b>	<b>BMO LGM Asian Smaller Companies Fund** USD</b>
Investment						
Management fees	(3,243,120)	(62,510)	(3,052,296)	(33,255)	(14,643)	(80,416)
Performance fees	(1,021,720)	-	(1,021,196)	(524)	-	-
Administration fees	(481,472)	(32,261)	(310,696)	(108,181)	(13,863)	(16,471)
Depositary fees	(2,046,417)	(24,624)	(1,685,181)	(241,741)	(71,926)	(22,945)
Audit Fees	(25,614)	(153)	(19,626)	(3,882)	(419)	(1,534)
Directors' fees	(35,184)	(435)	(28,645)	(5,574)	(73)	(457)
Legal fees	(109,751)	(674)	(89,135)	(19,125)	(111)	(706)
Registration fees	(12,379)	(42)	(4,317)	(7,968)	(7)	(45)
Other expenses	(140,119)	(8,064)	(81,285)	(37,125)	(4,804)	(8,841)
<b>Operating Expenses</b>	<b>(7,115,776)</b>	<b>(128,763)</b>	<b>(6,292,377)</b>	<b>(457,375)</b>	<b>(105,846)</b>	<b>(131,415)</b>

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

Year ended 31 December 2014

<b>Expenses</b>	<b>Company Total USD</b>	<b>BMO LGM Asian Growth and Income Fund USD</b>	<b>BMO LGM Frontier Markets Fund USD</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund USD</b>
Investment Management fees	(4,097,220)	(58,338)	(3,973,033)	(65,849)
Performance fees	(636,439)	-	(636,439)	-
Administration fees	(543,931)	(17,580)	(395,914)	(130,437)
Depositary fees	(2,277,186)	(26,839)	(2,023,608)	(226,739)
Audit Fees	(70,433)	(1,313)	(69,120)	-
Directors' fees	(55,382)	(428)	(54,954)	-
Legal fees	(67,397)	(488)	(57,002)	(9,907)
Registration fees	(8,077)	(37)	(5,347)	(2,693)
Other expenses	(116,052)	(4,994)	(96,426)	(14,632)
<b>Operating Expenses</b>	<b>(7,872,117)</b>	<b>(110,017)</b>	<b>(7,311,843)</b>	<b>(450,257)</b>

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments**

#### **Strategy in Using Financial Instruments**

The Company is exposed to a variety of financial risks in pursuing its stated investment objective and policy such as: including credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk and price risk). The Company takes exposure to certain of these risks to generate investment returns on its portfolio, although these risks can also potentially result in a reduction in the Company's net assets. The Investment Manager will use its best endeavours to minimise the potentially adverse effects of these risks on the Company's performance where it can do so while still managing the investments of the Company in a way that is consistent with the Company's investment objective and policy.

#### **(a) Market Price Risk**

Market price risk is defined as risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

The management of market risk is effected through asset allocation and diversification based on the Funds' investment objective's as well as the Investment Manager's developed investment process, which includes in-depth research as well as continuing analysis of invested companies and the macroeconomics of the invested areas.

The maximum risk arising from an investment in a financial instrument is determined by the fair value of the financial instruments, except for short positions in derivatives and securities where the loss may potentially be unlimited.

As at 31 December 2015, the overall market exposure is disclosed in the Schedule of Investments on pages 64 to 76. For the purposes of IFRS 7, market price sensitivity is measured using Beta. Market Beta is defined as the "line of least squares" between the relevant Fund's performance and the Index.

The following table provides an analysis of the Fund's equity exposure and the Company's best estimate of the impact on the Net Asset Value of a 5% increase in the value of each Index (detailed below). A 5% decrease would have an equal but opposite effect.

<b>Fund</b>	<b>Index</b>	<b>Beta as at 31 December 2015</b>	<b>Monetary Impact on NAV as at 31 December 2015 USD</b>	<b>Beta as at 31 December 2014</b>	<b>Monetary Impact on NAV as at 31 December 2014 USD</b>
BMO LGM Asian Growth and Income Fund	MSCI Asia Pacific ex Japan Index 50% MSCI	0.93	341,893	0.99	452,809
BMO LGM Frontier Markets Fund	Frontier Markets Index, 50% MSCI Frontier Markets Index ex. GCC Countries Index	0.93	25,911,045	0.85	26,508,319
BMO LGM Global Emerging Markets Growth and Income Fund	MSCI Emerging Markets Index	0.90	5,480,205	0.95	5,549,826
BMO LGM Greater India Fund*		0.87	144,783	-	-
BMO LGM Asian Smaller Companies Fund**		0.84	379,723	-	-

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **(a) Market Price Risk cont/d**

Some limitations of sensitivity analysis are:

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

#### **b) Foreign Currency risk**

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Each Fund is exposed to currency risk as monetary assets and liabilities of a Fund may be denominated in a currency other than the functional currency of the Fund which is its base currency, the US Dollar. Currency risk on non-monetary assets i.e. equities, is included in market price risk.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset. The Investment Manager may attempt to mitigate this risk by using financial derivative instruments. In accordance with each Fund's investment policy, the Investment Manager monitors each Fund's currency exposures on a daily basis and reports monthly to the relevant designated person and to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

The following table sets out each Fund's total exposure to foreign currency risk at last traded market prices as at 31 December 2015 and 31 December 2014:

#### **BMO LGM Asian Growth and Income Fund**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Hong Kong Dollar	58	2,043
Indonesian Rupiah	-	1,557
Malaysian Ringgit	70	1,221
Singapore Dollar	-	4,596
South Korea Won	-	9,094
Taiwan Dollar	-	10,280
Vietnamese Dong	3,150	
	<u>3,278</u>	<u>28,791</u>

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

#### **6. Risks Derivatives and Other Financial Instruments cont/d**

##### **b) Foreign Currency Risk cont/d**

###### **BMO LGM Frontier Markets Fund**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Bangladeshi Taka	-	26,964
CFA Franc BCEAO	(584,092)	684
Costa Rican Colon	82	22
Croatian Kuna	11,340	7,588
Egyptian Pound	921,393	645,343
Kenyan Shilling	-	225,150
Mauritian Rupee	-	199,183
Nigerian Naira	329	-
Omani Rial	1,987,976	-
Peruvian Nuevo Sol	-	69
UAE Dirham	(210,481)	-
Vietnamese Dong	-	3,073,806
	<u>2,126,547</u>	<u>4,178,809</u>

###### **BMO LGM Global Emerging Markets Growth and Income Fund**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Brazilian Real	(58,394)	8,558
Chilean Peso	(135,040)	-
Hong Kong Dollar	(18,531)	-
Indonesia Rupiah	(302,046)	-
Malaysian Ringgit	(69,856)	-
Mexican Peso	(652,540)	-
Philippine Peso	(81,595)	-
Singapore Dollar	(379,347)	28,737
South African Rand	(90,277)	289
South Korea Won	(132,910)	36,970
Taiwan New Dollar	-	550
Thai Baht	(57,227)	-
Vietnamese Dong	183	111
	<u>(1,977,580)</u>	<u>75,215</u>

###### **BMO LGM Asian Smaller Companies Fund\***

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Hong Kong Dollar	5,841	-
Singapore Dollar	692	-
Taiwan New Dollar	4,131	-
	<u>10,664</u>	<u>-</u>

\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015

At 31 December 2015, had the exchange rate between the US Dollar and other currencies increased or decreased by 1% with all other variables held constant, the increase or decrease in the value of the net assets attributable to holders of redeemable participating shares would be as follows: BMO LGM Asian Growth and Income Fund: USD 33, BMO LGM Frontier Markets Fund: USD 21,265, BMO LGM Global Emerging Markets Growth and Income Fund USD (19,778), and BMO LGM Asian Smaller Companies Fund USD 107.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **b) Foreign Currency Risk cont/d**

At 31 December 2014, had the exchange rate between the US Dollar and other currencies increased or decreased by 1% with all other variables held constant, the increase or decrease in the value of the net assets attributable to holders of redeemable participating shares would be as follows: BMO LGM Asian Growth and Income Fund: USD 288, BMO LGM Frontier Markets Fund: USD 41,788 and BMO LGM Global Emerging Markets Growth and Income Fund USD 752.

A majority of the monetary assets and liabilities of BMO LGM Greater India Fund were denominated in USD and therefore is not exposed to foreign currency risk as at 31 December 2015

#### **c) Interest Rate Risk**

The majority of the Company's financial assets and financial liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short-term market interest rates. There was no significant exposure to interest rate risk at 31 December 2015 or 31 December 2014.

#### **d) Credit Risk**

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Investments in equity securities are not exposed to credit risk except for exposure to custody risk as detailed in note 6 (g). The Company has counterparty risk in relation to transactions with brokers, banks and other third parties if the counterparty fails to complete any transaction to which the Company is a party. Risk relating to unsettled transactions is considered small due to short settlement period involved and the high credit quality of the brokers used.

The Funds are exposed to credit risk on participation notes ("p-notes"). This risk is mitigated through the careful evaluation of counterparties across several key areas such as credit rating, strength and depth of the organisation and the ability to provide the desired exposure. The counterparty risk on participation notes held at 31 December 2015 and 31 December 2014 for the relevant Funds are detailed in the below table.

#### **31 December 2015:**

	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Greater India Fund*</b>	<b>BMO LGM Asian Smaller Companies Fund**</b>
	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>
Citigroup	7.35	-	0.16	-	8.23
Deutsche Bank AG	9.26	-	-	-	9.76
HSBC	-	4.33	-	-	-
Merrill Lynch	-	1.30	-	-	-
Morgan Stanley	-	-	-	-	3.47

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

#### **31 December 2014:**

	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>
	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>
Citigroup	9.83	-	0.11
Deutsche Bank AG	10.39	-	-
HSBC	-	4.84	-
Merrill Lynch	-	2.65	-

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **d) Credit Risk cont/d**

The long-term credit ratings of the counterparties as at 31 December 2015, as rated by Moody's rating agency are as follows: Citigroup Baa1; Deutsche Bank AG A2, HSBC Aa2; Merrill Lynch Baa1; Morgan Stanley A3 (31 December 2014: Citigroup A2; Deutsche Bank AG A; HSBC Aa3; Merrill Lynch A). The long term credit rating of State Street Bank and Trust Company as at 31 December 2015 was Aa2 as rated by Moody's rating agency (31 December 2014: A1).

All cash at bank balances and bank overdrafts are held by State Street Bank, London which had a credit rating of AA at the year end (31 December 2014: A+).

The Investment Manager uses forward foreign currency exchange contracts to hedge over-valued foreign currency exposure. These have a similar credit or default risk to a regular currency spot transaction.

Forward foreign currency exchange contracts are 'Over the Counter' traded and therefore have counterparty risk which arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. Forward contracts also carry roll risk, which is the risk that when a forward contract expires, a new forward to replace the expired one cannot be put into place at the same cost or on the same hedge basis. This may occur due to changes in market liquidity or interest rates, resulting in a potential slippage or loss in the hedge position due to the contract expiration and roll.

The Company has entered into forward foreign currency exchange contracts in respect of the BMO LGM Global Emerging Markets Growth and Income Fund during the year. As at 31 December 2015, the Fund had open forward foreign exchange contracts with State Street Bank and Trust Company as the counterparty. The credit rating of State Street Bank and Trust Company is Aa1 as at 31 December 2015.

The forward foreign currency exchange contracts outstanding at the year-end are listed in the relevant Fund's Schedule of Investments. As at 31 December 2015, there was no cash collateral or any other security held or pledged as collateral by the Company.

#### **e) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. Not all securities or instruments invested in by the Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. Specific liquidity reports are sent to the Investment Manager for review on a monthly basis but on a daily basis, the Investment Manager also reviews and monitors the investments of the Funds, including their liquidity status. Liquidity is currently managed within each Fund by investing in relatively liquid securities within the asset class. All investments made by a Fund must be in transferable securities in accordance with the UCITS regulations and the Central Bank UCITS Regulations.

If a Fund is established which allows investment in markets which may not have the same degree of liquidity as those in which the other Funds invest, the requirement of the UCITS Regulations for stress testing will be addressed by reviewing liquidity against average market trading volumes over extended periods of time, as well as under current conditions. Liquidity issues will be reported to the relevant designated person as part of the Investment Manager's compliance reporting.

The Prospectus provides for daily creation and cancellation of shares and, therefore, the Funds are exposed to daily cash redemptions of redeemable participating shares at any time. The Funds invest the majority of their assets in securities and other instruments that are traded on an active market and which are considered to be liquid as they can be readily disposed of in an event that cash needs to be raised to meet redemptions or to pay expenses.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **e) Liquidity Risk cont/d**

As at 31 December 2015 and 31 December 2014, each Fund's financial liabilities, including net assets attributable to redeemable participating shareholders, are all due in less than one month, with the exception of directors' fees, audit fees, legal fees, taxation fees and other fees which fall due between three months to one year.

None of the Funds held forward currency contracts at 31 December 2014.

#### **As at 31 December 2015**

#### **BMO LGM Global Emerging Markets Growth and Income Fund**

	<u>Currency</u>	<u>Less than 3 months</u>
Inflows.....	USD	428,997
Outflows.....	USD	429,976

#### **f) Fair Value Hierarchy**

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The amendment to the standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Furthermore, for those instruments which have significant unobservable inputs (Level 3), the amendment requires disclosures on the transfers into and out of Level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognised in the Statement of Comprehensive Income and recognised through the statement of total recognised gains and losses, purchases, sales issues and settlements. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Funds. The Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Funds' financial assets and financial liabilities measured at fair value at 31 December 2015 and 31 December 2014.

#### **December 2015:**

#### **BMO LGM Asian Growth and Income Fund**

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	4,982,529	149,433	-	5,131,962
Participation notes	-	2,001,758	-	2,001,758
	<u>4,982,529</u>	<u>2,151,191</u>	<u>-</u>	<u>7,133,720</u>



# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **f) Fair Value Hierarchy cont/d**

##### **BMO LGM Frontier Markets Fund**

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	458,089,281	57,959,957	-	516,049,238
Participation notes	-	31,353,290	-	31,353,290
	<u>458,089,281</u>	<u>89,313,247</u>	<u>-</u>	<u>547,402,528</u>

##### **BMO LGM Global Emerging Markets Growth and Income Fund**

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets and Liabilities:				
Equities	113,424,745	4,821,963	-	118,246,708
Participation notes	-	198,363	-	198,363
Forwards	-	(979)	-	(979)
	<u>-</u>	<u>5,019,347</u>	<u>-</u>	<u>118,444,092</u>

##### **BMO LGM Greater India Fund\***

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	3,198,974	-	-	3,198,974
	<u>3,198,974</u>	<u>-</u>	<u>-</u>	<u>3,198,974</u>

\*The BMO LGM Greater India Fund launched on 20 January 2015

##### **BMO LGM Asian Smaller Companies Fund\***

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	5,886,514	-	-	5,886,514
Participation notes	-	1,940,436	-	1,940,436
	<u>5,886,514</u>	<u>1,940,436</u>	<u>-</u>	<u>7,826,950</u>

\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015

#### **December 2014:**

##### **BMO LGM Asian Growth and Income Fund**

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	6,959,911	-	-	6,959,911
Participation notes	-	1,849,693	-	1,849,693
	<u>6,959,911</u>	<u>1,849,693</u>	<u>-</u>	<u>8,809,604</u>

##### **BMO LGM Frontier Markets Fund**

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	524,146,317	37,462,801	-	561,609,118
Participation notes	-	46,734,509	-	46,734,509
	<u>524,146,317</u>	<u>84,197,310</u>	<u>-</u>	<u>608,343,627</u>

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **f) Fair Value Hierarchy cont/d**

##### **BMO LGM Global Emerging Markets Growth and Income Fund**

	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Financial Assets:				
Equities	110,795,712	2,761,865	-	113,557,577
Participation notes	-	128,845	-	128,845
	<u>110,795,712</u>	<u>2,890,710</u>	<u>-</u>	<u>113,686,422</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, are for the Company, predominantly listed equities.

Financial instruments that are not listed but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. For the Company at the year end these are Participation Notes on the BMO LGM Global Emerging Markets Growth and Income Fund, the BMO LGM Asian Growth and Income Fund, BMO LGM Frontier Markets Fund and the BMO LGM Asian Smaller Companies Fund. For the BMO LGM Frontier Markets Fund, BMO LGM Asian Growth and Income Fund and BMO LGM Global Emerging Markets Growth and Income Fund positions held with Vietnam Dairy Products JSC were fair valued in accordance with the Prospectus by the Directors of the Company (in consultation with the Investment Manager) and with the approval of the Depository. Participation Notes are identified in the relevant Schedules of Investments.

There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2015.

There were no level 3 securities held on the Funds as at 31 December 2015 or 31 December 2014.

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique. As this is a new requirement of IFRS 13 no comparative disclosure is required in the year of initial application. Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with banks and other short-term investments in an active market and they are categorised as Level 2.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Company. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. All receivable and payable balances are categorised as Level 2.

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of each Fund within the Company in accordance with the Prospectus. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Funds at any dealing date for cash equal to a proportionate share of the relevant Fund's net asset value attributable to the share class. The fair value is based on the amount payable on demand. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares.

#### **g) Custody Risk**

The Company's Depository is State Street Custodial Services (Ireland) Limited ("Depository"). Substantially all of the assets and cash of the Funds are held within the custodial network of the Depository.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **g) Custody Risk cont/d**

Bankruptcy or insolvency of the Depositary or of its parent company, State Street Corporation, may cause the Company's rights with respect to the Fund's investments in equity securities and cash held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 December 2015 and 31 December 2014 is the total value of investments disclosed in the Schedules of Investments and the value of cash as disclosed in note 5.

In accordance with the requirements of the depositary agreement and the UCITS Regulations the Funds' securities are maintained within the Depositary's custodial network in segregated accounts. The Depositary will ensure that any agents it appoints to assist in safekeeping the assets of the Funds will segregate the investments of the Funds.

Thus in the event of insolvency or bankruptcy of the Depositary, the Funds' assets are segregated and protected and this further reduces counterparty risk. The Funds will, however, be exposed to the risk of the Depositary or certain depositories used by the Depositary, in relation to the Funds' cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Funds will be treated as a general creditor of the Depositary in relation to cash holdings of the Funds.

#### **h) Global Exposure**

Global exposure is calculated using the commitment approach.

Where derivatives are used, the Company is subject to limitations under the UCITS Regulations on the value of any exposure created as a result. In general terms this exposure (described as "Global Exposure" in the UCITS Regulations) is measured by adding together the gross value of the assets notionally underlying each derivative position, and must be checked on a daily basis by the Investment Manager. It is also reported to the Board at periodic intervals.

#### **i) Concentration Risk**

The Investment Manager reviews the concentration of equity securities held based on industries and geographical location. The Funds' geographical exposures measured in terms of percentage of net asset value of the relevant Fund are shown in the Schedules of Investments on pages 63 to 75. At 31 December 2015 the Sub-Funds' exposure to industries above 5% of the Net Asset Value ("NAV") was as follows:

	<b>BMO LGM Asian Growth and Income Fund % of NAV</b>	<b>BMO LGM Frontier Markets Fund % of NAV</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund % of NAV</b>	<b>BMO LGM Greater India Fund % of NAV</b>	<b>BMO LGM Asian Smaller Companies Fund % of NAV</b>
Agriculture	-	-	6.39%	-	-
Auto manufacturers	-	-	-	5.14%	-
Banks	-	5.79%	5.06%	-	-
Diversified financial services	-	-	-	5.96%	-
Food	5.07%	10.40%	5.37%	-	-
Household Products	-	-	-	5.31%	-
Media	-	-	-	5.12%	-
Transportation	-	5.35%	-	-	-

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **6. Risks Derivatives and Other Financial Instruments cont/d**

#### **i) Concentration Risk cont/d**

At 31 December 2014 the Sub-Funds' exposure to industries above 5% of the Net Asset Value ("NAV") was as follows:

	<b>BMO LGM Asian Growth and Income Fund % of NAV</b>	<b>BMO LGM Frontier Markets Fund % of NAV</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund % of NAV</b>
Agriculture	-	-	5.59%
Food	5.11%	5.66%	5.30%

#### **j) Leverage Risk**

It is not the intention of the Company that the Funds be leveraged for investment or efficient portfolio management purposes. Any leverage resulting from the use of financial derivative instruments and efficient portfolio management techniques are in accordance with the requirements of the Central Bank and will not exceed 100% of the net asset value of the relevant Fund.

#### **k) Legal and Regulatory Risk**

Legal and regulatory changes could occur during the duration of the Company which may adversely affect the Company.

### **7. Cash & Cash Equivalents**

All cash & cash equivalents are held with State Street Bank and Trust Company. The State Street Time Deposit is an overnight facility. The long-term credit rating of State Street Bank and Trust Company as at 31 December 2015 was Aa2 as rated by Moody's rating agency (31 December 2014: A1).

### **8. Offsetting and Master Netting Agreements**

There is no master netting arrangement in place.

### **9. Related Party Disclosures**

Page 3 discloses the Company's Directors and LGM Investments Limited as the Investment Manager and Distributor of the Company. Amounts earned by the Directors and amounts payable to the Directors are disclosed in the Statement of Comprehensive Income and Statement of Financial Position.

#### **Transactions with entities with significant influence**

As at 31 December 2015, Pyrford International Limited held 406,292 BMO LGM Asian Growth and Income Fund B Accumulating Class shares (31 December 2014: 500,000). Pyrford International Limited and LGM Investments Limited are wholly owned subsidiaries of Bank of Montreal and are therefore deemed to be related parties.

Performance fees paid to the Investment Manager are disclosed in the Statement of Comprehensive Income and Statement of Financial Position.

#### **Transactions with key management personnel**

The interests of the Directors in related parties are as follows:

Diane Seymour-Williams, and Barry McInerney are Directors of the Investment Manager and Distributor, LGM Investments Limited and, shall be deemed to be interested in any contract entered into by the Company with LGM Investments Limited.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **9. Related Party Disclosures cont/d**

#### **Transactions with Key Management Personnel cont/d**

The Investment Manager charged USD 3,243,120 (December 2014: USD 4,097,220) during the year of which USD 505,275 (December 2014: USD 575,701) was payable at year end.

Diane Seymour-Williams and connected parties have subscribed for shares in the BMO LGM Frontier Markets Fund Class B Accumulating Shares under the nominee Smith & Williamson Nominees Limited. At 31 December 2015 they held 5,720 shares (31 December 2014: 24,669 shares) and 2,030 shares, respectively, (31 December 2014: 3,006 shares).

### **10. Efficient Portfolio Management**

The Company may, on behalf of each Fund, engage in techniques and instruments (such as in financial derivative instruments, repurchase/reverse repurchase and stocklending agreements and when issued/delayed delivery securities) for the purposes of efficient portfolio management, including as part of a cash management strategy and reduction of risk or cost or the generation of additional capital or income for each Fund with an appropriate level of risk, taking into account the risk profile of each Fund and the general provisions of the UCITS Directive. Such transactions may include foreign exchange transactions which alter the currency characteristics of transferable securities held by each Fund. There were no such derivatives held during the year ended 31 December 2015 or 31 December 2014.

### **11. Distributions**

The following distributions were declared by the funds during the year ended 31 December 2015. The distributions relating to accumulating share classes were reinvested.

<b>BMO LGM Frontier Markets Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B Accumulating Shares*	798,952	0.08	30 Jan 2015
Class A Income Shares	7,635	0.03	30 Jan 2015
Class B Income Shares	333,481	0.12	30 Jan 2015
Class E Accumulating Shares*	12,823,530	0.45	30 Jan 2015
<b>Total</b>	<b>13,963,598</b>		

<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	
Class E Accumulating Shares*	2,627,729	0.26	30 Jan 2015
Class B Income Shares	5,592	0.09	30 Jan 2015
Class B Accumulating Shares*	36,661	0.13	30 Jan 2015
<b>Total</b>	<b>2,669,982</b>		

<b>BMO LGM Asian Growth and Income Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	
Class B Income Shares	219	0.00	30 Jan 2015
Class B Accumulating Shares*	57,684	0.11	30 Jan 2015
<b>Total</b>	<b>57,903</b>		

\*Dividends declared to accumulating shares were automatically re-invested to the Fund.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Notes to the Financial Statements for the year ended 31 December 2015 cont/d**

### **12. Significant Events During the Year**

KB Associates were appointed as governance service provider from 1 January 2015.

The BMO LGM Greater India Fund was launched on 20 January 2015.

The BMO LGM Asian Smaller Companies Fund was launched on 6 March 2015.

The revised Memorandum and Articles of Association of the Company were amended by special resolution of the members on 28 May 2015.

The BMO LGM Greater India Fund Class E Accumulating Shares was launched on 25 August 2015.

A revised Prospectus was noted by the Central Bank on 9 December 2015. Among the main changes were the creation of Class S and Class W share classes of the BMO LGM Asian Growth and Income Fund and BMO LGM Global Emerging Markets Growth and Income Fund, updates to reflect the introduction of the Central Bank's UCITS Regulations and the restructuring of the Central Bank's UCITS guidance, updates to refer to the Companies Act 2014 and updates to the Irish taxation disclosure to reflect recent changes in Irish tax legislation.

### **13. Significant Events Since Year End**

The European Union (Undertakings for Collective Investment and Transferable Securities) (Amendment) Regulations 2016 became effective on 18 March 2016.

Effective 1 April 2016, the following Directors resigned as Directors of the Company: Anthony Cousins, Paul McNaughton and Diane Seymour-Williams. Effective the same date, the following appointments were made as Directors of the Company: Liam Miley, Hugh Moir and Lars Nielsen.

There were no other significant events affecting the Company since the year end.

### **14. Comparative Figures**

The comparative figures are for the financial period from 30 September 2013 to 31 December 2014.

### **15. Approval of the Financial Statements**

The Financial Statements were approved by the Board of Directors on 19 April 2016.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM ASIAN GROWTH AND INCOME FUND**

Schedule of Investments as at 31 December 2015

<u>Holding</u>		<u>Fair Value USD</u>	<u>% of Fund</u>
	<b>TRANSFERABLE SECURITIES</b>		
	<b>Equities (69.80%) (2014: 76.08%)</b>		
	<b>China (7.26%) (2014: 9.59%)</b>		
26,500	Ping An Insurance Group of China Ltd	147,030	2.00
17,100	Tencent Holdings Ltd	336,477	4.58
67,000	Want Want China Holdings Ltd	49,882	0.68
		<u>533,389</u>	<u>7.26</u>
	<b>Hong Kong (13.75%) (2014: 11.93%)</b>		
35,600	AIA Group Ltd	214,055	2.91
31,500	Dairy Farm International Holdings Ltd	191,520	2.60
152,000	Giordano International Ltd	71,194	0.97
220,000	NagaCorp Ltd	139,094	1.89
264,000	Sino Biopharmaceutical Ltd	240,491	3.27
79,000	SJM Holdings Ltd	56,369	0.77
39,500	Stella International Holdings Ltd	98,366	1.34
		<u>1,011,089</u>	<u>13.75</u>
	<b>Indonesia (13.42%) (2014: 7.89%)</b>		
340,700	Bank Mandiri Persero Tbk PT	228,616	3.11
274,900	Bank Rakyat Indonesia Persero	227,837	3.10
36,100	Hanjaya Mandala Sampoerna	246,166	3.35
1,192,600	Kalbe Farma Tbk PT	114,199	1.55
63,300	Unilever Indonesia Tbk PT	169,902	2.31
		<u>986,720</u>	<u>13.42</u>
	<b>Macau (1.77%) (2014: 2.30%)</b>		
38,000	Sands China Ltd	130,178	1.77
	<b>Malaysia (1.24%) (2014: 2.90%)</b>		
21,100	Public Bank Bhd	91,015	1.24
	<b>Philippines (9.52%) (2014: 9.57%)</b>		
133,781	Metropolitan Bank & Trust Co	228,868	3.11
2,250	Philippine Long Distance Telephone Co	98,502	1.34
94,330	Universal Robina Corp	372,869	5.07
		<u>700,239</u>	<u>9.52</u>
	<b>Singapore (2.97%) (2014: (5.47%))</b>		
8,888	Jardine Cycle & Carriage Ltd	218,339	2.97
	<b>South Korea (5.08%) (2014: 7.03%)</b>		
4,810	Halla Visteon Climate Control Corp	212,903	2.90
1,800	KT&G Corp	160,419	2.18
		<u>373,322</u>	<u>5.08</u>
	<b>Taiwan (5.69%) (2014: 6.53%)</b>		
22,000	President Chain Store Corp	137,638	1.87
4,000	St Shine Optical Co Ltd	80,494	1.10
46,000	Taiwan Semiconductor Manufacturing Co Ltd	200,262	2.72
		<u>418,394</u>	<u>5.69</u>
	<b>Thailand (7.07%) (2014: 8.17%)</b>		
30,600	Advanced Info Service PCL -F	129,254	1.76
19,500	Bangkok Bank PCL -F	83,722	1.14
32,900	Kasikornbank PCL -F	137,598	1.87
172,800	Major Cineplex Group PCL -F	169,270	2.30
		<u>519,844</u>	<u>7.07</u>

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM ASIAN GROWTH AND INCOME FUND**

Schedule of Investments as at 31 December 2015 cont/d

<u> Holding </u>		<u> Fair Value USD </u>	<u> % of Fund </u>
	<b>Equities (69.80%) (2014: 76.08%) cont/d</b>		
	<b>United Kingdom Nil (2014: 3.02%)</b>		
	<b>Vietnam (2.03%) (2014: Nil)</b>		
25,000	Vietnam Dairy Products JSC	149,433	2.03
	<b>Total Equities</b>	<b>5,131,962</b>	<b>69.80</b>
	<b>Participation Notes (27.22%) (2014: 20.22%)</b>		
	<b>India (27.22%) (2014: 20.22%)</b>		
9,420	Bata India Ltd due 08/02/2022 - Deutsche Bank AG (Participation Note)	74,320	1.01
5,210	Colgate-Palmolive India Ltd due 15/05/2017 - Morgan Stanley Asia Products (Participation Note)	76,615	1.04
5,878	Container Corp India Ltd 26/06/2017 - Morgan Stanley Asia Products (Participation Note)	116,661	1.59
8,610	Emami Ltd due 07/05/2020 - Deutsche Bank AG (Participation Note)	130,081	1.77
6,129	Hindustan Unilever Ltd due 07/12/2016 - Morgan Stanley Asia Products (Participation Note)	79,929	1.09
15,405	ICICI Bank Ltd due 12/02/2016 - Citigroup Global Markets Holdings (Participation Note)	60,857	0.83
10,330	ICICI Bank Ltd due 17/01/2017 - Deutsche Bank AG (Participation Note)	40,809	0.55
15,660	ICICI Bank Ltd due 19/03/2018 - Morgan Stanley Asia Products (Participation Note)	61,865	0.84
11,960	ITC Ltd due 01/07/2016 - Morgan Stanley Asia Products (Participation Note)	59,261	0.80
69,720	ITC Ltd due 12/02/2016 - Citigroup Global Markets Holdings (Participation Note)	345,458	4.70
71,564	Mahindra & Mahindra Financial Services Ltd due 17/03/2017 - Morgan Stanley Asia Products (Participation Note)	261,944	3.56
1,527	Nestle India Ltd due 30/07/2021 - Citigroup Global Markets Holdings (Participation Note)	133,531	1.82
11,733	Pidilite Ltd 17/03/2017 - Morgan Stanley Asia Products (Participation Note)	97,979	1.33
5,080	Titan Industries Ltd due 02/05/2017 - Morgan Stanley Asia Products (Participation Note)	26,657	0.36
30,780	Titan Industries Ltd due 30/06/2021 - Deutsche Bank AG (Participation Note)	161,516	2.20
25,000	Yes Bank Ltd due 12/08/2018 - Deutsche Bank AG (Participation Note)	274,275	3.73
	<b>Total Participation Notes</b>	<b>2,001,758</b>	<b>27.22</b>
	<b>Total Value of Investments in Transferable Securities (97.02%) (2014: 96.30%)</b>	<b>7,133,720</b>	<b>97.02</b>
	<b>Other Net Assets (2.98%) (2014: 3.70%)</b>	<b>218,820</b>	<b>2.98</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>7,352,540</b>	<b>100.00</b>



# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM ASIAN GROWTH AND INCOME FUND**

### **Schedule of Investments as at 31 December 2015 cont/d**

#### **Analysis of Total Assets**

#### **% of Total Assets**

Transferable securities admitted to an official stock exchange listing

69.52

Transferable securities dealt with in a regulated market (Participation Notes)

27.15

Current Assets

3.33

Total Assets

100.00

The counterparties for the Participation Notes are:

HSBC Bank Plc (Moody's: A3; December 2015: Aa3)

Merrill Lynch International & Co (Moody's: Baa1; December 2015: A)

Country classifications are based upon country of incorporation and/or country of domicile.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM FRONTIER MARKETS FUND**

Schedule of Investments as at 31 December 2015

<u>Holding</u>	<u>Fair Value USD</u>	<u>% of Fund</u>
<b>Transferable Securities</b>		
<b>Equities (92.61%) (2014: 90.04%)</b>		
<b>Argentina (2.93%) (2014: Nil)</b>		
856,590 BBVA Banco Frances SA (ADR)*	16,343,737	2.93
<b>Bangladesh (1.63%) (2014: 1.44%)</b>		
241,340 British American Tobacco Bangladesh Co Ltd	9,073,892	1.63
<b>Botswana (1.55%) (2014: 1.40%)</b>		
33,440,335 Letshego Holdings Ltd	8,621,253	1.55
<b>Cambodia (3.56%) (2014: 4.12%)</b>		
31,406,000 Nagacorp Ltd	19,856,313	3.56
<b>Colombia (1.84%) (2014: 2.67%)</b>		
1,460,921 Almacenes Exito SA	6,212,769	1.12
751,831,831 Bolsa De Valores De Colombia	4,026,190	0.72
	10,238,959	1.84
<b>Costa Rica (2.54%) (2014: 0.99%)</b>		
11,601,847 Florida Ice & Farm Co SA	14,143,327	2.54
<b>Croatia (1.70%) (2014: 1.17%)</b>		
7,391 Ledo Dd	9,475,048	1.70
<b>Egypt (11.55%) (2014: 10.85%)</b>		
7,507,046 Commercial International Bank Egypt SAE (GDR)**	32,280,298	5.79
801,617 Eastern Tobacco	17,915,974	3.22
148,679 Edita Food Industries SAE (GDR)**	2,750,561	0.49
11,194,059 Juhayna Food Industries	11,408,432	2.05
	64,355,265	11.55
<b>Ghana (0.58%) (2014: 0.32%)</b>		
1,675,100 FAN Milk Ltd	3,231,492	0.58
<b>Ireland (0.00%) (2014: 2.94%)</b>		
<b>Jamaica (0.48%) (2014: NIL)</b>		
10,708,796 Desnoes & Geddes Ltd	2,677,757	0.48
<b>Kenya (6.06%) (2014: 6.20%)</b>		
46,297,420 Barclays Bank Of Kenya Ltd	6,087,002	1.09
1,318,200 British American Tobacco Kenya Ltd	10,115,220	1.82
6,084,700 East African Breweries Ltd	16,178,284	2.90
14,058,020 Uchumi Supermarkets Ltd	1,415,421	0.25
	33,795,927	6.06
<b>Mauritius (2.56%) (2014: 2.04%)</b>		
2,455,711 MCB Group Ltd	14,245,176	2.56
<b>Netherlands (0.00%) (2014: 1.35%)</b>		
<b>Nigeria (7.34%) (2014: 10.82%)</b>		
14,533,972 Cadbury Nigeria PLC	1,252,236	0.22
250,475,248 Guaranty Trust Bank PLC	22,876,865	4.11
1,347,129 Nestle Nigeria PLC	5,820,301	1.04

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM FRONTIER MARKETS FUND**

### **Schedule of Investments As At 31 December 2015 cont/d**

<b> Holding</b>		<b> Fair Value USD</b>	<b> % of Fund</b>
	<b>Transferable Securities cont/d</b>		
	<b>Equities (92.61%) (2014: 90.04%) cont/d</b>		
	<b>Nigeria (7.34%) (2014: 10.82%) cont/d</b>		
16,034,919	Nigerian Breweries PLC	10,955,785	1.97
		40,905,187	7.34
	<b>Oman (2.36%) (2014: 4.50%)</b>		
4,606,880	Bank Muscat SAOG	5,647,182	1.01
1,849,111	Oman Telecommunications Co SAOG	7,515,540	1.35
		13,162,722	2.36
	<b>Pakistan (2.76%) (2014: 2.76%)</b>		
3,037,200	Lucky Cement Ltd	14,355,616	2.57
708,700	United Bank Ltd	1,048,485	0.19
		15,404,101	2.76
	<b>Peru (2.97%) (2014: 2.48%)</b>		
4,193,451	Alicorp SAA	7,129,524	1.28
11,557,060	BBVA Banco Continental SA	9,417,880	1.69
		16,547,404	2.97
	<b>Philippines (2.90%) (2014: 3.29%)</b>		
4,082,450	Universal Robina Corp	16,137,195	2.90
	<b>Romania (2.14%) (2014: 4.02%)</b>		
61,290,330	Fondul Proprietatea SA	11,927,340	2.14
	<b>Senegal (4.04%) (2014: 3.81%)</b>		
543,285	Sonatel	22,492,727	4.04
	<b>Sri Lanka (1.37%) (2014: Nil)</b>		
107,203	Ceylon Tobacco Co Plc	737,601	0.13
7,093,915	Commercial Bank Of Ceylon PLC	6,894,745	1.24
		7,632,346	1.37
	<b>Tunisia (1.55%) (2014: 1.70%)</b>		
1,304,775	Delice Holding	8,641,488	1.55
	<b>United Arab Emirates (5.89%) (2014: 5.30%)</b>		
34,631,535	Aramex PJSC	29,794,623	5.35
875,310	First Gulf Bank PJSC	3,014,613	0.54
		32,809,236	5.89
	<b>United Kingdom (5.30%) (2014: 5.16%)</b>		
782,630	BGEO Group PLC	21,962,992	3.94
3,311,133	Georgia Healthcare Group PLC	7,564,433	1.36
		29,527,425	5.30
	<b>United States (4.01%) (2014: 2.46%)</b>		
269,463	Pricesmart Inc	22,362,734	4.01

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM FRONTIER MARKETS FUND**

### **Schedule of Investments As At 31 December 2015 cont/d**

<u> Holding </u>		<u> Fair Value USD </u>	<u> % of Fund </u>
	<b>Transferable Securities cont/d</b>		
	<b>Equities (92.61%) (2014: 90.04%) cont/d</b>		
	<b>Vietnam (11.52%) (2014: 6.33%)</b>		
3,262,723	Phu Nhuan Jewelry JSC	6,225,075	1.12
9,696,649	Vietnam Dairy Products JSC	57,959,957	10.40
		64,185,032	11.52
	<b>Zimbabwe (1.48%) (2014: 1.92%)</b>		
11,710,858	Delta Corp Ltd	8,256,155	1.48
	<b>Total Equities</b>	<b>516,049,238</b>	<b>92.61</b>
	<b>Participation Notes (5.63%) (2014: 7.49%)</b>		
	<b>Saudi Arabia (5.63%) (2014: 7.49%)</b>		
530,931	Herfy Foods Due 06/07/2017 - HSBC Bank PLC (Participation Note)	14,228,312	2.55
169,635	Jarir Marketing 02/03/2017 - Merrill Lynch International & Co (Participation Note)	7,227,077	1.30
331,718	Saudi Dairy & Foodstuff Due 04/06/2018 - HSBC Bank PLC (Participation Note)	9,897,901	1.78
	<b>Total Participation Notes</b>	<b>31,353,290</b>	<b>5.63</b>
	<b>Total Value Of Investments In Transferable Securities (98.24%) (2014: 97.53%)</b>	<b>547,402,528</b>	<b>98.24</b>
	<b>Other Net Assets (1.76%) (2014: 2.47%)</b>	<b>9,824,247</b>	<b>1.76</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>557,226,775</b>	<b>100.00</b>

\*American Depository Receipt

\*\*Global Depository Receipt

#### **Analysis of Total Assets**

	<u> % of Total Assets </u>
Transferable securities admitted to an official stock exchange listing	92.26
Transferable securities dealt with in a regulated market (Participation Notes)	5.60
Current Assets	2.14
<b>Total Assets</b>	<b>100.00</b>

The counterparties for the Participation Notes are:

HSBC Bank Plc (Moody's: A3; December 2015: Aa2)

Merrill Lynch International & Co (Moody's: Baa1; December 2015: Baa1)

Country classifications are based upon country of incorporation and/or country of domicile.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM GLOBAL EMERGING MARKETS GROWTH AND INCOME FUND**

Schedule of Investments as at 31 December 2015

<u> Holding </u>		<u> Fair Value </u>	
		<u> USD </u>	<u> % of Fund </u>
	<b>TRANSFERABLE SECURITIES</b>		
	<b>Equities (97.10%) (2014: 97.19%)</b>		
	<b>Brazil (0.63%) (2014: 1.56%)</b>		
240,800	CCR SA	763,865	0.63
	<b>Chile (2.13%) (2014: 2.07%)</b>		
3,418,046	Aguas Andinas SA	1,753,787	1.44
582,002	Coca-Cola Embonor SA - Pref	837,767	0.69
		<u>2,591,554</u>	<u>2.13</u>
	<b>China (1.09%) (2014: 1.39%)</b>		
1,774,000	Want Want China Holdings Ltd	1,320,746	1.09
	<b>Egypt (4.36%) (2014: 3.65%)</b>		
990,245	Commercial International Bank Egypt SAE (GDR*)	4,258,054	3.49
57,016	Edita Food Industries SAE (GDR*)	1,054,796	0.87
		<u>5,312,850</u>	<u>4.36</u>
	<b>Hong Kong (2.84%) (2014: 5.59%)</b>		
222,100	Dairy Farm International Holdings Ltd	1,350,368	1.11
2,590,000	Giordano International Ltd	1,213,099	1.00
1,255,000	SJM Holdings Ltd	895,486	0.73
		<u>3,458,953</u>	<u>2.84</u>
	<b>India (29.10%) (2014: 27.73%)</b>		
186,474	Bata India Ltd	1,471,216	1.21
127,043	Container Corp Of India Ltd	2,521,416	2.07
368,890	Emami Ltd	5,573,253	4.58
289,691	ICICI Bank Ltd	1,144,423	0.94
1,569,426	ITC Ltd	7,776,406	6.38
1,046,727	Mahindra & Mahindra Financial Services Ltd	3,831,308	3.15
30,990	Nestle India Ltd	2,730,048	2.24
285,319	Pidilite Industries Ltd	2,382,609	1.96
351,583	Titan Co Ltd	1,844,906	1.51
561,760	Yes Bank Ltd	6,163,067	5.06
		<u>35,438,652</u>	<u>29.10</u>
	<b>Indonesia (13.81%) (2014: 8.08%)</b>		
7,205,900	Bank Mandiri Persero Tbk PT	4,835,297	3.97
3,796,000	Bank Rakyat Indonesia Persero Tbk PT	3,146,123	2.58
463,393	Hanjaya Mandala Sampoerna Tbk PT	3,159,880	2.59
29,699,000	Kalbe Farma Tbk PT	2,843,865	2.34
1,056,400	Unilever Indonesia Tbk PT	2,835,459	2.33
		<u>16,820,624</u>	<u>13.81</u>
	<b>Kenya (0.86%) (2014: 0.49%)</b>		
392,900	East African Breweries Ltd	1,044,661	0.86
	<b>Macau (1.84%) (2014: 2.42%)</b>		
653,600	Sands China Ltd	2,239,064	1.84
	<b>Malaysia (0.74%) (2014: 1.38%)</b>		
210,200	Public Bank Bhd	906,697	0.74

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM GLOBAL EMERGING MARKETS GROWTH AND INCOME FUND**

Schedule of Investments as at 31 December 2015 cont/d

<u>Holding</u>	<u>Fair Value USD</u>	<u>% of Fund</u>	
<b>TRANSFERABLE SECURITIES</b>			
<b>Equities (97.10%) (2014: 97.19%) cont/d</b>			
<b>Mexico (8.27%) (2014: 8.36%)</b>			
1,556,410	Bolsa Mexicana de Valores SAB de CV	2,060,056	1.69
706,175	Grupo Financiero Banorte SAB de CV	3,883,908	3.19
434,175	Grupo Herdez SAB de CV	1,125,461	0.93
1,191,289	Wal-Mart de Mexico SAB de CV	2,999,752	2.46
		10,069,177	8.27
<b>Nigeria (1.04%) (2014: 1.19%)</b>			
13,898,674	Guaranty Trust Bank PLC	1,269,419	1.04
<b>Peru (2.68%) (2014: 2.54%)</b>			
33,560	Credicorp Ltd	3,266,059	2.68
<b>Philippines (8.53%) (2014: 9.88%)</b>			
2,245,653	Metropolitan Bank & Trust Co	3,841,782	3.16
1,655,770	Universal Robina Corp	6,544,963	5.37
		10,386,745	8.53
<b>Singapore (6.23%) (2014: 3.87%)</b>			
200,833	Jardine Cycle & Carriage Ltd	4,933,585	4.05
54,496	Jardine Matheson Holdings Ltd	2,655,590	2.18
		7,589,175	6.23
<b>South Africa (3.01%) (2014: 4.76%)</b>			
16,388	Cashbuild Ltd	317,279	0.26
231,840	Clicks Group Ltd	1,331,597	1.09
65,423	Discovery Ltd	561,323	0.46
644,131	Life Healthcare Group Holdings Ltd	1,457,822	1.20
		3,668,021	3.01
<b>South Korea (1.39%) (2014: 0.89%)</b>			
19,049	KT&G Corp	1,697,685	1.39
<b>Taiwan (0.83%) (2014: 1.80%)</b>			
161,000	President Chain Store Corp	1,007,261	0.83
<b>Thailand (0.61%) (2014: 4.27%)</b>			
176,200	Kasikornbank PCL -F	736,921	0.61
<b>Turkey (3.15%) (2014: 2.91%)</b>			
218,082	BIM Birlesik Magazalar AS	3,836,617	3.15
<b>Vietnam (3.96%) (2014: 2.36%)</b>			
806,710	Vietnam Dairy Products JSC	4,821,962	3.96
<b>Total Equities</b>		<b>118,246,708</b>	<b>97.10</b>
<b>Participation Notes (0.16%) (2014: 0.11%)</b>			
33,186	Vietnam Dairy Products JSC due 17/01/2017		
	Citigroup Global Markets Holdings (Participation Note)	198,363	0.16
<b>Total Participation Notes</b>		<b>198,363</b>	<b>0.16</b>
<b>Total Value of Investments in Transferable Securities (97.26%) (2014: 97.30%)</b>		<b>118,445,071</b>	<b>97.26</b>

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM GLOBAL EMERGING MARKETS GROWTH AND INCOME FUND**

Schedule of Investments as at 31 December 2015 cont/d

### **Financial Derivative Instruments (0.00%) (2014: Nil)**

#### **Forward Foreign Currency Exchange Contracts (0.00%) (2014: Nil)**

Settlement Date	Currency Bought	Amount Bought	Currency Sold	Amount Sold	Unrealised	% of Fund
					Gain (Loss)	
					USD	
05/01/2016	BRL	242,536	USD	61,230	74	0.00
06/01/2016	IDR	162,103,104	USD	11,761	(4)	0.00
04/01/2016	USD	52,352	ZAR	801,400	633	0.00
06/01/2016	USD	67,371	ZAR	1,029,535	942	0.00
07/01/2016	USD	10,052	ZAR	156,107	(19)	0.00
08/01/2016	USD	4,367	ZAR	67,830	(8)	0.00
06/01/2016	ZAR	1,147,593	USD	75,096	(1,049)	0.00
06/01/2016	ZAR	1,775,121	USD	116,160	(1,623)	0.00
07/01/2016	ZAR	514,771	USD	33,134	75	0.00
<b>Unrealised gain on forward foreign currency exchange contracts</b>					<b>1,724</b>	<b>0.00</b>
<b>Unrealised loss on forward foreign currency exchange contracts</b>					<b>(2,703)</b>	<b>0.00</b>
<b>Net unrealised loss on forward foreign currency exchange contracts</b>					<b>(979)</b>	<b>0.00</b>
<b>Total Value of Investments</b>					<b>118,444,092</b>	<b>97.26</b>
<b>Other Net Assets (2.74%)</b>					<b>3,338,239</b>	<b>2.74</b>
<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>					<b>121,782,331</b>	<b>100.00</b>

#### **Analysis of Total Assets**

	<b><u>% of Total Assets</u></b>
Transferable securities admitted to an official stock exchange listing	94.90
Transferable securities dealt with in a regulated market (Participation Notes)	0.16
Over the counter financial derivative instruments	0.00
Current Assets	4.94
<b>Total Assets</b>	<b>100.00</b>

The counterparties for the Participation Notes are:  
 HSBC Bank Plc (Moody's: A3; December 2014: Aa3)  
 Merrill Lynch International & Co (Moody's: Baa1; December 2014: A)  
 Country classifications are based upon country of incorporation and/or country of domicile.

The counterparty for the Forward Foreign Currency Exchange Contracts is State Street Bank and Trust Company.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM GREATER INDIA FUND**

Schedule of Investments as at 31 December 2015

<u> Holding </u>	<u> Fair Value </u>	<u> % of Fund </u>	
	<u> USD </u>		
<b>TRANSFERABLE SECURITIES</b>			
<b>Equities (96.11%)</b>			
<b>India (96.11%)</b>			
3,863	Bajaj Auto Ltd	147,849	4.44
11,009	Bajaj Corp Ltd	70,599	2.12
435	Bajaj Finance Ltd	39,517	1.19
10,426	Bata India Ltd	82,258	2.47
6,686	Colgate-Palmolive India Ltd	98,320	2.95
6,652	Container Corp Of India Ltd	132,022	3.97
478	Dr Reddy's Laboratories Ltd	22,461	0.67
8,294	Emami Ltd	125,307	3.76
29,286	Escorts Ltd	76,097	2.29
85,421	Federal Bank Ltd	72,307	2.17
2,868	HCL Technologies Ltd	37,070	1.11
10,424	HDFC Bank Ltd	170,509	5.12
5,080	Hindustan Unilever Ltd	66,249	1.99
9,248	Housing Development Finance Corp Ltd	176,660	5.31
37,425	ICICI Bank Ltd	147,846	4.44
2,293	IndusInd Bank Ltd	33,584	1.01
2,006	Infosys Ltd	33,518	1.01
40,037	ITC Ltd	198,381	5.96
5,189	Jubilant Foodworks Ltd	116,387	3.5
9,912	Kotak Mahindra Bank Ltd	107,883	3.24
997	Lupin Ltd	27,688	0.83
33,166	Mahindra & Mahindra Financial Services Ltd	121,396	3.65
1,033	Nestle India Ltd	91,002	2.73
15,803	Pidilite Industries Ltd	131,966	3.96
190	Shree Cement Ltd	33,026	0.99
3,799	Shriram City Union Finance Ltd	91,305	2.74
7,812	Shriram Transport Finance Co Ltd	101,399	3.05
910	Tata Consultancy Services Ltd	33,520	1.01
19,557	Titan Co Ltd	102,624	3.08
2,941	UltraTech Cement Ltd	123,610	3.72
2,660	United Spirits Ltd	120,280	3.62
15,601	Yes Bank Ltd	171,159	5.15
14,400	Zee Entertainment Enterprises Ltd	95,175	2.86
	<b>Total Equities</b>	<b>3,198,974</b>	<b>96.11</b>
	<b>Total Value of Investments in Transferable Securities (96.11%)</b>	<b>3,198,974</b>	<b>96.11</b>
	<b>Other Net Assets (3.89%)</b>	<b>129,366</b>	<b>3.89</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>3,328,340</b>	<b>100.00</b>

### % of Total Assets

#### Analysis of Total Assets

Transferable securities admitted to an official stock exchange listing	93.01
Current Assets	6.99
Total Assets	100.00

\*The BMO LGM Greater India Fund launched on 20 January 2015, therefore no comparatives are available.

Country classifications are based upon country of incorporation and/or country of domicile



# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM ASIAN SMALLER COMPANIES FUND**

Schedule of Investments as at 31 December 2015

<u>Holding</u>		<u>Fair Value USD</u>	<u>% of Fund</u>
	<b>TRANSFERABLE SECURITIES</b>		
	<b>Equities (65.11%)</b>		
	<b>Bermuda (5.43%)</b>		
112,000	PAX Global Technology Ltd	115,466	1.28
455,520	Silverlake Axis Ltd	211,922	2.34
250,271	Skyworth Digital Holdings Ltd	163,400	1.81
		<hr/> 490,788	<hr/> 5.43
	<b>Cayman Islands (9.71%)</b>		
13,135	iKang Healthcare Group (ADR)*	268,479	2.97
608,000	NagaCorp Ltd	384,406	4.25
90,500	Stella International Holdings Ltd	225,370	2.49
		<hr/> 878,255	<hr/> 9.71
	<b>Hong Kong (2.52%)</b>		
45,600	Dah Sing Financial Holdings Ltd	227,996	2.52
	<b>India (5.98%)</b>		
33,524	Bajaj Corp Ltd	214,984	2.38
55,000	Escorts Ltd	142,912	1.58
3,287	Jubilant Foodworks Ltd	73,726	0.82
29,727	Mahindra & Mahindra Financial Services Ltd	108,809	1.20
		<hr/> 540,431	<hr/> 5.98
	<b>Indonesia (7.28%)</b>		
5,969,100	Ace Hardware Indonesia Tbk PT	357,237	3.95
3,307,300	Clipan Finance Indonesia Tbk PT	65,978	0.73
106,300	Mayora Indah Tbk PT	235,194	2.60
		<hr/> 658,409	<hr/> 7.28
	<b>Malaysia (5.77%)</b>		
595,400	Dialog Group Bhd	221,880	2.45
394,200	Oldtown Bhd	145,983	1.62
511,900	Tune Protect Group Bhd	153,802	1.70
		<hr/> 521,665	<hr/> 5.77
	<b>Singapore (5.60%)</b>		
98,200	OSIM International Ltd	74,758	0.83
72,300	Petra Foods Ltd	107,534	1.19
161,500	Singapore Post Ltd	186,699	2.07
231,200	Super Group Ltd	136,896	1.51
		<hr/> 505,887	<hr/> 5.60
	<b>South Korea (3.37%)</b>		
770	CJ O Shopping Co Ltd	125,296	1.39
2,720	Hotel Shilla Co Ltd	179,315	1.98
		<hr/> 304,611	<hr/> 3.37

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM ASIAN SMALLER COMPANIES FUND**

Schedule of Investments as at 31 December 2015 con/t

<u>Holding</u>		<u>Fair Value USD</u>	<u>% of Fund</u>
	<b>TRANSFERABLE SECURITIES cont/d</b>		
	<b>Equities ( 65.11% ) cont/d</b>		
	<b>Sri Lanka (1.24%)</b>		
115,040	Commercial Bank of Ceylon PLC	111,810	1.24
	<b>Taiwan (6.47%)</b>		
21,680	Formosa International Hotels Corp	150,157	1.66
33,000	Giant Manufacturing Co Ltd	220,020	2.43
23,230	Poya International Co Ltd	214,994	2.38
		<u>585,171</u>	<u>6.47</u>
	<b>Thailand (11.74%)</b>		
1,726,700	Beauty Community PCL	275,907	3.05
230,500	Major Cineplex Group PCL	225,792	2.50
150,700	MK Restaurants Group PCL	242,896	2.68
2,024,200	Thai Reinsurance PCL	155,253	1.72
488,800	TICON Industrial Connection PCL	161,643	1.79
		<u>1,061,491</u>	<u>11.74</u>
	<b>Total Equities</b>	<b><u>5,886,514</u></b>	<b><u>65.11</u></b>
	<b>Participation Notes (21.46%)</b>		
	<b>India (21.46%)</b>		
47,140	Bata India Ltd due 23/02/2022 - Deutsche Bank AG (Participation Note)	371,918	4.11
19,965	Emami Ltd due 12/02/2016 Citigroup Global Markets Holdings (Participation Note)	301,635	3.34
257,880	Federal Bank Ltd due 12/02/2016 Citigroup Global Markets (Participation Note)	218,291	2.41
10,004	Jubilant Foodworks Ltd due 12/02/16 Citigroup Global Markets (Participation Note)	224,384	2.48
107,659	Jyothy Laboratories Ltd due 03/01/2018 Deutsche Bank AG (Participation Note)	510,742	5.65
85,640	Mahindra & Mahindra Financial Services Ltd due 17/03/2017 Morgan Stanley Asia Products Ltd (Participation Note)	313,466	3.47
		<u>1,940,436</u>	<u>21.46</u>
	<b>Total Participation Notes</b>	<b><u>1,940,436</u></b>	<b><u>21.46</u></b>
	<b>Total Value Of Investments In Transferable Securities (86.57%)</b>	<b><u>7,826,950</u></b>	<b><u>86.57</u></b>
	<b>Other Net Assets (13.43%)</b>	<b><u>1,214,077</u></b>	<b><u>13.43</u></b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b><u>9,041,027</u></b>	<b><u>100.00</u></b>

\*American Depository Receipt

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015, therefore no comparatives are available.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **BMO LGM ASIAN SMALLER COMPANIES FUND**

**Schedule of Investments as at 31 December 2015 cont/d**

### **Analysis of Total Assets**

Transferable securities admitted to an official stock exchange listing  
Transferable securities dealt with in a regulated market (Participation Notes)  
Current Assets  
Total Assets

### **% of Total**

#### **Assets**

64.89

21.39

13.72

100.00

The counterparties for the participation notes are:

Citigroup Global Markets Holdings (Moody's: Baa1)

Deutsche Bank AG (Moody's: A3)

Morgan Stanley Asia Products (Moody's: A3)

Country classifications are based upon country of incorporation and/or country of domicile.

# **BMO INVESTMENTS II (IRELAND) PLC**

## **Supplemental Unaudited Information**

### **1. Exchange Rates**

The rates of exchange ruling at 31 December 2015 and 31 December 2014 are as follows:

<b>31 December 2015</b>			<b>31 December 2014</b>		
<b>USD1 =</b>	<b>Currency</b>	<b>Rate</b>	<b>USD1 =</b>	<b>Currency</b>	<b>Rate</b>
	AED	3.6730		AED	3.6730
	BDT	78.4750		BDT	77.9250
	BRL	3.9563		BRL	2.6582
	BWP	11.2486		BWP	9.5102
	CLP	708.6000		CLP	606.8500
	COP	3,174.5000		COP	2,376.5000
	CRC	537.3000		CRC	539.4200
	EGP	7.8301		EGP	7.1501
	EUR	0.9206		EUR	0.8264
	GBP	0.6785		GBP	0.6413
	GHS	3.8100		GHS	3.2150
	HKD	7.7502		HKD	7.7549
	HRK	7.0337		HRK	6.3263
	IDR	13,785.0000		IDR	12,385.0000
	INR	66.1563		INR	63.1225
	KES	102.3000		KES	90.5500
	KRW	1,172.5500		KRW	1,099.1500
	MUR	35.9000		MUR	31.7500
	MXN	17.2712		MXN	14.7398
	MYR	4.2935		MYR	3.4965
	NGN	199.0500		NGN	183.0000
	OMR	0.3851		OMR	0.3850
	PEN	3.4115		PEN	2.9765
	PHP	47.0550		PHP	44.7325
	PKR	104.7350		PKR	100.5250
	RON	4.1623		RON	3.7054
	SGD	1.4187		SGD	1.3251
	THB	35.9850		THB	32.9000
	TND	2.0369		TND	1.8665
	TRY	2.9189		TRY	2.3378
	TWD	32.8470		TWD	31.6020
	VND	22,485.0000		VND	21,387.5000
	XOF	603.8452		XOF	542.0908
	ZAR	15.4955		ZAR	11.5688

### **2. Soft Commission**

There were no soft commission arrangements entered into in relation to any Fund by either the Company or the Investment Manager during the year ended 31 December 2015 or year ended 31 December 2014.

### **3. Securities Lending**

No securities lending took place during the year ended 31 December 2015 (2014: Nil).

### **4. Off balance sheet transactions**

There were no off balance sheet transactions for the Company at 31 December 2015 (2014: Nil).

### **5. Contingent Liabilities**

There were no contingent liabilities as at 31 December 2015 (31 December 2014: Nil).

## **BMO INVESTMENTS II (IRELAND) PLC**

### Supplemental Unaudited Information cont/d

#### 6. Net asset value per redeemable participating share

Net asset value per redeemable participating share for year ended 31 December 2015:

	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>
	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>	<b>Class A Income Shares</b>	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>	<b>Class E Accumulating Shares</b>
Net asset value per financial statements	USD 3,457,366	USD 3,895,175	USD 1,594,155	USD 36,578,019	USD 149,383,201	USD 369,671,399
Net asset value per dealing prices	USD 8.9927	USD 9.1457	USD 16.1543	USD 14.2590	USD 16.0853	USD 12.9703
	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Greater India Fund*</b>	<b>BMO LGM Greater India Fund*</b>	<b>BMO LGM Asian Smaller Companies Fund**</b>
	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>	<b>Class E Accumulating Shares</b>	<b>Class B Income Shares</b>	<b>Class E Accumulating Shares</b>	<b>Class B Accumulating Shares</b>
Net asset value per financial statements	USD 479,128	USD 3,265,741	USD 118,037,826	USD 1,547,868	USD 1,780,472	USD 9,041,027
Net asset value per dealing prices	USD 7.9628	USD 11.6607	USD 10.0580	USD 8.5310	USD 9.8303	USD 8.8077

\*The BMO LGM Greater India Fund launched on 20 January 2015.

\*\*The BMO LGM Asian Smaller Companies Fund launched on 6 March 2015.

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Supplemental Unaudited Information cont/d**

#### **6. Net asset value per redeemable participating share cont/d**

Net asset value per redeemable participating share for year ended 31 December 2014:

	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Asian Growth and Income Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>
	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>	<b>Class A Income Shares</b>	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>
Net asset value per financial statements	USD 3,820,766	USD 5,326,890	USD 4,400,604	USD 43,597,612	USD 176,478,383
Net asset value per dealing prices	USD 10.0809	USD 10.2517	USD 17.9016	USD 15.8194	USD 17.7302
	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>LG Global Investment Fund</b>
	<b>Class E Accumulating Shares</b>	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>	<b>Class E Accumulating Shares</b>	<b>Class A Accumulating Shares</b>
Net asset value per financial statements	USD 399,248,565	USD 558,929	USD 3,611,248	USD 112,668,257	-
Net asset value per dealing prices	USD 14.0081	USD 9.0985	USD 13.1937	USD 11.2951	-

## **BMO INVESTMENTS II (IRELAND) PLC**

### **Supplemental Unaudited Information cont/d**

#### **6. Net asset value per redeemable participating share cont/d**

Net asset value per redeemable participating share for period ended 30 September 2013:

	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Frontier Markets Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>
	<b>Class A Income Shares</b>	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>	<b>Class E Accumulating Shares</b>	<b>Class B Income Shares</b>	<b>Class B Accumulating Shares</b>
Net asset value per financial statements	USD 4,151,394	USD 11,755,467	USD 77,059,006	USD 228,015,198	USD 699,244	USD 7,534,141
Net asset value per dealing prices	USD 16.7279	USD 14.6928	USD 16.4846	USD 12.6975	USD 8.6143	USD 12.4767

#### **7. Data**

All index data referred to in this report is copyright and propriety to MSCI.

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Asian Growth and Income Fund**

Listed below is the 1% of the total value of purchases and sales during the year ended 31 December 2015.

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
Mahindra & Mahindra Financial Services Ltd due 17/03/2017 - Morgan Stanley Asia Products (Participation Note)	71,564	294,225
AIA Group Ltd	35,600	219,827
Hanjaya Mandala Sampoerna	36,100	191,808
Bank Rakyat Indonesia Persero	274,900	189,238
Dairy Farm International Holdings Ltd	31,500	188,634
Vietnam Dairy Products JSC	25,000	145,850
Pidilite Ltd due 17/03/2017 - Morgan Stanley Asia Products (Participation Note)	11,733	114,224
ICICI Bank Ltd due 19/03/2018 - Morgan Stanley Asia Products (Participation Note)	15,660	97,581
Colgate-Palmolive India Ltd due 22/05/2017 - Morgan Stanley Asia Products (Participation Note)	5,210	75,978
Hindustan Unilever Ltd due 07/12/2016 - Morgan Stanley Asia Products (Participation Note)	6,129	75,656
ITC Ltd due 01/07/2016 - Morgan Stanley Asia Products (Participation Note)	11,960	69,910
Kasikornbank PCL-F	9,200	49,616
NagaCorp Ltd	62,000	41,185
Titan Industries Ltd due 02/05/2017 - Morgan Stanley Asia Products (Participation Note)	5,080	35,617
ICICI Bank Ltd due 12/02/2016 - Citigroup Global Markets Holdings (Participation Note)	6,905	33,925
Nestle India Ltd due 17/01/2017 - Citigroup Global Markets Holdings (Participation Note)	169	15,854
Mahindra & Mahindra Ltd due 12/02/2016 - Citigroup Global Markets Holdings (Participation Note)	680	14,072
<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
HSBC Holdings Plc	29,822	235,352
China Mobile Ltd	19,000	225,827
Lenovo Group Ltd	184,000	222,854
Mahindra & Mahindra Ltd due 12/02/2016 - Citigroup Global Markets Holdings (Participation Note)	8,975	181,180
Sino Biopharmaceutical Ltd	120,000	142,933
Hyundai Motor Co	1,010	132,865
Jardine Matheson Holdings Ltd	2,458	126,407
Yes Bank Ltd due 12/08/2018 - Deutsche Bank AG (Participation Note)	9,030	116,898
Taiwan Semiconductor Manufacturing Co Ltd	26,000	110,364
Tencent Holdings Ltd	5,700	105,784
Television Broadcasts Ltd	20,500	87,670
Ping An Insurance Group Co of China Ltd	11,000	81,110
OSIM International Ltd	89,000	74,196



## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Asian Growth and Income Fund cont/d**

<b>Major Sales (cont/d)</b>	<b>Shares</b>	<b>Proceeds USD</b>
CJ O Shopping Co Ltd	450	73,628
Media Prima Bhd	132,300	60,933
Universal Robina Corp	12,440	58,375
Oldtown Bhd	171,000	57,633
Parkson Retail Asia Ltd	130,000	57,529
Mahindra & Mahindra Ltd due 12/02/2016 - Citigroup Global Markets Holdings (Participation Note)	10,770	54,537
Emami Ltd due 17/01/2017 - Citigroup Global Markets Holdings (Participation Note)	2,814	53,443
Nestle India Ltd due 17/01/2017 - Citigroup Global Markets Holdings (Participation Note)	462	47,404
Bank Mandiri Persero Tbk PT	44,900	37,696
Metropolitan Bank & Trust	17,650	36,731
Jardine Cycle & Carriage Ltd	1,000	30,820

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Frontier Markets Fund**

Listed below is the 1% of the total value of purchases and sales during the year ended 31 December 2015.

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
BBVA Banco Frances SA (ADR)	856,590	14,758,683
Commercial International Bank Egypt SAE (GDR)	2,251,061	12,882,990
Saudi Dairy & Foodstuff due 04/06/2018 - HSBC Bank PLC (Participation note)	331,718	12,560,038
Aramex PJSC	13,269,879	11,804,673
PriceSmart Inc	120,220	9,706,807
Florida Ice & Farm Co SA	6,930,612	9,179,506
Commercial Bank of Ceylon PLC	7,082,697	8,944,834
Georgia Healthcare Group PLC	3,429,233	8,807,505
Alicorp SAA	4,193,451	7,922,610
East African Breweries Ltd	1,339,700	3,977,538
Eastern Tobacco	110,990	3,169,969
Phu Nhuan Jewelry JSC	1,418,690	3,167,608
Almacenes Exito SA	547,475	3,115,394
Letshego Holdings Ltd	11,794,950	3,013,467
Edita Food Industries SAE (GDR)	148,679	2,724,945
MCB Group Ltd	415,700	2,471,599
Nestle Nigeria PLC	551,220	2,461,922
Ledo dd	1,774	2,166,627
Commercial International Bank Egypt SAE (GDR)	311,288	2,118,657
BGEO Group PLC	64,617	1,815,094
<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
Saudi Dairy & Foodstuff due 26/06/2015 - HSBC Bank PLC (Participation Note)	427,470	15,916,518
Herfy Foods 08/10/2015-HSBC Bank PLC (Participation Note)	444,621	11,997,508
First Gulf Bank PJSC	2,874,603	9,946,697
Fondul Proprietatea SA	42,451,672	8,889,017
OCI NV	241,667	7,518,287
Etihad Etisalat due 02/03/2017 - Merrill Lynch	718,844	7,424,042
Zenith Bank PLC	82,487,167	7,321,998
Bank Muscat SAOG	4,941,277	6,683,284
Dragon Oil PLC	702,880	5,972,875
Oman Telecommunications Co SAOG	1,357,880	5,905,236
BGEO Group PLC	188,417	5,853,301
Eastern Tobacco	188,210	5,673,027
Letshego Holdings Ltd	9,254,889	3,272,818
Universal Robina Corp	607,750	2,970,993
Lucky Cement Ltd	425,900	2,298,086
Commercial International Bank Egypt SAE (GDR)	241,948	1,740,752
PriceSmart Inc	19,000	1,679,001
Access Bank PLC	50,827,444	1,532,593
Orascom Construction Ltd	115,943	1,330,306
Commercial International Bank Egypt SAE (GDR)	233,359	1,216,978

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Global Emerging Markets Growth and Income Fund**

Listed below is the 1% of the total value of purchases and sales during the year ended 31 December 2015.

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
Mahindra & Mahindra Financial Services Ltd	1,046,727	4,366,993
Hanjaya Mandala Sampoerna Tbk PT	600,893	3,192,691
Pidilite Industries Ltd	285,319	2,647,418
ITC Ltd	451,100	2,445,287
Bank Rakyat Indonesia Persero Tbk PT	3,796,000	2,366,382
Bank Mandiri Persero Tbk PT	2,825,300	2,256,273
Credicorp Ltd	15,060	1,865,927
Jardine Cycle & Carriage Ltd	59,300	1,721,235
Yes Bank Ltd	127,040	1,654,065
Kalbe Farma Tbk PT	12,118,900	1,600,978
Dairy Farm International Holdings Ltd	222,100	1,338,760
Universal Robina Corp	242,230	1,255,843
BIM Birlesik Magazalar AS	61,140	1,075,837
Edita Food Industries SAE (GDR)	57,016	1,050,764
Container Corp Of India Ltd	45,190	1,014,801
Unilever Indonesia Tbk PT	328,900	951,162
Jardine Matheson Holdings Ltd	15,400	902,944
Grupo Financiero Banorte SAB de CV	149,814	862,267
Wal-Mart de Mexico SAB de CV	324,230	822,315
Metropolitan Bank & Trust Co	368,890	802,136
Commercial International Bank Egypt SAE - GDR	110,800	776,376
East African Breweries Ltd	224,500	763,056
Want Want China Holdings Ltd	540,000	602,946
Nestle India Ltd	5,060	570,106
Vietnam Dairy Products JSC	89,670	526,290
Bolsa Mexicana de Valores SAB de CV	330,230	522,008
Emami Ltd	29,811	451,457
<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
Mahindra & Mahindra Ltd	142,800	2,807,542
Advanced Info Service PCL	348,400	2,081,776
Philippine Long Distance Telephone Co	42,290	2,025,101
ICICI Bank Ltd	400,919	1,947,100
Wal-Mart de Mexico SAB de CV	731,660	1,904,800
Discovery Ltd	179,359	1,785,164
Unilever Indonesia Tbk PT	435,500	1,473,201
Bangkok Bank PCL	316,700	1,468,146
St Shine Optical Co Ltd	68,000	1,227,811
Yes Bank Ltd	88,230	1,184,776
Hanjaya Mandala Sampoerna Tbk PT	137,500	965,811
Public Bank Bhd	142,900	716,899
SJM Holdings Ltd	966,000	662,466
Cia Energetica de Minas Gerais - Pref	146,256	561,441
Cashbuild Ltd	27,307	546,156
Parkson Retail Asia Ltd	952,000	421,292

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Global Emerging Markets Growth and Income Fund cont/d**

<b>Major Sales (cont/d)</b>	<b>Shares</b>	<b>Proceeds USD</b>
Titan Co Ltd	55,860	375,522
Nestle India Ltd	3,620	337,577
Emami Ltd	15,816	279,741
Bata India Ltd	12,706	245,423

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Greater India Fund**

Listed below is the 1% of the total value of purchases and sales during the year ended 31 December 2015.

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
ITC Ltd	41,507	221,834
Housing Development Finance Corp Ltd	10,778	206,664
HDFC Bank Ltd	10,424	190,843
ICICI Bank Ltd	38,225	189,207
Yes Bank Ltd	15,601	178,756
Container Corp Of India Ltd	6,652	151,444
Pidilite Industries Ltd	15,803	136,728
Bajaj Auto Ltd	3,863	136,672
Emami Ltd	8,294	135,591
United Spirits Ltd	2,660	135,417
Mahindra & Mahindra Financial Services Ltd	33,166	135,317
UltraTech Cement Ltd	2,941	133,218
Jubilant Foodworks Ltd	5,189	125,796
Kotak Mahindra Bank Ltd	8,502	110,644
Titan Co Ltd	19,557	110,547
Shriram Transport Finance Co Ltd	7,812	107,748
Shriram City Union Finance Ltd	3,799	105,283
Nestle India Ltd	1,033	104,969
Colgate-Palmolive India Ltd	3,343	101,541
Bata India Ltd	5,213	99,467
Federal Bank Ltd	71,784	86,457
Zee Entertainment Enterprises Ltd	14,400	84,218
Bajaj Corp Ltd	11,009	81,281
Escorts Ltd	29,286	69,440
Hindustan Unilever Ltd	5,080	65,943
Infosys Ltd	1,873	64,619
Tata Consultancy Services Ltd	1,590	64,482
HCL Technologies Ltd	2,364	64,181
Larsen & Toubro Ltd	1,845	48,763
Lupin Ltd	1,900	47,515
<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
Larsen & Toubro Ltd	1,845	39,762
Housing Development Finance Corp Ltd	1,530	31,514
Mahindra & Mahindra Ltd	1,490	29,607
LIC Housing Finance Ltd	4,030	29,499
HCL Technologies Ltd	1,620	27,330
State Bank of India	6,230	27,067
Infosys Ltd	870	26,862
Tata Consultancy Services Ltd	680	26,821
Hero MotoCorp Ltd	700	25,753
Sun Pharmaceutical Industries Ltd	2,270	25,432
Tata Motors Ltd	3,819	24,097

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Greater India Fund cont/d**

<b>Major Sales (cont/d)</b>	<b>Shares</b>	<b>Proceeds USD</b>
Lupin Ltd	903	24,960
ITC Ltd	1,470	7,920
Kotak Mahindra Bank Ltd	360	7,698
Dr Reddy's Laboratories Ltd	117	6,918
ICICI Bank Ltd	800	3,929

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Asian Smaller Companies Fund**

Listed below is the 1% of the total value of purchases and sales during the year ended 31 December 2015.

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
Jyothy Laboratories Ltd due 03/01/2018 Deutsche Bank AG (Participation Note)	120,150	537,266
Bata India Ltd due 23/02/2022 - Deutsche Bank AG (Participation Note)	23,570	459,530
NagaCorp Ltd	608,000	380,045
Emami Ltd due 12/02/2016 Citigroup Global Markets Holdings (Participation Note)	21,910	371,495
Mahindra & Mahindra Financial Services Ltd due 17/03/2017 Morgan Stanley Asia Products Ltd (Participation Note)	85,640	360,399
Ace Hardware Indonesia Tbk PT	5,969,100	347,632
Silverlake Axis Ltd	379,600	337,950
OSIM International Ltd	207,900	308,995
Giant Manufacturing Co Ltd	33,000	305,643
Federal Bank Ltd due 12/02/2016 Citigroup Global Markets (Participation Note)	159,840	286,746
MK Restaurants Group PCL	150,700	280,078
Tune Protect Group Bhd	511,900	274,635
Jubilant Foodworks Ltd due 12/02/16 Citigroup Global Markets (Participation Note)	11,080	272,383
Dah Sing Financial Holdings Ltd	45,600	258,032
TICON Industrial Connection PCL	488,800	256,843
Sa Sa International Holdings Ltd	504,000	256,517
Dialog Group BHD	595,400	255,310
Super Group Ltd	231,200	231,916
Singapore Post Ltd	161,500	230,773
Hotel Shilla Co Ltd	2,720	229,973
Stella International Holdings Ltd	90,500	229,697
iKang Healthcare Group (ADR)	13,135	225,920
Bajaj Corp Ltd	33,524	216,080
Mayora Indah Tbk PT	106,300	212,815
Petra Foods Ltd	72,300	208,157
Formosa International Hotels Corp	20,000	202,849
Major Cineplex Group PCL	230,500	199,245
Poya International Co Ltd	23,000	197,528
Oldtown Bhd	394,200	189,435
PAX Global Technology Ltd	186,000	185,747
Thai Reinsurance PCL	2,024,200	181,185
Skyworth Digital Holdings Ltd	244,000	179,882
Commercial Bank of Ceylon Plc	113,900	158,415
Biostime International Holdings Ltd	48,000	157,846
CJ O Shopping Co Ltd	770	152,566
Beauty Community PCL	119,000	151,614
Escorts Ltd	55,000	123,700

## **BMO INVESTMENTS II (IRELAND) PLC**

### **BMO LGM Asian Smaller Companies Fund cont/d**

<b>Major Purchases (cont/d)</b>	<b>Shares</b>	<b>Cost USD</b>
Mahindra & Mahindra Financial Services Ltd	29,727	109,434
Clipan Finance Indonesia Tbk PT	3,307,300	102,007

<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
Sa Sa International Holdings Ltd	504,000	167,179
Biostime International Holdings Ltd	48,000	134,183
OSIM International Ltd	109,700	131,796
PAX Global Technology Ltd	74,000	109,411
Jyothy Laboratories Ltd due 03/01/2018 Deutsche Bank AG (Participation Note)	12,491	60,986
Emami Ltd due 12/02/2016 Citigroup Global Markets Holdings (Participation Note)	1,945	36,939
Jubilant Foodworks Ltd due 12/02/16 Citigroup Global Markets (Participation Note)	1,076	30,734