

# **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 and the Central Bank of Ireland (Supervision & Enforcement) Act 2013 (Section 48(1)) (Undertaking for collective investment Transferable Securities). Regulations 2015.

**Annual Report and Audited Financial Statements for the financial year  
ended 31 December 2017**

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

<b><u>Contents</u></b>	<b>Page</b>
Directory	3
General Information	4
Investment Manager's Report	9
Directors' Report	15
Report of the Depository to the Shareholders of the Company	19
Independent Auditor's Report	20
Financial Statements	
Statement of Financial Position	23
Statement of Comprehensive Income	25
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	27
Statement of Cash Flows	29
Notes to the Financial Statements	31
Schedule of Investments	
BMO LGM Asian Growth and Income Fund	68
BMO LGM Frontier Markets Fund	70
BMO LGM Global Emerging Markets Growth and Income Fund	73
BMO LGM Greater India Fund	76
BMO LGM Asian Smaller Companies Fund	77
BMO LGM Global Emerging Markets Smaller Companies Fund	79
Supplemental Unaudited Information	82
Schedule of Significant Portfolio Changes (Unaudited)	90
Appendix A – Data Protection Notice (Unaudited)	

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

## **Directory**

### **BOARD OF DIRECTORS**

Eimear Cowhey (Irish)‡  
Liam Miley (Irish)‡  
Hugh Moir (British)\*  
Drew Newman (British) (Chairman)  
Lars Nielsen (Danish)  
Stuart Woodyatt (British)\*\*

‡Independent Directors .

\*Resigned 3 April 2017.

\*\*Appointed 3 April 2017.

### **REGISTERED OFFICE**

78 Sir John Rogerson's Quay  
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  
10 Earlsfort Terrace  
Dublin 2  
Ireland

### **COMPANY SECRETARY**

Bradwell Limited  
10 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 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 (the “UCITS Regulations”) and the Central Bank of Ireland (Supervision & Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, (the “Central Bank UCITS Regulations”). References to statutes, regulations and laws shall include any amendments thereto. All capitalised terms used but not defined herein shall have the meaning described thereto in the Company’s Prospectus dated 19 December 2017 (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 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 Initial 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.

## **Funds and 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*

\*These Classes of Shares are active as at 31 December 2017.

# **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 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 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 Global Emerging Markets Growth and Income Fund	EUR	Class B Accumulating Shares* Class W Accumulating Shares*
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
BMO LGM Global Emerging Markets Smaller Companies Fund	USD	Class B Accumulating Shares* Class E Accumulating Shares* Class F Accumulating Shares*

\* These Classes of Shares are active as at 31 December 2017.

### **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.

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

## **General Information cont/d**

### **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.

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.

### **Investment Objective and Policies of the BMO LGM Global Emerging Markets Smaller Companies 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 smaller companies in emerging markets worldwide.

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

## **General Information cont/d**

### **Investment Objective and Policies of the BMO LGM Global Emerging Markets Smaller Companies Fund cont/d**

The Fund will invest primarily in equity and equity-related securities as described below of smaller companies which are listed or traded on a Recognised Exchange in emerging market countries worldwide, including Russia. The Fund may also invest up to 30 per cent of its net assets in securities of issuers located in Frontier Markets, Hong Kong and Singapore. 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**

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by facsimile, written communication, electronically or by telephone, if it has been previously agreed with the Investment Manager and the Administrator. Such requests should contain such information as may be specified from time to time by the Directors or their delegate. Redemption orders should be processed upon receipt of faxed instructions only where payment is made to the account of record. Requests for 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). Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

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 may also receive additional redemption proceeds if any Equalisation Credit paid at the time of subscription has not been fully applied.

### **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 financial 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.

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

## **General Information cont/d**

*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 financial 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 Funds 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 financial 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.

## **Brexit**

In a referendum held on 23 June 2016, the electorate of the United Kingdom (“UK”) resolved to leave the European Union (“EU”). The result has led to political instability and economic uncertainty, volatility in the financial markets of the UK and more broadly across Europe and a decline in the value of the Sterling (“GBP”).

There remains a number of uncertainties in connection with the UK relationship with the EU, including the terms of the agreement it reaches in relation to its withdrawal. The negotiation of the UK’s exit terms is uncertain and may change during the withdrawal process. A UK exit could adversely affect the Investment Manager’s ability to provide investment management services to the Funds, access markets, make investments, attract and retain employees or enter into agreements (on its own behalf or on behalf of the Company or the Funds) or continue to work with non-UK counterparties and service providers, all of which could result in increased costs to the Company and/or the Funds. Until the terms of the UK’s exit from the EU are clearer, it is not possible to determine the impact that the UK’s departure and/or any related matters may have on the Fund and the Fund’s investments.



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

## **Investment Manager's Report**

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

The portfolio produced a return of 38.9% (in USD, net of fees) versus an index (MSCI AC Asia ex Japan Index) return of 41.7% for the 12-month period to 31 December 2017. This was the strongest performance by Asian equities since the post-financial crisis rally in 2009.

2017 has been a challenging year for relative performance given that markets have been dominated by such a narrow range of companies in only a few countries and sectors. In fact, only two countries (China and Korea) and just two sectors (real estate and information technology) managed to outperform the benchmark. At the stock level, just five companies accounted for as much as 32% of total benchmark returns in 2017. These were Tencent, Alibaba, Samsung Electronics, Taiwan Semiconductor and AIA Insurance. It remains to be seen if this continues, but with Tencent, Alibaba and Samsung having grown their collective market caps by a \$580bn in 2017 (not far behind the \$607bn added by the FANGs – Facebook, Amazon, Netflix and Google).

Contributing most to performance was exposures in India, Vietnam and China while selections in Philippines, Pakistan and Malaysia were weakest. Against the index, a lack of exposure to the mega caps detracted most from a relative perspective.

In Vietnam, Vinamilk outperformed, particularly in Q4 but added almost 72% for 2017 as a whole. We have been investors in this fantastic business for several years across LGM portfolios. The most recent rally was sparked by the news that the Jardine Group had started to acquire a 10% position, perhaps with a view to building a larger position over time. We see this as a positive because it will give further balance to the government's shareholding and potentially improve protection for minorities. Jardine is generally a smart investor and, like us, takes a very long-term view. We therefore welcome them as co-investors in this excellent franchise.

In China, Tingyi rose 62% over the year, as the company's turnaround strategy continued to gain traction. Tingyi is one of the largest food and beverage producers in China. It is the dominant instant noodle producer and the second-largest beverage producer. Its products are mainly sold under the Master Kong brand, which is one of the most recognised consumer brands in the country. Tingyi has also been the franchise bottler for Pepsi in mainland China since 2012. The company's market share appears to be rising for the first time in four years, supported by a focus on healthier, premium-priced products in what has recently become a more rational and less competitive environment. Tingyi recently bought out the 20% minority stake in their beverage business that was previously owned by Japan's Asahi Brewery. This deal will be earnings accretive for 2018 and 2019. Tingyi also repaid most of its remaining debt in the third quarter of 2017, and the CFO recently indicated that, in the absence of any suitable M&A opportunities, the company will boost the dividend pay-out to shareholders.

Universal Robina (URC) finished the year with a nice – and long overdue – 15% rally but was still one of the weakest performers in 2017, losing over 6% in absolute terms. URC has stretched our patience in recent years and, aside from not owning the likes of Alibaba and Samsung Electronics, it was the single biggest drag on performance in 2017. We have discussed URC's problems at length in previous commentaries, so we shall refrain from re-hashing the issues here, beyond saying how relieved we were that the stock price is at last starting to see through some of the shorter-term woes. URC still faces problems getting its Vietnamese business back on track and the domestic coffee market remains challenging, so we're not entirely out of the woods yet; we still have a long road to travel with this name.

LGM Investments Limited

February 2018

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

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

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

The portfolio delivered a return of 58.5% (in USD, net of fees) versus an index (S&P BSE 100 Index) return of 39.8% for the 12-month period to 31 December 2017.

Exposures in the Consumer sectors were the key contributors to the fund's performance where Titan co (jewellery retailer), United Spirits (beverages) and Hindustan Unilever (consumer products) were among the stand outs. Selections in the Banking sector also did well with Yes Bank and HDFC Bank notable.

Among the stocks that supported performance was United Spirits (UNSP). UNSP, controlled by Diageo, has a dominant presence in the branded spirits market with around 40% market share as measured by volume. Since Diageo took control in 2013, it has taken multiple steps to rationalise the portfolio and improve profitability. The turnaround has taken longer than initially anticipated in a complex regulatory environment. More recently, there have been signs that some of their efforts are bearing fruit. There has been an improvement in operating margins during this quarter on better product mix as well as productivity gains through the outsourcing of production for their portfolio of lower-end products. The impact of the Goods and Services Tax (GST) on operating margins was also materially lower than initially anticipated, which also fed into the stock price outperformance. The Indian spirits industry is highly underpenetrated representing a significant long-term opportunity for UNSP.

Titan is India's leading speciality retailer and is the largest jewellery retailer (80% of revenues) in India with c.7% market share. During the past one year, government policy actions through demonetization and the Goods and Services Tax (GST) have increased the compliance requirements for the jewellery industry. Consumers too are increasingly favouring organized brands over informal operators. This is driving significant market share gains for Titan. To management's credit, they have seized this opportunity and have been aggressive with innovations, advertising, gold exchange schemes etc. Titan was also able to address its weakness in the wedding jewellery segment (60% of industry-wide sales) with the introduction of a new product portfolio. We believe that the journey towards a structural increase in market share for organized players – and for Titan in particular – is gaining momentum. Supported by these tailwinds, Titan's management aims to grow their jewellery revenues by 2.5 times over the next 5 years. Not surprisingly, the stock has received a lot of attention and the share price gains in 2017 has been significant (up around 160% in 2017 alone), and in our view probably excessive. While the prospects for the company look appealing, the valuation (even when accounting for potential growth) is much less appealing and we are taking some profits.

LGM Investments Limited

February 2018

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

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

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

The portfolio delivered a return of 21.7% (in USD, net of fees) versus an index (MSCI AC Asia ex Japan Small Cap Index) return of 33.5% for the 12-month period 31 December 2017. Asian small caps lagged their larger cap counterparts in 2017, but they still enjoyed their strongest year since the post-financial crisis rally of 2009.

The portfolio's worst names in 2017 were Dr Wu Skincare (Taiwanese cosmetics), Pax Global (Chinese POS terminals), the United Bank of Pakistan, Cosmo Lady (Chinese lingerie) and Delfi (Indonesian confectionary). It would be fair to say that, for at least one or two of these names, our confidence is waning. That said, the small cap world is one of rapid change and one of the keys to long-term success is to back those management teams that are able to recognise problems at an early stage and take the appropriate action. This requires patience and a willingness to accept short-term performance setbacks. We believe Dr Wu falls into this category. Other companies often struggle when they hit what can best be described as their 'natural glass ceiling'. This might be connected with the management (skillsets, priorities, etc), or it might have more to do with a company's inability to build scale beyond a certain point. If the core asset has value, then such companies are often bought out. This happened with Singapore's Super Group in November 2016, bought by the Dutch Jacobs Douwe Egberts (JDE) and more recently with Malaysia's OldTown (also bought by JDE, see below). This might also happen with Delfi in Indonesia. Delfi has experienced significant problems adjusting to the growth of the modern trade channel, but it still enjoys a 50% share of Indonesia's fast-growing chocolate confectionary market. This might prove an attractive asset for one of the multinationals in due course. Companies that do not have a 'core asset', or where the quality of that asset is degrading, sadly tend to wither into obscurity. Needless to say, we are monitoring each of these names closely; we spoke to Delfi and Dr Wu in November and we met with Pax Global and Cosmo Lady in Hong Kong in December.

Contributing to performance included Escorts Ltd (India engineering), Oldtown (Malaysian Coffee), Federal bank (Indian Bank) and Bajaj Corp (Consumer products).

Bajaj dominates the market for light hair oils, which is a relatively fast growing segment in the personal care market in India. Bajaj has roughly a 60% market share and the company's key brand, Almond Drops Hair Oil, is positioned at the premium end of the hair care market. While growth has been relatively weak in the last couple of years because of the slowdown in consumer spending, especially in rural areas management has been far from idle during this testing period, and has been actively investing in people and new processes to help improve operating efficiency and speed up the development of new product categories. We believe this should put the company in a much stronger position to capture growth when consumer demand eventually revives.

LGM Investments Limited

February 2018

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

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

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

The portfolio delivered a return of 37.2% (in USD, net of fees) versus an index (MSCI Emerging Markets Index) return of 37.3% for the 12-month period to 31 December 2017. This is no mean feat given that the portfolio has zero exposure to mega cap tech stocks in Asia that drove the majority of the index return. The level of concentration in these stocks (Tencent, Alibaba, Samsung and Naspers) was approaching unprecedented levels, with these four accounting for almost 30% of the entire index return in 2017, obviously not holding these securities had a significant negative impact when performance is considered against the index. Security selections in India, South Africa and Vietnam was very strong while exposures in the Philippines lost ground.

Our holdings in South Africa delivered strong returns in the 2017 where Clicks Group (retail-led healthcare) and Mr Price (apparel retailer) were both up coincidentally 76% (in US\$). Mr Price released an encouraging set of half-year results in Q4 where same store sales recovered resulting in a very healthy EBIT (earnings before interest and tax) margin. While these short-term results are nice to see, we are much more pleased to see how our investment thesis has developed over the past twelve months under their very astute management team. It is remarkable how quickly sentiment can change. We bought Mr Price a little over a year ago when there was (in our view) excessive pessimism about the company's prospects. Fast forward twelve months and the stock price has returned almost 100% (including currency gains). A fine example of when volatility can be the 'friend' of the patient investor. However, while we still retain full confidence in the business, we took advantage of this optimism in the market to reduce our exposure and take some profits.

In Vietnam, Vinamilk outperformed, particularly in Q4 but added almost 72% for 2017 as a whole. We have been investors in this fantastic business for several years across LGM portfolios. The most recent rally was sparked by the news that the Jardine Group had started to acquire a 10% position, perhaps with a view to building a larger position over time. We see this as a positive because it will give further balance to the government's shareholding and potentially improve protection for minorities. Jardine is generally a smart investor and, like us, takes a very long-term view. We therefore welcome them as co-investors in this excellent franchise.

Universal Robina (URC) finished the year with a nice – and long overdue – 15% rally but was still one of the weakest performers in 2017, losing over 6% in absolute terms. URC has stretched our patience in recent years and, aside from not owning the likes of Alibaba and Samsung Electronics, it was the single biggest drag on performance in 2017. We have discussed URC's problems at length in previous commentaries, so we shall refrain from re-hashing the issues here, beyond saying how relieved we were that the stock price is at last starting to see through some of the shorter-term woes. URC still faces problems getting its Vietnamese business back on track and the domestic coffee market remains challenging, so we're not entirely out of the woods yet; we still have a long road to travel with this name.

LGM Investments Limited

February 2018

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

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

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

The portfolio delivered a return of 23.1% (in USD, net of fees) versus an index (50% MSCI Frontier Markets and 50% MSCI Frontier Markets ex GCC Index) return of 35.3% for the 12-month period to 31 December 2017. Although we expect to underperform when frontier markets rally significantly, our relative underperformance this year has been greater than we would expect.

With regard to relative performance, a lack of exposure to a booming Argentinean market (which has a material weight in the benchmark, 23% on average for 2017 returning 73% in the period) detracted most from relative performance. The frontier benchmark should in theory be a goalpost for diversification. It is not. The benchmark has c.67% in the top five countries where the strategy has c.42%. Most frontier economies are very fragile and there is a reason why they are frontier. As such we firmly believe that it is risky to have too much concentration and so always aim to have a diversified portfolio. This approach has benefited your capital multiple times throughout the life of the strategy. However, positive country news might also work against us if it occurs in some of the large benchmark markets. This seems to have happened in 2017 primarily with Argentina. However, we are certainly not going to change our approach.

In respect to actual fund holdings, the three biggest detractors from performance are our investments in Ledo, Famous Brands and United Bank Ltd (UBL). Famous Brands, our South African based quick service restaurant (QSR) company, has been the biggest detractor from performance. This has primarily been the result of two things; firstly a deterioration in the macro environment of their main operations, and second the UK acquisition of Gourmet Burger Kitchen (GBK) which was funded through a slashing of the dividend and an increase in leverage. On the macro environment, we must admit that we were somewhat caught out by how much it deteriorated. However, whilst we appreciate that this has created some short-term headwinds, Famous Brands has been able to take market share and we do not believe it changes the reason why we bought the company or its ability to generate strongly compounding returns over the longer term. On the GBK acquisition, while timing was not great we do not think they overpaid for a highly cash generative business and, having engaged with the management of Famous Brands on several occasions in 2017, have retained an increased out conviction.

Ledo, (Croatian ice cream company) was impacted this year by fraudulent activity at its parent company Agrokor. Whilst Ledo itself has been doing well operationally, guarantees on the company to Agrokor have had a very significant effect on Ledo's share price. We are very surprised and concerned that their accountancy firm for years signed off on Agrokor's accounts, where it turned out Agrokor had, amongst other things, classified certain loans as equity. It makes it harder to make a proper analysis when a serious criminal fraud has been committed. A very unfortunate event.

Nothing went wrong with UBL. Their results have not been great this year but they certainly haven't been disastrous either. The biggest reason for the share price fall is that in May, MSCI implemented its decision to upgrade Pakistan from the Frontier to the Emerging Index. Like UAE and Qatar before, the Pakistan market got buoyed up beforehand and subsequently saw a big sell-off post its upgrade. It pains us to have to write about such nonsense but unfortunately, there are still a lot of investors out there who make decisions based upon such actions.

LGM Investments Limited

February 2018

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

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

### **BMO LGM Global Emerging Markets Smaller Companies Fund**

The fund launched on 1 August, 2017. Between then and 31 December, the portfolio delivered a return of 6.5% (in USD, net of fees) versus an index (MSCI EM Small Cap Index) return of 11.4%.

There were positive contributions from stocks in South Africa and Thailand while some performance was lost in India exposures while a lack of exposure to the South Korean market detracted from relative performance.

In South Africa Johannesburg Stock Exchange, Avi and Clicks were strongest although Famous Brands lost ground. Clicks Group, a leading pharmacy chain in South Africa, has been one of the prime examples of consistent execution over the past several years despite a challenging local consumer environment locally and a prime example of the type of company that can do well even when some of the top down factors are against them. Scale benefits have allowed them to make a very competitive proposition to consumers which have fragmented the competition (consisting mainly of independent pharmacies). While revenues have been growing at 10-12% p.a., the free cash flow generation has increased by 13-15% p.a. as it doesn't take much capital to expand. From a long term perspective, Clicks is a type of business that will continue to do well even in a muted growth environment owing it to prudent expense and working capital management and would likely do exceptionally well if economy recovers.

In India, Shriram City Union Finance (SCUF) detracted. The company provides financial services to micro, small and medium sized enterprises (MSME) in India. The company also cross sells other products such as gold loans, personal loans and two wheeler financing. SCUF primarily focuses on the self-employed or small business owners in India, who typically suffer with irregular cash flows and thus have limited access to formal banking channels. This customer segment has struggled somewhat in the twelve months following the "demonetization shock", leading to a slowdown in collections for SCUF. Furthermore, the central bank's imposition of tighter recognition standards for non-performing assets also led to a "technical" spike in SCUF's bad loan numbers. This does not necessarily mean that bad debts have increased in any real sense because – in line with historic experience – they will mostly be recovered over a period of time. These developments nevertheless had an adverse impact on SCUF's share price performance. The final bit of news was that SCUF has finally pulled away from a planned merger with IDFC Bank. We actually see this as good news because the synergies between the two groups were by no means clear to us. We shall nevertheless speak to management soon in order to get a better understanding of their longer term aspirations following the cancellation of this merger.

LGM Investments Limited

February 2018

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

## **Directors' Report for the financial year ended 31 December 2017**

The Directors present herewith the annual report and audited financial statements of BMO Investments II (Ireland) Plc (the "Company") for the financial year ended 31 December 2017 (the "Directors' Report").

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 Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (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 Directors' Responsibilities**

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

The Companies Act 2014 requires the Directors to prepare the financial statements for each financial year. The Directors have prepared the financial statements in accordance with IFRS, as adopted by the EU, and applicable law.

Under Irish company law, the Directors must 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 profit or loss 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 ensure that such policies are consistently applied;
- ensure that judgements and estimates applied are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the EU and ensure that they contain the additional information required by the Companies Act 2014; and
- oversee the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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 depository 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.

### **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 "IF Code"), as published by Irish Funds, 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 IF Code for the financial year ended 31 December 2017.

### **Directors' Compliance Statement**

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy statement as defined in Section 225(3)(a) of the Companies Act 2014 and a compliance policy which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations.

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

## **Directors' Report for the financial year ended 31 December 2017 cont/d**

### **Directors' Compliance Statement cont/d**

These arrangements and structures were reviewed by the Company during the financial year. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and/or representations from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

### **Directors**

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

Eimear Cowhey (Irish)‡  
Liam Miley (Irish)‡  
Hugh Moir (British)\*  
Drew Newman (British) (Chairman)  
Lars Nielsen (Danish)  
Stewart Woodyatt (British)\*\*

‡Independent Directors.

\*Resigned 3 April 2017.

\*\*Appointed 3 April 2017.

The Directors are not required to retire by rotation under the Company's constitution (the "Constitution").

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

The Board of Directors is not aware of any shareholding in the share capital of the Company by the Company Secretary during the financial year ended 31 December 2017 (2016: None). The interests of the Directors in the Funds as related parties are disclosed in Note 9 of the financial statements.

### **Transactions Involving Directors**

The 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 financial year ended 31 December 2017 (2016: None) other than those disclosed in Note 9 of the financial statements. Note 5 of these financial statements provides details of the Directors' fees for the year ended 31 December 2017 and prior year.

### **Audit Committee**

The Company has not established an audit committee. Given the size and internal organisation of the Company, the nature, scope and complexity of the Company's activities and the existing processes and procedures adopted by the Company, the Board does not consider that an audit committee is required for the purposes of Section 167 of the Companies Act 2014.

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

The Company is organised in the form of an umbrella fund with segregated liability between sub-funds ("Funds"). As at 31 December 2017, the Company had six Funds in operation (2016: five Funds).

The results for the financial year ended 31 December 2017 are set out in the Statement of Comprehensive Income on page 25. The investment objectives and policies of the active Funds are outlined on pages 5 to 7 and the performance of the active Funds is set out in the Investment Manager's Report on pages 9 to 14.

The Directors do not anticipate any significant change in the structure or investment objectives of the Funds. A detailed review of the development of the business and future developments is included in each Fund's Investment Manager's Report on pages 9 to 14.



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

## **Directors' Report for the financial year ended 31 December 2017 cont/d**

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

Investments in certain securities markets involve a greater degree of risk than is usually associated with investment in the securities of other major securities markets. Details of these risks are contained in the prospectus of the Company. Details of the risks associated with financial instruments are included in note 6 of the financial statements. The primary business risk is the risk that the Company may not achieve its investment objective. Meeting the objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

### **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 including: the month to month movement in the NAV per share; performance of the Fund against the benchmark it follows; and share capital movements are contained in the Investment Manager's Reports.

### **Distributions**

Distributions declared for the financial years ended 31 December 2017 and 31 December 2016 are disclosed under Note 12.

### **Segregated Liability**

The Company is an umbrella fund with segregated liability between Funds 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.

Segregated liability ensures that the liabilities incurred on behalf of a Fund will generally be discharged solely out of the assets of that Fund and there can generally be no recourse to the other Funds to satisfy those liabilities.

Each Fund will be responsible for paying its fees and expenses regardless of the level of profitability. Notwithstanding the foregoing, there can be no guarantee or assurance that, should an action be brought against the Company in a court of another jurisdiction, that the segregated nature of the Funds would necessarily be upheld.

### **Connected Party Persons**

Regulation 41 of the UCITS Regulations "Restrictions of transactions with connected persons" 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 UCITS Regulation 78.4 the Directors are satisfied that there are arrangements in place, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected person; and all transactions with connected persons that were entered into during the period to which the report relates, complied with the obligations that are prescribed by Regulation 41(1).

### **Share Capital**

The net assets under management amounted to USD 1,638,078,526 at 31 December 2017 (2016: USD 880,581,960). Full details of the Company's share capital and changes during the year under review, together with details of significant shareholders are disclosed in Note 3. The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006.

### **Employees**

The Company had no employees during the financial year ended 31 December 2017 or during the prior financial year.

### **Significant Events During the Financial Year**

See Note 14 for details of the significant events affecting the Company's financial statements during the financial year.

### **Significant Events Since the Financial Year End**

See Note 15 for details of the significant events affecting the Company since the financial year end.

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

## **Directors' Report for the financial year ended 31 December 2017 cont/d**

### **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 persons and have been approved by the Central Bank to act in this capacity.

### **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 State Street Fund Services (Ireland) Limited (the "Administrator") as its administrator. The accounting records are maintained at the offices of the Administrator at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

### **Relevant Audit Information**

The Directors confirm that during the financial year ended 31 December 2017:

- a) so far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- b) the Directors have taken all steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

### **Data Protection Notice**

The General Data Protection Regulation (Regulation (EU) 2016/679) will come into effect on 25 May 2018. Please see attached Data Protection Notice in this regard at Appendix A.

### **Independent Auditors**

KPMG, Chartered Accountants, are the Company's auditors and have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

ON BEHALF OF THE BOARD

\_\_\_\_\_  
Eimear Cowhey

Date: 25 April 2018

\_\_\_\_\_  
Drew Newman

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

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

### **Report of the Depositary**

We have enquired into the conduct of the Company for the financial year ended 31 December 2017, 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 Regulation 34, (1), (3) and (4) in 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 Regulation 34, (1), (3) and (4) 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 financial year in accordance with the provisions of the Company's constitution (the "Constitution") 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 Regulation 34, (1), (3) and (4) 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 Constitution and the UCITS Regulations and (ii) otherwise in accordance with the Constitution and the appropriate regulations.

### **Opinion**

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

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitution, 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 Constitution, 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: 25 April 2018**

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

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

### **1 Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of BMO Investments II (Ireland) Plc ('the Company') for the year ended 31 December 2017 set out on pages 23 to 81 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and related notes, including the summary of significant accounting policies set out in Note 1. 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 (EU).

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 2017 and of its changes 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 EU; 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.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

### ***Going concern***

#### **We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### ***Other information***

The Directors are responsible for the other information presented in the financial statements. The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on that work, we report that

- we have not identified material misstatements in the Directors' Report or other accompanying information;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements;
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

### ***Opinion on other matter prescribed by the Companies Act 2014***

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.

### ***Matters on which we are required to report by exception***

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. We have nothing to report in this regard.

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

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

### **2 Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the Directors' responsibilities statement set out on page 15, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at

[https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

#### ***The purpose of our audit work and to whom we owe our responsibilities***

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**

25 April 2018

1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

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

## **Statement of Financial Position**

As at 31 December 2017

				BMO LGM Global Emerging Markets Growth and Income Fund USD	BMO LGM Greater India Fund USD	BMO LGM Asian Smaller Companies Fund USD	BMO LGM Global Emerging Markets Smaller Companies Fund* USD
Note	Company Total USD	BMO LGM Asian Growth and Income Fund USD	BMO LGM Frontier Markets Fund USD				
<b>Current Assets</b>							
Financial assets at fair value through profit or loss:							
-Transferable securities	6 1,574,061,696	2,837,897	809,899,304	554,371,907	1,132,980	14,420,449	191,399,159
-Investment funds	l(d) -	-	-	-	-	-	3,350,363
-Financial derivative instruments	l(d) 477	-	-	477	-	-	-
Cash and cash equivalents	7 65,501,508	114,690	34,426,297	23,460,228	73,220	707,185	6,719,888
Other receivables	3,547,152	24,461	1,607,890	1,796,237	9,455	84,610	24,499
<b>Total Current Assets</b>	<b>1,643,110,833</b>	<b>2,977,048</b>	<b>845,933,491</b>	<b>579,628,849</b>	<b>1,215,655</b>	<b>15,212,244</b>	<b>201,493,909</b>
<b>Current Liabilities</b>							
Creditors - amounts falling due within one year:							
Provision for capital gains tax	(2,177,345)	(29,132)	-	(2,100,404)	(5,030)	(40,895)	(1,884)
- Financial derivative instruments	l(d) (1,079)	-	-	(1,079)	-	-	-
Other payables	(2,853,883)	(47,708)	(1,264,123)	(634,306)	(48,049)	(166,101)	(693,596)
<b>Total Current Liabilities excluding net assets attributable to holders of redeemable participating shares</b>	<b>(5,032,307)</b>	<b>(76,840)</b>	<b>(1,264,123)</b>	<b>(2,735,789)</b>	<b>(53,079)</b>	<b>(206,996)</b>	<b>(695,480)</b>
<b>Net assets attributable to redeemable participating shareholders</b>	<b>1,638,078,526</b>	<b>2,900,208</b>	<b>844,669,368</b>	<b>576,893,060</b>	<b>1,162,576</b>	<b>15,005,248</b>	<b>200,798,429</b>

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

\*\* Cross holding in BMO LGM Asian Smaller Companies Fund of USD 3,350,363 in financial assets at fair value, have been eliminated from the Company total, see Notes 4 and 11 for detail.

ON BEHALF OF THE BOARD

**Eimear Cowhey**

**Drew Newman**

Date: 25 April 2018

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

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

### **Statement of Financial Position**

As at 31 December 2016

		BMO LGM	BMO LGM	BMO LGM	BMO LGM	BMO LGM	
		Asian	Frontier	Global	Greater	Asian	
		Growth and	Markets	Emerging	India	Smaller	
		Income	Fund	Markets	Fund	Companies	
		Fund	Fund	Growth and	Fund	Fund	
		Fund	Fund	Income	Fund	Fund	
		USD	USD	Fund	USD	USD	
		USD	USD	USD	USD	USD	
<b>Current Assets</b>							
Financial assets at fair value through profit or loss:							
-Transferable securities	6	841,881,007	6,532,751	576,681,284	247,674,534	1,861,559	9,130,879
Cash and cash equivalents	7	43,002,142	114,523	36,299,331	6,302,610	14,899	270,779
Other receivables		229,293	7,558	133,774	56,485	23,359	8,117
<b>Total Current Assets</b>		<b>885,112,442</b>	<b>6,654,832</b>	<b>613,114,389</b>	<b>254,033,629</b>	<b>1,899,817</b>	<b>9,409,775</b>
<b>Current Liabilities</b>							
Creditors - amounts falling due within one year:							
Provision for capital gains tax	2	(1,769,915)	-	-	(1,737,506)	(3,780)	(28,629)
Other payables		(2,760,567)	(18,888)	(2,562,911)	(128,564)	(12,056)	(38,148)
<b>Total Current Liabilities excluding net assets attributable to holders of redeemable participating shares</b>		<b>(4,530,482)</b>	<b>(18,888)</b>	<b>(2,562,911)</b>	<b>(1,866,070)</b>	<b>(15,836)</b>	<b>(66,777)</b>
<b>Net assets attributable to redeemable participating shareholders</b>		<b>880,581,960</b>	<b>6,635,944</b>	<b>610,551,478</b>	<b>252,167,559</b>	<b>1,883,981</b>	<b>9,342,998</b>

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



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

### **Statement of Comprehensive Income** For the financial year ended 31 December 2017

	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	BMO LGM Global Emerging Markets Smaller Companies Fund* USD
<b>Income</b>								
Investment income	1	35,413,441	118,949	23,684,789	10,615,576	19,083	340,013	635,031
Other income		20,824	-	-	12,383	-	8,441	-
Net gain on investment activities**	1, 4	285,620,952	1,678,152	147,208,616	123,942,542	845,014	2,101,376	9,945,615
<b>Total investment income</b>		<b>321,055,217</b>	<b>1,797,101</b>	<b>170,893,405</b>	<b>134,570,501</b>	<b>864,097</b>	<b>2,449,830</b>	<b>10,580,646</b>
<b>Expenses</b>								
Operating Expenses	5	(8,428,714)	(171,335)	(6,165,971)	(1,639,665)	(107,789)	(231,672)	(112,282)
Investment Management fee reimbursement	5	204,968	106,879	-	-	92,164	5,925	-
<b>Net Income</b>		<b>312,831,471</b>	<b>1,732,645</b>	<b>164,727,434</b>	<b>132,930,836</b>	<b>848,472</b>	<b>2,224,083</b>	<b>10,468,364</b>
<b>Finance Costs</b>								
Distributions	12	(18,990,006)	(59,632)	(14,494,326)	(4,377,133)	(5,354)	(53,561)	-
Bank interest expense		(52,566)	-	(28,618)	(21,124)	(13)	(19)	(2,792)
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares before tax</b>		<b>293,788,899</b>	<b>1,673,013</b>	<b>150,204,490</b>	<b>128,532,579</b>	<b>843,105</b>	<b>2,170,503</b>	<b>10,465,572</b>
<b>Taxation</b>								
Capital gains tax	2	(2,072,182)	(49,448)	(517,454)	(1,469,932)	(1,250)	(32,144)	(1,954)
Withholding tax	2	(2,714,846)	(10,946)	(1,706,097)	(959,279)	-	(21,335)	(17,189)
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>		<b>289,001,871</b>	<b>1,612,619</b>	<b>147,980,939</b>	<b>126,103,368</b>	<b>841,855</b>	<b>2,117,024</b>	<b>10,446,429</b>

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

\*\*Net gains on investment activities of USD 100,363 due to cross holdings have been removed from Company total, see Notes 4 and 11 for detail.  
The accompanying notes are an integral part of the financial statements.

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

### **Statement of Comprehensive Income** For the financial year ended 31 December 2016

	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>Income</b>							
Investment income	1	28,018,212	117,576	22,831,863	4,820,596	20,010	228,167
Other income		12,582	8,615	-	-	162	3,805
Net gain on investment activities	1, 4	35,649,160	35,839	34,761,820	516,464	80,980	254,057
<b>Total investment income</b>		<b>63,679,954</b>	<b>162,030</b>	<b>57,593,683</b>	<b>5,337,060</b>	<b>101,152</b>	<b>486,029</b>
<b>Expenses</b>							
Operating Expenses	5	(8,134,480)	(110,834)	(6,940,141)	(836,137)	(81,004)	(166,364)
Investment Management fee reimbursement	5	98,507	33,164	-	-	65,343	-
<b>Net income</b>		<b>55,643,981</b>	<b>84,360</b>	<b>50,653,542</b>	<b>4,500,923</b>	<b>85,491</b>	<b>319,665</b>
<b>Finance Costs</b>							
Distributions	12	(17,078,319)	(36,492)	(14,549,329)	(2,441,463)	-	(51,035)
Bank interest expense		(6,352)	-	(1,017)	(5,335)	-	-
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares before taxation</b>		<b>38,559,310</b>	<b>47,868</b>	<b>36,103,196</b>	<b>2,054,125</b>	<b>85,491</b>	<b>268,630</b>
<b>Taxation</b>							
Capital gains tax	2	(1,951,477)	-	(177,147)	(1,741,921)	(3,780)	(28,629)
Withholding tax	2	(1,965,622)	(10,877)	(1,542,728)	(399,878)	-	(12,139)
<b>Net increase/(decrease) in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>		<b>34,642,211</b>	<b>36,991</b>	<b>34,383,321</b>	<b>(87,674)</b>	<b>81,711</b>	<b>227,862</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 financial year ended 31 December 2017**

	<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>BMO LGM Global Emerging Markets Smaller Companies Fund* USD</b>
<b>Net assets attributable to redeemable participating shareholders at beginning of financial year</b>	<b>6,635,944</b>	<b>610,551,478</b>	<b>252,167,559</b>	<b>1,883,981</b>	<b>9,342,998</b>	<b>-</b>
Net movement in net assets attributable to redeemable participating shareholders resulting from operations	1,612,619	147,980,939	126,103,368	841,855	2,117,024	10,446,429
Issue of redeemable participating shares during the financial year	130,731	97,130,365	284,358,257	1,004,713	3,483,865	189,466,040
Distributions reinvested	12 59,632	13,880,424	4,377,133	5,354	53,561	-
Anti – dilution levy	2 8,368	1,177,733	866,556	10,335	7,800	885,960
Redemption of redeemable participating shares during the financial year	(5,547,086)	(26,051,571)	(90,979,813)	(2,583,662)	-	-
Movement in net assets resulting from share transactions	(5,348,355)	86,136,951	198,622,133	(1,563,260)	3,545,226	190,352,000
<b>Net assets attributable to redeemable participating shareholders at end of financial year</b>	<b>2,900,208</b>	<b>844,669,368</b>	<b>576,893,060</b>	<b>1,162,576</b>	<b>15,005,248</b>	<b>200,798,429</b>

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

*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 financial year ended 31 December 2016**

	<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 financial 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>
Net movement in net assets attributable to redeemable participating shareholders resulting from operations	36,991	34,383,321	(87,674)	81,711	227,862
Issue of redeemable participating shares during the financial year	2,774,098	41,580,524	128,708,110	-	23,074
Distributions reinvested	12 36,492	14,043,346	2,435,612	-	51,035
Anti – dilution levy	2 11,802	485,627	307,407	3,230	-
Redemption of redeemable participating shares during the financial year	(3,575,979)	(37,168,115)	(978,227)	(1,529,300)	-
Movement in net assets resulting from share transactions	(753,587)	18,941,382	130,472,902	(1,526,070)	74,109
<b>Net assets attributable to redeemable participating shareholders at end of financial year</b>	<b>6,635,944</b>	<b>610,551,478</b>	<b>252,167,559</b>	<b>1,883,981</b>	<b>9,342,998</b>

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

# BMO INVESTMENTS II (IRELAND) PLC

## Statement of Cash Flow

For the financial year ended 31 December 2017

	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	BMO LGM Global Emerging Markets Smaller Companies Fund* USD
<b>Cash flows from operating activities</b>							
Net increase in net assets attributable to holders of redeemable participating shares, before distributions	307,991,877	1,672,251	162,475,265	130,480,501	847,209	2,170,585	10,446,429
<b>Adjustments for:</b>							
Movement in financial assets at fair value through profit or loss	(733,341,729)	3,694,854	(233,353,055)	(308,323,070)	728,579	(5,292,209)	(194,147,191)
Unrealised movement on derivative assets and liabilities	602	-	-	602	-	-	-
<b>Operating cash flows before movements in working capital</b>	<b>(425,349,250)</b>	<b>5,367,105</b>	<b>(70,877,790)</b>	<b>(177,841,967)</b>	<b>1,575,788</b>	<b>(3,121,624)</b>	<b>(183,700,762)</b>
Movement in receivables	(1,592,757)	(16,903)	(1,474,116)	(93,027)	13,904	1,884	(24,499)
Movement in payables	(128,866)	57,952	(1,163,753)	782,062	37,243	64,481	93,149
<b>Cash (outflow)/inflow from operations</b>	<b>(1,721,623)</b>	<b>41,049</b>	<b>(2,637,869)</b>	<b>689,035</b>	<b>51,147</b>	<b>66,365</b>	<b>68,650</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(427,070,873)</b>	<b>5,408,154</b>	<b>(73,515,659)</b>	<b>(177,152,932)</b>	<b>1,626,935</b>	<b>(3,055,259)</b>	<b>(183,632,112)</b>
<b>Cash flows from financing activities</b>							
Proceeds from subscriptions	575,259,695	139,099	98,308,098	285,203,785	1,015,048	3,491,665	190,352,000
Payment of redemptions	(125,075,554)	(5,547,086)	(26,051,571)	(90,893,235)	(2,583,662)	-	-
Distributions paid	(613,902)	-	(613,902)	-	-	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>449,570,239</b>	<b>(5,407,987)</b>	<b>71,642,625</b>	<b>194,310,550</b>	<b>(1,568,614)</b>	<b>3,491,665</b>	<b>190,352,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>22,499,366</b>	<b>167</b>	<b>(1,873,034)</b>	<b>17,157,618</b>	<b>58,321</b>	<b>436,406</b>	<b>6,719,888</b>
Cash and cash equivalents at the start of the financial year	43,002,142	114,523	36,299,331	6,302,610	14,899	270,779	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>65,501,508</b>	<b>114,690</b>	<b>34,426,297</b>	<b>23,460,228</b>	<b>73,220</b>	<b>707,185</b>	<b>6,719,888</b>
<b>Cash flows from operating activities include:</b>							
Taxation paid	(4,269,149)	(31,479)	(2,090,826)	(2,089,271)	-	(40,357)	(17,216)
Interest paid	(51,876)	-	(28,618)	(21,124)	(13)	(19)	(2,102)
Dividends received	33,558,287	116,863	21,935,022	10,533,462	18,856	332,307	634,856

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

\*\* Cross holdings have been removed from the Company total. See Notes 4 and 11 for detail.

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

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

### **Statement of Cash Flow**

For the financial year ended 31 December 2016

	<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>Cash flows from operating activities</b>						
Net increase in net assets attributable to holders of redeemable participating shares, before distributions	51,720,530	73,483	48,932,650	2,353,789	81,711	278,897
<b>Adjustments for:</b>						
Movement in financial assets at fair value through profit or loss	(158,603,577)	600,969	(27,365,669)	(131,771,409)	1,236,461	(1,303,929)
Unrealised movement on derivative assets and liabilities	(979)	-	-	(979)	-	-
<b>Operating cash flows before movements in working capital</b>	<b>(106,884,026)</b>	<b>674,452</b>	<b>21,566,981</b>	<b>(129,418,599)</b>	<b>1,318,172</b>	<b>(1,025,032)</b>
Movement in other receivables	(87,619)	8,431	(27,360)	(56,485)	(13,583)	1,378
Movement in other payables	2,083,827	(9,626)	274,726	1,776,647	5,827	36,253
<b>Cash inflow/(outflow) from operations</b>	<b>1,996,208</b>	<b>(1,195)</b>	<b>247,366</b>	<b>1,720,162</b>	<b>(7,756)</b>	<b>37,631</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(104,887,818)</b>	<b>673,257</b>	<b>21,814,347</b>	<b>(127,698,437)</b>	<b>1,310,416</b>	<b>(987,401)</b>
<b>Cash flows from financing activities</b>						
Proceeds from subscriptions	173,802,127	2,785,900	41,974,406	129,015,517	3,230	23,074
Payment of redemptions	(43,006,425)	(3,575,979)	(36,922,919)	(978,227)	(1,529,300)	-
Distributions paid	(511,834)	-	(505,983)	(5,851)	-	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>130,283,868</b>	<b>(790,079)</b>	<b>4,545,504</b>	<b>128,031,439</b>	<b>(1,526,070)</b>	<b>23,074</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25,396,050</b>	<b>(116,822)</b>	<b>26,359,851</b>	<b>333,002</b>	<b>(215,654)</b>	<b>(964,327)</b>
Cash and cash equivalents at the start of the financial year	17,606,092	231,345	9,939,480	5,969,608	230,553	1,235,106
<b>Cash and cash equivalents at the end of the financial year</b>	<b>43,002,142</b>	<b>114,523</b>	<b>36,299,331</b>	<b>6,302,610</b>	<b>14,899</b>	<b>270,779</b>
<b>Cash flows from operating activities include:</b>						
Taxation paid	(1,983,568)	(10,280)	(1,542,728)	(418,421)	-	(12,139)
Interest received	-	-	-	-	-	-
Interest paid	(6,352)	-	(1,017)	(5,335)	-	-
Dividends received	27,930,305	112,129	22,820,258	4,743,254	20,008	234,656

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

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017**

### **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 BMO Investments II Ireland Plc (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

#### **b) Basis of Measurement**

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.

#### **c) 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 the currency of the share class.

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.

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

##### **Classification**

Financial assets and liabilities at FVTPL are categorised as held for trading as they are acquired or incurred principally for the purpose of selling or repurchasing in the short-term. Equities, bonds, participation notes (collectively "transferable securities"), investment funds and forward foreign currency exchange contracts fall into this category.

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;

##### **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.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

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

##### **Fair Value Measurement cont/d**

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 transfer 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 Currency Exchange Contracts**

The Funds may employ forward foreign 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 foreign currency exchange 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. For each relevant Fund, gains or losses on open foreign currency exchange contracts, if any are included in the financial assets or liabilities at fair value through profit or loss, as appropriate, on the Statement of Financial Position and are shown in the Schedule of Investments of each relevant Fund.

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 the financial year end. Any changes in fair value are recognised in the Statement of Comprehensive Income.

##### **Investment Funds**

Financial assets include investments in open-ended investment funds. The fair value of such assets is based on the underlying fund administrators calculation of the net asset value per share (market value of the fund's assets less liabilities divided by the number of shares) which will be the latest bid price published by the investment funds taking into account any adjustments that may be required to account for illiquidity, low trading volumes or any such factors that may indicate that the bid price may not be fair value. The fair value of any investments in closed-ended investment funds is based on the bid prices available on the principal market for such security at the valuation date taking into account any adjustment that may be required to account for illiquidity, low trading volumes or any such factors that may indicate that the bid price may not be fair value.

The changes in the daily net asset value of these units is recognised as net gain/(loss) on investment activities at fair value through profit or loss. For each relevant Fund, the fair value of Investment Funds, if any are included in the financial assets and liabilities at fair value through profit or loss, as appropriate, on the Statement of Financial Position and are shown in the Schedule of Investments of each relevant Fund.

##### **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.



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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

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

##### **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.

##### **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 recognised when the contractual obligations are discharged, cancelled or expired.

#### **e) 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.

#### **f) Interest Income and Interest Expense**

Interest income and interest expense on cash and cash equivalents are recognised in the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate method is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms but not future credit losses. Interest received or receivable and interest paid or payable are recognised in the Statement of Comprehensive Income as interest income and interest expense, respectively.

#### **g) Expenses**

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

#### **h) Realised Gains and 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 coupon interest received on debt securities held by the Funds.

#### **i) Unrealised Gains and Losses**

Unrealised gains and losses on investments arising during the financial year represent the difference between the original cost of the investment and its value at the reporting period end and are included in net gains/(losses) on investment activities in the Statement of Comprehensive Income.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

#### **j) 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.

#### **k) Taxation**

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (the "Taxes Consolidation Act"). On that basis, it is generally not chargeable to Irish tax on its income and gains so long as it is non-resident for tax purposes in Ireland. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation or transfer of share and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, are held by the Company; and
- certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income or gains are received and such taxes may not be recoverable by the Company and its shareholders. Withholding tax and reclaims incurred on dividends are recorded on ex-date. Dividends receivable are shown net of withholding taxes payable, if any, in the Statement of Financial Position. The dividend withholding tax charge for the financial year ended 31 December 2017 is presented in the Statement of Comprehensive Income.

The Company may be subject to taxes imposed on realised and unrealised gains on securities of certain foreign countries in which the Company invests. The foreign tax expense, if any, is recorded on an accrual basis and is included in capital gains taxes in the Statement of Comprehensive Income. The amount of foreign tax owed, if any, is included in capital gains tax payable in the Statement of Financial Position.

#### **l) 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 and transaction costs on custody transactions are included in Depositary fees within Operating Expenses 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 financial year are disclosed in Note 5.

#### **m) Distributions**

Distributions declared with an ex-date during the financial year are included as a finance cost in the statement of comprehensive income.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

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

The preparation of financial statements in conformity with IFRS as adopted by the EU 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. There were no estimates used in measuring the fair value of investments at financial year end as there were no investments classified as Level 3.

Management has also made the assessment on tax liabilities with respect to foreign capital gains taxes as outlined in Note 2.

#### **o) 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 and the Global Emerging Markets Smaller Companies 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 each such Fund). Such Anti-Dilution Levy shall be added/deducted from the subscription amount and the redemption proceeds, respectively.

#### **p) 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.

#### **q) Cross Investments within the Company**

For the purposes of producing the combined Company total financial statements, investment by Sub-Funds within the Company in the units of other Sub-funds within the Company, also known as "Cross Investments" must be eliminated in order to prevent double counting.

In preparing the combined Company total Statement of Financial Position, the value of financial assets at fair value through profit or loss of the Company is reduced by the value of all Cross Investments as at 31 December 2017. In preparing the combined Company total Statement of Comprehensive Income, the net gain/(loss) on financial assets at fair value through profit or loss, is reduced by the amount of realised and unrealised gains and losses earned during the financial year on such cross investments.

The total amount of adjustments made to the combined Company Statement of Financial Position and the combined Company statement of Comprehensive Income are disclosed in Note 11.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

#### **r) New Accounting Standards**

##### **New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and not early adopted.**

A number of new standards, amendments to standards and interpretations in issue are not yet effective and have not been applied in preparing these financial statements. None of these are currently expected to have a material effect on the financial statements except for the following set out below:

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on accounting for liabilities and the recognition and derecognition 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. The Company did not early adopt the standard.

IFRS 15 - IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from a contract with a customer. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company does not expect the application of IFRS 15 to be significant on its financial statements.

IFRS 16: Leases - The changes under IFRS 16 are significant and will predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17 will remain largely unchanged. The main impact on lessees is that almost all leases will go on balance sheet. This is because the balance sheet distinction between operating and finance leases is removed for lessees. Instead, under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required. The Company does not expect the application of IFRS 16 to be significant on its financial statements.

IFRS 17 replaces IFRS 4. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values, instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. The Company does not expect the application of IFRS 17 to be significant for its financial statements.

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**

Under current law and practise the Company qualifies 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

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

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.

Dividends, interest and capital gains 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 financial year ending 31 December 2017 was USD 2,714,846 (2016: USD 1,965,622).

The Company makes periodic adjustments for potential unrealised capital gains liabilities of the Funds in order to more accurately reflect the valuation of assets and protect long-term investors. The capital gains tax charge for the financial year ending 31 December 2017 was 2,072,182 (2016: USD 1,951,477).

### **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.

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

**Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

### **Subscriber shares**

As at financial 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.

The subscriber shares do not entitle the shareholders 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.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

	<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>BMO LGM Global Emerging Markets Growth and Income Fund</b>
	<b>Class B US\$ Accumulating Shares 31 December 2017</b>	<b>Class W US\$ Accumulating Shares 31 December 2017</b>	<b>Class A US\$ Income Shares 31 December 2017</b>	<b>Class B US\$ Income Shares 31 December 2017</b>	<b>Class B US\$ Accumulating Shares 31 December 2017</b>	<b>Class E US\$ Accumulating Shares 31 December 2017</b>	<b>Class B US\$ Income Shares 31 December 2017</b>
<b>Shares</b>							
Shares in issue at beginning of financial year	681,457	-	37,454	3,695,223	8,284,299	28,981,318	522,824
Shares issued	9,148	3,030	203	644,170	699,162	5,016,897	217,457
Shares redeemed	(476,992)	(2,240)	(13,406)	(636,801)	(831,079)	-	(41,239)
Shares in issue at end of financial year	213,613	790	24,251	3,702,592	8,152,382	33,998,215	699,042
Net Asset Value	USD 2,889,321	USD 10,887	USD 500,239	USD 68,092,404	USD 172,465,877	USD 603,610,848	USD 6,000,041
Net Asset Value per Share	USD 13.5260	USD 13.7810	USD 20.6276	USD 18.3905	USD 21.1553	USD 17.7542	USD 8.5832
	2017 USD	2017 USD	2017 USD	2017 USD	2017 USD	2017 USD	2017 USD
<b>Capital</b>							
Subscriptions during the financial year	95,658	35,073	3,734	10,407,151	12,939,435	73,780,045	1,626,443
Redemptions during the financial year	(5,519,715)	(27,371)	(248,231)	(10,485,884)	(15,317,456)	-	(329,166)

\*The BMO LGM Asian Growth and Income Fund Class W Accumulating Shares US\$ launched on 11 August 2017.

The Investment Manager is entitled to charge an investment management fee per annum in respect of each share class noted above. Please refer to Note 5 for the annual investment management fee rate of each share class.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

#### **Issued Share Capital**

	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class B US\$ Accumulating Shares 31 December 2017</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class E US\$ Accumulating Shares 31 December 2017</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund* Class S US\$ Accumulating Shares 31 December 2017</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class W US\$ Income Shares 31 December 2017</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class W US\$ Accumulating Shares 31 December 2017</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund** Class B EUR€ Accumulating Shares 31 December 2017</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund** Class W EUR€ Accumulating Shares 31 December 2017</b>
<b>Shares</b>							
Shares in issue at beginning of financial year	1,886,981	19,999,576	1,280,000	3,412	193	-	-
Shares issued	622,144	20,141,721	-	-	432,411	952,222	214,955
Shares redeemed	(1,094,683)	(4,365,393)	(1,280,000)	-	(49,736)	(8,678)	-
Shares in issue at end of financial year	1,414,442	35,775,904	-	3,412	382,868	943,544	214,955
Net Asset Value	USD 23,829,592	USD 527,718,856	-	USD 42,186	USD 4,735,263	EUR 9,845,228	EUR 2,286,257
Net Asset Value per Share	USD 16.8473	USD 14.7507	-	USD 12.3641	USD 12.3679	EUR 10.4343	EUR 10.6360
	2017 USD	2017 USD	2017 USD	2017 USD	2017 USD	2017 EUR	2017 EUR
<b>Capital</b>							
Subscriptions during the financial year	9,617,855	254,400,390	-	-	4,783,519	11,321,546	2,608,504
Redemptions during the financial year	(17,386,093)	(60,000,000)	(12,597,331)	-	(563,032)	(104,191)	-

\*The BMO LGM Global Emerging Markets Growth and Income Fund Class B Accumulating Shares US\$ terminated at 3 February.

\*\*The BMO LGM Global Emerging Markets Growth and Income Fund Class B Accumulating Shares EUR€ and Class W Accumulating Shares EUR€ launched on 1 September 2017.

The Investment Manager is entitled to charge an investment management fee per annum in respect of each share class noted above. Please refer to Note 5 for the annual investment management fee rate of each share class.



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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

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

	<b>BMO LGM Greater India Fund</b>	<b>BMO LGM Asian Smaller Companies Fund</b>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>
	<b>Class E US\$ Accumulating Shares 31 December 2017</b>	<b>Class B US\$ Accumulating Shares 31 December 2017</b>	<b>Class B US\$ Accumulating Shares 31 December 2017</b>	<b>Class E US\$ Accumulating Shares 31 December 2017</b>	<b>Class F US\$ Accumulating Shares 31 December 2017</b>
<b>Shares</b>					
Shares in issue at beginning of financial year	181,120	1,029,021	-	-	-
Shares issued	70,502	328,593	100	12,666,926	6,189,347
Shares redeemed	(181,120)	-	-	-	-
Shares in issue at end of financial year	70,502	1,357,614	100	12,666,926	6,189,347
Net Asset Value	USD 1,162,576	USD 15,005,248	USD 1,063	USD 134,945,177	USD 65,852,189
Net Asset Value per Share	USD 16.4899	USD 11.0527	USD 10.6332	USD 10.6533	USD 10.6396
	2017 USD	2017 USD	2017 USD	2017 USD	2017 USD
<b>Capital</b>					
Subscriptions during the financial year	1,004,713	3,483,865	1,000	127,449,200	62,015,840
Redemptions during the financial year	(2,583,662)	-	-	-	-

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

The Investment Manager is entitled to charge an investment management fee per annum in respect of each share class noted above. Please refer to Note 5 for the annual investment management fee rate of each share class.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

#### Issued Share Capital cont/d

	BMO LGM Asian Growth and Income Fund	BMO LGM Asian Growth and Income Fund	BMO LGM Frontier Markets Fund	BMO LGM Frontier Markets Fund	BMO LGM Frontier Markets Fund	BMO LGM Frontier Markets Fund	BMO LGM Global Emerging Markets Growth and Income Fund
	Class B US\$ Income Shares*	Class B US\$ Accumulating Shares	Class A US\$ Income Shares	Class B US\$ Income Shares	Class B US\$ Accumulating Shares	Class E US\$ Accumulating Shares	Class B US\$ Income Shares
	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016
<b>Shares</b>							
Shares in issue at beginning of financial year	384,465	425,904	98,683	2,565,257	9,286,934	28,501,317	60,171
Shares issued	-	273,694	9,291	1,751,609	624,063	480,001	573,852
Shares redeemed	(384,465)	(18,141)	(70,520)	(621,643)	(1,626,698)	-	(111,199)
Shares in issue at end of financial year	-	681,457	37,454	3,695,223	8,284,299	28,981,318	522,824
Net Asset Value	-	USD 6,635,944	USD 637,832	USD 55,792,769	USD 142,354,037	USD 411,766,840	USD 3,270,556
Net Asset Value per Share	-	USD 9.7379	USD 17.0297	USD 15.0986	USD 17.1836	USD 14.2080	USD 6.2556
	2016 USD	2016 USD	2016 USD	2016 USD	2016 USD	2016 USD	2016 USD
<b>Capital</b>							
Subscriptions during the financial year	-	2,774,098	159,199	25,244,006	10,220,123	5,957,196	4,013,153
Redemptions during the financial year	(3,382,776)	(193,203)	(1,166,426)	(8,651,068)	(27,350,621)	-	(758,738)

\*The BMO LGM Asian Growth and Income Fund terminated at 5 January 2016.

The Investment Manager is entitled to charge an investment management fee per annum in respect of each share class noted above. Please refer to Note 5 for the annual investment management fee rate of each share class.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

#### **Issued Share Capital**

	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class B US\$ Accumulating Shares 31 December 2016</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class E US\$ Accumulating Shares 31 December 2016</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class S US\$ Accumulating Shares* 31 December 2016</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class W US\$ Income Shares** 31 December 2016</b>	<b>BMO LGM Global Emerging Markets Growth and Income Fund Class W US\$ Accumulating Shares** 31 December 2016</b>	<b>BMO LGM Greater India Fund Class B US\$ Income Shares*** 31 December 2016</b>	<b>BMO LGM Greater India Fund Class E US\$ Accumulating Shares 31 December 2016</b>
<b>Shares</b>							
Shares in issue at beginning of financial year	280,063	11,735,721	-	-	-	181,440	181,120
Shares issued	1,623,272	8,263,855	1,280,000	3,412	193	-	-
Shares redeemed	(16,354)	-	-	-	-	(181,440)	-
Shares in issue at end of financial year	1,886,981	19,999,576	1,280,000	3,412	193	-	181,120
Net Asset Value	USD 23,173,233	USD 213,430,110	USD 12,260,925	USD 30,982	USD 1,753	-	USD 1,883,981
Net Asset Value per Share	USD 12.2808	USD 10.6717	USD 9.5788	USD 9.0803	USD 9.0829	-	USD 10.4018
	2016 USD	2016 USD	2016 USD	2016 USD	2016 USD	2016 USD	2016 USD
<b>Capital</b>							
Subscriptions during the financial year	21,944,191	89,775,000	12,941,904	31,931	1,931	-	-
Redemptions during the financial year	(219,489)	-	-	-	-	(1,529,300)	-

\*The BMO LGM Global Emerging Markets Growth and Income Fund Class S Accumulating Shares launched on 20 April 2016.

\*\*The BMO LGM Global Emerging Markets Growth and Income Fund Class W Income Shares and Class W Accumulating Shares launched on 22 July 2016.

\*\*\*The BMO LGM Greater India Fund Class B Income Shares terminated on 5 January 2016.

The Investment Manager is entitled to charge an investment management fee per annum in respect of each share class noted above. Please refer to Note 5 for the annual investment management fee rate of each share class.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

#### **Issued Share Capital**

	<b>BMO LGM Asian Smaller Companies Fund Class B US\$ Accumulating Shares 31 December 2016</b>
<b>Shares</b>	
Shares in issue at beginning of financial year	1,026,486
Shares issued	2,535
Shares redeemed	-
Shares in issue at end of financial year	1,029,021
Net Asset Value	USD 9,342,998
Net Asset Value per Share	<u>USD 9.0795</u>
	<u>2016 USD</u>
<b>Capital</b>	
Subscriptions during the financial year	23,074
Redemptions during the financial year	-

The Investment Manager is entitled to charge an investment management fee per annum in respect of each share class noted above. Please refer to Note 5 for the annual investment management fee rate of each share class.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

#### **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 2017 and 31 December 2016.

<b>Fund</b>	<b>Number of significant shareholders</b>	<b>Total number of shares held 2017</b>	<b>Aggregate Shareholding as a % of the Fund 2017</b>	<b>Total number of shares as 2016</b>	<b>Aggregate Shareholding as a % of the Fund 2016</b>
BMO LGM Asian Growth and Income Fund	1	160,299	74.76%	637,292	93.50%
BMO LGM Frontier Markets Fund	1	11,854,493	26.01%	11,854,493	29.16%
BMO LGM Global Emerging Markets Growth and Income Fund	2	24,347,418	61.73%	20,201,196	85.03%
BMO LGM Greater India Fund	1	70,102	99.43%	181,120	100.00%
BMO LGM Asian Smaller Companies Fund	2	1,335,668	98.38%	1,029,021	100.00%
BMO LGM Global Emerging Market Smaller Companies Fund*	2	14,911,948	79.08%	-	-

\*The BMO LGM Global Emerging Market Smaller Companies Fund launched on 1 August 2017, therefore there are no comparatives presented.

#### **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.

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.

#### **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 financial year ended 31 December 2017 cont/d

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

Financial Year ended 31 December 2017

		BMO LGM Asian Growth and Income Fund	BMO LGM Frontier Markets Funds	BMO LGM Global Emerging Markets Growth and Income Fund	BMO LGM Greater India Fund	BMO LGM Asian Smaller Companies Fund	BMO LGM Global Emerging Markets Smaller Companies Fund*
Company Total	2017 USD	2017 USD	2017 USD	2017 GBP	2017 USD	2017 USD	2017 USD
<b>Gains/(losses) on:</b>							
Investments	312,663,528	1,764,708	170,512,439	127,491,431	854,779	2,087,953	10,052,581
Foreign currency	(27,042,576)	(86,556)	(23,303,823)	(3,548,889)	(9,765)	13,423	(106,966)
<b>Net gains on investment activities</b>	<b>285,620,952</b>	<b>1,678,152</b>	<b>147,208,616</b>	<b>123,942,542</b>	<b>845,014</b>	<b>2,101,376</b>	<b>9,945,615</b>

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

\*\* Net gains on investment activities of (USD 100,363) due to cross holdings, have been removed from the Company total, see Note 11 for detail.

Financial Year ended 31 December 2016

		BMO LGM Asian Growth and Income Fund	BMO LGM Frontier Markets Funds	BMO LGM Global Emerging Markets Growth and Income Fund	BMO LGM Greater India Fund	BMO LGM Asian Smaller Companies Fund
Company Total	2016 USD	2016 USD	2016 USD	2016 GBP	2016 USD	2016 USD
<b>Gains/(losses) on:</b>						
Investments	41,647,270	248,307	38,175,841	2,727,068	150,792	345,262
Foreign currency	(5,998,110)	(212,468)	(3,414,021)	(2,210,604)	(69,812)	(91,205)
<b>Net gains on investment activities</b>	<b>35,649,160</b>	<b>35,839</b>	<b>34,761,820</b>	<b>516,464</b>	<b>80,980</b>	<b>254,057</b>

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 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 financial year ended 31 December 2017 were USD 73,186 (2016: USD 72,465) of which USD 25,732 (2016: USD Nil) was outstanding at the financial 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 financial year were USD 840,773 (2016: USD 534,346) of which USD 56,786 (2016: USD 16,003) was payable at financial year end 31 December 2017.

#### **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 0.025% 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 and sub-custodians' fees charged during the financial year were USD 3,044,129 (2016: USD 1,964,697) of which USD 1,101,281 (2016: USD 230,233) was payable at financial year end 31 December 2017.

#### **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 USD Income Shares	1.00%
	Class A USD Accumulating Shares	1.00%
	Class B USD Income Shares	0.75%
	Class B USD Accumulating Shares	0.75%
	Class E USD Income Shares	0.00%
	Class E USD Accumulating Shares	0.00%
	Class F USD Income Shares	0.40%
	Class F USD Accumulating Shares	0.40%
	Class R USD Income Shares	0.75%
	Class R USD Accumulating Shares	0.75%
	Class S USD Income Shares	0.75%
	Class S USD Accumulating Shares	0.75%
	Class W USD Income Shares	1.50%
	Class W USD Accumulating Shares	1.50%

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

Notes to the Financial Statements for the financial year ended 31 December 2017 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 USD Income Shares	2.00%*
	Class A USD Accumulating Shares	2.00%*
	Class B USD Income Shares	1.50%*
	Class B USD Accumulating Shares	1.50%*
	Class E USD Income Shares	0.00%
	Class E USD Accumulating Shares	0.00%
BMO LGM Global Emerging Markets Growth and Income Fund	Class A USD Income Shares	1.00%
	Class A USD Accumulating Shares	1.00%
	Class B USD Accumulating Shares	0.75%
	Class B USD Income Shares	0.75%
	Class B EUR Accumulating Shares	0.75%
	Class B EUR Income Shares	0.75%
	Class E USD Income Shares	0.00%
	Class E USD Accumulating Shares	0.00%
	Class R USD Income Shares	0.75%
	Class R USD Accumulating Shares	0.75%
	Class S USD Income Shares	0.75%
	Class S USD Accumulating Shares	0.75%
	Class W USD Income Shares	1.50%
	Class W USD Accumulating Shares	1.50%
Class W EUR Income Shares	1.50%	
Class W EUR Accumulating Shares	1.50%	
BMO LGM Greater India Fund	Class A USD Income Shares	1.50%
	Class A USD Accumulating Shares	1.50%
	Class B USD Income Shares	1.00%
	Class B USD Accumulating Shares	1.00%
	Class E USD Income Shares	0.00%
	Class E USD Accumulating Shares	0.00%
	Class F USD Income Shares	0.40%
	Class F USD Accumulating Shares	0.40%
	Class R USD Income Shares	1.00%
	Class R USD Accumulating Shares	1.00%
	Class S USD Income Shares	1.00%
	Class S USD Accumulating Shares	1.00%
	Class W USD Income Shares	2.00%
	Class W USD Accumulating Shares	2.00%



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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

### 5. Fees cont/d

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

BMO LGM Asian Smaller Companies Fund	Class A USD Income Shares	1.50%
	Class A USD Accumulating Shares	1.50%
	Class B USD Income Shares	1.00%
	Class B USD Accumulating Shares	1.00%
	Class E USD Income Shares	0.00%
	Class E USD Accumulating Shares	0.00%
	Class F USD Income Shares	0.40%
	Class F USD Accumulating Shares	0.40%
	Class R USD Income Shares	1.00%
	Class R USD Accumulating Shares	1.00%
	Class S USD Income Shares	1.00%
	Class S USD Accumulating Shares	1.00%
	Class W USD Income Shares	2.00%
Class W USD Accumulating Shares	2.00%	
BMO LGM Global Emerging Markets Smaller Companies Fund**	Class A USD Income Shares	1.50%
	Class A USD Accumulating Shares	1.50%
	Class B USD Income Shares	1.00%
	Class B USD Accumulating Shares	1.00%
	Class E USD Income Shares	0.00%
	Class E USD Accumulating Shares	0.00%
	Class F USD Income Shares	0.40%
	Class F USD Accumulating Shares	0.40%
	Class R USD Income Shares	1.00%
	Class R USD Accumulating Shares	1.00%
	Class S USD Income Shares	1.00%
	Class S USD Accumulating Shares	1.00%
	Class W USD Income Shares	2.00%
Class W USD Accumulating Shares	2.00%	

\*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 Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

The Investment Manager's fees charged during the financial year were USD 3,789,181 (2016: USD 3,203,117) of which USD 374,527 (2016: USD 277,318) was payable at financial year end 31 December 2017.

The Investment Manager paid fee reimbursements of USD 204,968 during the financial year (2016: USD 98,507).

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

#### **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 financial 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.

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.

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 financial year were USD Nil (2016: USD 1,959,801 of which USD Nil (2016: USD 1,669,604) was payable at year-end.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

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

The fees charged by KB Associates for services provided during the financial year ended 31 December 2017 amounted to USD 47,935 (2016: USD 17,914).

#### **Auditor Remuneration**

The remuneration for all work carried out by the statutory audit firm in respect of the financial year 31 December 2017 and 31 December 2016 is as follows:

	<b>2017</b>	<b>2016</b>
	<b>EUR</b>	<b>EUR</b>
Statutory Audit (including reimbursement of expenses)	41,010	30,500
Total	<u>41,010</u>	<u>30,500</u>

The fees for the statutory audit of the accounts, disclosed in the table above are exclusive of VAT and inclusive of reimbursement of expenses. There was no reimbursement of expenses for the year ended 31 December 2017 (2016: EUR nil). The audit fees recognised in the Statement of Comprehensive Income are inclusive of VAT. There were no fees charged for other assurance services or other non-audit services during the financial year ended 31 December 2017 and 31 December 2016.

#### **Transaction Costs**

For the financial year ended 31 December 2017 and 31 December 2016, the Funds incurred transaction costs as follows:

<b>Fund</b>	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
BMO LGM Asian Growth and Income Fund	53,660	49,443
BMO LGM Frontier Markets Fund	1,519,123	643,112
BMO LGM Global Emerging Markets Growth and Income Fund	940,369	401,716
BMO LGM Greater India Fund	29,145	28,447
BMO LGM Asian Smaller Companies Fund	39,121	33,720
BMO LGM Global Emerging Markets Smaller Companies Fund*	396,944	-

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017, therefore there are no comparatives presented.

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

### Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

#### 5. Fees cont/d

##### Operating expenses

For the financial year ended 31 December 2017 and 31 December 2016, the Funds incurred the following operating expenses:

Financial year ended 31 December 2017

<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>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund* USD</b>
Investment							
Management fees	(3,789,181)	(37,399)	(3,280,045)	(307,090)	-	(122,103)	(42,544)
Administration fees	(840,773)	(61,810)	(371,698)	(286,949)	(57,328)	(49,862)	(13,126)
Depositary and sub-custodian fees	(3,044,129)	(52,565)	(2,094,375)	(786,059)	(41,977)	(44,613)	(24,540)
Audit Fees	(43,735)	(116)	(19,772)	(20,608)	(51)	(298)	(2,890)
Directors' fees	(73,186)	(287)	(42,050)	(26,116)	(122)	(675)	(3,936)
Legal fees	(372,434)	(9,676)	(217,942)	(132,394)	(1,219)	(3,430)	(7,773)
Registration fees	(97,123)	(4,984)	(40,349)	(43,357)	(1,261)	(998)	(6,174)
Other expenses	(168,153)	(4,498)	(99,740)	(37,092)	(5,831)	(9,693)	(11,299)
<b>Operating Expenses</b>	<b>(8,428,714)</b>	<b>(171,335)</b>	<b>(6,165,971)</b>	<b>(1,639,665)</b>	<b>(107,789)</b>	<b>(231,672)</b>	<b>(112,282)</b>

\*The BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

### 5. Fees cont/d

#### Operating expenses cont/d

Financial year ended 31 December 2016

		<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>Expenses</b>	<b>Company Total USD</b>					
Investment						
Management fees	(3,203,117)	(41,468)	(2,939,537)	(127,767)	(724)	(93,621)
Performance fees	(1,959,801)	-	(1,959,801)	-	-	-
Administration fees	(534,346)	(31,932)	(311,622)	(158,842)	(13,393)	(18,557)
Depository and sub-custodian fees	(1,964,697)	(27,764)	(1,440,735)	(404,515)	(55,344)	(36,339)
Audit Fees	(39,569)	(500)	(22,763)	(15,306)	(500)	(500)
Directors' fees	(72,465)	(469)	(50,748)	(20,203)	(215)	(830)
Legal fees	(202,985)	(2,823)	(132,923)	(60,477)	(2,558)	(4,204)
Registration fees	(24,598)	(93)	(12,583)	(11,701)	(48)	(173)
Other expenses	(132,902)	(5,785)	(69,429)	(37,326)	(8,222)	(12,140)
<b>Operating Expenses</b>	<b>(8,134,480)</b>	<b>(110,834)</b>	<b>(6,940,141)</b>	<b>(836,137)</b>	<b>(81,004)</b>	<b>(166,364)</b>

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **6. Risks Associate with 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: 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 objectives and policies.

#### **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.

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 Funds' 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 2017</b>	<b>Monetary Impact on NAV 2017 USD</b>	<b>Beta 2016</b>	<b>Monetary Impact on NAV 2016 USD</b>
BMO LGM Asian Growth and Income Fund	MSCI Asia Pacific ex Japan Index	0.71	102,850	0.76	187,368
BMO LGM Frontier Markets Fund	50% MSCI Frontier Markets Index, 50% MSCI Frontier Markets Index ex. GCC Countries Index	0.72	30,408,097	0.81	22,735,270
BMO LGM Global Emerging Markets Growth and Income Fund	MSCI Emerging Markets Index	0.74	21,345,043	0.76	9,403,285
BMO LGM Greater India Fund	S&P BSE 100 Index	1.04	60,454	1.06	98,662
BMO LGM Asian Smaller Companies Fund	MSCI Asia Pacific ex Japan Small Index	0.68	510,178	0.98	447,413
BMO LGM Global Emerging Markets Smaller Companies Fund	MSCI Small Cap Index	1.74	17,469,463	-	-

\*The BMO LGM Global Emerging Markets Smaller Companies launched on 1 August 2017, therefore there are no comparatives presented.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

## **6. Risks Associated with 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 2017 and 31 December 2016:

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

	<b>2017</b>	<b>2016</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Chinese Yuan	112	-
Hong Kong Dollar	57	57
Indian Rupee	315	-
Malaysian Ringgit	75	67
Pakistani Rupee	2,057	-
Vietnamese Dong	66,536	66,731
	<u>69,152</u>	<u>66,855</u>

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

	<b>2017</b>	<b>2016</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Bangladeshi Taka	5,291,512	-
Costa Rican Colon	284	231
Croatian Kuna	10,134	19,898
Egyptian Pound	519,729	15
Nigerian Naira	40,800	40
Omani Rial	23	23
Pakistani Rupee	546,373	137
Vietnamese Dong	4,609,396	66,341
	<u>11,018,251</u>	<u>66,341</u>

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

## 6. Risks Associated with Financial Instruments cont/d

### b) Foreign Currency Risk cont/d

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

	<b>2017</b>	<b>2016</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Brazilian Real	351,425	8
Euro	13,948,172	-
Indian Rupee	26,669	-
Nigerian Naira	59,533	15,616
Vietnamese Dong	4,880,690	9,400
South African Rand	116	-
	<u>19,266,605</u>	<u>25,024</u>

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

	<b>2017</b>	<b>2016</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Indian Rupee	231	-
	<u>231</u>	<u>-</u>

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

	<b>2017</b>	<b>2016</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
	<b>USD</b>	<b>USD</b>
Malaysian Ringgit	63,672	-
Pakistan Rupee	4,636	3
Taiwan New Dollar	4,524	4,196
Vietnamese Dong	91,937	9,007
	<u>164,769</u>	<u>13,206</u>

#### **BMO LGM Global Emerging Markets Smaller Companies Fund\***

	<b>2017</b>	<b>2016</b>
	<b>Net Monetary Assets</b>	<b>Net Monetary Assets</b>
Malaysian Ringgit	149,213	-
Peruvian Nuevo Sol	(11)	-
Taiwan New Dollar	377,824	-
	<u>527,026</u>	<u>-</u>

\*The BMO LGM Global Emerging Markets Smaller Companies launched on 1 August 2017, therefore there are no comparatives presented.

At 31 December 2017 and 31 December 2016, 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:

<b>Fund</b>	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
BMO LGM Asian Growth and Income Fund	685	662
BMO LGM Frontier Markets Fund	109,092	859
BMO LGM Global Emerging Markets Growth and Income Fund	190,758	248
BMO LGM Greater India Fund	2	-
BMO LGM Asian Smaller Companies Fund	1,631	131
BMO LGM Global Emerging Markets Smaller Companies Fund	5,219	-



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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

## **6. Risks Associated with Financial Instruments cont/d**

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

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 2017.

### **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 2017 or 31 December 2016.

### **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 Note6 (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 p-notes held at 31 December 2017 and 31 December 2016 for the relevant Funds are detailed in the below table.

#### **31 December 2017:**

	<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>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>
	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>	<b>% of NAV</b>
HSBC	-	1.27	-	-	-	-

\*The BMO LGM Global Emerging Markets Smaller Companies launched on 1 August 2017.

#### **31 December 2016:**

	<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	8.32	-	0.09	-	-
Deutsche Bank AG	6.36	-	-	-	-
HSBC	-	1.66	-	-	-
Merrill Lynch	-	0.85	-	-	-
Morgan Stanley	9.46	-	-	-	-

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **6. Risks Associated with Financial Instruments cont/d**

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

The long-term credit ratings of the counterparties as at 31 December 2017, as rated by Moody's rating agency are as follows: Citigroup Baa1; Deutsche Bank AG A3, HSBC Aa3; Merrill Lynch A3; Morgan Stanley A3 (2016: Citigroup A2; Deutsche Bank AG A3, HSBC Aa2; Merrill Lynch Baa1; Morgan Stanley A3). The long term credit rating of State Street Bank and Trust Company as at 31 December 2017 was Aa1 as rated by Moody's rating agency (2016: Aa1).

All cash at bank balances and bank overdrafts are held by State Street Bank, London which had a credit rating of A1 at the financial year end (2016: A1).

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 traded 'Over the Counter' 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 financial year. As at 31 December 2017, 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 2017 (2016: Aa1).

The forward foreign currency exchange contracts outstanding at the financial year-end are listed in the relevant Fund's Schedule of Investments. As at 31 December 2017, 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.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **6. Risks Associated with Financial Instruments cont/d**

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

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.

As at 31 December 2017 and 31 December 2016, 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.

Additionally, derivative contracts are held on the BMO LGM Global Emerging Markets Growth and Income Fund and are due to settle within 3 months. The table below analyses this Sub-Fund's derivative exposures that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

**As at 31 December 2017**

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

	<b>2017</b>		<b>2016</b>	
	<b>Currency</b>	<b>Less than 3 months</b>	<b>Currency</b>	<b>Less than 3 months</b>
Inflows	USD	1,213,587	USD	428,997
Outflows	USD	1,214,189	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.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **6. Risks Associated with Financial Instruments cont/d**

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

The financial instruments as at 31 December 2017 and at 31 December 2016 are classified as follows:

Equities – Level 1

Investment Funds – Level 2

Participation Notes - Level 2

Forward Foreign Currency Exchange Contracts – Level 2

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 financial year end these are Participation Notes and the equity position of Florida Ice & Farm Co SA, held by the BMO LGM Frontier Markets Fund.

Participation Notes are identified in the relevant Fund's Schedules of Investments.

There were no transfers between levels of the fair value hierarchy during the financial year ended 31 December 2017.

There were no Level 3 securities held on the Funds as at 31 December 2017 or 31 December 2016.

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"), whose parent State Street Corporation has a credit rating of AA- (2016: AA-). 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 financial year ended 31 December 2017 cont/d**

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

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

Bankruptcy or insolvency of the Depository or of its parent company, State Street Corporation, may cause the Company's rights with respect to the Fund's assets and cash by the Depository to be delayed or limited. The maximum exposure to this risk at 31 December 2017 and 31 December 2016 is the total value of investments disclosed in the Schedules of Investments and the value of cash as disclosed in Note 7.

In accordance with the requirements of the depository agreement and the UCITS Regulations the Funds' securities are maintained within the Depository's custodial network in segregated accounts. The Depository 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 Depository, the Funds' assets are segregated and protected and this further reduces counterparty risk. The Funds will, however, be exposed to the risk of the Depository or certain depositories used by the Depository, in relation to the Funds' cash held by the Depository. In the event of the insolvency or bankruptcy of the Depository, the Funds will be treated as a general creditor of the Depository 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 68 to 81. At 31 December 2017 the 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 % NAV</b>	<b>BMO LGM Asian Smaller Companies Fund % of NAV</b>	<b>BMO LGM Global Emerging Markets Smaller Copanies Fund* % of NAV</b>
Agriculture	9.95%	12.01%	8.57%	12.01%	-	-
Banks	30.57%	25.64%	31.47%	25.64%	7.94%	7.03%
Food	24.67%	15.94%	13.10%	8.57%	6.00%	8.66%
Retail	9.16%	10.35%	11.93%	6.82%	19.13%	25.85%
Beverages	-	25.64%	-	10.02%	5.51%	-
Diversified						
Financials	-	5.26%	-	9.32%	-	13.44%
Household				5.84%		
Products	-	-	-	-	-	-
Cosmetics	-	-	-	6.49%	-	-
Apparel	-	-	-	-	6.55%	-
Entertainment	-	-	-	-	5.80%	-
Software	-	-	-	-	-	5.95%

\*The BMO LGM Global Emerging Markets Smaller Companies launched on 1 August 2017.

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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

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

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

At 31 December 2016 the exposure to industries above 5% of the 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	-	-	-	5.40%	-
Banks	6.08%	5.26%	5.13%	5.76%	-
Diversified financial services	-	-	5.69%	-	-
Food	-	8.23%	-	-	-
Household Products	-	-	-	-	6.24%
Pharmaceuticals	5.14%	-	-	5.21%	-

### **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 NAV of the relevant Fund.

## **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 2017 was Aa1 as rated by Moody's rating agency (2016: Aa1).

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

The Company's financial assets and liabilities are not subject to offsetting, enforceable master netting arrangements and similar agreements.

## **9. Related Party Disclosures**

### **Transactions with Entities with Significant Influence**

As at 31 December 2017, Pyrford International Limited held 160,299 BMO LGM Asian Growth and Income Fund B USD Accumulating Class shares (2016: 406,292). Pyrford International Limited and LGM Investments Limited are wholly owned subsidiaries of BMO Financial Group and are therefore deemed to be related parties.

As at 31 December 2017, F&C Management Ltd, a wholly owned subsidiary of BMO Financial Group held 100 shares in BMO LGM Asian Growth and Income Fund B USD Accumulating Class (2016: 100), 100 shares in BMO LGM Global Emerging Markets Growth and Income Fund B EUR Accumulating Class (2016: Nil), 100 shares in BMO LGM Global Emerging Markets Growth and Income Fund W EUR Accumulating Class (2016: Nil), 193 shares in BMO LGM Global Emerging Markets Growth and Income Fund W Income Class (2016: 193), 193 shares in BMO LGM Global Emerging Markets Growth and Income Fund W Accumulating Class (2016: 193), 100 shares in BMO LGM Global Emerging Markets Smaller Companies Fund B USD Accumulating Class (2016: Nil), and 100 shares in BMO LGM Global Emerging Markets Smaller Companies Fund F USD Accumulating Class (2016: Nil).

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

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

#### **Transactions with Entities with Significant Influence cont/d**

LGM Investments Limited is the Investment Manager and Distributor to the Company. The Investment Manager charged USD 3,789,182 (December 2016: USD 3,203,117) during the financial year of which USD 374,527 (December 2016: USD 277,318) was payable at financial year end. Additionally, the performance fees charged by the Investment Manager for the financial year were USD Nil (2016: USD 1,959,801) of which USD Nil (2016: USD 1,669,604) was payable at financial year end 31 December 2017.

The Investment Manager paid fee reimbursements of USD 204,968 during the financial year (2016: USD 98,507).

#### **Transactions with Key Management Personnel**

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

Hugh Moir who resigned as a director of the Company on 3 April 2017 is also a Director of affiliated BMO entities.

As at financial year end 31 December 2017 and 2016, 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.

Directors who are also employees of the Investment Manager are not entitled to directors' fees.

#### **Transactions with Directors**

Amounts earned by the Directors and amounts payable to the Directors are disclosed in Note 5.

### **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 financial year ended 31 December 2017 or 31 December 2016.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **11. Cross Investments**

As at 31 December 2017 BMO LGM Global Emerging Markets Smaller Companies Fund held 303,745 shares in BMO LGM Asian Smaller Companies Fund.

Fair value of investments and the related unrealised/realised gains and losses for the financial year ended 31 December 2017 in relation to this cross investment were as follows:

<b>31 December 2017</b>	<b>BMO LGM Asian Smaller Companies Fund*</b>
Opening cost	-
Issue of shares	3,250,000
Redemption of shares	-
Net realised gain in financial assets and liabilities through the profit and loss account	-
Closing cost	3,250,000
Fair value of investments	<u>3,350,363</u>
Current unrealised gain on financial assets and liabilities through the profit and loss account (fair value of investments less closing costs)	100,363
Prior unrealised gain on financial assets and liabilities through the profit and loss account	-
Movement in unrealised gain on financial assets and liabilities through the profit and loss account (current unrealised less prior unrealised)	<u>100,363</u>
Net increase in net assets from operations (movement in unrealised gain plus net realised gain)	<u>100,363</u>

\*The BMO LGM Global Emerging Markets Smaller Companies launched on 1 August 2017.

The impact of the above cross-investment transactions has been eliminated from the Company total in the Statement of Comprehensive Income and Statement of Financial Position.

### **12. Distributions**

The following distributions were declared by the Funds during the financial year ended 31 December 2017. The distributions relating to accumulating share classes were reinvested.

<b>BMO LGM Asian Growth and Income Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares*	59,632	0.09	27 Jan 2017
<b>Total</b>	<u>59,632</u>		
<b>BMO LGM Frontier Markets Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares*	1,018,185	0.13	27 Jan 2017
Class A USD Income Shares	6,673	0.18	27 Jan 2017
Class B USD Income Shares	607,229	0.16	27 Jan 2017
Class E USD Accumulating Shares*	12,862,239	0.44	27 Jan 2017
<b>Total</b>	<u>14,494,326</u>		



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

Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d

## 12. Distributions cont/d

<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares*	264,405	0.14	27 Jan 2017
Class E USD Accumulating Shares*	4,028,570	0.20	27 Jan 2017
Class S USD Accumulating Shares*	84,158	0.42	27 Jan 2017
<b>Total</b>	<b>4,377,133</b>		

<b>BMO LGM Greater India Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class E USD Accumulating Shares*	5,354	0.03	27 Jan 2017
<b>Total</b>	<b>5,354</b>		

<b>BMO LGM Asian Smaller Companies Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares*	53,561	0.05	27 Jan 2017
<b>Total</b>	<b>53,561</b>		

<b>BMO LGM Frontier Markets Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares*	1,786,910	0.20	29 Jan 2016
Class A USD Income Shares	17,035	0.17	29 Jan 2016
Class B USD Income Shares	488,948	0.15	29 Jan 2016
Class E USD Accumulating Shares*	12,256,436	0.43	29 Jan 2016
<b>Total</b>	<b>14,549,329</b>		

<b>BMO LGM Global Emerging Markets Growth and Income Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class E USD Accumulating Shares*	2,395,377	0.20	29 Jan 2016
Class B USD Income Shares	5,851	1.97	29 Jan 2016
Class B USD Accumulating Shares*	40,235	0.14	29 Jan 2016
<b>Total</b>	<b>2,441,463</b>		

<b>BMO LGM Asian Growth and Income Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares*	36,492	0.09	29 Jan 2016
<b>Total</b>	<b>36,492</b>		

<b>BMO LGM Asian Smaller Companies Fund</b>	<b>Value US\$</b>	<b>Per Share US\$</b>	<b>Ex-date</b>
Class B USD Accumulating Shares	51,035	0.05	29 Jan 2016
<b>Total</b>	<b>51,035</b>		

\*Dividends declared to accumulating shares were automatically reinvested to the Fund.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **13. Interests in unconsolidated structured entities**

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. Disclosures are required where an interest is held in a structured entity and where, for example, the investor has been involved in the setting up of the structured entity and the investor would have exposure to potential losses or costs over and above the amount actually invested.

The Sub-Funds have concluded that open-ended investment funds in which they invest, but that do not consolidate, meet the definition of structured entities because:

- the voting rights in these entities are not the dominant rights in deciding who controls them as they relate to administrative tasks only;
- each entity's activities are restricted by its Prospectus; and
- the entities have narrow and well-defined objectives to provide investment opportunities to investors.

These investments are detailed in the following table as they have been established by the Sub-funds' investment manager. The maximum exposure to loss is the carrying amount of the financial assets held.

<b>Sub-Fund</b>	<b>Currency of sub-fund</b>	<b>No. of Investments</b>	<b>Total Net Assets of the underlying Structured Entity</b>	<b>Carrying amount included in 'Financial Assets at fair value through profit or loss'</b>	<b>% of the Total Net Assets of the underlying Structured Entity</b>
BMO LGM Global Emerging Markets Smaller Companies Fund	USD	1	15,005,248	3,350,363	22.33%

### **14. Significant Events During the Financial Year**

Hugh Moir resigned as a Director of the Company with effect from 3 April 2017 and Stuart Woodyatt was appointed as a Director of the Company with effect from 3 April 2017.

A revised Prospectus was issued on 16 June 2017. The Prospectus was amended to reflect various changes, including changes in the composition of the Board of Directors of the Company, the creation of various new classes of shares of the Funds and the entry by the Company into a UCITS V-compliant depositary agreement with the Depositary.

The BMO LGM Global Emerging Markets Smaller Companies Fund Class W USD Accumulating Shares was launched on 1 August 2017.

The BMO LGM Global Emerging Markets Smaller Companies Fund Class W USD Income Shares was launched on 1 August 2017.

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

## **Notes to the Financial Statements for the financial year ended 31 December 2017 cont/d**

### **14. Significant Events During the Financial Year cont/d**

A revised Prospectus was issued on 14 September 2017, and the Prospectus was further revised on 19 December 2017. The changes include:

1. The prospectus has been updated to provide for the creation of new share classes as follows: (i) Class R Shares in the BMO LGM Asian Growth and Income Fund; (ii) Class R Shares in the BMO LGM Global Emerging Markets Growth and Income Fund; (iii) Class S and Class W Shares in the BMO LGM Global Emerging Markets Smaller Companies Fund and (iv) Class R Shares, Class S Shares and Class W Shares in BMO LGM Greater India Fund; (v) Class R, Class S and Class W in the BMO LGM Asian Smaller Companies Fund; and
2. The section titled "Cash/Commission Rebates and Fee Sharing" has been updated generally to clarify that commissions paid to brokers relating to the purchase of research services will be borne by the investment manager or its delegate as appropriate and not be passed on to the Company or any sub-fund.
3. Appendix II has been updated by amending the list of regulated markets on which the funds may invest to reflect the merger of the Islamabad, Karachi and Lahore Stock Exchanges into the new Pakistan Stock Exchange.

There were no other significant events affecting the Company during the financial year.

### **15. Significant Events Since the Financial Year End**

The BMO LGM Global Emerging Markets Smaller Companies Fund Class B EUR Accumulating Shares was launched on 13 February 2018.

The BMO LGM Global Emerging Markets Smaller Companies Fund Class R USD Accumulating Shares was launched on 13 February 2018.

The BMO LGM Global Emerging Markets Smaller Companies Fund Class S USD Accumulating Shares was launched on 13 February 2018.

The BMO LGM Global Emerging Markets Smaller Companies Fund Class W USD Accumulating Shares was launched on 13 February 2018.

BMO LGM Asian Smaller Companies Fund Class W USD Accumulating Shares was launched on 29 March 2018.

BMO LGM Greater India Fund Class F USD Accumulating Shares was launched on 29 March 2018.

BMO LGM Greater India Fund Class W USD Accumulating Shares was launched on 29 March 2018.

In April 2018, one of the assets held by BMO LGM Frontier Markets Fund (Ledo d.d.) was written down to zero value following an announcement by its parent as to a restructuring of its debt. The BMO LGM Frontier Markets Fund's value of this investment as at year end 31 December 2017 was USD 294,615 (0.03% of the net asset value of the Fund).

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

### **16. Comparative Figures**

The comparative figures are for the financial period from 1 January 2016 to 31 December 2016 and for the financial year ended 31 December 2016.

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

The financial statements were approved by the Board of Directors on 25 April 2018.

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

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

Schedule of Investments as at 31 December 2017

<u> Holding </u>		<u> Fair Value </u>	<u> % of Fund </u>
		<u> USD </u>	
	<b>Transferable securities</b>		
	<b>Equities (97.85%) (2016: 74.30%)</b>		
	<b>China (12.96%) (Dec 2016: 7.88%)</b>		
27,000	ANTA Sports Products Ltd	122,440	4.22
7,280	Foshan Haitian Flavouring & Food Co Ltd	60,145	2.07
1,400	Tencent Holdings Ltd	72,711	2.51
62,000	Tingyi Holding Corp	120,553	4.16
		<u>375,849</u>	<u>12.96</u>
	<b>Hong Kong (8.94%) (2016: 10.88%)</b>		
7,400	AIA Group Ltd	63,092	2.17
15,850	Dairy Farm International Holdings Ltd	124,581	4.30
28,000	Vitasoy International Holdings Ltd	71,636	2.47
		<u>259,309</u>	<u>8.94</u>
	<b>India (22.20%) (2016: 4.92%)</b>		
866	Britannia Industries Ltd	63,894	2.20
5,031	Colgate-Palmolive India Ltd	86,704	2.98
1,175	Container Corp of IndiaLtd	25,392	0.87
2,763	Emami Ltd	57,582	1.99
1,688	HDFC Bank (ADR)*	49,518	1.71
13,027	ICICI Bank (ADR)*	126,753	4.37
19,521	ITC Ltd	80,512	2.78
129	Nestle India Ltd	15,908	0.55
1,513	Pidilite Industries Ltd	21,386	0.74
23,534	Yes Bank Ltd	116,200	4.01
		<u>643,849</u>	<u>22.20</u>
	<b>Indonesia (13.01%) (2016: 15.74%)</b>		
252,100	Bank Mandiri Persero Tbk PT	148,649	5.12
560,000	Bank Rakyat Indonesia Persero Tbk PT	150,241	5.18
128,700	Hanjaya Mandala Sampoerna Tbk PT	44,868	1.55
270,500	Kalbe Farma Tbk PT	33,694	1.16
		<u>377,452</u>	<u>13.01</u>
	<b>Macau (4.48%) (2016: 4.03%)</b>		
25,200	Sands China Ltd	130,073	4.48
	<b>Malaysia (7.59%) (2016: 5.40%)</b>		
16,500	British American Tobacco Malaysia Bhd	163,084	5.62
11,100	Public Bank Bhd	56,995	1.97
		<u>220,079</u>	<u>7.59</u>
	<b>Pakistan (5.23%) (2016: Nil)</b>		
89,000	United Bank Ltd	151,603	5.23
	<b>Philippines (5.53%) (2016: 4.46%)</b>		
53,040	Universal Robina Corp	160,438	5.53
	<b>South Korea (Nil) (2016: 3.27%)</b>		

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

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

Schedule of Investments as at 31 December 2017 cont/d

<u>Holding</u>		<u>Fair Value USD</u>	<u>% of Fund</u>
	<b>Transferable securities cont/d</b>		
	<b>Equities (97.85%) (2016: 74.30%) cont/d</b>		
	<b>Taiwan (4.94%) (2016: 4.25%)</b>		
15,000	President Chain Store Corp	143,152	4.94
	<b>Thailand (2.98%) (2016: 3.08%)</b>		
11,800	Kasikornbank PCL	86,536	2.98
	<b>United States (4.12%) (2016: 6.60%)</b>		
2,989	Yum China Holdings Inc	119,620	4.12
	<b>Vietnam (5.87%) (2016: 3.79%)</b>		
18,500	Vietnam Dairy Products JSC	169,937	5.87
	<b>Total Equities</b>	<b>2,837,897</b>	<b>97.85</b>
	<b>Participation Notes (Nil) (2016: 24.14%)</b>		
	<b>Total Value of Investments in Transferable Securities (97.85%) (2016: 98.44%)</b>	<b>2,837,897</b>	<b>97.85</b>
	<b>Other Net Assets (2.15%) (2016 1.56%)</b>	<b>62,311</b>	<b>2.15</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>2,900,208</b>	<b>100.00</b>

\*American Depositary Receipt

	<u>% of Total Assets</u>
<b><u>Analysis of Total Assets</u></b>	
Transferable securities admitted to an official stock exchange listing	89.62
Other transferable securities of the type referred to in Regulation 68(1)(d)	5.71
Deposits with Credit Institutions	3.85
Other Current Assets	0.82
Total Assets	100.00

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 2017

<u>Holding</u>		<u>Fair Value</u>	
		<u>USD</u>	<u>% of Fund</u>
	<b>Transferable securities</b>		
	<b>Equities (94.61%) (2016: 91.94%)</b>		
	<b>Argentina (5.78%) (2016: 3.09%)</b>		
1,937,010	BBVA Banco Frances SA (ADR*)	48,812,652	5.78
	<b>Bangladesh (1.36%) (2016: 1.25%)</b>		
280,878	British American Tobacco Bangladesh Co Ltd	11,487,041	1.36
	<b>Botswana (1.18%) (2016: 1.16%)</b>		
52,096,371	Letshego Holdings Ltd	9,965,515	1.18
	<b>Cayman Islands (Nil) (2016: 3.16%)</b>		
	<b>Colombia (1.34%) (2016: 2.48%)</b>		
1,312,709,598	Bolsa De Valores De Colombia	11,347,934	1.34
	<b>Costa Rica (3.27%) (2016: 4.11%)</b>		
16,269,810	Florida Ice & Farm Co SA	27,626,308	3.27
	<b>Croatia (0.03%) (2016: 1.80%)</b>		
6,364	Ledo d.d.	294,615	0.03
	<b>Egypt (12.77%) (2016: 8.46%)</b>		
8,143,358	Commercial International Bank Egypt SAE (GDR**)	35,382,891	4.19
2,933,401	Eastern Tobacco	72,449,065	8.58
		<u>107,831,956</u>	<u>12.77</u>
	<b>Ghana (1.77%) (2016: 1.61%)</b>		
3,118,629	FAN Milk Ltd	12,205,580	1.44
969,100	Unilever Ghana Ltd	2,751,408	0.33
		<u>14,956,988</u>	<u>1.77</u>
	<b>Kenya (3.87%) (2016: 5.57%)</b>		
75,508,320	Barclays Bank of Kenya Ltd	7,020,628	0.83
1,340,900	British American Tobacco Kenya Ltd	9,870,063	1.17
6,599,600	East African Breweries Ltd	15,212,637	1.80
14,058,020	Uchumi Supermarkets PLC	626,314	0.07
		<u>32,729,642</u>	<u>3.87</u>
	<b>Mauritius (2.74%) (2016: 2.40%)</b>		
2,865,911	MCB Group Ltd	23,147,743	2.74
	<b>Nigeria (5.24%) (2016: 5.43%)</b>		
336,655,250	Guaranty Trust Bank PLC	38,107,504	4.51
16,320,033	Nigerian Breweries PLC	6,115,479	0.73
		<u>44,222,983</u>	<u>5.24</u>

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

## **BMO LGM FRONTIER MARKETS FUND**

Schedule of Investments as at 31 December 2017 cont/d

<u>Holding</u>	<u>Fair Value</u>	<u>USD</u>	<u>% of Fund</u>
<b>Transferable Securities cont/d</b>			
<b>Equities (94.61%) (2016: 91.94%) cont/d</b>			
<b>Pakistan (3.79%) (2016: 5.18%)</b>			
484,250	Lucky Cement Ltd	2,270,555	0.27
17,461,000	United Bank Ltd	29,743,037	3.52
		<u>32,013,592</u>	<u>3.79</u>
<b>Peru (7.45%) (2016: 5.52%)</b>			
15,711,349	Alicorp SAA	51,393,396	6.09
8,976,490	BBVA Banco Continental SA	11,495,891	1.36
		<u>62,889,287</u>	<u>7.45</u>
<b>Philippines (1.76%) (2016: 2.43%)</b>			
4,903,170	Universal Robina Corp	14,831,303	1.76
<b>Puerto Rico (2.90%) (2016: Nil)</b>			
1,796,899	Evertec Inc	24,527,671	2.90
<b>Romania (Nil) (2016: 1.69%)</b>			
<b>Senegal (4.89%) (2016: 3.58%)</b>			
960,727	Sonatel	41,329,784	4.89
<b>South Africa (4.09%) (2016: 4.12%)</b>			
4,154,288	Famous Brands Ltd	34,559,784	4.09
<b>Sri Lanka (1.89%) (2016: 2.34%)</b>			
1,164,508	Ceylon Tobacco Co PLC	7,620,510	0.91
9,398,345	Commercial Bank of Ceylon PLC	8,314,627	0.98
		<u>15,935,137</u>	<u>1.89</u>
<b>Tanzania (3.20%) (2016: Nil)</b>			
4,336,053	Tanzania Breweries Ltd	27,039,974	3.20
<b>Tunisia (1.02%) (2016: 1.44%)</b>			
1,304,775	Delice Holding	8,621,516	1.02
<b>United Arab Emirates (2.78%) (2016: 3.30%)</b>			
20,039,079	Aramex PJSC	23,461,130	2.78
<b>United Kingdom (5.71%) (2016: 5.89%)</b>			
925,442	BGEO Group PLC	37,694,716	4.46
2,200,385	Georgia Healthcare Group Plc	10,566,825	1.25
		<u>48,261,541</u>	<u>5.71</u>
<b>United States (3.93%) (2016: 4.00%)</b>			
385,336	PriceSmart Inc	33,177,430	3.93
<b>Vietnam (8.87%) (2016: 9.79%)</b>			
3,262,723	Phu Nhuan Jewelry JSC	19,683,520	2.33
6,016,966	Vietnam Dairy Products JSC	55,270,558	6.54
		<u>74,954,078</u>	<u>8.87</u>
<b>Zimbabwe (2.98%) (2016: 2.14%)</b>			
15,730,519	Delta Corp Ltd	25,168,830	2.98
	<b>Total Equities</b>	<b>799,194,434</b>	<b>94.61</b>

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

## **BMO LGM FRONTIER MARKETS FUND**

Schedule of Investments as at 31 December 2017 cont/d

<u> Holding </u>		<u> Fair Value USD </u>	<u> % of Fund </u>
	<b>Participation Notes (1.27%) (2016: 2.51%)</b>		
	<b>Saudi Arabia (1.27%) (2016: 2.51%)</b>		
304,163	Saudi Dairy & Foodstuff due 04/06/2018 - HSBC Bank PLC (Participation Note)	10,704,870	1.27
	<b>Total Participation Notes</b>	<b>10,704,870</b>	<b>1.27</b>
	<b>Total Value of Investments in Transferable Securities (95.88%) (2016: 94.45%)</b>	<b>809,899,304</b>	<b>95.88</b>
	<b>Other Net Assets (4.12%) (2016: 5.55%)</b>	<b>34,770,064</b>	<b>4.12</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>844,669,368</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	85.61
Other transferable securities of the type referred to in Regulation 68(1)(d)	8.86
Transferable dealt with in a regulated market (Participation Notes)	1.27
Deposits with Credit Institutions	4.07
Other Current Assets	0.19
Total Assets	<u>100.00</u>

The counterparty for the Participation Note is:  
HSBC Bank Plc

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 2017

<u> Holding </u>		<u> Fair Value </u>	<u> % of Fund </u>
		<u> USD </u>	
	<b>Transferable securities</b>		
	<b>Equities (96.10%) (2016: 98.13%)</b>		
	<b>Bermuda (4.24%) (2016: Nil)</b>		
40,234	Credicorp Ltd	8,345,739	1.45
2,050,963	Dairy Farm International Holdings Ltd	16,120,569	2.79
		<u>24,466,308</u>	<u>4.24</u>
	<b>Brazil (0.93%) (2016: 0.82%)</b>		
1,102,800	CCR SA	5,369,214	0.93
	<b>Chile (1.10%) (2016: 0.93%)</b>		
9,572,855	Aguas Andinas SA	6,341,639	1.10
	<b>China (1.51%) (2016: Nil)</b>		
1,053,499	Foshan Haitian Flavouring & Food Co Ltd	8,703,662	1.51
	<b>Egypt (2.82%) (2016: 4.00%)</b>		
3,750,356	Commercial International Bank Egypt SAE (GDR)*	16,295,297	2.82
	<b>Hong Kong (3.06%) (2016: 2.92%)</b>		
2,071,000	AIA Group Ltd	17,657,267	3.06
	<b>India (19.44%) (2016: 28.81%)</b>		
532,032	Colgate-Palmolive India Ltd	9,169,013	1.59
684,310	Emami Ltd	14,261,395	2.48
551,353	Housing Development Finance Corp Ltd	16,174,116	2.80
4,984,092	ICICI Bank Ltd	24,519,290	4.25
6,000,053	ITC Ltd	24,746,604	4.29
4,715,159	Yes Bank Ltd	23,281,225	4.03
		<u>112,151,643</u>	<u>19.44</u>
	<b>Indonesia (11.17%) (2016: 16.04%)</b>		
55,788,300	Bank Mandiri Persero Tbk PT	32,895,257	5.70
76,558,500	Bank Rakyat Indonesia Persero Tbk PT	20,539,741	3.56
15,689,525	Hanjaya Mandala Sampoerna Tbk PT	5,469,796	0.95
44,580,900	Kalbe Farma Tbk PT	5,553,103	0.96
		<u>64,457,897</u>	<u>11.17</u>
	<b>Kenya (Nil) (2016: 0.96%)</b>		
	<b>Macau (4.12%) (2016: 2.49%)</b>		
4,607,600	Sand China Ltd	23,782,720	4.12
	<b>Malaysia (4.80%) (2016: 1.02%)</b>		
1,944,700	British American Tobacco Malaysia Bhd	19,221,151	3.33
1,655,300	Public Bank Bhd	8,499,415	1.47
		<u>27,720,566</u>	<u>4.80</u>
	<b>Mexico (10.65%) (2016: 10.40%)</b>		
4,733,729	Bolsa Mexicana de Valores SAB de CV	8,189,759	1.42
1,433,100	Fomento Economico Mexicano SAB de CV	13,546,899	2.35
1,920,599	Grupo Financiero Banorte SAB de CV	10,584,866	1.84

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

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

Schedule of Investments as at 31 December 2017 cont/d

<u>Holding</u>	<u>Fair Value</u>	<u>USD</u>	<u>% of Fund</u>
<b>Transferable securities cont/d</b>			
<b>Equities (96.10%) (2016: 98.13%) cont/d</b>			
<b>Mexico (10.65%) (2016: 10.40%) cont/d</b>			
11,803,240	Wal-Mart de Mexico SAB de CV	29,071,485	5.04
		<u>61,393,009</u>	<u>10.65</u>
<b>Nigeria (1.46%) (2016: 0.68%)</b>			
74,218,432	Guaranty Trust Bank PLC	8,401,114	1.46
<b>Peru (Nil) (2016: 1.27%)</b>			
<b>Philippines (4.15%) (2016: 5.87%)</b>			
7,912,690	Universal Robina Corp	23,934,619	4.15
<b>Russian Federation (2.77%) (2016: Nil)</b>			
145,225	Magnit Pjsc	15,992,818	2.77
<b>South Africa (7.44%) (2016: 5.43%)</b>			
880,504	Clicks Group Ltd	12,882,527	2.23
807,002	Famous Brands Ltd	6,713,500	1.16
1,180,312	Mr Price Group	23,345,961	4.05
		<u>42,941,988</u>	<u>7.44</u>
<b>South Korea (Nil) (2016: 0.73%)</b>			
<b>Taiwan (2.42%) (2016: 1.67%)</b>			
1,461,000	President Chain Store Corp	13,943,041	2.42
<b>Thailand (2.08%) (2016: 1.82%)</b>			
1,639,900	Kasikornbank PCL	12,026,269	2.08
<b>Turkey (1.75%) (2016: 3.22%)</b>			
488,808	BIM Birlesik Magazalar AS	10,068,547	1.75
<b>United States (7.28%) (2016: 6.31%)</b>			
72,100	PriceSmart Inc	6,207,810	1.08
602,157	Western Union Co	11,447,005	1.98
608,080	Yum China Holdings Plc	24,335,362	4.22
		<u>41,990,177</u>	<u>7.28</u>
<b>Vietnam (2.91%) (2016: 2.74%)</b>			
1,821,740	Vietnam Dairy Products JSC	16,734,112	2.91
<b>Total Equities</b>		<b>554,371,907</b>	<b>96.10</b>
<b>Participation Notes (Nil) (2016: 0.09%)</b>			

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

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

Schedule of Investments as at 31 December 2017 cont/d

Financial Derivative Instruments (0.00%) (2016: Nil)

Forward Foreign Currency Exchange Contracts (0.00%) (2016: Nil)

Settlement Date	Currency Bought	Amount Bought	Currency Sold	Amount Sold	Unrealised Gain/(Loss) USD	% of Fund
01/03/2018	USD	467,104	ZAR	5,776,845	477	0.00
01/04/2018	USD	746,483	ZAR	9,256,250	(1,079)	0.00
<b>Unrealised gain on open forward foreign currency exchange contracts</b>					477	0.00
<b>Unrealised (loss) on open forward foreign currency exchange contracts</b>					(1,079)	0.00
<b>Net unrealised (loss) on open forward foreign currency exchange contracts</b>					<b>(602)</b>	<b>0.00</b>
<b>Total value of investments</b>					<b>554,371,305</b>	<b>96.10</b>
<b>Other Net Assets (3.90%) (2016: 1.78%)</b>					<b>22,521,755</b>	<b>3.90</b>
<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>					<b>576,893,060</b>	<b>100.00</b>

\*Global Depository Receipt

The counterparty for the open forward currency exchange contracts is State Street Bank and Trust London.

### **Analysis of Total Assets**

	<b>% of Total Assets</b>
Transferable securities admitted to an official stock exchange listing	95.64
Over the counter financial derivative instruments	0.00
Deposits with Credit Institutions	4.05
Other Current Assets	0.31
<b>Total Assets</b>	<b>100.00</b>

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

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

## **BMO LGM GREATER INDIA FUND**

Schedule of Investments as at 31 December 2017

<u>Holding</u>		<u>Fair Value USD</u>	<u>% of Fund</u>
	<b>Transferable securities</b>		
	<b>Equities (97.45%) (2016: 98.81%)</b>		
	<b>India (97.45%) (2016: 98.81%)</b>		
658	Bajaj Auto Ltd	34,366	2.96
5,802	Bajaj Corp Ltd	43,478	3.74
1,090	Bajaj Finance Ltd	30,000	2.58
539	Britannia Industries Ltd	39,768	3.42
1,446	Care Ratings Ltd	30,184	2.6
1,855	Colgate-Palmolive India Ltd	31,969	2.75
1,033	Container Corp of India Ltd	22,324	1.92
2,445	Emami Ltd	50,955	4.38
2,062	Escorts Ltd	25,439	2.19
2,357	HDFC Bank Ltd	69,143	5.95
2,199	Hindustan Unilever Ltd	47,125	4.05
1,925	Housing Development Finance Corp Ltd	51,585	4.44
15,712	ICICI Bank Ltd	77,295	6.65
1,586	IndusInd Bank Ltd	40,972	3.52
15,953	ITC Ltd	65,797	5.66
952	Jubilant Foodworks Ltd	26,267	2.26
3,474	Jyothy Laboratories Ltd	20,802	1.79
3,023	Kotak Mahindra Bank Ltd	47,845	4.12
485	Nestle India Ltd	59,808	5.14
2,527	Pidilite Industries Ltd	35,719	3.07
74	Shree Cement Ltd	20,955	1.8
810	Shriram City Union Finance Ltd	26,738	2.3
3,943	Titan Co Ltd	53,013	4.56
947	United Spirits Ltd	54,434	4.68
7,679	Wonderla Holidays Ltd	43,395	3.73
12,267	Yes Bank Ltd	60,569	5.21
2,527	Zee Entertainment Enterprises Ltd	23,035	1.98
		<u>1,132,980</u>	<u>97.45</u>
	<b>Total Equities</b>	<b>1,132,980</b>	<b>97.45</b>
	<b>Total Value of Investments in Transferable Securities (97.45%) (2016: 98.81%)</b>	<b>1,132,980</b>	<b>97.45</b>
	<b>Other Net Assets (2.55%) (2016: 1.19%)</b>	<b>29,596</b>	<b>2.55</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b><u>1,162,576</u></b>	<b><u>100.00</u></b>

	<u>% of Total Assets</u>
<b>Analysis of Total Assets</b>	
Transferable securities admitted to an official stock exchange listing	93.20
Deposits with Credit Institutions	6.02
Other Current Assets	0.78
Total Assets	<u>100.00</u>

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 2017

<u>Holding</u>	<u>Fair Value</u>	<u>USD</u>	<u>% of Fund</u>
<b>Transferable securities</b>			
<b>Equities (96.10%) (2016: 97.73%)</b>			
<b>Bangladesh (2.54%) (2016: Nil)</b>			
9,335	British American Tobacco Bangladesh Co Ltd	381,773	2.54
<b>Bermuda (8.07%) (2016: 4.75%)</b>			
1,185,000	PAX Global Technology Ltd	530,554	3.53
1,568,037	Silverlake Axis Ltd	680,531	4.54
		<u>1,211,085</u>	<u>8.07</u>
<b>Cayman Islands (Nil) (2016: 4.43%)</b>			
<b>China (5.71%) (2016: 3.66%)</b>			
2,111,000	Cosmo Lady China Holdings Co Ltd	764,219	5.09
46,500	Xiabuxiabu Catering Management China Holdings Co Ltd	93,627	0.62
		<u>857,846</u>	<u>5.71</u>
<b>Hong Kong (5.78%) (2016: 4.12%)</b>			
958,000	Convenience Retail Asia Ltd	453,430	3.02
162,000	Vitasoy International Holdings Ltd	414,465	2.76
		<u>867,895</u>	<u>5.78</u>
<b>India (26.40%) (2016: 27.99%)</b>			
156,700	Bajaj Corp Ltd	1,174,253	7.84
18,725	Bata India Ltd	219,235	1.46
20,125	Care Ratings Ltd	420,094	2.8
30,015	Escorts Ltd	370,300	2.47
257,880	Federal Bank Ltd	438,369	2.92
90,069	Jyothy Laboratories Ltd	539,334	3.59
14,927	Shriram City Union Finance Ltd	492,730	3.28
54,261	Wonderla Holidays Ltd	306,638	2.04
		<u>3,960,953</u>	<u>26.40</u>
<b>Indonesia (7.31%) (2016: 7.16%)</b>			
4,478,800	Ace Hardware Indonesia Tbk PT	381,280	2.54
3,307,300	Clipan Finance Indonesia Tbk PT	68,255	0.45
3,388,000	Fast Food Indonesia Tbk PT	359,589	2.4
1,936,000	Mayora Indah Tbk PT	288,242	1.92
		<u>1,097,366</u>	<u>7.31</u>
<b>Malaysia (10.14%) (2016: 10.69%)</b>			
30,400	Dutch Lady Milk Industries Bhd	465,728	3.11
137,800	Heineken Malaysia Bhd	643,543	4.29
539,400	Oldtown Bhd	411,847	2.74
		<u>1,521,118</u>	<u>10.14</u>
<b>Pakistan (2.28%) (2016: 2.79%)</b>			
200,500	United Bank Ltd	341,531	2.28
<b>Singapore (3.04%) (2016: 7.45%)</b>			
137,800	Delfi Ltd	146,420	0.98
446,800	Sheng Siong Group Ltd	309,256	2.06
		<u>455,676</u>	<u>3.04</u>
<b>Sri Lanka (4.57%) (2016: 4.16%)</b>			
41,996	Ceylon Tobacco Co PLC	274,821	1.83
464,407	Commercial Bank of Ceylon PLC	410,856	2.74
		<u>685,677</u>	<u>4.57</u>

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

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

Schedule of Investments as at 31 December 2017 cont/d

<u>Holding</u>		<b>Fair Value</b>	
		<b>USD</b>	<b>% of Fund</b>
	<b>Transferable securities cont/d</b>		
	<b>Equities (96.10%) (2016: 97.73%) cont/d</b>		
	<b>Taiwan (11.58%) (2016: 11.12%)</b>		
95,000	Dr Wu Skincare Co Ltd	267,201	1.78
69,680	Formosa International Hotels Corp	360,592	2.4
39,000	Giant Manufacturing Co Ltd	214,275	1.43
42,766	Poya International Co Ltd	535,321	3.57
11,000	St Shine Optical Co Ltd	360,401	2.4
		<u>1,737,790</u>	<u>11.58</u>
	<b>Thailand (6.95%) (2016: 8.07%)</b>		
633,500	Major Cineplex Group PCL	563,715	3.76
181,900	MK Restaurants Group PCL	478,611	3.19
		<u>1,042,326</u>	<u>6.95</u>
	<b>Vietnam (1.73%) (2016: 1.34%)</b>		
43,000	Phu Nhuan Jewelry JSC	259,413	1.73
	<b>Total Equities</b>	<b>14,420,449</b>	<b>96.10</b>
	<b>Total Value of Investments in Transferable Securities (96.10%) (2016: 97.73%)</b>	<b>14,420,449</b>	<b>96.10</b>
	<b>Other Net Assets (3.90%) (2016: 2.27%)</b>	<b>584,799</b>	<b>3.90</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>15,005,248</b>	<b>100.00</b>

### **Analysis of Total Assets**

	<b>% of Total Assets</b>
Transferable securities admitted to an official stock exchange listing	93.08
Other transferable securities of the type referred to in Regulation 68(1)(d)	1.71
Deposits with Credit Institutions	4.65
Other Current Assets	0.56
<b>Total Assets</b>	<b>100.00</b>

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

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

## **BMO LGM GLOBAL EMERGING MARKETS SMALLER COMPANIES FUND**

Schedule of Investments as at 31 December 2017

<u>Holding</u>	<u>Fair Value</u>	<u>USD</u>	<u>% of Fund</u>
	<b>Transferable securities</b>		
	<b>Equities (95.32%)</b>		
	<b>Chile (2.03%)</b>		
904,553	Forus SA	4,074,298	2.03
	<b>China (3.14%)</b>		
8,529,000	Cosmo Lady China Holdings Co Ltd	3,087,648	1.54
1,593,000	Xiabuxiabu Catering Management China Holdings Co	3,207,478	1.60
		6,295,126	3.14
	<b>Czech Republic (2.53%)</b>		
6,532	Philip Morris CR AS	5,086,726	2.53
	<b>Hong Kong (2.04%)</b>		
1,610,000	Vitasoy International Holdings Ltd	4,119,069	2.04
	<b>India (14.48%)</b>		
671,281	Bajaj Corp Ltd	5,030,335	2.50
311,295	Care Ratings Ltd	6,498,044	3.24
176,529	Emami Ltd	3,678,961	1.83
3,474,446	Federal Bank Ltd	5,906,191	2.94
213,399	Shriram City Union Finance Ltd	7,044,148	3.51
162,509	Wonderla Holidays Ltd	918,366	0.46
		29,076,045	14.48
	<b>Indonesia (2.95%)</b>		
69,356,600	Ace Hardware Indonesia Tbk PT	5,904,321	2.95
	<b>Malaysia (7.98%)</b>		
257,400	Dutch Lady Milk Industries BHD	3,943,365	1.96
1,440,100	Heineken Malaysia Bhd	6,725,448	3.35
7,021,100	Oldtown Bhd	5,360,810	2.67
		16,029,623	7.98
	<b>Mexico (6.45%)</b>		
2,477,840	Grupo Herdez SAB de CV	5,785,067	2.88
4,145,684	Bolsa Mexicana de Valores SAB de CV	7,172,390	3.57
		12,957,457	6.45
	<b>Peru (2.82%)</b>		
1,730,630	Alicorp SAA	5,661,064	2.82
	<b>Poland (3.66%)</b>		
62,290	AmRest Holdings SE	7,349,747	3.66
	<b>Singapore (6.37%)</b>		
1,880,600	Delfi Ltd	1,998,243	1.00
4,330,600	Sheng Siong Group Ltd	2,997,460	1.50
17,910,583	Silverlake Axis Ltd	7,773,225	3.87
		12,768,928	6.37
	<b>South Africa (17.05%)</b>		
682,273	AVI Ltd	6,093,062	3.03
130,931	Cashbuild Ltd	4,706,324	2.34

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

## **BMO LGM GLOBAL EMERGING MARKETS SMALLER COMPANIES FUND**

Schedule of Investments as at 31 December 2017 cont/d

<b> Holding </b>		<b> Fair Value USD</b>	<b> % of Fund</b>
	<b>Transferable securities cont/d</b>		
	<b>Equities (95.32%) cont//d</b>		
	<b>South Africa (17.05%) cont/d</b>		
378,985	City Lodge Hotels Ltd	4,419,553	2.20
417,269	Clicks Group Ltd	6,105,003	3.04
776,784	Famous Brands Ltd	6,462,115	3.22
519,944	JSE Ltd	6,461,081	3.22
		34,247,138	17.05
	<b>Taiwan (6.14%)</b>		
479,000	Dr Wu Skincare Co Ltd	1,347,255	0.67
758,000	Formosa International Hotels Corp	3,922,644	1.95
564,000	Poya International Co Ltd	7,059,832	3.52
		12,329,731	6.14
	<b>Thailand (5.00%)</b>		
6,749,600	Major Cineplex Group PCL	6,006,088	2.99
1,535,000	MK Restaurants Group PCL	4,038,854	2.01
		10,044,942	5.00
	<b>Turkey (5.22%)</b>		
16,629,350	Turkiye Sinai Kalkinma Bankasi AS	6,315,609	3.15
268,831	Logo Yazilim Sanayi Ve Ticaret AS	4,165,477	2.07
		10,481,086	5.22
	<b>United Kingdom (4.09%)</b>		
170,541	BGEO Group PLC	8,205,974	4.09
	<b>United Arab Emirates (3.37%)</b>		
5,780,717	Aramex PJSC	6,767,884	3.37
	<b>Total Equities</b>	<b>191,399,159</b>	<b>95.32</b>
	<b>Total Value of Investments in Transferable Securities</b>	<b>191,399,159</b>	<b>95.32</b>
	<b>Investment Funds (1.67%)</b>		
	<b>Ireland (1.67%)</b>		
303,745	BMO LGM Asian Smaller Companies Fund	3,350,363	1.67
	<b>Total Investment Funds</b>	<b>3,350,363</b>	<b>1.67</b>
	<b>Total Value of Investments (96.99%)</b>	<b>194,749,522</b>	<b>96.99</b>
	<b>Other Net Assets (3.01%)</b>	<b>6,048,907</b>	<b>3.01</b>
	<b>Net Assets Attributable To Redeemable Participating Shareholders (At Dealing NAV) (100.00%)</b>	<b>200,798,429</b>	<b>100.00</b>



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

## **BMO LGM GLOBAL EMERGING MARKETS SMALLER COMPANIES FUND**

### **Schedule of Investments as at 31 December 2017 cont/d**

	<b>% of Total Assets</b>
<b><u>Analysis of Total Assets</u></b>	
Transferable securities admitted to an official stock exchange listing	94.99
Investment Funds (UCITS)	1.66
Deposits with Credit Institutions	3.34
Other Current Assets	0.01
Total Assets	<u>100.00</u>

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

BMO LGM Global Emerging Markets Smaller Companies Fund launched on 1 August 2017, therefore no comparatives are presented.

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

## **Supplemental Unaudited Information**

### **1. Exchange Rates**

The rates of exchange ruling as at 31 December 2017 and 31 December 2016 are as follows:

<b>31 December 2017</b>			<b>31 December 2016</b>		
<b>USD1 =</b>	<b>Currency</b>	<b>Rate</b>	<b>USD1</b>	<b>Currency</b>	<b>Rate</b>
	AED	3.6728		AED	3.6729
	BDT	83.1750		BDT	78.6000
	BRL	3.3171		BRL	3.2547
	BWP	9.8280		BWP	10.6838
	CLP	614.9800		CLP	669.7850
	CNY	6.5120		CNY	-
	COP	2,984.5000		COP	3002.0000
	CRC	569.4900		CRC	553.1800
	CZK	21.2600		CZK	-
	EGP	17.7800		EGP	18.1300
	EUR	0.8328		EUR	0.9481
	GBP	0.7392		GBP	0.8093
	GHS	4.5225		GHS	4.2700
	HKD	7.8173		HKD	7.7532
	HRK	6.1995		HRK	7.1659
	IDR	13,567.5000		IDR	13,472.5000
	INR	63.8275		INR	67.8700
	KES	103.2500		KES	102.4700
	KRW	1,070.5500		KRW	1207.8000
	LKR	153.5000		LKR	149.8000
	MUR	33.8000		MUR	36.0100
	MXN	19.5655		MXN	20.6015
	MYR	4.0470		MYR	4.4860
	NGN	360.0000		NGN	314.9800
	OMR	0.3851		OMR	0.3851
	PEN	3.2405		PEN	3.3529
	PHP	49.9200		PHP	49.7125
	PKR	110.3500		PKR	104.3750
	PLN	3.4748		PLN	-
	RON	-		RON	4.3067
	SGD	1.3364		SGD	1.4447
	THB	32.5900		THB	35.8105
	TND	2.4971		TND	2.3003
	TRY	3.7916		TRY	3.5176
	TWD	29.7585		TWD	32.2290
	TZS	2,245.0000		TZS	-
	VND	22,709.0000		VND	22,771.0000
	XOF	546.2667		XOF	621.9076
	ZAR	12.3800		ZAR	13.6750

### **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 financial year ended 31 December 2017 or 31 December 2016.

### **3. Securities Lending**

No securities lending took place during the financial year ended 31 December 2017 (2016: Nil).

### **4. Direct brokerage**

There was no direct brokerage services utilised for the financial year ended 31 December 2017 (2016: Nil).

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

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

**5. Off balance sheet transactions**

There were no off balance sheet transactions, other than those disclosed in the financial statements for the Company as at 31 December 2017 (2016: Nil).

**6. Contingent Liabilities**

There were no contingent liabilities as at 31 December 2017 (2016: Nil).

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

### Supplemental Unaudited Information cont/d

#### 7. Net Asset Value Per Redeemable Participating Share

Net asset value per redeemable participating share for the financial year ended 31 December 2017:

	<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 US\$ Accumulating Shares</b>	<b>Class W US\$ Accumulating Shares</b>	<b>Class A US\$ Income Shares</b>	<b>Class B US\$ Income Shares</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class E US\$ Accumulating Shares</b>
Net asset value per financial statements	USD 2,889,321	USD 10,887	USD 500,239	USD 68,092,404	USD 172,465,877	USD 603,610,848
Net asset value per dealing prices	USD 13.5260	USD 13.7810	USD 20.6276	USD 18.3905	USD 21.1553	USD 17.7542

	<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 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>Class B US\$ Income Shares</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class E US\$ Accumulating Shares</b>	<b>Class W US\$ Income Shares</b>	<b>Class W US\$ Accumulating Shares</b>	<b>Class B EUR€ Accumulating Shares</b>
Net asset value per financial statements	USD 6,000,041	USD 23,829,592	USD 527,718,856	USD 42,186	USD 4,735,263	EUR 9,845,228
Net asset value per dealing prices	USD 8.5832	USD 16.8473	USD 14.7507	USD 12.3641	USD 12.3679	EUR 10.4343

\*The BMO LGM Global Emerging Markets Growth and Income Fund EUR launched on 1 August 2017.

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

### Supplemental Unaudited Information cont/d

#### 7. Net Asset Value Per Redeemable Participating Share cont/d

Net asset value per redeemable participating share for the financial year ended 31 December 2017 cont/d:

	<b>BMO LGM Global Emerging Markets Growth and Income Fund*</b>	<b>BMO LGM Asian Smaller Companies Fund</b>	<b>BMO LGM Greater India Fund</b>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>	<b>BMO LGM Global Emerging Markets Smaller Companies Fund*</b>
	<b>Class W EUR€ Accumulating Shares</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class E US\$ Accumulating Shares</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class E US\$ Accumulating Shares</b>	<b>Class F US\$ Accumulating Shares</b>
Net asset value per financial statements	EUR 576,893,060	USD 15,005,248	USD 1,162,576	USD 1,063	USD 134,945,177	USD 65,852,189
Net asset value per dealing prices	EUR 10.6360	USD 11.0527	USD 16.4899	USD 10.6332	USD 10.6533	USD 10.6396

\*The Fund has launched 1 August 2017.

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

### Supplemental Unaudited Information cont/d

#### 7. Net Asset Value Per Redeemable Participating Share cont/d

Net asset value per redeemable participating share for the financial year ended 31 December 2016:

	<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 US\$ Income Shares*</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class A US\$ Income Shares</b>	<b>Class B US\$ Income Shares</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class E US\$ Accumulating Shares</b>
Net asset value per financial statements	-	USD 6,635,944	USD 637,832	USD 55,792,769	USD 142,354,037	USD 411,766,840
Net asset value per dealing prices	-	USD 9.7379	USD 17.0297	USD 15.0986	USD 17.1836	USD 14.2080
	<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 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>Class B US\$ Income Shares</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class E US\$ Accumulating Shares</b>	<b>Class S US\$ Accumulating Shares**</b>	<b>Class W US\$ Income Shares***</b>	<b>Class W US\$ Accumulating Shares***</b>
Net asset value per financial statements	USD 3,270,556	USD 23,173,233	USD 213,430,110	USD 12,260,925	USD 30,982	USD 1,753
Net asset value per dealing prices	USD 6.2556	USD 12.2808	USD 10.6717	USD 9.5788	USD 9.0803	USD 9.0829

\*The BMO LGM Asian Growth and Income Fund Class B US\$ Income Shares terminated on 5 January 2016.

\*\*The BMO LGM Global Emerging Markets Growth and Income Fund Class S US\$ Accumulating Shares launched on 20 April 2016.

\*\*\*The BMO LGM Global Emerging Markets Growth and Income Fund Class W US\$ Income Shares and Class W US\$ Accumulating Shares bunched on 22 July 2016.

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

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

#### **7. Net Asset Value Per Redeemable Participating Share cont/d**

Net asset value per redeemable participating share for the financial year ended 31 December 2016:

	<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 US\$ Income Shares*</b>	<b>Class B US\$ Accumulating Shares</b>	<b>Class B US\$ Accumulating Shares</b>
Net asset value per financial statements	-	USD 1,883,981	USD 9,342,998
Net asset value per dealing prices	-	USD 10.4018	USD 9.0795

\*The BMO LGM Greater India Fund Class B US\$ Income Shares terminated on 5 January 2016.

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

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

### **8. Data**

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

### **9. Remuneration Disclosure**

This section of the annual report has been prepared in accordance to the Article 14a(4) of Directive 2009/65/EC, as amended by Directive 2014/91/EU (“UCITS V Directive”).

Following the recent application of the UCITS V Directive on 18 March 2016, BMO Investments II (Ireland) plc (the “Company”) has adopted a remuneration policy as required by the UCITS V Directive (the “Company’s Remuneration Policy”) and aligned with the BMO Global Asset Management (EMEA) Remuneration Policy. The Company’s board of directors (each a “Director” and collectively, the “Board”) is responsible for the remuneration policy of the Company and for determining the remuneration of the directors of the Company. The Board considers that its members have appropriate expertise in risk management and remuneration to perform this review.

The Company’s Remuneration Policy is consistent with and promotes sound and effective risk management. It is designed not to encourage risk-taking which is inconsistent with the risk profile of the Company and its sub-funds. The Company’s Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company and its sub-funds and includes measures to avoid conflicts of interest. The Company’s Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the Company and its sub-funds.

The Company currently does not have any employees other than its Directors. Due to the size and internal organisation of the Company and the nature, scope and complexity of its activities, a remuneration committee has not been established by the Company. The Directors who are separately employed by the investment manager of the Company (the “Investment Manager”), or its affiliated entities, do not receive remuneration from the Company for acting in their capacity as directors. The Directors who are eligible to receive payment for their role as Directors of the Company receive a fixed annual fee which is competitive and based on the individual Director’s powers, tasks, expertise and responsibilities. Any fee arrangements with the Directors shall be subject to the approval of the Board. The Directors do not receive performance-based or variable remuneration. For the financial year ended 31 December 2017, the remuneration paid to those Directors who are eligible to receive payment for their role as Directors of the Company was USD 73,186. Please see the prospectus of the Company for further details of the fees and expenses payable to the Directors.

The Company’s Remuneration Policy is reviewed annually by the Board. The Company’s Remuneration Policy, including a description of how remuneration is calculated, is available on [www.bmogam.com](http://www.bmogam.com). The Company’s Remuneration Policy summary will be made available for inspection and a paper copy may be obtained, free of charge, at the registered office of the Company.

The Investment Manager has also approved and adopted a revised remuneration policy which is consistent with the remuneration principles applicable to UCITS management companies. The size of the Investment Manager and the size of the funds it manages, the internal organisation and the nature, the scope and the complexity of their activities have been taken into consideration. The purpose of the Investment Manager’s remuneration policy is to describe the remuneration principles and practices within the Investment Manager and for such principles and practices:

- (i) to be consistent with, and promote, sound and effective risk management;
- (ii) to be in line with the business strategy, objectives, values and interests of the Investment Manager;
- (iii) not to encourage excessive risk-taking as compared to the investment policy of the relevant funds the Investment Manager manages;
- (iv) to provide a framework for remuneration to attract, motivate and retain staff (including directors) to which the policy applies in order to achieve the objectives of the Investment Manager; and
- (v) to ensure that any relevant conflicts of interest can be managed appropriately at all times.

The services of the Designated Persons are provided to the Company pursuant to an engagement letter between KB Associates (“KBA”) and the Company whereby the Designated Persons are seconded to the Company on a part-time basis. Fees in respect of the Designated Persons are fixed and are disclosed in Note 5.



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

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

#### **10. Securities Financing Transactions Regulation**

The Securities Financing Transactions Regulation (Regulation (EU) 2015/2365) (“SFTR”) came into force on 12 January 2016 and, amongst other requirements, introduces new disclosure requirements in annual and interim financial statements published after 13 January 2017, detailing the use of securities financing transactions. The Funds were not invested in any securities financing transactions pursuant to Regulation (EU) 2015/2365 during the financial year ended 31 December 2017, and no additional disclosures have been included in the financial statements.

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

### **Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017**

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

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
ICICI Bank Ltd	30,885	259,286
Yes Bank Ltd	9,792	236,397
Colgate-Palmolive India Ltd	15,000	231,473
Foshan Haitian Flavouring & Food Co Ltd	49,980	221,747
United Bank Ltd	89,000	196,301
Britannia Industries Ltd	3,612	192,138
Yum China Holdings Inc	6,703	189,601
HDFC Bank Ltd	2,751	185,325
Emami Ltd	10,439	165,226
HDFC Bank Ltd	5,053	134,872
Nestle India Ltd	1,200	118,202
Tingyi Holding Corp	96,000	115,131
ITC Ltd	21,725	94,189
Pidilite Industries Ltd	7,973	88,666
British American Tobacco Malaysia Bhd	8,000	84,834
Titan Co Ltd	11,111	81,316
Hindustan Unilever Ltd	5,645	79,805
Vitasoy International Holdings Ltd	36,000	70,269
Universal Robina Corp	21,560	66,211
Kalbe Farma Tbk PT	511,600	57,170
Container Corp of India Ltd	3,000	56,611
AIA Group Ltd	8,400	53,226
Bank Rakyat Indonesia Persero Tbk PT	56,200	51,816
Vietnam Dairy Products Jsc	6,750	44,854
ANTA Sports Products Ltd	12,000	42,234
Bank Mandiri Persero Tbk Pt	36,500	33,590
<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
HDFC Bank Ltd	5,939	484,394
Mead Johnson Nutrition Co	4,825	422,854
Tencent Holdings Ltd	11,300	354,512
Bank Mandiri Persero Tbk PT	456,100	352,274
ICICI Bank Ltd	37,592	331,756
Yes Bank Ltd due 12/08/2018 - Deutsche Bank AG (Participation Note)	12,251	293,097
Yum China Holdings Inc	7,403	279,363
Foshan Haitian Flavouring & Food Co Ltd	42,700	273,629
Colgate-Palmolive India Ltd due 15/05/2017 - Morgan Stanley BV (Participation Note)	16,511	252,545
Bank Rakyat Indonesia Persero Tbk PT	236,200	248,200
Vietnam Dairy Products Jsc	33,800	241,166
Britannia Industries Ltd due 17/01/2017 - Citigroup Global Markets Holdings Inc (Participation Note)	5,110	223,648
AIA Group Ltd	30,000	217,304
Vitasoy International Holdings Ltd	98,000	204,955

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

### **Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d**

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

<b>Major Sales cont/d</b>	<b>Shares</b>	<b>Proceeds USD</b>
ANTA Sports Products Ltd	56,000	197,154
Kalbe Farma Tbk PT	1,639,200	189,416
Emami Ltd due 17/01/2017 - Citigroup Global Markets Holdings Inc (Participation Note)	12,103	186,852
Kasikornbank PCL	32,100	185,433
Sands China Ltd	40,000	182,301
Britannia Industries Ltd	2,746	180,506
Universal Robina Corp	58,580	176,367
ITC Ltd due 17/01/2017 - Citigroup Global Markets Holdings Inc (Participation Note)	46,449	170,993
Colgate-Palmolive India Ltd	9,969	166,617
NagaCorp Ltd	284,000	164,491
KT&G Corp	1,809	163,009
Mahindra & Mahindra Financial Services Ltd due 17/03/2017 - Morgan Stanley Asia Products Ltd (Participation Note)	35,361	152,170
Nestle India Ltd due 12/06/2018 - Deutsche Bank AG London (Participation Note)	1,522	148,954
Public Bank Bhd	29,000	135,763
Emami Ltd	7,676	130,175
Dairy Farm International Holdings Ltd	16,119	128,099
Unilever Indonesia Tbk PT	36,700	125,378
Yes Bank Ltd	21,936	120,444
Titan Ltd due 30/06/2021 - Deutsche Bank AG (Participation Note)	16,207	117,711
Nestle India Ltd	1,071	113,834
Pidilite Industries Ltd due 17/03/2017 - Morgan Stanley Asia Products Ltd	11,348	113,655
Titan Co Ltd	11,111	107,396
Hindustan Unilever Ltd due 03/12/2018 - Morgan Stanley Asia Products Ltd (Participation Note)	7,658	104,531
Hindustan Unilever Ltd	5,645	103,594
Taiwan Semiconductor Manufacturing Co Ltd	17,000	103,059
British American Tobacco Malaysia Bhd	9,800	101,573
President Chain Store Corp	11,000	92,039
HDFC Bank Ltd	3,365	91,987
Hanjaya Mandala Sampoerna Tbk PT	313,200	90,799

Significant portfolio changes are defined as the aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial year and aggregate sales of a security exceeding one per cent of the total value of sales for the financial year. At a minimum, the 20 largest purchases and 20 largest sales are to be disclosed.

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

### **Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d**

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

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
Evertec Inc	1,796,899	26,300,026
Tanzania Breweries Ltd	4,336,053	24,178,240
Famous Brands Ltd	1,958,258	18,435,085
Eastern Tobacco	1,330,167	18,159,930
United Bank Ltd	8,521,000	17,822,559
Sonatel	417,551	17,044,022
BBVA Banco Frances	853,680	14,796,468
Alicorp SAA	4,661,980	10,979,658
PriceSmart Inc	113,113	9,884,508
BGEO Group PLC	213,300	7,674,878
Jarir Marketing 12/02/2017 - Merrill Lynch International & Co (Participation Note)	169,635	5,959,362
MCB Group Ltd	868,100	5,669,599
British American Tobacco Bangladesh Co Ltd	169,538	5,277,003
Guaranty Trust Bank PLC	60,379,682	5,070,076
Vietnam Dairy Products JSC	809,300	4,668,994
East African Breweries Ltd	1,762,800	3,766,609
Florida Ice & Farm Co SA	1,425,000	2,452,021
Bolsa de Valores de Colombia	223,665,459	1,920,453
Barclays Bank of Kenya Ltd	15,113,800	1,344,512
Universal Robina Corp	383,280	1,238,660
<b>Major Sales*</b>	<b>Shares</b>	<b>Proceeds USD</b>
Vietnam Dairy Products JSC	3,903,940	29,920,822
NagaCorp Ltd	33,378,000	18,989,980
Fondul Proprietatea SA	55,973,804	11,571,788
Juhayna Food Industries	17,188,830	7,454,432
Almacenes Exito SA	1,460,921	7,190,103
BGEO Group PLC	142,050	6,670,889
Jarir Marketing 12/02/2017 - Merrill Lynch International & Co (Participation Note)	169,635	6,541,774
Lucky Cement Ltd	788,500	6,469,516
Jarir Marketing 02/03/2017 - Merrill Lynch International & Co (Participation Note)	169,635	5,959,362
British American Tobacco Bangladesh Co Ltd	130,000	5,304,266
East African Breweries Ltd	1,683,300	3,942,128
MCB Group Ltd	457,900	3,681,595
Commercial International Bank Egypt SAE (GDR**)	649,735	3,117,700
Nestle Nigeria PLC	1,347,129	3,090,632
PriceSmart Inc	20,000	1,659,720
Ledo d.d.	1,027	564,572
Cadbury Nigeria PLC	14,533,972	373,909

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

**Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017  
cont/d**

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

<b>Major Sales* cont/d</b>	<b>Shares</b>	<b>Proceeds USD</b>
Edita Food Industries SAE	155,300	167,346
Edita Food Industries SAE (GDR**)	16,261	85,319

\*Represents total sales during the financial year.

\*\*Global Depository Receipt

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

Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017  
cont/d

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

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
Yum China Holdings Inc	670,980	20,689,534
British American Tobacco Malaysia Bhd	1,944,700	19,788,737
Magnit Pjsc	145,225	18,805,601
AIA Group Ltd	2,246,200	15,735,374
Sands China Ltd	3,165,200	15,243,055
HDFC Bank Ltd	677,003	14,813,047
Universal Robina Corp	4,532,120	14,636,638
ICICI Bank Ltd	2,898,298	13,282,913
ITC Ltd	3,183,457	13,202,929
Mr Price Group Ltd	1,081,720	12,955,321
Wal-Mart de Mexico SAB de CV	6,038,926	12,684,289
Western Union Co	602,157	11,516,500
Bank Mandiri Persero Tbk PT	15,282,800	11,476,476
Fomento Economico Mexicano SAB de CV	1,277,500	11,442,005
Dairy Farm International Holdings Ltd	1,393,611	11,355,886
Foshan Haitian Flavouring & Food Co Ltd	2,113,499	10,560,702
President Chain Store Corp	1,162,000	9,908,558
Colgate-Palmolive India Ltd	611,591	8,817,931
Bank Rakyat Indonesia Persero Tbk PT	7,706,000	7,484,781
Famous Brands Ltd	807,002	6,968,166
Vietnam Dairy Products JSC	1,149,990	6,912,290
Yes Bank Ltd	316,347	6,815,467
BIM Birlesik Magazalar AS	381,210	5,896,360
Commercial International Bank Egypt SAE	1,313,761	5,465,386
Yes Bank Ltd	1,116,169	5,371,021
Public Bank Bhd	1,069,100	5,230,068
Guaranty Trust Bank PLC	52,356,829	4,974,816
CCR SA	978,200	4,925,253
Clicks Group Ltd	477,154	4,556,081
Aguas Andinas SA	7,687,715	4,422,990
Emami Ltd	244,783	4,395,444
Grupo Financiero Banorte SAB de CV	818,396	4,354,048
Kasikornbank PCL	712,300	4,331,331
Credicorp Ltd	24,135	4,330,467
Bolsa Mexicana de Valores SAB de CV	2,217,116	3,692,747
Nestle India Ltd	36,987	3,576,758
<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
Mead Johnson Nutrition Co	185,523	16,264,677
Titan Co Ltd	1,181,149	10,246,576
Nestle India Ltd	94,244	10,239,822
BIM Birlesik Magazalar AS	475,600	9,287,398
Mr Price Group Ltd	516,819	8,109,209

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

**Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017**  
cont/d

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

<b>Major Sales cont/d</b>	<b>Shares</b>	<b>Proceeds USD</b>
Foshan Haitian Flavouring & Food Co Ltd	1,060,000	7,885,407
Hindustan Unilever Ltd	439,530	7,863,484
Mahindra & Mahindra Financial Services Ltd	1,441,347	6,868,565
Unilever Indonesia Tbk PT	1,821,200	6,547,086
Housing Development Finance Corp Ltd	343,688	6,248,881
Container Corp of India Ltd	288,645	5,743,741
Pidilite Industries Ltd	423,668	5,116,637
AIA Group Ltd	642,200	4,905,519
Vietnam Dairy Products JSC	581,350	4,754,979
ITC Ltd	1,010,084	4,517,292
Bank Rakyat Indonesia Persero Tbk PT	3,875,100	4,455,475
East African Breweries Ltd	1,705,800	4,176,991
Metropolitan Bank & Trust Co	2,528,463	3,883,323
ICICI Bank Ltd	764,768	3,743,019
HDFC Bank Ltd	125,650	3,536,529
Yes Bank Ltd	109,395	2,920,233
Kalbe Farma Tbk PT	23,932,500	2,813,229
Emami Ltd	153,895	2,689,347
President Chain Store Corp	288,000	2,597,973
Yum China Holdings Inc	62,900	2,529,189
Bolsa Mexicana de Valores SAB de CV	1,288,574	2,129,726
Life Healthcare Group Holdings Ltd	956,471	1,943,581
Grupo Herdez SAB de CV	888,570	1,927,860
KT&G Corp	21,881	1,850,560

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

### **Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d**

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

<b>Major Purchases*</b>	<b>Shares</b>	<b>Cost USD</b>
Britannia Industries Ltd	1,025	52,389
Bajaj Corp Ltd	7,287	41,451
Nestle India Ltd	392	41,421
Wonderla Holidays Ltd	5,428	32,667
Kotak Mahindra Bank Ltd	2,096	28,443
ICICI Bank Ltd	6,227	25,520
Yes Bank Ltd	4,847	22,601
Emami Ltd	1,225	19,808
Colgate-Palmolive India Ltd	1,184	18,716
ITC Ltd	4,450	18,294
Hindustan Unilever Ltd	1,025	14,639
HDFC Bank Ltd	486	13,474
Jyothy Laboratories Ltd	1,141	6,086

<b>Major Sales</b>	<b>Shares</b>	<b>Proceeds USD</b>
Britannia Industries Ltd	1,661	109,620
HDFC Bank Ltd	3,568	97,297
Hindustan Unilever Ltd	5,224	95,657
Housing Development Finance Corp Ltd	3,836	94,556
Mahindra & Mahindra Financial Services Ltd	16,600	85,654
Bajaj Finance Ltd	3,643	81,607
Shriram City Union Finance Ltd	2,489	81,242
Kotak Mahindra Bank Ltd	5,248	79,391
UltraTech Cement Ltd	1,191	71,297
IndusInd Bank Ltd	2,726	69,223
Emami Ltd	3,947	65,526
Pidilite Industries Ltd	5,246	62,305
Nestle India Ltd	550	59,899
Jyothy Laboratories Ltd	9,704	58,517
Shriram Transport Finance Co Ltd	3,353	57,996
Escorts Ltd	6,289	57,516
Colgate-Palmolive India Ltd	3,494	56,949
Yes Bank Ltd	2,360	55,731
ITC Ltd	13,616	54,271
United Spirits Ltd	1,480	54,167
Titan Co Ltd	6,149	54,154
Container Corp of India Ltd	2,554	51,216
ICICI Bank Ltd	12,036	50,214
Bajaj Corp Ltd	8,343	49,577
Bata India Ltd	4,750	46,315



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

Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d

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

<b>Major Sales cont/d</b>	<b>Shares</b>	<b>Proceeds USD</b>
Yes Bank Ltd	7,350	39,223
Bajaj Auto Ltd	797	36,835
Zee Entertainment Enterprises Ltd	4,394	34,841
Jubilant Foodworks Ltd	1,625	33,866
Care Ratings Ltd	1,346	27,054
Wonderla Holidays Ltd	3,857	21,769

\*Represents total purchases during the financial year.

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

### **Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d**

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

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
PAX Global Technology Ltd	829,000	465,784
Bajaj Corp Ltd	74,750	451,166
Silverlake Axis Ltd	1,000,817	425,326
Cosmo Lady China Holdings Co Ltd	1,228,000	399,193
Fast Food Indonesia Tbk PT	3,388,000	373,594
British American Tobacco Bangladesh Co Ltd	9,335	336,554
Major Cineplex Group PCL	360,900	330,565
Dr Wu Skincare Co Ltd	60,000	315,313
Wonderla Holidays Ltd	54,261	293,195
Convenience Retail Asia Ltd	564,000	271,436
Poya International Co Ltd	19,000	233,209
Commercial Bank of Ceylon PLC	205,956	186,851
Formosa International Hotels Corp	32,000	165,653
United Bank Ltd	86,500	157,274
Heineken Malaysia Bhd	37,500	153,863
Vitasoy International Holdings Ltd	64,000	136,838
Shriram City Union Finance Ltd	3,546	126,233
Saigon Securities Inc	70,000	78,171
Xiabuxiabu Catering Management China Holdings Co Ltd	46,500	74,659
Ceylon Tobacco Co PLC	11,485	72,419
Jyothy Laboratories Ltd	12,017	70,376
Ace Hardware Indonesia Tbk PT	742,100	61,039
MK Restaurants Group PCL	31,200	56,698
<b>Major Sales*</b>	<b>Shares</b>	<b>Proceeds USD</b>
NagaCorp Ltd	716,000	406,754
Beauty Community PCL	790,000	361,876
Super Group Ltd	271,500	248,033
Bata India Ltd	20,883	235,702
Jyothy Laboratories Ltd	38,771	220,665
Jubilant Foodworks Ltd	11,798	199,814
Mayora Indah Tbk PT	1,075,700	176,631
Escorts Ltd	12,294	116,884
Care Ratings Ltd	3,380	82,754
Saigon Securities Inc	70,000	78,490
Dutch Lady Milk Industries BHD	5,200	78,377
Ace Hardware Indonesia Tbk PT	868,200	71,986

\*Represents total sales during the financial year.

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

Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d

### **BMO LGM Global Emerging Markets Smaller Companies Fund**

<b>Major Purchases</b>	<b>Shares</b>	<b>Cost USD</b>
Silverlake Axis Ltd	17,910,583	7,856,112
BGEO Group PLC	170,541	7,741,542
Shriram City Union Finance Ltd	213,399	7,376,510
Poya International Co Ltd	564,000	7,066,325
Bolsa Mexicana de Valores SAB de CV	4,145,684	7,039,216
Care Ratings Ltd	311,295	6,997,211
Turkiye Sinai Kalkinma Bankasi AS	16,629,350	6,531,088
Famous Brands Ltd	776,784	6,430,397
Aramex PJSC	4,891,902	6,417,963
Major Cineplex Group PCL	6,749,600	6,386,190
Heineken Malaysia Bhd	1,440,100	6,382,051
AmRest Holdings SE	62,290	6,289,627
Federal Bank Ltd	3,474,446	6,151,569
Ace Hardware Indonesia Tbk PT	69,356,600	6,145,879
Grupo Herdez SAB de CV	2,477,840	5,657,897
JSE Ltd	519,944	5,125,399
Alicorp SAA	1,730,630	5,115,719
AVI Ltd	682,273	4,933,585
Philip Morris CR AS	6,532	4,828,876
Clicks Group Ltd	417,269	4,777,836
Bajaj Corp Ltd	671,281	4,593,062
Oldtown Bhd	7,021,100	4,389,489
Logo Yazilim Sanayi Ve Ticaret AS	268,831	4,235,502
Formosa International Hotels Corp	758,000	3,853,948
City Lodge Hotels Ltd	378,985	3,783,559
Forus SA	904,553	3,768,312
Cashbuild Ltd	130,931	3,682,108
Dutch Lady Milk Industries BHD	257,400	3,622,779
Vitasoy International Holdings Ltd	1,610,000	3,591,407
Cosmo Lady China Holdings Co Ltd	8,529,000	3,418,573
BMO LGM Asian Smaller Companies Fund	303,745	3,250,000
Emami Ltd	176,529	3,140,110
Sheng Siong Group Ltd	4,330,600	2,971,667
MK Restaurants Group PCL	1,535,000	2,894,482
Delfi Ltd	1,880,600	2,413,348
Dr Wu Skincare Co Ltd	479,000	2,311,307
Xiabuxiabu Catering Management China Holdings Co Ltd	1,593,000	2,278,775
Beauty Community PCL	5,235,200	2,165,401

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

Schedule of Significant Portfolio Changes (Unaudited) for the financial year ended 31 December 2017 cont/d

### **BMO LGM Global Emerging Markets Smaller Companies Fund**

<b>Major Sales*</b>	<b>Shares</b>	<b>Proceeds USD</b>
Beauty Community PCL	5,235,200	3,138,292
Odontoprev SA	25,800	116,894

\*Represents total sales during the financial year.

Significant portfolio changes are defined as the aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial year and aggregate sales of a security exceeding one per cent of the total value of sales for the financial year. At a minimum, the 20 largest purchases and 20 largest sales are to be disclosed.

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

## **APPENDIX A – DATA PROTECTION NOTICE (Unaudited)**

### **PRIVACY STATEMENT – INVESTORS AND RELATED PARTIES**

This privacy statement applies to the Company. The Company will collect and process the Personal Data of natural persons who are registered shareholders, applicants for shares, beneficial owners of registered shareholders and applicants for shares, personal representatives, financial advisors, directors, officers, employees, agents, trustees and / or authorised signatories of registered shareholders and applicants for shares, and directors, officers, employees, agents of the Company and of the Company's or its investors' service providers ("**Individuals**") and other information relating to the dealings of Individuals with the Company and / or its service providers. This Privacy Statement explains how the Company will manage the Personal Data of Individuals, why the Company uses it, and how Individuals may contact the Company in relation to the use of Personal Data.

**Where the Company needs to process Personal Data in connection with a registered shareholder's contract with the Company or in anticipation of an applicant for shares becoming a registered shareholder, or where the Company has a legal obligation to collect certain Personal Data relating to an Individual (for example, in order to comply with AML obligations), the Company will not be able to deal with the registered shareholder or applicant for shares if the Individual does not provide the necessary Personal Data and other information required by the Company.**

"Personal Data" means any information which the Company has or obtains, or which an Individual provides to the Company or the Company's service providers, such as his / her name, address, email address, date of birth etc, from which that Individual can be directly or indirectly personally identified, and may include information such as identification and account numbers, tax identifiers and residency information and online identifiers. Some of this Personal Data may be sensitive Personal Data, such as data revealing racial or ethnic origin, political opinions or trade union membership.

#### **Use of Personal Data and Basis of Processing**

The Company will use the Personal Data:

1. for the purposes of performing the contract with a registered shareholder or in anticipation of an applicant for shares becoming a registered shareholder, namely:
  - (a) for the purposes of providing services to the registered shareholder and setting up and administering the applicant's or registered shareholder's account(s), as the case may be;
  - (b) for the collection of subscriptions and payment of redemptions, distributions and dividends;
  - (c) to deal with queries or complaints from registered shareholders;
2. for compliance with the Company's legal obligations, including:
  - (a) anti-money laundering and anti-terrorist financing (collectively "AML") and fraud prevention purposes, including OFAC and PEP screening for these purposes and to comply with UN, EU and other applicable sanctions regimes;
  - (b) compliance with applicable tax and regulatory reporting obligations;
  - (c) where the Company is ordered to disclose information by a court with appropriate jurisdiction;
  - (d) recording of telephone calls and electronic communications in order to comply with applicable law and regulatory obligations and to ensure service quality;

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

## **APPENDIX A – DATA PROTECTION NOTICE (Unaudited) cont/d**

3. where use is for a legitimate purpose of the Company, including:
  - (a) for day to day operational and business purposes;
  - (b) to take advice from the Company's external legal and other advisors;
  - (c) board reporting and management purposes, including quality assurance;
  - (d) in the event of a merger, proposed merger or any other form of restructuring of the Company, any sub-fund of the Company or a share class of a sub-fund;
4. where use or sharing is for a legitimate purpose of another company within the BMO Financial Group, or of a third party to which the Company provides the Personal Data, including:
  - (a) for day to day operational and business purposes;
  - (b) investor relationship management;
  - (c) calculation and payment by the recipient of commissions and rebates; and
  - (d) marketing BMO products and services to shareholders by post, email, phone, SMS, online or through social media. Where required by law, the Company will ask for consent at the time the Company collects Personal Data to conduct any of these types of marketing. We will provide an option to unsubscribe or opt out of further communication on any electronic marketing communications. You may opt out at any time by contacting BMO Financial Group.
5. where necessary to establish, exercise or defend its legal rights or for the purpose of legal proceedings;
6. where an Individual has consented to use for a particular purpose. If an Individual gives consent for the Company to use his / her Personal Data for a particular purpose, that Individual has the right at any time to withdraw consent to the future use of his / her Personal Data for some or all of those purposes by writing to BMO Financial Group.

The Company will not disclose any Personal Data to any third party, except as outlined above and / or as follows:

1. to enable the Company to carry out the obligations under the contract with a registered shareholder or in anticipation of an applicant for shares becoming a registered shareholder;
2. to anyone providing a service to the Company or acting as the Company's agent (which may include the distributor, the investment manager and companies within their group of companies, the administrator and its or their sub-contractors), as data processors, for the purposes of providing services to the Company and on the understanding that they will keep the Personal Data confidential;
3. where Personal Data needs to be shared with the depositary appointed to the Company, in order to enable it to discharge its legal and regulatory obligations;
4. in limited circumstances, where the administrator to the Company is subject to a separate legal obligation requiring it to act as controller of the Personal Data, including where it is required to use the Personal Data for the discharge of its own AML obligations, or where an Individual has otherwise consented to the Personal Data being shared with the administrator for specific purposes;

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

## **APPENDIX A – DATA PROTECTION NOTICE (Unaudited) cont/d**

5. where the registered shareholder or applicant for shares is a client of BMO Financial Group, a third party financial advisor or investment manager, or a company within its or their group of companies, with such company or advisor for the purposes outlined above;
6. where the Company needs to share Personal Data with its auditors and legal and other advisors;
7. in the event of a merger, proposed merger or any other form of restructuring, any (or any proposed) transferee of, or successor in title to, the whole or any part of the Company's business and their respective officers, employees, agents and advisers, to the extent necessary to give effect to such merger; and
8. the disclosure is required by law or regulation, or court or administrative order having force of law, or is required to be made to any of the Company's regulators.

The Company will not otherwise share Personal Data with any third party unless it receives the prior written consent of the relevant Individual to do so.

### **International transfers**

Personal Data may be transferred both inside and outside the European Economic Area (the "EEA") in connection with administering a registered shareholder's account(s) and / or in anticipation of an applicant for shares becoming a registered shareholder, in accordance with an Individual's instructions, where an Individual has explicitly consented, and / or as otherwise required or permitted by law.

Many of the countries to which Personal Data is transferred will be within the EEA, or will be ones which the European Commission has approved and will have data protection laws which are the same as or broadly equivalent to those in Ireland.

However, some transfers may be to countries which do not have equivalent protections and in that case the Company shall use reasonable efforts to implement contractual protections for the Personal Data. While this will not always be possible where the Company is required to transfer the Information in order to comply with and perform the contract with an investor or where it has a legal obligation to do so, any transfers will be done in accordance with applicable data protection laws, including through the implementation of appropriate or suitable safeguards in accordance with such applicable data protection laws.

### **Sensitive Personal Data**

The Company may, in limited circumstances, collect and process Sensitive Personal Data in connection with its obligations under applicable AML laws. Any Sensitive Personal Data will only be used and disclosed, as necessary, for such purpose.

### **Third Party Providers of Information**

The Company may obtain Personal Data relating to Individuals from someone other than that Individual. This may include Personal Data relating to beneficial owners, partners, directors, officers, employees, advisors or other related persons of an investor or of the person providing the Personal Data. The Personal Data may be obtained from a variety of sources, such as financial advisors to investors, employers of Individuals, and / or direct and indirect service providers to the Company, such as vendors providing AML and sanctions checking databases. The person providing the information will be asked to warrant that it will only do so in accordance with applicable data protection laws, and that it will ensure that before doing so, the Individuals in question are made aware of the fact that the Company will hold information relating to them and that it may use it for any of the purposes set out in this privacy statement, and where necessary that it will obtain consent to the Company's use of the information.

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

## **APPENDIX A – DATA PROTECTION NOTICE (Unaudited) cont/d**

The Company may, where required under applicable law, notify those individuals that they have been provided with their Personal Data and provide a copy of this Privacy Statement to them.

### **Recipient of the Personal Data**

In any case where the Company shares Personal Data with a third party data controller (including, as appropriate, other members of the BMO Financial Group and the Company's service providers), the use by that third party of the Personal Data will be subject to the third party's own privacy policies.

### **Updates to Personal Data**

The Company will use reasonable efforts to keep Personal Data up to date. However, each Individual will need to notify the Company without delay in the event of any change in his / her personal circumstances, or those of the others mentioned above, so that the Company can keep the Personal Data up to date.

### **Retention of Personal Data**

The Company is obliged to retain certain information to ensure accuracy, to help maintain quality of service and for legal, regulatory, fraud prevention and legitimate business purposes.

It is obliged by law to retain AML related identification and transaction records for six years from the end of the relevant investor relationship or the date of the transaction respectively.

Other information will be retained for no longer than is necessary for the purpose for which it was obtained by the Company or as required or permitted for legal, regulatory, fraud prevention and legitimate business purposes. In general, the Company (or its service providers on its behalf) will hold this information for a period of seven years, unless it is obliged to hold it for a longer period under law or applicable regulations.

The Company will also retain records of telephone calls and any electronic communications for a period of five years and, where requested by the Central Bank, for a period of up to seven years.

### **An Individual's Rights in relation to Personal Data**

An Individual may at any time request a copy of his / her Personal Data from the Company. This right can be exercised by writing to the Company at the address specified below.

An Individual also has the right to correct any inaccuracies in, and in certain circumstances, to request erasure, or restriction on the use, of his / her Personal Data, and to object to certain uses of his / her Personal Data, in each case subject to the restrictions set out in applicable data protection laws. Further information on these rights, and the circumstances in which they may arise in connection with the Company's processing of Personal Data can be obtained by writing to the Company at the address specified below.

In any case where the Company is relying on an Individual's consent to process his / her Personal Data, that Individual has the right to change his / her mind and withdraw consent by writing to the address specified below.

Where the Company is relying on a legitimate purpose of the Company, a member of the BMO Financial Group or a third party recipient of the Personal Data, in order to use and disclose Personal Data, an Individual is entitled to object to such use or disclosure of his / her Personal Data, and if he /she does so, the Company will cease to use and process the Personal Data for that purpose unless the Company can show there are compelling legitimate reasons for it to continue or it needs to use the Personal Data for the purposes of legal claims.



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

### **APPENDIX A – DATA PROTECTION NOTICE (Unaudited) cont/d**

In limited circumstances, an Individual may also have the right to data portability in respect of certain of his / her Personal Data, which means he / she can request that the Company provide it to him / her in a structured, commonly used and machine-readable format, or transmit it to his / her third party nominee where this is technically feasible.

An Individual also has the right to lodge a complaint about the processing of his / her Personal Data by the Company with the Data Protection Commissioner at [info@dataprotection.ie](mailto:info@dataprotection.ie).

#### **Contacting the Company**

Any queries or complaints regarding the use of the Personal Data by the Company and / or the exercise of individual rights should be addressed to the Company at you may contact our Data Protection Officer at:

**BMO Financial Group**  
Office of the Data Protection Officer  
95 Queen Victoria Street  
London, EC4V 4HG.  
United Kingdom

[Privacy.UK-EU@bmo.com](mailto:Privacy.UK-EU@bmo.com)

**Last updated April 2018**