



**Gain Access
to a Wealth
of Resources**

2018

FMG MONGOLIA FUND



The Opportunity

- Mongolia has the world's leading deposits of critical resources such as coal, copper, gold, uranium and iron ore
- The country borders China which imports 90% of Mongolia's minerals
- Roughly 20% of land the mass has been explored for commodities
- Potential to have the world's fastest GDP growth over the next 10 years
- Mongolia's current position has been compared to the early days of Australia's mining boom, one of the greatest natural resource booms in history

Source: World Bank, CIA World Fact Book, Bloomberg





Geography and Demography



- Area: 1.5 mn km² (19th in the world)
- Population: 3 mn
- Density: 1.7 people per km² (Least dense in the world)
- Capital: Ulaanbaatar, population 1.3 mn
- Government: Parliamentary Republic
- Demography: 40% under the age of 14
- Literacy rate: 98%

“Mongolia exports significant amounts of coal and copper to its neighbors.”

Source: CIA World Fact Book



Fundamentals

- Within Mongolia lie two of the world's largest copper and coking coal mines with huge potential output
- Mongolia is said to be sitting on commodity deposits worth an estimated US\$ 2 tn
- The stock market has been hardly noticed by foreign investors
- Stable parliamentary democracy
- Mongolia has very low transportation costs compared to other regional commodity producers

“The world's fastest growing economy with an abundance of natural resources”

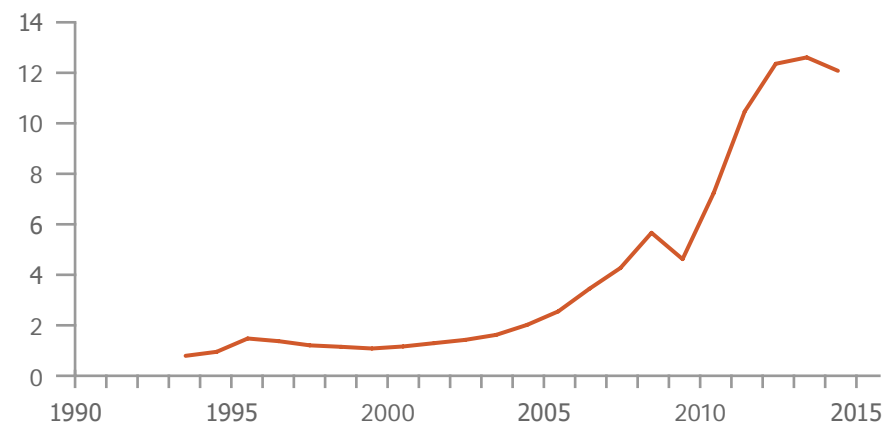




Economy

- The economy is forecast to double every 5-6 years for the foreseeable future
- Mining is the key driver to Mongolia's economic growth
- Infrastructure build will have a positive effect on GDP growth for many years to come
- Copper, gold and coal output estimated to have grown 46%, 31% and 17% respectively from 2011-15
- Government debt is low when compared to developed countries

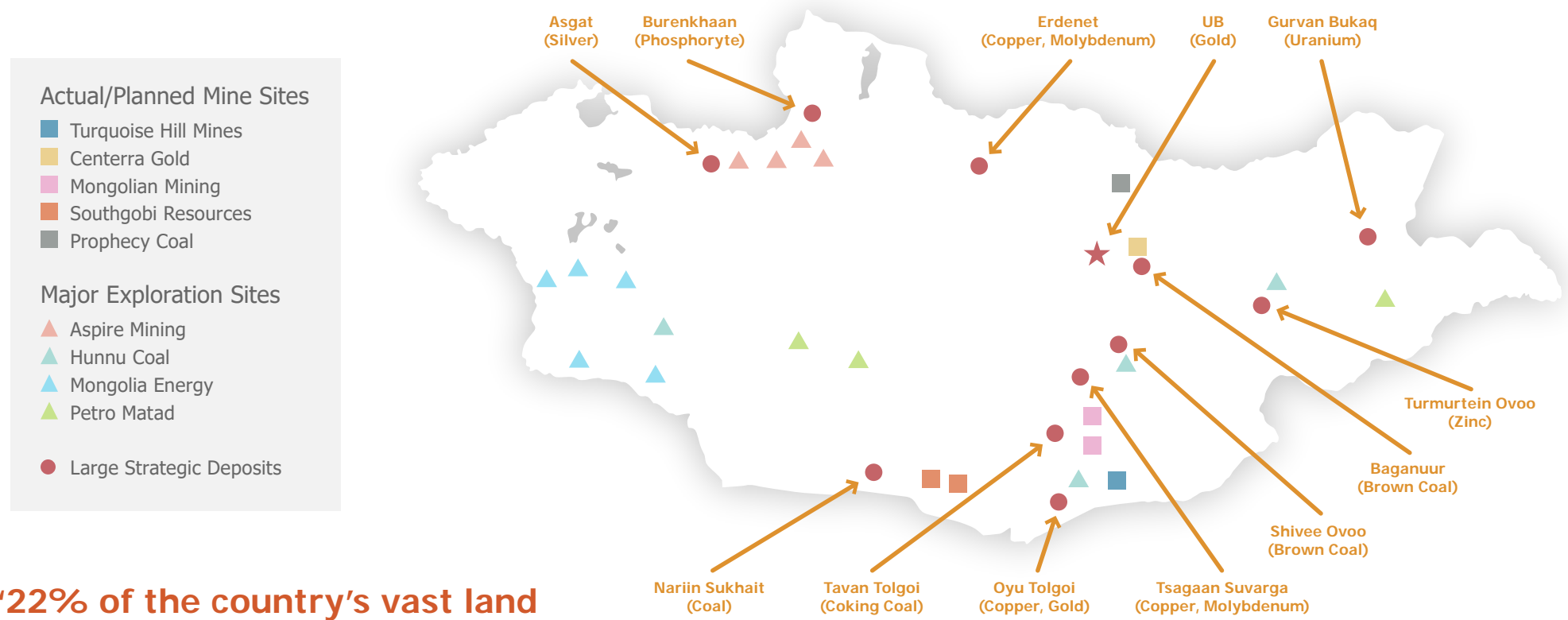
GDP growth 1994-2014 (%)



Source: Citigroup, ML, BDBSec, Business Monitor International



Abundance of Resources



“22% of the country's vast land mass is under license for mineral exploration, with some 3000 licenses having been issued”



Stock Market

- The Mongolia Stock Exchange (MSE) was founded in January 1991
- The MSE lists 200 companies however it still has one of the world's lowest market capitalizations
- MSE trading has been modernized through the introduction of the LSE Millennium IT trading system
- The draft securities law which allows double listings on both on shore and off shore exchanges has been ratified
- The MSE Top 20 Index is diversified among multiple industry sectors where mining and consumer stocks are the most prominent





Risks

- Low trading volumes and under developed corporate governance
- The economy is heavily dependant on resources and China's economic growth
- Mongolia is susceptible to commodity price fluctuations
- Mongolia's economy is highly concentrated with little diversification





Did You Know...

Mongolia has the oldest national park in the world. The Bogd Khan national park dates its origin to 1778

Ulaanbaatar is the world's coldest capital

Genghis Khan could not read or write, but he commissioned the first Mongolian writing system - the Mongolian script

The minimum wage in Mongolia is approximately US\$150 a month

You could fit the Netherlands into Mongolia 37 times but at the same time the Netherlands road system is 67 times larger than Mongolia's



FMG Mongolia Fund

The FMG Mongolia Fund offers exposure to one of the world's most resource rich countries. The investment objective is to achieve long term capital growth by investing in equities listed on the Mongolia Stock Exchange as well as offshore traded securities with assets in Mongolia. Investments are made with focus on the most liquid stocks traded in local currency. The fund is actively managed and a fundamental approach is utilized combined with a long term quantitative model to determine allocations. The fund has a flexible mandate and aims to capture market trends and be active with its cash allocation. The frontier nature of the investment universe should over time result in low correlation to global equity markets. FMG considers liquidity an integral element of the portfolio management process. The opportunistic nature of the fund targets investors with a higher risk-reward return profile.

The Model At a Glance

- Determines the rate of acceleration in any given market
- Forecasts turning points and long term direction of the markets
- Rate of change 2 month period vs. weighted rate of change over last 4 years



“Actively managed through a top-down global economic and quantitative model, designed to generate an optimized and well diversified mix of the various asset classes”



FMG Mongolia Fund Terms

Minimum Investment*

Class A and AL: USD 10,000

Class B: USD 100,000

Currency

USD

Dealing

Monthly

Subscription Fees

Class A and B: Up to 5%

Class AL: None

Annual Management Fee

Class A: 2% p.a.

Class B: 1.5% p.a.

Performance Fee

Class A: 20% HWM

Class B: 10% HWM

Redemption Fees

Share Class A: None

Share Class (AL): Year 1 (5%),

Year 2 (4%), Year 3 (3%), Year 4 (2%),

Year 5 (1%), Year 6 (0%)

Fund Launch

January 2012

Subscription Notice Period

2 Business Days

Redemption Notice Period

Class A: 45 Calendar Days

Class B: 90 Calendar Days

Share Classes & ISIN

Class A: BMG3032V4640

Class AL: BMG3032V8526

Class B: BMG3032V4723

Administrator

Apex Fund Services

Auditors

Deloitte

Custodian

Mongolian Securities Clearing House & Central

Depository

Authority

BMA (Bermuda Monetary Authority)



*Or equivalent amongst the options listed under "Currencies".
The minimums may not apply to Offshore Portfolio Bonds and/or platforms which may allow down to the equivalent of US \$ 1,000.

Note that this is a marketing document. For detailed descriptions of the terms and conditions, including investment restrictions, as well as brief descriptions of certain risks associated with investing, please refer to the fund's prospectus and offering memorandum.



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