



LEGATUM™





Our Vision
To see a more prosperous world



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*“Time is the friend of the wonderful company,
the enemy of the mediocre”*

WARREN BUFFETT

FROM THE CEO WELCOME

Legatum is an investment firm with a 30 year heritage of long-term value creation.

Having originated in New Zealand in the last century with retail, real estate and manufacturing businesses, the firm has evolved into an investment house with a global mandate.

We are distinctive in three important ways.

First, we have patient capital. Legatum invests only proprietary capital, which enables us to invest with a long-term perspective. Freed from the demands of quarterly reporting and the risk of redemptions, we can search carefully for the very best investment opportunities, wherever they may be found, with an eye for realising value over time. Historically, this has led us to invest in markets and companies that are out of favour, misunderstood or going through a time of crisis.

Second, we have a distinctive Mission. Our Mission is to *generate and allocate the capital and ideas that help people live more prosperous lives*. While generating capital is our core business, allocating capital to help others prosper is key to all that we do. Over the years we have expressed our Mission through a wide variety of philanthropic endeavours, including major

efforts to eradicate Neglected Tropical Diseases, abolish modern slavery and get hundreds of thousands of African children back into school. Whether we are investing in global capital markets or funding humanitarian projects, we use the same ‘investor’s lens’, leveraging our experience and unique perspective to move money to compelling ideas that can generate extraordinary returns.

Our third distinctive feature is our culture. We believe that culture drives destiny. For this reason, we take great care in selecting the very best people to serve the Mission of the firm. We look for people with a hunger to succeed and a passion to serve; people committed to excellence, who are eager to build our business and their careers with us over the long term.

Derived from the Latin word meaning a legacy or gift, Legatum’s name is inspired by the thought, effort and sacrifice of many who have preceded us. We are convinced that what matters most in life is *who we become*. Through investment excellence and diligent stewardship, the Legatum team is building a legacy to benefit generations to come.

Mark Stoleson
CHIEF EXECUTIVE OFFICER

*“There is nothing like a dream
to create the future”*

VICTOR HUGO

A LEGACY OUR STORY

1903

Our roots date back to the beginning of the 20th century when Edward F. Chandler emigrates from Chicago to Auckland, New Zealand, and founds Chandler & Co, a leading advertising company.



1972

Edward's son, Robert, a bee-keeper, and his wife, Marija, launch Chandler House, a high-end department store in Hamilton, New Zealand.



1982

Their sons, Christopher and Richard, take over the business and expand it to ten stores, adding fashion design, manufacturing and real estate. With the end of New Zealand's de-regulatory boom in sight, they start to look for growth opportunities internationally.

1986

Sovereign Global is established in the Principality of Monaco which remains the firm's base for twenty years. The company's first major investments are in Hong Kong real estate, a market which investors had fled after the signing of the Sino-British Accord, an agreement that promised to give Hong Kong back to the Chinese government. Sovereign sees assets mispriced and opportunities arise in times of crisis.



1991

With an eye for emerging trends and undervalued assets, Sovereign turns to the telecommunications sector in Brazil – a country emerging from hyper-inflation. Sovereign makes the first major foreign investment in Brazil just as the market opens to outsiders.



1994-2005

Sovereign invests in Russia during its transition to a market-based economy after the collapse of Communism, in Japan during its banking crisis in the mid-2000s and Korea. Patience, diligent research and a contrarian perspective drive exceptional investment returns over 20 years. In 2004 Sovereign relocates its headquarters to Dubai and became one of the founding registrants of the Dubai International Financial Centre (DIFC).



2006

Following the de-merger of Sovereign, Christopher Chandler founds Legatum with Mark Stoleson, Philip Vassiliou and Alan McCormick. Based in Dubai, Legatum draws on Sovereign's investment heritage, navigates through the choppy markets following the great financial crisis and sets a course for the future.



The name Legatum is derived from the Latin word meaning a 'legacy' or 'gift'. The concept of serving and giving is deeply rooted in Legatum's values and expressed in its Mission to *generate and allocate the capital and ideas that help people live more prosperous lives.*

2012

Legatum acquires Building 6 in the Dubai International Financial Centre (DIFC) as its new international headquarters, renaming it Legatum Plaza.



2015

Legatum becomes a partnership, providing a structure for the firm to endure beyond its founders.



TODAY

The firm continues to draw on its rich heritage of generating exceptional returns by investing in great companies. With the flexibility provided by proprietary capital, Legatum takes a long-term approach to investing. With a global mandate, Legatum is not bound by specific geographies or sectors, although historically the firm finds value where disruptive transitions create unique opportunities.



A concentrated portfolio sees continued investment in opportunities with significant long-term potential.

The Legatum Foundation invests to eradicate Neglected Tropical Diseases through the END Fund, abolish modern slavery through the Freedom Fund and help out-of-school children get back to class through Speed Schools. To date, over 100 million lives have been impacted through the work of the Foundation.



Legatum further expresses its Mission by investing in entrepreneurship, the engine of growth and development, through its support of the Legatum Center at MIT, the Demeter Entrepreneurs Support Network, and the Centre for Entrepreneurs. The firm also invests in transforming society by shaping policies and ideas through the Legatum Institute in London.

One man's pursuit of an opportunity more than a century ago not only laid the foundation for a successful business and partnership, but inspired an enduring legacy that will benefit generations to come.

*“The meaning of life is to find your gift.
The purpose of life is to give it away”*

PABLO PICASSO

WHAT GUIDES US THE LEGATUM WAY

Helping people live more prosperous lives is not just something we do – it’s an expression of who we are. We appreciate that the measure of life is not about how much we accumulate, but rather who we become. We believe that our character will determine our success at work and in life.

At Legatum, our values run deep, determining how we work, who we hire, how we interact with others and how we define and reward success.

What do we value?

Excellence and elegance

We have a long legacy and deep culture of excellence in investing. We achieve exceptional returns through our creativity, passion, and relentless focus on results, while maintaining a sense of refinement in all that we do.

Servant leadership

Everyone at Legatum is a leader, responsible for making a unique contribution toward the successes of each other and of our Mission. We share credit when we meet with success and support each other when challenges arise. We have the courage to speak the truth, but always maintain a sense of humility.

Principles before profits

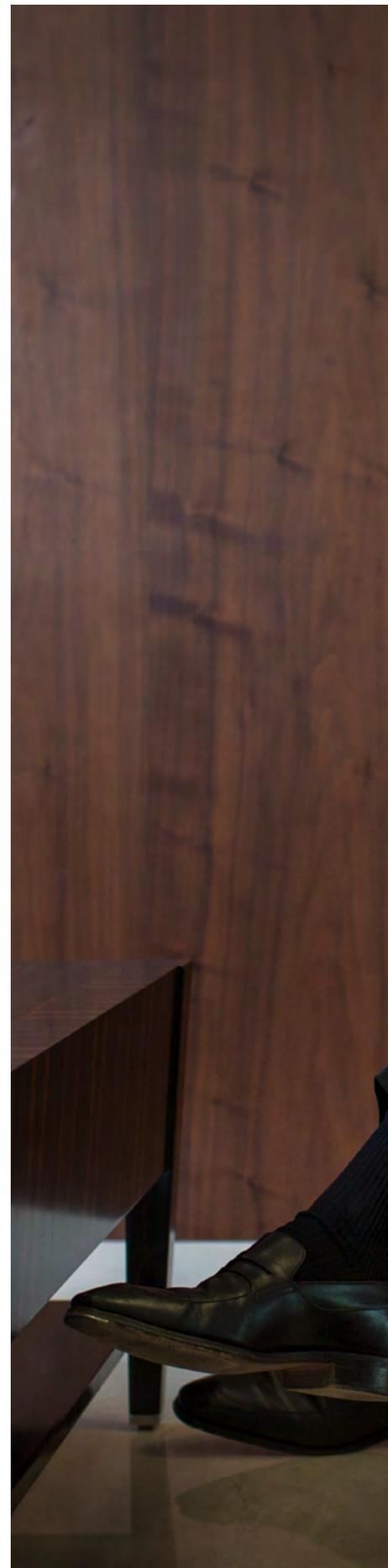
Experience has shown us that upholding our principles drives our profits. Not everything that is legal is noble or helpful. Profitable business opportunities are not worth pursuing when there may be a detrimental impact on third parties, or where there is reason to question the conduct and reputation of a prospective partner. While the law can provide a minimum standard for behaviour, it offers no substitute for the application of prudent judgment. The optimal response in every situation must always be to choose the honest path of integrity, even if it comes at the apparent expense of our own immediate interests.

Sanuk – fun!

Sanuk is a Thai word meaning ‘to have a good time’ or ‘to derive joy from something’. For something to be worthwhile, it ought to be sanuk! Similarly, at Legatum, if a job is worth doing, it’s worth doing well and with a joyful spirit.

Philip Vassiliou

CHIEF INVESTMENT OFFICER





“Money flows from the active to the patient”

WARREN BUFFETT

INVESTMENT PHILOSOPHY

Legatum's investment philosophy has been honed over nearly three decades. Our approach is simple: we invest proprietary capital in listed businesses with a focus on identifying hidden or unrealised value, often in investment themes that are played out over years.

The permanent nature of our capital provides us with a distinct advantage: we are able to invest patiently with a long-term perspective, often holding through the cycle. Liberated from managing investors and answering to consultants, and freed from benchmarking and the risk of redemptions, we are able to focus solely on finding the best ideas and respond nimbly to opportunities.

While we typically focus on finding listed, liquid, world-class businesses undervalued by the market, we are not prescriptive and remain opportunistic, open to any geography, sector or part of a company's capital structure.

Our approach is characterised by:

Patience and a long-term perspective

Proprietary capital means patient capital that gives us the flexibility to ride out volatility and wait for our investment theses to unfold. We evaluate performance over years rather than quarters.

Value focus, global mandate

We search globally for the best opportunities and invest with conviction, believing that value emerges over time. The key to success is paying the right price at the right time, so that the risk lies in the time required for value to be realised, rather than the inevitable fluctuations in price.

Concentration rather than diversification

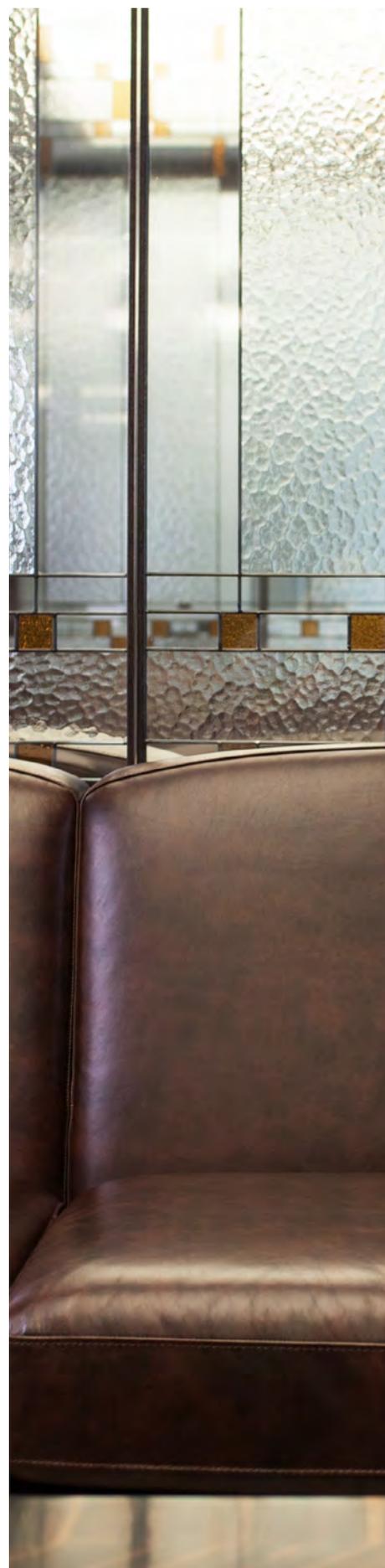
A deep knowledge of the companies in which we invest mitigates our risk and necessitates a highly concentrated portfolio. Leverage is incompatible with our approach to risk management.

Simplicity

Great ideas very often contain a simple elegance. We favour *simple big ideas*, stories where there is a clear catalyst or value driver that is easily understood by the layperson.

Damien Tran

PORTFOLIO MANAGER









“To achieve satisfactory investment results is easier than most people realise; to achieve superior results is harder than it looks”

BENJAMIN GRAHAM

INVESTMENT STRATEGY

Legatum is opportunity-driven. Our global mandate means that we take a comparative approach to allocating capital, with no bias in terms of geography or sector. Because our roots are in operating and managing our own businesses, Legatum thinks like a business owner when investing.

We take great care to understand the companies in which we invest, placing an emphasis on quality, growth and free cash flow generation. Our investment process is from the bottom-up, with a focus on investing in businesses rather than following fashions or trading stocks.

We invest in the following manner:

Long-term value creation

Legatum invests in world-class businesses with durable competitive advantages. These are companies that have a competitive moat, are well-managed and have a demonstrated track record of creating shareholder value. Legatum looks for opportunities to buy these companies when the price offers a margin of safety, which is very rare, requiring us to be vigilant and nimble when opportunities arise.

Markets in transition

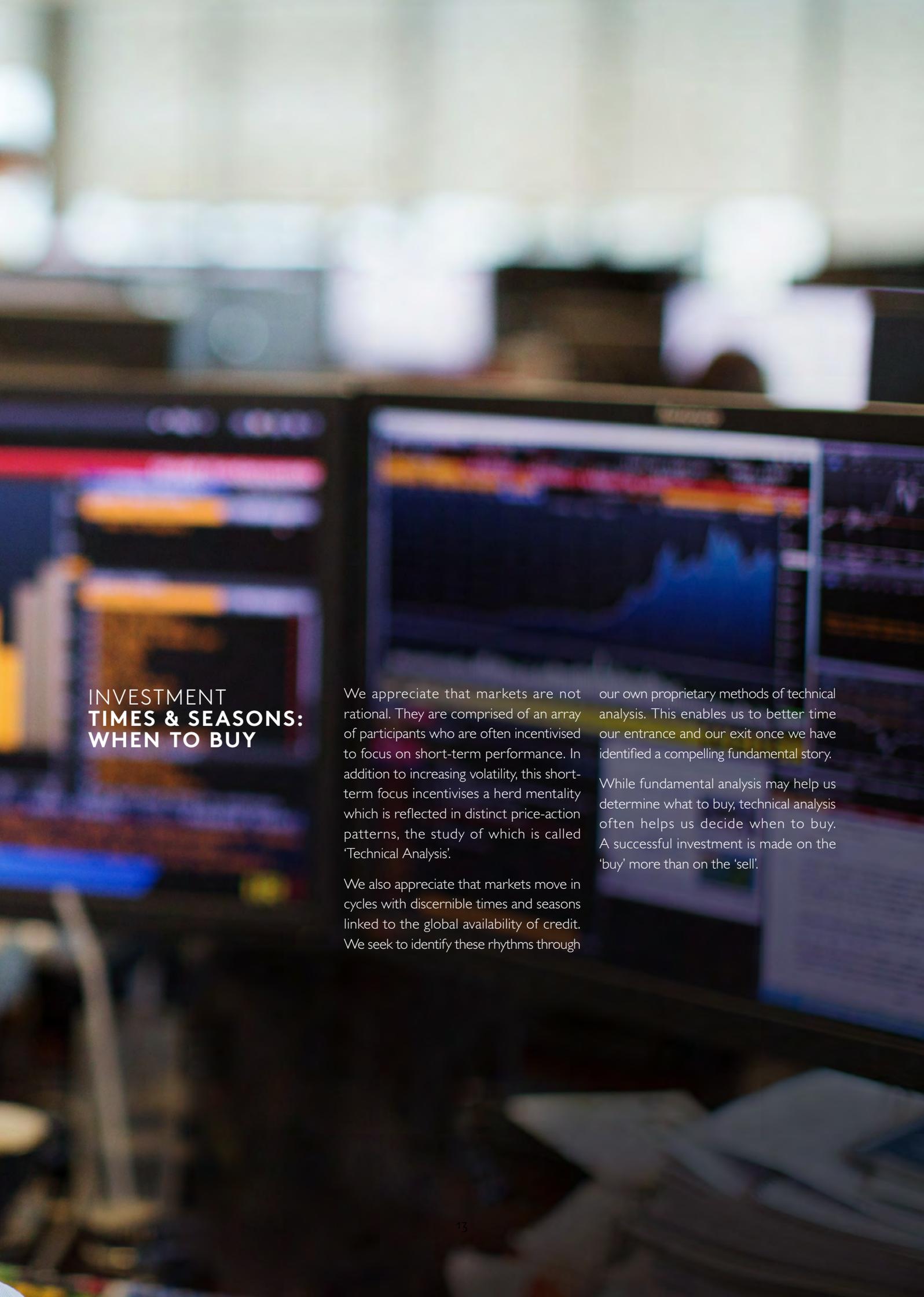
We have a record of investing in emerging and frontier markets and have been among the first significant foreign portfolio investors in public equity markets as diverse as Brazil, Russia, India and Nigeria. Our strategy is to invest in ‘tollgates’ – high-quality companies managed by world-class professionals whose businesses are a leveraged play on the country’s secular growth.

Deep value

In a crisis, risk is often mispriced. Patient capital enables us to look for high-quality companies that are trading at distressed levels, often for reasons outside of their control. We are also willing to invest in distressed situations where our engagement can help the company address the issues holding it back, thereby unlocking its full potential and value for its shareholders.

On occasion we also play a catalytic role, infusing new capital into businesses when required, often as the anchor investor, in support of management’s vision to create greater value.





INVESTMENT TIMES & SEASONS: WHEN TO BUY

We appreciate that markets are not rational. They are comprised of an array of participants who are often incentivised to focus on short-term performance. In addition to increasing volatility, this short-term focus incentivises a herd mentality which is reflected in distinct price-action patterns, the study of which is called 'Technical Analysis'.

We also appreciate that markets move in cycles with discernible times and seasons linked to the global availability of credit. We seek to identify these rhythms through

our own proprietary methods of technical analysis. This enables us to better time our entrance and our exit once we have identified a compelling fundamental story.

While fundamental analysis may help us determine what to buy, technical analysis often helps us decide when to buy. A successful investment is made on the 'buy' more than on the 'sell'.





DEEP VALUE

In the depths of the 2011 Eurozone crisis banks were not popular with investors, but it was during this time that Legatum made a significant investment in Lloyds Bank.

Lloyds was trading at a distressed valuation of 0.3x book due to a drastic slowdown in the macro environment. This led to a collapse in loan growth along with accelerated losses from asset impairments in Lloyds' non-core assets.

Legatum's investment team analysed the core and non-core businesses separately. Recognising the value of Lloyds' core retail business, the team concluded that the key impediment to realising Lloyds' intrinsic value was the significant uncertainty around how to price the risk from Lloyds' non-core business. Taking this into consideration, our team believed that the Lloyds shares were worth at least 2x their market price.

Our investment thesis was based on reducing this uncertainty, enabling the investment community to revalue the stock more favourably. Legatum engaged with Lloyds' senior management and encouraged them to provide clarity to the market on their strategy for managing non-core assets, even if it meant recognising impairments and publishing 'bad news' in the short-term.

Following a concerted effort by Lloyds to manage non-core assets and educate investors on the substantial disconnect between Lloyds' market value and intrinsic value, the company's stock price more than doubled in the 24 months that followed.

INVESTMENT CASE STUDY SKS MICROFINANCE

CATALYTIC INVESTMENT

An estimated 450 million people in India have no access to formal financial services and are forced to depend on the government or loan sharks to meet their financing needs. However, since 2007, the growth of for-profit Micro Finance Institutions (MFIs) has greatly improved access to finance for many and has enabled them to participate in the Indian economy.

Following a 2010 law banning private sector MFIs from operating in the state of Andhra Pradesh (AP), the MFI sector in India sustained heavy losses leading to the collapse of many operators. SKS Microfinance, the largest MFI in India at the time, had gone public just before the introduction of the law and was in need of capital in order to continue operating.

In July 2012, Legatum led a significant equity raising from SKS, which provided an opportunity for the company to survive and grow, but perhaps more importantly, was seen as a vote of confidence for the Indian microfinance sector as a whole. Legatum again led a further capital raising for SKS in May 2014. With confidence in the sector restored and the company once again on a solid financial footing, Legatum chose to exit the investment in late 2014, realising a 4x return on investment.







“The most valuable thing in life is not what we get, but who we become”

MISSION MORE THAN WEALTH CREATION

Legatum’s vision is to see a more prosperous world. We work to generate and allocate the capital and ideas that can help people live more prosperous lives.

Our conviction is that success in life is better measured by *who we become*, far more than by *what we accumulate*. For although we know that everything we own will ultimately be lost, we also believe that who we are will endure.

For this reason we do not see ourselves only as business people simply here to make a profit, even though the profit motive is both a necessary and a worthwhile pursuit. Just as important, when our job as investors is done well we create a surplus of time and capital, which not only establishes our own lives, but better equips us to help others prosper, too.

This encompasses more than material wealth. Prosperity, in the broadest sense, is the flourishing of the whole person, incorporating body, mind and spirit. It sustains the personal growth which provides the means to serve. And simply put, service is love in action, which is the highest and truest expression of ourselves. As individuals prosper in this way, holistically, so too do the families and communities to which they belong.

We see prosperity as providing a privilege and an opportunity. Being free to give from the heart, philanthropy is not an act

of ‘giving back’ (it is not the repayment of a debt) as much as it is an opportunity to share and to serve.

This is not just about us. The common thread between Legatum’s commercial and philanthropic activities is one of stewardship, of both our assets and our ideas. This is a noble calling for everyone. We are all caretakers, here for a limited time, entrusted with talents in order to become the best that we can be, to help each other become the best that we can be, and then collectively to help the world become the best that it can be.

How does this begin? It all starts with ideas. We believe that the real battle for prosperity is waged in the empire of the mind. Transformation occurs through the renewing of our minds. Ideas, therefore, matter.

If we want to change our destiny, we must first change our thinking. That is the reason why Legatum’s Mission involves generating ideas as well as generating and allocating capital.

Legatum’s aspiration is that others will share this Mission, and know the joy that flows from sharing the privilege of prosperity and stewarding resources in the service of others.

Christopher Chandler
FOUNDER AND CHAIRMAN

“The rung of a ladder was never meant to rest upon, but only to hold a man’s foot long enough to enable him to put the other somewhat higher”

THOMAS HUXLEY

A MODEL FOR CAPITAL ALLOCATION

The Prosperity Ladder is a simple framework illustrating how we allocate financial, intellectual and human capital in order to promote our broader Mission of helping others prosper.

No society functions without access to capital, which is essential for development and prosperity.

At the bottom of the ladder are hundreds of millions of people around the world who live below the poverty line and are caught in subsistence living, who are unable to generate surplus capital, improve their skills through education or access credit.

Well-directed aid (public and private) can provide the capital required to break this cycle and provide the means for progress. The Legatum Foundation invests capital at the bottom of the ladder to provide an opportunity for people to better their own circumstances.

We believe that aid plays an important but *limited* role in development. Communities grow through economic opportunity which comes about through an alchemy of good governance, cultural transformation, education and an enabling business environment.

We therefore allocate capital from our Foundation carefully to avoid crowding out private capital in order to assist beneficiaries to help themselves.

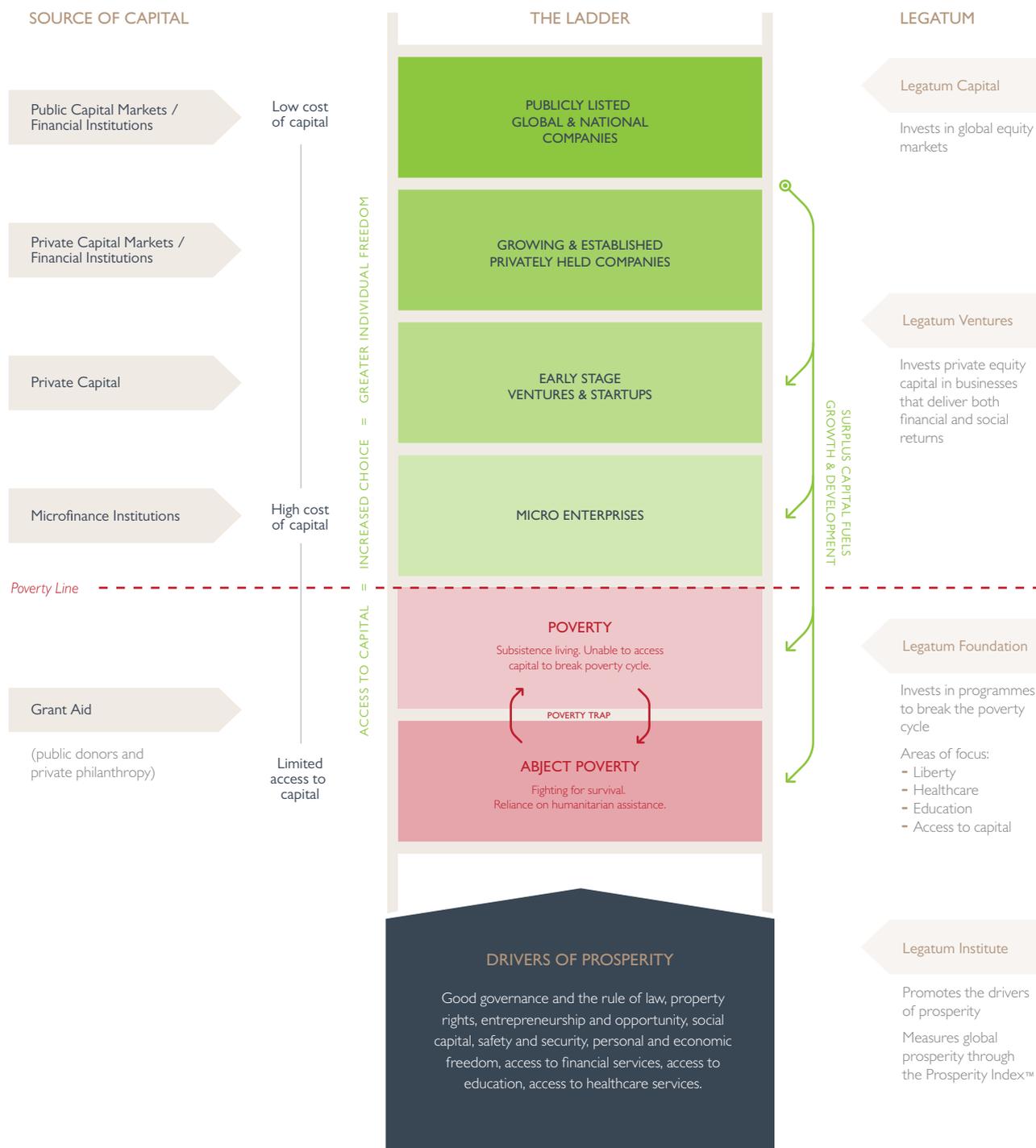
As markets and societies become increasingly developed, surplus capital is created, reducing financing costs and improving access to credit and equity. This enables households to invest in housing and education, and entrepreneurs to start and grow businesses. This in turn fuels the growth of larger enterprises, helping to create jobs, providing consumers with better access to services, increasing competition, improving the legal and regulatory environment and delivering many other social benefits.

In addition, in vibrant free markets, surplus capital generated at the top of the ladder is recycled as seed capital to support new entrepreneurial ventures and as philanthropic grant aid to help those beneath the poverty line.

This virtuous circle is the reason we use the phrase *business is development*, as business is the most effective vehicle for creating social transformation and prosperity.

THE LEGATUM PROSPERITY LADDER™

BUSINESS IS DEVELOPMENT



*“We make a living by what we get,
but we make a life by what we give”*

WINSTON CHURCHILL

OVERVIEW PHILANTHROPY

Why does an investment firm care about helping others? Legatum is driven by a deeper purpose. Our vision is to see a more prosperous world for all, and we are committed to using our capital to help make that a reality.

As investors we search for philanthropic opportunities which offer the best social return on investment. While we seek to have an outsized impact through private philanthropy, we have a heart for, and therefore a particular focus on, the vulnerable and the poor. We undertake thorough research and due diligence, are willing to take risks and are relentless in measuring results.

As a result, we've committed to three core areas of philanthropic investment:

Entrepreneurship

Entrepreneurship is the engine of growth and development and a catalyst for improved governance and social transformation. Encouraging and enabling entrepreneurship is one of the best ways to lift people out of poverty and promote prosperity. Legatum invests in entrepreneurship through the Legatum Center for Entrepreneurship at MIT, the Centre for Entrepreneurs in London and the Demeter Entrepreneurs Support Network in Boston.

Policies and ideas

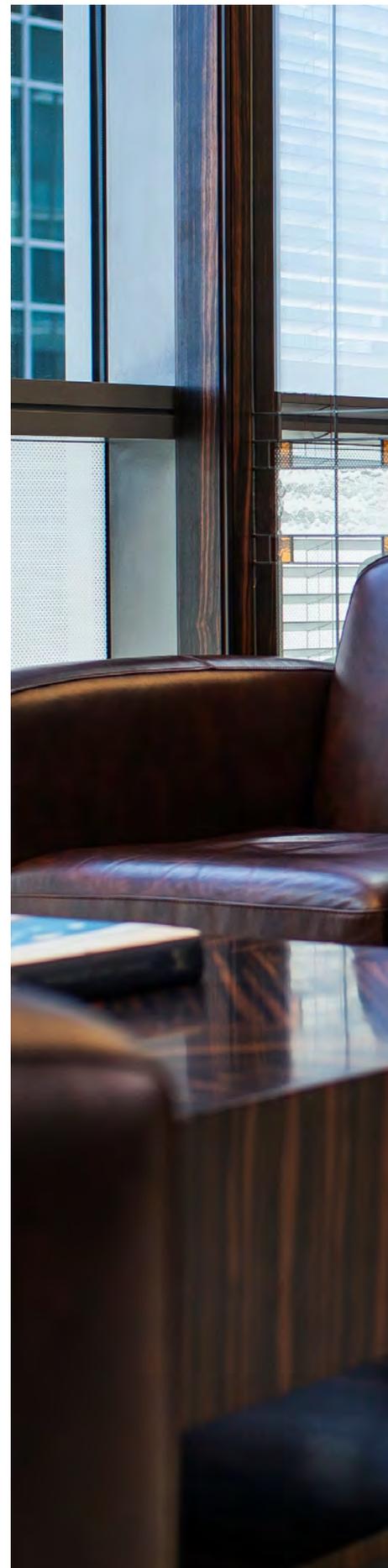
Ideas have a profound influence on the formation of society; from the values we embrace individually to the form of government we choose collectively. Through the Legatum Institute in London, Legatum invests in shaping the values, policies and ideas which transform society and promote prosperity.

Development

Through the Legatum Foundation we allocate capital to help the poorest and most marginalised people in society. Always ambitious, the Foundation takes on big challenges such as abolishing modern slavery, ending Neglected Tropical Diseases and getting hundreds of thousands of impoverished children back into school.

Beyond the direct impact of these investments is our desire to catalyse a movement that will inspire a new generation of generous givers who will use their talents and resources to serve others most effectively.

Alan McCormick
MANAGING DIRECTOR





Legatum's philanthropic portfolio includes investments in initiatives to alleviate poverty, activities to promote entrepreneurship and free enterprise, and programmes to create the policies and ideas that promote prosperity.

AT A GLANCE PHILANTHROPY



LEGATUM INSTITUTE

The Legatum Institute is an independent charitable public policy think-tank based in London whose Mission is to *help people live more prosperous lives*. The Institute publishes the annual Legatum Prosperity Index, a global index that measures national prosperity for 142 countries based on both wealth and wellbeing.

Through research programmes including the Culture of Prosperity, the Transitions Forum led by Pulitzer Prize winner Anne Applebaum, and the Economics of Prosperity, the Institute researches the factors that drive and restrain national success and individual flourishing and provides practical insights for those in global leadership.

www.li.com

www.prosperity.com



LEGATUM CENTER AT MIT

The Legatum Center for Entrepreneurship at the Massachusetts Institute of Technology was founded to challenge aid-based development orthodoxy and to promote a movement centred on free markets and entrepreneurship as the catalyst for economic and social change.

The Center equips Legatum Fellows who have entrepreneurial ambition with the skills they need to succeed, not just as entrepreneurs, but as agents for change in order to transform the emerging markets to which they return.

Legatum seeded the Legatum Center at MIT with a multi-million dollar investment in 2007 and to date has supported over 180 fellows and held conferences and seminars promoting entrepreneurship, especially in the developing world.

legatum.mit.edu



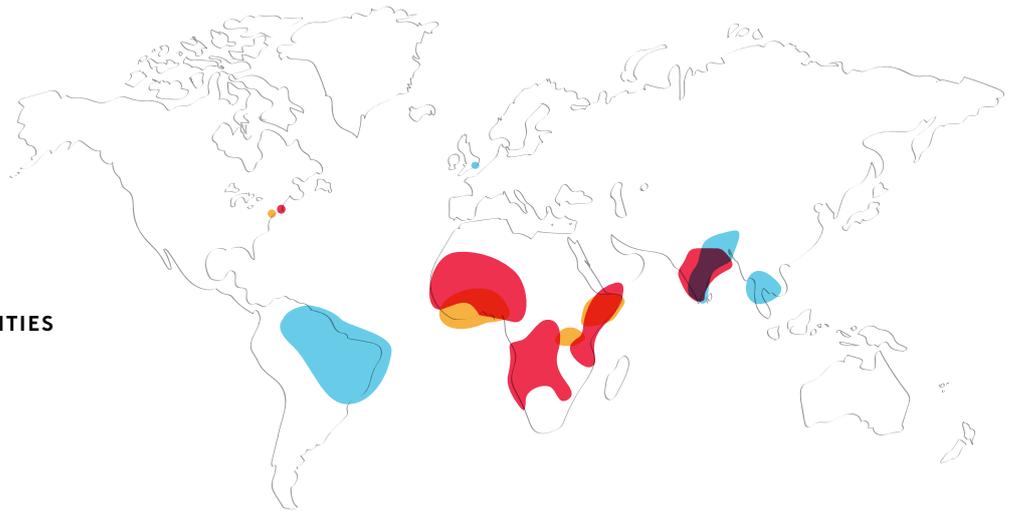
LEGATUM FOUNDATION

The Legatum Foundation, the development arm of the Legatum Group, allocates capital to projects, people and ideas that create sustainable prosperity amongst the poorest and most marginalised in society.

Through the Foundation, Legatum invests in community-based organisations and projects that have improved the lives of over 100 million people through nearly 1,500 projects in more than 100 countries since 1999.

Operating with the discipline and transparency of an investment fund, the Foundation makes grants to community-based organisations to prove and scale successful projects.

www.legatum.org



CURRENT GLOBAL ACTIVITIES

- THE END FUND
- THE FREEDOM FUND
- THE LUMINOS FUND



THE END FUND

Launched in 2012, the END Fund is dedicated to controlling and eliminating Neglected Tropical Diseases (NTDs). NTDs are diseases of poverty that debilitate, blind, disfigure and cause early death to an estimated 1.4 billion of the world's poorest people. To date, the END Fund has reached over 85 million people through mass drug administrations, trained over 230,000 health workers, and helped thousands of people with NTD-related surgeries.

The END Fund focuses on tackling the five most prevalent NTDs, all of which can be treated by medicines generously donated by pharmaceutical companies to multi-million dollar and multi-year national mass drug administration programmes.

As an early investor in NTDs and the END Fund, Legatum's goal is to mobilise \$1 billion in private donations and see at least one billion people treated within the next ten years. We want to see the eradication of many of these debilitating diseases within our lifetime.

www.end.org

THE FREEDOM FUND

More than 30 million people are trapped in modern slavery, forced to work in brothels, mines, sweatshops, plantations and fishing fleets around the world. Founded by Legatum Foundation in 2013 in partnership with Humanity United and Walk Free, the Freedom Fund is an active ingredient in a new abolitionist movement that is raising more than \$100 million for the fight against modern slavery.

Building on fifteen years of anti-slavery work funded by Legatum Foundation, the Freedom Fund generates private funding, demonstrates how effective interventions can protect those at risk of being enslaved, invests in countries with the greatest incidence of slavery, brings together a community of activists committed to the cause and, ultimately, aims to bring an end to modern slavery. Legatum hopes through the Freedom Fund to catalyse over \$1 billion in new private antislavery investments over the coming decade.

www.freedomfund.org

THE LUMINOS FUND

At least 60 million primary-school-aged children are out of school globally due to illness, poverty and lack of security. Facing a life of illiteracy, most will live in a debilitating poverty that will pass to future generations.

Speed Schools is an accelerated learning programme that equips out-of-school students with basic reading, writing and math skills. The programme enables those children to compress three years of curriculum into ten months, after which they can re-enter the public school system.

To date, the programme has focussed on Africa and helped over 80,000 children excluded from the education system get back into school.

www.luminosfund.org

“When human beings have the courage and commitment to transform a dream into reality, there is nothing that can stop them”

HH SHEIKH MOHAMMED BIN RASHID AL-MAKTOUM
DIFC INAUGURATION CEREMONY, FEBRUARY 2002

GLOBAL HEADQUARTERS LEGATUM PLAZA

Legatum was amongst the first registrants in the Dubai International Financial Centre (DIFC) when it opened for business in 2004. Legatum saw the potential of this financial and business hub, which connects the region’s emerging markets with the developed markets of Europe, Asia and the Americas.

Legatum solidified its relationship with the DIFC when we acquired Precinct Building 6 in April 2012, which was subsequently renamed Legatum Plaza.

Legatum Plaza is an expression of our long-standing belief in the success of Dubai and the DIFC as a world-class home for international finance.





OUR PEOPLE
LEADERSHIP



Mark Stoleson
Chief Executive Officer



Alan McCormick
Managing Director



Philip Vassiliou
Chief Investment Officer



Damien Tran
Portfolio Manager

Paul Sheriff
Chief Financial Officer &
Chief Operating Officer

Rob Vickers
Senior Vice President – Legal

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