

OLDFIELD PARTNERS LLP

OVERSTONE EMERGING MARKETS EQUITY FUND

FEBRUARY 2013 NEWSLETTER 52

Fund Summary

| 28 th February 2013 | | | |
|--------------------------------|------------|----------|------------------------|
| NAV of fund | US\$328.2m | | |
| A share unit price | US\$196.54 | | |
| I Share unit price | US\$123.82 | | |
| Performance | | | |
| | A Shares | I Shares | MSCI Emerging Markets* |
| February | +1.1% | +1.2% | -1.3% |
| 2013 to date | +5.6% | +5.7% | +0.1% |
| Since inception A** | +101.3% | - | +104.2% |
| Since inception A per annum** | +17.5% | - | +18.0% |
| Since inception I** | - | +27.4% | +24.6% |
| Since inception I per annum** | - | +7.3% | +6.6% |

*Net Dividends Reinvested.

**A shares commenced on 3rd November 2008 and I shares on 1st October 2009.

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Intl. Fund Administrator Services (Ireland) Ltd.

Top Five Holdings*

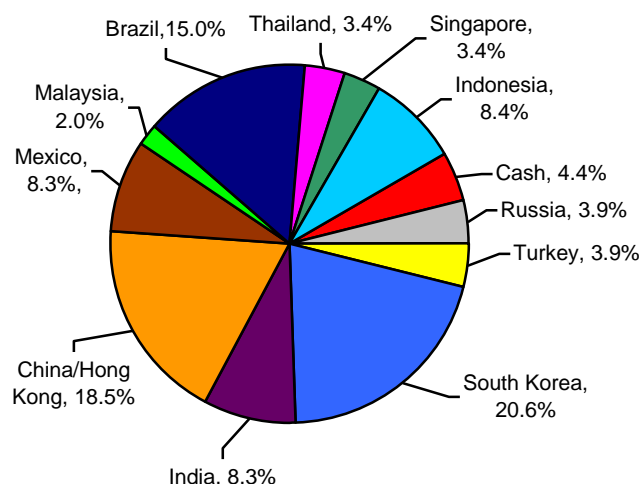
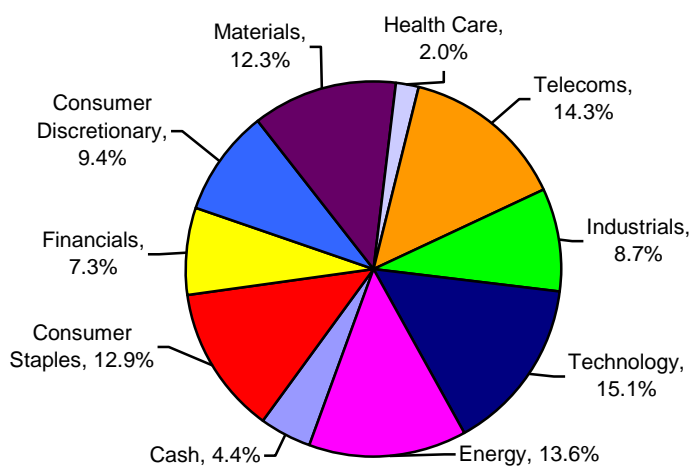
| Stock | Portfolio Weighting | Monthly Performance (local terms)** |
|---------------------|---------------------|-------------------------------------|
| Samsung Electronics | 9.1% | +6.6% |
| Embraer | 8.7% | +2.9% |
| First Pacific | 7.3% | +2.8% |
| KT&G | 6.5% | +1.7% |
| Lee & Man Paper | 6.5% | +11.1% |

*As at end of period.

**Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg.

Sector and country breakdown as at 28th February 2013



Source: Oldfield Partners LLP.

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Commentary

The bottom two performers during the month by contribution were Corporacion Geo and Ternium. **Geo** (Mexican homebuilder) produced disappointing fourth quarter results. Post-elections there was hope from investors that the incoming government would announce measures to boost the housing sector and address the substantial national housing deficit. However, the government merely re-jigged the national housing agencies and added to confusion over any meaningful reform. This also led to delays in payments to the homebuilders. Government housing policy has focused on moving to vertical construction (low rise apartment blocks), with longer construction cycles, which has pressured cash flow generation for the homebuilders. Geo is better placed than many of its peers, but with another year of negative free cash flow generation, has decided to curtail growth. This will boost free cash flow over 2013. We believe that this is the correct short-term strategy for Geo. It trades on a price earnings ratio of 4.5. **Ternium** (Latin American steel producer) had disappointing fourth quarter results (excluding exceptional items) during the month on increased costs for third party slabs and a maintenance stoppage. Management guided to a better first quarter and improved demand outlook for 2013. It trades on a price earnings ratio of 6.

Two of the top performers during the month by contribution were Lee & Man Paper and Samsung Electronics. In addition the telecom stocks performed well, namely **SK Telecom** (Korean telecoms), Telkom Indonesia (Indonesian telecoms), and **Turkcell** (Turkish telecoms). **Lee & Man Paper** (Hong Kong packaging) continued its strong share price performance during the month. A key competitor has indicated further price increases are possible as the Chinese containerboard market moves towards shortage in 2013. Stable pricing in the quieter January and February months provides a positive lead. **Samsung Electronics** (Korean consumer electronics) rallied following a dull January share price performance. The Galaxy S IV will be launched mid-March to much fanfare, and estimates suggest it will be even more successful than its predecessor model. Competition in the smartphone market is clearly intensifying, and this will pressure the weaker players; but Samsung looks to be well placed with its access to leading edge components, blossoming brand image, and geographical and product breadth. It trades on a forward price earnings ratio of 8.5.

The MSCI Emerging Markets Index has had a lacklustre start to 2013 - with Latin America and Eastern Europe lagging Asia. The star performing markets by a comfortable margin were the Philippines and Indonesia, which helped our holding in **First Pacific**.

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| Fund Information as at 28 th February 2013 | | | |
|---|--|---------------------------------|--|
| Currency | US\$ | Investment Manager | Oldfield Partners LLP |
| Liquidity | Daily dealing | Administrator | Northern Trust International Fund Administration Services (Ireland) Ltd |
| Benchmark | MSCI Emerging Markets (Net Dividends Reinvested) | Custodian | Northern Trust Fiduciary Services (Ireland) Ltd |
| Management Fees | A shs = 1.25% I shs = 0.90% | Auditor | Deloitte |
| TER | A shs = 1.45% I shs = 1.10% | Admin & Custody Fees | 0.18% on the first US\$75m 0.155% on the next US\$75m 0.14% on the next US\$150m 0.11% thereafter |
| Minimum Investment | The equivalent of €100,000 | A shares ISIN | IE00B3DDVH01 |
| | | A shares sedol | B3DDVH0 |
| | | A shares ticker | OVEMKEA |
| Legal Advisers | Arthur Cox | I shares ISIN | IE00B4N0BT09 |
| | | I Shares sedol | B4N0BT0 |
| | | I shares ticker | OVEMKEI |

Overstone Emerging Markets Equity Fund is a sub-fund of Overstone Fund plc, which is incorporated in Ireland and approved by the Irish Financial Services Regulatory Authority. Six other sub-funds exist under the Overstone Fund plc umbrella; Overstone Global Equity Fund was launched on 1st June 2005, Overstone European Equity Fund was launched on 3rd October 2005, Overstone Opportunity Multi Fund was launched on 1st November 2005, Overstone Global ex US Equity Fund was launched on 1st June 2006, Overstone Japanese Equity Fund was launched on 1st October 2007, Overstone Smaller Companies Fund was launched on 1st October 2007.

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