

# OLDFIELD PARTNERS

## OVERSTONE EMERGING MARKETS EQUITY FUND

### FEBRUARY 2014 NEWSLETTER 64

#### Fund Summary

28 <sup>th</sup> February 2014								
NAV of fund	US\$ 384.3m							
A shares unit price	US\$ 189.27							
I shares unit price	US\$ 119.28							
Performance								
	February	2014 to date	2013	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+3.4%	-2.9%	+5.9%	-2.7%	-1.8%	+15.6%	+95.8%	+13.4%
Index**	+3.3%	-3.4%	-2.6%	-6.0%	-2.0%	+16.9%	+91.9%	+13.0%
I Shares*	+3.5%	-2.9%	+6.2%	-2.4%	-1.5%	-	+24.4%	+5.1%
Index**	+3.3%	-3.4%	-2.6%	-6.0%	-2.0%	-	+17.1%	+3.6%

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

\*\*MSCI Emerging Markets (Net Dividends Reinvested).

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, MSCI ©, Bloomberg and Northern Trust Intl. Fund Administrator Services (Ireland) Ltd.

#### Top Five Holdings

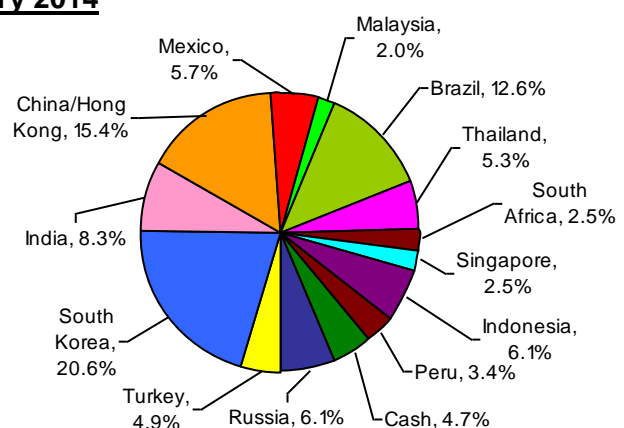
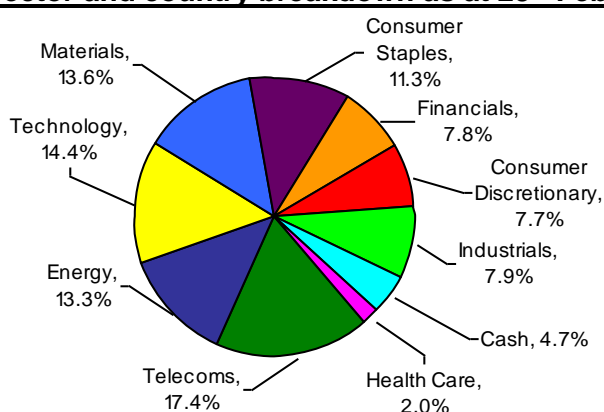
Stock	Portfolio Weighting (%)*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	8.2	+5.4%	+5.9%
Embraer	7.9	+17.0%	+17.0%
SK Telecom	6.4	+2.0%	+2.0%
Infosys	6.2	+5.3%	+5.3%
Telkom Indonesia	6.1	+8.2%	+8.2%

\*As at end of period.

\*\*Total Return inclusive of dividends.

Source: Oldfield Partners and Bloomberg.

#### Sector and country breakdown as at 28<sup>th</sup> February 2014



Source: Oldfield Partners.

Oldfield Partners

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#### Commentary

The month saw a bounce back in sentiment towards emerging markets, only to be cut short in early March with the direct Russian involvement in the Ukrainian crisis. This overshadowed numerous other political problems in emerging markets, such as in Thailand and Venezuela. It will continue to be a colourful political year for emerging markets, and this will act to restrain investor enthusiasm.

The worst performer during the month by contribution was **Lee & Man Paper** (Chinese containerboard producer). There was little news flow to report. The stock trades on a price earnings ratio of 12. **Lukoil** (Russian oil and gas) was a poor performer on negative sentiment towards Russia following the political upheaval in the Ukraine. A strong oil price and a weak ruble is not a bad combination for Lukoil, but clearly political risks remain that could impact the stock in unforeseen ways. As the world's largest oil producer it is difficult to see meaningful sanctions against Russia being enforced despite its annexation of the (pro-Russian) Crimea. That said any erosion of the 'Russian discount' is a work in progress for the most patient of investors. The stock trades on a price earnings ratio of 4.

Among the top performers during the month by contribution were Embraer and Samsung Electronics. **Embraer** (Brazilian regional jet manufacturer) had an excellent set of full year results showing solid margins, good execution, and a growing order book. Management guidance for 2014 was above market expectations. The investor day in Brazil gave an insight into the fast growing defence business, as well as the commercial and business jet operations. **Samsung Electronics** (Korean consumer electronics) released its latest top-end smartphone, the Galaxy S5, which as expected was evolutionary, rather than revolutionary, but keeps Samsung at the top of the game versus its competitors. The real growth in smartphones is in the low and mid-tiers, in which Samsung with its scale, distribution, and internal components supply can continue to do well. The semiconductor business is the star this year, as industry consolidation has led to improved discipline in the DRAM business. The stock trades on a price earnings ratio of 7.5. **Eros International** was a strong performer in the month (+38%) following a dull period for its share price after its new listing in the US late last year. A decent set of third quarter results has sparked some investor interest and the company trades on a forward price earnings ratio of 15.

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Fund Information as at 28 <sup>th</sup> February 2014			
<b>Currency</b>	USD	<b>Investment Manager</b>	Oldfield Partners LLP
<b>Liquidity</b>	Daily dealing	<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Benchmark</b>	MSCI Emerging Markets (Net Dividends Reinvested)	<b>Custodian</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Management Fees</b>	A shs = 1.25% I shs = 0.90%	<b>Auditor</b>	Deloitte
<b>TER</b>	A shs = 1.42% I shs = 1.07%	<b>Legal Advisers</b>	Arthur Cox
<b>Minimum Investment</b>	The equivalent of €100,000	<b>Admin &amp; Custody Fees</b>	0.18% on the first US\$75m 0.155% on the next US\$75m 0.14% on the next US\$150m 0.11% thereafter
<b>A shares ISIN</b>	IE00B3DDVH01	<b>I shares ISIN</b>	IE00B4N0BT09
<b>A shares sedol</b>	B3DDVH0	<b>I Shares sedol</b>	B4N0BT0
<b>A shares ticker</b>	OVEMKEA	<b>I shares ticker</b>	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 1<sup>st</sup> June 2005, Overstone European Equity Fund was launched on 3<sup>rd</sup> October 2005, Overstone Opportunity Multi Fund was launched on 1<sup>st</sup> November 2005, Overstone Global ex US Equity Fund was launched on 1<sup>st</sup> June 2006, Overstone Japanese Equity Fund was launched on 1<sup>st</sup> October 2007, Overstone Smaller Companies Fund was launched on 1<sup>st</sup> October 2007.

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