



Overstone Emerging Markets Equity Fund

February 2016 Newsletter 88

Oldfield Partners

Fund & Performance Summary

29 th February 2016							
NAV of fund	US\$ 171.7m						
A shares unit price	US\$ 160.20						
I shares unit price	US\$ 100.79						
Performance							
	February	2016 to date	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+5.4%	+4.5%	-15.7%	-5.5%	-3.8%	+70.0%	+7.5%
Index**	-0.2%	-6.6%	-23.4%	-8.9%	-5.4%	+54.4%	+6.1%
I Shares*	+5.4%	+4.6%	-15.4%	-5.1%	-3.5%	+8.7%	+1.3%
Index**	-0.2%	-6.6%	-23.4%	-8.9%	-5.4%	-5.8%	-0.9%

*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.

Performance of Five Largest Holdings*

Stock	Portfolio Weighting (%) [*]	Monthly Performance (local terms) ^{**}	Monthly Performance (USD terms) ^{**}
Embraer	8.4	+4.1%	+4.1%
Samsung Electronics	7.7	+2.6%	+0.4%
SK Telecom	7.6	+5.6%	+5.6%
Thai Beverage	6.8	+2.9%	+4.2%
Yue Yuen Industrial	6.6	+3.4%	+3.5%

*As at end of period. **Total return inclusive of the portfolio activity. Source: Oldfield Partners and Bloomberg.

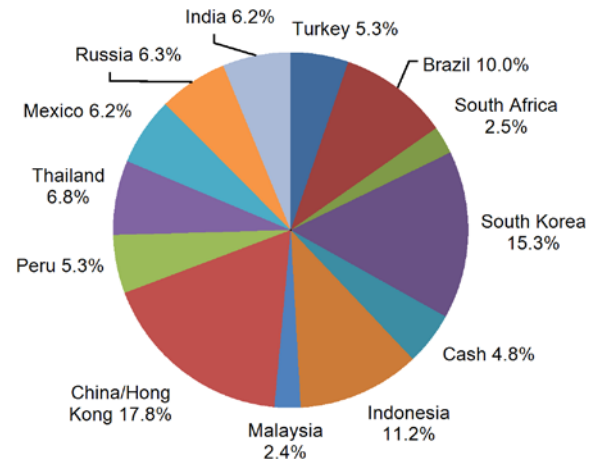
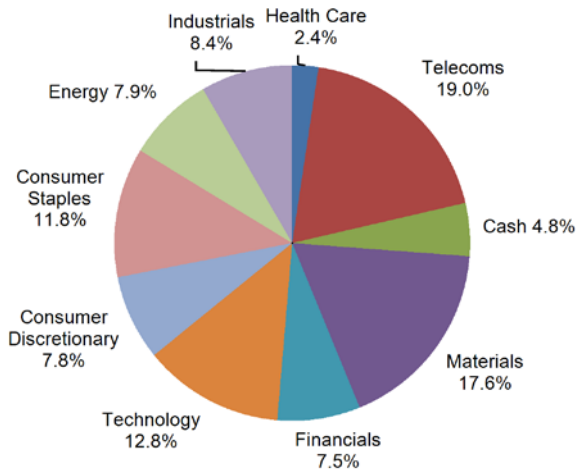
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Sector and country breakdown as at 29th February 2016



Source: Oldfield Partners.

Commentary

The portfolio performed well in the month and year to date. The performance of the asset class stabilised as investors hoped for stimulus measures from the European Central Bank (ECB) and the Chinese annual National People's Congress in March. Commodity prices recovered, most notably for the portfolio were gold and oil, and emerging market currencies stabilised. The valuation for the asset class remains attractive, and the upside potential from the weighted average of our price targets in the portfolio is 62%.

Among the laggards during the month by contribution were Infosys, Eros, and Telkom Indonesia. **Infosys** (Indian IT services) had an uneventful month following strong results and increased guidance in January. **Eros** (Indian Bollywood films) had its third quarter results in the month, and management believe the company will meet its target of being free cash flow positive by its year end. The next quarterly results will be crucial to regaining investor confidence following the short seller attack last year. **Telkom Indonesia** (the leading telecom company in Indonesia) traded sideways in the month following a period of strong share price performance since last autumn. We had been reducing exposure to the stock during the month.

The top performers during the month by contribution were Ternium, Buenaventura, and Indofood. **Ternium** (South American steel producer) had full year results in the month that were blighted by an impairment charge for its Brazilian business, but showed strong underlying free cash flow generation and good cost control. Mexico is its key production area and continues to be in a sweet spot for steel demand, and Ternium is well placed to increase its focus on value added production. **Buenaventura** (Peruvian miner) had disappointing results as gold production fell, but good cost control and solid cash flow generation show management initiatives working. The gold price continues to rise in 2016 and this is the single most important driver for the stock. **Indofood's** (Indonesia snack foods) most important business is noodles, of which it is the dominant producer in Indonesia, and this continues to grow and show solid pricing power. Its flour and plantation businesses, both the largest in Indonesia, are given no value by investors. Year to date Indofood is the largest contributor to performance in the portfolio having risen 44%.

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Fund Information as at 29 th February 2016			
Currency	USD	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 = 1.52% I shs = 1.17%	Legal Advisers	Arthur Cox
Minimum Investment	The equivalent of €100,000	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
A shares ISIN	IE00B3DDVH01	I shares ISIN	IE00B4N0BT09
A shares sedol	B3DDVH0	I Shares sedol	B4N0BT0
A shares ticker	OVEMKEA	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 Central Bank of Ireland. 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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