

OLDFIELD PARTNERS LLP

OVERSTONE EMERGING MARKETS EQUITY FUND

JUNE 2013 NEWSLETTER 56

Fund Summary

28 th June 2013			
NAV of fund	US\$297.9m		
A share unit price	US\$179.24		
I Share unit price	US\$113.06		
Performance			
	A Shares	I Shares	MSCI Emerging Markets*
June	-7.8%	-7.8%	-6.4%
2013 to date	-3.7%	-3.5%	-9.6%
Since inception A**	+83.6%	-	+84.5%
Since inception A per annum**	+13.9%	-	+14.0%
Since inception I**	-	+16.3%	+12.5%
Since inception I per annum**	-	+4.1 %	+3.2%

*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*

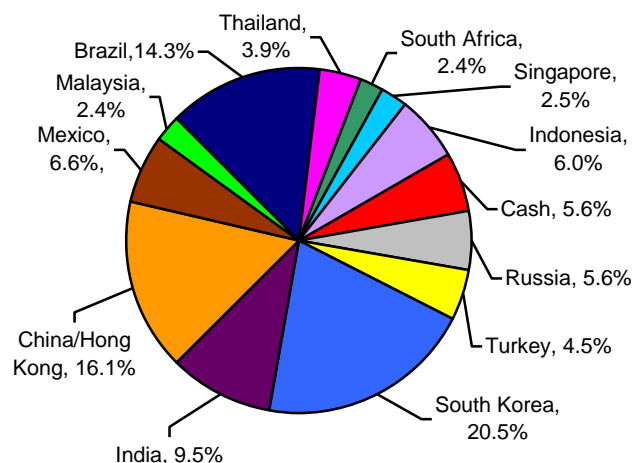
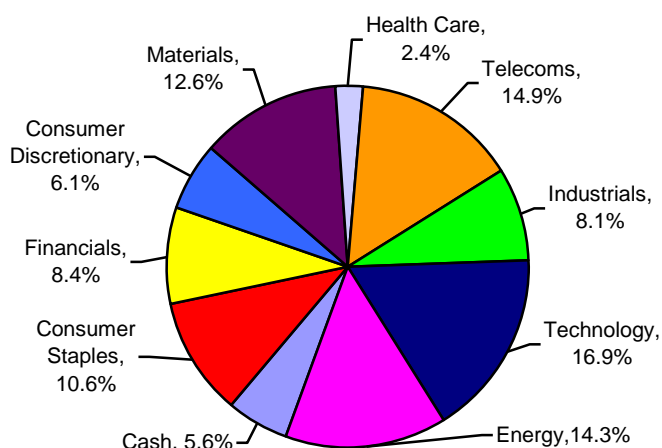
Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	9.4%	-12.7%
Embraer	8.1%	+1.9%
Infosys	7.5%	-1.3%
KT&G	6.7%	-6.8%
Ternium	6.6%	-2.9%

*As at end of period.

**Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg.

Sector and country breakdown as at 28th June 2013



Source: Oldfield Partners LLP.

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Commentary

Emerging Market equities saw a significant sell off in June on concerns over US monetary policy changes, unrest in Turkey and Brazil, and a slowing Chinese economy. This brought emerging market valuations back to an attractive level compared with their historic average with a price to book ratio of 1.4. Emerging markets trade on a price to book ratio similar to those of Europe and Japan, 1.5 and 1.3 respectively, with the US trading on a higher valuation of 2.4.

The bottom three performers during the month by contribution were Petrobras, Samsung Electronics, and First Pacific. **Petrobras** (Brazilian oil) was impacted by both the weaker Brazilian real and concerns over street protests making it harder for the company to close the discount between domestic and international fuel prices. **Samsung Electronics** (Korean consumer electronics) has been a poor performer in 2013 because of concerns about weaker than expected sales of its new Galaxy S4 smartphone, an overcrowded smartphone space, and maturity of the developed markets for smartphones. Samsung Electronics has a wide breadth of smartphone product offering, including at the lower end, and a geographic spread that should help sustain margins. The semiconductor division is also performing well on strong pricing for DRAM and NAND memory as industry capital expenditure has been controlled. **First Pacific** (Hong Kong holding company) had a rights issue that we subscribed to in the month. It is looking for small acquisitions, and has a good track record, but no stated targets as yet. We continue to find the valuation attractive - a 40% discount to net asset value.

The top two performers during the month by contribution were Embraer and SK Telecom. We wrote on both these stocks last month. **Embraer** (Brazilian regional jet manufacturer) has benefited from recent new orders from the US. The strength of the order book adds visibility to its earnings, and helped protect the share price in the wider market sell-off. **SK Telecom** (Korean mobile operator) is benefiting from the growth of smartphones, and of smartphones on LTE (4G), and the higher data usage from this. The stock trades on a price earnings ratio of 13, price to book ratio of 1.2, and has a 4.7% dividend yield.

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Fund Information as at 28 th June 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 = 1.46% I shs = 1.11%	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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