

# OLDFIELD PARTNERS

## OVERSTONE EMERGING MARKETS EQUITY FUND

### JUNE 2014 NEWSLETTER 68

#### Fund Summary

30 <sup>th</sup> June 2014								
NAV of fund	US\$ 425.1m							
A shares unit price	US\$ 203.68							
I shares unit price	US\$ 128.51							
Performance								
	June	2014 to date	2013	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+2.2%	+4.4%	+5.9%	+14.8%	+3.2%	+10.8%	+110.7%	+14.1%
Index**	+2.7%	+6.1%	-2.6%	+14.3%	-0.4%	+9.2%	+110.9%	+14.1%
I Shares*	+2.3%	+4.6%	+6.2%	+15.2%	+3.5%	-	+34.0%	+6.4%
Index**	+2.7%	+6.1%	-2.6%	+14.3%	-0.4%	-	+28.6%	+5.4%

\*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

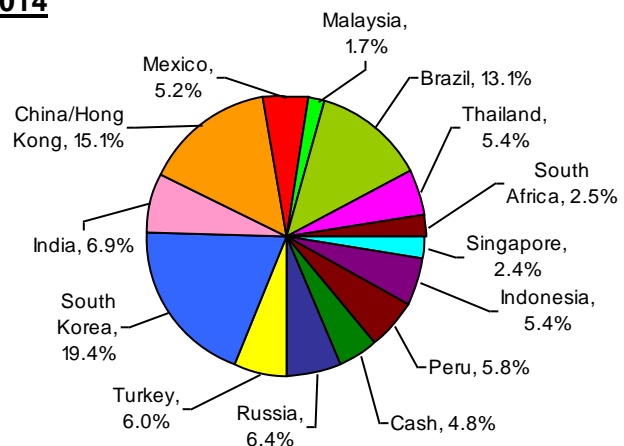
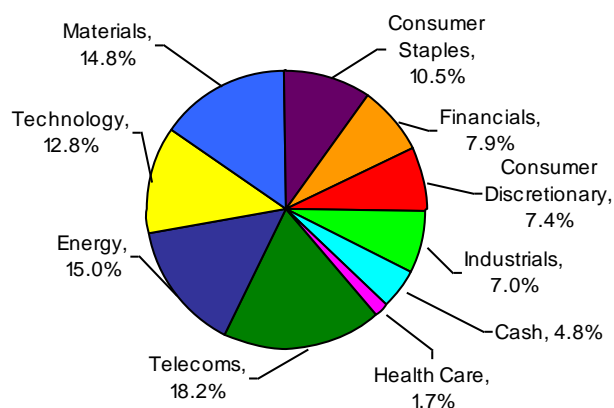
Stock	Portfolio Weighting (%)*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	7.5	-8.4%	-7.5%
Embraer	7.0	+0.8%	+0.8%
SK Telecom	6.8	+8.9%	+8.9%
Lukoil	6.4	+5.5%	+5.5%
Petrobras	6.2	+4.8%	+4.8%

\*As at end of period.

\*\*Total Return inclusive of dividends.

Source: Oldfield Partners and Bloomberg.

#### Sector and country breakdown as at 30<sup>th</sup> June 2014



Source: Oldfield Partners.

Oldfield Partners

130 Buckingham Palace Road, London, SW1W 9SA.

Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com

www.oldfieldpartners.com

Oldfield Partners LLP is authorised and regulated by the Financial Conduct Authority

Oldfield Partners LLP has approved and issued this communication for private circulation to Professional Clients only; it must not be distributed to Retail Clients (as defined by the Financial Conduct Authority). Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not a guide to future performance. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2014 Partnership No. OC309959

# OLDFIELD PARTNERS

## OVERSTONE EMERGING MARKETS EQUITY FUND

### JUNE 2014 NEWSLETTER 68

#### Commentary

The MSCI Emerging Markets Index has been rallying through the month and the second quarter. The index looks to have been in a trading range between 900 and 1,150 since 2010 and is currently at 1,060. The valuation for the index remains attractive on a price to book ratio of 1.55, which is on the attractive side of its historic average valuation despite the recent rally.

Among the worst performers during the month by contribution were Telkom Indonesia and Samsung Electronics, and for the quarter by contribution were Lee & Man Paper and Ternium. **Samsung Electronics** (Korean consumer electronics) may have disappointing second quarter results this month as the inevitable commoditisation of smartphones and heated competition from Chinese manufacturers drag on margins and volumes. The latest iPhone is due for release in the autumn; with a larger screen it will have wider consumer appeal, and will keep competition tough to at least the year end. Positives for Samsung include the growth of 4G, new product launches, potentially new screen formats in 2015, and Samsung's scale and distribution. The semiconductor division, and especially DRAM, is performing well as the consolidated industry continues to behave rationally. Investors are hoping for some news on Samsung's shareholder return policy in the results at month end, with ample cash and free cash flow available, to offset this slower growth phase. It trades on a price to earnings ratio (ex-cash) of 5 and has a free cash flow yield of 12%. **Telkom Indonesia** (Indonesian telecom provider) had limited news flow and continued to raise tariffs in the quarter within a benign competitive environment. Indonesia has its presidential election result on July 9<sup>th</sup> with two very different candidates and an uncertain outcome.

The top performers during the month by contribution were Yue Yuen, Buenaventura, & SK Telecom, and for the quarter by contribution were Petrobras and SK Telecom. **SK Telecom** (Korean mobile provider) has performed strongly with the growth in 4G subscribers and the 'forcibly' restrained marketing of the three mobile players by the regulator. The average revenue per user (ARPU) is approximately 40% higher on a 4G handset than a 3G handset, and 4G users are about 55% of SK Telecom's user mix and increasing. SK Telecom's investment in 21% of SK Hynix in 2012, near the bottom of the DRAM cycle, has done well and it now accounts for 20% of overall profit (and 38% of SK Telecom's market capitalisation). SK Telecom trades on a price earnings ratio of 12 and a price to book ratio of 1.5. **Buenaventura** (Peruvian miner) had positive news as the key and most vocal opponent of its long delayed Minas Conga growth project will be charged with corruption. Some think that his opposition to the project may have had more to do with his political career than environmental concerns. **Petrobras** (Brazilian oil & gas) had a mixed blessing from the Brazilian government in the granting of an extra 10 to 15 billion barrels of oil in the pre-salt area from 2021. The terms of the deal look attractive - with minimal upfront payment, no exploration risk, and significant growth in high quality reserves, but Petrobras has more than enough oil on its plate and there will be incremental capital expenditure. The communication of the deal was poor in that the government looked to be in the driving seat, which is a perception that Petrobras can ill afford.

Oldfield Partners

130 Buckingham Palace Road, London, SW1W 9SA.

Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com

www.oldfieldpartners.com

Oldfield Partners LLP is authorised and regulated by the Financial Conduct Authority

Oldfield Partners LLP has approved and issued this communication for private circulation to Professional Clients only; it must not be distributed to Retail Clients (as defined by the Financial Conduct Authority). Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not a guide to future performance. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2014 Partnership No. OC309959

# OLDFIELD PARTNERS

## OVERSTONE EMERGING MARKETS EQUITY FUND

### JUNE 2014 NEWSLETTER 68

Fund Information as at 30 <sup>th</sup> June 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 = 1.45% I shs = 1.10%	<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.

#### Oldfield Partners

130 Buckingham Palace Road, London, SW1W 9SA.  
Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com  
www.oldfieldpartners.com

Oldfield Partners LLP is authorised and regulated by the Financial Conduct Authority

Oldfield Partners LLP has approved and issued this communication for private circulation to Professional Clients only; it must not be distributed to Retail Clients (as defined by the Financial Conduct Authority). Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not a guide to future performance. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2014 Partnership No. OC309959