



Overstone Emerging Markets Equity Fund

June 2017 Newsletter 104

Oldfield Partners

Performance (USD terms)								
	June	2017 to date	2016	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+0.7%	+9.3%	+30.6%	+12.9%	+3.3%	+7.2%	+132.1%	+10.2%
MSCI Emerging Markets**	+1.0%	+18.4%	+11.2%	+23.7%	+1.1%	+4.0%	+117.7%	+9.4%

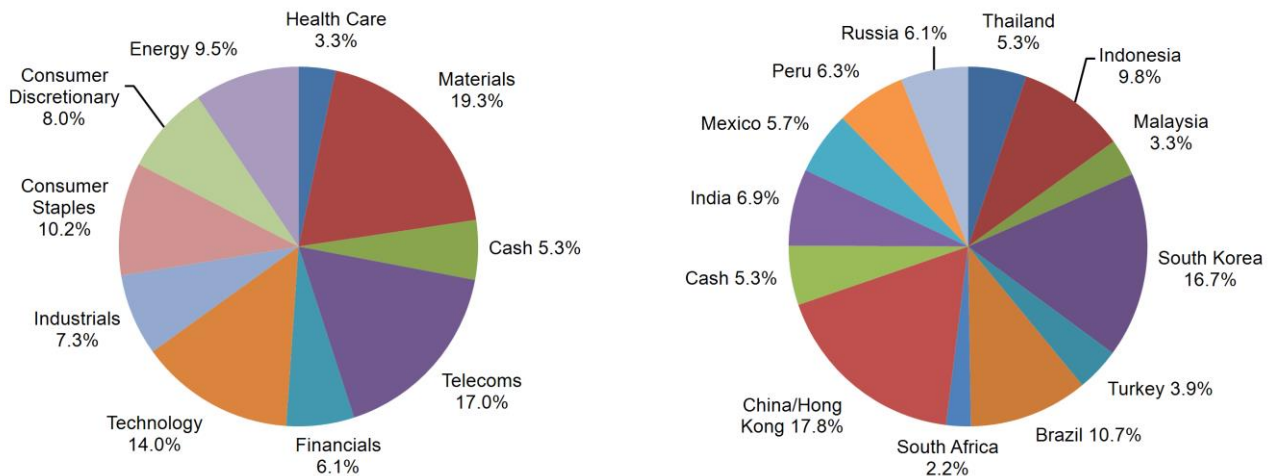
*A shares commenced on 3rd November 2008. **Net Dividends Reinvested. Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners, MSCI ©, Bloomberg and Northern Trust International Fund Administration Services (Ireland) Ltd.

Performance of Five Largest Holdings*

Stock	Portfolio Weighting*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	8.5%	+6.4%	+4.1%
SK Telecom	8.2%	+2.2%	+2.2%
Lee & Man Paper	7.4%	+7.1%	+6.9%
Embraer	7.3%	-7.5%	-7.5%
Yue Yuen Industrial	6.5%	+4.3%	+4.1%

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

Sector and country breakdown as at 30th June 2017



Source: Oldfield Partners.

Commentary

Growth investing continues to outperform value investing this year, and the performance of technology stocks has been especially strong. The financial performance of the companies in the portfolio this year has on the whole been rather good, and we remain comforted by the 41% upside to the weighted average of the price targets in the portfolio.

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The laggards during the month by contribution were Embraer, Buenaventura, and Petrobras. **Embraer** (Brazilian regional jet manufacturer) faces a transition year to a new generation of regional jets, which has caused a dip in orders. The company has a strong balance sheet and a long order book of around three years. The company trades at book value. **Buenaventura** (Peruvian miner) reacted to a weaker gold price in the month. The company trades at book value. **Petrobras** (Brazilian oil producer) saw another bout of political instability in Brazil and a weaker oil price, but management continue to execute the deleveraging strategy successfully. The company trades on a price to book ratio of 0.6.

The top performers by contribution for the month were Lee & Man Paper, Ternium, and Samsung Electronics. **Lee & Man Paper** (Chinese containerboard manufacturer) is benefitting from the solid demand for packaging in China and the government led reduction in industry capacity. The company trades on a prospective price earnings ratio of ten. **Ternium** (Latin American steel producer) has rebounded as the 'Trump threat' to Mexico has receded and the company is well placed to benefit from the growth of the manufacturing industry in Mexico. The company trades on a price earnings ratio of nine and a price to book ratio of 1.3. **Samsung Electronics** (Korean consumer electronics) has seen its semiconductor division perform strongly this year, as the industry is consolidated and focused on profit maximisation, and the display and handset divisions continue to do well. The company trades on a prospective price earnings ratio of ten and a price to book ratio of 1.7.

The top performers in the second quarter by contribution were **Lee & Man Paper**, **Samsung Electronics**, and **Ternium**. The worst performers were **Embraer**, **Petrobras**, and **Lukoil**. The top performers year-to-date by contribution are **Samsung Electronics** and **SK Telecom**, both of which have benefitted from their exposure to semiconductors. The worst performers year-to-date were **Lukoil** and **Petrobras**, which have been impacted by the lower oil price.

Broker Research Costs

From 1st January 2018, Oldfield Partners will pay directly itself for all broker and specialist research received, rather than payment being through trading commission charged to investors.

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Fund & Performance Summary

30 th June 2017								
NAV of fund	US\$ 231.3m							
A shares unit price	US\$ 216.98							
I shares unit price	US\$ 136.71							
A USD hedged shares unit price	US\$ 102.22							
A GBP hedged shares unit price	£ 101.04							
Performance								
	June	2017 to date	2016	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+0.7%	+9.3%	+30.6%	+12.9%	+3.3%	+7.2%	+132.1%	+10.2%
MSCI EM**	+1.0%	+18.4%	+11.2%	+23.7%	+1.1%	+4.0%	+117.7%	+9.4%
I Shares*	+0.7%	+9.5%	+31.1%	+13.3%	+3.6%	+7.6%	+49.2%	+5.3%
MSCI EM**	+1.0%	+18.4%	+11.2%	+23.7%	+1.1%	+4.0%	+32.8%	+3.7%
A USD Hedged Shares*	+1.1%	+4.6%	-2.0%	-	-	-	+2.5%	-
MSCI EM Hedged**	+1.5%	+10.4%	-2.5%	-	-	-	+7.7%	-
A GBP Hedged Shares*	+0.9%	+4.1%	-2.7%	-	-	-	+1.4%	-
MSCI EM Hedged**	+1.4%	+10.0%	-2.6%	-	-	-	+7.1%	-

*A shares commenced on 3rd November 2008, I shares on 1st October 2009, A US\$ and GBP hedged shares commenced on 31st October 2016. **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 International Fund Administration Services (Ireland) Ltd.

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Fund and share class information as at 30th June 2017

Share class	Class Currency	Management Fees	TER	Sedol	Bloomberg Ticker	ISIN
A	USD	1.25%	1.48%	B3DDVH0	OVEMKEA	IE00B3DDVH01
I	USD	0.90%	1.13%	B4N0BT0	OVEMKEI	IE00B4N0BT09
A USD Hedged	USD	1.25%	1.53%	BZBVR05	OVEMAUH	IE00BZBVR050
A GBP Hedged	GBP	1.25%	1.53%	BD3WG94	OVEMAGH	IE00BD3WG942

Fund Currency	USD	Administrator	Northern Trust International Fund Administration Services (Ireland) Ltd
Liquidity	Daily dealing	Custodian	Northern Trust Fiduciary Services (Ireland) Ltd
Benchmark	MSCI Emerging Markets (Net Dividends Reinvested) and MSCI Emerging Markets (Net Dividends Reinvested) Hedged	Auditor	Deloitte
Minimum Investment	The equivalent of €100,000	Legal Advisers	Arthur Cox
Investment Manager	Oldfield Partners LLP		

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. Three other sub-funds exist under the Overstone Fund plc umbrella; Overstone Global Equity Fund was launched on 1st June 2005, Overstone Opportunity Multi Fund was launched on 1st November 2005 and Overstone Global ex US Equity Fund was launched on 1st June 2006.

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