

Overstone Emerging Markets Equity Fund

Patient, unconstrained, contrarian value investing

OP

Oldfield Partners

30 June 2021

Monthly fund review

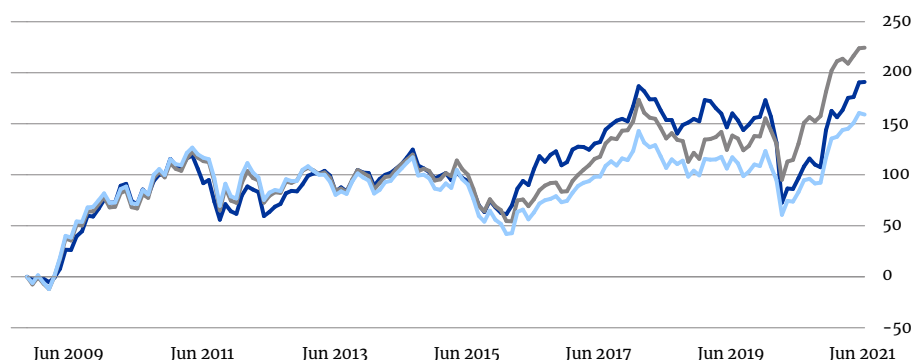
Investment objective

The Fund will attempt to achieve over the long term a total return in excess of that of the MSCI Emerging Markets Index (with net dividends reinvested) through investment in a concentrated portfolio of equities of companies from emerging markets and from other markets where it can be demonstrated by the Investment Manager that the company concerned is overwhelmingly an emerging market related company. The approach is focussed on valuations and bottom-up fundamental research of individual companies.

Fund particulars

Launch date	03 November 2008
Fund size	US\$177.9m
Domicile	Ireland
Structure	QJAIF
Base currency	USD
Dealing	Daily
Min. investment	€100,000
Benchmark	MSCI Emerging Markets

Fund performance (%)



	Annualised						
	1 month	YTD	1 year	Launch	3 years	5 years	Launch
■ A USD	+0.2	+10.8	+48.0	+191.0	+4.7	+7.2	+8.8
■ MSCI Emerging Markets	+0.2	+7.4	+40.9	+224.6	+11.3	+13.0	+9.7
■ MSCI EM Value	-0.6	+10.0	+41.6	+159.1	+7.8	+9.7	+7.8

Preceding five calendar years performance		2020	2019	2018	2017	2016
A USD		-3.8	+8.2	-5.5	+25.8	+30.6
MSCI Emerging Markets		+18.3	+18.4	-14.6	+37.3	+11.2
MSCI EM Value		+5.5	+11.9	-10.7	+28.1	+14.9

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

MSCI EM Value index is for comparison purposes only.

Source: Oldfield Partners.

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.

“A concentrated portfolio concentrates the mind...”

About Oldfield Partners

Oldfield Partners LLP is an owner-managed boutique fund management firm which manages equity portfolios for a global client base that includes endowments funds, pension funds, charities, family offices and individuals.

Oldfield Partners began operations in March, 2005 and is majority owned by the executive partners.

We are value investors with a distinctive approach: a limited number of holdings, long-only, no leverage, diversified, index-agnostic and suspicious of short-termism.

Fund manager commentary

The spread of the Delta variant has caused renewed spikes in Covid and is especially of concern in developing countries that are lagging in vaccinations. Notably some Asian countries saw further restrictions. That said the global vaccination roll-out continues to gather pace. China continues to be restrictive on credit conditions despite its economic growth rate moderating and political tensions remain with the US and Europe. A tightening cycle in monetary policy in emerging markets has begun despite the Federal Reserve in the US remaining accommodative. Commodity and material prices were under pressure in the month, notably metals, however the oil price rose as rising demand met continued supply restraint. The weighted average of the price targets in the portfolio shows near 40% upside potential.

The bottom performers by contribution for the month were Buenaventura and Lee & Man Paper. **Buenaventura** (Peruvian mining company) faced a difficult combination of weaker metal prices and political uncertainty in the month. Precious metals and copper prices fell sharply. The presidential election in Peru is a close call but favouring the socialist candidate (on 50.1% of the vote) and without a victor decisively declared yet. We believe the split vote will lead the eventual victor to take a more moderate path. **Lee & Man Paper** (Chinese packaging manufacturer) is in the low season for containerboard and small price falls tend to dent sentiment. Overall, the market is healthy as demand recovers on improving domestic consumer consumption and supply growth is limited. Government policy moves such as requiring paper mills to convert to gas-fired power from coal by 2025 should benefit the larger players like Lee & Man Paper that can afford to do so.

The top performers by contribution for the month were Embraer and Petrobras. **Embraer** (Brazilian aircraft manufacturer) is benefiting as the US gets back on planes for domestic travel and sparks new orders for aircraft. US passenger volumes have recovered to be about 25% below pre-pandemic levels. News flow on its short range electric vertical take-off and landing aircraft ‘Eve’ from its EmbraerX division has gained investor interest and commercial orders but remains at an early stage. **Petrobras** (Brazilian oil producer) has recovered its composure as the new CEO put in place by the government follows the investor friendly policy of the prior management. It continues to explore methods for a smoother domestic fuel adjustment process whilst adhering to international price parity. Improving demand for oil and successful supply management by OPEC+ has allowed the oil price to remain buoyant.

Commentary - continued

The top performers for the quarter by contribution are **Embraer**, **Petrobras**, and **SK Telecom** (Korean mobile telecom provider); and the bottom performers are **Lee & Man Paper**, **Buenaventura**, and **Thai Beverage** (the leading alcoholic beverage producer in Thailand).

Capacity and flows

We are pleased to announce that we are now offering an EM ex China strategy. Alongside this we have increased capacity across both EM and EM ex China to US\$1.5bn. If you would like to know more or arrange a meeting please contact clientrelations@oldfieldpartners.com.

Fund analysis

Top 10 holdings (%)

	Weighting	1 month total return (%)*	
		Local terms	USD
SK Telecom	8.6	-2.0	-2.0
Embraer	8.4	+13.1	+13.1
Samsung Electronics	8.3	+0.2	-1.7
Infosys	6.9	+10.4	+10.4
Lukoil	6.6	+13.7	+13.7
Petrobras	6.6	+14.5	+14.5
Ternium	6.1	+5.1	+5.1
Thai Beverage	5.9	-1.5	-3.2
SK Hynix	5.6	+0.4	-1.6
Telkom Indonesia	5.3	-2.6	-2.6

Total number of holdings

17

Active share (%)**

92.8

Fund characteristics

	Fund	Benchmark
Net debt to equity ratio (%)	23.0	8.0***
Price-to-book ratio	1.8	2.1
Price-to-earnings ratio	12.3	18.7
Return on equity (%)	10.5	11.4

*Inclusive of portfolio activity.

**Active share is calculated using the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the MSCI Emerging Markets index, divided by two.

***For the MSCI Emerging Markets the net debt to equity ratio excludes financials.

All data as at 30 June 2021.

Source: Oldfield Partners.

Sector breakdown (%)

Information Technology	20.8	
Communication Services	16.6	
Materials	15.9	
Energy	13.2	
Consumer Staples	10.3	
Industrials	8.4	
Consumer Discretionary	5.2	
Financials	3.6	
Cash	6.0	

Country breakdown (%)

South Korea	22.5	
Brazil	15.0	
China/Hong Kong	11.6	
Indonesia	9.7	
India	6.9	
Russia	6.6	
Mexico	6.1	
Thailand	5.9	
Peru	5.1	
Turkey	2.7	
South Africa	1.9	
Cash	6.0	

Share class details

Share class	AMC*	TER**	SEDOL	Bloomberg	ISIN	Price
A USD	1.25%	1.49%	B3DDVH0	OVEMKEA ID	IE00B3DDVH01	US\$259.47
I USD	0.90%	1.14%	B4N0BT0	OVEMKEI ID	IE00B4N0BT09	US\$163.61

*AMC - Annual management charge

**TER - Total expense ratio

Performance summary of all share classes

USD shares	1 month	YTD	1 year	Since launch		Annualised			
				03/11/08	01/10/09	3 years	5 years	Since launch	03/11/08
A USD	+0.2	+10.8	+48.0	+191.0	-	+4.7	+7.2	+8.8	-
I USD	+0.2	+11.0	+48.5	-	+89.6	+5.0	+7.6	-	+5.6
MSCI Emerging Markets	+0.2	+7.4	+40.9	+224.6	+98.0	+11.3	+13.0	+9.7	+6.0
MSCI EM Value	-0.6	+10.0	+41.6	+159.1	+49.1	+7.8	+9.7	+7.8	-

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

MSCI EM Value index is for comparison purposes only.

Source: Oldfield Partners.

Oldfield Partners

11 Grosvenor Place
London, SW1X 7HH
United Kingdom

Telephone: +44 (0) 20 7259 1000

Email: info@oldfieldpartners.com

www.oldfieldpartners.com

Dealing and administrator details

Northern Trust International Fund
Administration Services (Ireland) Ltd.

Telephone: +353 (0) 1 434 5054

Oldfield Partners LLP is authorised and regulated by the Financial Conduct Authority. 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. Oldfield Partners LLP (OP) 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. OP 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. By acquiring an interest in the fund, an investor acknowledges and agrees that any information provided by OP is not a recommendation to invest in the fund and that OP is not undertaking to provide any investment advice to the investor (impartial or otherwise). © 2021 Partnership No. OC309959.