

OLDFIELD PARTNERS LLP

OVERSTONE EMERGING MARKETS EQUITY FUND

SEPTEMBER 2013 NEWSLETTER 59

Fund Summary

30 th September 2013			
NAV of fund	US\$351.3m		
A share unit price	US\$189.23		
I Share unit price	US\$119.46		
Performance			
	A Shares	I Shares	MSCI Emerging Markets*
September	+5.4%	+5.4%	+6.5%
2013 to date	+1.7%	+2.0%	-4.4%
Since inception A**	+93.8%	-	+95.1%
Since inception A per annum**	+14.4%	-	+14.6%
Since inception I**	-	+22.9%	+19.0%
Since inception I per annum**	-	+5.3%	+4.4%

*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*

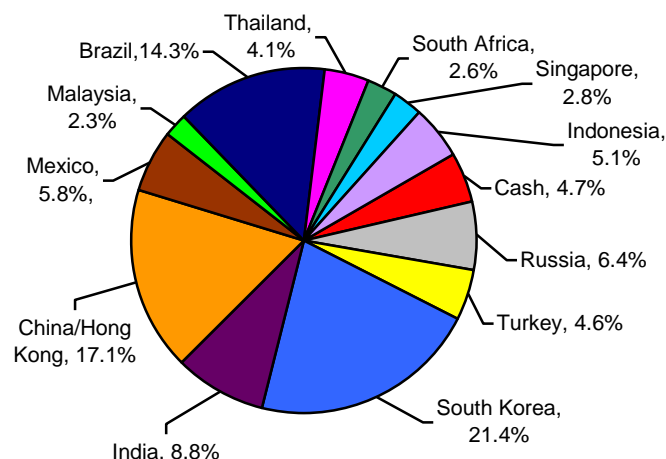
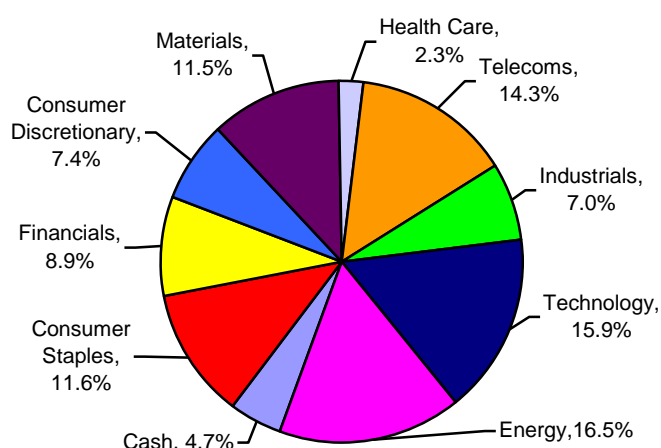
Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	9.2%	-0.1%
KT&G	7.5%	+6.1%
Petrobras	7.3%	+17.3%
Embraer	7.0%	-1.2%
Infosys	6.6%	+3.8%

*As at end of period.

**Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg.

Sector and country breakdown as at 30th September 2013



Source: Oldfield Partners LLP.

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Commentary

The bottom two performers during the month by contribution were Yue Yuen and Ternium. A meeting with **Yue Yuen** (Hong Kong footwear) in Hong Kong to discuss the on-going move of production away from China gave comfort. Moving production lines has caused volatility in its margins as new facilities and staff are brought up to speed. The company sees its manufacturing gross margins recovering to its historic average next year. The company aims to maintain its respectable dividend through any short term turbulence, even if it surpasses the higher limit of its historic dividend pay-out range, and is in a strong financial position. It trades on a price earnings ratio of 9.5 and a price to book ratio of 1.1. **Ternium** (Latin America steel) had a poor month for its share price, but we see it entering a sweet spot. Two new high-end steel facilities in Mexico are ramping up production next year, which will be focussed on the growing Mexican automobile production industry. This also marks an end to the company's current capital expenditure programme. It trades on a price earnings ratio of 11.5 and at book value.

The top two performers during the month by contribution were Petrobras and Ezra. **Petrobras** (Brazilian oil & gas) continues to trade on news surrounding the possibility of a price increase to move domestic and international fuel prices to parity. There is a proposal to make the adjustments more formulaic, rather than ad hoc, which would be a positive, as it would reduce uncertainty. Petrobras trades on a price earnings ratio of 8.5. **Ezra** (Singapore oil services) had a dramatic share price move during the month (+50%) on rumours of a takeover bid. This was subsequently denied. As order books for the larger players are full it has left opportunity for the smaller players like Ezra to grow. It trades at book value.

The top two performers over the third quarter were **Infosys** (Indian IT services) and **Petrobras** (Brazilian oil & gas), and the bottom two performers were **Embraer** (Brazilian regional jet manufacturer) and **Telkom Indonesia** (Indonesian mobile operator). Portfolio turnover for the year to date has been low at around 20%. The upside potential to the weighted average of our price targets is 40%.

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Fund Information as at 30 th September 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 = 1.45% I shs = 1.10%	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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