



Overstone Emerging Markets Equity Fund

September 2016 Newsletter 95

Oldfield Partners

Performance (USD terms)							
	September	2016 to date	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+3.2%	+35.0%	+34.3%	+4.2%	+7.1%	+119.6%	+10.4%
MSCI Emerging Markets**	+1.3%	+16.0%	+16.8%	-0.6%	+3.0%	+91.8%	+8.6%

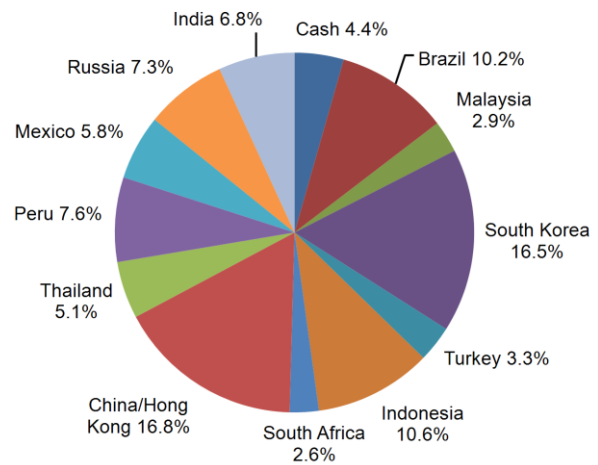
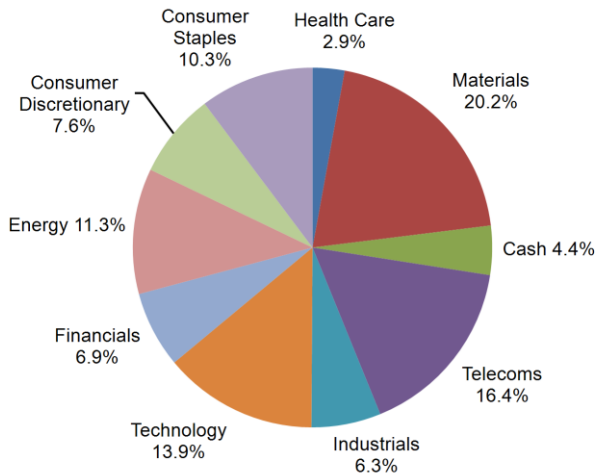
*A shares commenced on 3rd November 2008. **Net Dividends Reinvested. Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners, MSCI ©, Bloomberg and Northern Trust International Fund Administration Services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

Performance of Five Largest Holdings*

Stock	Portfolio Weighting*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	8.8%	-1.4%	+0.2%
SK Telecom	7.7%	+4.1%	+4.1%
Buenaventura	7.6%	+12.0%	+12.0%
Lukoil	7.3%	+8.6%	+8.6%
Lee & Man Paper	6.7%	+12.5%	+12.5%

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

Sector and country breakdown as at 30th September 2016



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

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Commentary

It was a volatile month. Emerging market equities were buffeted by news flow from the US election, the US interest rate decision, and the European banking sector. There is still plenty in the world to worry about. The asset class continued to attract inflows throughout.

We do not like to make judgements on political process or democratic outcomes, but where we see a potential impact on the portfolio we must acknowledge it. The US election is one month away, and while a Clinton victory could be seen as business as usual, the election of Trump could have an impact on market sentiment. The US is a special case because of its global importance both economically and geo-politically. Any move by the US to withdraw into itself, turning away from globalisation, and re-assessing past global alliances would clearly not be the best outcome for emerging market equity investors. That said over time change creates opportunity for an active investor.

The two stocks in the portfolio that could be most impacted by a Trump victory are Ternium and Infosys. **Ternium** (South American steel producer) has its main production assets in Mexico and benefits from NAFTA making Mexico an attractive manufacturing base to export into the US from. **Infosys** (Indian IT services) has the US as its key market and needs the visa system to work its outsourcing model optimally. We will continue to monitor the election, but at this stage a Clinton victory looks to be the most likely outcome.

The political backdrop in emerging markets has become (even) livelier recently with Duterte in the Philippines and Erdogan in Turkey. A move towards strongman politics can be a blessing or a curse to equity investors, and each case will need to be monitored.

The laggards during the month by contribution were **Eros** (Indian Bollywood films), **First Pacific** (Hong Kong listed holding company), and **Embraer** (Brazilian regional jet manufacturer). The top performers by contribution were **Buenaventura** (Peruvian miner), **Lee & Man Paper** (Chinese containerboard manufacturer), and **Lukoil** (Russian oil producer).

Over the third quarter the best performers by contribution were **Samsung Electronics** (South Korean consumer electronics), **Lee & Man Paper** (Chinese containerboard manufacturer), and **Buenaventura** (Peruvian miner). The laggards were **Embraer** (Brazilian regional jet manufacturer), **Infosys** (Indian IT services), and **Turkcell** (Turkish mobile telecom operator).

The upside potential for the portfolio from the weighted average of the price targets is 40%. Although the performance of the portfolio year to date has been good, we still believe the upside potential for the portfolio remains significant.

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Fund & Performance Summary

30 th September 2016							
NAV of fund	US\$ 233.6m						
A shares unit price	US\$ 206.92						
I shares unit price	US\$ 130.45						
Performance							
	September	2016 to date	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+3.2%	+35.0%	+34.3%	+4.2%	+7.1%	+119.6%	+10.4%
MSCI Emerging Markets**	+1.3%	+16.0%	+16.8%	-0.6%	+3.0%	+91.8%	+8.6%
I Shares*	+3.2%	+35.4%	+34.7%	+4.6%	+7.4%	+40.7%	+5.0%
MSCI Emerging Markets**	+1.3%	+16.0%	+16.8%	-0.6%	+3.0%	+17.0%	+2.3%

*A shares commenced on 3rd November 2008 and I shares on 1st October 2009. **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.

Fund and share class information as at 30th September 2016

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

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)	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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