

OLDFIELD PARTNERS

OVERSTONE EMERGING MARKETS EQUITY FUND

JANUARY 2014 NEWSLETTER 63

Fund Summary

31 st January 2014								
NAV of fund	US\$ 336.8m							
A shares unit price	US\$ 183.00							
I shares unit price	US\$ 115.29							
Performance								
	January	2014 to date	2013	1 year	3 Years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	-6.2%	-6.2%	+5.9%	-4.9%	-3.3%	+14.0%	+89.3%	+12.9%
Index**	-6.5%	-6.5%	-2.6%	-10.2%	-3.3%	+14.8%	+85.8%	+12.5%
I Shares*	-6.1%	-6.1%	+6.2%	-4.6%	-3.0%	-	+20.2%	+4.3%
Index**	-6.5%	-6.5%	-2.6%	-10.2%	-3.3%	-	+13.3%	+2.9%

*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

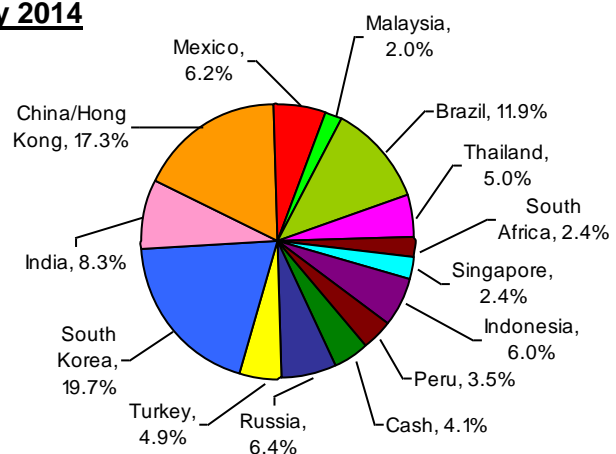
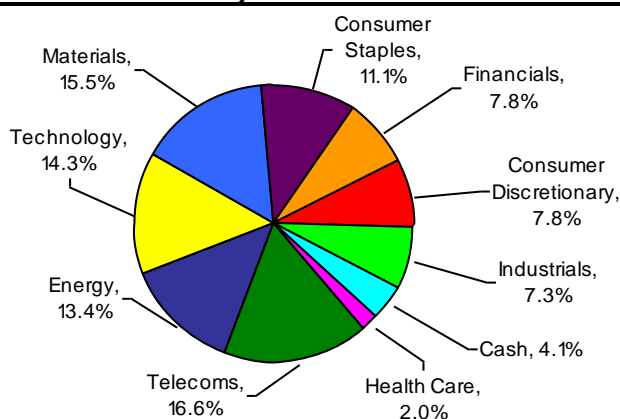
Stock	Portfolio Weighting (%)*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	7.8	-6.7%	-8.4%
Embraer	7.3	-4.6%	-4.6%
Infosys	6.5	+3.5%	+3.5%
Lukoil	6.4	-9.0%	-9.0%
Ternium	6.2	-4.9%	-4.9%

*As at end of period.

**Total Return inclusive of dividends.

Source: Oldfield Partners and Bloomberg.

Sector and country breakdown as at 31st January 2014



Source: Oldfield Partners.

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Commentary

Emerging markets are caught in a storm of political worry, economic slowdown, and reducing liquidity. Media coverage of political events in Thailand, Ukraine, and Turkey paints an unsettling back-drop; and there are numerous up-coming elections across emerging markets in 2014. Emerging market currencies, especially those countries with weaker finances, have fallen sharply; and Argentina devalued. The Federal Reserve tapering of its monetary policy largesse reduces incoming liquidity to the global economy, and some emerging market countries have had to increase interest rates. Investors are concerned over slower economic growth in China and a potential slowing of the US recovery.

The bottom two performers during the month by contribution were Petrobras and Ezra. **Petrobras** (Brazilian oil) has continued to be a poor performer, and has been hurt by the weakness of the Brazilian currency and the Government's hand in the fuel price policy. In an election year the Brazilian government is less likely to increase domestic fuel prices to match international prices, leaving Petrobras subsidising the country's use of gasoline and diesel. **Ezra's** (Singaporean oil services) share price fell in disappointment that the chatter over the last quarter of a takeover bid was more likely to be merely a potential separate listing for its deep water oil services division. The company is well positioned to benefit from the continued growth in deep water oil exploration spend.

The top two performers during the month by contribution were Infosys and Buenaventura. **Infosys** (Indian IT services) is benefiting from the gradual recovery in information technology demand in the US (and less importantly Europe), and a sharper focus on its cost base. **Buenaventura** (Peruvian miner) was a solid performer as the gold price (c.75% of sales are precious metals) rose over the month reflecting its safe haven status.

The MSCI Emerging Markets index trades on valuations towards the bottom end of its historic valuation range, which should be viewed as supportive. The portfolio trades on a price earnings ratio of 11. The index has fallen 6% in US dollar terms in 2014, with steady selling pressure, but as yet there is little sign of panic selling, despite multiple excuses to do so.

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Fund Information as at 31 st January 2014			
Currency	USD	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 = 1.42% I shs = 1.07%	Legal Advisers	Arthur Cox
Minimum Investment	The equivalent of €100,000	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
A shares ISIN	IE00B3DDVH01	I shares ISIN	IE00B4N0BT09
A shares sedol	B3DDVH0	I Shares sedol	B4N0BT0
A shares ticker	OVEMKEA	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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