

# OLDFIELD PARTNERS LLP

## OVERSTONE EMERGING MARKETS EQUITY FUND

### MARCH 2013 NEWSLETTER 53

#### Fund Summary

28 <sup>th</sup> March 2013			
NAV of fund	US\$329.9m		
A share unit price	US\$196.35		
I Share unit price	US\$123.74		
Performance <sup>1</sup>			
	A Shares	I Shares	MSCI Emerging Markets*
March	-0.1%	-0.1%	-1.7 %
2013 to date	+5.5%	+5.6%	-1.6%
Since inception A**	+101.1%	-	+100.7%
Since inception A per annum**	+17.1%	-	+17.1%
Since inception I**	-	+27.3%	+22.4%
Since inception I per annum**	-	+7.1%	+6.0%

\*Net Dividends Reinvested.

\*\*A shares commenced on 3<sup>rd</sup> November 2008 and I shares on 1<sup>st</sup> 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.

<sup>1</sup>Fund performance for March is calculated to the 28<sup>th</sup> March 2013 due to Irish bank holiday on the 29<sup>th</sup> March 2013. Index performance until 29 March 2013.

#### Top Five Holdings\*

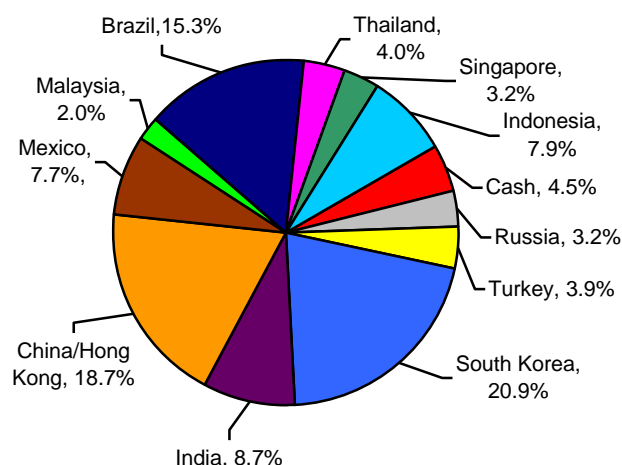
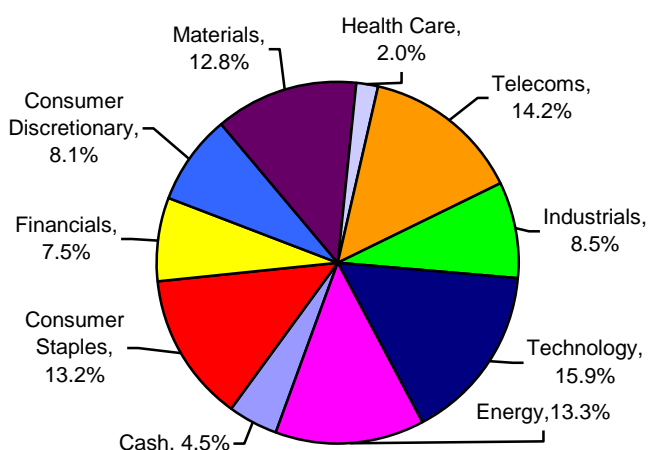
Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	9.2%	-1.1%
Embraer	8.5%	+5.3%
First Pacific	7.5%	+2.5%
Petrobras	6.8%	+8.5%
KT&G	6.8%	-0.8%

\*As at end of period.

\*\*Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg.

#### Sector and country breakdown as at 29<sup>th</sup> March 2013



Source: Oldfield Partners LLP.

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#### Commentary

The MSCI Emerging Markets index continues to struggle in 2013 faced with a stronger US dollar and lacklustre returns from commodities. Within emerging markets it is notable that the defensive sectors trade on high price earnings multiples, for example the consumer staples sector on 26 times earnings, and the more cyclical sectors on lower valuations, for example the energy sector trading on a price earnings multiple of 8. The portfolio has a cyclical skew.

Among the worst performers during the month by contribution were Corporacion Geo and Samsung Electronics. **Geo** (Mexican homebuilder), along with the listed Mexican homebuilder sector, continues to be under pressure from the uncertainty surrounding the new government's forthcoming housing policy. Geo has curtailed growth to promote cash flow generation. During the month **Samsung Electronics** (Korean consumer electronics), our largest holding, released its flagship Galaxy S IV smartphone, which will be available in April. The overall technical specification of the phone showcases Samsung's strength in components. The launch across 155 countries highlights the benefits of scale and marketing breadth, which is difficult for its competitors to match. Quarterly sales of the phone are estimated at 25 million units. In terms of features it is viewed as evolutionary, rather than revolutionary, but looks sure to secure Samsung's position in a more competitive high-end smartphone market.

Among the best performers during the month by contribution were Petrobras and Embraer. **Petrobras** (Brazilian oil & gas) had a surprise increase in the price of diesel. The surprise being that it came on the heels of a price increase in January. It shows that Petrobras, and the government as a shareholder, are committed to international fuel price parity for domestic fuel sales. Petrobras also gave its updated five year business plan, which reassured investors that the company was on target with production growth and capital expenditure plans. **Embraer** (Brazilian regional jet manufacturer) had solid fourth quarter results during the month with operating margins of 12% benefiting from improved sales mix and efficiencies coming through. Embraer is well placed to strengthen its order book from further US regional jet orders this year and the Paris air show this summer.

The portfolio has comfortably outperformed the index for the first quarter of 2013. Valuations are reasonable with the portfolio trading on a price to book ratio of 2 and a historic price to earnings ratio of 13.5. We have 40% upside to the weighted average of the portfolio's price targets.

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Fund Information as at 28 <sup>th</sup> March 2013			
<b>Currency</b>	US\$	<b>Investment Manager</b>	Oldfield Partners LLP
<b>Liquidity</b>	Daily dealing	<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Benchmark</b>	MSCI Emerging Markets (Net Dividends Reinvested)	<b>Custodian</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Management Fees</b>	A shs = 1.25% I shs = 0.90%	<b>Auditor</b>	Deloitte
<b>TER</b>	A shs = 1.45% I shs = 1.10%	<b>Admin &amp; Custody Fees</b>	0.18% on the first US\$75m 0.155% on the next US\$75m 0.14% on the next US\$150m 0.11% thereafter
<b>Minimum Investment</b>	The equivalent of €100,000	<b>A shares ISIN</b>	IE00B3DDVH01
		<b>A shares sedol</b>	B3DDVH0
		<b>A shares ticker</b>	OVEMKEA
<b>Legal Advisers</b>	Arthur Cox	<b>I shares ISIN</b>	IE00B4N0BT09
		<b>I Shares sedol</b>	B4N0BT0
		<b>I shares ticker</b>	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 1<sup>st</sup> June 2005, Overstone European Equity Fund was launched on 3<sup>rd</sup> October 2005, Overstone Opportunity Multi Fund was launched on 1<sup>st</sup> November 2005, Overstone Global ex US Equity Fund was launched on 1<sup>st</sup> June 2006, Overstone Japanese Equity Fund was launched on 1<sup>st</sup> October 2007, Overstone Smaller Companies Fund was launched on 1<sup>st</sup> October 2007.

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