



# Overstone Emerging Markets Equity Fund

## March 2017 Newsletter 101

Oldfield Partners

Performance (USD terms)								
	March	2017 to date	2016	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	-0.1%	+7.0%	+30.6%	+21.9%	+4.3%	+4.1%	+127.2%	+10.2%
MSCI Emerging Markets**	+2.5%	+11.4%	+11.2%	+17.2%	+1.2%	+0.8%	+104.9%	+8.9%

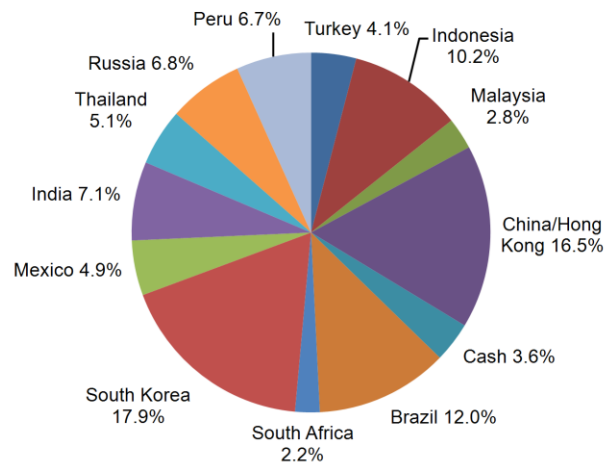
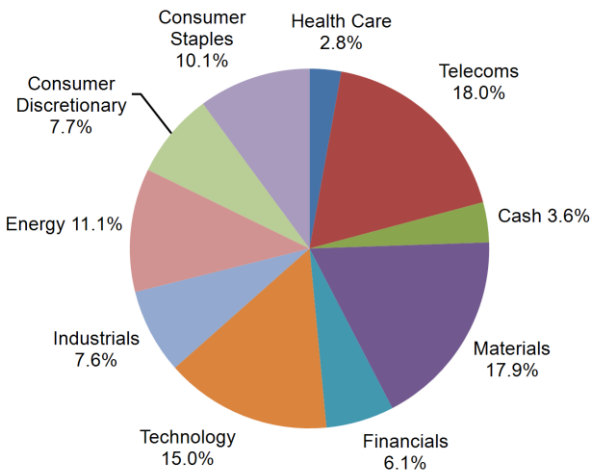
\*A shares commenced on 3rd November 2008. \*\*Net Dividends Reinvested. Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners, MSCI ©, Bloomberg and Northern Trust International Fund Administration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

### Performance of Five Largest Holdings\*

Stock	Portfolio Weighting*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	9.2%	+7.1%	+8.2%
SK Telecom	8.7%	+11.4%	+11.4%
Embraer	7.6%	-4.2%	-4.2%
Lukoil	6.8%	-0.1%	-0.1%
Buenaventura	6.7%	-2.2%	-2.2%

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

### Sector and country breakdown as at 31<sup>st</sup> March 2017



Source: Oldfield Partners.

### Commentary

The laggards during the month by contribution were Lee & Man Paper, JSE, and Embraer. **Lee & Man Paper** (Chinese containerboard manufacturer) has seen price declines from early March in strong contrast to the buoyant pricing environment last year. We believe the positive fundamentals of the industry remain intact. Demand remains solid and supply side consolidation continues as the government seeks to reduce inefficient producers. **JSE** (South African stock exchange) has seen an increase in the political risk of South Africa due to the President, Jacob Zuma, sacking his finance

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minister. **Embraer** (Brazilian regional jet manufacturer) held its investor day in the month following solid fourth quarter results. Management were upbeat about 2017, but noted 2018 may be tougher for the commercial aviation division as they transition to the new generation airplane. An interesting and positive rule change in China requires new airlines there to buy 25 regional jets before they can operate a wide body aircraft.

The top performers for the month were SK Telecom, Samsung Electronics, and Telkom Indonesia. **SK Telecom** (South Korean mobile telecoms) has benefited from its stake in Hynix performing well. Hynix is the second largest DRAM producer globally and is benefiting from a strong DRAM cycle. There is renewed interest from investors as to if there could be a restructuring. The new CEO is known for M&A and restructuring in the SK Group, and unusually for SK Telecom he has been granted share options (the largest in its history and the first for 15 years). **Samsung Electronics** (South Korean consumer electronics) showcased its new high end mobile phone the Galaxy S8 in the month, which has a new virtual assistant (Bixby) and a curved screen on each edge (infinity display) amongst its other hi-tech wonders. Early feedback from carriers is very positive regarding pre-launch orders, and should put the Note 7 episode firmly in the rear view mirror. **Telkom Indonesia** (leading mobile telecom operator in Indonesia) released stunning results early in the month as it remains in the sweet spot of growing data use from smartphone adoption, increasing broadband adoption, having a superior network, and with rational competition as the smaller players look to increase profitability.

The top performers by contribution for the first quarter were Samsung Electronics, SK Telecom, and Embraer. The bottom three performers were JSE, Lukoil (Russian oil producer), and Eros International (Indian Bollywood films).

We remain comforted by the below historic average valuations of emerging market equities and by the 45% upside of the weighted average of our price targets in the portfolio.

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### Fund & Performance Summary

31 <sup>st</sup> March 2017								
NAV of fund		US\$ 219.7m						
A shares unit price		US\$ 212.40						
I shares unit price		US\$ 133.71						
A USD hedged shares unit price		US\$ 100.13						
A GBP hedged shares unit price		£ 99.32						
Performance								
	March	2017 to date	2016	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	-0.1%	+7.0%	+30.6%	+21.9%	+4.3%	+4.1%	+127.2%	+10.2%
MSCI EM**	+2.5%	+11.4%	+11.2%	+17.2%	+1.2%	+0.8%	+104.9%	+8.9%
I Shares*	-0.1%	+7.1%	+31.1%	+22.3%	+4.7%	+4.5%	+45.9%	+5.2%
MSCI EM**	+2.5%	+11.4%	+11.2%	+17.2%	+1.2%	+0.8%	+25.0%	+3.0%
A USD Hedged Shares*	-1.0%	+2.4%	-2.0%	-	-	-	+0.4%	-
MSCI EM Hedged**	+0.3%	+5.7%	-2.5%	-	-	-	+3.1%	-
A GBP Hedged Shares*	-1.1%	+2.4%	-2.7%	-	-	-	-0.4%	-
MSCI EM Hedged**	+0.3%	+5.5%	-2.6%	-	-	-	+2.8%	-

\*A shares commenced on 3<sup>rd</sup> November 2008, I shares on 1<sup>st</sup> October 2009, A US\$ and GBP hedged shares commenced on 31<sup>st</sup> October 2016. \*\*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 International Fund Administration Services (Ireland) Ltd.

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### Fund and share class information as at 31<sup>st</sup> March 2017

Share class	Class Currency	Management Fees	TER	Sedol	Bloomberg Ticker	ISIN
A	USD	1.25%	1.47%	B3DDVH0	OVEMKEA	IE00B3DDVH01
I	USD	0.90%	1.12%	B4N0BT0	OVEMKEI	IE00B4N0BT09
A USD Hedged	USD	1.25%	1.52%	BZBVR05	OVEMAUH	IE00BZBVR050
A GBP Hedged	GBP	1.25%	1.52%	BD3WG94	OVEMAGH	IE00BD3WG942

<b>Fund Currency</b>	USD	<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Liquidity</b>	Daily dealing	<b>Custodian</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Benchmark</b>	MSCI Emerging Markets (Net Dividends Reinvested) and MSCI Emerging Markets (Net Dividends Reinvested) Hedged	<b>Auditor</b>	Deloitte
<b>Minimum Investment</b>	The equivalent of €100,000	<b>Legal Advisers</b>	Arthur Cox
<b>Investment Manager</b>	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 1<sup>st</sup> June 2005, Overstone Opportunity Multi Fund was launched on 1<sup>st</sup> November 2005 and Overstone Global ex US Equity Fund was launched on 1<sup>st</sup> June 2006.

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