

OLDFIELD PARTNERS

OVERSTONE EMERGING MARKETS EQUITY FUND

MAY 2014 NEWSLETTER 67

Fund Summary

30 th May 2014								
NAV of fund	US\$ 410.7m							
A shares unit price	US\$ 199.20							
I shares unit price	US\$ 125.65							
Performance								
	May	2014 to date	2013	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	+2.1%	+2.1%	+5.9%	+3.5%	0.0%	+10.2%	+106.1%	+13.8%
Index**	+3.5%	+3.4%	-2.6%	+4.3%	-1.8%	+8.4%	+105.4%	+13.8%
I Shares*	+2.1%	+2.3%	+6.2%	+3.8%	+0.4%	-	+31.0%	+6.0%
Index**	+3.5%	+3.4%	-2.6%	+4.3%	-1.8%	-	+25.3%	+5.0%

*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

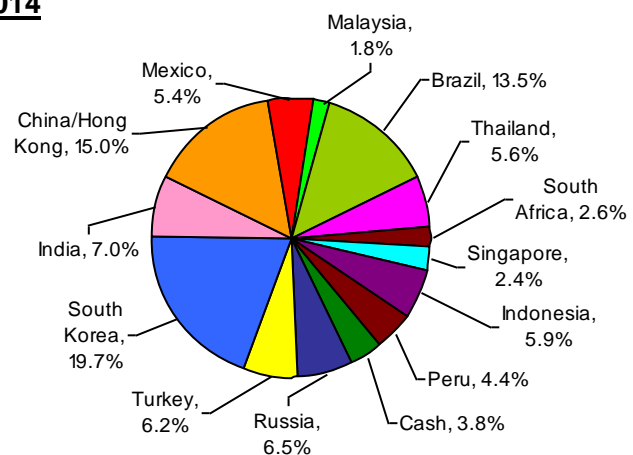
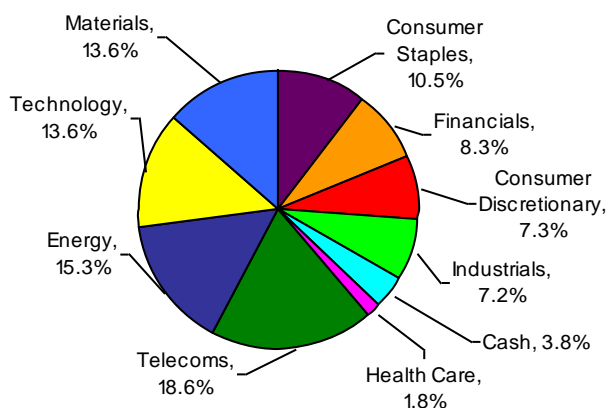
Stock	Portfolio Weighting (%)*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	8.4	+7.4%	+8.8%
Embraer	7.2	+5.3%	+5.3%
Lukoil	6.5	+7.1%	+7.1%
SK Telecom	6.5	+3.2%	+3.2%
Petrobras	6.4	+0.9%	+0.9%

*As at end of period.

**Total Return inclusive of dividends.

Source: Oldfield Partners and Bloomberg.

Sector and country breakdown as at 30th May 2014



Source: Oldfield Partners.

Oldfield Partners

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Commentary

The portfolio has lagged the MSCI Emerging Markets Index this month and year to date. Sentiment towards emerging markets remains downbeat in part due to political events across some of the key developing countries. However, valuation for the MSCI Emerging Markets Index is attractive and well below its long term historic average. We see 42% upside to the weighted average of the portfolio's price targets.

The worst two performers during the month by contribution were Buenaventura and Lee & Man Paper. **Buenaventura** (Peruvian miner) had poor first quarter results, as its key gold mining assets hit a period of lower quality ore, and so increased the costs to mine it. This should reverse in the second half of the year. A falling gold price during the month did not help. The conservative management team is cutting costs, and closing or divesting lower quality assets. The company trades on a price earnings ratio of 8, 0.7 times book value, and has a solid balance sheet. **Lee & Man Paper** (Chinese packaging materials) has fallen through the year reflecting investor concerns over the Chinese economy. Lee & Man Paper should continue to benefit from its industry positioning and its key end markets should remain buoyant. It trades on a price to book multiple of 1.1.

The top two performers during the month by contribution were Telkom Indonesia and Samsung Electronics. **Telkom Indonesia** (an Indonesian telecom provider) has performed strongly this year as investor interest has returned to the country. The company is especially well positioned to benefit from the growth of mobile services in rural Indonesia (the country has the world's fourth largest population) and its increasing sophistication from a low base. **Samsung Electronics** (Korean consumer electronics) has performed well on the combination of a cheap valuation of 8 times earnings for a global leader and the prospect of an announcement of greater shareholder returns at its next quarterly results. The company has net cash of 20% of its market capitalisation, and this is forecast to grow considerably over the coming years without an increase in dividends or share buybacks. The timing and size of this potential largesse is uncertain, with many global technology and Korean managements quite happy to hold onto cash piles for lengthy periods, but we feel the chance of a change is increasing.

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Fund Information as at 30 th May 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 = 1.46% I shs = 1.11%	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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