

## 31 May 2021

### Monthly fund review

#### Investment objective

The Fund will attempt to achieve over the long term a total return in excess of that of the MSCI Emerging Markets Index (with net dividends reinvested) through investment in a concentrated portfolio of equities of companies from emerging markets and from other markets where it can be demonstrated by the Investment Manager that the company concerned is overwhelmingly an emerging market related company. The approach is focussed on valuations and bottom-up fundamental research of individual companies.

#### Fund particulars

Launch date	03 November 2008
Fund size	US\$177.5m
Domicile	Ireland
Structure	QJAIF
Base currency	USD
Dealing	Daily
Min. investment	€100,000
Benchmark	MSCI Emerging Markets

*“A concentrated portfolio concentrates the mind...”*

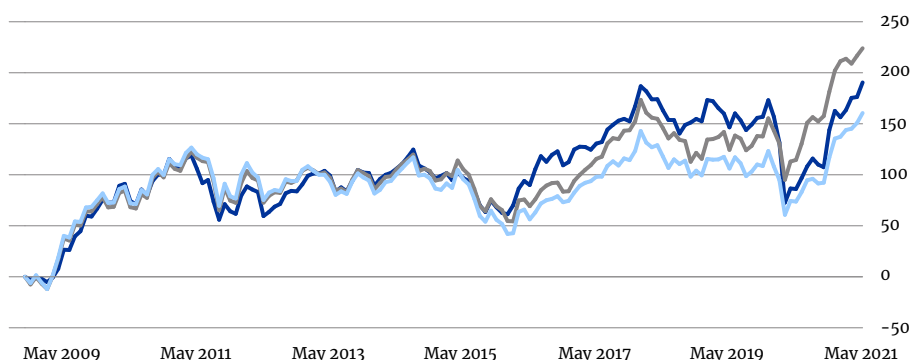
#### About Oldfield Partners

Oldfield Partners LLP is an owner-managed boutique fund management firm which manages equity portfolios for a global client base that includes endowments funds, pension funds, charities, family offices and individuals.

Oldfield Partners began operations in March, 2005 and is majority owned by the executive partners.

We are value investors with a distinctive approach: a limited number of holdings, long-only, no leverage, diversified, index-agnostic and suspicious of short-termism.

### Fund performance (%)



	Annualised						
	1 month	YTD	1 year	Launch	3 years	5 years	Launch
■ A USD	+5.2	+10.6	+56.1	+190.5	+3.3	+8.9	+8.8
■ MSCI Emerging Markets	+2.3	+7.3	+51.0	+224.0	+9.6	+13.9	+9.8
■ MSCI EM Value	+3.9	+10.6	+50.0	+160.5	+6.1	+10.8	+7.9

Preceding five calendar years performance		2020	2019	2018	2017	2016
A USD		-3.8	+8.2	-5.5	+25.8	+30.6
MSCI Emerging Markets		+18.3	+18.4	-14.6	+37.3	+11.2
MSCI EM Value		+5.5	+11.9	-10.7	+28.1	+14.9

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

MSCI EM Value index is for comparison purposes only.

Source: Oldfield Partners.

**The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not a guide to future performance.**

### Fund manager commentary

Value investing continued to outperform growth investing in the month. The path out of the pandemic remains clear if not smooth with emerging market vaccination rates trailing. Despite short-term setbacks in reopening, we believe the portfolio's positioning towards attractively valued cyclicals is justified. It remains to be seen whether the inflation scare is transitory, with the Chinese government taking note of what it sees as overly speculative commodity trading positions. Many of the portfolio companies possess characteristics allowing operations to withstand pressure from a higher inflationary environment. The weighted average of the price targets in the portfolio shows 35% upside potential.

The bottom performers by contribution for the month were Thai Beverage and Indofood. **Thai Beverage** (leading alcoholic beverage producer in Thailand) reported solid quarterly results during the month. Although on-premise consumption is still affected by pandemic related restrictions, volumes are supported by its diversified portfolio including popular brands for off-premise consumption. Management postponed the pending beer unit listing, with the stock ceding some of the gains from the previous listing announcement. **Indofood** (Indonesian snack food manufacturer) has a long history of growing revenues and profit despite commodities cycles. Its key noodle business achieves strong margins through pricing power and dominant market share. The agricultural business offsets some commodity cost inflation in other divisions.

The top performers by contribution for the month were Embraer and Petrobras. **Embraer** (Brazilian aircraft manufacturer) continued its strong performance since we wrote about it in the prior month, winning new orders for regional jets and support service contracts. Sector sentiment further gained from Airbus increasing its planned 2022 production rate. **Petrobras** (Brazilian oil producer) reported uneventful first quarter results. More significantly, its new management team suggested a continuation of strategy after the government dismissed its prior CEO for what was seen as untimely fuel price increases. It declared the international price parity principle for domestic fuel stays intact. The company is now working with the government exploring options for a smoother fuel price adjustment process.

## Commentary - continued

## Capacity and flows

We are pleased to announce that we are now offering an EM ex China strategy. Alongside this we have increased capacity across both EM and EM ex China to US\$1.5bn. If you would like to know more or arrange a meeting please contact [clientrelations@oldfieldpartners.com](mailto:clientrelations@oldfieldpartners.com).

## Fund analysis

## Top 10 holdings (%)

	Weighting	1 month total return (%)*	
		Local terms	USD
SK Telecom	8.7	+6.6	+6.6
Samsung Electronics	8.4	-1.2	-0.5
Embraer	7.4	+21.2	+21.2
Infosys	6.3	+7.0	+7.0
Petrobras	6.2	+19.6	+19.6
Thai Beverage	6.1	-3.4	-2.8
Buenaventura	6.0	+18.5	+18.5
Ternium	5.8	-1.5	-1.5
Lukoil	5.8	+6.2	+6.2
SK Hynix	5.7	-0.7	0.0

Total number of holdings **17**

Active share (%)\*\* **93.8**

## Fund characteristics

	Fund	Benchmark
Net debt to equity ratio (%)	23.0	5.0***
Price-to-book ratio	1.7	2.1
Price-to-earnings ratio	12.1	19.3
Return on equity (%)	10.5	11.0

\*Inclusive of portfolio activity.

\*\*Active share is calculated using the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the MSCI Emerging Markets index, divided by two.

\*\*\*For the MSCI Emerging Markets the net debt to equity ratio excludes financials.

All data as at 31 May 2021.

Source: Oldfield Partners.

## Sector breakdown (%)

Information Technology	20.4	
Materials	17.2	
Communication Services	17.1	
Energy	12.0	
Consumer Staples	10.7	
Industrials	7.4	
Consumer Discretionary	5.4	
Financials	3.9	
Cash	5.9	

## Country breakdown (%)

South Korea	22.8	
Brazil	13.6	
China/Hong Kong	12.5	
Indonesia	10.3	
India	6.3	
Thailand	6.1	
Peru	6.0	
Mexico	5.8	
Russia	5.8	
Turkey	2.7	
South Africa	2.2	
Cash	5.9	

## Share class details

Share class	AMC*	TER**	SEDOL	Bloomberg	ISIN	Price
A USD	1.25%	1.49%	B3DDVH0	OVEMKEA ID	IE00B3DDVH01	US\$259.04
I USD	0.90%	1.14%	B4N0BT0	OVEMKEI ID	IE00B4N0BT09	US\$163.29

\*AMC - Annual management charge

\*\*TER - Total expense ratio

## Performance summary of all share classes

USD shares	1 month	YTD	1 year	Since launch		Annualised			
				03/11/08	01/10/09	3 years	5 years	Since launch	03/11/08
A USD	+5.2	+10.6	+56.1	+190.5	-	+3.3	+8.9	+8.8	-
I USD	+5.2	+10.8	+56.7	-	+89.3	+3.7	+9.2	-	+5.6
MSCI Emerging Markets	+2.3	+7.3	+51.0	+224.0	+97.7	+9.6	+13.9	+9.8	+6.0
MSCI EM Value	+3.9	+10.6	+50.0	+160.5	+55.1	+6.1	+10.8	+7.9	+3.8

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

MSCI EM Value index is for comparison purposes only.

Source: Oldfield Partners.

### Oldfield Partners

11 Grosvenor Place  
London, SW1X 7HH  
United Kingdom

Telephone: +44 (0) 20 7259 1000

Email: [info@oldfieldpartners.com](mailto:info@oldfieldpartners.com)

[www.oldfieldpartners.com](http://www.oldfieldpartners.com)

### Dealing and administrator details

Northern Trust International Fund  
Administration Services (Ireland) Ltd.

Telephone: +353 (0) 1 434 5054

Oldfield Partners LLP is authorised and regulated by the Financial Conduct Authority. 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. Oldfield Partners LLP (OP) has approved and issued this communication for private circulation to Professional Clients only; it must not be distributed to Retail Clients (as defined by the Financial Conduct Authority). Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the Funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. OP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. By acquiring an interest in the fund, an investor acknowledges and agrees that any information provided by OP is not a recommendation to invest in the fund and that OP is not undertaking to provide any investment advice to the investor (impartial or otherwise). © 2021 Partnership No. OC309959.