

Overstone Emerging Markets Equity Fund

Patient, unconstrained, contrarian value investing

OP

Oldfield Partners

31 July 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\$170.9m
Domicile	Ireland
Structure	QIAIF
Base currency	USD
Dealing	Daily
Min. investment	€100,000
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

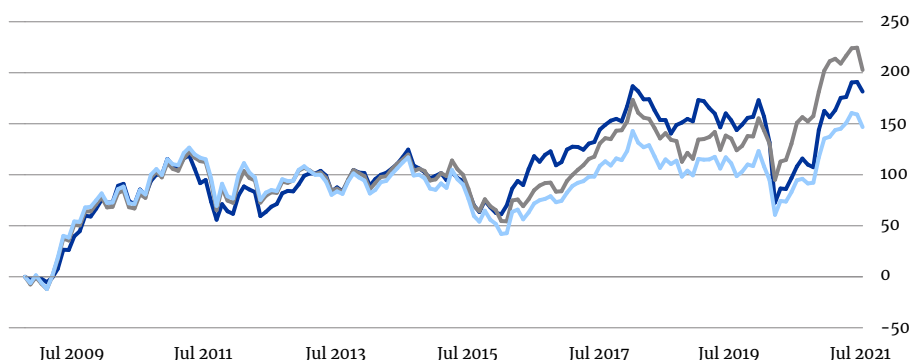
About Oldfield Partners

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	-3.2	+7.2	+35.3	+181.6	+3.5	+5.2	+8.5
■ MSCI Emerging Markets	-6.7	+0.2	+20.6	+202.7	+7.9	+10.4	+9.1
■ MSCI EM Value	-4.8	+4.8	+26.8	+146.8	+4.7	+7.5	+7.3

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

Concerns over the delta variant's impact on demand, supply disruptions, and China weighed on emerging market equities in the month. China saw the government stamp its authority on the private sector – most notably in the education and internet service industries. We continue to believe in the 'normalisation' trade as economic life recovers in emerging markets. The weighted average of the price targets in the portfolio shows around 40% upside potential.

The bottom performers by contribution for the month were Petrobras, SK Hynix, and Yue Yuen. **Petrobras** (Brazilian oil producer) was weighed down by the threat of a truckers' strike following domestic fuel price increases and production numbers that were weakened by maintenance stoppages. The key pre-salt operations continue to be a positive highlight. **SK Hynix** (Korean semiconductor manufacturer) reflected some investors anxiety over the strength of the semiconductor cycle into year-end. Management remained positive on the second half and beyond in the quarterly results at month end. **Yue Yuen** (Chinese casual shoe manufacturer) saw its factories in Vietnam (and less so Indonesia) hit by covid restrictions. These are the key production locations for the company and some orders must be re-routed to China.

The top performers by contribution for the month were Ternium and Infosys. **Ternium** (Latin American steel producer) saw steel prices and demand remain strong reflecting management's 'stronger for longer' cycle comments. Steel is a beneficiary of infrastructure spend and the consumer demand recovery for big ticket items. **Infosys** (Indian IT services) continues to benefit from strong growth as corporates update IT systems to be able to compete in the digital world. Covid has mobilised managements globally to make the necessary changes and this will be ongoing even once covid is in the rear-view mirror. Management increased revenue growth guidance for year-end in its quarterly results.

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.

Fund analysis

Top 10 holdings (%)	Weighting	1 month total return (%)*	
		Local terms	USD
Samsung Electronics	8.6	-2.4	-4.1
Embraer	8.2	-5.5	-5.5
SK Telecom	7.7	-7.5	-7.5
Ternium	7.4	+26.4	+26.4
Infosys	7.4	+4.4	+4.4
Thai Beverage	6.0	-3.7	-4.3
Petrobras	5.9	-13.1	-13.1
Lukoil	5.8	-5.0	-5.0
Telkom Indonesia	5.6	+3.0	+3.0
SK Hynix	5.5	-11.7	-13.3

Total number of holdings 17

Active share (%)** 92.9

Fund characteristics

	Fund	Benchmark
Net debt to equity ratio (%)	23.0	10.0***
Price-to-book ratio	1.9	2.0
Price-to-earnings ratio	13.7	17.2
Return on equity (%)	9.8	11.5

*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 July 2021.
Source: Oldfield Partners.

Sector breakdown (%)

Information Technology	21.5	
Materials	17.3	
Communication Services	16.0	
Energy	11.7	
Consumer Staples	10.5	
Industrials	8.2	
Consumer Discretionary	4.6	
Financials	3.6	
Cash	6.8	

Country breakdown (%)

South Korea	21.8	
Brazil	14.0	
China/Hong Kong	11.0	
Indonesia	10.1	
Mexico	7.4	
India	7.4	
Thailand	6.0	
Russia	5.8	
Peru	5.1	
Turkey	2.7	
South Africa	1.9	
Cash	6.8	

Share class details

Share class	AMC*	TER**	SEDOL	Bloomberg	ISIN	Price
A USD	1.25%	1.49%	B3DDVH0	OVEMKEA ID	IE00B3DDVH01	US\$251.07
I USD	0.90%	1.14%	B4NoBT0	OVEMKEI ID	IE00B4NoBT09	US\$158.36

*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	-3.2	+7.2	+35.3	+181.6	-	+3.5	+5.2	+8.5	-
I USD	-3.2	+7.4	+35.8	-	+83.6	+3.9	+5.6	-	+5.3
MSCI Emerging Markets	-6.7	+0.2	+20.6	+202.7	+84.7	+7.9	+10.4	+9.1	+5.3
MSCI EM Value	-4.8	+4.8	+26.8	+146.8	+46.9	+4.7	+7.5	+7.3	+3.3

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

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Source: Oldfield Partners.

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