



# Overstone Emerging Markets Equity Fund

## August 2016 Newsletter 94

Oldfield Partners

Performance (USD terms)							
	August	2016 to date	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	-2.5%	+30.8%	+25.1%	+5.0%	+4.1%	+112.7%	+10.1%
MSCI Emerging Markets**	+2.5%	+14.5%	+11.8%	+1.1%	-0.4%	+89.4%	+8.5%

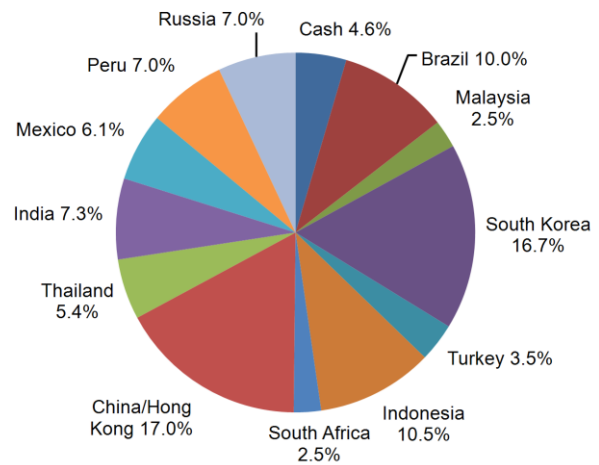
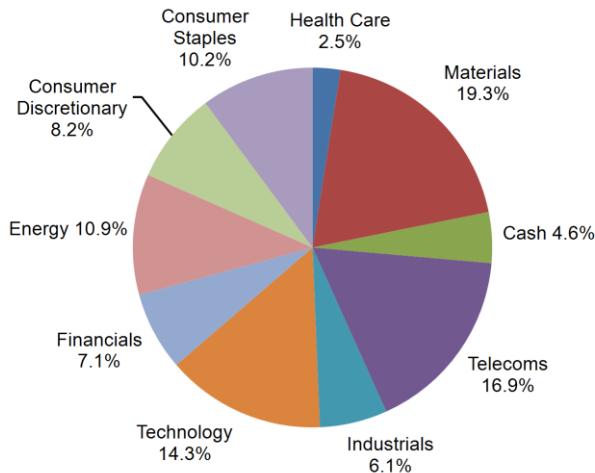
\*A shares commenced on 3rd November 2008. \*\*Net Dividends Reinvested. Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders. Source: Oldfield Partners, MSCI ©, Bloomberg and Northern Trust Intl. Fund Administrator Services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

### Performance of Five Largest Holdings\*

Stock	Portfolio Weighting*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	9.1%	+5.3%	+5.0%
SK Telecom	7.6%	-4.9%	-4.9%
Buenaventura	7.0%	-15.7%	-15.7%
Lukoil	7.0%	+4.9%	+4.9%
Lee & Man Paper	6.2%	+6.7%	+6.7%

\*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> August 2016



Source: Oldfield Partners.

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### Commentary

Emerging market equities have seen solid inflows into the asset class over the summer. The valuations remain attractive. The upside potential for the portfolio from the weighted average of the price targets is 40%.

The laggards during the month by contribution were Buenaventura and Ternium. The biggest disappointment was a souring of sentiment towards gold miners in the month due to the increasing possibility of a US interest rate rise in 2016. The gold price fell a modest 3% in the month, but gold miners' share prices saw profit taking after a strong rally year to date. **Buenaventura** (Peruvian miner) trades at book value with a strong balance sheet. **Ternium** (Latin American steel producer) had strong second quarter results in the month and expects the momentum to continue through the second half of the year. The Mexican steel market remains in a sweet spot. Ternium trades on a price earnings ratio of 10, at book value, and has a strong balance sheet.

The top performers during the month by contribution were Samsung Electronics and Lee & Man Paper. In addition the oil price rallied in the month, which benefited the oil names – **Petrobras** (Brazil) and **Lukoil** (Russia). **Samsung Electronics** (Korean consumer electronics) has benefited from increasing investor confidence in the mobile handset division, following the successful release of the Galaxy S7, and for a recovery in the DRAM cycle. More recently a recall for the newly released Note 7 due to battery issues has hurt the share price, although it is likely the issue can be resolved quickly. Samsung Electronics trades on a price earnings ratio of 10, a price to book value of 1.2, and has net cash. **Lee & Man Paper** (Chinese containerboard manufacturer) posted strong first half results, with a positive supply/demand backdrop allowing containerboard price increases over the summer. Industry supply discipline and forced closure of smaller players by the government suggest the positive industry fundamentals will continue. Lee & Man Paper trades on a price earnings ratio of 11 and a price to book ratio of 1.7.

### Fund & Performance Summary

31 <sup>st</sup> August 2016							
NAV of fund	US\$ 226.3m						
A shares unit price	US\$ 200.49						
I shares unit price	US\$ 126.36						
Performance							
	August	2016 to date	1 year	3 years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	-2.5%	+30.8%	+25.1%	+5.0%	+4.1%	+112.7%	+10.1%
MSCI Emerging Markets**	+2.5%	+14.5%	+11.8%	+1.1%	-0.4%	+89.4%	+8.5%
I Shares*	-2.5%	+31.1%	+25.6%	+5.4%	+4.5%	+36.3%	+4.6%
MSCI Emerging Markets**	+2.5%	+14.5%	+11.8%	+1.1%	-0.4%	+15.5%	+2.1%

\*A shares commenced on 3rd November 2008 and I shares on 1st October 2009. \*\*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.

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### **Fund and share class information as at 31<sup>th</sup> August 2016**

Share class	Class Currency	Management Fees	TER	Sedol	Bloomberg Ticker	ISIN
A	USD	1.25%	1.48%	B3DDVH0	OVEMKEA	IE00B3DDVH01
I	USD	0.90%	1.13%	B4N0BT0	OVEMKEI	IE00B4N0BT09

<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)	<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. 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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