

OLDFIELD PARTNERS

OVERSTONE EMERGING MARKETS EQUITY FUND

DECEMBER 2013 NEWSLETTER 62

Fund Summary

31 st December 2013							
NAV of fund	US\$ 359.1m						
A shares unit price	US\$ 196.95						
I shares unit price	US\$ 124.45						
Performance							
	December	2013	1 year	3 Years annualised	5 years annualised	Since inception	Since inception annualised
A Shares*	-0.2%	+5.9%	+5.9%	-2.2%	+15.4%	+101.7%	+14.5%
Index**	-1.4%	-2.6%	-2.6%	-2.1%	+14.8%	+98.7%	+14.2%
I Shares*	-0.2%	+6.2%	+6.2%	-1.9%	-	+28.0%	+6.0%
Index**	-1.4%	-2.6%	-2.6%	-2.1%	-	+21.2%	+4.6%

*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

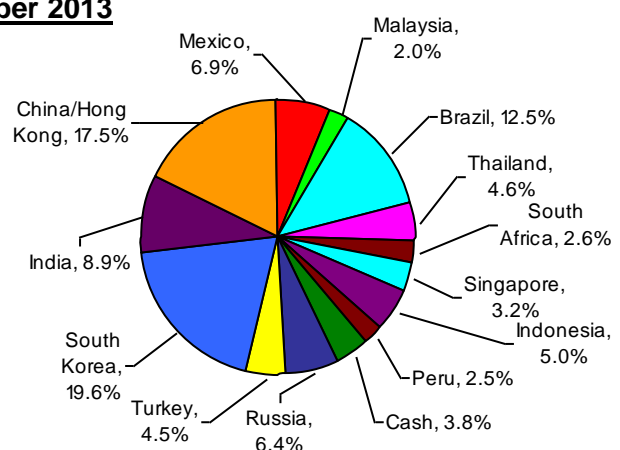
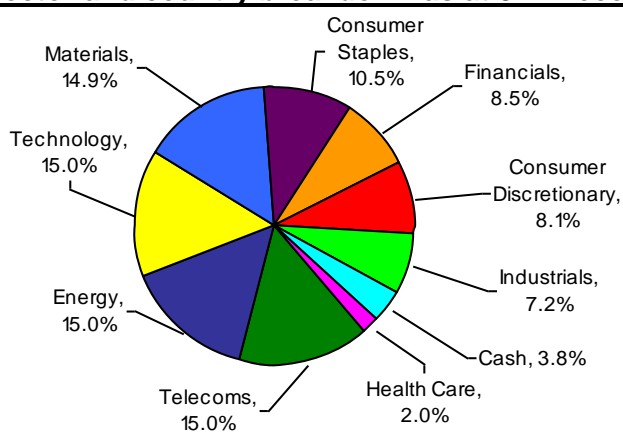
Stock	Portfolio Weighting (%)*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
Samsung Electronics	8.1	-8.2%	-7.9%
Embraer	7.2	+4.3%	+4.3%
Ternium	6.9	+17.2%	+17.2%
Infosys	6.9	+4.8%	+4.8%
Lukoil	6.4	+0.7%	+0.7%

*As at end of period.

**Total Return inclusive of dividends.

Source: Oldfield Partners and Bloomberg.

Sector and country breakdown as at 31st December 2013



Source: Oldfield Partners.

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Commentary

The MSCI Emerging Markets Index has had a weak start to 2014, falling by 3% in US dollar terms in the first week, and following a poor return in 2013. The index has been stuck in a trading range since the autumn of 2011 (and is currently in the middle of that trading range).

In 2013 Asia was the clear winner in performance terms, with Latin America the clear loser. Materials and energy were the worst performing sectors in the index and trade at relatively lower valuations. Investors continue to support higher valuations in consumer staples and healthcare. The portfolio continues to have a cyclical bias and favouring companies with solid balance sheets. The net debt to equity of the portfolio is 12%.

The bottom two performers during the month by contribution were Samsung Electronics and Petrobras. **Samsung Electronics'** (Korean consumer electronics) share price has been weak in anticipation of a tougher fourth quarter and the seasonally slow first quarter. Handsets could disappoint, and promotional activity increase to clear inventory ahead of new product launches in the second quarter. **Petrobras** (Brazilian oil) continues to be weak on concerns that the government will not allow domestic and international fuel price parity this year, which is damaging cash flow for the company in a period of high capital expenditure to develop its new deep water oil resources.

The top two performers during the month by contribution were Ternium and Thai Beverage. **Ternium** (Latin American steel producer) is in a sweet spot as production increases due to two new steel facilities starting up, to supply the renewed Mexican automobile production industry, and ending a period of higher capital expenditure. Ternium trades at book value and is in a solid financial position. **Thai Beverage** (leading alcoholic beverage producer in Thailand) should benefit from the restructuring underway in Fraser & Neave (F&N). The most likely outcome is for Thai Beverage to swap its 29% holding in F&N including the property business for F&N's food and beverage business. This would be a good strategic fit for Thai Beverage, and allow it to expand geographically and by product offering. The company is unlikely to be impacted by the on-going political wrangling in Thailand.

The valuation for the MSCI Emerging Markets Index remains attractive, and is comfortably below its longer term historic average. The portfolio trades on an undemanding price earnings ratio of 12.

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Fund Information as at 31 st December 2013			
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 = 1.52% I shs = 1.17%	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	OVMKEA	I shares ticker	OVMKEI

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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