



Global Equities

11th May 2020

www.oldfieldpartners.com

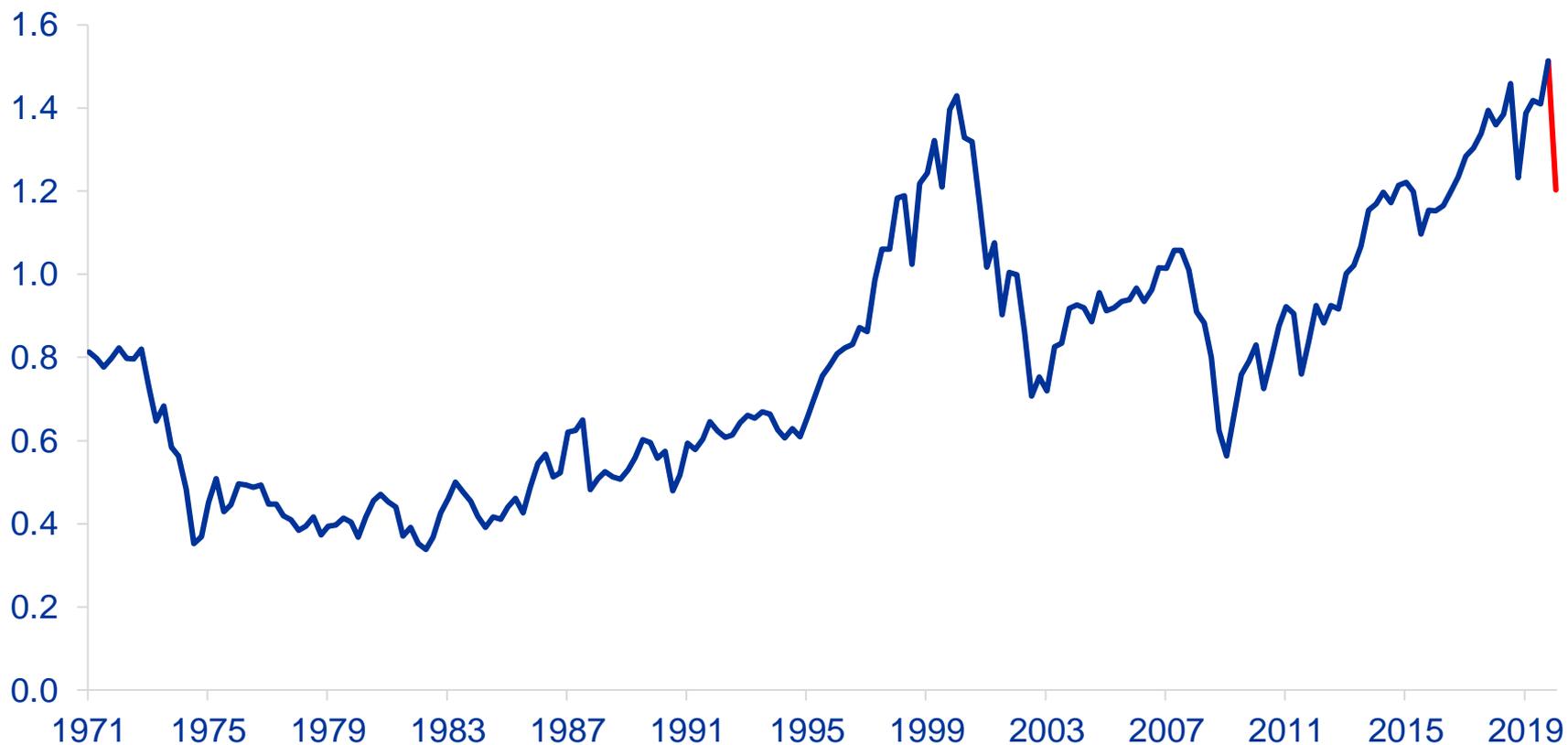
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Please read the "Important Information" section on the last page of this presentation.

The valuation of the US – market cap to GDP to end 2019

Valuation matters



What could possibly go wrong?

Source: Bloomberg, 31st March 2020. Wilshire 5000/ US Nominal GDP.

Global Equity Strategy - weighted average upside



Data as at 4th May 2020.
Source: OP.
Representative portfolio used.

Strategy performance

	£		
	Overstone Global Equity Fund	MSCI World	MSCI World Value
2020 to date	-18.6%	-7.7%	-16.3%
2019	+11.8%	+22.7%	+17.0%
2018	-4.0%	-3.1%	-5.3%
2017	+7.9%	+11.7%	+6.9%
2016	+44.5%	+28.3%	+34.1%
Since inception annualised*	+6.8%	+8.8%	+6.7%

	\$		
	Overstone Global Equity Fund	MSCI World	MSCI World Value
2020 to date	-22.8%	-12.4%	-20.6%
2019	+16.4%	+27.7%	+21.7%
2018	-9.5%	-8.7%	-10.8%
2017	+18.2%	+22.4%	+17.1%
2016	+21.1%	+7.5%	+12.3%
Since inception annualised*	+4.2%	+6.1%	+4.1%

Performance shown is of the A shares, calculated on a Total Return basis net of investment management fees and expenses. Index is MSCI World (Net Dividends Reinvested) and MSCI World Value (Net Dividends Reinvested).

Source: OP, Bloomberg, Northern Trust Ireland and MSCI ©. Data as at 30th April 2020. *Inception Date is 1st June 2005.

Please refer to the Strategies section of our website (<https://www.oldfieldpartners.com>) for 5 year fund performance information covering complete 12 month periods.

The Telegraph

Has Covid-19 killed off value investing?

Value stocks tend to perform better than average in market dips but have not this time

Market turbulence caused by the Covid-19 economic fallout may have claimed another victim: “value investing”.

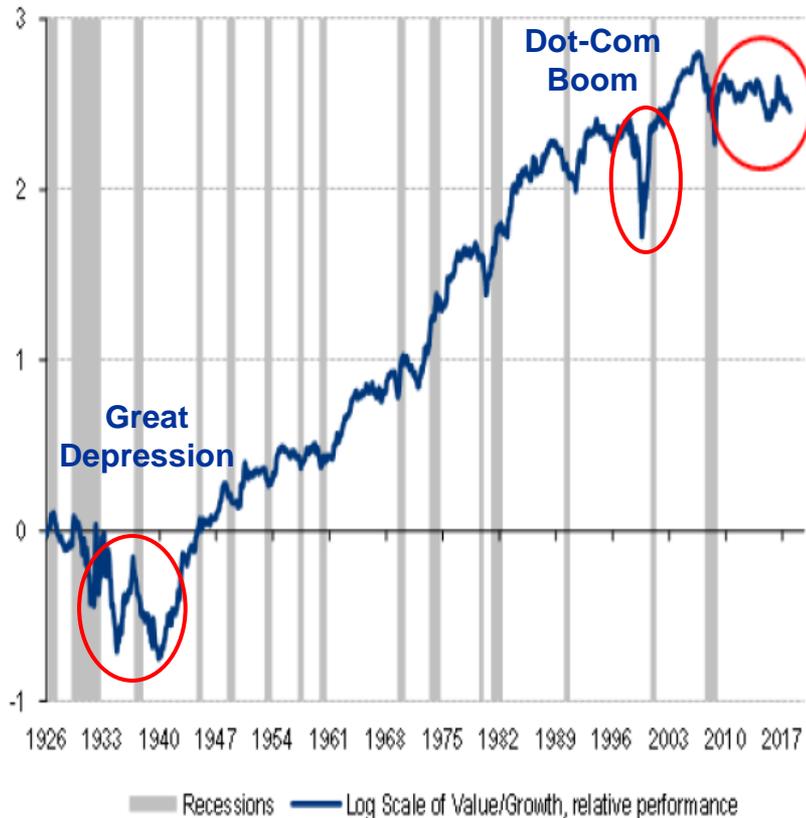
Funds and stocks favoured by “value” investors have failed to perform in the recent market slump despite expectations of the opposite.

Value stocks, those perceived to be valued more cheaply than the true worth of the business, tend to perform better than average in market dips: their share prices, theoretically, have less distance to drop because the stocks are already lowly valued.

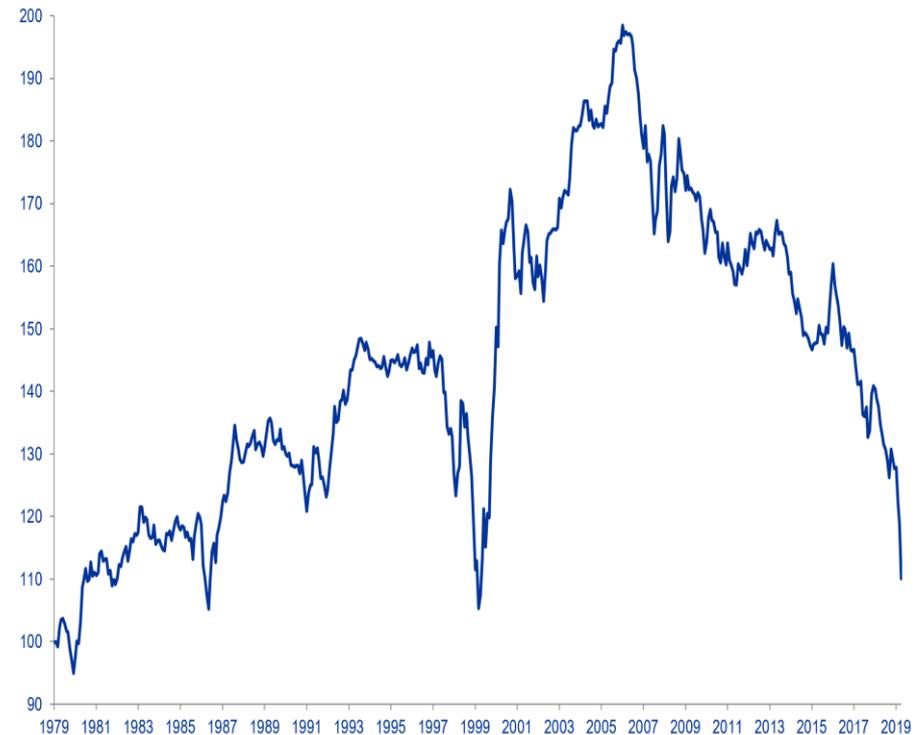
Is Value investing dead?

Value investing – works over the long-term

US Value versus Growth since 1926



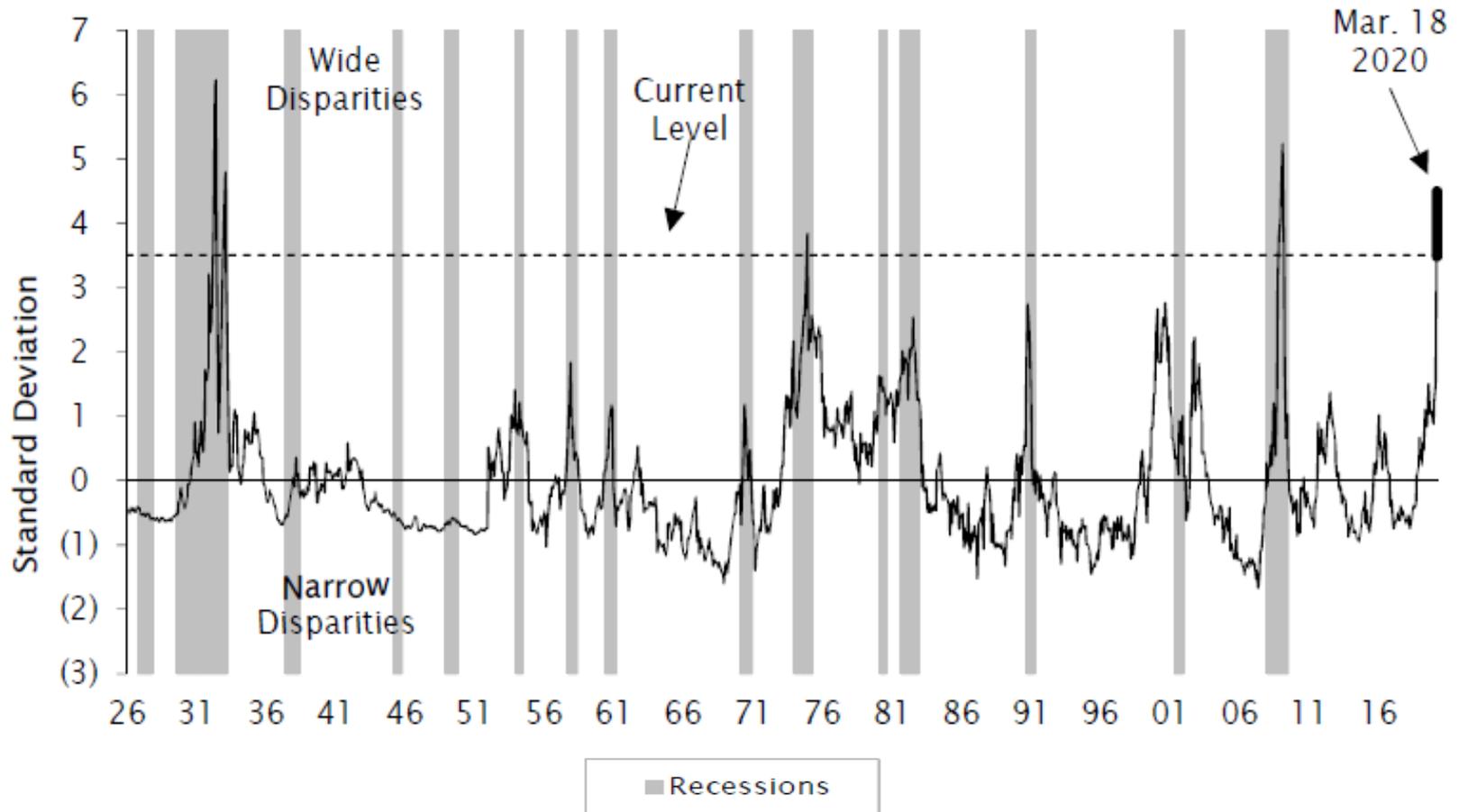
Value vs Growth since 1979



The Value opportunity is now at an extreme

Value investing – valuation now at an extreme

Valuation spread of most expensive quintile of US large-caps to historic average



“value stocks trade at one of the lowest trailing multiples seen in the last 70 years”

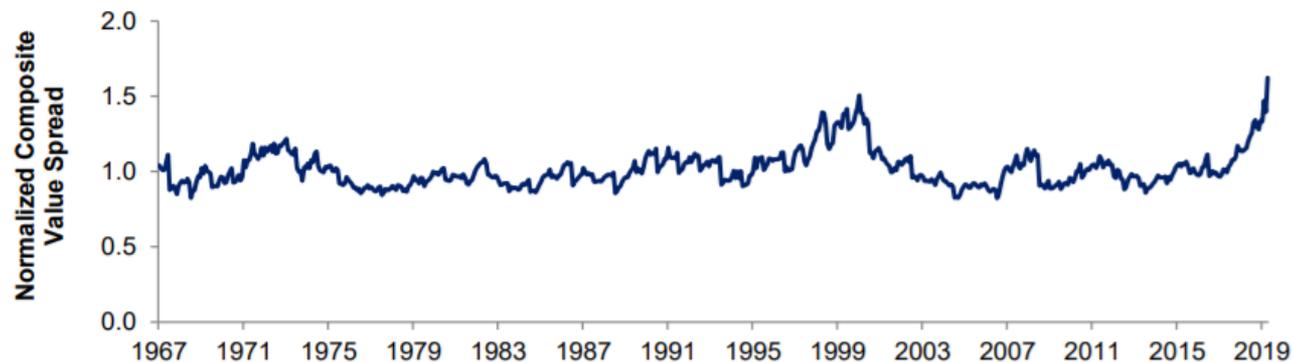
Source: Empirical Research - March 26th, 2020. US Large Capitalization Stocks Valuation Spread The Top Quintile compared to the average 1926 to late March 2020

Value investing – valuation now at an extreme

Valuation spread of most expensive of US stocks to historic average

Composite Value Spread, Normalized, Industry-Neutral Portfolio Sorted on Price-to-Sales

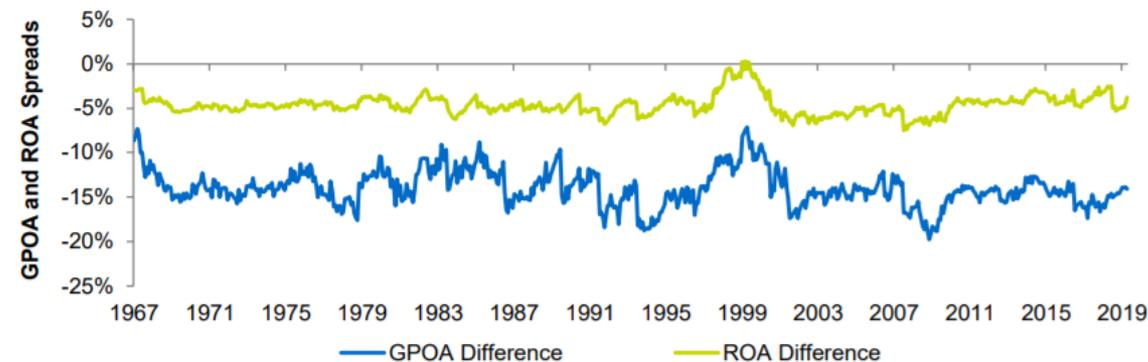
December 31, 1967 – March 31, 2020*



* Forecasted Price-to-Earnings starts January 31, 1976.

Gross Profitability and Return-on-Assets Spreads, Equal-Weighted Top 1000 Stocks, Industry-Neutral, Price-to-Book Sort

December 31, 1967 – March 31, 2020



This time is not different!

Contrarian: too much of a good thing?

Microsoft vs. Britain

Market capitalization

\$3.5 trillion

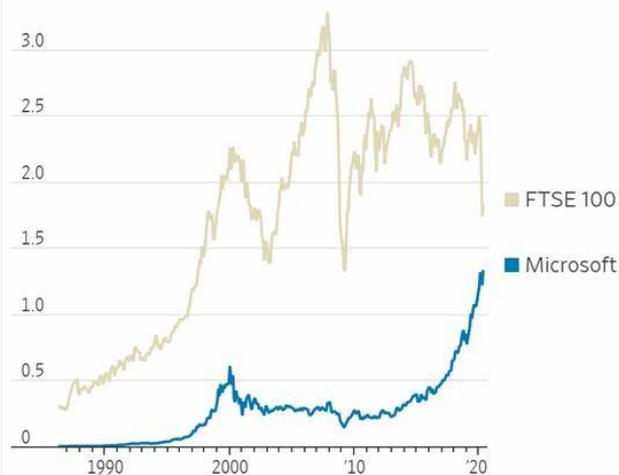
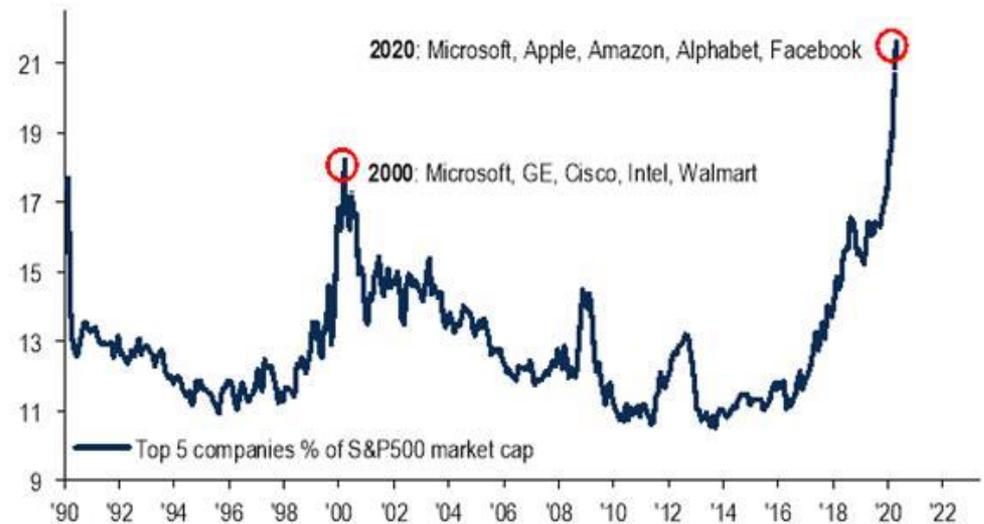


Chart 2: S&P500 now more concentrated in the 5 largest stocks than ever

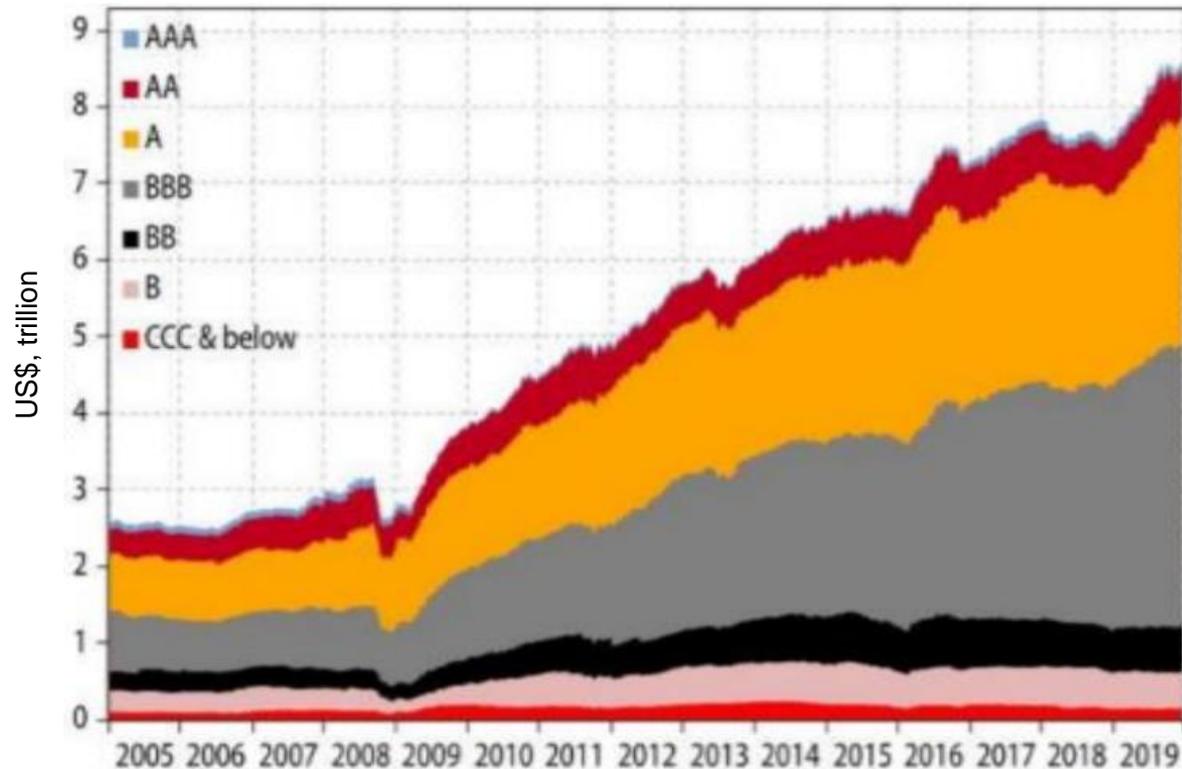


Remember the Nifty 50?

Source: Refinitiv & BofA Global Investment Strategy, Bloomberg.

The size of corporate debt one rung above junk has never been greater

Market capitalization of US corporate bonds by credit rating



“In an economic downturn then all of a sudden you have investment grade that becomes non-investment grade.” Gavekal

Yields on US high yield debt

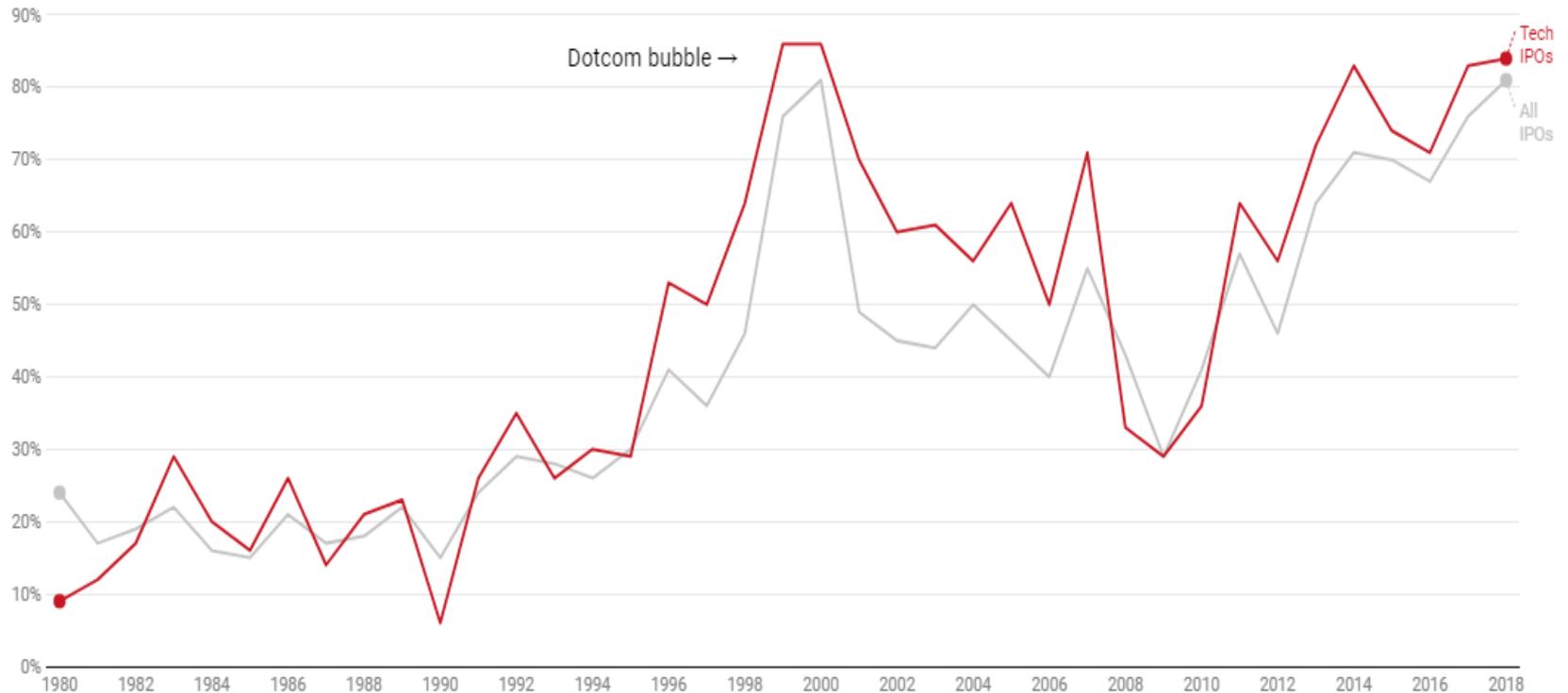


“Who is swimming naked”

Source: Bloomberg: Barclays US Corporate High Yield price as at 20/4/20.

Catalysts for Value

Share of US IPOs that aren't profitable



Profitability data for the year leading up to IPO

Source: Jay Ritter

recode

“Who is swimming naked”

Source: Professor Jay Ritter, University of Florida.

Top contributors and detractors – relative attribution

2020 to date

Top Contributors	%	Top Detractors	%
Barrick Gold	+1.7	Carnival	-2.5
Allergan	+0.5	Lloyds	-2.2
Sanofi	+0.5	BT	-1.8
E.ON	+0.3	MHI	-1.1
Nokia	+0.1	ViacomCBS	-1.1

Source: OP, Bloomberg and MSCI ©.

Date: As at 30th April 2020.

% = the contribution to relative return of a representative portfolio versus the MSCI World (Net Dividends Reinvested) Index in USD terms.

Barrick Gold share price



Not everyone agrees that we are out of the woods!

Pandemic: what have we been doing

- **Existing holdings reviewed and stressed**

- Sold Carnival, Allergan.
- Additions made to Bayer, Citigroup, ENI, Lloyds Bank, MHI, Nokia and Siemens

- **New opportunities reviewed so far**

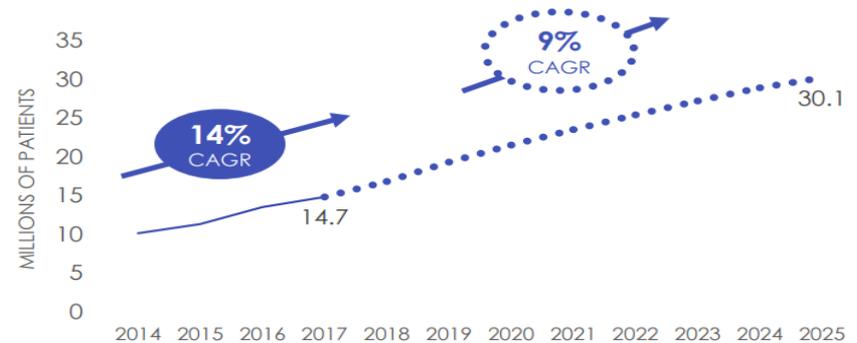
Aerospace –	Rolls Royce , United Technologies
Airlines –	<u>EasyJet</u> , <u>JAL</u> , Lufthansa, Ryanair , Southwest
Banks –	Handelsbanken, ING , Synchrony , Wells Fargo
Industrials –	CNH , Deere , <u>Exor</u> , NXP , Renault, Thyssenkrupp
Lodging –	Booking.com, IHG
Oil –	Baker Hughes, BP, Lukoil, <u>National Oilwell Varco</u>

 New additions to the strategy

Allergan – largest sale 2020

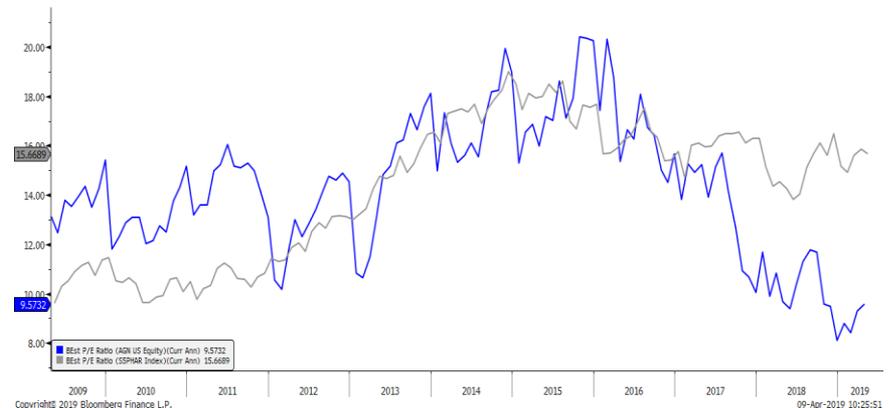
- Produces leading aesthetics and therapeutics products including Botox
- Global aesthetics market projected to grow significantly
- Diversified drug portfolio with limited patent risk and pipeline optionality
- Strong free cash flow generation
- Management under pressure to release value

Global Aesthetics Consumers



Source: Company presentation (Sept18).

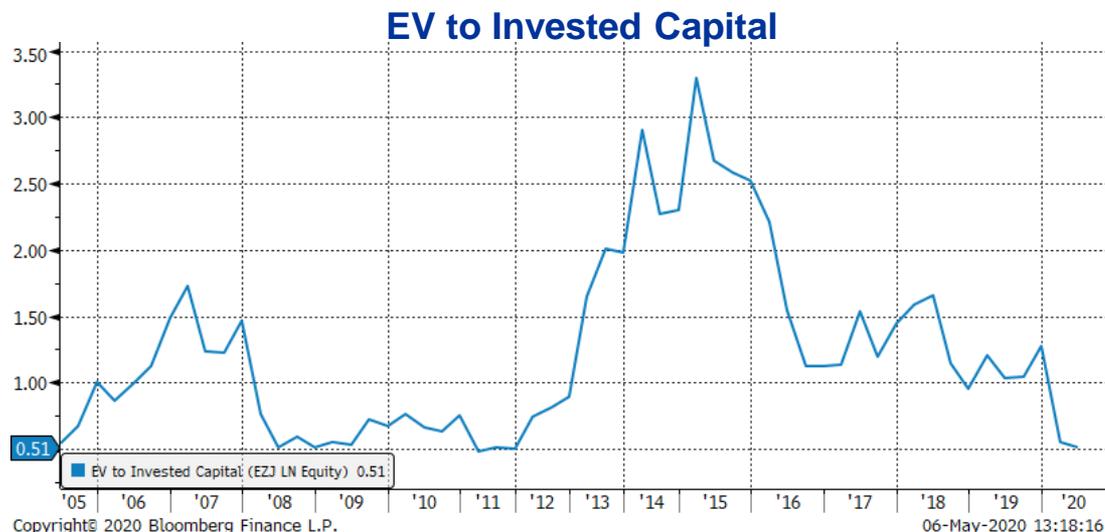
Attractive Valuation versus Pharma Peers



Merger approach in June 2019 valuing it at a 45% premium

Source: Bloomberg.

- Low cost operator competing with incumbents
- 83% of passenger revenue short-haul leisure
- Capital beginning to leave the industry
- Operating from constrained airports providing pricing power
- Young fleet, 70% owned and a strong balance sheet
- Management incentivised to improve returns



Net debt including leases/EBITDAR

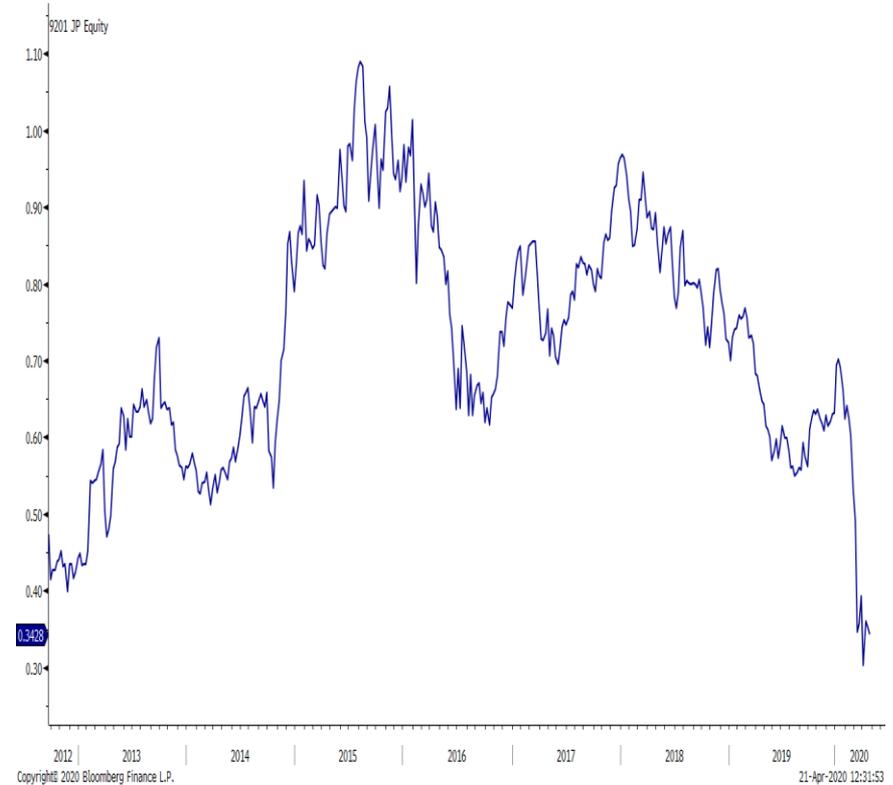
	ND/EBITDAR
DEUTSCHE LUFTHANSA-REG	1.76
INTL CONSOLIDATED AIRLINE-DI (BA)	1.60
AIR FRANCE-KLM	1.73
EASYJET PLC	0.70
RYANAIR HOLDINGS PLC	0.59
WIZZ Air	0.78
NORWEGIAN AIR SHUTTLE AS	9.37
JET 2	1.39

Long-term industry winner

Japan Airlines

- Strong fundamentals – ROE 14%
- Dominant domestic franchise
- \$6bn market value, \$3bn cash
- Growth in international

JAL – EV/sales 0.3x



Valuation and balance sheet strength

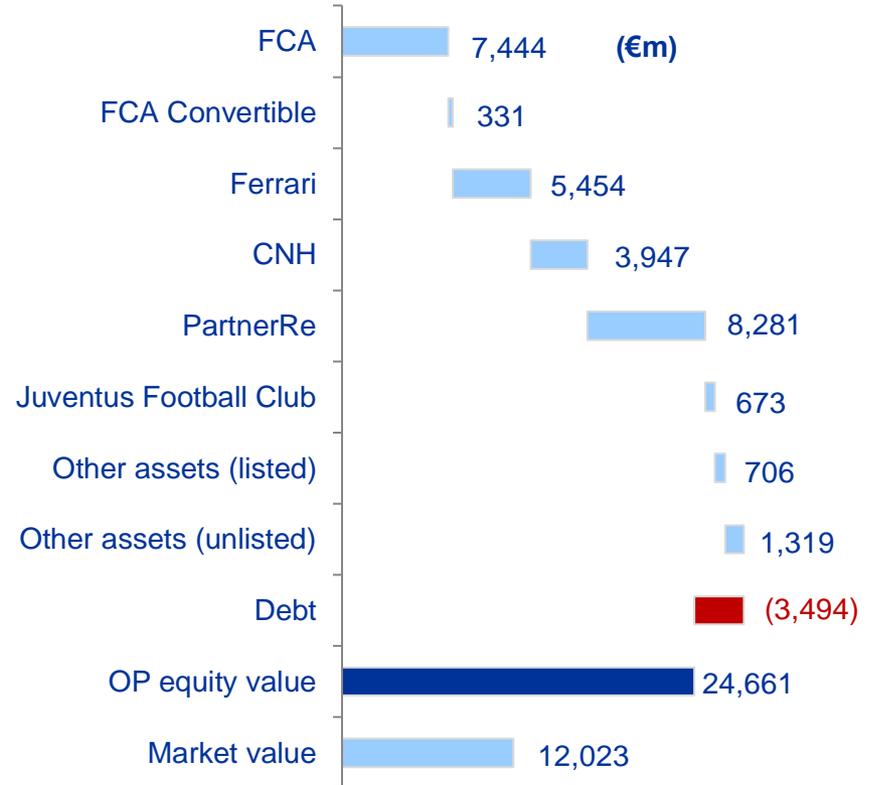
National Oilwell Varco share price



The best balance sheet in the sector

Exor – Sum of the Parts (OP fair value)

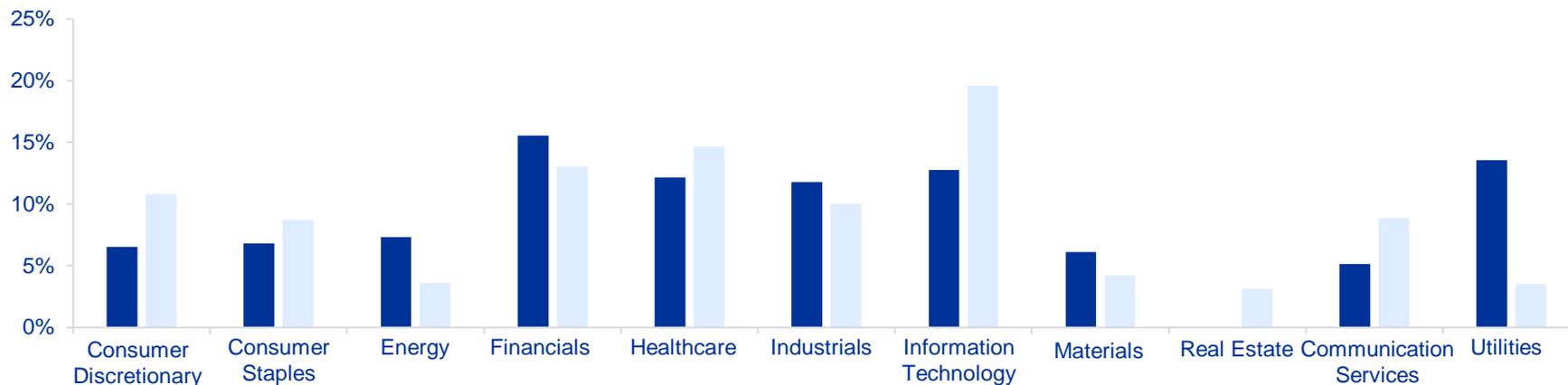
- Shareholder alignment
- Strong track record
- Known values - PartnerRe, listed
- Recovery potential - FCA, CNH
- Margin of safety
- +100% upside



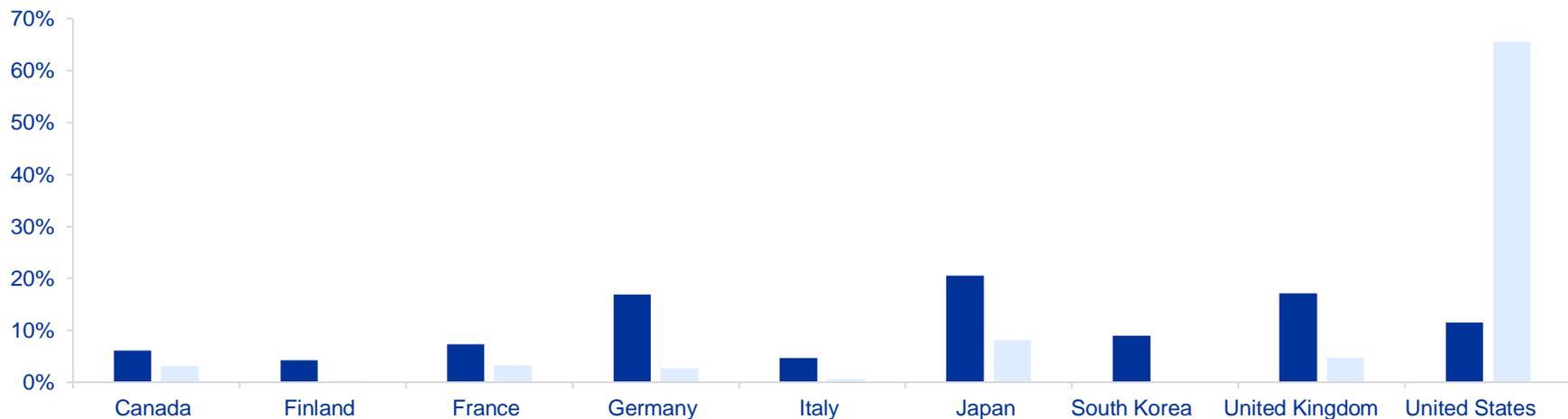
Margin of safety

Global Equity Strategy - portfolio structure

Sector weights



Country weights

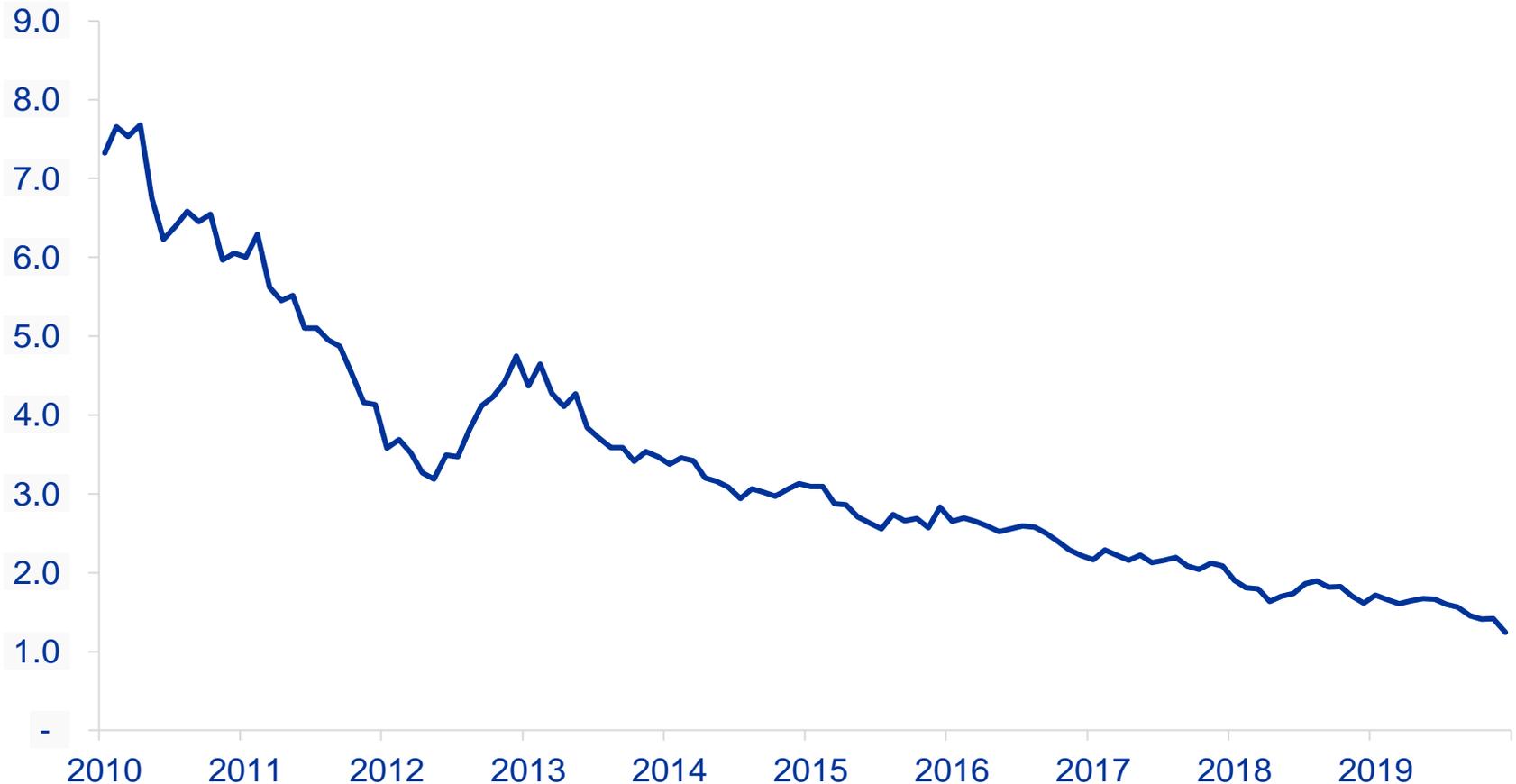


Source: OP, Bloomberg.
Date: 30th April 2020.

■ Global Equity Strategy ■ MSCI World Index

The market valuation of Japan is now almost the same as the FAANGs

Market Valuation of Topix vs FAANGs

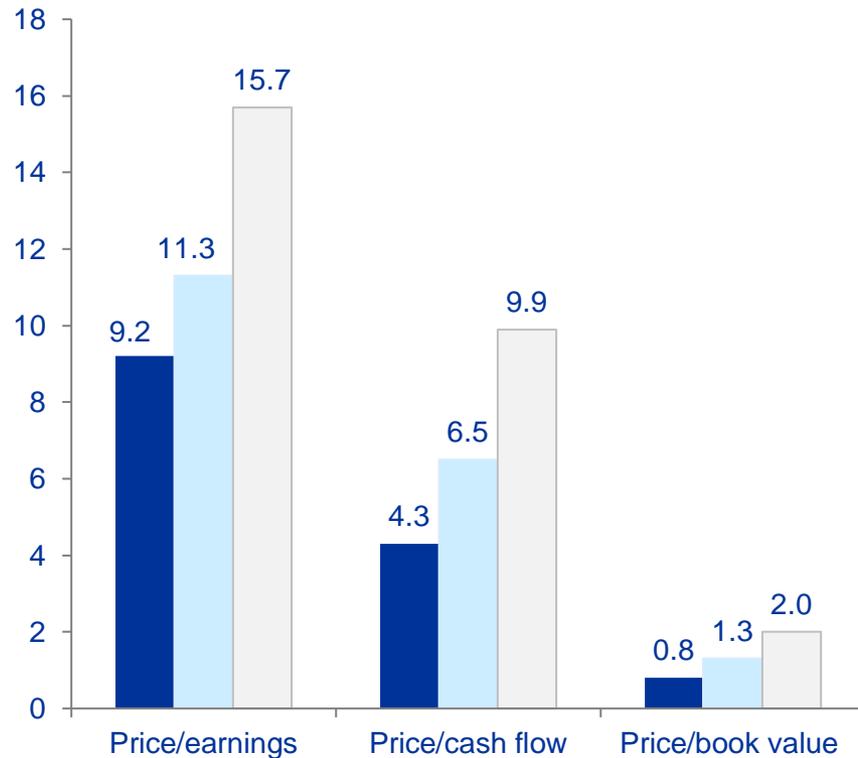


5 stocks in the US vs over 2,000 in Japan

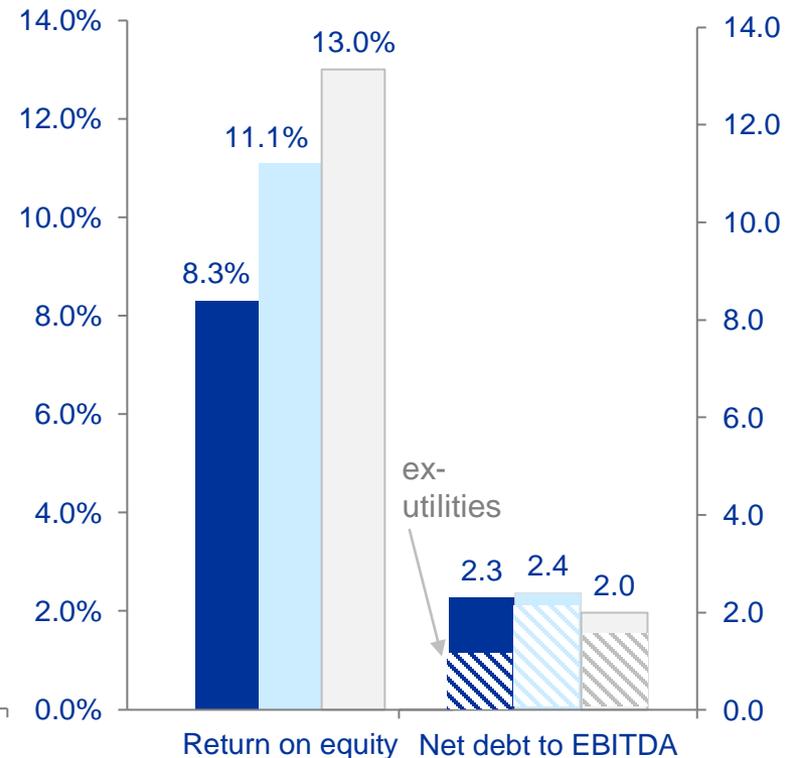
Source: Bloomberg, end April 2020. Market value in USD of Topix vs FAANGs: Facebook, Apple, Amazon, Netflix and Google vs Topix.

Global strategy - portfolio characteristics

Valuation



Fundamentals



■ OP ■ MSCI World Value ■ MSCI World

Source: OP, Bloomberg.

Date: As at 31st March 2020.

Representative global portfolio used. Based on MSCI method. Net debt/EBITDA excludes financials and includes only industrial net debt where applicable.

The ex-utilities net debt/EBITDA values are as follows: OP: 1.1x, MSCI World Value: 2.2x and MSCI World: 1.8x.

Global Equity Strategy – holdings and valuation methodologies

Valuation		Target Valuation (Analyst)						
Company Name	% Portfolio	Share Price	Primary valuation method	Fair value	Upside	Total return (2 years)	Resp.	
SANOFI	7.4	88	P/E	104	17%	25%	SZ/RG	
TESCO PLC	6.8	234	SOTP	300	28%	40%	NW	
BARRICK GOLD CORP	6.7	38.79	P/B	44.60	18%	17%	RG	
E.ON SE	6.7	9.06	P/E	12.00	32%	43%	SZ	
SIEMENS AG-REG	5.5	82	P/E	136	67%	76%	SZ	
SAMSUNG ELECTRONICS CO LTD	5.3	48,500	PE + net cash per share	73,368	51%	58%	AF	
BT GROUP PLC	5.1	114	SOTP + P/E	298	162%	183%	SZ	
BAYER AG-REG	4.7	59	SOTP	83	41%	52%	CO	
MITSUBISHI HEAVY INDUSTRIES	4.6	2,666	SOTP	6,090	128%	139%	AG	
TOYOTA MOTOR CORP	4.5	6,494	P/E + LT Investments	9,600	48%	55%	JM	
NOKIA OYJ	4.3	3.24	EV/Sales + P/B	4.94	52%	58%	JL	
MITSUBISHI UFJ FINANCIAL GRO	4.1	415	P/TBV	538	30%	42%	AG	
LLOYDS BANKING GROUP PLC	4.1	30.60	P/TBV	52	70%	81%	RG/SZ	
ENI SPA	4.1	8.21	P/B	12.80	56%	75%	NW	
KOREA ELECTRIC POWER CORP	3.5	22,800	EV/Sales + EV/IC + P/B	35,550	56%	60%	CO	
CITIGROUP INC	3.3	45.12	P/TBV + P/E	61	35%	44%	RG	
KANSAI ELECTRIC POWER CO INC	3.3	1,070	P/B	1,882	76%	85%	AG	
NATIONAL OILWELL VARCO INC	3.1	12.33	P/E	34.00	176%	179%	HF	
NOMURA HOLDINGS INC	3.1	440	SOTP + P/B	628	43%	51%	JM	
HEWLETT PACKARD ENTERPRISE	2.9	9.38	P/E	19.50	108%	118%	NW	
GENERAL MOTORS CO	1.9	20.75	P/E	38.00	83%	96%	AG	
EASYJET PLC	0.9	527	P/S + P/E	1,400	166%	177%	SZ	
EXOR NV	0.5	46.66	SOTP	85	82%	84%	SZ	
JAPAN AIRLINES CO LTD	0.5	1,878	P/B	2,800	49%	60%	JL	
Weighted Average Upside					59%			

Source: OP.
 Date: As at 4th May 2020.
 Representative global portfolio used.

Global Equity Strategy - weighted average upside



Data as at 4th May 2020.
Source: OP.
Representative portfolio used.

Risk warning and other important information

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 necessarily a guide to future performance.

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The Company has been authorised by the Central Bank of Ireland as a Qualifying Investor Alternative Investment Fund ("AIF") pursuant to Chapter 2 of the Central Bank's AIF Rulebook. OP has been authorised and regulated by the FCA in the U.K. as a full-scope U.K. Alternative Investment Fund Manager ("AIFM") pursuant to Part 2 of the Alternative Investment Fund Managers Regulations 2013 and acts as the external AIFM of the Company.

The Company is an open-ended investment company incorporated with limited liability under the laws of Ireland and is organised in the form of an umbrella fund with segregated liability between Funds. Its share capital may be divided into a number of Classes each representing interests in a Fund. The distribution of Prospectuses relating to Funds established by the Company is restricted in certain jurisdictions and accordingly it is the responsibility of any person or persons wishing to make an application for Shares to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

United Kingdom: Funds established under the umbrella of the Company are not recognised collective investment schemes for the purposes of the Financial Services and Markets Act 2000 and the Funds may not be promoted to the general public. The Funds' Prospectuses may only be issued and the shares in the Funds may only be promoted in compliance with the Financial Services and Markets Act 2000 (promotion of Collective Investment Schemes) (Exemptions) Order 2001, as from time to time amended. Many of the protections provided by the United Kingdom's regulatory regime will not apply to investments in the Funds referred to in this communication including access to the Financial Ombudsman Service and the Financial Services Compensation Scheme.

United States: Shares in the Funds have not been and will not be registered under the Securities Act 1933 of the United States (as amended), the Investment Company Act (1940) or the securities laws of any of the States of the United States. Shares in the Funds may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any "US Person" as defined in Regulation S under the 1933 Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable State laws.

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The foregoing summary list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective investors must read the entire Offering Memorandum of the Company and consult with their own legal, tax and financial advisers before deciding to invest in a Fund.