



Global Equities

19th November 2018

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Fund performance

	£			\$		
	Overstone Global Equity Fund	MSCI World	MSCI World Value	Overstone Global Equity Fund	MSCI World	MSCI World Value
2018 to date	+1.7%	+3.6%	+0.9%	-4.1%	-2.3%	-4.8%
2017	+7.9%	+11.7%	+6.9%	+18.2%	+22.4%	+17.1%
2016	+44.5%	+28.3%	+34.1%	+21.1%	+7.5%	+12.3%
Since inception annualised*	+8.8%	+9.4%	+8.2%	+6.0%	+6.5%	+5.4%

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).

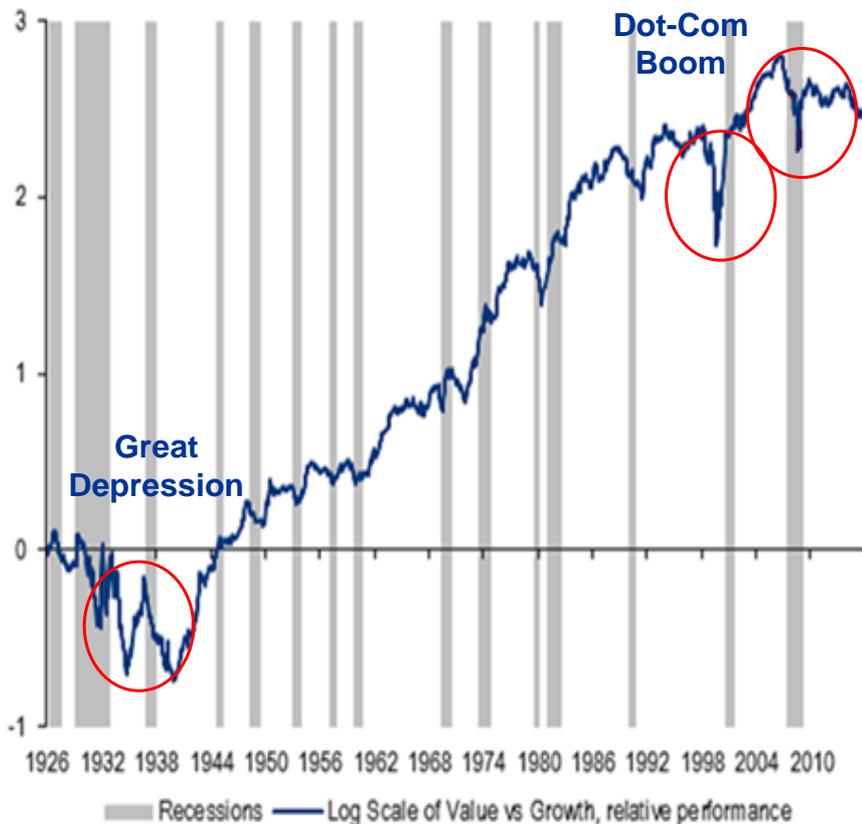
Source: OP, Bloomberg, Northern Trust Ireland and MSCI ©.

Data as at 31st October 2018.

* Inception Date is 1st June 2005.

Value investing – history shows it works over the long-term

US Value versus Growth since 1926



Value vs Growth since 1979



The Value opportunity is now at an extreme

Monthly data. Average returns of Fama-French Large/Small Value benchmark portfolios.
Source: BofA Merrill Lynch Global Investment Strategy 7th June 2016, Fama-French.

Source: MSCI and Bloomberg.
Date: As at 30th September 2018.
MSCI World Value Index vs MSCI World Growth Index (total return indices).

A differentiated approach

Value has only outperformed once since 2009



OP the best performing Global Equity manager



OP continually refines but remains an unwavering classic value manager

Top contributors and detractors – relative attribution

2018 to date

Top 5 Contributors	%	Top 5 Detractors	%
Lukoil	+0.9	Korea Electric Power	-1.2
Kansai Electric Power	+0.9	Samsung Electronics	-1.0
Sanofi	+0.8	Lloyds	-0.9
Eni	+0.5	Mitsubishi UFJ	-0.8
Hewlett Packard	+0.4	Nomura	-0.7

Source: OP, Bloomberg and MSCI ©.

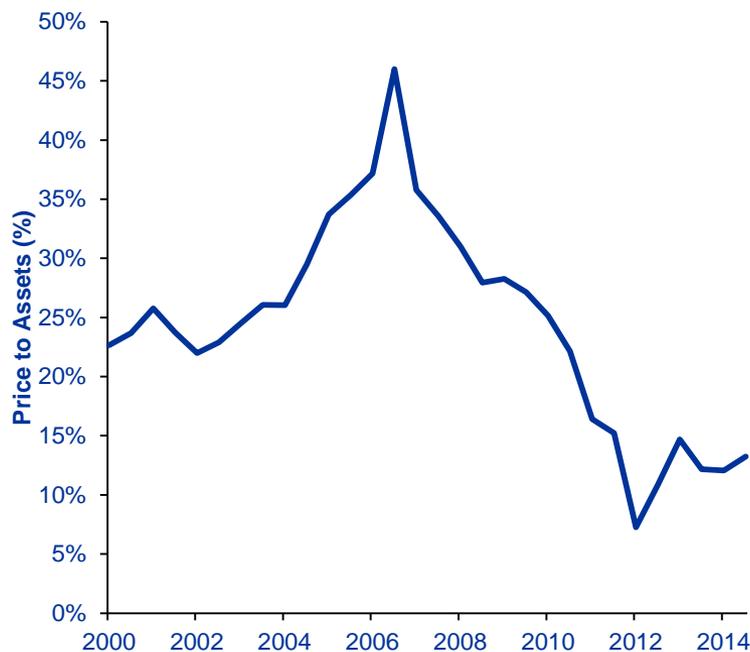
Date: As at 31st October 2018.

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

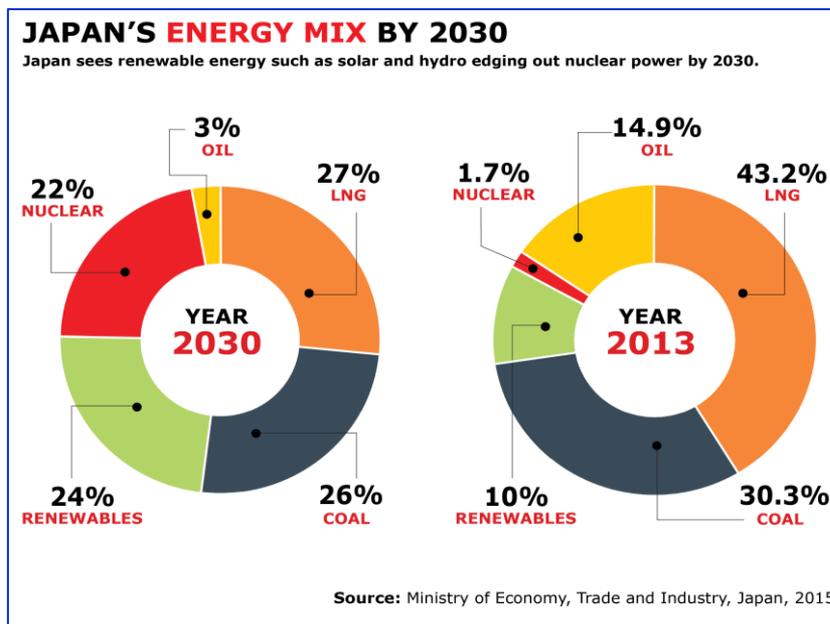
Kansai Electric Power – Fukushima was a disaster for Japan and the company

Kansai Electric is the vertically integrated power utility in the Kansai region of Japan

Kansai Electric – Price to Assets



Japan's Energy Policy



- Prior to the Fukushima nuclear disaster Kansai generated c.50% of its electricity from nuclear
- In 2015 it was generating 0% = 'red ink'

Contrarian - you could not get a more hated part of the market than a Japanese nuclear utility

Kansai Electric Power – focus on own research

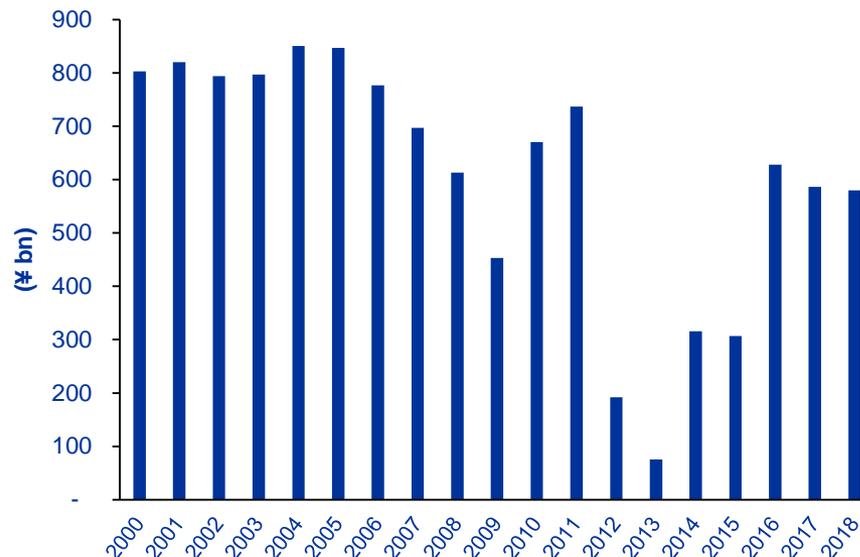
A simple investment thesis in modelling a return to service of the nuclear reactors

Return to service schedule

Reactors	Capacity	Start	Age	Mar-19	Mar-20	Mar-21	Mar-22	Mar-22	
Mihama	1	320	Nov 1970	45	0.00	0.00	0.00	0.00	
	2	470	July 1972	43	0.00	0.00	0.00	0.00	
	3	826	Dec 1976	38	0.00	0.00	0.75	0.75	
Ohi	1	1,120	Mar 1979	36	0.00	0.00	0.00	0.00	
	2	1,120	Dec 1979	35	0.00	0.00	0.00	0.00	
	3	1,180	Dec 1991	23	0.86	0.85	0.75	0.75	
	4	1,180	Feb 1993	20	0.86	0.85	0.75	0.75	
Takahama	1	826	Nov 1974	40	0.00	0.45	0.75	0.75	
	2	826	Nov 1975	39	0.00	0.00	0.75	0.75	
	3	870	Jan 1985	30	0.86	0.85	0.75	0.75	
	4	870	Jun 1985	30	0.86	0.85	0.75	0.75	
Total Nuclear output					3,526	3,857	4,934	4,934	4,934
Nuclear capacity					6,578	6,578	6,578	6,578	6,578
Nuclear capacity factor					53.6%	58.6%	75.0%	75.0%	75.0%

- Headwinds; Tariffs, Politics and local courts
- Market analysts risk averse
- OP focus on our own work, company and METI
- OP buying in 2015 unit cost ¥1,289 per share. The share price is now at c.¥1,800, +40% return

EBITDA recovery



Patient – focus on your own work and have the courage of your convictions

Korea Electric Power (KEPCO) - historically low valuation

Korea's monopoly electricity generation, transmission and distribution company



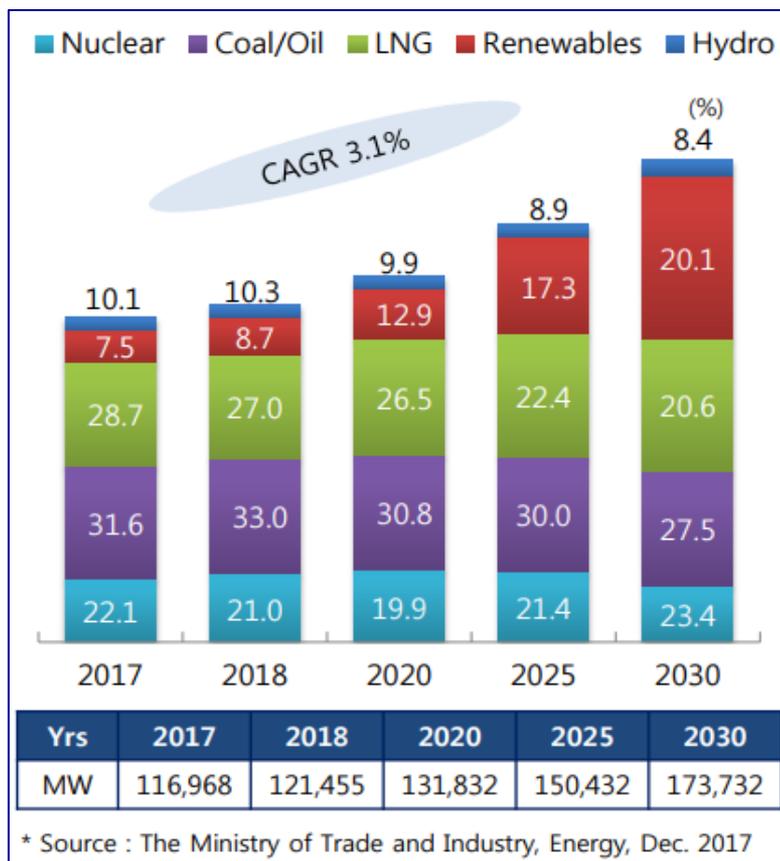
Value – one of the cheapest stocks in the world at 0.2x price to book

Source: OP, Bloomberg.
Date: As at 30th October 2018.

Korea Electric Power (KEPCO) - historically low valuation

The long-term market dynamics for KEPCO are favourable

Korea's 8th Electricity Supply & demand Plan



- Major investment required
 - KEPCO capex \$12-13bn p.a.
- Long-term median Return on Equity 5.0%
- Headwinds
 - Higher unit fuel costs, coal +58% H1 18
 - Mix shift to LNG and IPPs = 'red ink'
- Return will recovery
 - Peaking of unit costs
 - Nuclear utilisation recovery < 63% H1 18
 - Potential tariff hikes
- Intrinsic worth 0.5x Price to Book = +115% upside to FY2020

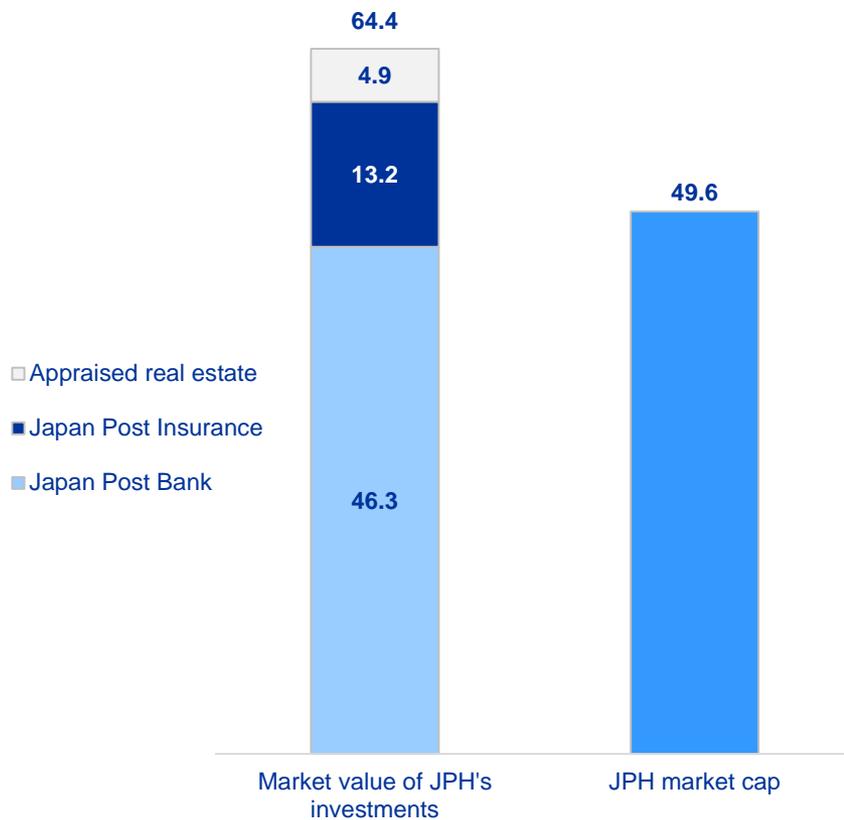
Patient – only a strong KEPCO can deliver the long-term national plans for the country

Key purchases and sales

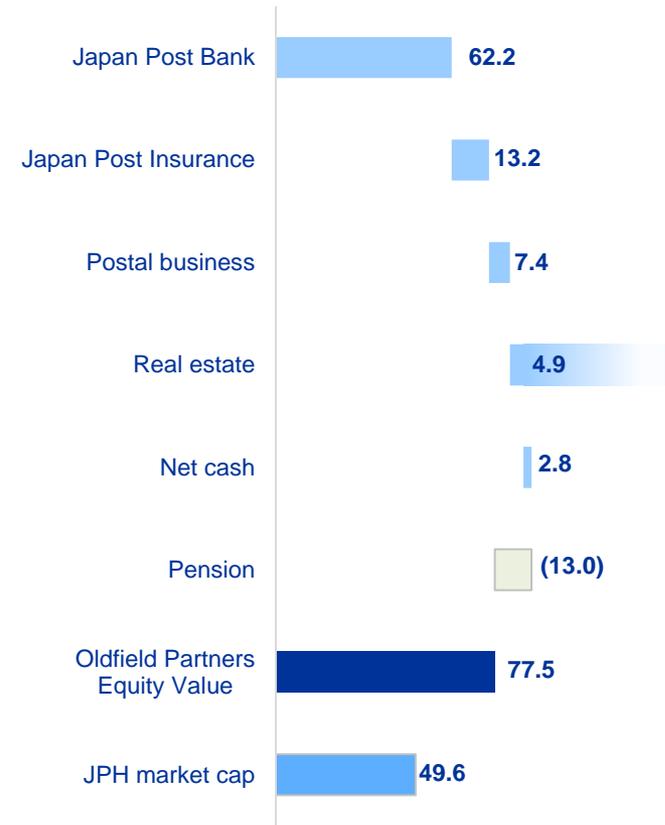
	Purchases	Sales
Q1 2018	Sanofi, Japan Post Holdings	-
Q2 2018	-	-
Q3 2018	-	-
Q4 2018 to date	Siemens	Lukoil

Japan Post Holdings

Value of Japan Post Holdings at market prices (\$ bn)



Oldfield Partners sum of the parts (\$ bn)

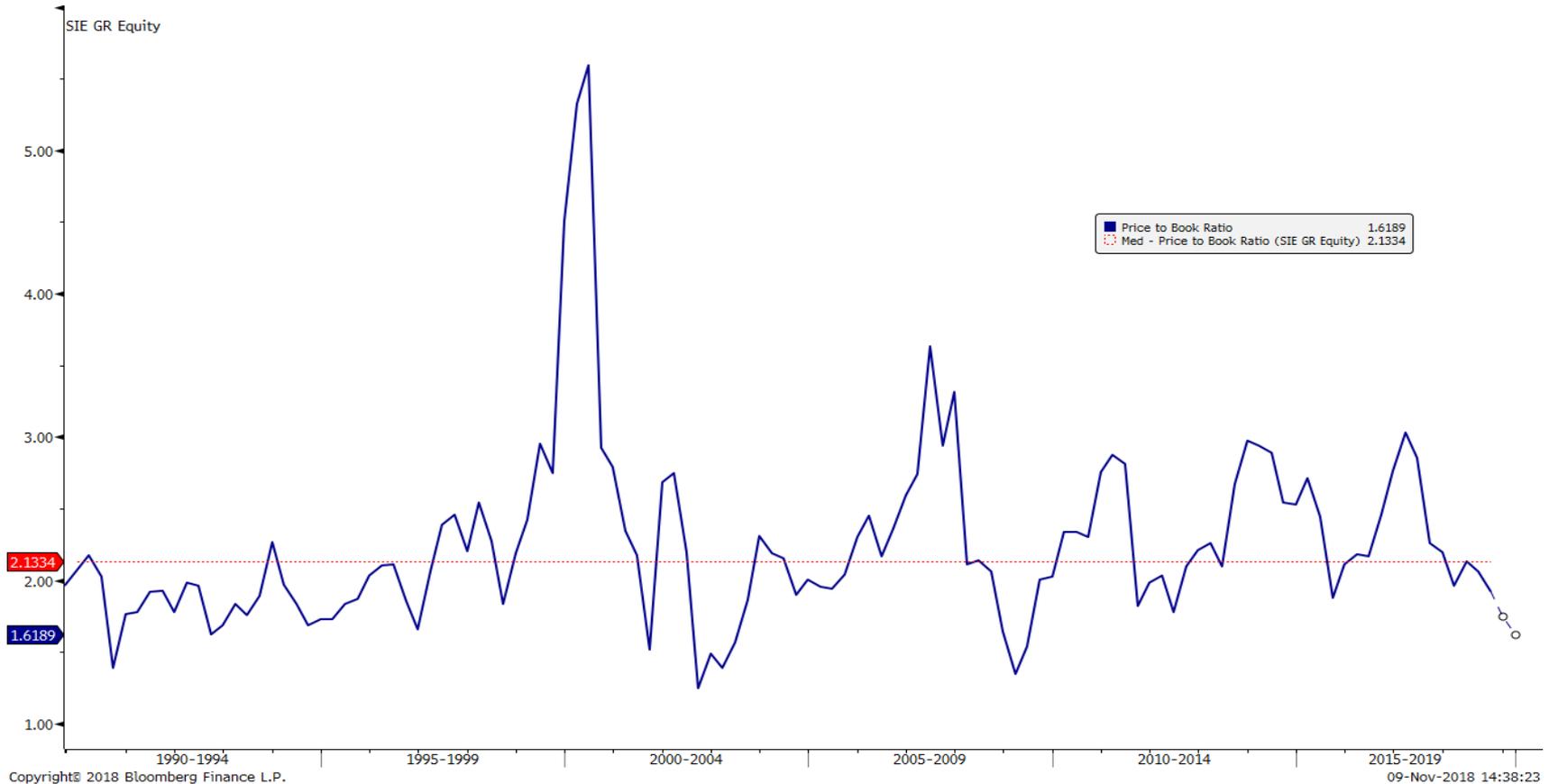


Source: OP and Bloomberg.
Date: As at 26th April 2018.

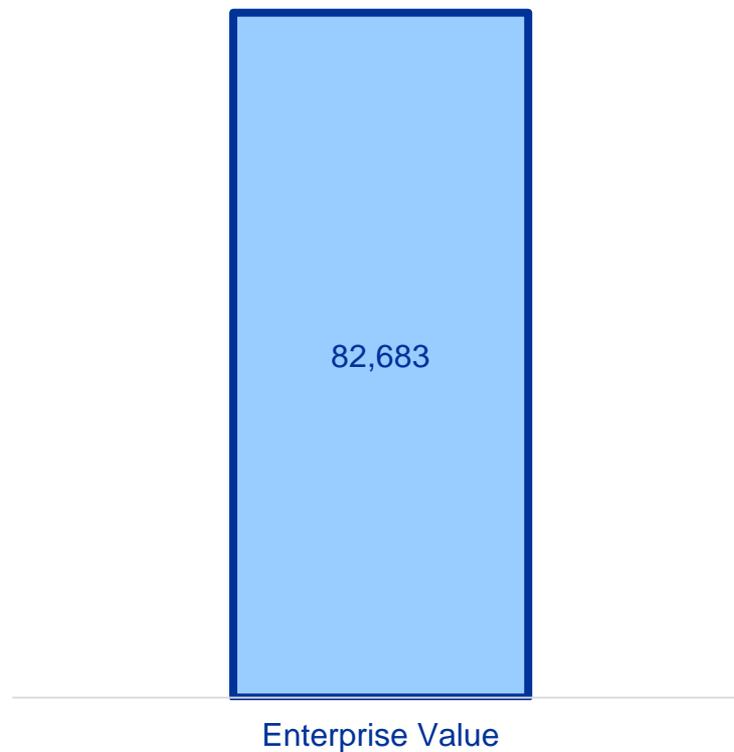
Siemens – value in plain sight

Siemens's price to book value back at levels not seen since 2009 while business significantly improved since 2000

Siemens Price to Book Chart



Siemens AG – excluding the listed holdings



Today's Industrial EV / OP 2020 EBIT: 8.5x

Source: OP, Bloomberg data as at 17th November 2017.

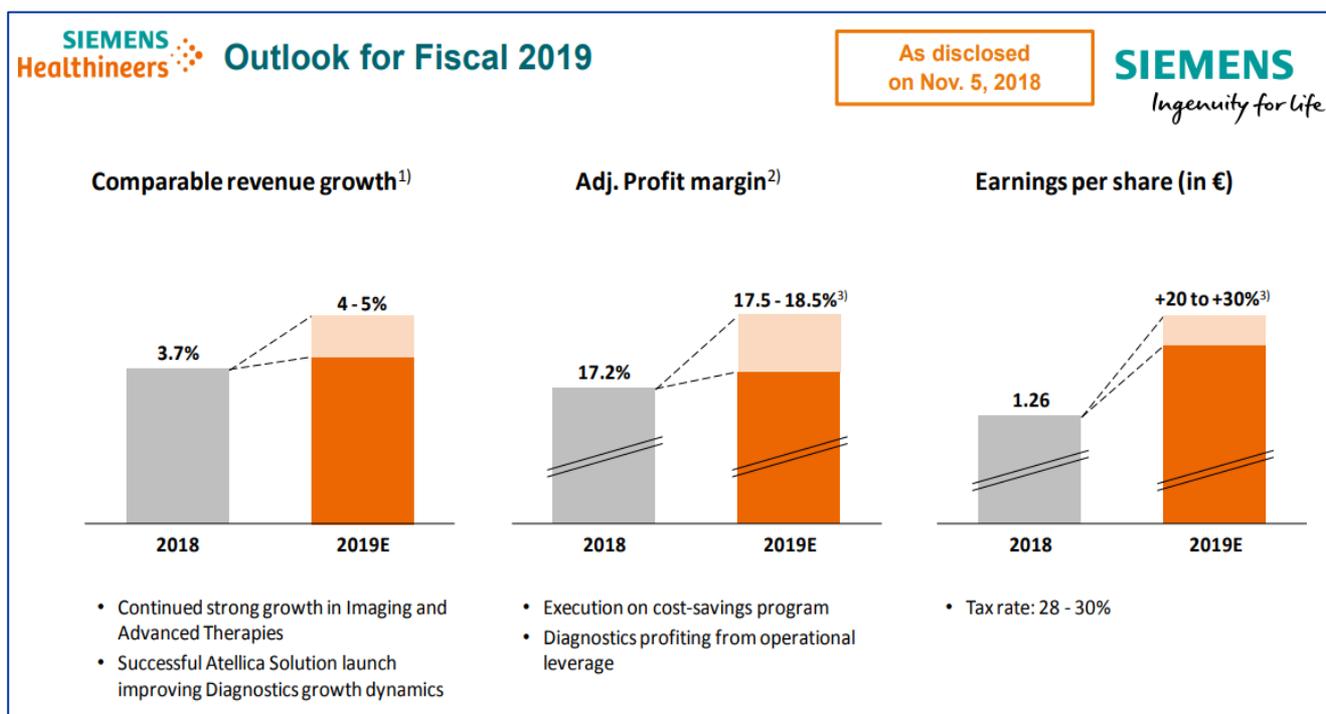
Siemens – listed entities highlight value opportunity

Siemens Healthineers AG

- 17x EV/EBIT
- Market value €38.8bn
- 85% ownership

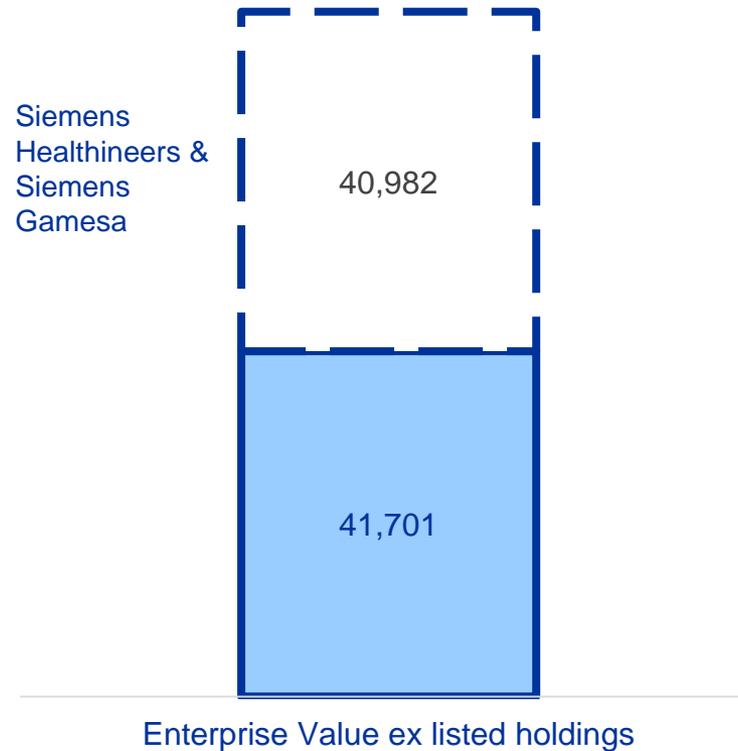
Siemens Gamesa

- 12x EV/EBIT
- Market value €8bn
- 59% ownership



EV of listed holdings is €41bn

Siemens AG – excluding the listed holdings



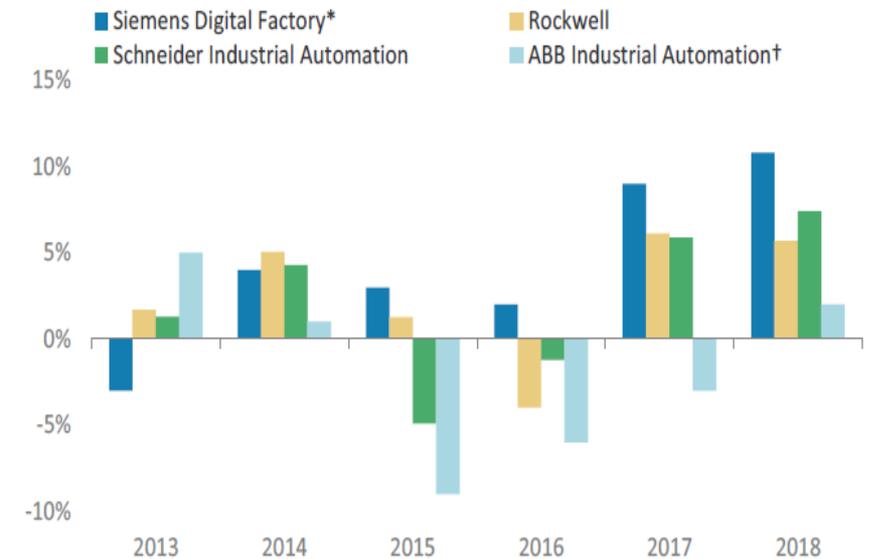
Today's EV / OP 2020 EBIT of Siemens ex listed holdings: 6.7x

Siemens – a world leader in industrial automation

Siemens has market leading expertise in software and hardware in Digital Factory

- High single digit organic growth to 2020+
- Siemens +17% organic order growth in Q4 2018
- Reported profit margins of 19% (22% adjusted)
- Peer group rating 15x EV/EBIT

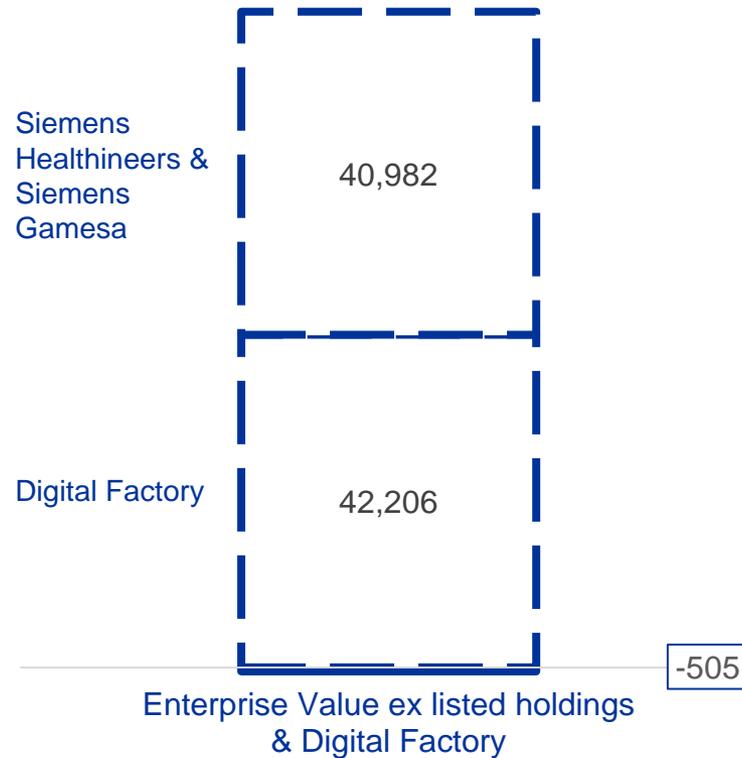
Exhibit 6: Industrial Automation: LT peer comparison – Siemens is gaining share



*Industrial Automation prior to FY15. †Process Automation prior to 2016. Source: Company Data, Morgan Stanley Research estimates (e)

OP 2020 Intrinsic Value of Digital Factory: €42bn

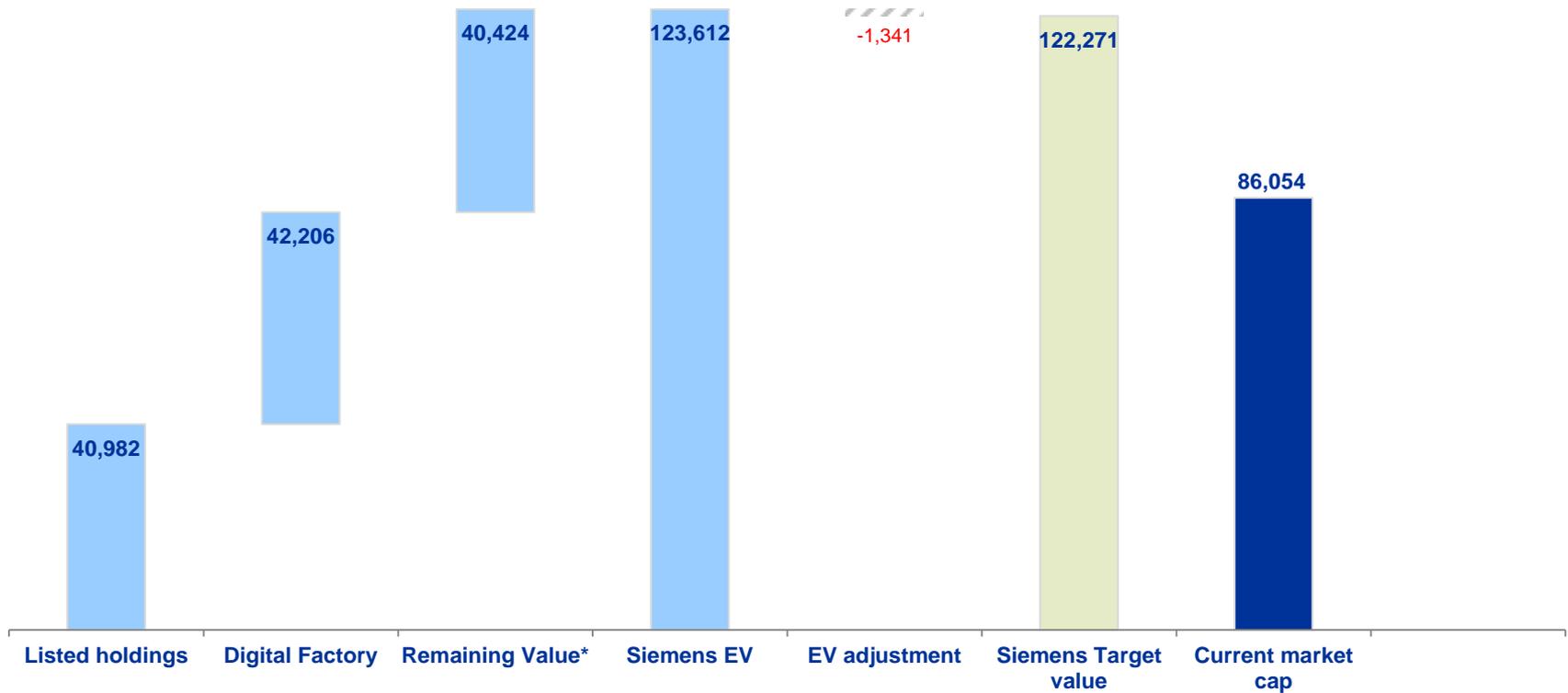
Siemens AG – excluding the listed holdings & Digital Factory



Today's EV / OP 2020 EBIT of Siemens ex listed holdings & Digital Factory: -0.1x

Siemens AG – OP Intrinsic Value

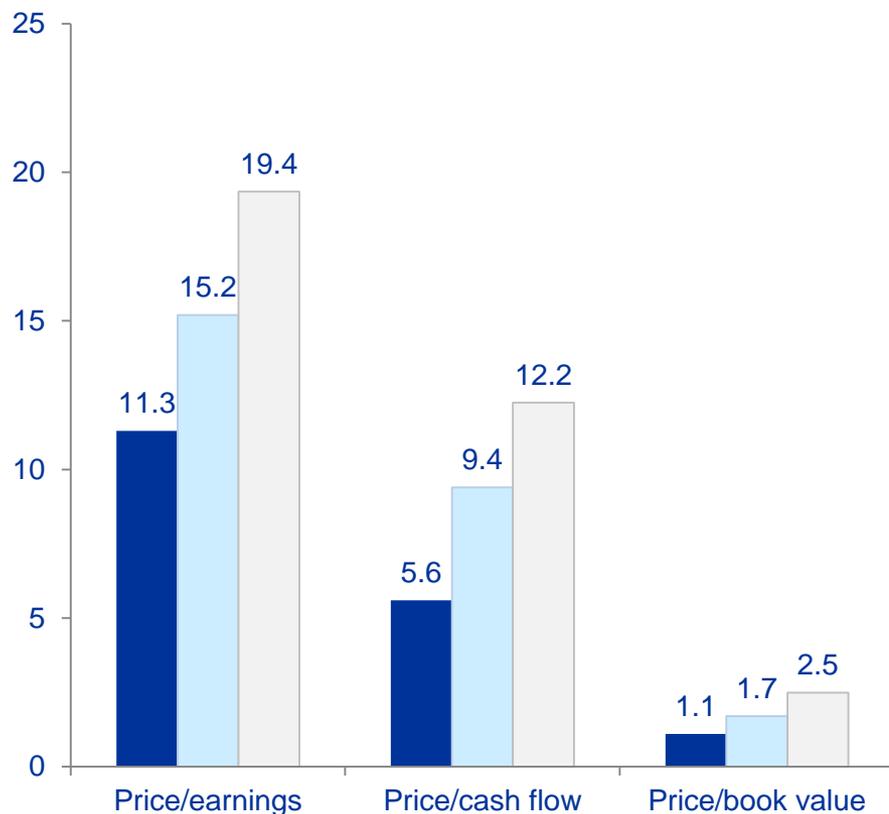
OP 2020 Sum of the parts valuation (€m)



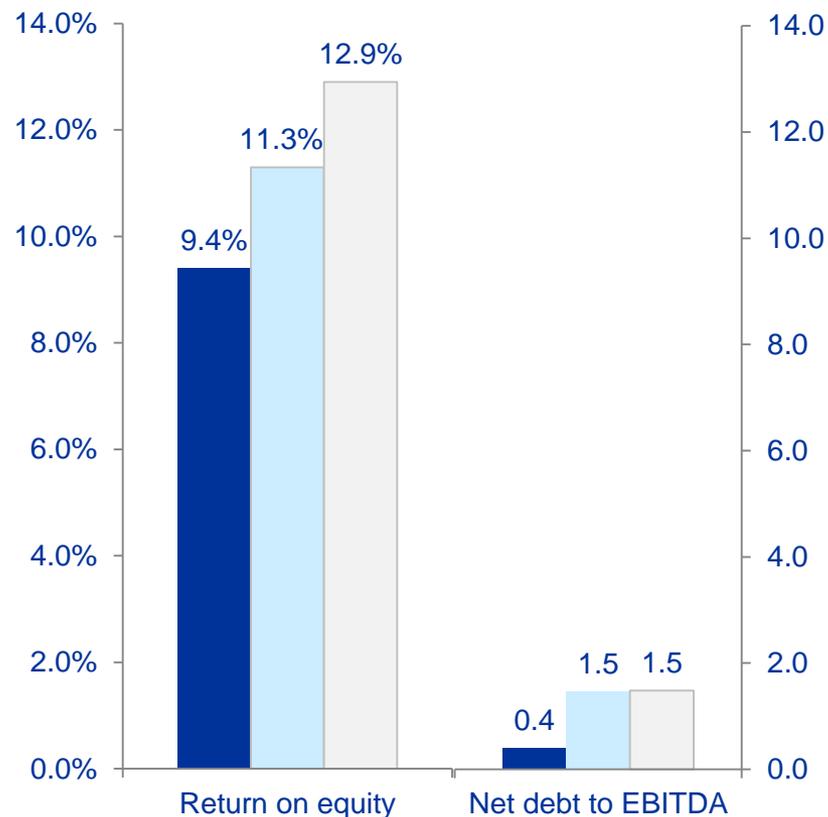
* - Power & Gas is only 10% of our Intrinsic Value

Portfolio characteristics

Valuation



Fundamentals



■ OP ■ MSCI World Value ■ MSCI World

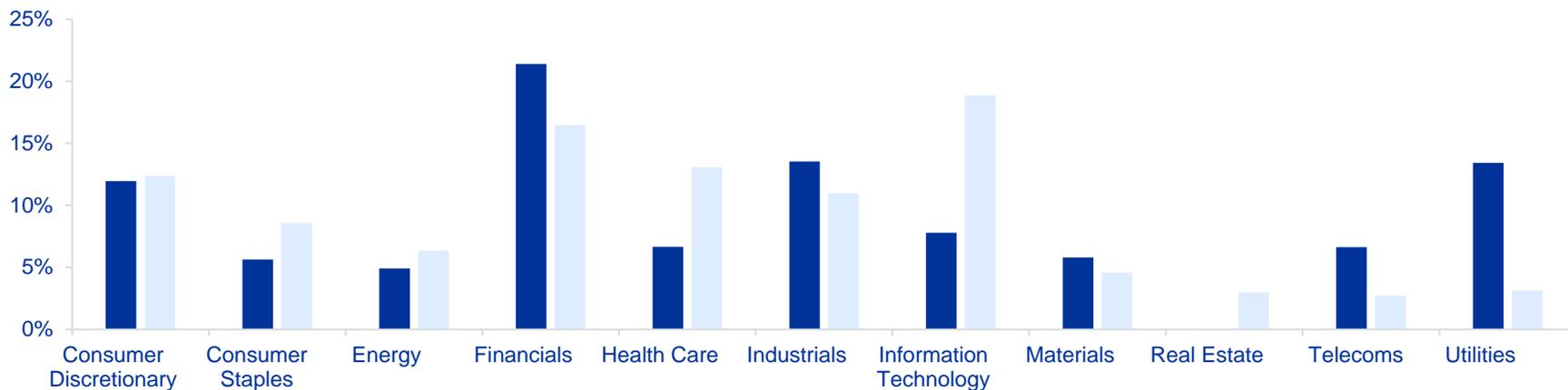
Source: OP, Bloomberg.

Date: As at 30th September 2018.

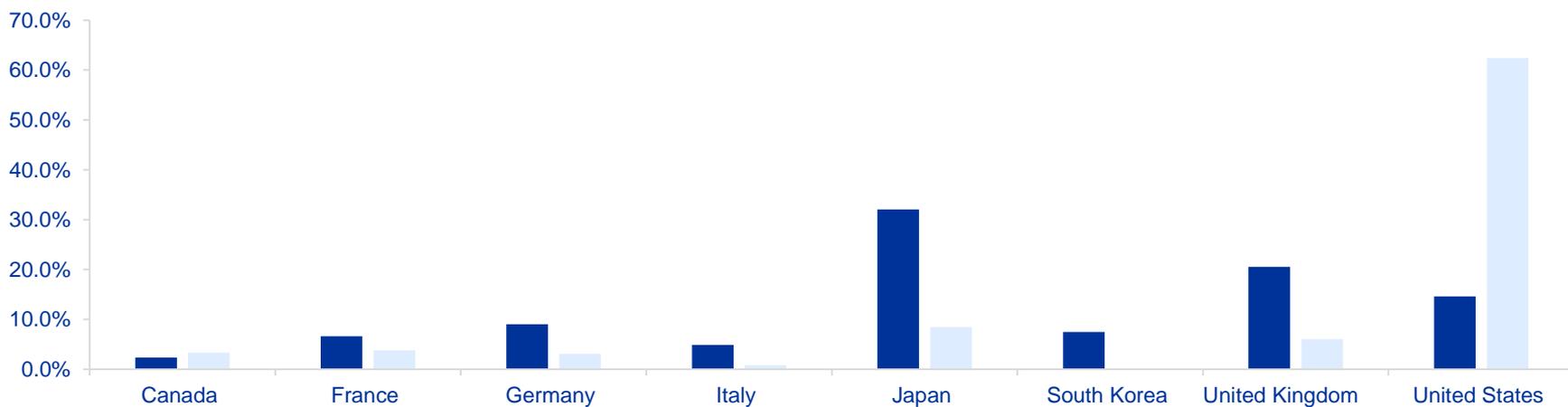
Representative global portfolio used. Based on MSCI method. Net debt/EBITDA excludes financials and includes only industrial net debt where applicable.

Global Equity Strategy - portfolio structure

Sector weights



Country weights



Source: OP, Bloomberg.
Date: 31st October 2018.

■ Global Equity Strategy ■ MSCI World Index



Source: Yale University.
Date: As at 30th September 2018.

Global Equity Strategy – holdings and valuation methodologies

Valuation	Portfolio		Target Valuation (Analyst)				Resp.
	Company Name	% Portfolio	Share Price	Primary valuation method	Implied Price	Upside / Downside	
BT GROUP	6.7	238	P/E	312	31%	44%	SJZ
SANOFI	6.4	74.43	P/E	91.00	22%	31%	SZ/RSG
E.ON	6.1	8.43	P/E	12.00	42%	53%	SZ
TESCO	5.7	213	SOTP	336	58%	64%	NW
VIACOM	5.5	30.46	SOTP	43.75	44%	49%	AG
EAST JAPAN RAILWAY	5.3	9,613	SOTP	13,380	39%	42%	JM
MITSUBISHI HEAVY INDUSTRIES	5.2	3,994	SOTP	5,589	40%	47%	AG
MITSUBISHI UFJ FINANCIAL	5.0	649	SOTP + P/B	925	42%	49%	AG
LLOYDS BANKING GROUP	5.0	57	P/TBV	81	41%	53%	RSG/SZ
ENI SPA	4.9	15.36	NAV & DACF multiple	17.50	14%	25%	NW
JAPAN POST HOLDINGS	4.3	1,315	SOTP	2,140	63%	71%	CO
KANSAI ELECTRIC POWER	4.2	1,788	EV/EBITDA	2,866	60%	66%	AG
SAMSUNG ELECTRONICS	4.2	41,400	PE + net cash per share	79,710	93%	99%	AF
NOMURA HOLDINGS	4.1	530	SOTP + P/B	878	66%	73%	JM
TOYOTA MOTOR	3.7	6,426	P/E + LT Investments	9,600.00	49%	57%	JM
HEWLETT PACKARD ENTERPRISE	3.5	14.57	P/E	23.28	60%	66%	NW
RIO TINTO	3.4	3,724	SOTP + P/Sales	4,900	32%	43%	HF
KOREA ELECTRIC POWER	3.3	27,100	P/B	57,919	114%	118%	CO
SIEMENS	3.0	100	SOTP	153	52%	60%	SZ
CITIGROUP	2.8	64.35	P/TBV + DTA	84.00	31%	36%	RSG
BARRICK GOLD	2.4	16.68	P/E @\$1,600	25.10	50%	52%	RSG
GENERAL MOTORS	2.4	33.13	P/E	45.80	38%	48%	AG

Portfolio weighted average upside = +47%

Summary

10 year rolling performance of Value minus Growth (% per annum)



- Value investing works over the long-term
- OP offers a distinctive, disciplined, repeatable value approach
- An experienced team of closely aligned investment professionals with a proven long-term track record
- Following a difficult period, the catalysts for strong outperformance of are in place

OP can capture the value opportunity which is now at an extreme

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 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.