



# Global Equities Investment Update

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*9th November 2021*

[www.oldfieldpartners.com](http://www.oldfieldpartners.com)

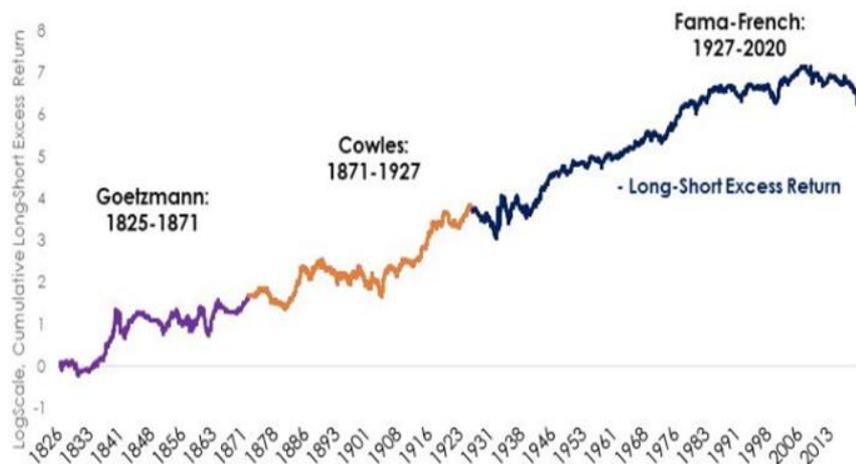
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*Please read the "Important Information" section on the last page of this presentation.*

# Value investing – works over the long-term

- The opportunity in Value vs Growth is as great as it has been in history
- Valuations for large parts of asset markets no longer seem to matter
- Clear signs of speculation and exuberance while Value is shunned

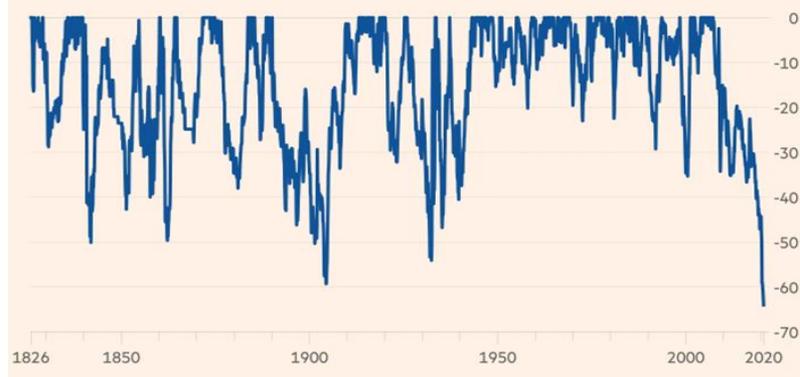


## Value versus Growth <sup>1</sup>



## Two centuries of value drawdowns

Cumulative loss of value factor since most recent peak (%)



The opportunity in 'Value' is as great as at any time in our history

Source: 1. Bloomberg MSCI World Value/ MSCI World Growth to end September 2021.

Source: 2. Two Centuries Investments October 2020.

## Strategy performance

US Dollars	Overstone Global Equity Fund	MSCI World	MSCI World Value
Since vaccine <sup>1</sup>	30.0%	30.3%	33.8%
2021 to date	9.9%	19.4%	18.9%
2020	-5.3%	15.9%	-1.2%
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*	5.8%	8.5%	6.2%

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 29th October 2021.

\*Inception Date is 1<sup>st</sup> June 2005.

<sup>1</sup> Since vaccine: since close on 06Nov20.

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

## Performance: Two very different periods

	Since vaccine	Value outperforms Growth	Growth outperforms Value
(%)	06Nov20- 29Oct21	06Nov20- 18May21	18May21- 29Oct21
OP Global <sup>1</sup>	+30.0	+38.5	-6.2
MSCI World	+30.3	+19.5	+9.0
MSCI World Value	+33.8	+30.2	+2.7
MSCI World Growth	+27.3	+9.9	+15.8

Source: OP, Bloomberg and MSCI ©.

1. Representative portfolio used.

Performance is cumulative, calculated on a total return basis, net of all fees in USD terms.

## Value vs Growth – re-rating drives Growth

### Value vs Growth Return Decomposition last 5 years

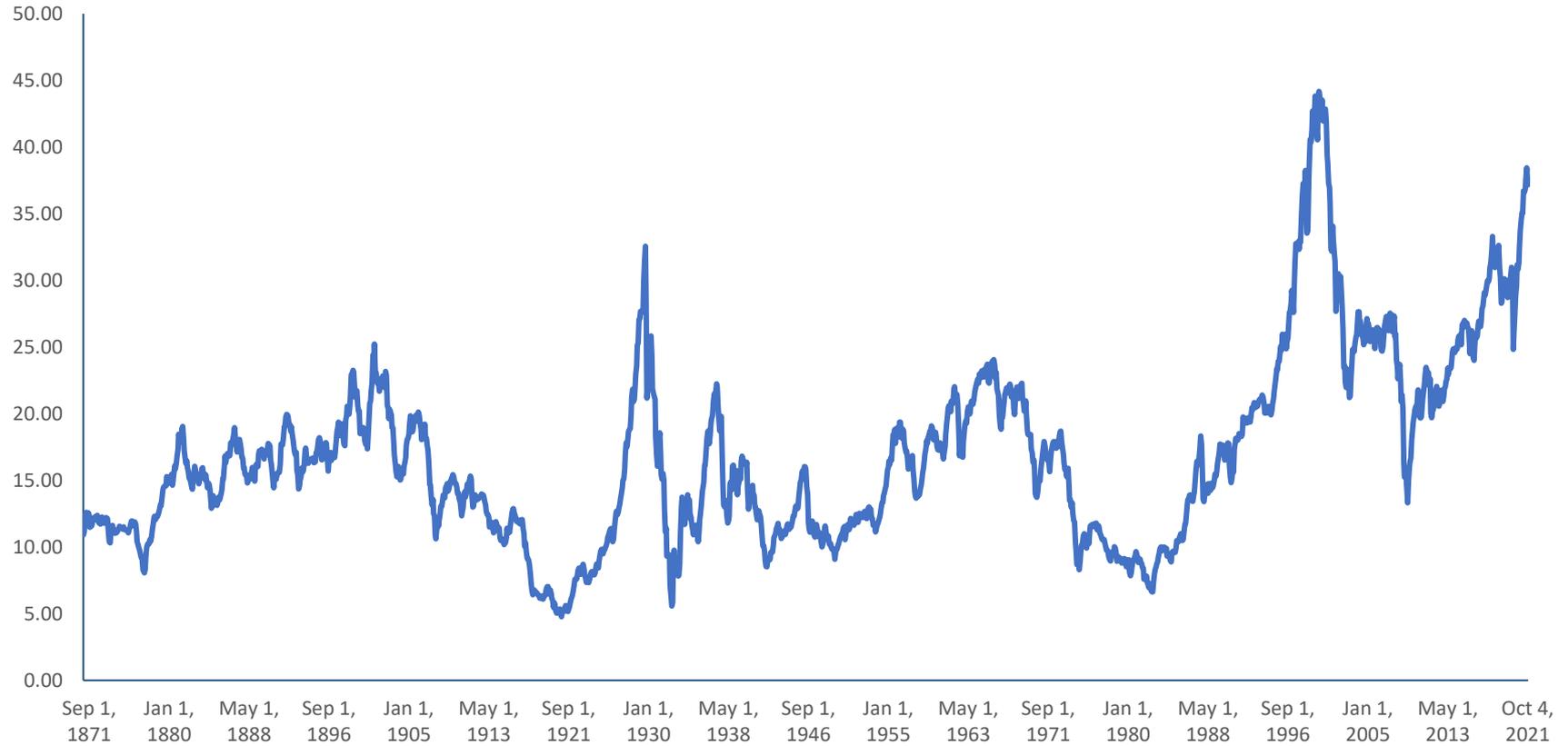
5-year annualised return attribution (Jun-16 to Jun-21)					
<u>Index</u>	<u>EPS growth</u>	<u>Dividends (incl reinvestment)</u>	<u>"Sustainable" return</u>	<u>P/E expansion</u>	<u>Total return</u>
MSCI World Value	6.9%	3.7%	10.6%	0.1%	10.7%
MSCI World Growth	6.8%	2.4%	9.2%	10.7%	19.9%

- Earnings growth same for Value and Growth over the last 5 years
- Value higher yield drives higher “sustainable return”
- P/E expansion for Value 0% vs Growth 11% per annum
- Last 5 years Value derived 0% return from multiple expansion, Growth +66%

The re-rating of Growth erodes the ‘margin of safety’

# US valuation

## Shiller PE Ratio for the S&P 500

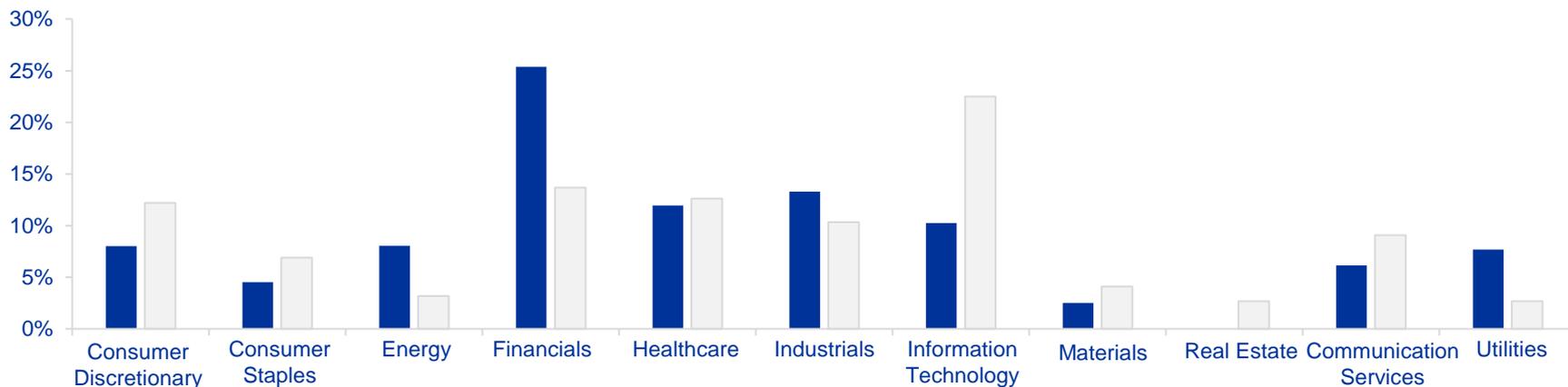


The valuation of the US market has rarely been higher

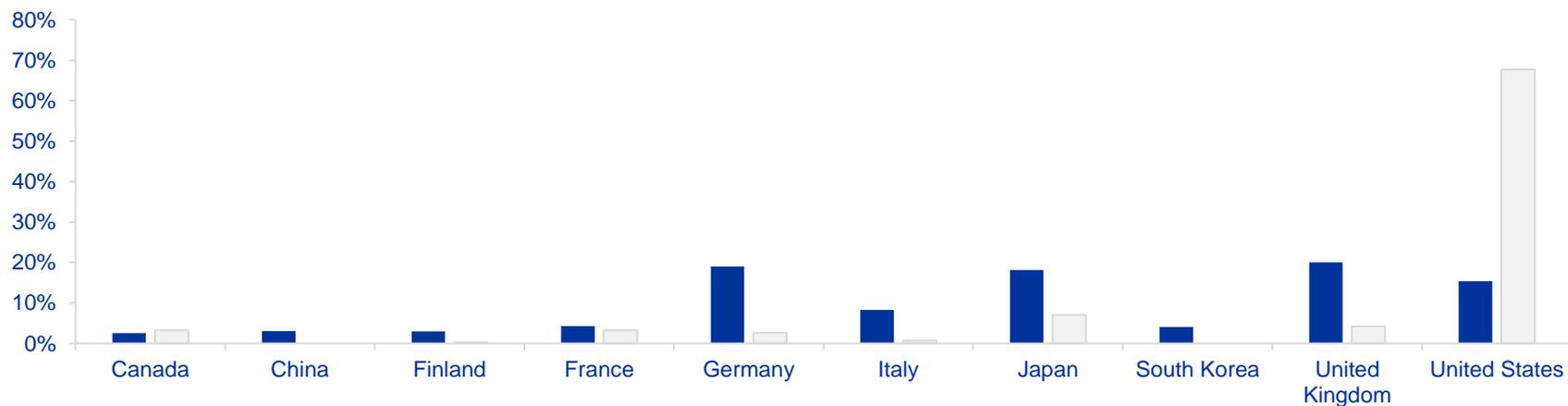
Source: Robert Shiller, Yale University.  
Date: As at 4<sup>th</sup> October 2021.

# Global Equity Strategy - portfolio structure

## Sector weights



## Country weights

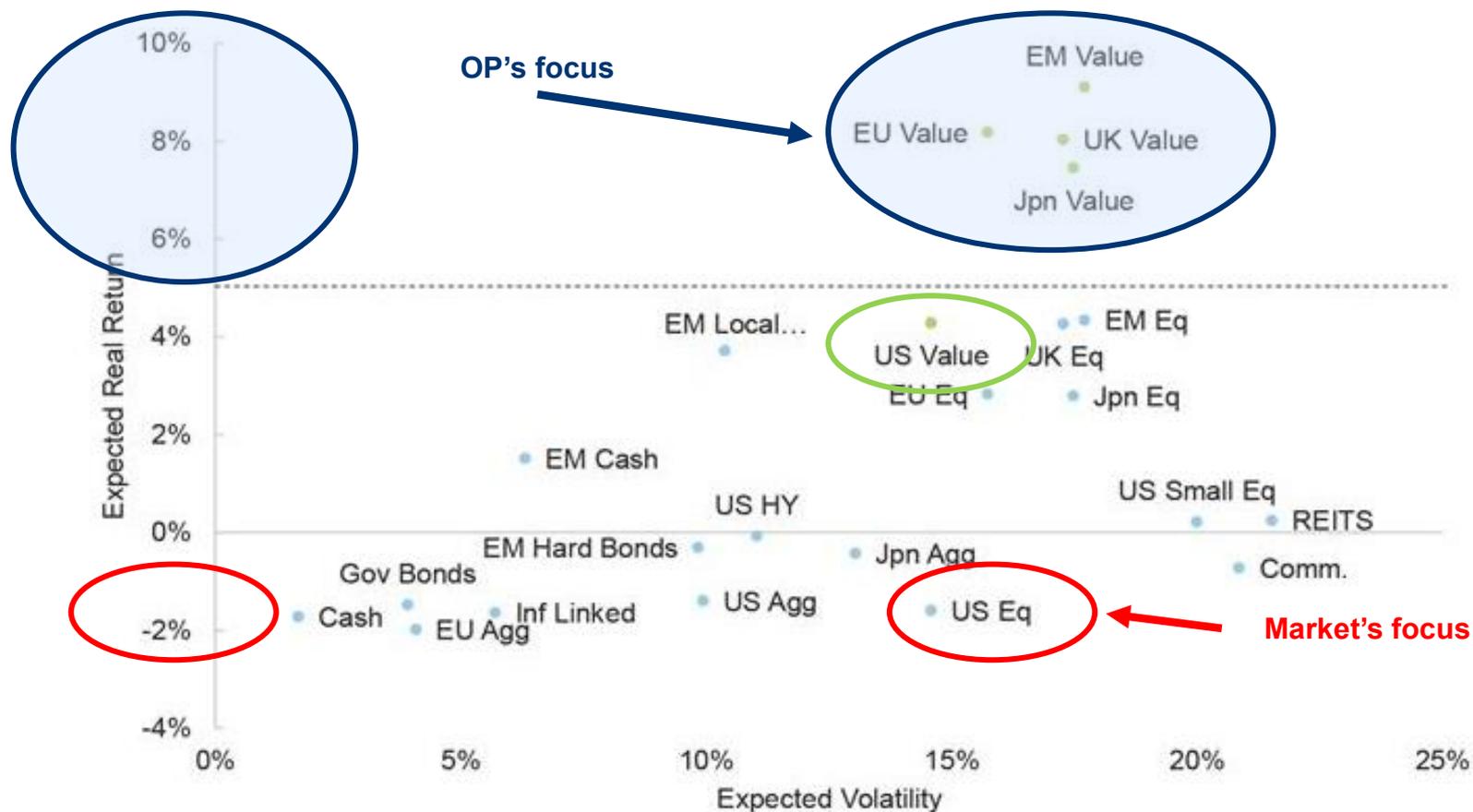


Source: OP, Bloomberg.  
Date: 30<sup>th</sup> September 2021.

■ Global Equity Strategy    ■ MSCI World Index

# Value investing offers the highest expected real returns

## 10 Year Expected Real Returns for Major Asset Classes <sup>1</sup>



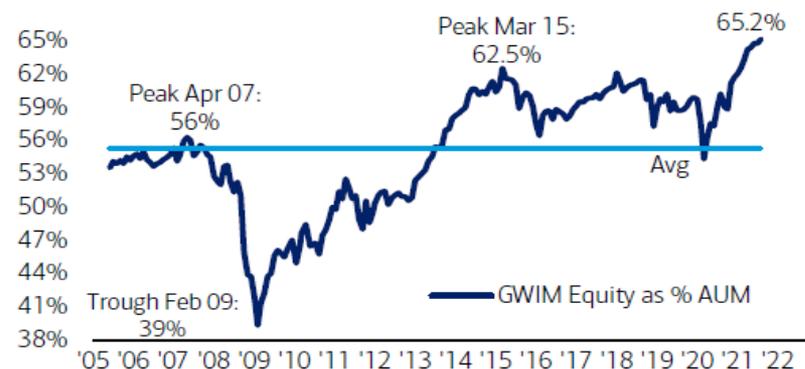
The US dominates global indices to an unprecedented degree

# Money printing creates speculation and moral hazard

- Growth stocks
- US stock market at all-time highs
- Retail frenzy
- Loss-making Tech IPOs
- Meme/Reddit stocks
- SPACs
- Crypto
- NFTs

*“Contributing to and supporting this euphoria are two further factors little noted in our time or in past times. The first is the extreme brevity of the financial memory. ... The second ... is the specious association of money and intelligence.”*  
Galbraith <sup>1</sup>

**Chart 12: GWIM equity allocation at all-time high**  
BofA private client equity holdings as % of AUM



Andres Guadamuz [@technollama](#) · Aug 30  
Mother and Child by Picasso. \$4.13 million.  
Punk #7252 \$5.5 million.

We're living in the stupidest timeline.



Value creates a margin of safety

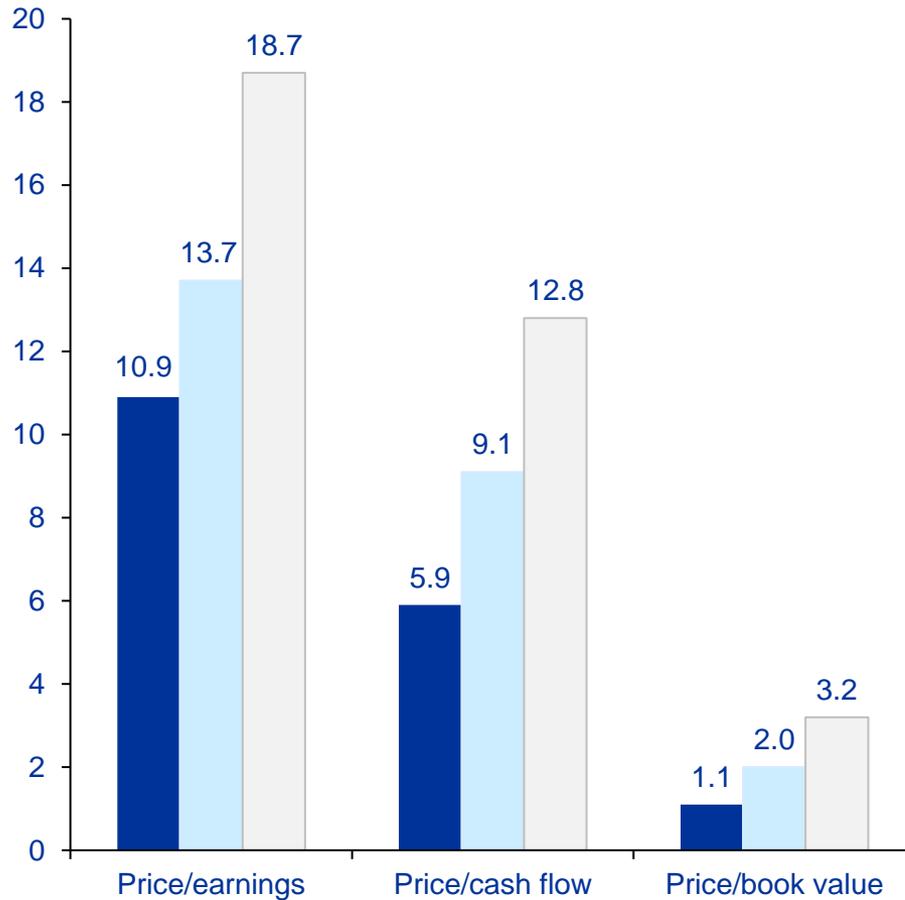
Chart 12 source: BofA Global Research, 2<sup>nd</sup> Sep 2021,

Andres Guadamuz via Twitter – Adjusted for inflation, Picasso's initial sale in 1967 of Mother and Child netted \$4.13m at today's prices.

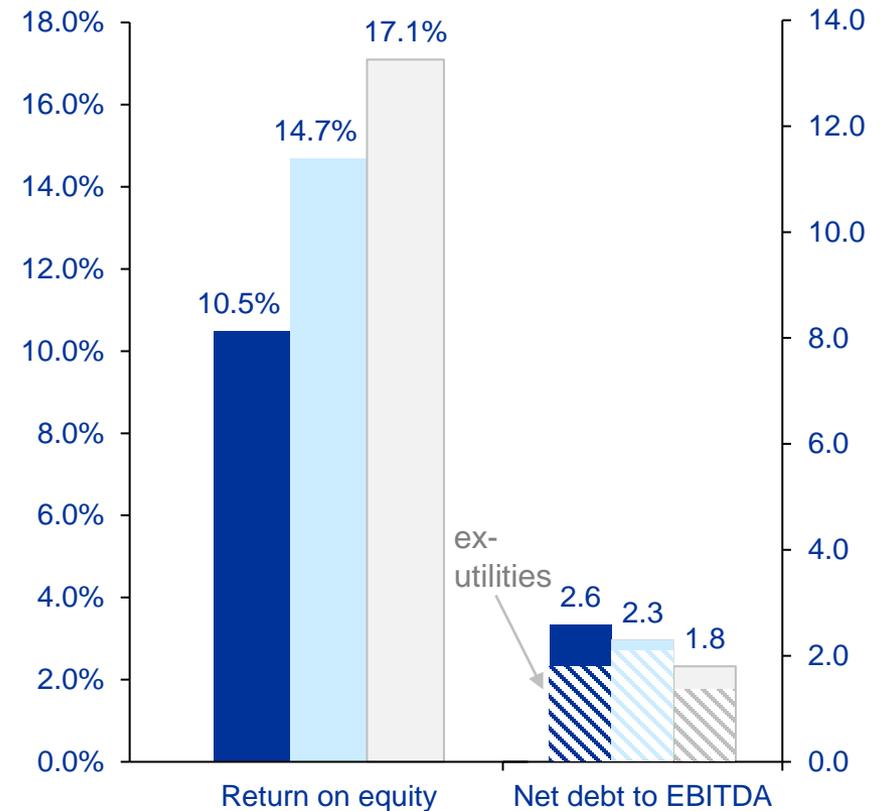
1. John Kenneth Galbraith, A Short History of Financial Euphoria.

# Global strategy - portfolio characteristics

## Valuation



## Fundamentals



■ OP ■ MSCI World Value ■ MSCI World

Source: OP, Bloomberg.

Date: As at 30<sup>th</sup> September 2021.

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: 1.8x, MSCI World Value: 2.1x and MSCI World: 1.6x.

Earnings, cash flow and ROE based on blended-forward consensus. Book value is historic.

## OP Global Equities - top contributors and detractors – relative attribution

**YTD  
2021**

Top 5 Contributors	%	Top 5 Detractors	%
Nokia	+1.3	Samsung Electronics	-2.0
Lloyds	+1.0	MHI	-1.5
Eni	+0.9	Barrick Gold	-1.3
Mitsubishi UFJ	+0.2	Korea Electric Power	-1.2
Hewlett Packard Enterprise	+0.1	BT	-1.1

**Since  
vaccine\***

Top 5 Contributors	%	Top 5 Detractors	%
Lloyds	+2.5	Barrick Gold	-3.1
Eni	+2.0	Sanofi	-1.4
Nokia	+1.6	Bayer	-0.9
Citigroup	+0.9	Nomura	-0.8
Hewlett Packard Enterprise	+0.8	Kansai Electric Power	-0.8

Source: OP, Bloomberg and MSCI ©.

Date: As at 31<sup>st</sup> October 2021.

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

\*Measured from vaccine's announcement, cob 6<sup>th</sup> November 2020.

# Nokia – leading technology infrastructure provider

## OP attracted to stocks under a cloud

- Alcatel Lucent M&A
- Margins - restructuring, R&D and chipsets

## Store of Value

- Balance sheet, converged portfolio, large installed base
- Alcatel \$17bn '15, total EV \$23bn
- IPR revenue €1.4bn – 82% margin = 10x
- EV/sales 0.9x, '21 FCF yield 11%, 5.5x EV/EBITDA
- 43% upside at time of purchase

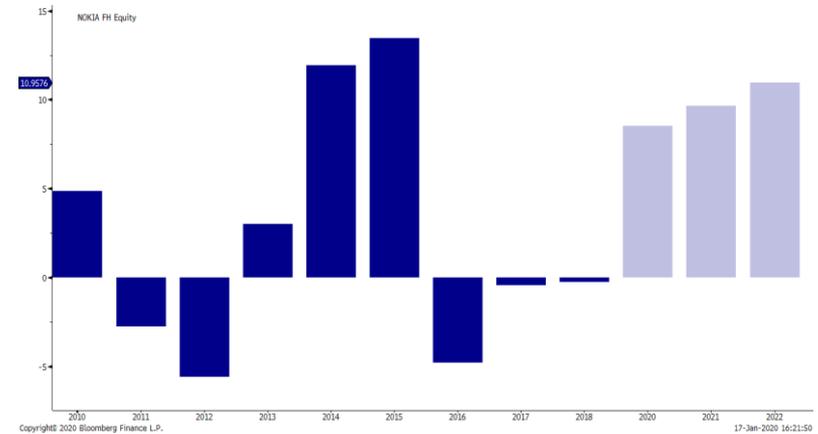
## Milestones

- Chip issue resolution in place
- Competitive environment improving - Huawei
- New management team and margin targets

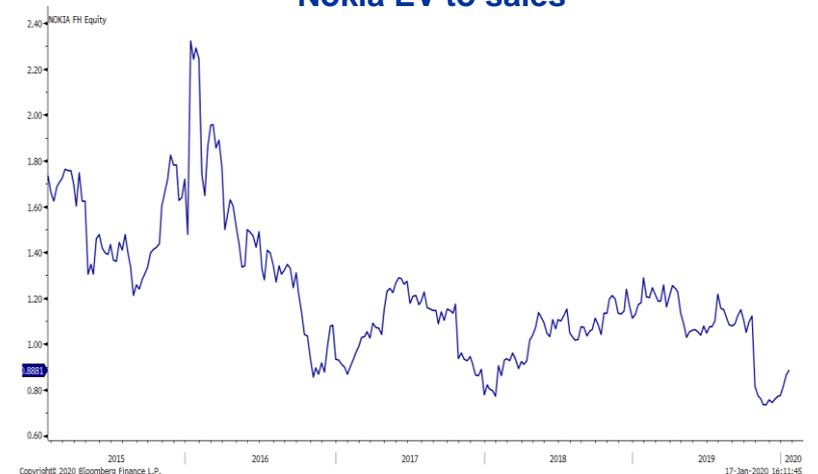
## Total return since purchase

- Nokia +19.9% p.a. vs +9.2% MSCI World Value <sup>1</sup>

## Nokia Operating Margins (%)\*



## Nokia EV to sales



## Recovery into the 5G growth opportunity

Source: Bloomberg, OP Research. \* Forward estimates were Bloomberg consensus Date: As at end June 2020.

1. TRA analysis monthly end Jan 2020 to end Sep 2021 purchase date 9/1/2020, total shareholder return dividends reinvested.

# Samsung Electronics – leading semiconductor play

## OP attracted to stocks under a cloud

- Semi – capital intensive and highly cyclical
- Korea and Governance

## Store of Value

- Technological leadership and scale = cost advantage
- Diversification leads to industry leading capex = maintains competitive advantage
- Large net cash on balance sheet
- OP consistent valuation – PE of 11x (+50% net cash)

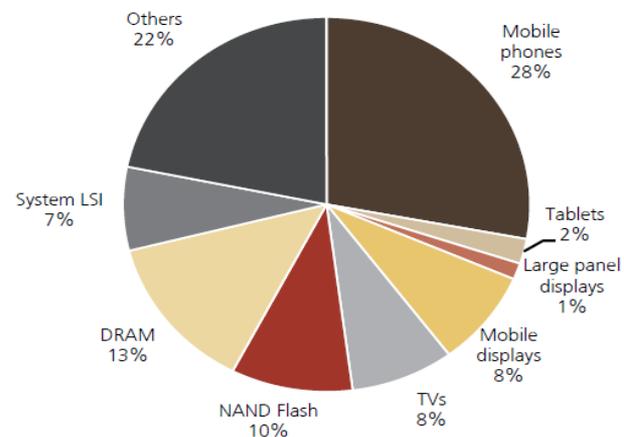
## Milestones

- Consolidation in DRAM sector
- Potential for significant improvement in shareholder returns – death of Chairman ≈ higher dividends

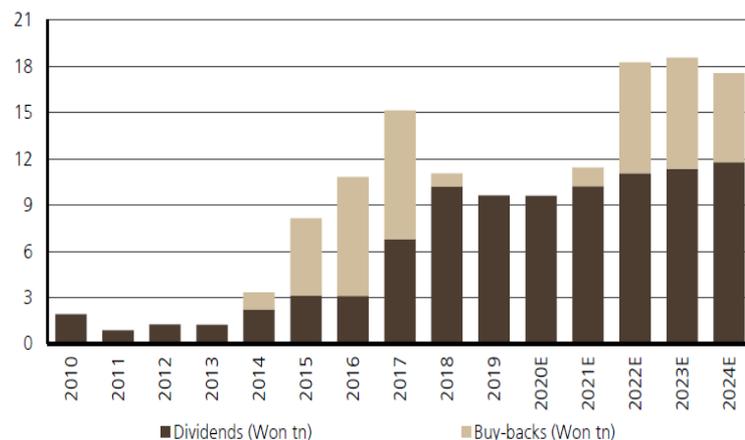
## Total Return over five years <sup>2</sup>

- Samsung: +21.8% pa vs +8.6% MSCI World Value

Samsung revenue by product segments 2020e



Samsung free cash flow generation (ex-M&A, Won tn)



**Strong balance sheet and cost leadership drives long-term capital returns**

Source: OP, as at 30<sup>th</sup> November 2020. Charts taken from UBS report dated 16<sup>th</sup> November 2020.

2. TRA analysis source Bloomberg last 5 years per annum total return dividends reinvested to end September 2021.

## Key purchases and sales

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	Purchases	Sales
Q1 2021	<b>Fresenius</b>	<b>Siemens Energy, Nokia</b>
Q2 2021	Fresenius	-
Q3 2021	<b>Alibaba, easyJet</b>	<b>Korea Electric Power</b>

Source: OP.  
Representative global equities portfolio used. **Bold** are complete purchases or sales.

# Korea Electric Power – discount to book value too large to ignore

## OP attracted to stocks under a cloud

- Political interference over tariffs – election
- Collapse in returns on equity
- ESG concerns

## Store of Value

- Growth in electricity demand Korean economy
- Dominant monopoly vertically integrated utility
- Absolute valuation 0.3x price to book
- ROE to improve – long-term track record

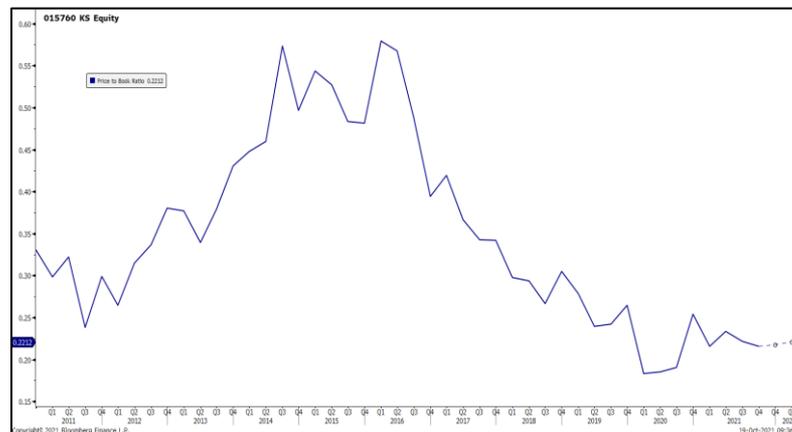
## Catalysts

- Delay in tariff hike = net debt build ✗
- New regulatory regime – cost plus ✓ / ✗
- Tariff hike delayed – Covid / election '22 ✗
- ESG concerns increasing ✗
- Input costs – spike ✗

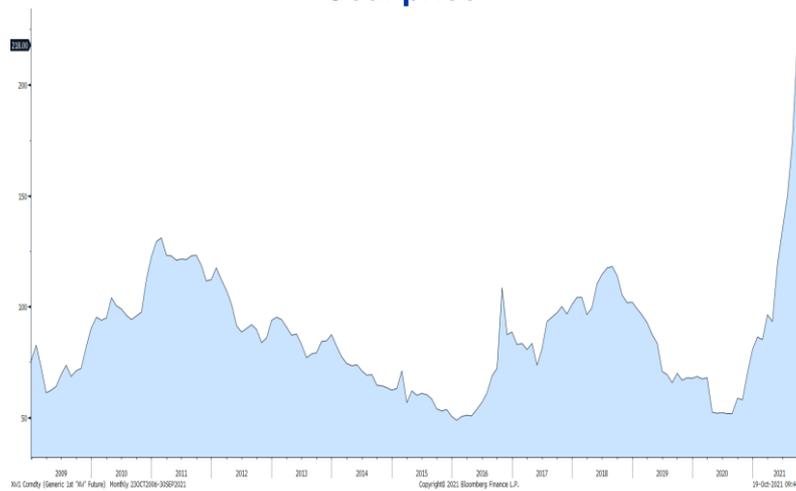
## Total Return over holding period

- KEPCO -13.3% p.a. vs +7.7% MSCI World Value <sup>2</sup>  
(3.2% avg weighting)

## KEPCO Price to Book<sup>1</sup>



## Coal price <sup>1</sup>



Opportunity cost vs value leakage = patience too costly

Source: Bloomberg, OP research. Company data, 1. Source Bloomberg Generic coal future as at end September 2021.

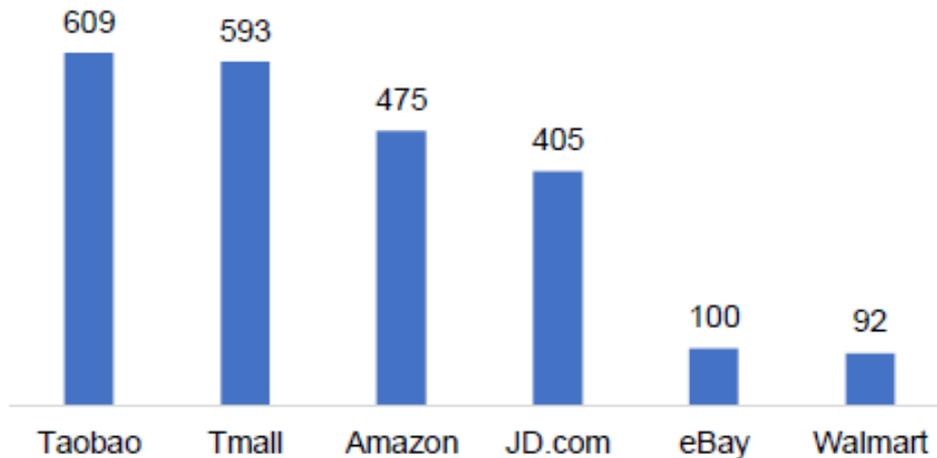
2. Total Return analysis source Bloomberg 17<sup>th</sup> March 2017 – 15<sup>th</sup> September 2021.

# Alibaba Group – capital flight creates value opportunity

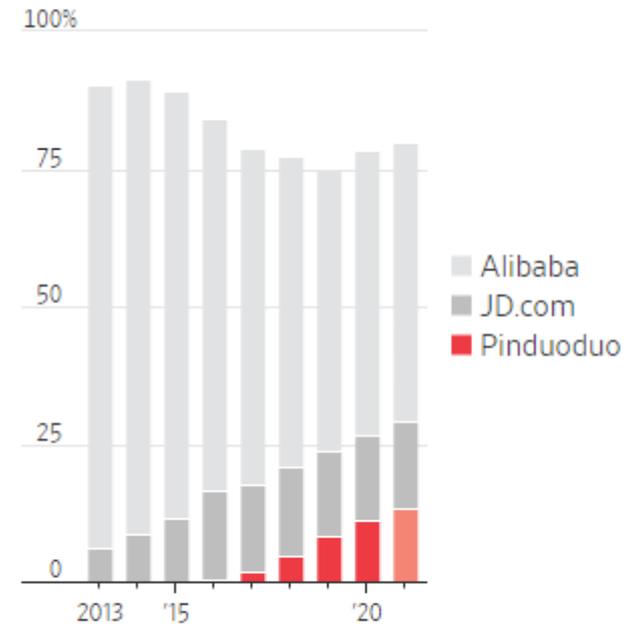
## Business model

- World's largest online marketplace
- Ad based business model
- Expanding into connected businesses

Global total GMV in 2020 (USD Bn)



Chinese e-commerce market share



Source: OP and eMarketer.

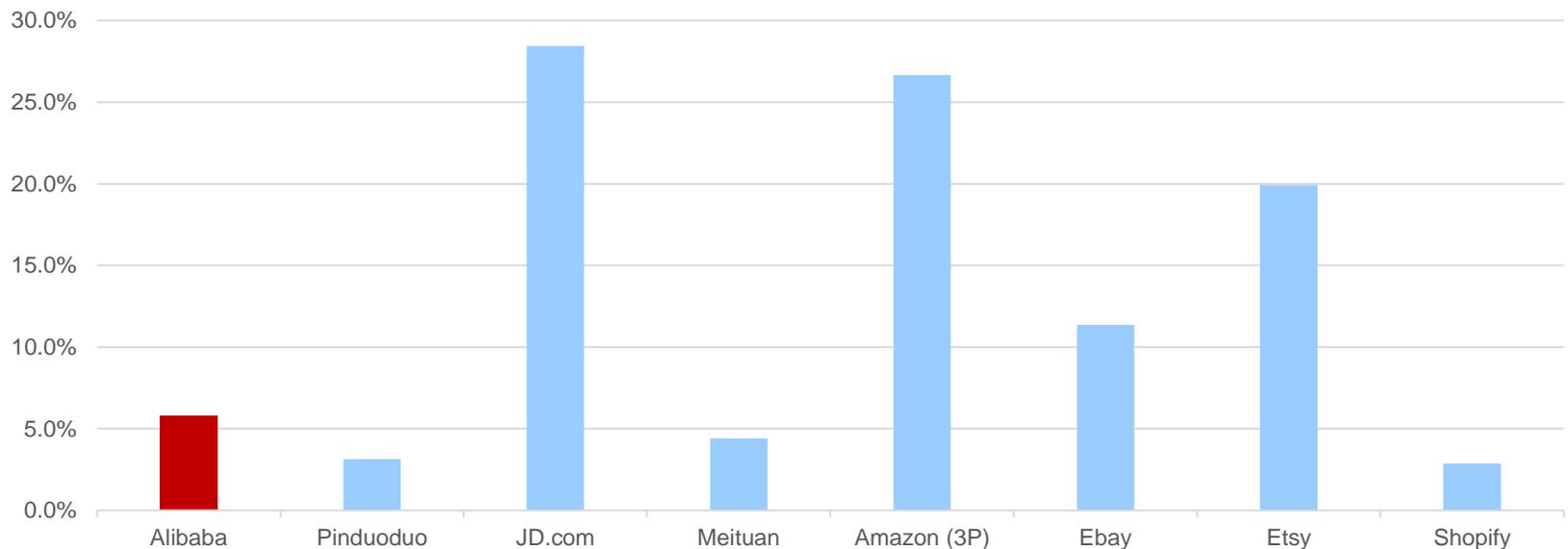
# Alibaba Group – capital flight creates value opportunity

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## Growth opportunities

- Largest cloud operator in China
- 265m users of platforms outside China
- Video, Logistics and Fintech

Take rate across ecommerce market places

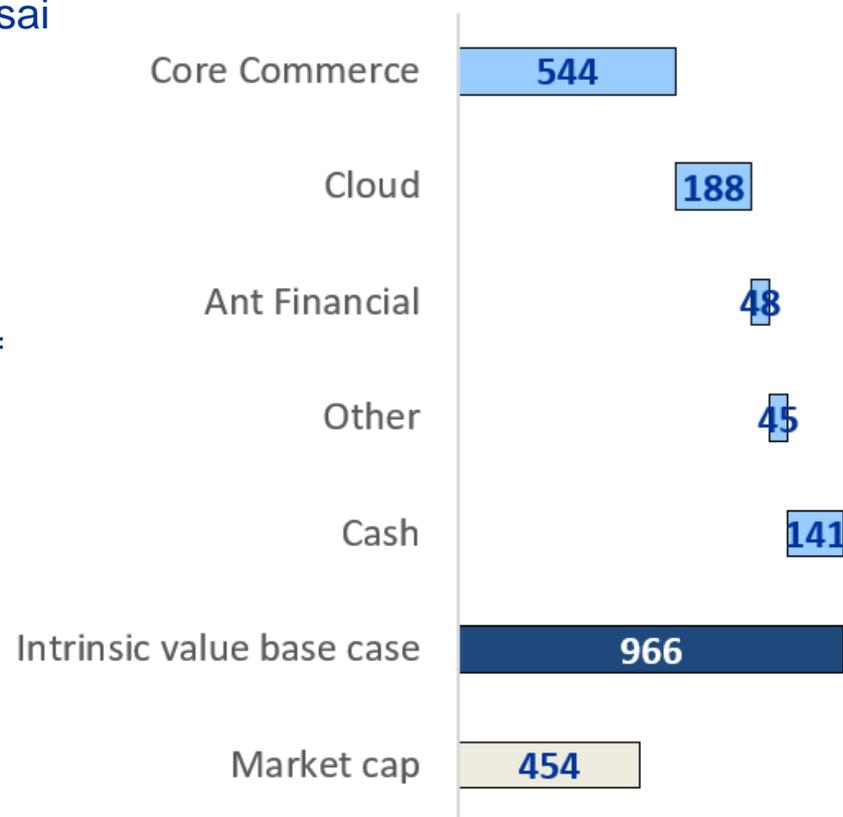


Source: OP.

# Alibaba Group – capital flight creates value opportunity

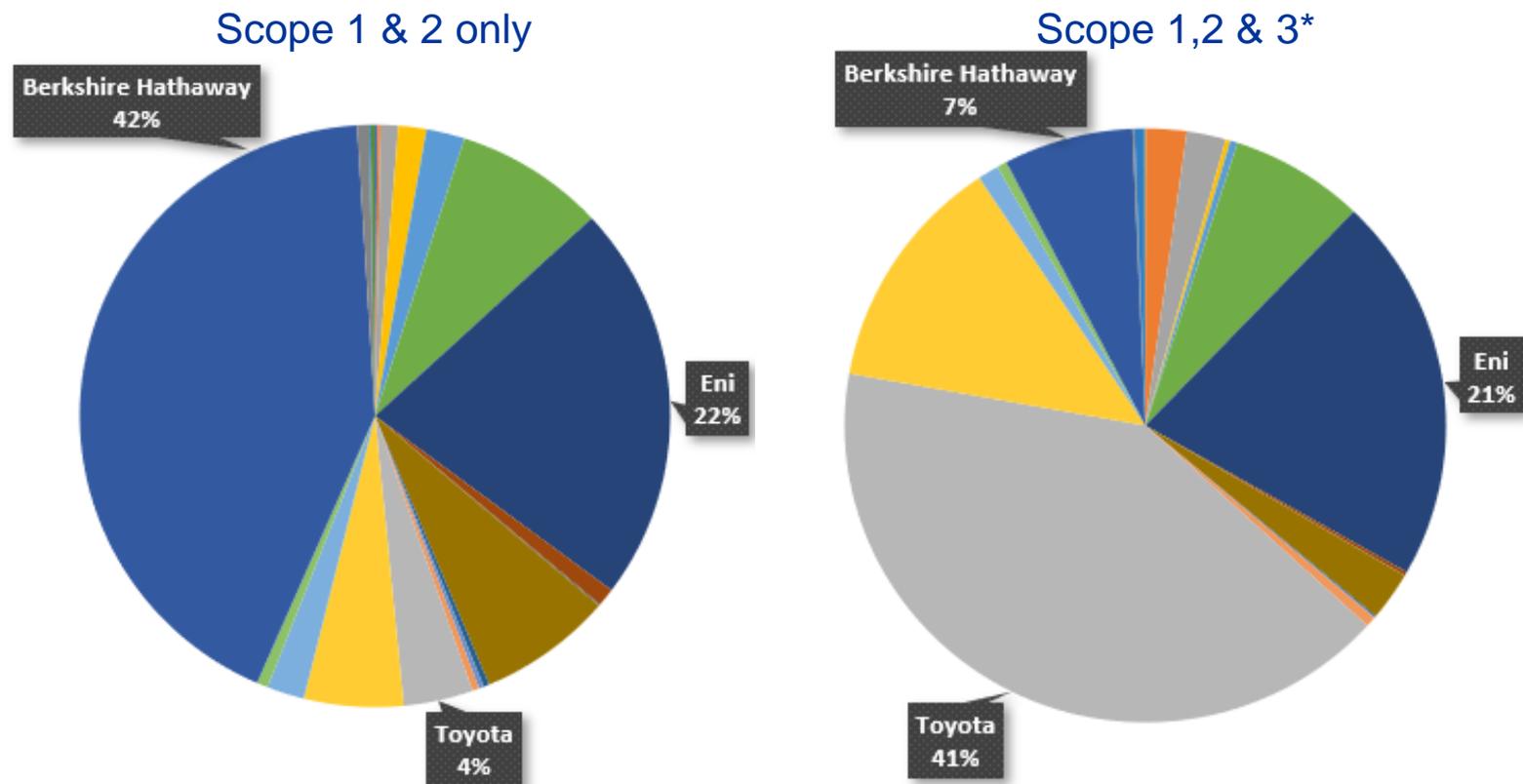
- Founders – including Jack Ma and Joe Tsai (c.4%), Softbank 18%
- Mid-teens return on capital despite investing heavily through P&L
- PE multiple: 18.5x (median since listing = 29.5x)
- Price to sales 4x (median since listing = 12x)
- Sum of the parts >100% upside

## OP Sum of the Parts (\$bn)



Purchased on a PE of c.12x consensus forecasts for 03/24

# ESG - carbon footprint analysis - carbon emissions



- The share contributed by each company to the portfolio's emissions is far from equal
- 3Q21 vs 2Q21 saw portfolio emissions fall 43% on Scope 1&2 basis with sale of KEPCO and purchase of Alibaba
- Portfolio concentration makes portfolio-level trend analysis meaningless
- Focus instead on each company's goals, reporting and achievements in progress towards Net Zero emissions, ideally by 2050. Engagement is the tool to ensure companies comply

Source: Bloomberg, MSCI ESG, Company disclosures.. All emissions data is as reported – no estimates used. All data is latest except easyJet which is 2019.  
\* - No Scope 3 data for Alibaba, Fresenius, NOV, Berkshire, Exor and Nomura.  
Date: As at 30<sup>th</sup> September 2021.

# ESG – examples of engagement over the last twelve months

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**Lloyds Bank & easyJet** - Throughout 2018, we participated in the UN PRI's collective engagement on cyber security, acting as co-lead with Tesco. We took what we learned from this and undertook engagements on this with Lloyds and easyJet in 2020

NOMURA



**Nomura & Samsung Electronics** - board independence; cross-holdings as a source of capital



**Korea Electric Power** – participated with CA100+ group on objections to Indonesian coal plant and improvements in carbon emissions disclosure



**BT & Lloyds Bank** – CEO & CFO compensation structure.



**Toyota** – greater disclosure to international investors



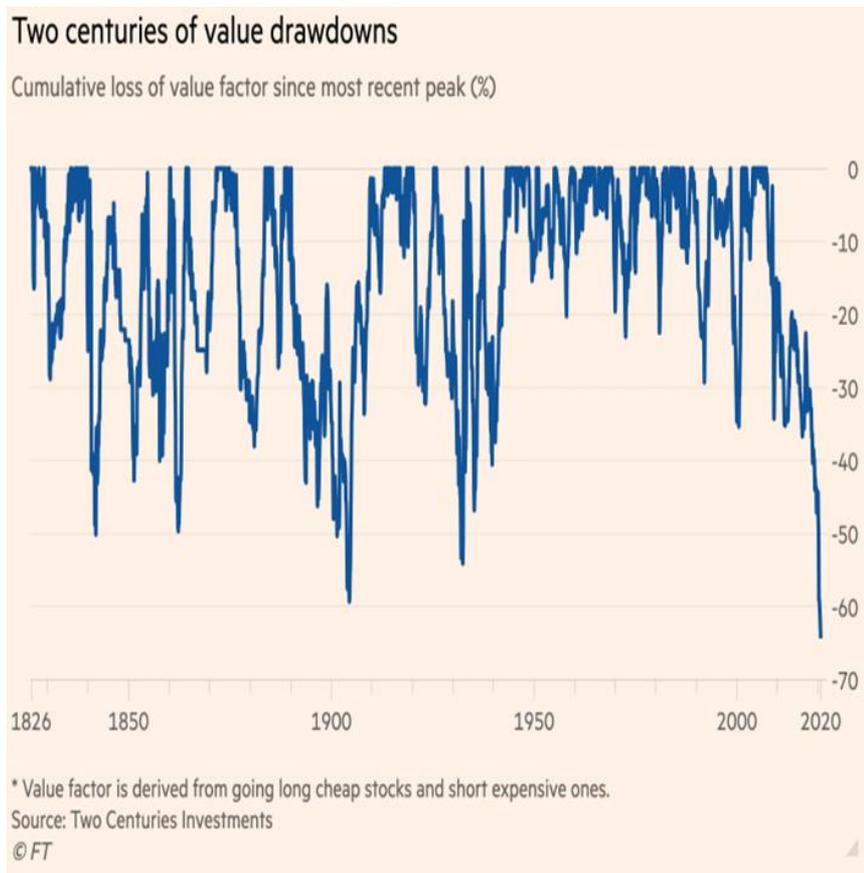
# Global Equity Strategy – holdings and valuation methodologies

Valuation		Target Valuation (Analyst)						
Company Name	% Portfolio	Share Price	Primary valuation method	Fair value	Upside	Total return (2 years)	Resp.	
BT GROUP PLC	5.9	151	SOTP + P/E	250	65%	75%	SZ	
SIEMENS AG-REG	5.7	136	P/E	177	30%	35%	CO	
E.ON SE	5.6	10.89	P/E	12.60	16%	25%	SZ	
LLOYDS BANKING GROUP PLC	5.4	44.80	P/TBV + P/E	66	46%	56%	RG/SZ	
BERKSHIRE HATHAWAY INC-CL B	5.1	274	SOTP + look through earnings + P/B	369	35%	35%	JL	
TOYOTA MOTOR CORP	4.8	1,932	P/B	2,265	17%	24%	JM	
ENI SPA	4.7	11.64	Dividend yield	14.70	26%	37%	NW	
TESCO PLC	4.6	252	P/E, P/B, P/CF, EV/EBITDA	299	19%	27%	NW	
MITSUBISHI UFJ FINANCIAL GRO	4.5	632	P/E + P/TBV	847	34%	42%	AG	
BAYER AG-REG	4.4	46.74	SOTP	71	52%	61%	CO	
SANOFI	4.3	83	P/CF	108	30%	38%	SZ/RG	
SAMSUNG ELECTRONICS CO LTD	4.1	73,200	PE + net cash per share	94,592	29%	34%	AF	
EASYJET PLC	4.1	699	P/S + P/E	1,100	57%	58%	SZ	
CITIGROUP INC	3.8	71	P/E + P/TBV	90	26%	32%	RG	
NOV INC	3.6	13.69	EV/EBITDA	25.00	83%	83%	HF	
EXOR NV	3.6	71	SOTP	95	34%	35%	SZ	
MITSUBISHI HEAVY INDUSTRIES	3.5	2,966	P/B	4,410	49%	55%	AG	
HEWLETT PACKARD ENTERPRISE	3.3	14.85	P/E	18.00	21%	28%	NW	
FRESENIUS SE & CO KGAA	3.3	40.62	SOTP + P/E	60	48%	52%	CO	
NOKIA OYJ	3.0	4.77	EV/Sales + P/B	5.34	12%	15%	JL	
ALIBABA GROUP HOLDING LTD	3.0	137	SOTP	350	155%	155%	SZ	
NOMURA HOLDINGS INC	2.6	542	P/B	695	28%	39%	JM	
BARRICK GOLD CORP	2.6	22.95	P/B	38.10	66%	72%	RG	
KANSAI ELECTRIC POWER CO INC	2.2	1,083	P/B	1,863	72%	81%	AG	
Weighted Average Upside					40%			

Source: OP.  
 Portfolio holdings and share prices as at 4<sup>th</sup> October 2021.  
 Representative global portfolio used.

# Value investing – works over the long-term

## Value factor drawdowns 1825 – 2020<sup>1</sup>



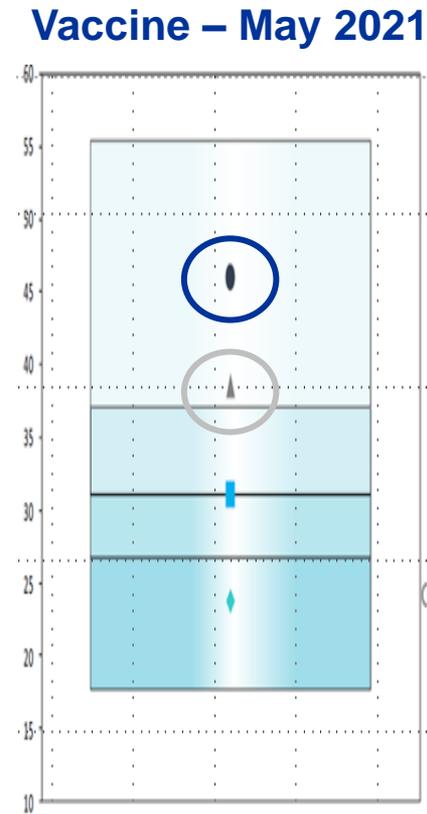
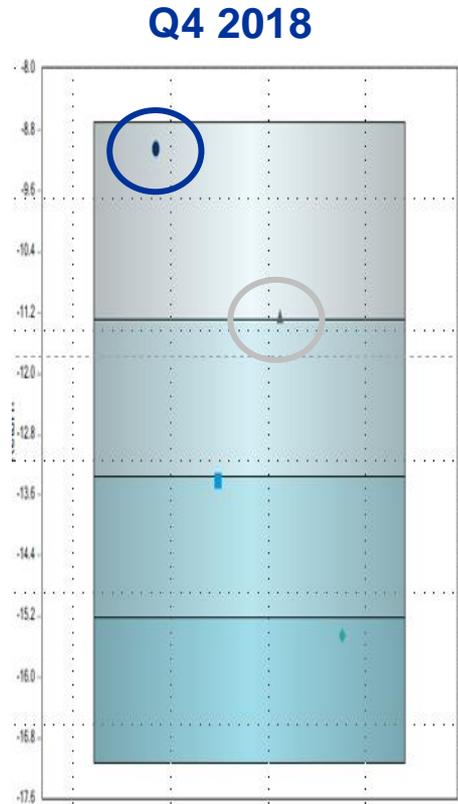
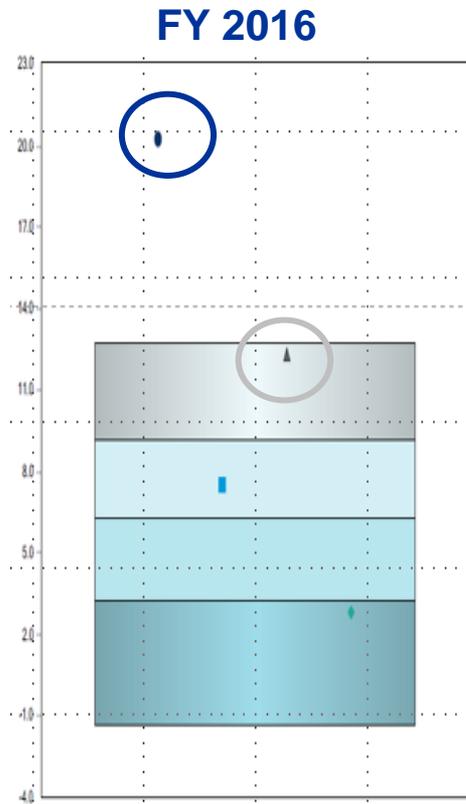
- The drawdown in Value is at an extreme
- QE and liquidity driven asset markets
- Momentum - valuations do not matter
- Signs of exuberance - retail frenzy
- Portfolio upside +40%

Each and every time Value investing has bounced back strongly

# Appendix

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# Oldfield Partners – recent periods of Value outperformance



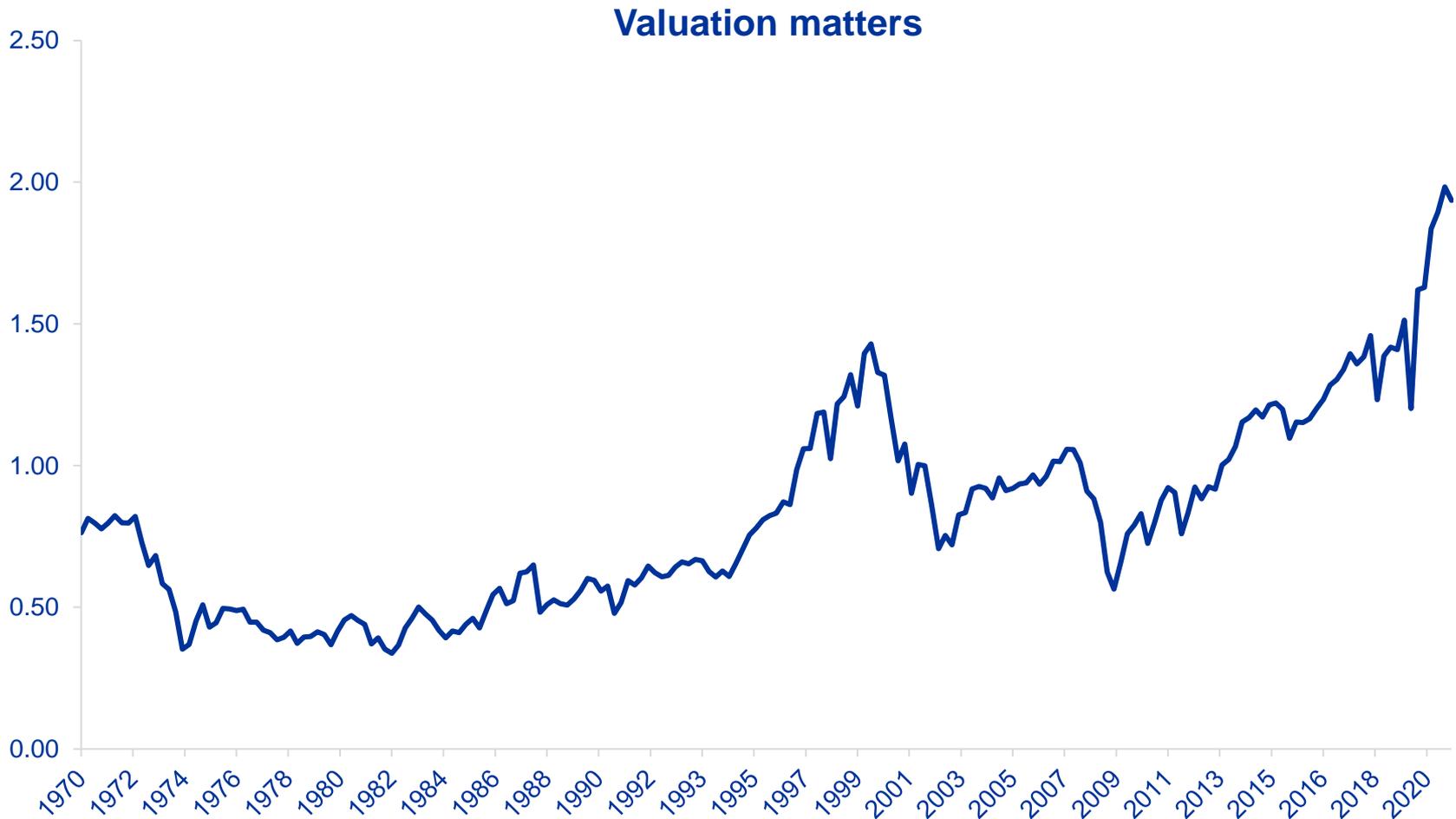
OP Global Strategy



Global Value index

Delivering when Value works

# The valuation of the US market – US market cap to GDP



Valuations are now in uncharted territory

# Global Equity Strategy – Return on Equity

## Decomposition of headline portfolio RoE



**60% of the portfolio is generating double digit RoEs**

Double digit RoE stocks	Portfolio Weight	Consensus RoE
BT GROUP	6.3%	17.2%
SIEMENS	6.1%	15.7%
E.ON SE	5.5%	25.2%
TOYOTA MOTOR	5.1%	12.1%
TESCO	4.6%	12.5%
BAYER	4.5%	21.0%
SANOFI	4.4%	13.7%
SAMSUNG ELECTRONICS	4.2%	14.6%
EXOR	3.8%	13.5%
FRESENIUS SE	3.4%	11.4%
HP ENTERPRISE	3.3%	15.2%
ALIBABA GROUP	3.1%	18.6%
NOKIA OYJ	3.0%	13.2%
<b>Weighted average</b>	<b>57.3%</b>	<b>16.0%</b>



**Headline RoE understates the potential for the other 40%**

Headling RoE understates underlying returns	Portfolio Weight	Consensus RoE	OP's normalised assumptions
LLOYDS BANKING GROUP	5.7%	9.3%	Return on tangible equity ~10%
BERKSHIRE HATHAWAY	5.2%	6.0%	High single digit RoE excluding excess cash
EASYJET	3.9%	6.4%	RoE post COVID ~20%
CITIGROUP	3.8%	9.2%	Return on tangible equity ~10%
MITSUBISHI HEAVY INDUSTRIES	3.6%	7.6%	Double digit RoE excluding investment securities
<b>Weighted average</b>	<b>22.2%</b>	<b>7.7%</b>	

Consensus extrapolating status quo	Portfolio Weight	Consensus RoE	Catalysts for change
MITSUBISHI UFJ FINANCIAL	4.7%	5.6%	Costs & yield curve steepening
ENI	4.7%	9.3%	Oil market recovery
NOV	3.5%	0.7%	Oil market recovery
NOMURA	2.7%	8.8%	Underlying RoE improving
BARRICK GOLD	2.6%	9.3%	Dislocation/ inflation expectations
KANSAI ELECTRIC POWER	2.3%	5.0%	Nuclear reactors coming online
<b>Weighted average</b>	<b>20.5%</b>	<b>6.4%</b>	

# The US dominates the Value benchmark - Top 20 names in the MSCI Value

	Fwd P/E	P/BV	Fwd P/CF	P/Sales
<b>OP Global Strategy</b>	<b>12.4</b>	<b>1.0</b>	<b>5.4</b>	<b>0.8</b>
JPMORGAN CHASE	11.5	2.0	13.8	4.1
JOHNSON&JOHNSON	16.9	5.8	13.6	4.5
UNITEDHEALTH GRP	24.0	5.7	20.9	1.4
BERKSHIRE HATH-B	24.4	1.4	n/a	2.3
HOME DEPOT INC	25.2	n/m	19.8	2.7
PROCTER & GAMBLE	24.3	7.7	19.4	4.3
BANK OF AMERICA	13.8	1.6	15.4	4.3
COMCAST CORP-A	16.7	2.5	8.4	2.0
EXXON MOBIL CORP	13.4	1.6	6.1	0.9
PFIZER INC	11.2	3.3	9.4	3.2
COCA-COLA CO/THE	24.6	10.5	20.2	6.1
CISCO SYSTEMS	16.8	5.7	14.8	4.6
VERIZON COMMUNIC	9.8	2.7	5.6	1.7
WALMART INC	23.5	5.0	13.6	0.7
INTEL CORP	9.4	2.2	7.1	2.8
PEPSICO INC	26.1	12.2	18.8	2.8
BROADCOM INC	19.2	9.4	15.6	7.6
CHEVRON CORP	14.5	1.6	6.1	1.2
TOYOTA MOTOR	10.6	1.2	7.0	1.0
AT&T INC	7.6	1.0	n/a	1.1



Would raise the overall valuation metrics of our portfolio



Would lower the overall valuation metrics of our portfolio

Is the MSCI Value index still value?

Source: MSCI and Bloomberg.

Top 20 constituents for the index as at 30<sup>th</sup> September 2021.

Valuation data as at 30<sup>th</sup> September 2021.

# 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 Overstone Fund PLC (the "Company") is an investment company with variable capital incorporated with limited liability in Ireland and is organised in the form of an umbrella Fund. The Company has been authorised by the Central Bank of Ireland (the "Central Bank") as an investment company pursuant to Part XIII of the Companies Act, 1990. Authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank. Authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the creditworthiness or financial standing of the various parties to the scheme and the Central Bank shall not be liable by virtue of that authorisation or by reason of its exercise of the functions conferred on it by legislation in relation to this Company for any default of the Company.

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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.

**Ireland:** The Funds will not be marketed publicly in the Republic of Ireland without the prior approval in writing of the Central Bank. The Funds have not been approved by, and are not regulated by, the Central Bank of Ireland.

**Canada:** The Overstone Fund plc (Canadian Offering Memorandum) prospectus should be read in the context of and in conjunction with the Foreign Prospectus (together called the "Memorandum"). The offering in Canada of shares in the Funds is being made solely by the Memorandum and any decision to purchase shares in the Funds should be based solely on the information contained therein. No person has been authorised to give any information or to make any representations other than those contained in the Memorandum. The offering in Canada of shares in the Funds is being made solely to subscribers resident in the Provinces of Ontario, Québec, Nova Scotia, British Columbia and Alberta in reliance on exemptions from the prospectus and dealer registration requirements contained in applicable Canadian securities laws.

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This document does not constitute an offer to buy or sell shares in the Funds. The offering materials of the Funds are the only authorised documents for offering of shares of the Funds. The offering materials may only be distributed in accordance with the laws and regulations of each appropriate jurisdiction in which any potential investor resides. In making a decision to invest in the Funds, prospective investors may not rely on the information in this document. Such information is subject to change and does not constitute all the information necessary to adequately evaluate the consequences of investing in the Funds. The Funds are only intended for sophisticated investors and an investment in them presents certain risks which are more fully described in the offering materials under "Risk Factors". Nothing described herein is intended to imply that an investment in the Funds is "safe", "conservative", "risk free" or "risk averse". Investors are also reminded that past performance is not indicative of future performance and that they might not get back the amount that they originally invested. Investors in the UK are reminded that they will not benefit from the UK investors compensation scheme.

Nothing in these materials should be construed as a recommendation to invest in the Funds or as legal, regulatory, tax, accounting, investment or other advice. Potential investors in the Funds should seek their own independent financial advice. OP neither provides investment advice to, nor receives and transmits orders from, investors in the Funds nor does it carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FCA's rules. OP may provide advisory or other services relating to, and connected persons may take positions in, investments mentioned herein.

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The following is a brief summary of only some of the risk factors which may apply to each of the Funds: An investment in a Fund carries with it a significant degree of risk. The value of shares in the Funds may fall as well as rise and investors may not get back the amount originally invested. Accordingly, an investment in a Fund should only be made by persons who are able to bear the risk of loss of all the capital invested. Investment Risk - An investment in a Fund involves investment risks, including possible loss of the amount invested. The capital return and income of a Fund are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, a Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. Currency Risk - Each Fund is denominated in either U.S. Dollars, Euro or Sterling but the investments of a Fund may be acquired in a wide range of currencies and this will create currency exposure. Political Risks - The value of a Fund's assets may be affected by uncertainties, such as political developments, changes in government policies, taxation and currency repatriation and restrictions on foreign investment in some of the countries in which the Funds may invest. Counterparty and Settlement Risks - The Funds will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. In addition, market practices in relation to the settlement of transactions and the custody of assets could provide increased risks. Emerging Markets - Where a Fund invests in equities or securities of companies incorporated in or whose principal operations are based in emerging markets additional risks may be encountered. These include: (a) Currency Risk: the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible; (b) Country Risk: the value of the Fund's assets may be affected by political, legal, economic and fiscal uncertainties within the emerging markets; (c) Market Characteristics: some emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets and are not highly regulated; (d) Custody Risk: in some markets custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that are available in more developed markets; and (e) Disclosure: less complete and reliable fiscal and other information may be available to investors and accounting standards may not provide the same degree of shareholder protection as would generally apply internationally. Substantial Repurchases - If there are substantial repurchases within a limited period of time, it may be difficult for a Fund to provide sufficient funds to meet such repurchases without liquidating positions prematurely at an inappropriate time or on unfavourable terms. Investment in Other Collective Investment Schemes - Each Fund may invest in other collective investment schemes and management fees and performance fees (if applicable) will be in addition to each Fund's charges.

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.