Oldfield Partners

Global Equities Investment Update

1st April 2019

***Oldfield Partners (OP):** Alexandra Christiansen = AC, Abri Fourie = AF, Andrew Goodwin = AG, Harry Fraser = HF, Nigel Waller = NW and Sam Ziff = SZ*

NW: Welcome everybody to the Oldfield Partners Global Equity Strategy update. I recognise most faces but not everybody, so for those who don't know me, I'm Nigel Waller, I am CIO and Co-Manager of the Global Equity Strategy with Andrew Goodwin.

Andrew and I are going to talk to you for the next 40 minutes or so about how the portfolio has performed over the last six months and our outlook. We are going to be ably assisted by Ali Christiansen and Sam Ziff who will pop up during the presentation and do some of the slides.

As for format, we are going to present for 40 minutes followed by 20 minutes of Q & A, then we will break for another cup of tea and coffee, and for those that want to stay on we will come back and answer all of your questions, so fear not if you don't get to ask a question in the first 20 minutes.

We last did one of these presentations in November and we are therefore going to talk about mainly the last six months, which has been a particularly intriguing time for markets, so with that we will start.

	£			$		
	Overstone Global Equity Fund	MSCI World	MSCI World Value	Overstone Global Equity Fund	MSCI World	MSCI World Value
Q1 2019	6.1%	10.3%	8.1%	8.2%	12.5%	10.2%
Q4 2018	-7.3%	-11.4%	-9.2%	-9.4%	-13.4%	-11.3%
2018	-4.0%	-3.1%	-5.3%	-9.5%	-8.7%	-10.8%
1 year	7.1%	12.3%	9.7%	-0.9%	4.0%	1.5%
3 years annualised	16.5%	14.5%	12.7%	12.6%	10.7%	9.0%
Since inception annualised*	8.6%	9.3%	8.1%	6.0%	6.7%	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). Estimated data has been used for 29th March 2019.Source: OP, Bloomberg, Northern Trust Ireland and MSCI ©. Data as at 29th March 2019. 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.

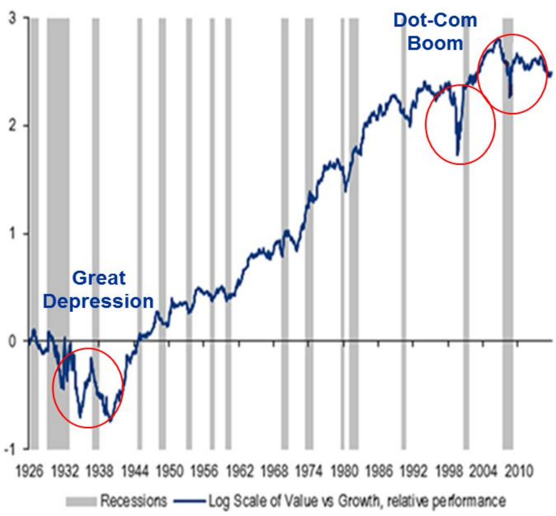
This is the performance of the Global Equity Strategy in sterling on the left-hand side and in dollars on the right. We have given you the Overstone Global Equity Fund performance and then MSCI World, and for those interested in a value benchmark, we have the MSCI World Value as well as comparator for you to judge us against. As a reminder, MSCI World Value is effectively the most lowly valued half of the MSCI World index based on price to book, price to forward earnings and dividend yield.

2018 was an extraordinary year. When Andrew and I sat in Tokyo at the beginning of September about to write the August newsletter, the global portfolio was about 7 percentage points behind MSCI World to that point, and then when we were hanging out the stockings at our respective homes on the 24th December, we were about 3 percentage points ahead of MSCI World for the year, so a remarkable turnaround in a short period of time. Sadly, the year-end rally was led by growth stocks and therefore not good for us, and so we ended 2018 behind, as you can see, -4.0% against -3.1% in sterling.

In essence Q4 was, as you will remember very well, a very unpleasant time for markets, markets were down 11% and in the first quarter we've seen a sharp rebound of +10%. So over the 6 months, to save you working it out, we are down 1.6% and the MSCI World is down 2.3%, so we are a smidge ahead of the MSCI World, MSCI World Value is down minus 1.8% over that period.

So it was a very challenging year. What this chart also shows you is the performance of the 3 years annualised, second to bottom line, and we're going to talk more about that in a second. The reason we want to talk more about that is because fourth quarter of last year was a quarter where MSCI World Value out performed MSCI World Growth as it did in 2016, of course. 2016 was the only calendar year in the last 10 where MSCI Value outperformed MSCI World Growth. So we thought with both of those events being captured in that period, we would spend a little bit of time just looking at that because it is interesting.

US Value versus Growth since 1926



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

On the left hand side of this page we show US value versus growth as styles, going back to 1926, it's the only history we have and it shows you the line going from bottom left to top right meaning that value outperforms growth as a style over the only history we have. You'll see that it's not a directly straight line, so there are clearly periods when that doesn't happen, which is perfectly normal, but there are three red rings there showing you extreme periods where this has not happened, and growth has outperformed. The first occasion was during and after the Great Depression, for almost 11 years. The second was short but very sharp around the dot.com boom bust and the third has been over the last 10 years. The extent of the underperformance of value underperforming growth in the current period is as big as it was in 2000 but it's taken as long as the Great Depression to get there.

So it's been a very difficult time and you can see on the right hand side how the MSCI World Growth vs Value indices look over more recent time, same phenomenon shown in the US as on the left hand side, but there are a couple of points to note here. You can see a reversal during 2016 that just happens to comprise the calendar year, so we'll cover that in a second and then again during the fourth quarter of 2018.

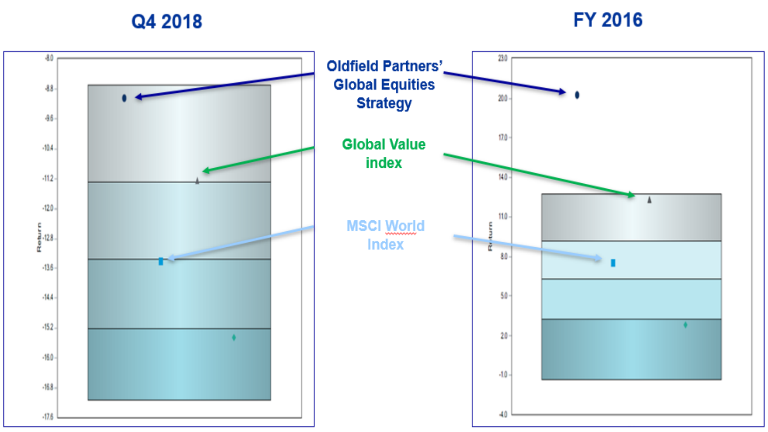
Value vs Growth since 1979

Source: MSCI and Bloomberg. Date: As at 31st December 2018. MSCI World Value Index vs MSCI World Growth Index (total return indices).

So style-wise, value versus growth remains at a very extended point historically. Unless you sit in the "value is dead" camp, you don't have to be a rabid contrarian to wonder when the historic value vs growth relationship may re-assert itself. The question then is how are OP likely to perform when such a shift takes place? To help with this we thought we would show you the Intersec analysis of two periods during the last three years when value has shown signs of life and outperformed growth.

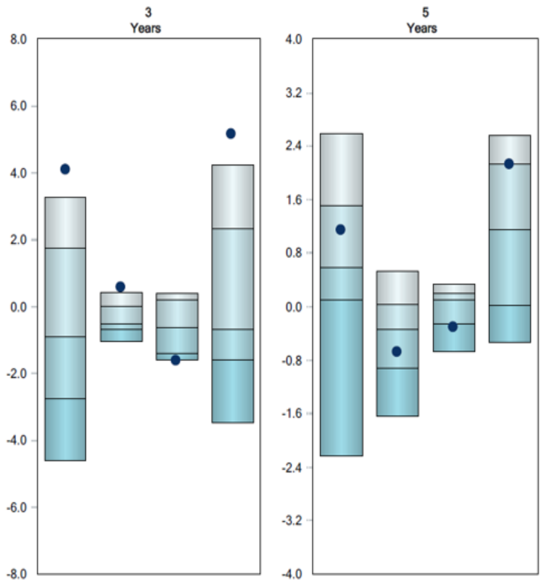
Intersec are a US-based performance analysis firm and these two charts summarise the performance of their global equity manager universe represented by the blocks of colour on each chart. The blocks are split by colour into performance quartiles.

But what's very important about these charts are some of the dots on them. The most important spot on the whole chart is the little black triangle that shows you the performance of MSCI World Value Index. This shows that in 2016, the only year in the last 10 when value outperformed growth, 94% of managers underperformed the Global Value Index.



Source: Intersec.

The other dot to look at is us, in the first percentile in 2016 top decile in 4Q18. The question for asset allocators is, how did your value managers do during these periods? You clearly want to be sure that by allocating to value you do in fact get a manager that has shown that its approach works over the long-term, but also in the only recent periods when value has outperformed growth.



Source: Intersec. Composite return data shown. All World Value Universe.

Date: As at 31st December 2018.

So, over the last 3 years, when value has done well, we have delivered for our clients and done what we said we would do in terms of operating a genuine value strategy.

On page 5, we delve deeper into the Intersec data to show you their analysis of just the global value manager universe over 3 and 5 years. The data shows performance data attributed to stock selection, market allocation and currency. While this type of attribution inherently assumes that money is managed top-down, as you know, we are bottom-up stock pickers. The 3-year chart on the left covers tightly both 2016 and 4Q18.

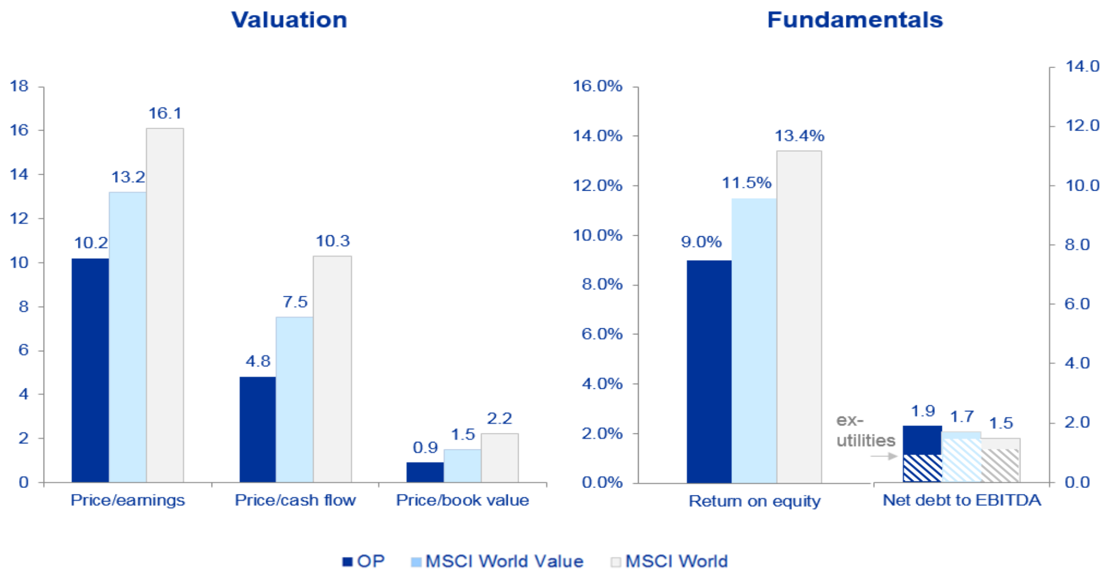
Again, we are the blue dot, so what you can see is that we were also in the first percentile of global value managers over the 3 year period with the data breakdown showing us as achieving first percentile for stock selection too, which we are pleased with given that we are index-agnostic, global bottom-up stock pickers. The data also shows we are in the 99th percentile for market allocation during that period, and that's largely the US. We have been lowly weighted in the US for the last 10 years or more and therefore that has been a major headwind for us as that market has been the leading market globally over that period.

The other point to make on this chart is that the median "value" manager has underperformed on a 3 year basis, again in a period when value has done well. So again interesting, I think, to focus on that, and again down here you can see that their stock selection was also negative as the median manager of those 3 years in which value has done well. When asset owners are looking for value managers, they need to look beyond the value label to understand whether they really are value managers or not.

With that I will hand over to Andrew to take you through the portfolio.

AG: Thank you Nigel. So to show that we are proper value investors, as Nigel stated, you will see here that we've highlighted some key metrics from the portfolio.

So firstly, the P/E on the fund is at 10x, you can see the large discount to the index and also to the value index which is at 13x. When we look at things like price to cash flow and price to book, we're trading at around a 50% discount on these headline metrics



Source: OP, Bloomberg. Date: As at 31st December 2018. 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: 1.6x and MSCI World: 1.3x.

Turning to just a couple of fundamentals, in terms of return on equity, there is some give-up here but you would expect that in our portfolio because we have a number of recovery type situations. In terms of net debt to EBITDA, the leverage is a key risk control for us. We do have several stock-specific utilities in there and clearly, they are business models that can sustain a higher degree of leverage. If we strip those out for us and the indices, you can see we are lower with the rest of the non-utility segment of the portfolio and to highlight this again, leverage, as a key risk control, not only at the portfolio level but at the stock level because if you have the wrong starting liability structure with the wrong business model, that's where you will see value leakage and that's where you will see value traps.

So turning to the portfolio itself and what we really wanted to highlight was the contributors to performance, the top 5 contributors and the top 5 detractors and maybe the fact that it is somewhat of a surprise that the top 3 contributors to fund performance so far for 2019 have been UK stocks, and then we have another UK stock in the detractors, BT.

Top 5 Contributors	%	Top 5 Detractors	%
Tesco	+0.9	BT	-0.9
Lloyds	+0.6	Korea Electric Power	-0.8
Rio Tinto	+0.4	Viacom	-0.6
MHI	+0.3	Sanofi	-0.6
Samsung Electronics	+0.3	Siemens	-0.5

Source: OP, Bloomberg and MSCI ©.Date: As at 22nd March 2019. % = the contribution to relative return of a representative global portfolio versus the MSCI World (Net Dividends Reinvested) Index in USD terms.

So, we are global investors at Oldfield Partners, we aim at a diversified portfolio but clearly with the UK stocks being front and centre in this, we thought it might be opportune to focus on the UK and clearly timing is very appropriate right now.

Now we're not going to offer a solution to Brexit, although I'm sure our beleaguered Prime Minister certainly would require one, but what we want to outline is how we think about our UK exposure and how we've approached Brexit. Again, this is from a portfolio construction point of view and as stock pickers, as Nigel has highlighted.

So here we have the UK, and the blue line you can see is the UK FTSE 100 versus the MSCI World and clearly the UK has been under a cloud, really ever since the whole spectre of the Brexit referendum came into being, because clearly what that has created is political uncertainty and the one thing investors hate is uncertainty, and that has led to this chart. What you can see is investors just fleeing the UK, so much so that in a recent survey from Merrill Lynch, the UK was described as the most disliked of all the developed world markets in the world and clearly a number of commentators are pointing to what we call here the "bargain basement" UK with the valuations of the UK clearly coming down, and trading in many instances at large discounts to their counterparties in other parts of the world.

Source: OP. Date: As at 25th March 2019, Bloomberg – Consensus numbers, P/E one year forward.

So, we, as stock pickers, are attracted to this. We had Tesco in there previously and that's a story that Nigel will talk to, and one where the recovery is clearly underway, but we have two defensive names, the other one being BT and I'll talk in more detail about that. You can see that was also one of the biggest detractors of the fund so far this year. There has been a big de-rating of BT and we'll talk to that. Then we have two cyclicals in the portfolio, one of which being Rio Tinto which is now trading, I think as of today at a 10 year high. It has done very well and as a global diversified minor, it's only really UK by way of listing and to some extent gives us protection with sterling given it's a dollar earner.

Lloyds however is somewhat different, clearly for any bank the macro environment that a bank is involved in is pertinent to any investment case. Lloyds is where we've found an opportunity in the European banks and Sam will talk to this, but one thing to note is that whenever we see this fear and capital flight in a country, sector, or in an individual stock, we as disciplined value investors want to be heading in the other direction. We want to be calmly and diligently doing our own work and assessing if this has unearthed any value opportunities and when we identify them, have the courage of our convictions to take advantage of this.

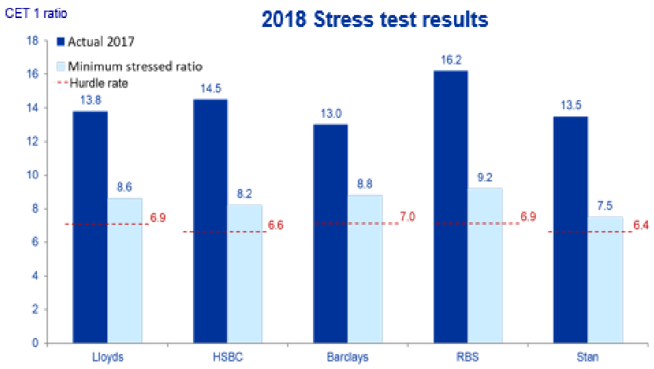
So over to Sam now to talk about Lloyds.

SZ: So, Lloyds, as I'm sure many of you know, is a UK high street bank and there's a lot of attractive fundamentals about Lloyds. First of all, it's the low cost operator in the UK, it has a cost income ratio of less than 50% and that's really driven by its very strong market position around 20% - 25%. The second core point is its strong capital position.

Now clearly banks through the last 10 to 15 years have had troubled times as a result of their stretched balance sheet, but Lloyds today has an asset to equity ratio that's as low as it's been in 30 years, since just before the 1990/1991 issues.

So, Lloyds is well positioned but it's had some issues even post the financial crisis. The first of these is PPI, PPI has cost Lloyds around £20billion over the last 10 years which is almost half the current book value of the business, so it's quite material in terms of value destruction, but we think that that's ebbing. The issues associated with PPI will dissipate, or are dissipating as we speak, and as a result we expect the ROTE, so the Return On Tangible Equity which effectively strips out non-tangible items such as goodwill, will improve towards 14% or 15% this year, and as a result they should be able to return huge quantities of capital to shareholders. Last year they paid out through dividends and buybacks around 8% of the current market cap so it's a very attractive fundamental position, but that doesn't mean that the background of Brexit and other such risks shouldn't be tested, and we'll talk through those stress tests in a little bit more detail.

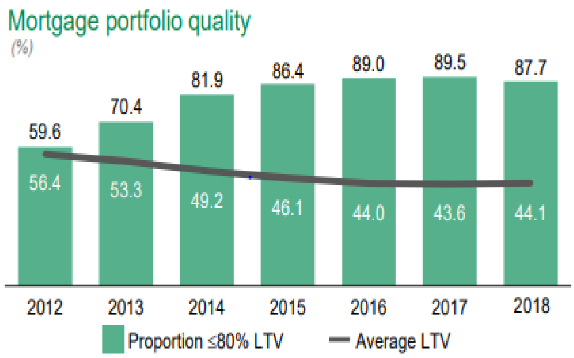
Finally, as with everything we do at OP, it comes back to valuation, it's an incredibly attractively valued bank at around 8xearnings.



Source: Bank of England, JP Morgan

So, turning to the stress test. This chart shows you the Bank of England stress test for all the major banks in the UK and as you can see Lloyds on the left hand side, so this is the CET1 ratio, the Common Equity Tier 1 ratio which is a sort of regulators' preferred measure for equity, and Lloyds at the end of 2017 was around 14% and then post the stress test it fell to around 9% which was still above its required hurdle from the regulator. So it's worth noting that stress tests from regulators vary by quality around the world. Certain regulators, not wanting to name names, assume things like falls in GDP of around 1% or 2%, no real changes in unemployment rate and no real changes in house prices or other such assets that back the capital of these businesses. But we think the Bank of England is actually pretty reasonable, it assumes a 5% fall in GDP, it assumes a fall in house prices of over 30%.

By way of example, in 2008 house prices fell 15% and unemployment was over 9% from the low levels today, so we're relatively relaxed but we still need to get comfortable ourselves, so we do look at Lloyds in more detail.



Source: Lloyds Banking Group

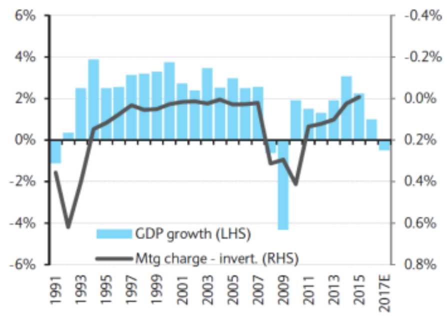
This shows you the mortgage portfolio or the history of the mortgage portfolio of Lloyds. So the mortgages are about 65% of the loans that Lloyds has outstanding today and as you can see since 2012 it's improved materially in quality. One shouldn't really pay too much attention to the average LTV which is the red line because what really matters in mortgage books is the risk which sits at the end of the portfolio, and as you can see they tell you the proportion of the portfolio that's greater than 80% LTV. So LTV is Loan to Value which is a measure of the loan versus the underlying collateral, which in this case is houses.

So in the case of Lloyds, at today's 90%, one can almost assume that there's 10% of the portfolio that's at risk and 90% is relatively risk free. We assume that 80% is an appropriate level, because as I said in 2008 house prices fell about 15% and therefore it's only if house prices fell further than that would the loans start being considered risky, and in scenarios where they lend at 50% LTV for example, Lloyds is charging for that mortgage, making money and apart from any cataclysmic scenarios, is effectively doing that on an almost risk free basis.

So this gives you an insight into the next step that we took. We've given you an idea of the asset quality but we still need to stress those assets, let me give you a couple of examples.

FIGURE 27

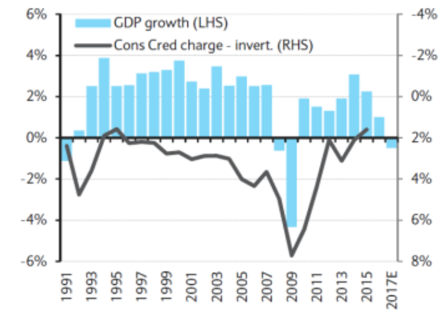
Mortgages were more resilient in the last cycle



Source: Datastream, company reports, Barclays Research

FIGURE 28

Consumer credit was much worse



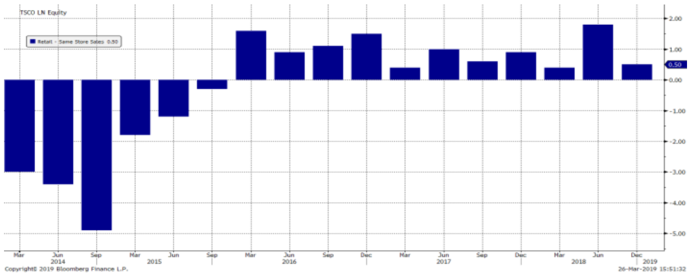
Source: Datastream, company reports, Barclays Research

The mortgages on the left side here show you the write-offs that banks took in the UK at different points in time and you can see the black line on the left hand side, it shows the mortgage charge in 1990 was actually much worse than 2008 and that's basically because of rising interest rates. So our assumption for the stress for Lloyds was a 1990-like scenario for the mortgage book. On the right hand side we have the same chart for consumer credit where 2008 was much worse than 1990, almost twice as bad, so we take the 2008 scenario for unsecured consumer book in terms of stressing Lloyds' balance sheet and if you put this together alongside other metrics for the business book, we basically assume that in the worst case scenario Lloyds is around breakeven, if you put these together.

Bringing it all together, as we said Lloyds has attractive fundamentals, even in a stress test scenario, the balance sheet should be fine, even if the income statement does suffer for a couple of years and many of those risks are in the price. As I said it's on 8x earnings. Andrew's slide earlier pointed out that the average bank around the world is only on a slight premium to that, but we pointed out that Lloyds is making a 14% return on capital is a much higher quality than the average bank especially given it's just a retail bank and banks of similar sorts of nature trade on 30% to 40% premiums to that around the world. So, I will pass over to Nigel now to talk about Tesco.

NW: Thanks Sam. Right another very busy slide, apologies for that. Let me take you through it slowly.

Same store sales - Group



Source: Tesco, Bloomberg, OP.

In the top right hand corner, you can see a chart of bars that is like-for-like or same store sales for the group over the last 3 years and what you can see is clearly a change in direction, they went from negative like-for-likes to positive like-for-likes over the last 2.5 years. That is a marked change in the operating performance of the business and that is the life blood of any retailer to have positive like-for-likes, so that's very important. Clearly macro has helped in terms of improvements in real income growth, but Dave Lewis and his team have been doing a solid job in getting things turned around at Tesco.

I know we've talked to you about it many times over the years but there have been some very significant changes to the operations of the business both in the UK and internationally. In the UK, the company has reset its ranging of products for each category, that means reducing the number of items stocks and concentrating volume amongst a smaller number of suppliers, getting bigger price discounts for that volume. They've been able to pass that onto customers, so they've funded a lot of the price cuts that Tesco have delivered. They've changed the basis of their price negotiations to make it simpler and better utilise the scale advantage that they clearly have relative to everybody else in the UK, and finally, they have completely re-engineered the Tesco Value range, raising the quality, cutting the price, and changing the branding from the generic Tesco Value packaging to a swathe of new in-house brands collectively referred to as "Exclusively at Tesco". This is extremely important to directly target the competition from Aldi and Lidl.

Tesco Value was very tired, past it's sell-by date in terms of branding, and suffering badly against the in-house branding of Aldi and Lidl goods, so Tesco has responded by copying that approach. On this busy chart you can see in the background some of these new in-house brands such as Hearty Foods, Stockwell and Woodside Farms. Instead of just being just Tesco Value, they've given them a bit of a personality and that has gone down extremely well with the value end of the market which helps to explain the improvement in like for likes because shoppers have come back, and the recovery is clearly taking place.

Source: Tesco.

The 1,200 items you can regularly find in an Aldi or Lidl are now available in Tesco-form, with these new brands at the same or lower price than Aldi and Lidl, so that's a marked change. The flip-side of this can be seen in the like-for-likes implied by the trading statistics at Aldi and Lidl which, having been in the teens 3 or 4 years ago, are now down to around zero. So the only growth they're doing in market share is now through opening new stores. That's very, very important and really a credit to Dave and the team.

The other thing that Tesco has done is bought Booker, the UK food wholesaler, which takes them into a new market which services restaurants, caterers and franchised symbol stores such as Budgens, Happy Shopper, Londis and Premier convenience stores, where Booker franchise these brands and serve them with product.

Tesco RoA & EV/sales

Source: Tesco, Bloomberg, OP.

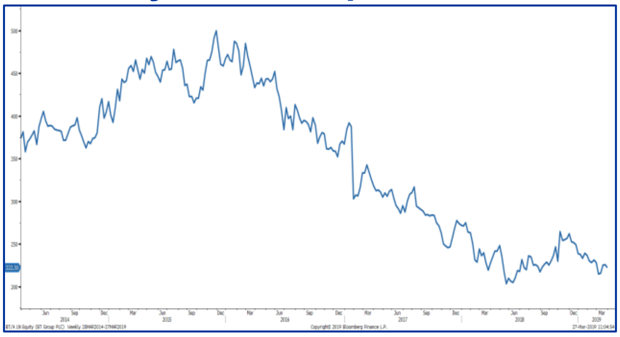
So, while improving sales, management have also boosted operating margins through the range resets and cost cutting as well as the benefit from positive like-for-like sales. The chart in the bottom right shows the turn in return on assets that reflects the improved profitability. You can see this bottomed in the fourth quarter of 2016 and has been recovering ever since. You can see also that the share price and the valuation measure enterprise value (EV) to sales ratio didn't bottom until a year later, with the stock market very reticent to give the company credit for the turnaround. This spike in the blue EV sales line in 2018 was stopped in its tracks when Tesco reported only a very small incremental change in its operating margin at the half year, and that spooked a lot of people. However, the slower progress on margin was down to the scheduling of big price reductions with the rollout of the new 'Exclusively at' range. As customers trialled these new lower-priced products, this damages margin and like-for-like sales temporarily, but that process is now working its way through and people have realised that in fact the 3.5% to 4% operating margins they've been targeting as a group are actually quite likely to be reached, and so you've begun to see the share price rise as a result.

We based our fair valuation on our expectations for adjusted annual profits for fiscal year ending February 2021, two years out from here, adjusted to get closer to cash earnings than reported earnings, and we get a fair valuation of around 300 pence against 225 pence today, so we're still happy with the potential upside from Tesco. This is its centennial year, and having looked at the incentive structure that Dave and his team have, we think that there's a very good likelihood that in 2021 and onward they will push on the margins further and generate even more cash because that's what they're incented to do.

Now we're going to talk about BT.

AG: Thank you. So, I get the one that's been the worst performer year to date, BT. We have three positive UK stocks, and this has been the negative, but it was the largest positive contributor in Q4 2018, so to put it in context, it was up about 9% in absolute terms and it's down 7% so far. And really what we have seen in terms of when we look at the market commentary is the arrival of the new CEO Jansen, and there's question marks around BT in terms of is it now ex-growth and will now just be a dividend stock or will it actually return to growth and can it afford that growth.

BT five year share price chart



Source: OP Research, Bloomberg.

Clearly though what this chart shows is the collapse over the last 5 years in the share price of BT, it has gone from being the highest rated European incumbent telecom operator to now the lowest rated, it's actually even lower than Telecom Italia, apologies to some Italians in the room. This is not just a function of Brexit, there has been stock specific issues at BT, not least in culminating with a fraud in their Italian office, but we really feel now that BT is back on track and will actually start to demonstrate progress for investors.

Clearly the starting point in terms of valuation, what we would assert is that BT isn't priced for growth at all. You've got a P/E of 8 x and the shares are yielding a dividend yield which we think is sustainable of 7%. So the market is saying that this is ex-growth and certainly we're not going to pay up for any of that.

We actually took advantage of this in Q4 2017 around here, and then we bought again there. So we've got an average in price of around 240p, it's trading around 230p today in the market. But what we would contend is that BT absolutely is not an ex-growth stock. What we've shown here is the fibre to the home. So, for those of you who don't know the UK now is embarking on a huge deployment of fibre which will enable all the technology services that we're talking about whether it's AI, whether it's autonomous vehicles or whether it's just even multiple usage in the home because we're seeing more and more bandwidth required in the home, and then we've got 5G in terms of the mobile arena, but in the fixed and the mobile side, BT remains the dominant player in the UK.

UK FttH roll out plans

	Mar 2018	Mar 2019E	Mar 2020E	Mar 2021E	Mar 2022E	Mar 2023E	Mar 2024E	Mar 2025E
Premises connectable (000's)								
Openreach	560	1,250	2,100	3,000	4,000	5,000	6,000	7,000
Altnets	410	690	1,270	2,050	2,920	3,840	4,760	5,680
CityFibre	-	100	350	700	1,100	1,500	1,900	2,300
Infracapital	-	-	100	250	450	650	850	1,050
Hyperoptic	350	500	700	950	1,200	1,500	1,800	2,100
Gigaclear	60	90	120	150	170	190	210	230
Virgin Media	500	900	1,300	1,700	2,100	2,350	2,500	2,650
Market Total (gross of overlapping coverage)	**1,470**	**2,840**	**4,670**	**6,750**	**9,020**	**11,190**	**13,260**	**15,330**

Source: Jefferies Research report February 2019.

BT is represented here by Open Reach which is its utility-like business and you can see the deployment plans they've got here of reaching 7 million homes by 2025. These are all the other players and you can see that BT still dominates the market.

Many of these are start-ups, they're coming from a standing start of zero and they hope to catch up and they hope, many of them, to raise capital in order to do this i.e. they haven't necessarily got the resources to achieve these ambitious plans that they've set out. BT has the install base and again it has the dominant competitive position in fixed and mobile, and this is its plan for the next decade.

Source: E.ON company website.

There is tremendous growth potential here within BT, and BT remains the only player of scale that can deliver this for us here in the UK. So there's question marks about can it afford all this, there's question marks about the returns it will achieve on these big expansion plans, but certainly how can it afford this when it's paying a dividend etc. and is all that achievable?

We certainly think it is. The starting point of BT is a relatively strong balance sheet, it has low financial net debt to EBITDA, lower than one and a half x, the average for Europe is over two, Telecom Italia is at 3.2 x, and so it has a strong starting position. It is generating significant cash flows at the operating level, these are defensive cash flows and it does have a pension deficit, that's been an issue clearly in the UK and for BT, but the impact of the pension is diminishing. This will be the peak year 2019 when it will pay, on our estimates, £1.6 billion of cash into the pension fund and that falls away rapidly providing resources for BT to invest in these plans, and so when we bring all this together for us, we do have a sustainable capex picture and a sustainable dividend yield as I say of 7%. So we're being paid to wait in BT at this very low valuation multiple which, if it delivers on this, people will then start to see BT returning to growth and in which case, that rating is far too low and we will see it re-rate and move towards the sort of 12 x plus which we see in the European sector.

Q: Andrew, if the dividend is cut by over 25% what happens to perception?

AG: Well we've played with that in terms of our view and actually if it's to invest more in capex because of the perceived growth opportunity, clearly a dividend cut is never well received by income investors, but actually if that's to invest and deliver growth for BT where now the regulator has certainly moved in terms of the fair bet and the return it can earn on that capital, we actually see that as positive. So we see that as a potential win/win, and even then we'd still be getting a 5% dividend yield which still remains incredibly attractive.

So from that perspective, we see the downside as very limited and lots of upside potential here.

Now I will hand over to Sam and Ali who will talk about our largest holding in the portfolio.

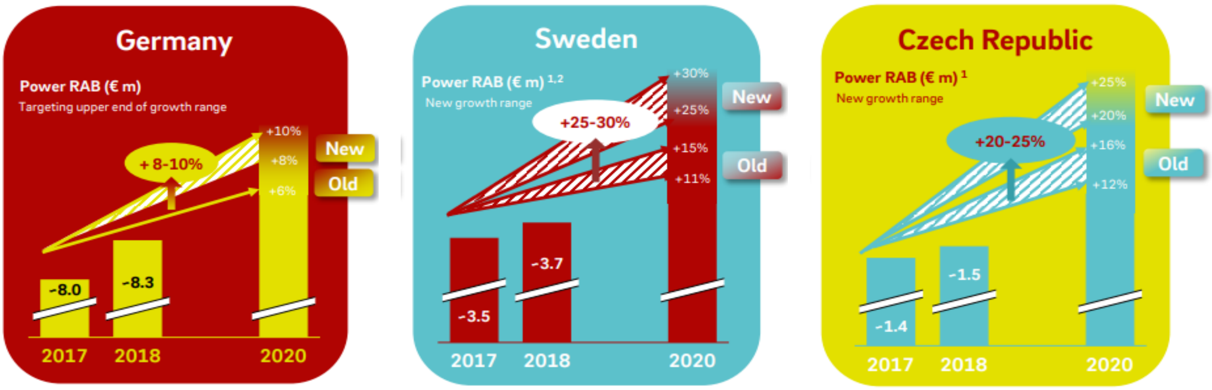
SZ: E.ON is a German utility which we've been invested in for some time, it's been through a substantial restructuring over the last few years and Ali will talk about that from an ESG perspective shortly, which is a core part of our investing process. But just to summarise E.ON today, about 60% of the business is grids and networks, about 20% is renewables and 20% is other assets including customer solutions, and this chart really gives you a flavour on how we see and how the company presents E.ON over the next few years.

Effectively they're investing at high single digits that should drive EBIT growth of mid-single digits and in return that should lead to EPS growth that's sort of back at the high single digit level as a result of some benefits at the interest line from high cost bonds falling off, and they pay out about 60% of these earnings which today delivers a 5% dividend yield. So as we say we think the 5% dividend yield combined with that EPS growth of the high single digit should lead to double digit returns over the next couple of years.

At the bottom we talk about the post-transaction until 2022, so last year E.ON engaged in a transaction with its German peer RWE where it would sell its renewables and in return receive control of RWE's grids and customer solutions business. So that would leave E.ON in a position where 80% of the business would come from grids and networks and 20% would then come from customer solutions. We think the benefit of the transaction will allow for synergies, almost entirely cost synergies. These are things that we can rely upon to continue to drive that high single digit EPS growth into early next decade.

Looking beyond that period, what keeps us excited about E.ON, given that it's a relatively stable and steady highly regulated utility, is the opportunity in grids from here. So we talk about electric vehicles and renewables and I apologise for the small numbers at the bottom, but this effectively shows you the investment opportunities that E.ON sees in its businesses today, in its grid businesses in Germany, Sweden, the Czech Republic where it's investing in the asset base, in order to drive increased efficiencies for deployment of renewables and looking forward, deployment of electric vehicles and the reality is these investments need to happen otherwise they can't deliver the necessary solutions for customers.

For example, high speed charging is the kind of thing that really requires substantial investment in the distribution network from today. And the other part of the business that they're left with is the customer solutions. This has had some tough times in recent years but we think E.ON has taken the decision now (given that it's no longer tied to upstream generation in the form of coal or gas plants like it once was) to invest in this business, in order to drive customer growth which means in the near term margins are lower but it also means that they are also effectively focused on improving the customer experience.



Source: OP, E.ON company website.

Some of it might be a bit faddy at the moment with the likes of apps and so on and so forth, and clearly smart metres isn't something that's unique to them, but we think they're well positioned relative to peers who may be still dependent on their upstream generation to drive value for customers in that business. And putting it all together it's on a 14 x price to earnings multiple, which is relatively high for the portfolio but is backed by high quality and very stable income streams from those grids businesses which are predominantly in Germany and Sweden, two triple A rated nations, and it pays us a 5% dividend yield that we expect to grow in line with earnings from here.

AC: So we think the E.ON case study is a good example of how we integrate ESG into our investment process.

Firstly, a reminder of how we think about ESG at Oldfield Partners. We're not ESG evangelists but we do think that ignoring ESG issues can lead to an incomplete understanding of the risks of an investment case and therefore may subsequently lead to the wrong investment decision and in fact, we believe that some ESG issues can provide an opportunity in that the improvement in these issues may play a role in the improvement of the results and perception of a company and its share price.

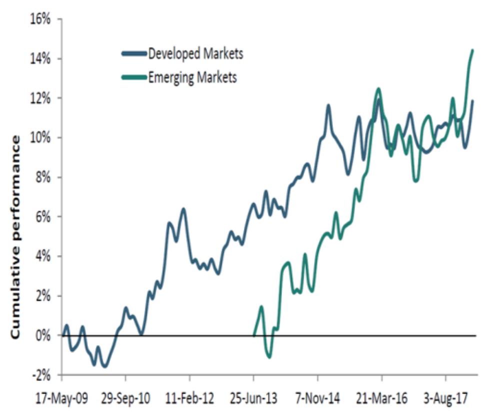
So back to the E.ON case study. The original investment thesis for E.ON was that the value of the regulated assets would be laid bare after the company announced a split of the business into a good company and a bad company and the bad company was going to have the generation assets and the good company, the clean renewable assets and also the regulated grids, and we believed that not only would this result in the value of the regulated assets being laid bare but also we noted that it would result in a significantly decarbonised good company and we suspected that that was under appreciated at the time.

So the company first detailed the plan of the split at their capital markets day in March 2015 and then subsequently in January 2016 the split of the operations went ahead but it wasn't until July 2016 that MSCI upgraded their ESG rating on the company.

Sam also referenced the recent strategic announcement last year in March of a further asset swap with RWE and once this deal completes, as he mentioned, they will have exited almost all of their generation assets and be focused on networks principally. But once again, MSCI have been very measured in reviewing the implications of this deal and have yet to change the rating on the company, and we think this really highlights the danger of assessing ESG fundamentals of a company based purely on the rating ascribed to it.

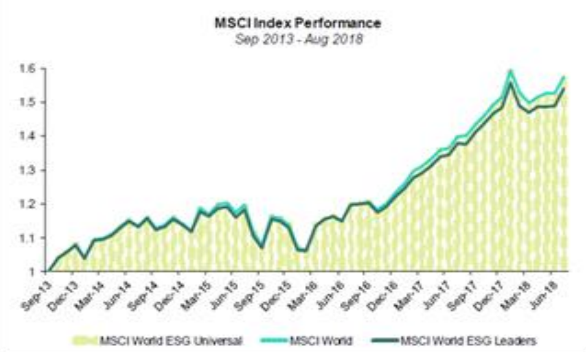
These ratings are backward looking and there's often a significant lag between the changes in the company's fundamentals and the corresponding change in the ESG rating and that's why we think it can present an opportunity for us in that these ESG issues improving contribute to the improved perception of the company and we wanted to highlight a couple of studies that lend weight to this.

Exhibit 5: Performance of Top versus Bottom ESG Momentum Quintile Portfolios



Source: MSCI publication 'How Markets Price ESG' (November 2018).

So the top chart on this slide comes from a piece of analysis done by MSCI analysts themselves looking at the year on year change in ESG rating which they called ESG momentum and here they've compared the historical performance of the top quintile of ESG momentum relative to the bottom quintile of the ESG momentum.



Source: Bernstein analysis

Then the bottom chart comes from a study done by Bernstein and here they've looked at the historical performance of companies with strong ESG scores relative to the index. So you can see that over the past 5 years you would have done as well or better owning the index.

NW: Great thanks Ali. So key purchase and sales, as you can see, pretty sparse chart over the last 12 months, the only transactions were the sale of Lukoil in the fourth quarter of last year and the purchase of Siemens. We have not been sitting idly by though, during that period, we have actually been working very hard. We have tweaked the sizing of our existing holdings during the period too, such as adding to Japan Post in April, Korea Electric in October and BT and Sanofi in June. In June we also reduced GM, and in March this year, we reduced Rio.

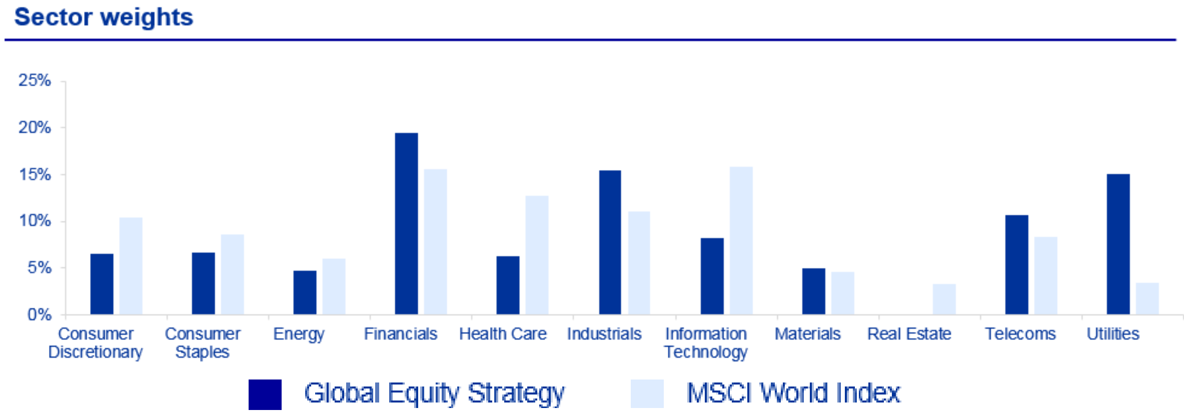
	Purchases	Sales
Q2 2018	-	-
Q3 2018	-	-
Q4 2018	Siemens	Lukoil
Q1 2019	-	-

Source: OP. Representative global portfolio used.

So in terms of portfolio turnover, over the last 12 months, it's been about 16%, it was 22% in 2018.

AG: So, here we have the overall portfolio structure, sector weights and country weights. Again to reiterate that these are an outcome of that stock selection process, we're scouring the globe, looking for stock specific opportunities and this is the outcome of that.

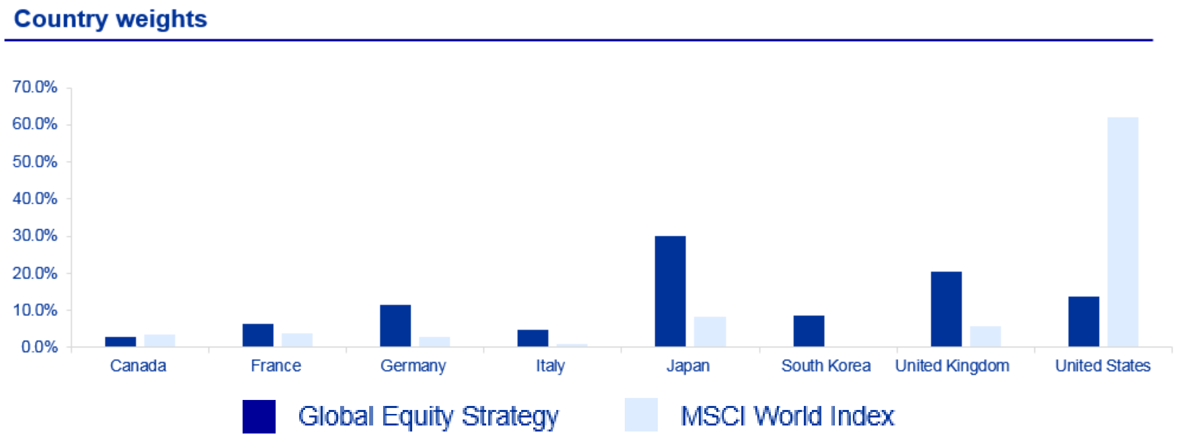
Maybe just to highlight, in terms of the utilities over here, that we have three investments in the utility sector, all very stock specific and different in their investment thesis and



Source: OP, Bloomberg. Date: 25th March 2019.

we've talked about some of those on previous occasions and really then the underweight here that we still struggle to find in the information technology side, which clearly has been a big driver of markets, we struggle to find value in that sector.

The country weights are however more pronounced. You can see here the UK; we have four names in the UK which is around 20% of the portfolio and that has risen markedly in the last few years. Japan still continues to be a source of value opportunities for us. Nigel has highlighted some of the additions we've made, top-ups to the portfolio, and we still struggle to find value opportunities in the US, perhaps there should be no surprise in that given the headline starting metric for the US is 3 x price to book and Japan is just over 1 x price to book.



Source: OP, Bloomberg. Date: 25th March 2019.

We continue to scour the globe and actually last year is marked by some of the ones we avoided in the US that lost significant value in that year.

This shows the whole portfolio for the global strategy all on one page, demonstrating we are a concentrated global fund. Just to highlight that we show here the primary valuation method, SOTP is the sum of the parts which is one of our favourite methods for finding value opportunities where you can dissect a company into its component parts and find comparables out there in the market and build an investment case.

CompanyName		Share Price	Primary valuation method	Implied Price	Upside / Downside	Total return (2 years)	Resp.
E.ON SE	7.0	10.0	P/E	12.0	20%	30%	SZ
TESCO PLC	6.6	232.8	SOTP	300.0	29%	34%	NW
SANOFI	6.3	78.0	P/E	93.8	20%	29%	SZ/RSG
BT GROUP PLC	6.1	221.5	P/E	318.0	44%	57%	SJZ
MITSUBISHI HEAVY INDUSTRIES	5.6	4,601.0	SOTP	5,600.0	22%	27%	AG
LLOYDS BANKING GROUP PLC	5.5	62.0	P/TBV	80.5	30%	41%	RSG/SZ
EAST JAPAN RAILWAY CO	5.4	10,530.0	SOTP	13,380.0	27%	30%	JM
ENI SPA	4.8	15.6	NAV & DACF multiple	17.5	12%	23%	NW
VIACOM INC-CLASS B	4.6	26.3	SOTP	44.0	67%	73%	AG
SAMSUNG ELECTRONICS CO LTD	4.5	45,500.0	PE + net cash per share	56,998.0	25%	32%	AF
SIEMENS AG-REG	4.4	94.9	SOTP	130.0	37%	45%	SZ
JAPAN POST HOLDINGS CO LTD	4.2	1,309.0	SOTP	2,140.0	63%	72%	CO
MITSUBISHI UFJ FINANCIAL GRO	4.2	553.4	SOTP + P/B	925.0	67%	75%	AG
KOREA ELECTRIC POWER CORP	4.1	31,650.0	P/B	58,136.5	84%	87%	CO
KANSAI ELECTRIC POWER CO INC	4.0	1,710.0	EV/EBITDA	2,866.0	68%	73%	AG
TOYOTA MOTOR CORP	3.9	6,610.0	P/E + LT Investments	9,600.0	45%	52%	JM
HEWLETT PACKARD ENTERPRISE	3.6	15.2	P/E	19.5	29%	35%	NW
NOMURA HOLDINGS INC	2.9	399.0	SOTP + P/B	596.0	49%	54%	JM
BARRICK GOLD CORP	2.8	19.1	P/E	25.1	31%	33%	RSG
CITIGROUP INC	2.7	60.3	P/TBV + PE	91.5	52%	59%	RSG
GENERAL MOTORS CO	2.6	36.8	P/E	45.8	25%	33%	AG
RIO TINTO PLC	2.0	4,299.5	SOTP + P/Sales	5,000.0	16%	28%	HF

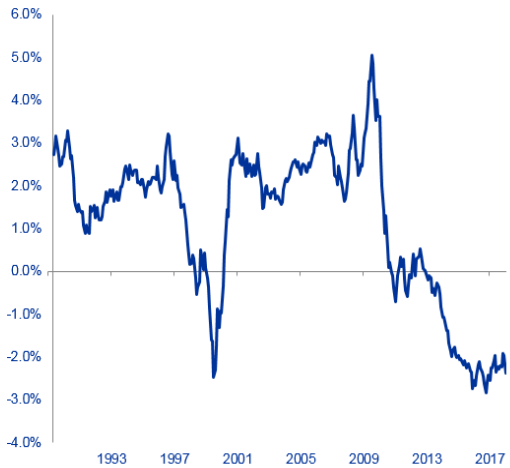
Source: OP. Date: As at 25th March 2019. Representative global portfolio used.

One thing to highlight is that none of these measures are taken in isolation and certainly what we try to do is triangulate and bring together a number of different methodologies, a number of different valuation metrics to derive our view of fair value and that triangulation is very important. We don't have one specific tool we use; we use a whole array of value investing tools.

The portfolio weighted average upside is a very healthy 37%, that stands in good stead relative to our history and so we feel that we have a really strong portfolio here that can drive returns, certainly over the next few years and really we're looking to 2 to 3 years out on each of these holdings.

So in summary, we still are firmly of the belief that value investing works, the empirical evidence shows that over the long term but clearly the chart here, which shows the 10 year rolling performance value versus growth, shows that perhaps the opportunity in value investing is at an extreme, certainly as extreme as we saw in 2000.

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



Source: Bloomberg. Date: As at 31st December 2018. Indices: MSCI World Value and Growth.

We remain focused on our approach, we don't deviate, we don't drift, we are wedded to value investing and what hopefully Nigel has shown is that when value turns and when value performs so OP delivers and that we can capture that opportunity going forward. Thank you.

NW: Sorry we have droned on a little too long, but we won't curtail our Q and A's so I'm opening the floor to Q & A, who would like to go first?

Q: Looking at that slide in particular and more importantly within the top 10 stocks which are arguably 60% of the portfolio, where do you think the greatest likelihood that you may have invested in a value trap is?

AG: I can take that one. I'd pick Nomura. If you would have said at this stage of the cycle that Nomura would be trading at half x price to book at the lows, certainly in the last 5 years, given what stock markets have done over the last 5 years, I would have been completely surprised.

One of the issues we have in Nomura is clearly their wholesale side, they bought the Lehmans business in the US and Europe and that's remained loss making, and as we've seen they're not alone in that in terms of the struggling of investment banks, we see it in Europe, but certainly Nomura here has suffered.

What really has disappointed I think is the value leakage we've seen potentially in their retail franchise. They're making the same amount of profit today that they were making in 2010 in the retail business in Japan and when you think where markets have gone, that shouldn't be the case but they've tried to transition their business model from just a pure brokerage-led model where you're trying to churn and burn clients and list IPOs to much more of a wealth management role, inheritance planning, tax planning, that sort of thing, which means they've had to curtail that brokerage commission business.

It seems still that that is the right strategy and we've seen it on a number of occasions that it makes a more valuable business model, but that transition has clearly been painful. Nomura now trades at 0.5x price to book, it has a $12billion market cap. If you said you could buy the largest broker in the second largest market in the world for $12billion, that would seem a steal but clearly there are issues. So that would be my concern in the portfolio.

NW: Andrew slightly cheated there because it's not in the top 10 but we'll let him get away with that!

AG: That's good portfolio construction.

NW: So I think to answer that question strictly then, we have probably come to the conclusion that East Japan Railway is not going to generate as much of a return as we'd hoped, that's from recent discussions with the company, so that is probably a name that is not long for the portfolio and that's the one we're concerned about simply because of their never ending diversification and lack of concern about shareholder returns.

Q: Do you need interest rates to rise for value to improve against growth on that chart?

NW: I don't think we need it, I think it would be helpful, it definitely would be helpful and we talked about that in our newsletters at the end of last year, just before Mr Trump had his tea parties with the Fed Chairman that resulted in a halt to rate rises for now.

Q: In your first slide you mentioned that there is a long term trend of value to outperform growth and except for some moments, of course, which that does not hold through, can you envisage some patterns when this tends to happen or is it like totally random?

NW: I think actually the three big bubbles that we talked about have all got different causes so I wouldn't say there was a common driver between them, no.

HF: Well, The Great Depression and then interest rates basically being the same for 20 years.

NW: Yes, they didn't fall as far, but yes.

Q: I see you've got Toyota Motor in the portfolio, I mean obviously global auto producers are facing enormous challenges from ESG issues, switch to electric vehicles, autonomous driving and so on which is probably going to require enormous amounts of capital expenditure, how do you sort of factor that into your models and valuations?

NW: Well I'll start and may ask Sam if he has anything to add, or Andrew you too, because Sam covers Toyota and Andrew covers GM, but it's something that we have spent a lot of time thinking about with regards to GM and Toyota in particular. In fact, when Andrew and I were in Japan in September last year, we went to a day dedicated by Toyota to their EV and AV future, and GM have been very vocal about their plans here too.

I think, the first thing I would say is that in terms of AVs there's been a lot of noise, there's been a lot of stock market speculation and dare I say bubble around autonomous driving but all these companies are spending literally billions of dollars trying to develop automated vehicles, but I think everything we saw at Toyota and everything we've seen actually at GM suggests to us that that is a lot further away than many in the market had believed. In fact in the last two days we've seen one of the sort of bigger bulls on Wall Street, Morgan Stanley, talking down expectations at GM which is one of the leaders with their "Cruise" automated driving division.

So there are sort of concerns that the market got too hot and bothered about that but it is an area of intense spending.

AG: Just to bring in the GM angle, we've had a long history with the auto sector, going back to 2012 investing in some of the European names. Renault when the value of its stake in Nissan was worth 50 euros, Renault itself was worth 27 euros and right at that point people were calling the end of the auto industry in many ways in terms they were on cyclical lows, we didn't know when it was going to turn, they were bleeding cash but we've seen a complete transformation of these companies.

I remember Peugeot around that time was aiming at a 2% operating margin, that was its target, it's now delivering at 8% operating margin and what we've clearly seen is recovery in the underlying markets driven particularly in the US, SAAR which is the annualised units went to about 9.5million in 2009, we're now running at around the range of around 16million - 18million which is really where it's plateaued and traded at those sort of ranges on an annual basis in the past.

We've actually halved the holding in GM recently and really that's because of the excitement in the new technologies. So with Lyft and some of the investments that GM has made, GM itself has done a very good job in transforming its business, in the US they did reduce capacity, they took out around 20%, they're generating double digit operating margins, they're really focused on that growing segment which is the US large SUV segment, and they have a dominant market position there that's going great for them.

But we think the cycle is the thing that will catch out the auto players ahead of any delivery of autonomous driving etc. We don't know when it's going to end but clearly there will be a cycle and that cycle will catch out the auto industry far more than the actual developments of new technology.

SZ: We spend a lot of time trying to work out what the penetration of electric vehicles would be, I mean autonomous is hard, there is no real commercial deployment of autonomous vehicles today and if that does happen then we may need to change our view on that but on the electric side, the reality today is somewhere between 1% and 2% of cars that are sold annually are fully electric vehicles. Tesla I think is doing about half a million vehicles, there's over 100 million vehicles sold globally, there's a couple of Chinese providers who are maybe taking it up to over one million. Toyota is the leading seller of hybrid vehicles which is going to be a large part of the solution in the near term.

So to change the entire fleet of cars from 100 million petrol cars to 100 million electric cars is going to require not just the capex that we see every year from the auto manufacturers, but a lot more, and there's limitations around that so the rate of change is driven by consumer demand which is capping it. There's a lot of companies that are launching electric vehicles and the consumer not actually wanting them, and then actual deployment of technology into factories. So it takes a long time to deploy these technologies, you've got to tool up supply chains and we think it's 5 to 7 years often, the development cycle for an auto company.

So to Andrew's point, we were concerned about the cycles, so the valuations that we've placed on this business is actually very low. Our fair value is in the single digits but the market is taking an even bigger discount to the number that we're using. We think the market is more than adjusting for these issues.

Q: Andrew, just one more question on BT if I may, you commented on what would happen in the event of a 25% dividend rate cut. What in May, would compel you to reassess your investment thesis based upon management, outlook and discussions?

AG: It would have to be something that's not really tied to management actions, I think. The pension fund is clearly a risk and that's outside of management control to a large extent, if the trustees required far more than has been agreed in capital and cash to go in there, then perhaps we've got that wrong in terms of the sustainability of the dividend and the capex plans.

He assumes the role in May, the new CEO, and there's an existing 13,000 employees cost reduction programme that was enacted by the previous CEO, and that's set to save £1.5 billion.

Now I suppose if there was anything against that, that might cause us to reassess but actually there's rumours recently that he's going to announce 25,000 reduction in employees. I suppose maybe and this is just pure speculation, if he were suddenly to say we're slashing the dividend to go into huge growth drive and we're going to start buying content, we're going to go heavily into content again might cause us to reassess.

Now they've tried that strategy with the Sports rights against Sky and that's now, in terms of the negotiations with Sky, they've actually joined forces if you like, the big two players, so it's hard to see them doing that again but perhaps if there was something like that where they were going to go and spend cash to try and achieve growth, then it's outside of their core competencies, I think that would be a concern. Nigel do you have anything?

NW: I was going to say content, but Sam did you have anything specific you wanted to say?

SZ: All of Andrew's points are very fair. I think the other area would be increased competition in consumer which is a big cash cow for the business which is the side of the business we all engage with. If we saw the likes of Vodafone or Sky or TalkTalk really launching a very aggressive price war in that business, then that could be a fundamental change in the way that we look at the business. There have been some noises around that although a large part of what's happened is effectively, Openreach price cuts, which were part of that share price fall that Andrew showed, have just been passed on to consumers, of which BT's consumer business is actually the biggest beneficiary, that would probably be the other area.

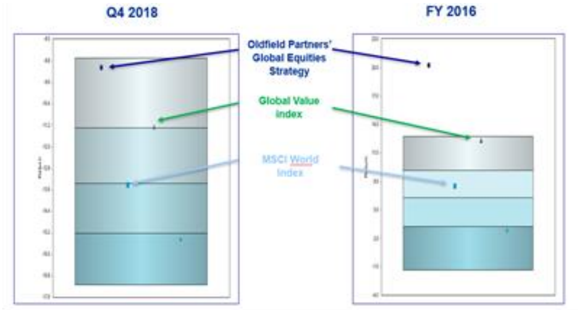
Q: If you could say a few words about the investment case for Sanofi please?

SZ: Sanofi we purchased about a year ago, it is among the cheapest drug manufacturers in the world, it's had some issues around Lantus which is its main diabetes business over the last 3 or 4 years, going off patent. That's now fallen to being less than 5% of sales and therefore going forward, we don't think is a material problem for the business.

It has a conventional pharma business which is a very diverse group of drugs, it has a consumer healthcare business which is very strong and also a vaccines business which is also very strong and operates in an environment of 20% plus operating margins and there's only three other players in the world of note and when we purchased it the stock was trading at about 12 times, had a good balance sheet and was paying a dividend yield of over 4%, we thought that was a very attractive business that has grown at high single digits over the long run.

Q: On the first slide you showed at the beginning, did you claim actually that apart from your fund which has done very well, that value managers tend to not add much value with respect to the value index, and is that so because you kind of highlighted only the years in which the value Index did well but overall can you say something about, except for yourselves, is it worth getting a value manager rather than getting the value index, in general?

NW: So the answer to that question is yes it's definitely worth getting a value manager but just be careful which one you get. I think the chart on the left-hand side here is our base case in the sense that value as a style has historically outperformed growth over the long term. I guess I'm hoping that on average the value manager can at least track that index and then clearly there are managers within that who do better than average and over the last 3 and 5 years, we've done better than average.



Source: Intersec.

AG: Can I just add though, clearly in the environment that we're seeing in the chart since 79, it's incredibly difficult to remain adhering to the value process and we're seeing a lot of interest from prospects who are saying that the investor that they went with, one that they felt was going to be the value investor, is not any more, and they've drifted. They've found ways of to incorporate Alphabet into their portfolio or Chinese internet stocks to try and ameliorate some of the huge business risks that clearly you do have as a value investor in this environment.

So maybe actually, what becomes very important is the structure of the business, the environment, the ownership and the culture that allows you to remain a value investor in what has been a difficult environment, and that's key.

Q: Can you just talk a little bit about Korea and Japan, a 3 to 5 year view on the general shift in the corporate governance. We know in Japan there's been a shift towards being more shareholder friendly, stock buy backs etc. so just generally where's that trend, how strong is it still and then with Korea what has been the long term shift, again with a 3 to 5 year view?

AG: In Japan we're seeing developments. There was an investment we had called Kyocera, they talked about it being an evolution, not revolution. This year we are seeing record share buy backs in Japan and that's been an incremental move year after year, and importantly those share buy backs are being done from cash and assets on the balance sheet, they're not done as we see in the US from debt and leveraging up the balance sheet. You're seeing a range of pressures over the years, so top down, we've seen things like return on equity being incorporated into the weighting that you get in an index with the Nikkei 400 that was launched and that's been very important in terms of changing behaviour.

We've seen that from the bottom up. Kyocera said you will vote against us won't you if we don't achieve 5% on a 3 year basis ROE, and we said yes, sat across from them, and so corporate management are focused on this and increasingly so. The reason why Kyocera made a 5% ROE as I've talked to in the past was because its balance sheet was stuffed full of net cash and listed equities. The underlying operating business which in effect you were getting for free actually generated a high teens return on equity.

The next move is we're seeing a reduction in the number of companies to be included in the Tokyo Stock Exchange, reducing the number by around 30% of market cap and that again is forcing these companies to improve shareholder returns and to drive value and so clearly Japan is on a journey. You can look at places like Germany back in the 90's and see how they reformed, and it is gathering a momentum of its own, so we certainly see that trend continuing in Japan.

NW: I was going to talk about Korea, but I see Abri is sitting next to you and I know Abri is desperate to talk about this. Abri is one of our Emerging Market specialists, so Abri do you want to talk about Korean governance?

AF: We hold Samsung Electronics and in the last couple of years the national pension service had been putting more pressure on the corporates to increase pay outs, and also in things like board composition. Samsung itself has cancelled all its treasury shares last year. It now has a 50% capital return policy, that is 50% of free cash flow excluding any potential M&A. The dividends are set for the next three years. The dividend yield now is 3%, previously it's been rather low. In broader ESG terms we are seeing improvements in Korea. Restructuring of holding companies, in the chaebols, is happening. There is significant likelihood, for instance, that the SK Group could be restructured as well.

NW: I think generally, standing back from it, Korea is probably lagging to Japan, certainly with what Japan has done over the last three years with the corporate governance code etc. We've written a few pieces on our website with regards to Japan's improvements which are there for you to read and I guess the highlight for us in the last 12 months would be MUFG, the biggest bank in Japan which moved to a majority independent board after much lobbying of them by us and others. So that's a huge thing and it's great that MUFG is leading, as we suggested to them, from the front, that's genuine change in Japan. But I think as we've said before it's two steps forward and one step back in Japan, and that's definitely true in Korea too but it's definitely improving.

Q: I don't know if it's maybe too detailed a question but, Sanofi, and diabetes in general - can you maybe say specifically what's the long term trend on the disease itself?

NW: Sadly, modern lifestyles around the world have led to an explosion in levels of obesity and with that Type 2 Diabetes, so volume growth for those drug companies with drugs that help manage such a disease have been very strong and that looks set to continue. However there is a headwind from downward pressure on pricing in the US, and that's been a problem that we've found, actually when we first looked at Sanofi in 2012 and 2013.

One of the concerns we had about it then was that Sanofi (and its competitors) had taken too much price in the US. That price caused all sorts of decisions to be made amongst the pharmacy benefit managers and others to push back and demand discounts.

Thank you very much for coming.

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.