OP

Oldfield Partners

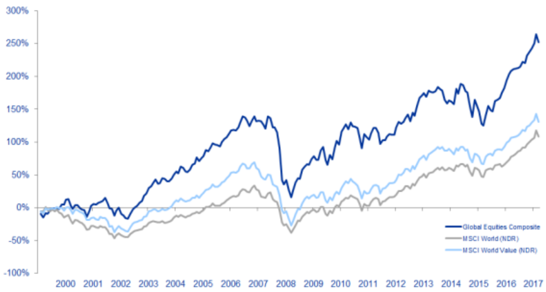
Global Equities Investment Update

14th March 2018

Oldfield Partners (OP): *Alexandra Christiansen = AC, Harry Fraser = HF, Richard Garstang = RG, Andrew Goodwin = AG, and Nigel Waller = NW*

NW: First of all, welcome, thank you very much for coming to our presentation on the Global Equity Strategy. Introductions: I'm Nigel Waller and this is Andrew Goodwin and we are co-portfolio managers of the Global Equity Strategy at Oldfield Partners. We have almost all the investment team here dotted about and hopefully many of them will get the chance to speak later on, certainly in the Q&A session.

The format for today will be a 35 to 40 minutes presentation followed by Q&A, and then at 5 o'clock we'll stop for a cup of tea and if people want to stay back afterwards we're very happy to do that and stay until we've exhausted your questions. As for the content of the presentation, it's an update on performance, positioning, outlook and covering the discussion topics that we've had with clients over the last couple of months.



	1 year	3 year	5 year	Since inception[1] per annum	Since inception[1] cumulative
Global Equity Strategy (%)	14.1	25.2	54.2	7.2	251.7
MSCI World (%)	17.4	26.7	66.2	4.1	108.8
MSCI World Value (%)	11.8	21.0	54.2	4.7	130.9

1 Date of composite inception: 1st January 2000

Supplemental Information – Net dividends re-invested. This performance information is supplemental to the GIPS® compliant presentation and is for reference only. Source: Oldfield Partners, Bloomberg and MSCI © Date: As at 28th February 2018. Global Equity Strategy = Data shown is of the Oldfield Partners Global Equity Composite (which includes the performance of portfolios transferred from Alta Advisers Ltd. to Oldfield Partners LLP in March 2005) from 2000 onwards. GIPS ® is a registered trademark of the CFA Institute. Please refer to disclosure on page 34 of the presentation which accompanies this transcript.

We'll go to the first page, which is performance, and we've presented the long-term performance data for our approach as a line chart. This is a replacement for the bar chart that we normally show but it still provides an overview of the approach to value management that we have at Oldfield Partners and the returns that that approach has achieved over the long run since 2000. The dark blue line is the Oldfield Partners composite figure for global equities and then the light blue line is the MSCI World Value Index and then finally at the bottom the MSCI World Index in grey. That obviously looks a very rosy picture since the beginning and then the box in the middle of the page shows you the breakout of one, three and five years, which shows you that we have struggled recently in the current market environment of Growth versus Value and we'll talk more about that in a minute, but you can see also that we are holding our own against the Value benchmark over those periods too, so we're doing what we say is on the tin.

	£			$		
	Overstone Global Equity Fund	MSCI World	MSCI World Value	Overstone Global Equity Fund	MSCI World	MSCI World Value
2018 to date	-1.7%	-1.0%	-2.9%	+0.2%	+0.9%	-1.0%
2017	+7.8%	+11.7%	+6.9%	+18.2%	+22.4%	+17.1%
2016	+44.6%	+28.3%	+34.1%	+21.1%	+7.5%	+12.3%
Since inception annualised*	+9.0%	+9.5%	+8.3%	+6.7%	+7.1%	+6.0%

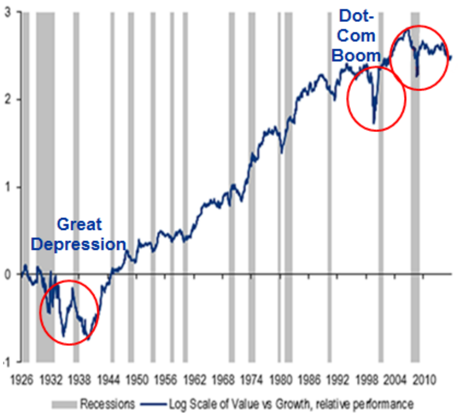
Performance shown is of the A shares, calculated on a Total Return basis net of investment management fees and expenses. Index is MSCI World (Net Dividends Reinvested) and MSCI World Value (Net Dividends Reinvested).
Source: OP, Bloomberg, Northern Trust Ireland and MSCI ©. Data as at 28th February 2018. * Inception Date is 1st June 2005.

The next page looks at the performance of the Overstone Global Equity Fund. On the left-hand side we show performance in sterling, with dollar-based performance on the right hand side against the MSCI World Index, and the MSCI World Value Index as a style comparator. After a fantastic 2016, 2017 was indeed tougher for us and Value as we mentioned at the November 2017 presentation. The return to 'Growth' that was so strong last year has continued into the first couple of months of 2018. But again you can see over those periods, and actually since the inception of the Overstone Global Equity Fund that although we have lagged MSCI World, the fund is at least outperforming the Value index over all the periods shown.

In the next couple of slides we want to talk about 'Value versus Growth', the context of the investment world in which we're investing in at the moment, and Andrew's going to do that.

AG:

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.

Value vs Growth since 1979

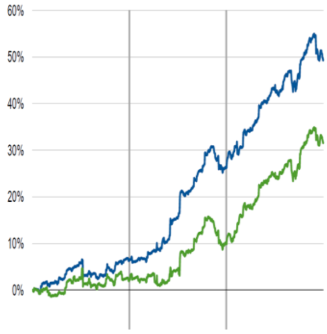
Source: MSCI and Bloomberg. Date: As at 28th February 2018. MSCI World Value Index vs MSCI World Growth Index (total return indices).

So on this slide, the long term chart here is showing the performance of the Value style versus Growth and we often show this chart but it is very important, ultimately this is why we are Value investors at Oldfield Partners. We have 92 years of empirical data which shows the line here going from the bottom left to the top right and that's the Value style outperforming Growth over that period. But clearly it doesn't work all the time and there can be quite prolonged and deep periods when the Value style is out of favour. We've marked a couple here on the chart in terms of the 1930s, more recently the dot com boom era and then the period post the financial crisis. We highlight this period in the chart next door again, showing again Value versus Growth, but you can see this prolonged period of underperformance for Value since 2008. So for nigh on a decade now, we as Value investors have had a headwind to our style of investing because it's been about Growth.

What we would say is that in a world post 2008 of Quantitative Easing (QE), of ever lower interest rates moving to negative rates in Japan and parts of Europe, it does make intuitive sense to us why Growth becomes prized because if you have cash flows and perhaps business models that are way out into the future in terms of working and delivering cash flows to you as a shareholder, if the discount rate is going lower and lower then they are worth more and more. But what we do at Oldfield Partners is we don't change what we do, we fundamentally believe in the long term relationship and that it will re-assert itself, and so we remain Value investors. To do otherwise we would lose our investment compass, we'd be doing things that fundamentally we didn't believe in. Fundamentally we believe that buying sound companies on low multiples, on low valuations is the best way not only to generate capital but to protect capital over the long term.

The next slide shows data we've taken from Templeton and again we've shown this chart before, the one on your left-hand side. The blue line being the Value style, the green line being Growth. The first chart shows that we have had six periods since 1975 when interest rates have been increased by the Federal Reserve. Post that first rate hike, three years on, what we've found is that actually both styles do well. Growth itself delivers a return of around 30% but Value itself outperforms and Value has delivered a 50% return over that period. Again this make intuitive sense because if you've got rate rises, as we were talking those business models and those cash flows that are way out into the future, your discount rate is

Cumulative 3 year return after first Fed. Funds rise (average of 6 periods 1975-2007)



Total return following this first Fed. Funds rise (Dec 2015)

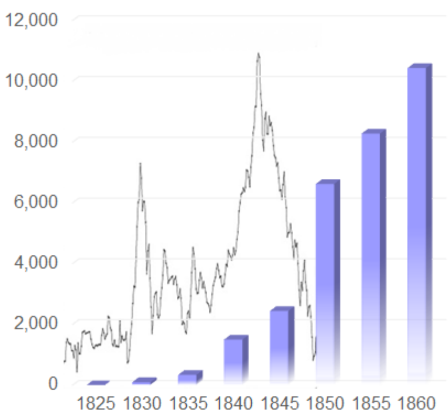
Source: Calculations by Franklin Templeton Investments using data sourced from FactSet and Bloomberg as at 31st December 2017.

going up, their value is less and their drop in value is greater than Value stocks which have near term cash flows, near term assets etc.

Now this time round, this chart here shows the first Fed rate hike which was in December 2015 and this is the state of play where we are today. So the first year as Nigel mentioned 2016 was a very strong year for Oldfield Partners when Value did well, we did well. We did very well. Actually last year 2017 was a return to Growth again and what's happened is that gap has closed and so at this point we're neck and neck. Although this is very macro and what we are at Oldfield Partners are stock pickers, it does seem to us is that the direction of travel now for interest rates is up and that creates a very different environment to what we've been investing in over the last ten years. We believe this could be the turning point for Value and in fact 2016 is when we feel it really started to turn for us. But what has been a headwind now is starting to become a real tailwind for our style of investing.

NW: Thanks Andrew. So this chart here some of you will have seen before, I think we showed this slide in November but it's so good we decided to show it to you again, this really is what Andrew talked about, we are Value managers, we are Value-driven, valuation always matters and this chart is really to explore one of what have been obviously many investment bubbles over history. They're all unique, and they all have their own drivers and nuances but they all share one thing in common which is the human frailties of greed and fear.

Total miles of railway track in the UK and Index of British railway share prices

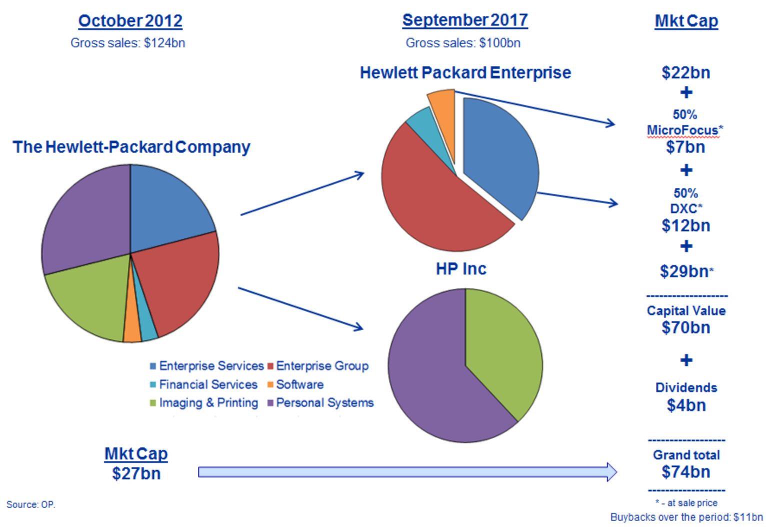


Source: "Collective hallucinations and inefficient markets: The British Railway Mania of the 1840s" Andrew Odlyzko, University of Minnesota, 15th January 2010.

This is one example that we picked out, which was the building of the railway track system in the UK, in the 19th century. On the left hand side you can see the purple bars are the cumulative build out of track across the UK which of course was an economic miracle at the time, it was transforming the economy in the UK, it was improving time to market, it was lowering working capital requirements, this was a genuine innovation that was going to help all businesses across the UK, much like the internet today. As you can see from the line chart on the left hand side that's the price performance of the index of railway stocks in the UK. You can see the level of speculation that went on there and you can see also how it ended. As I say unique circumstances to all these bubbles, this is one example that shows that investors can get overly enamoured with the new, disruptive technology and lose sight of valuation. Disruption is not necessarily bad for people like us and we'll come to that on the next slide as opportunities are thrown up for us. Cheekily perhaps,

Source: Bloomberg.

we couldn't help but notice the comparison with this line chart which is the Nasdaq over the last 30 years and the line chart of the UK railway index. I'm not suggesting that we are now at the peak for Nasdaq but it's a scarily similar chart. So we sort of highlight the fact that we enthusiastically get carried away and when humans are obsessed with greed they become enamoured with the new and they ignore valuation. They begin to think about new things, the potential, and they start extrapolating in ways which are dangerous, but as I say the flip side to that provides us as Value investors with opportunities, and our very own example of that is The Hewlett-Packard Company, when we were given the opportunity in October 2012 to add to our holding at a ridiculously low valuation. The market cap of the company at the bottom left hand corner of the screen was $27 billion. This was the company with $120 billion of gross sales, the second largest IT company on the planet and the valuation of the stock at the time was four and a half times earnings, nearly a 4% yield, 6x covered by cash flow. This was a remarkably cheap company and if you're going to value a stock like that, it needs to go bust pretty quickly for that valuation to be correct. We didn't think it was going to go bust very quickly and so we bought some, knowing that that this was business that was challenged and that was probably going to decline, but the point being that this was more than in the price.



Wind forward five years to the bottom right hand corner of the chart and you can see that by September last year $74 billion in market cap value had been generated from that timeframe. So a wonderful investment for us. We've sold all the parts of the business now apart from this bit, the red bit, which is the remaining slug of Hewlett-Packard Enterprise which we actually increased our exposure to in the fourth quarter of last year, because it still looked very, very cheap post the spin-offs. A wonderful example of a stock which, when the market is utterly enthused by the new, gets forgotten and gets cast out and in fact what was particularly remarkable is that there were people writing very, in their view, rational descriptions of why the stock should trade at such a low valuation. In fact the FT in October and November 2012 ran items in their Lex column saying that the opportunity in the Hewlett-Packard Company was for gamblers only. Now that was the moment where we almost cancelled our subscription to the FT! This was a wonderful opportunity and it was a great example of where disruption can be a good thing for Value investors if you take the other side and do your work.

2018 to date

Top 5 Contributors	%	Top 5 Detractors	%
Hewlett Packard Enterprise	+1.0	Barrick Gold	-0.6
Lukoil	+0.8	BT	-0.5
Mitsubishi Heavy Industries	+0.5	Korea Electric Power	-0.5
Viacom	+0.4	Samsung Electronics	-0.4
Toyota	+0.3	E.ON	-0.4

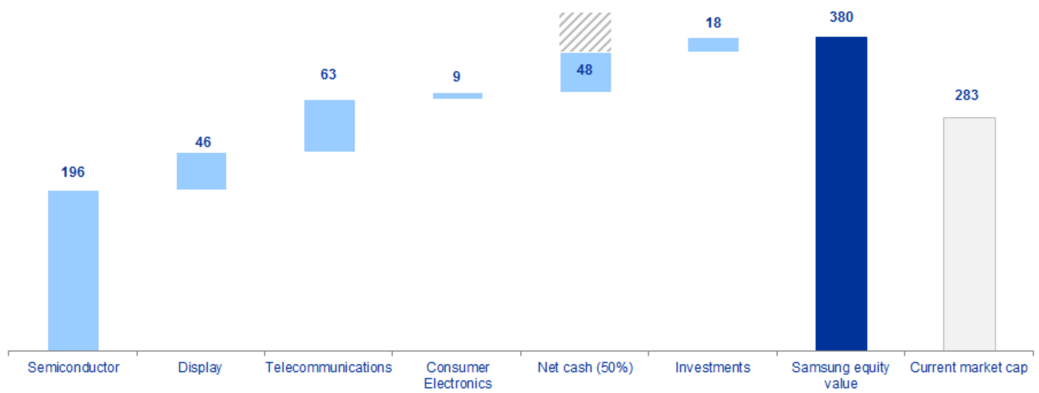
2017

Top 5 Contributors	%	Top 5 Detractors	%
Samsung Electronics	+2.4	Viacom	-2.3
E.ON	+2.0	Mitsubishi Heavy Industries	-1.1
Rio Tinto	+1.6	Barrick Gold	-1.0
Kyocera	+0.9	Korea Electric Power	-1.0
HP Inc	+0.5	Nomura	-0.8

Source: OP, Bloomberg and MSCI ©.Date: As at 28th February 2018. % = the contribution to relative return of a representative portfolio versus the MSCI World (Net Dividends Reinvested) Index in USD terms.

So we have started on stocks, and we like talking about stocks more than anything else so that's what we're going to do for the rest of the presentation. This is a chart showing you the best and worst contributors to the portfolio performance in 2017 and in the two months so far in 2018. We're going to talk about five stocks in pre-prepared comments and then obviously we can take questions on any of them during Q&A. We're going to talk about the best and worst performance from 2017 and then we're going to talk about our most recent transactions to give you a flavour of what we've been doing in the Fund.

So the first stock to talk about is Samsung Electronics. We've talked about it before so I won't belabour but it has been a truly fantastic investment. We bought it first in August 2011 and we paid ₩711,000 a share for the first batch of stock, we bought it at a little over seven and a half times the earnings, and a little under book value from memory, so since then earnings have gone up 3.6x and that has been reflected fully in the stock that today trades at a broadly similar multiple of earnings as it did then with all sorts of concerns around corporate governance - but we can address that in Q&A.



Source: OP, Bloomberg market value as at 9th March 2017.

The sum of the parts presentation we have here has changed slightly over the period that we owned it, when we first talked to you about it in 2011/2012 the biggest bar on the left hand side was in telecommunications, that has fallen away and been replaced by a truly astonishing semiconductor business which leads the world in computer memory - both volatile and non-volatile memory where it's world number one. It is making disgustingly high margins which my colleagues don't like me saying, but it's true, it's outrageous the amount of profit they're making in the semiconductor business which is now a very, very consolidated business. When I started looking at this industry in the 90s, when I was working with Richard at MAM there were I think 11 or 12 players in the DRAM market. There are now three so it's a seriously changed competitive situation, but a wonderful investment as I say, and still plenty of upside on it. One last thing I would say is that around the beginning of November last year this became the largest stock in the portfolio, and Andrew and I knocked it back a bit, and took it down to what is now a 5% weighting in the portfolio, simply because it had risen 65% at that point of time during the year and we just felt that the chart was looking slightly parabolic and we took a little bit out, but still very much in favour of Samsung Electronics.

AG: I get the dubious honour of addressing the worst performer in the portfolio which was Viacom, and there are parallels with what Nigel was saying around Hewlett Packard here.

Source: OP, Bloomberg data as at 30th September 2017.

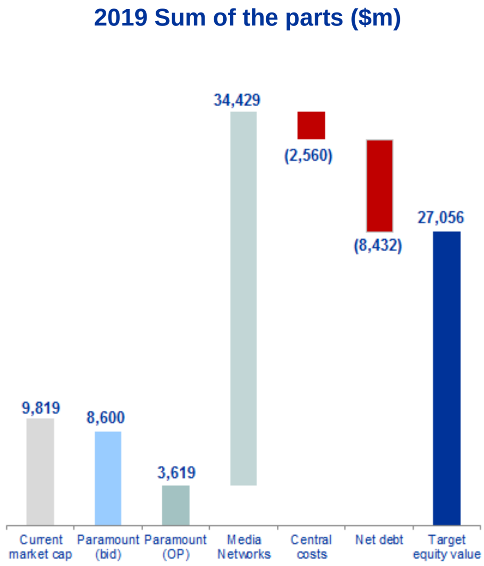
Viacom three years ago was a $40 billion company, it traded on a P/E of 18x with the media sector being a bit of a darling sector in the marketplace.

And then we had a public boardroom fall-out with the executive management team and the family owners of the business which did not play well to the share price, but ultimately it's the rise of things like Netflix and Amazon Prime that has hurt the share price.

In a world where we want growth, where growth is what everyone's chasing, then a market that is potentially being disrupted and where we could see declines, means that investors flee.

So we fast-forward to 2017 and Viacom is being offered on around a $10 billion market cap and a P/E of less than 8x, and investors have just fled this sector, you just don't want to own Viacom, it's yesterday's story.

We are attracted to that. Whenever we see that, as with Hewlett Packard, then for us when we see capital and investors fleeing from an area, particularly good quality companies, then we want to go and look at them.



Source: OP, Bloomberg data as at 30th September 2017.

And one of the things we do is the sum of the parts valuation, and I'll go into more detail about the big bar which is the Media Networks and that's their TV business, and that's where there is the most uncertainty.

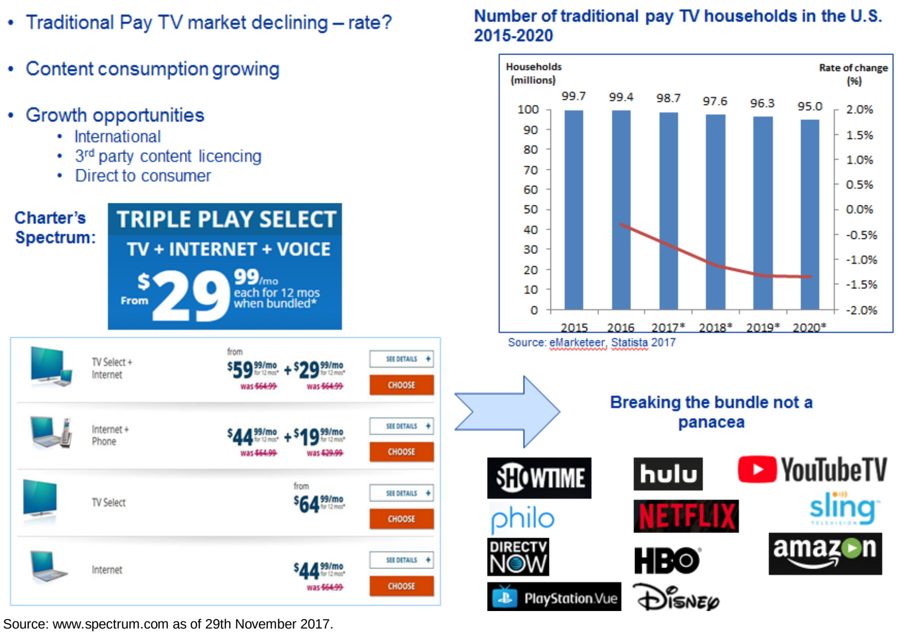
But what I would like to highlight just on the sum of the parts because it's not being valued, when I talk of a P/E of 8x, is the movie studio, Paramount. because it's loss making right now. This is a movie studio that in 2016 reportedly received a bid that valued it at $8.6 billion.

We're Value investors, we don't want to price things on trophy asset type multiples, we use $3.6 billion to value Paramount in our sum of the parts valuation. We use the normalised EBITDA figure and a normalised multiple.

More recently the new management team have talked about receiving $350 million of free cash flow every year from the film library, and so even if they didn't make another film at Paramount, we feel that that our valuation is underpinned.

Now the next slide here is very busy, I apologise, but it's deliberately so. What we want to show you is the underlying markets that Viacom addresses right now, and that is the traditional pay-TV market in the US, and clearly you can see from the chart on the right hand side, the bar chart, that this is a market that has been in decline.

So the traditional pay-TV market in the US is under pressure, and it's been losing around one million to two million households every year. We're still roughly around ninety-seven/ ninety-six million households in the US, but it has declined. We are not disputing that, this is a market that's under pressure, the way we watch TV, the way we consume media is clearly changing, but around that these companies don't just stand still, there's a lot more going on here in this market.



So, first of all, we'll say that although it's declining, it's not cratering, it's not disappearing how the US consumes its media in pay-TV. And one of the things we have tried to do is to cord-cut or break the bundle, and this is what the market analysts are obsessed with. If you try to recreate 'the bundle', now this is all the brands, logos, price points at the bottom, it's very difficult to recreate the bundle. You're typically paying as a US consumer around $90 a month. The moment you break that bundle then your broadband on its own costs you $45, and as you try to recreate the bundle, firstly it becomes incredibly complex and secondly you actually don't save very much money at all. And the fact that Netflix has got to fifty-five million subscribers in the US, and yet we've only lost a few million in the traditional pay-TV households, shows that these can co-exist.

So our first contention is that the pay-TV market in the US is not dead, and it's not disappearing any time soon, and that is important because what that does do is give Viacom time to now address this technological change, and the potential disruption of new entrants clearly with Netflix and Amazon Prime, but what the market is saying is that now Viacom itself is ex-growth, and on a P/E of 8x, and our contention that it's not ex-growth, and that we will see it return to growth.

Firstly, the actual amount of content that we're consuming is going up, and that's why it's quite important having the movie studio, that's a creator of content that's increasingly moving into TV which it hadn't historically. So we are consuming more, whether by mobile or iPads, etc., so the demand for content is going up, and Viacom can address that and capture that opportunity in several ways.

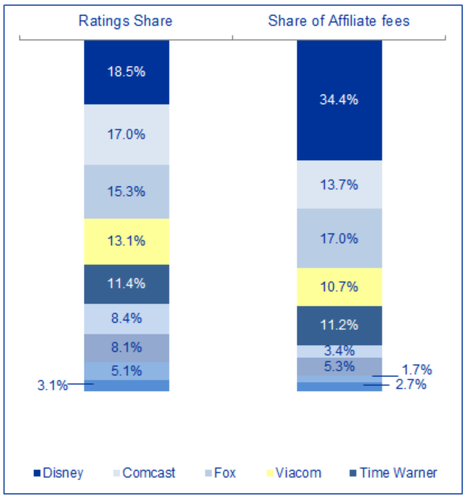
First of all it has an international side, it actually owns Channel 5 here in the UK. That's now around 25% of sales for Viacom, and it's growing at high single digits, if not double digits, and what they talk to here is that the addressable market grows by a multiple, so instead of the ninety-six/ninety-seven million households, there's eight hundred million households internationally that are now available.

And with this technology they can take advantage of that. So they can now go direct to the consumer, they're launching their own 'over the top' system which is called Philo, and that means that they can then capture some of this growth, because actually if you look at the growth in the SVoD market - the subscription video on demand market in the US - then this market hasn't declined at all, it's basically flat, and they can now capture that opportunity themselves, so they are going direct to the consumer.

And then again the third party licensing - they actually make the content, so things like Netflix and Amazon Prime that are demanding more and more content, then they are a producer of that, and so they will benefit.

But I want to go into a deeper level again on this side, the Media Network side, because a part of that is the affiliate fees section, and this is ultimately what we feel is the real strength within Viacom.

2016 share of ratings and Affiliate fees



Source: OP, Bloomberg, RBC Capital Markets, Wall Street Journal - data as at 17th November 2017.

So firstly the chart, the bar chart showing the segments here, this shows that the lower yellow band is Viacom itself, and given the ratings share of just over 13% its take of affiliate fees, so from the networks what it's actually taking is around 11%, so if anything Viacom is under-earning on that front, so it's not to our mind as vulnerable as perhaps other networks are.

If you look at the ratings share for Disney, which is actually ESPN, it delivers 19% of the overall ratings yet takes over 34% of affiliate fees, and that's really the sports rights - and it's not us saying this, it's John Malone - that actually what we could see if we break the bundle is you end up having sports packages and you have entertainment only packages, and that would make sense, because clearly a lot of consumers in the US are paying for sports that they don't watch, and in that environment we think Viacom itself can do very well, and there's not a huge debate around the cash flows, the forward cash flows for Viacom.

OP Affiliate fee drivers

Media Networks - Affiliate Fees	FY9/17a	FY9/18e	FY9/19e	FY9/20e
Domestic				
Sales Domestic	3,920	3,744	3,762	3,781
Sales growth %	1.0%	-4.5%	0.5%	0.5%
Affiliate fee rate growth %	4.0%	4.0%	4.0%	4.0%
Subscriber growth %	-3.2%	-3.5%	-3.5%	-3.5%
Charter reset	0.0%	-5.0%	0.0%	0.0%
International				
Sales International	718	754	792	831
Sales growth %	6.4%	5.0%	5.0%	5.0%
Sales - Media Networks Affiliate Fees	**4,638**	**4,498**	**4,554**	**4,612**
growth		-3.0%	1.3%	1.3%

Source: OP, Bloomberg, RBC Capital Markets, Wall Street Journal - data as at 17th November 2017.

This is just some of the summary inputs into our forecasts for Viacom, and you can see we've actually used a 3.5% decline in the subscriber base for the overall market for pay-TV in the US. Viacom itself is now talking about -2.5% as the growth rate, but they do have rate rises built into their long-term contracts that underpin these cash flows, and we are seeing growth in the international side, and so there is a stability here to the cash flows which again gives Viacom time to capture some of the new opportunities.

Stable cash flows

Viacom market forecasts (EBITDA $m)	2018e	2019e
Market consensus	3,048	3,030
OP	**2,880**	**3,072**
High	3,227	3,316
Low	2,780	2,830
range	15%	16%

Source: OP, Bloomberg, RBC Capital Markets, Wall Street Journal - data as at 17th November 2017.

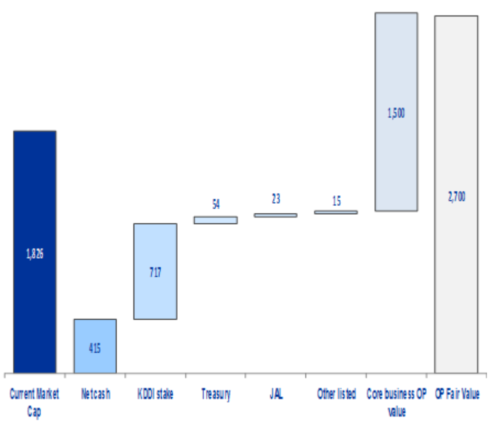
And if we look at the market consensus then there isn't a huge difference between the most bullish and the most bearish, a 15% range highlighting the stable cash flows at these businesses, and in particular at Viacom.

Now what we'd also say is that when you're buying a company like this with stable cash flows, with good content production, with brands, which potentially has been mismanaged over a number of years and will return to growth, when you're buying it on a P/E of 8x then you're putting yourself in a position as an investor where good things can happen.

For us the investment thesis on Viacom has all been about a turnaround, it's been about self-help under the new management of Bob Bakish, and a full strategic reboot of the company, and in the Q&A we can go into more detail about what they're actually doing, but there's a lot of very interesting things that Viacom itself are doing with this new management team.

But clearly it's a sector now which has been engulfed with M&A. We're seeing a huge amount of corporate activity and change going on here, and Viacom itself isn't immune to that so it's now rumoured to be in merger talks with CBS, and for us that would be a great deal. Not only will it realise synergies - Morgan Stanley talks of around $600 million in synergies which as you can see is significant on a $3 billion EBITDA - but it gives it scale and scale is increasingly important in the negotiating tables in this new world, in this changing media environment, and so we think that's a really good deal for investors, and just to reiterate again that 8x does not include the Paramount movie studio.

Original sum of the parts valuation (¥bn)



Data as at 8th March 2015. Source: Oldfield Partners, Bloomberg. * Net cash & other short term investments.

One more - I did get a good one to do which is Kyocera. We've talked about Kyocera in the past as an example of the 'sleeping giants', some call them sleeping dinosaurs in Japan, but this was certainly one.

When you looked at this business it generated less than a 5% ROE on its business, and so people said it was not a great business.

What people did less was say well the reason why the return is so low is the inefficient balance sheet for Kyocera, this is a company stuffed full with net cash and equity holdings, the largest of which was KDDI, the number two mobile operator in Japan.

If you stripped out those you were basically getting the operating business for free, or certainly on a very, very low multiple of earnings, and actually if you did strip those out the operating business generated a high teens return on equity.

It was actually a good business, it provides package ceramics which go into everything from autos, mobile phones, semiconductor equipment, it did have some issues - a telecoms business that was loss-making, solar panels which were loss-making - but they got to grips with some of these businesses and they've certainly seen a real turnaround in the operating performance of their underlying businesses.

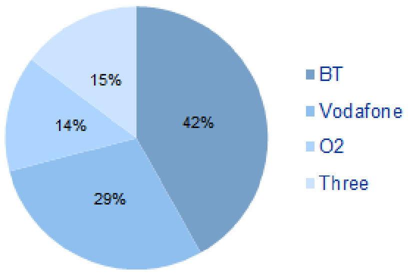
And in 2017 in Q4 it hit our price target. We reviewed the investment thesis. There was a new CEO coming in, we met with him, but really we felt that we'd hit our price target and we couldn't see much further upside, and so we fully realised the investment, making an 80% return, and actually it's proved the right thing to do because it's fallen around 20% since that point.

NW: So that is the most recent sale. Then we've got a couple of purchases that we've added to the fund since we last saw you, the first of which is British Telecom, BT Group here in the UK. And as we described or discussed last time, the UK market has been an area of interest for us generally what with being very unloved and with valuations coming down.

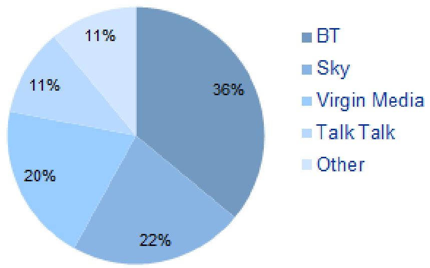
And we started off that search with concluding on buying Lloyds Bank in December 2016 after Brexit, and BT Group came to us in November of last year in terms of joining the portfolio, but really this was a stock that we'd been fascinated by because it was the darling of the European stock market in terms of telecoms back in at the end of '15/ beginning of '16. Then the stock was trading at £5 a share and could seemingly do no wrong. Gavin Patterson was fated as a near-genius, he was building out sports rights and BT Vision was going to be the next great competitor to Sky. Yes, they had a pension deficit but don't worry about that, it's got all the right bits of kit.

The chart shows you that in terms of mobile (left hand side) and broadband (right side) BT is the dominant player in the UK. In mobile BT has 42% share of spectrum in the UK which is a fantastic position for them to be in post the acquisition of EE, and on the right hand side you can see their broadband market share, that is broadband, internet service provider market share. In fact on a physical line basis obviously Openreach has much more than that but it leases those lines out to other internet service providers. Openreach has a physical connection to thirty million premises in the UK and it only has physical competition in half of those premises.

Spectrum market share 2016



Internet Service Provider market share 2017



Source: OP, J.P. Morgan, Ofcom and Bloomberg data as at 17th November 2017.

So it is in a commanding position which is why Openreach is a regulated business making very healthy 50% EBITDA margins, so it's a good business.

What you have here is a stock therefore that fell from grace very heavily in 2017 after it issued a profit warning and revealed the fraud in its Italian business. The combination of the two, not very well handled by the company it has to be said, took the share price down, obviously magnifying the concerns about Brexit. We started doing our work on it as the stock passed through £3 and decided it was worth about £3.50 and that we would buy it at about £2.50, and as it fell to £2.50 we bought it in November.

And I'm not going to go into too much detail on the component parts because that would be a great thing to do in Q&A, and there are clearly some big controversies which I shall highlight in terms of Openreach and the build out of Fibre.

There is the question about the Pension Fund which is now of course the biggest issue for everybody having ignored it two years ago.

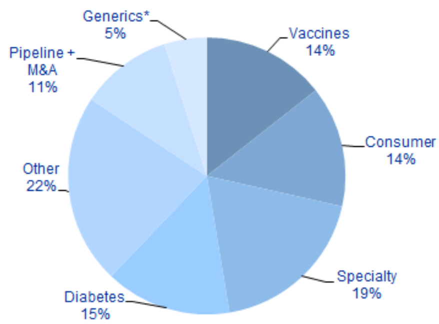
And then the other issue perhaps to discuss is the dividend and the sustainability of it, but we can do that in Q&A, but we think it was a wonderful opportunity, we bought it at about 8½x, 6½% dividend yield which we'll talk about, we think is sustainable, and as I say we think it's worth about 12x earnings, so £3.50 is our fair value for BT Group.

Forward price to earnings

Source: OP, Sanofi and Bloomberg data as at 13th March 2018.

Our most recent purchase, Sanofi, the French pharmaceutical company was bought last month. Again this is an area, healthcare and pharmaceuticals, where we'd had nothing for quite some time, and we have been finding more and more healthcare and pharmaceutical companies coming onto our screens over the last year, and we've been trawling through quite a few of them, but we decided on Sanofi because, well you can see the valuation chart and you can see how the stock has really been given up on by the market, all sorts of potential reasons for that, but at 12x earnings we felt it was a bargain.

Diversified product sales



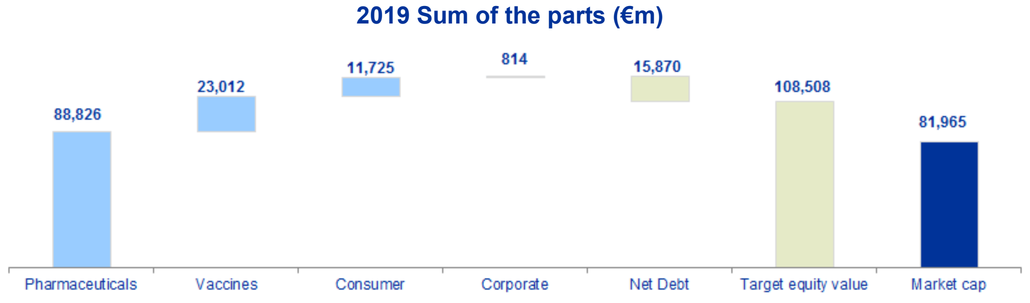
Source: OP, Sanofi and Bloomberg data as at 13th March 2018. *Sanofi has agreed terms on sale of European part of Generics.

We think it's worth through valuation of what is a pharmaceuticals business about 14x earnings, it's a collection of ex-growth businesses with great cash flows in "Other" and in the diabetes franchise and then you have growth coming through from very interesting compounds in speciality and in the pipeline which give a sense of opportunity in that business.

Then we've got two we would describe as premium businesses, vaccines and consumer. Consumer they report within pharmaceuticals but we split it out because we think this is a very different business. Almost no R&D in that business. Good branding. They are actually number one globally in consumer healthcare after they took on the Boehringer Ingelheim transaction, and so they're number one there. It's quite a fragmented market but a good market. A lower margin but much, much more sustainable. 16x we think is fair for that.

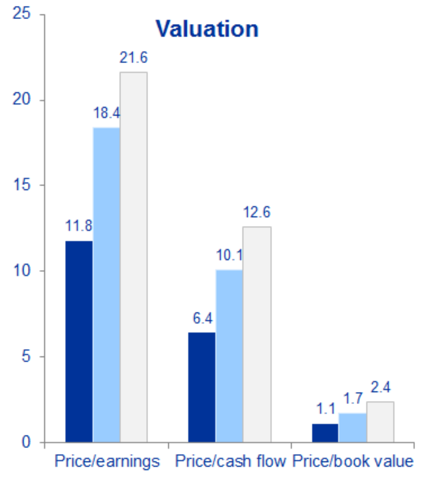
And the vaccines business again, decent length time for product cycles, better than on the traditional pharmaceutical side, very hard to copy vaccines, and therefore that business is dominated by four players globally of which they are one. And we think that's again a business that deserves a small premium over the core business, at 16x. It has a bit of debt post recent acquisitions, but nothing dramatic. We think it'll be down to about 1.7x EBITDA by 2019, so very, very easily serviced.

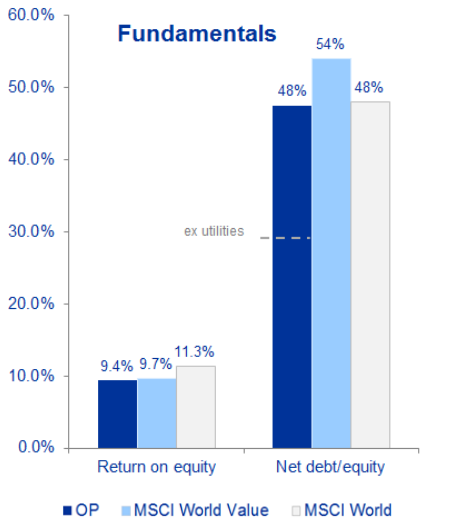
And in terms of fair value we think it's worth say about 14½x earnings, and looking out at 2019 that would put it at about €90 a share, and again so a very attractive opportunity to buy it today. So that's the recent purchases.



Source: OP, Sanofi and Bloomberg data as at 13th March 2018.

So what does the portfolio look like? Well this is our characteristics chart, and you can see here the valuation on the left hand side in dark blue bars you can see we're at a little less than 12x earnings, 6x operating cash, and 1x book, which is half the value of the light grey bar which is the MSCI World Index. So this is a truly Value portfolio, half the valuation of the broader market, and two-thirds of the valuation of MSCI World Value.





Source: OP, Bloomberg.
Date: As at 31st December 2017.
Representative global portfolio used. Based on MSCI method. Net debt/equity excludes financials and includes only industrial net debt where applicable. The grey dotted line represents the net debt/equity figure for the portfolio excluding both financials and utilities.

And on the right hand side you can see that, again typical for us, we take normally a slight hit to return on equity because some of our businesses are underperforming and need to be turned around and we obviously think they can be which is why we've bought them.

And in terms of leverage, when we're looking for these essentially sound companies, we will sometimes combine operation and financial leverage, but we're very wary about doing that, because if you get it wrong it can be spectacularly wrong.

So we always look for a more conservative position at portfolio level than the index, and here we have a net debt to equity which is in line with the broader index, but if you strip out the three utilities we have which are regulated businesses which carry a lot more debt, we don't always have exposure to utilities, you can see that we're down at 30%, so there are more conservatively financed companies in the portfolio.

AG: So the next slide shows the overall view of the portfolio in terms of country and sector weights and, just to reiterate as we always do, that this is an output, this is an outcome of the stock selection process, we go where we find the individual stock investments, and so we can and do look very different to the index.

	Portfolio %	MSCI World %		Portfolio %	MSCI World %
Canada	2.2	3.3	Consumer Discretionary	12.9	12.7
France	4.0	4.0	Consumer Staples	6.2	8.5
Germany	6.1	3.6	Energy	8.3	5.8
Italy	4.2	0.9	Financials	20.2	18.3
Japan	29.1	9.2	Health Care	4.0	11.7
Russia	4.1	-	Industrials	10.7	11.6
South Korea	7.7	-	Information Technology	8.7	17.8
UK	21.9	6.3	Materials	7.3	5.2
US	16.1	59.7	Real Estate	-	2.9
Others	-	13.1	Telecoms	4.8	2.6
			Utilities	12.3	2.8

Source: OP. Source for MSCI World: Bloomberg.
Date: As at 28th February 2018.
Representative global portfolio used.

A number of areas to highlight again is Japan. We continue to find great value opportunities in Japan. It's probably no surprise given that on a price to book basis Japan trades at 1.3x, with the US now over 3x, although one of the reasons people point to is the low returns on equity, but hopefully with Kyocera we've shown just why that is the case with the net cash on these balance sheets and what opportunities that can present to us.

As Nigel has outlined, the UK has become a source of opportunity for us post-Brexit, and there was a recent Merrill Lynch survey showing it is now the least popular of all asset classes in all markets, so it's no surprise for us as contrarians that we're there finding opportunities in the UK, although the weighting is somewhat lifted by our position in Rio Tinto and clearly this is a global stock, but we are finding domestic UK names of interest, very much so.

And then the other thing just to touch on perhaps is the defensives. The bottom two sectors here, telecoms and utilities, we had zero in about two years ago but we are finding opportunities here. We are driven by the individual stock opportunities, so it's not suddenly we've found a love for utilities in a rising yield environment, each of those utilities has their own particular investment thesis.

This is the whole portfolio all on one page showing that we remain a very focused fund, focused on our best ideas. Each of these investments has a price target which is a function of a multiple and a variable which gives us that price target, and the upside, the weighted average upside for the portfolio is over 33% today, and that's consistent with the long-term history, and so we feel we've got a good, sound portfolio of lowly valued companies that will do well going forward.

	Portfolio %		Portfolio %
Mitsubishi UFJ	6.5	Hewlett Packard Enterprise	4.4
Tesco	6.2	Eni	4.2
E.ON	6.1	Lukoil	4.1
Viacom	5.8	Toyota	4.0
Lloyds	5.8	Sanofi	4.0
Mitsubishi Heavy Industries	5.4	Korea Electric Power	3.3
East Japan Railway	5.3	General Motors	3.0
Rio Tinto	5.0	Citigroup	3.0
Nomura	5.0	Kansai Electric Power	2.9
BT	4.8	Barrick Gold	2.2
Samsung Electronics	4.4		

Source: OP. Source for MSCI World: Bloomberg.
Date: As at 28th February 2018.
Representative global portfolio used.

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

Source: Bloomberg. Date: As at 28th February 2018. Indices: MSCI World Value and Growth.

And then really just to sum up, we remain convinced that Value investing is the way forward. It's the best way to generate capital growth, and it's also the best way to protect capital, buying things on low valuations, but clearly the Value style that we espouse has had a very tough period for now ten years and this chart shows is that the depth of that underperformance is now as great as in the dot-com boom era, and actually the duration is as great as the only other period we've had, the 1930s, where Value really has been out of favour.

We continue to offer a distinctive disciplined Value approach to investing, and as 2016 demonstrates when Value turns, and we are convinced it will and that catalysts are in place, we will do very well. This chart shows that when Value turns it has an incredibly long way to go and what perhaps has been a headwind for ten years will hopefully become a tailwind for our style of investing. Thank you.

NW: Okay, so that's the presentation, a couple of minutes over that which I promised I'm afraid, but we're now open for Q&A, so who would like to ask the first question?

Q: Can I ask a very dumb question which is can you tell me something about the MSCI World Value Index and the stocks

NW: The simple answer is it's the lowest half in terms of value of the MSCI World.

Q: How do you find your P/E ratio or book to value?

NW: A combination of P/E, price to book, EV to free cash etc.

Q: And can't you buy a Value ETF instead?

NW: You can.

Q: Of course we wouldn't because we'd rather invest in your fund.

NW: And we've outperformed the benchmark, which you wouldn't do in the ETF, just to highlight that.

Q: Have you done any work on General Electric?

NW: We have indeed. Now actually this gives me the opportunity to introduce a colleague of mine, Alexandra Christiansen, who's the newest member of the team, and joined us in December, a wonderful addition, and Ali has done some work on GE, some of which we were going to discuss tomorrow actually. She probably won't cover that in great detail but she can give you an overview of what we've looked at because obviously it's fallen a long way and it's absolutely the sort of thing we would look at.

AC: Yes, so we're debating it at the moment. We definitely think it's a case of a bad parent with good businesses, so badly managed businesses. We can see how things are lining up to get less bad. The sticking point at the moment is valuation.

So obviously there's been a lot of controversy on the accounting side of things, there has been some aggressive accounting if you look at the earnings for the business.

If you look at the cash flow side of things where you can't hide, you can't do the same accounting tricks, actually valuation is not very compelling at a mid-single digit free cash flow yield, and for us we need a bit more of an interesting starting point.

Tomorrow we are having a longer discussion on GE capital where we think there could be some nasty surprises to come, so we'll be discussing that in more detail. But we're really thinking hard about this name.

Q: Could you say something about banks, and in particular how they perform traditionally where the value sort of recovers from this extreme position that it's currently at?

NW: Andrew, do you want to answer that?

AG: Yes, I'm just thinking of where to start on the banks. We've held for a long time our Japanese banks, and particularly when they went to negative interest rates in Japan, they were hit hard, and so we bought more at that point, so you have things like MUFG on 0.4 of a book, so for us that became an unsustainable situation.

Clearly as rates turn and rates rise, banks can be real beneficiaries of that, and you will really see that in the net interest spreads for the banks, because when you look at something like Japan domestically they've lost about half of their net interest income just from spread compression, and ever falling interest rates.

More recently we've actually started to reduce our position in Citigroup. Clearly the US led the way in terms of cleaning up their balance sheets, they took that pain early, and we've seen a re-rating of the US banks well ahead of what we've seen in Europe and Japan. The US is probably three to four years ahead, as they have exited QE but we're still full-blown in Japan, potentially we're exiting in Europe this year. For Citigroup you really need to have to believe that further upside comes from the macro environment and you see an improvement in net interest spreads for Citi.

Europe is still a case by case, we've held three European banks, ING in the Netherlands which was very successful, BBVA in Spain, and now we own Lloyds. We think Lloyds has one of the best balance sheets, one of the best cost income ratios and retail franchises and we are buying it on a P/E of nine times, and its return on equity sets it as one of the best banks in Europe.

We still think there are issues in Europe in terms of what we have seen is regulatory creep and they have still not fully addressed their balance sheet issues, e.g. Deutsch Bank and its leverage etc., so Europe is still in the mire.

Japan we think is very interesting. You're paying 0.6x price a book for MUFG today. It's buying back its own shares, it has excess liquidity given the domestic deposits and it doesn't have the issues that we continue to see in Europe. Japanese banks will absolutely be beneficiaries of any net interest spread increase, given what has occurred. So we think Japan is very well placed, but for us it's still very stock specific, however as spreads expand then financials should do very well.

NW: We haven't specifically looked at the performance of the banks in an improving value rebound system so we'd have to come back to you on that.

Q: How do you feel about holding companies trading at a big discount to NAV?

NW: Well that's absolutely the sort of thing that we love to look at, so yes wherever we come across that sort of opportunity we'll definitely go through that.

Q: But I didn't see any in the portfolio, so Exor/ Investor don't meet at the moment?

NW: Well, okay, so Investor we have owned in the past, it hasn't been on our screens of late. Exor we haven't owned in these portfolios, it's just too small historically for these portfolios. We have owned it in other portfolios at the firm, we still do in Europe, so yes, those sorts of things we do, and in fact I was talking to Harry only this morning about a possible candidate in the US which may or may not be too small for us, so I won't mention it now, but yes.

Q: Are you losing patience with Barrick Gold?

NW: Heaven forbid. RG, do you want to say something on Barrick Gold?

RG: I'll say something on the operational side which has become a bit worse recently. The production profile has deteriorated. They were producing five million ounces a year and going forward it looks like it's going to be closer to four million ounces. This is because of maintenance at certain mines, the grade has declined a bit, and they've sold some assets. Those assets were sold to improve the balance sheet which had become stretched. So on one hand you're taking away from production but on the other you are improving the balance sheet, which does give a bit more protection over the long run.

In terms of costs they're still one of the lowest costs operators out there. And they are investing more in digital to try and improve costs and efficiency further. But, of course, you are now going to be producing less ounces over a fixed costs base so there may be some upward pressure on the costs per ounce.

Ultimately owning Barrick still depends on the gold price. And, on balance, we do think that is going to be higher rather than lower in the future given QE and the risk of some sort of dislocation as that unwinds. That may come in the form of inflation. We do believe that gold will provide some degree of protection such an outcome.

Using the current gold price of thirteen hundred dollars, and even with the declining production profile, Barrick is still trading on a free cash flow yield of about 7%. So it's certainly not super cheap but, should the gold price increased by a couple of hundred dollars, those numbers would look very different.

AG: Maybe just to add as a Value investor that you want to have, as long as you can still see a gap between the price today and what you feel is the fair value, an infinite patience, and one of the things that stops us having patience is high leverage, because that can be, if you're wrong on the operational side and you've got an operationally leveraged business and you're financially leveraged then you as an investor you can be stopped out. The one thing that Barrick has done to its credit is massively deleverage, so net debt's gone from around fourteen billion to five billion in that process, but it's yet to see the benefit. However we have had our three bites of Barrick and so we can't buy any more, that's a hard rule.

Q: You've got stocks in there with significant family and governance issues, like Viacom and Samsung. Would you like to comment on the pros and cons of family involvement?

NW: I would, but there's somebody here who's recently written a piece on family ownership, it's not to do with large companies but I know he has a passion for it, so I'm going to ask Harry to step up.

HF: I think in general family ownership is a positive thing, it creates long-term thinking and multiple other benefits, but clearly you can get problems, and I think Viacom is an example of that.

AG: Just on the Viacom side, I think the problems arose because the founder was ill and hospitalised, and what the previous management team, the executive management team under Dauman was accused of was basically enriching themselves at the expense of the family ownership which is the Redstone's.

So one of the things that we had to do was due diligence on his daughter Shari, as she has fought to wrest control from the old management team, and it was very interesting when you actually see what Shari's been doing.

She's run a media venture capital fund, so she's alive to the issues that Viacom is facing and so for us that was a great transition that she actually asserted control and then brought in Bob Bakish. She has cleared out the entire management team, sorted out the board, promoted Bob Bakish who ran the international side, and for us that's a great hire because he has demonstrated over many years great success in driving the growth in the international side, and he's been given the helm of the whole thing which was a big move because it was a very US centric business and you had some big egos there, but you've had a complete reboot of the management team under Shari, so she's actually been transformational we think for Viacom.

NW: And in terms of again the long-term family involvement, it has been very positive actually for driving that business on and positioning it as it has. In fact with the latest generation, J.Y. Lee has recently spent some time in prison but the good thing there is that he hasn't really had an operational role. On the board he's Vice Chairman, he's labelled Vice Chairman, but actually his role is small, I guess you'd politely call him 'strategic', there are very sound professionals running each of those core divisions.

Q: I was just going to ask that in any portfolio, concentrated portfolio, particularly a value one, you can have stocks that tend to be accident prone, we've had them in the past and we'll probably have them again. I just wondered operationally what you do, and I mean I don't know whether Tesco's is an example of a stock that tends to be accident prone or not, but it does seem to come up with lots of surprises. Do you get together as a team and cheer each other up or do you go out for a drink, I just wondered how you deal with those sorts of situations as a team?

NW: Okay, so there's lots in there to unpack. Let me start and Andrew can then take it on. The first thing to say is that it's about character of the investor. It's a strange thing, value investing, a strange profession if you like. Most people don't do it, a very small percentage of assets globally are invested in this style, certainly in the UK, and it is temperamentally hard to do because as you say there are always things going wrong and people are constantly thinking you're mad to do what you do, and that's something that requires a certain mental state shall we say to be able to live in that environment and to survive in that environment, and that's something that we think we share together and, yes, there's a self-help group in the sense we have a weekly investment meeting where we will discuss all the stocks, but the key with our investment process is not to get sucked into the emotion.

So you talked about accidents and there have been lots of accidents in several of the stocks that we've got in the portfolio, but we try not to lose our head at that point and to stay focused on the fundamentals, and the team as a whole help each other do that if you like, but we all tended to do that anyway, and take a cool, calm look at the fundamentals and the impact and, as Andrew talked about earlier on, the gap between value and price is something that we stay laser focused on, and not to get carried away with the emotion of investing which is so common in most people.

AG: I was just going to add that for me perhaps the most accident prone stock that we have in the portfolio is Mitsubishi Heavy right now, it was actually the accidents that attracted us to it in the first place, they had issues with their ship building side, they got into cruise ship building but couldn't build cruise ships and lost lots of money there.

For ten years they've been building a regional jet losing fifty billion yen a year doing that, and then more recently, so just when you think things can't get any worse their power system business ends up having issues, and we see big declines in orders there.

So it is accident prone and continues to be accident prone, but one of the things that again is a Value investor is it comes back to the valuation, and the approach we all share is a belief in Value investing. Mitsubishi Heavy now trades on 0.7x price to book which is its lowest multiple in its history and if you look at it's a business that has a thirteen billion market cap, it has equities, listed equities that are around $5/6 billion, and it's also a legal claim against Hitachi for $6 billion, so even disregarding all those accident prone operations you can construct a Value case where you don't even need to look at that, but it has been accident prone but it's seen through that.

Q: So you expressed that you are sector agnostic earlier on, and that your emphasis is on stock picking as opposed to portfolio construction, is your sudden saturation of utilities perhaps a signal that you're turning more defensive or that you're perhaps offsetting your more aggressive positions let's say in financials, or is it purely coincidental because there are good businesses?

AG: Coincidental. We started with our first utility which was actually Kansai Electric, the most geared to nuclear in Japan, and really that was post the Fukushima accident where Japan switched off all their reactors. This was a utility that went from spending three hundred billion yen on fuel to 1.4 trillion, as without nuclear which was about 50% of its output it had to buy in expensive LNG, and so it went into loss and the valuation fell from about 50% price to assets to 13% price to assets, and investors just fled Japanese utilities.

When we were buying Kansai Electric in 2015 it could be said to be the most hated part of the global market. Then it's progressed from there, and it was just finding those stock specific opportunities, each one has its own investment thesis which is very different. E.ON is all about returning to the pipes, to the stable infrastructure assets, so a very different thesis to Kansai.

NW: But, yes, driven bottom up rather than any top down decision to change the profile of the portfolio which we don't do.

Q: Value can get cheaper, what role for cash if any?

NW: Not in our portfolios. We tend to stay fully invested or close to it. We tend not to have more than I would say 2-3% cash, that's the normal run rate for us, but no more than that. Exceptions you might see 5% in a gap between transactions but otherwise no, fully invested. No, we leave that macro view on markets to our investors.

Q: Is there any political risk with this Russian incident that as regards Lukoil and that could this give you an opportunity as well?

NW: Hard is the answer to that question. Andrew and I were talking about that only this morning, and looking at the price of Lukoil and the performance of it and wondering what may flow from Mrs. May's expulsions of Russian diplomats. I don't think at this point that we're worried about on what we've seen so far about Lukoil, but it is a stock that's done very well for us lately and although it's still some way from its fair value that is something that we were thinking about this morning.

Q: And if there was say a huge wallop in the Russian market, how much could you go into Russia if you saw an opportunity?

NW: We have a limit on emerging markets of 15% in this portfolio, so in fact we've showed you a comparator of the MSCI World Value Index, some people would think a better comparator of style would be the MSCI All Country World Value Index because that has emerging markets in it and we have about 12/13% in emerging markets at the moment.

Q: Sorry, just back on to portfolio characteristics, most of your energy beneficiaries here are exposed to Brent Crude as opposed to WTI, is that something that you'd consider bringing in to your portfolio for example to reduce your geopolitical risk?

NW: No, we didn't think about specifically Brent exposure as opposed to WTI exposure.

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.