

# OLDFIELD PARTNERS LLP

## OVERSTONE EMERGING MARKETS EQUITY FUND

### JUNE 2011 NEWSLETTER 32

#### Fund Summary

30 <sup>th</sup> June 2011			
NAV of fund	US\$283.6m		
A share unit price	US\$189.61		
I Share unit price	US\$119.73		
Performance			
	A Shares	I Shares	MSCI Emerging Markets (NDR)
June	-6.8%	-6.8%	-1.5%
2011 to date	-11.0%	-10.8%	+0.9%
2010	+22.8%	+23.2%	+18.9%
Since inception A*	+91.8%		+113.4%
Since inception A pa*	+27.8%		+33.0%
Since inception I**	-	+20.8%	+30.2%
Since inception I pa**	-	+11.4%	+16.3%

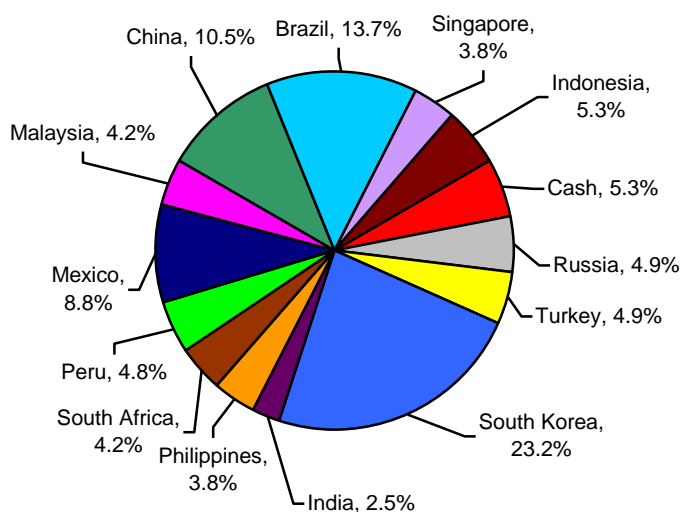
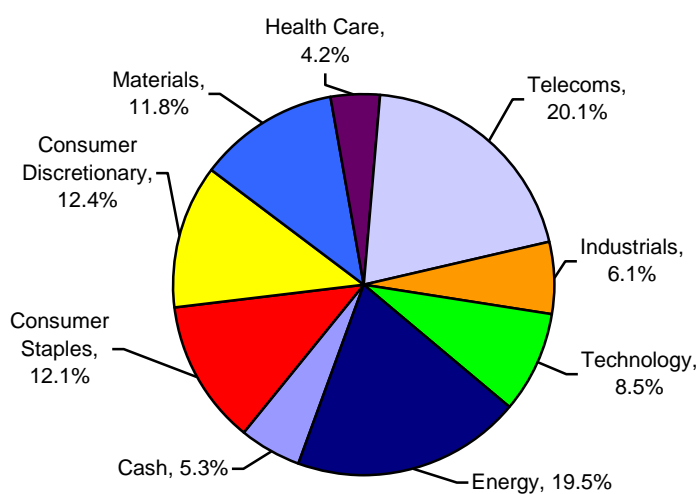
Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Intl. Fund Administrator Services (Ireland) Ltd. Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.  
 \*A shares commenced on 3<sup>rd</sup> November 2008.  
 \*\*I shares Inception October 2009.

#### Top Five Holdings\*

Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	8.5%	-8.4%
Petrobras	7.7%	-1.9%
KT&G Corp	7.3%	+4.9%
SK Telecom	7.3%	+5.7%
Embraer	6.1%	-3.9%

Source: Oldfield Partners LLP and Bloomberg.  
 \*As at end of period  
 \*\*Total return inclusive of dividends.

#### Sector and country breakdown as at 30<sup>th</sup> June 2011



Source: Oldfield Partners LLP

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#### Commentary

Markets have traded sideways this year as investors moved between optimism and pessimism on the global outlook. Emerging markets entered the tightening cycle early and overall continue to be mindful of inflationary pressures. The fund has not performed well this month, in a large part due to exposure to **Sino-Forest** (Chinese forestry).

The bottom three performers by contribution during the month were Sino-Forest, Samsung Electronics, and Buenaventura. **Sino-Forest** (Chinese forestry) remains depressed following allegations by a short seller that the company is not genuine and improper in its conduct with third parties. We have held calls with a local competitor, a forestry expert recently returned from China, and management. We have not found reason to suspect any wrong doing by management, and we have increased our holding in the company at this depressed valuation. We await the findings of the independent committee formed to investigate the allegations. **Samsung Electronics** (Korean consumer electronics) has been troubled by its LCD business, however, the mobile handset business continues to perform well. We continue to favour Samsung Electronics as a market leader in many of its businesses but trading on an attractive valuation of nine times earnings. **Buenaventura** (Peruvian gold miner) has been unsettled following the election of a more populist government in Peru. This may embolden workers and will likely lead to an increase in taxes for the mining sector. Although the markets worst fears for the new government are unlikely to be realised.

The top three performers by contribution during the month were KT&G, SK Telecom, and First Pacific. **KT&G** (Korean tobacco) has performed well as investors focused on domestic price increases by a foreign competitor. This has allowed KT&G the flexibility to either take market share or follow by increasing prices. It has so far opted to increase its market share. We continue to like **SK Telecom** (Korean mobile), and other mobile operators, as the adoption of smartphones drives data usage. **First Pacific's** (Hong Kong holding company) assets are in the Philippines and Indonesia. PLDT (telecom) and Indofood (vertically integrated branded consumer foods) make up 70% of the net asset value, and despite its assets being listed First Pacific trades at a 50% discount to its net asset value.

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Fund Information as at 30 <sup>th</sup> June 2011			
<b>Currency</b>	US\$	<b>Investment Manager</b>	Oldfield Partners LLP
<b>Liquidity</b>	Daily dealing	<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Ltd
<b>Benchmark</b>	MSCI Emerging Markets (Net Dividends Reinvested)	<b>Custodian</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Management Fees</b>	A shs = 1.25% I shs = 0.90%	<b>Auditor</b>	Deloitte
<b>TER</b>	A shs = 1.47% I shs = 1.12%	<b>Admin &amp; Custody Fees</b>	0.18% on the first US\$75m 0.155% on the next US\$75m 0.14% on the next US\$150m 0.11% thereafter
<b>Minimum Investment</b>	The equivalent of €100,000	<b>A shares ISIN</b>	IE00B3DDVH01
		<b>A shares sedol</b>	B3DDVH0
		<b>A shares ticker</b>	OVEMKEA
<b>Legal Advisers</b>	Arthur Cox	<b>I shares ISIN</b>	IE00B4N0BT09
		<b>I Shares sedol</b>	B4N0BT0
		<b>I shares ticker</b>	OVEMKEI

Overstone Emerging Markets Equity Fund is a sub-fund of Overstone Fund plc, which is incorporated in Ireland and approved by the Irish Financial Services Regulatory Authority. Six other sub-funds exist under the Overstone Fund plc umbrella; Overstone Global Equity Fund was launched on 1<sup>st</sup> June 2005, Overstone European Equity Fund was launched on 3<sup>rd</sup> October 2005, Overstone Opportunity Multi Fund was launched on 1<sup>st</sup> November 2005, Overstone Global ex US Equity Fund was launched on 1<sup>st</sup> June 2006, Overstone Japanese Equity Fund was launched on 1<sup>st</sup> October 2007, Overstone Smaller Companies Fund was launched on 1<sup>st</sup> October 2007.

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