Oldfield Partners LLP
Overstone Emerging Markets Equity Fund
November 2009 Newsletter 13

Fund Summary

1st December 2009	
NAV of fund	US$36.3m
A share unit price	US$166.68
C share unit price	US$167.07
I Share unit price	US$104.39

Performance

	A Shares	C Shares	I Shares	MSCI Emerging Markets (NDR)
November	+4.8%	+4.8%	+4.8%	+4.3%
2009 to date	+69.0%	+69.4%	-	+71.7%
2008*	-1.4%	-1.4%	-	-0.3%
Since inception	**+66.7%***	**+67.1%***	**+4.4%****	**+71.2%***

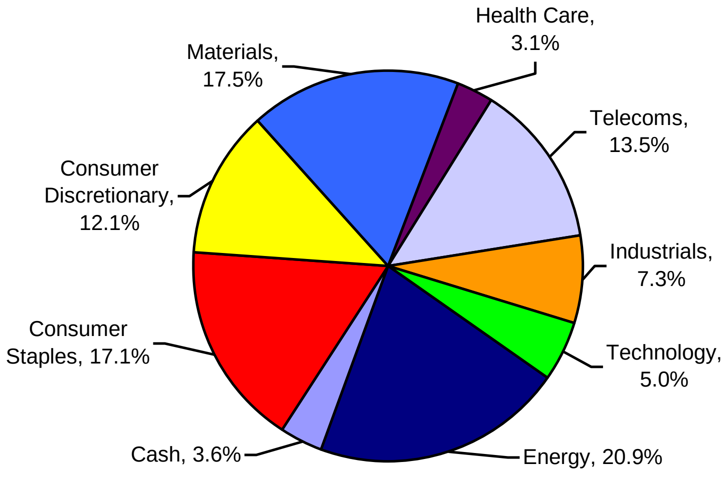
* The fund commenced on 3rd November 2008. **Inception October 2009.
Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Fiduciary Services (Ireland) Ltd.
Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

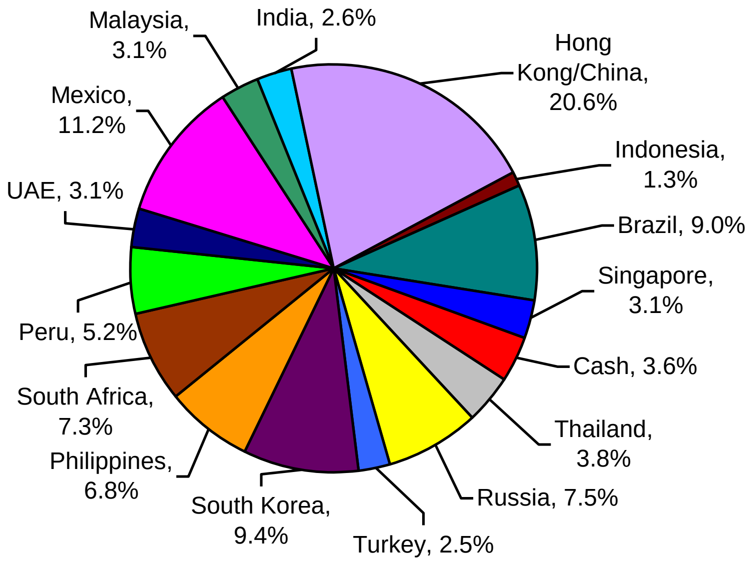
Top Five Holdings *

Stock	Portfolio Weighting	Monthly Performance (local terms)**
Gazprom	7.5%	-5.9%
Chaoda Modern	6.4%	+13.2%
Petroleo Brasileiro	5.9%	+12.3%
Corp GEO	5.6%	+1.1%
Sino-Forest	5.5%	+21.3%

* As at 30th November 2009
Source: Oldfield Partners LLP and Bloomberg.
** Total return inclusive of dividends.

Sector and country breakdown as at 30th November 2009





Source: Oldfield Partners LLP

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Commentary

Latin America performed strongly in November, easily outpacing the positive gains made by Asia and Eastern Europe. The region alone seemed immune from the news coming out of Dubai. It seems that the situation in Dubai will not have wider implications; and at the national level there is at least ability (with assets exceeding liabilities) and a willingness to pay. This episode serves to remind investors that there are instabilities remaining in the world that have not been erased by stimulus spending.

The top three performers by contribution to the portfolio in the month were Sino-Forest, Buenaventura, and Ternium. **Sino-Forest** (Chinese forestry) had a strong set of third quarter results showing the strength in the local construction market. Log prices in China rebounded 15-20% in the third quarter, but remain 10-15% off the highs made in 2008. Management believes log prices may regain their peak by the year end. The company continues to move towards a sustainable plantation model with the introduction of faster growing species allowing improved returns. **Buenaventura** (Peruvian gold miner) benefited from the move upwards in the gold price as it approached $1,200 per ounce. **Ternium** (Latin American steel producer) announced a good set of third quarter results as the effect of high cost inventories passed, volumes increased, and with solid cost control.

The bottom three performers by contribution were DP World, Eros, and Gazprom. **DP World** (Dubai Ports) deserves special attention as it is tied into the recent drama unfolding in the city state. DP World is 77% owned by Dubai World, which is itself 100% owned by the Dubai government. The eventual outcome at Dubai World remains uncertain, but there have been some positive moves in restructuring the debt in its worst affected companies. DP World is excluded from the restructuring process. It has cash flow comfortably capable of servicing its liabilities and the bulk of its debt has long term maturities. It is possible that Dubai World could sell its stake, and so this could have a short term impact on the share price. Jebel Ali port is an important regional asset and there would be keen interest in acquiring a stake. Other scenarios might see the parent attempt to access DP World's cash flow, for example, through a higher dividend. Near term throughput at Jebel Ali will suffer as construction has accounted for approximately 15% of its total and that estimate may be conservative. With the uncertainty surrounding Dubai World we have not increased our holding in DP World, but feel happy to hold onto the existing position. **Eros International** (Indian Bollywood films) had first half results in the month which reflected the dispute between the film industry and the cinema chains in the first quarter. Its film releases were delayed into the second quarter and beyond. The more favourable terms agreed in the resolution of the dispute should allow the delayed releases to create a strong second half. Eros plans to list a stake in its Indian operation on the local exchange, and is likely to be well received. **Gazprom** had second quarter results during the month, which reflect the fall in oil prices with the time lag built into its 'take or pay' contracts with European customers. At this time of year and with the Ukrainian Presidential elections early next year investor concerns have been on Ukraine again, although thus far there has been little sign of another stand-off.

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During the month we initiated a position in **Yue Yuen Industrial** in Hong Kong. Yue Yuen is the largest manufacturer of athletic shoes globally with an approximate 20% global market share. It manufactures for the leading brands, such as Nike and Adidas. We like the fact that the company is less exposed to fashion risk than the retail brands and works on a cost-plus model alleviating raw material price concerns. The supplier network continues to consolidate and Yue Yuen, as the largest supplier, benefits to some extent from economies of scale. The company has an investment in a local Chinese sports shoe retailer, which should grow over time as this key market develops. Yue Yuen trades on a price earnings ratio of 11, with a dividend yield of 4% and a solid balance sheet.

Stocks have re-rated in the hope that earnings will follow, and so there is multiple expansion as investors anticipate the earnings growth to justify it. On occasion the multiple expansion can push markets to extreme valuations, but currently the MSCI Emerging Markets index reflects a little over its longer term average price earnings multiple on historic earnings. The risk for 2010 is that the earnings are delayed, viewed as unsustainable as stimulus measures are withdrawn, or come in weaker than anticipated. We draw comfort from the lower starting valuation of the portfolio based on historic price earnings ratio and the fact that the earnings growth expectations for the portfolio are less demanding than the consensus expectations for the MSCI index.

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Fund Information as at 1st December 2009			
Currency	US$	**Investment Manager**	Oldfield Partners LLP
Liquidity	Daily dealing	**Administrator**	Northern Trust Fiduciary Services (Ireland) Ltd
Benchmark	MSCI Emerging Markets (Net Dividends Reinvested)	**Custodian**	Northern Trust Custodial Services (Ireland) Ltd
Management Fees	A shs = 1.25% C shs = 0.75% plus 15% of out performance of benchmark MSCI Emerging Markets. I shs = 0.9%	**Auditor**	Deloitte
		Admin & Custody Fees	0.15% on the first US$75m 0.135% on the next US$75m 0.12% on the next US$150m 0.09% thereafter
TER	A shs = 2.00% C shs = 2.00% I shs = 1.65%	**A shares ISIN** **A shares sedol**	IE00B3DDVH01 B3DDVH0
Minimum Investment	The equivalent of €250,000	**C shares ISIN** **C shares sedol**	IE00B3DDVJ25 B3DDVJ2
Legal Advisers	Arthur Cox	**I shares ISIN** **I Shares sedol**	IE00B4N0BT09 B4N0BT0

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 1st June 2005, Overstone European Equity Fund was launched on 3rd October 2005, Overstone Opportunity Multi Fund was launched on 1st November 2005, Overstone Global ex US Equity Fund was launched on 1st June 2006, Overstone Japanese Equity Fund was launched on 1st October 2007, Overstone Smaller Companies Fund was launched on 1st October 2007.

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