

OLDFIELD PARTNERS LLP

OVERSTONE EMERGING MARKETS EQUITY FUND

NOVEMBER 2010 NEWSLETTER 25

Fund Summary

1 st December 2010			
NAV of fund	US\$276.6m		
A share unit price	US\$198.30		
I Share unit price	US\$125.33		
Performance			
	A Shares	I Shares	MSCI Emerging Markets (NDR)
November	-0.3%	-0.3%	-2.6%
2010 to date	+13.7%	+14.1%	+11.0%
Since inception A*	+99.6%		+97.4%
Since inception A pa*	+39.5%		+38.8%
Since inception I**	-	+25.4%	+20.4%
Since inception I pa**	-	+21.5%	+17.3%

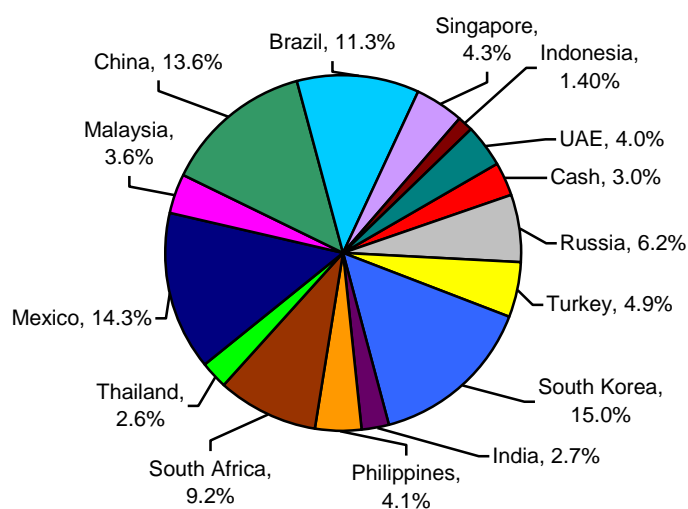
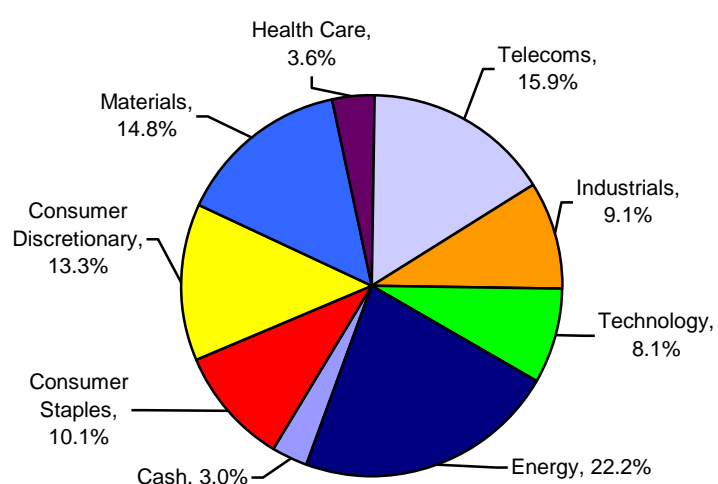
Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Fiduciary Services (Ireland) Ltd.
 Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.
 * A shares commenced on 3rd November 2008.
 ** I shares Inception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

Top Five Holdings *

Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	8.1%	+10.9%
SK Telecom	6.9%	-2.4%
Gazprom	6.2%	+1.5%
Petrobras	6.2%	-5.7%
Sino-Forest	5.9%	+10.3%

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

Sector and country breakdown as at 30th November 2010



Source: Oldfield Partners LLP

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Commentary

Inflation in emerging markets is a topic we see regularly mentioned by commentators. In particular the increase in food prices is of concern to many emerging market countries given its large weighting in most consumer price indices. Many emerging countries, such as China and India, are seeing increases in inflation; but many, such as Mexico and South Africa, still have significant slack in their economies. It is clear that emerging markets, in general, have led the global monetary tightening cycle, but we are still early on in this process. Although we do not specifically look to benefit from macro-economic themes, such as inflation, we do hold many companies in the portfolio that are either commodity producers or have the ability to pass on higher costs by virtue of their solid market shares.

The top three performers this month by contribution were Samsung Electronics, Sino-Forest, and Eros International. **Samsung Electronics** (Korean consumer electronics), is likely to see all four of its major divisions performing well by mid-2011, following a recent dip in its semiconductor and flat screen businesses. All its key divisions are global market leaders and it has continued to cement this lead through the recent downturn. A recent management reshuffle and talk of restructuring within the Samsung group has been well received by the market. **Sino-Forest** (Chinese forestry) had strong third quarter results, and gave a clearer outline on its re-planting and growth plans. **Eros International** (Indian Bollywood films) posted a solid set of first half results during the month with sales and earnings per share both increasing over 20% accompanied by a positive outlook statement by management. The company is well placed to benefit from the groundwork laid over the last several years with its leading position in Indian films, a growing market audience, and a visible slate of film releases for the coming year.

The bottom three performers this month by contribution were Ezra Holdings, Petrobras, and First Pacific. **Ezra Holdings** (Singapore oil services) recently undertook a rights issue with the proceeds contributing to its acquisition of Aker Marine Contractors (AMC) that helps launch the company into the deep-water services market. Three quarters of Ezra's vessels are capable of deep-water deployment, but have historically not been employed for this use. It has a young fleet (average three years) operating on long term contracts to tide it over the transition. Following a recent meeting with management in Singapore we find the move towards deep-water services to be sensible, as the market is growing and the number of global players consolidating. **Petrobras** (Brazilian oil producer) has been out of favour with investors following the equity issuance in the autumn and the purchase of 5 billion barrels of oil reserves from the government in the 'pre-salt' Santos basin. We find the valuation of Petrobras attractive and the opportunity to develop the pre-salt oil reserves of the Santos basin is almost unrivalled in the global oil industry. We do acknowledge it may take time for investors to warm to Petrobras again. **First Pacific** (Hong Kong holding company) trades at a 45% discount to its net asset value, which is comprised of listed companies in the Philippines and Indonesia. The two largest holdings are **PLDT** (Philippine telecom) and **Indofood** (Indonesian food company) accounting for 75% of its net asset value. We believe First Pacific has attractive holdings that are held at too large a discount to its net asset value.

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Fund Information as at 1st December 2010			
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% I shs = 0.90%	Auditor	Deloitte
TER	A shs = 1.49% I shs = 1.14%	Admin & Custody Fees	0.18% on the first US\$75m 0.155% on the next US\$75m 0.14% on the next US\$150m 0.11% thereafter
Minimum Investment	The equivalent of €250,000	A shares ISIN	IE00B3DDVH01
		A shares sedol	B3DDVH0
Legal Advisers	Arthur Cox	I shares ISIN	IE00B4N0BT09
		I Shares sedol	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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