

# OLDFIELD PARTNERS LLP

## OVERSTONE EMERGING MARKETS EQUITY FUND

### JANUARY 2009 NEWSLETTER 3

#### Fund Summary

2 <sup>nd</sup> February 2009			
NAV of fund	US\$4.9m		
A share unit price	US\$98.08		
C share unit price	US\$98.08		
Performance			
	A Shares	C Shares	MSCI Emerging Markets (NDR)
January	-0.5%	-0.5%	-6.5%
2008*	-1.4%	-1.4%	-0.3%
Since inception *	-1.9%	-1.9%	-6.8%

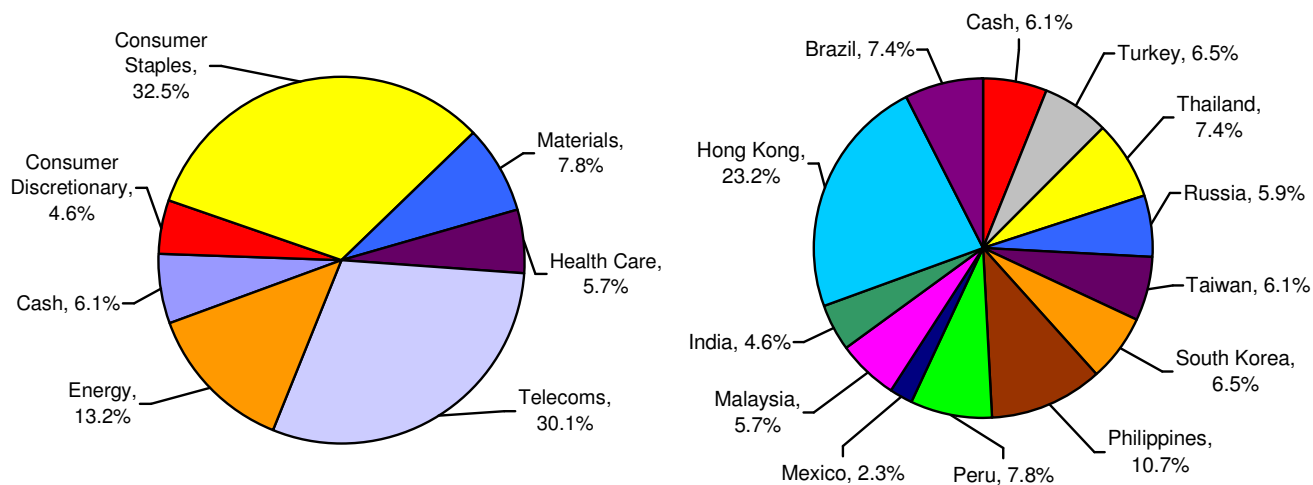
\* The fund commenced on 3<sup>rd</sup> November 2008  
 Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Fiduciary Services (Ireland) Ltd.  
 Performance is calculated net of expenses and on a total return basis.

#### Top Five Holdings \*

Stock	Portfolio Weighting	Monthly Performance (local terms)**
First Pacific	8.0%	+4.5%
Cia de Minas Buenaventura	7.8%	-5.4%
Petroleo Brasileiro	7.4%	+7.0%
Thai Beverage	7.4%	0.0%
Chaoda Modern	7.2%	+0.2%

\* As at 30<sup>th</sup> January 2009  
 Source: Oldfield Partners LLP and Bloomberg.  
 \*\* Total return inclusive of dividends.

#### Sector and country breakdown as at 30<sup>th</sup> January 2009



Source: Oldfield Partners LLP

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#### Commentary

The 2<sup>nd</sup> February unit prices of the A and C shares are quoted on an ex-dividend basis, but the performance figures in the table above are quoted on a total return basis. Holders of the A shares will receive a dividend of US\$0.017 per share and holders of the C shares will receive US\$0.012 per share.

Volatility continues to be a feature of the investing landscape, and in January the 2008 year-end rally faded. Uncertainty keeps investors on the sidelines, despite the tempting valuations on offer.

The regional disparity in performance for 2009 has become marked. Latin America is comfortably outperforming Asia, which in turn is comfortably outperforming Eastern Europe. The problems of Eastern Europe are well known, having become over-reliant on foreign currency debt. Asia has strong balance sheets, but to generalise is an exporter to the Western markets. Although Latin America is a major commodity producer to the world, it also seems to have benefited investors from its relative lack of competition – often there are only a few players in each market.

Two of the worst performers in the month were SK Telecom (Korean mobile) and Turkcell (Turkish mobile). **SK Telecom** produced results showing that marketing spend had fallen sharply as we had hoped. However, doubts linger that its smaller rivals will be restrained in efforts to gain market share, despite the poor economic backdrop. SK Telecom remain cheap, trading on 4 times cash flow, and with 30% of its market capitalisation accounted for by its investment portfolio. **Turkcell** has an enviable franchise in its local market, and continues to execute well. It has investments in mobile companies across Eastern Europe, but not sizeable. The company has net cash and is attractive on a host of valuation metrics.

Two of the best performers were Eros (Indian films) and Top Glove (Malaysian rubber gloves). **Top Glove** is the largest manufacturer of disposable rubber gloves globally. The two main end markets for rubber gloves are medical and food preparation, which are less economically sensitive than many markets and tend to grow steadily over time. Top Glove's share price responded to a solid and dependable set of results. The fall in the prices of key inputs was a positive. **Eros** reversed its poor performance of the previous month, and we wrote about the stock in the December newsletter.

As we head further into results season we are pleased that our reporting companies and management teams are on the whole upbeat (so far at least), despite the dismal global economic environment. This may be a reflection of the solid franchises and relatively stable sectors the portfolio is invested in. Market expectations are being met and dividends being paid. Of concern though is a trend for management teams to offer limited or no guidance for future trading.

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Fund Information as at 2 <sup>nd</sup> February 2009			
<b>Currency</b>	US\$	<b>Investment Manager</b>	Oldfield Partners LLP
<b>Liquidity</b>	Monthly dealing	<b>Administrator</b>	Northern Trust Fiduciary Services (Ireland) Ltd
<b>Benchmark</b>	MSCI World (Net Dividends Reinvested)	<b>Custodian</b>	Northern Trust Custodial Services (Ireland) Ltd
<b>Management Fees</b>	A shs = 1.25% C shs = 0.75% plus 15% of out performance of benchmark MSCI Emerging Markets.	<b>Auditor</b>	Deloitte
<b>TER</b>	A shs = 2.00% C shs = 2.00%	<b>Legal Advisers</b>	Arthur Cox
<b>Minimum Investment</b>	The equivalent of €250,000	<b>Admin &amp; Custody Fees</b>	0.15% on the first US\$75m 0.135% on the next US\$75m 0.12% on the next US\$150m 0.09% thereafter
<b>A shares ISIN</b>	IE00B3DDVH01	<b>C shares ISIN</b>	IE00B3DDVJ25
<b>A shares sedol</b>	B3DDVH0	<b>C shares sedol</b>	B3DDVJ2

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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