OLDFIELD PARTNERS LLP
OVERSTONE EMERGING MARKETS EQUITY FUND
JANUARY 2010 NEWSLETTER 15

Fund Summary

1st February 2010	
NAV of fund	US$40.4m
A share unit price	US$171.57
C share unit price	US$158.64
I Share unit price	US$108.12

Performance

	A Shares	I Shares	MSCI Emerging Markets (NDR)
January	-1.6%	-1.6%	-5.6%
2009	+77.9%	-	+78.5%
2008*	-1.4%	-	-0.3%
Since inception*	**+72.7%**	-	**+68.0%**
Since inception**	-	**+8.2%**	**+2.5%**

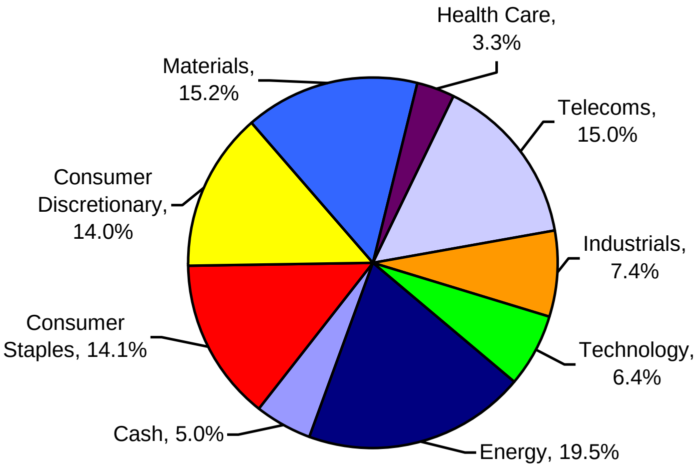
Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Fiduciary Services (Ireland) Ltd.
Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.
* The fund commenced on 3rd November 2008.
** Inception October 2009.

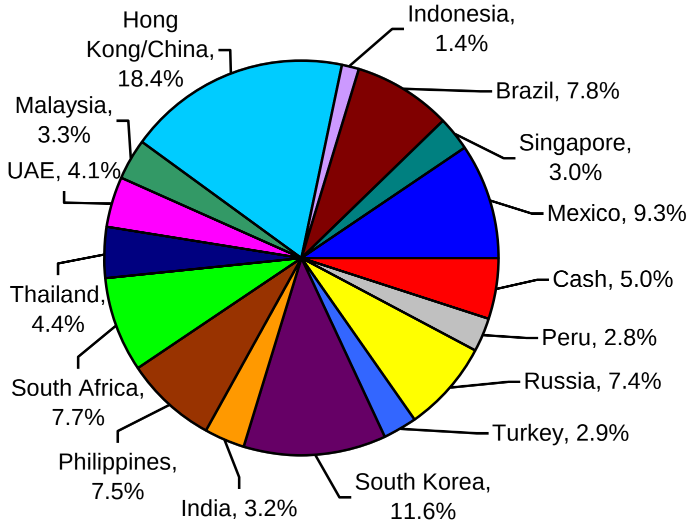
Top Five Holdings *

Stock	Portfolio Weighting	Monthly Performance (local terms)**
Gazprom	7.4%	-3.5%
Samsung Electronics	6.4%	-1.9%
First Pacific	5.8%	-8.4%
Yue Yuen Industrial	5.5%	+7.6%
Corp GEO SAB	5.3%	-0.1%

Source: Oldfield Partners LLP and Bloomberg.
* As at 29th January 2010
** Total return inclusive of dividends.

Sector and country breakdown as at 29th January 2010





Source: Oldfield Partners LLP

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Commentary

The 1st February unit prices of the A and I 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$1.075 per share and holders of the I shares will receive US$0.054 per share.

Equity markets have had a shaky start to the New Year. We highlighted monetary tightening and equity issuance last month as factors that may weigh on investor sentiment. Added uncertainty from the fiscal position of Greece, lack of direction from the World Economic Forum in Davos, increased bank regulation in the US, and an incident with Google in China added to investor nerves. Chinese macroeconomic data releases formed the backdrop for the start of the year, notably the fourth quarter economic growth figure of 10.7%, buoyant trade data, an uptick in inflation, and curbs on bank lending practices.

We sold two positions in the month, Asian Citrus and Sinotrans Shipping. **Asian Citrus** (Chinese orange grower) has been a wonderful performer rising over 230% last year and reached our price target. The company is the largest listed grower of oranges in China. In stark contrast to its local peers it operates modern orchards that it acquired from Tropicana following its takeover by PepsiCo. An additional listing in Hong Kong in November 2009 has attracted a new investor audience to the merits of the stock. When we value Asian Citrus we strip out the gains from biological assets in the profit and loss account, as we feel this item is not a true reflection of the profit generation of the company in the year. Gain on biological assets is an accounting entry reflecting the growth of the valuation of the trees over the year and can have a notable affect on the profit figure. The headline price earnings ratio for the stock is around 9, but adjusted for biological asset gain the price earnings ratio is 18. **Chaoda Modern** (Chinese vegetable grower) still holds 28% of the company and so the portfolio retains a small indirect exposure. As part of our due diligence on Chaoda we were one of the first investors to visit the assets before its listing in 2005 and have remained impressed by the management, the business model, and assets since.

Sinotrans Shipping (Chinese ship operator) has been a volatile holding, although rewarding, and we were able to exit at our price target. We were not sufficiently nimble on the previous two very brief opportunities we had to exit. The company reached an unreasonably low valuation in the downturn – trading at the value of its net cash. The young fleet operated by the company remained profitable despite the collapse in freight rates. This outweighed our concerns on excess capacity in the industry and the likelihood that freight rates will remained subdued. We prefer to play the normalisation of global trade through the port operator DP World with its wide spread of emerging market port assets.

The top three performers by contribution during the month were DP World, Top Glove and Yue Yuen. **DP World** (Dubai port operator) understandably performed poorly last year because of the events in Dubai. The company has reassured investors that it is ring-fenced from the restructuring at its parent and able to meet its financial obligations. During the month we attended an investor day in Dubai hosted by the management team detailing its growth strategy skewed to the growth on emerging market trade. **Top Glove** (Malaysian latex gloves) and **Yue Yuen** (Hong Kong footwear manufacturer) performed well on the back of their steady earnings characteristics. There was no news flow in Top Glove, and latex gloves continued to be used in the medical and food preparation industries regardless of shaky equity markets. Yue Yuen had

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full year results that were reassuringly solid and trades on a price earnings ratio of 12 and a 3.5% dividend yield.

The bottom three performers by contribution during the month were Ternium, Petrobras, and First Pacific. Materials and commodity sectors performed poorly in the month, which hurt **Ternium** (Mexican steel) and **Petrobras** (Brazilian oil). Investors continue to worry about the upcoming energy bills in Brazil, and especially the process to value the five billion barrels of oil reserves in the pre-salt area the government will exchange for Petrobras shares. Although it looks like all parties will behave correctly, coming in an election year this adds an extra level of uncertainty. **First Pacific** (Hong Kong holding company) trades at a 55% discount to its net asset value, which largely comprises of two liquid listed stocks. Although we feel this discount is unwarranted there is no catalyst on the horizon to narrow it.

Emerging markets accounted for 21% of global GDP in US$ terms in 1999 and are forecast by the IMF to be 36% in 2010. Emerging markets continue to increase their share of global equity market capitalisation (as defined by the MSCI ACWI), which has risen from 4% in 2002 to 13% in 2009. Developing countries account for about 80% of the world's population, and their working age population continues to increase as do their levels of urbanisation. The trend rather than the numbers are the important part though, and point to the increasing role that emerging markets will play in the world. China and India were one quarter the size of US oil demand only in 2001, but will likely exceed the US by 2021. The growth in consumer demand for automobiles and personal computers in developing countries far exceeds the growth in developed countries, coming from a low base. Global growth indicators continue to point to recovery, with developing markets' economic growth expected to be around 6.5% and 2% for the developed world in 2010. Emerging markets have over $6 trillion worth of reserves and importantly their banking systems are functioning (if not best in class at credit allocation). None of the above necessarily translates into equity market performance, but it does add a helpful tail wind, and importantly this is from a reasonable level of equity market valuation. In the past we have found that when people have a look of pity when you say you are in emerging markets or laugh at an individual stock choice this has been a good guide to future outperformance. However, it is of some concern that this happens less often of late.

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Fund Information as at 1st February 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% C shs = 0.75% plus 15% of out performance of benchmark MSCI Emerging Markets. I shs = 0.9%	**Auditor**	Deloitte
		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
TER	A shs = 2.00% C shs = 1.50% 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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