

OLDFIELD PARTNERS LLP

OVERSTONE EMERGING MARKETS EQUITY FUND

MAY 2010 NEWSLETTER 19

Fund Summary

1 st June 2010			
NAV of fund	US\$81.7m		
A share unit price	US\$173.10		
I Share unit price	US\$109.21		
Performance			
	A Shares	I Shares	MSCI Emerging Markets (NDR)
May	-8.8%	-8.8%	-8.8%
2010 to date	-0.7%	-0.6%	-5.5%
2009	+77.9%	-	+78.5%
2008*	-1.4%	-	-0.3%
Since inception*	+74.2%	-	+68.2%
Since inception**	-	+9.3%	+2.6%

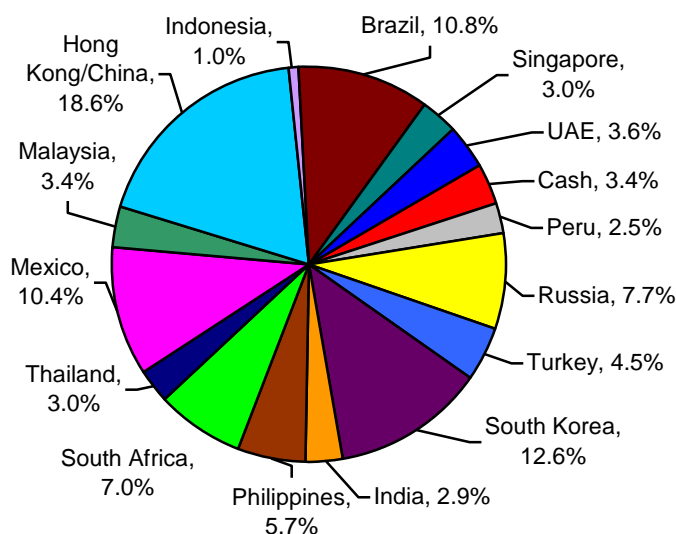
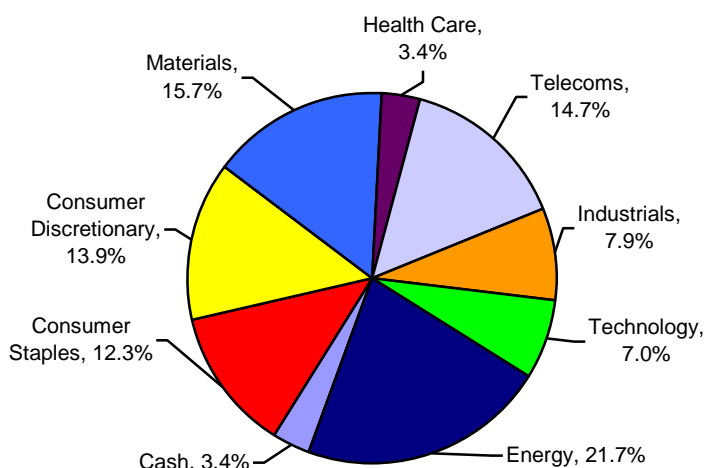
Source: Oldfield Partners LLP, MSCI ©, Bloomberg and Northern Trust Fiduciary Services (Ireland) Ltd.
 Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.
 * The fund commenced on 3rd November 2008.
 ** Inception October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

Top Five Holdings *

Stock	Portfolio Weighting	Monthly Performance (local terms)**
Gazprom	7.7%	-10.1%
Samsung Electronics	7.0%	-8.6%
Petroleo Brasileiro	6.5%	-17.8%
Sino-Forest	5.9%	+0.7%
Chaoda Modern Agriculture	5.7%	-17.6%

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

Sector and country breakdown as at 31st May 2010



Source: Oldfield Partners LLP

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Commentary

May proved to be a difficult month for equity markets as concern over Europe and tightening fears in China weighed on investors. Macroeconomic and geopolitical news continue to dominate. Actions by central banks in Europe and the US show that liquidity will remain ample for some considerable time to come. As often is the case in China a 'nod and a wink' from the authorities is enough to achieve the desired effect, and so tightening measures are likely to remain moderate. News flow on the austerity measures in the West and of wage increases in China may be a forewarning of things to come, as standards of living adjust in the world.

Valuations in emerging markets are at very reasonable levels. In fact valuations had not become carried away ahead of the recent correction. It must be remembered that 2008 saw valuations at all time lows for emerging markets. This adds a level of comfort.

The top three performers by contribution were Buenaventura, Eros, and Sino-Forest. **Buenaventura** (Peruvian gold miner) held up well thanks to the gold price and a recent discovery adding to its reserve base. The company has a long track record of successful reserve additions. **Eros International** (Bollywood film producer) is nearing a partial listing of its Indian division on the local market, which could highlight value for the group. **Sino-Forest** (Chinese forestry) has been volatile of late, reflecting uncertainty in the Chinese property market against a background of the good corporate results the company posted in the month.

The bottom three performers by contribution were Petrobras, Chaoda, and Samsung Electronics. **Petrobras** (Brazilian oil producer) has yet to announce the size and timing of its capital raising exercise, and the uncertainty continues to weigh on the share price. The proceeds would be used to fund the existing exceptional oil discoveries in the deepwater Santos basin and to purchase additional development acreage from the Brazilian government. **Chaoda Modern** (Chinese vegetable grower) suffered a marked sell off in the month, which looks to be due to a forced seller of its shares rather than any corporate event. **Samsung Electronics** (Korean consumer technology) followed on from its impressive first quarter results by dramatically increasing its capital expenditure plans. The company has a history of successfully putting pressure on its competition by forging ahead on the technology curve with aggressive capital expenditure. However, the scope and scale of the increased spending were a surprise to investors.

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Fund Information as at 1st June 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 = 0.9%	Auditor	Deloitte
TER	A shs = 1.53% I shs = 1.18%	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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