

OLDFIELD PARTNERS LLP

OVERSTONE EMERGING MARKETS EQUITY FUND

JULY 2010 NEWSLETTER 21

Fund Summary

3 rd August 2010			
NAV of fund	US\$235.7m		
A share unit price	US\$184.35		
I Share unit price	US\$116.38		
Performance			
	A Shares	I Shares	MSCI Emerging Markets (NDR)
July	+8.4%	+8.4%	+8.3%
2010 to date	+5.7%	+5.9%	+1.6%
2009	+77.9%	-	+78.5%
2008*	-1.4%	-	-0.3%
Since inception*	+85.5%	-	+80.9%
Since inception**	-	+16.4%	+10.3%

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.

* The fund commenced on 3rd November 2008.

** Inception October 2009.

Top Five Holdings *

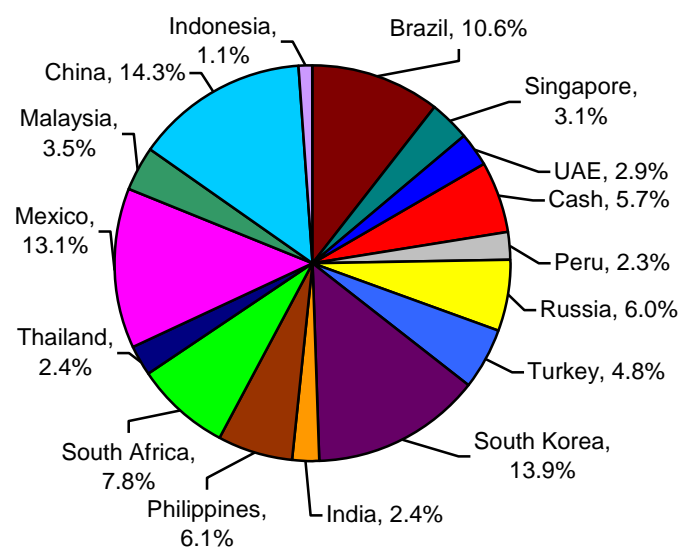
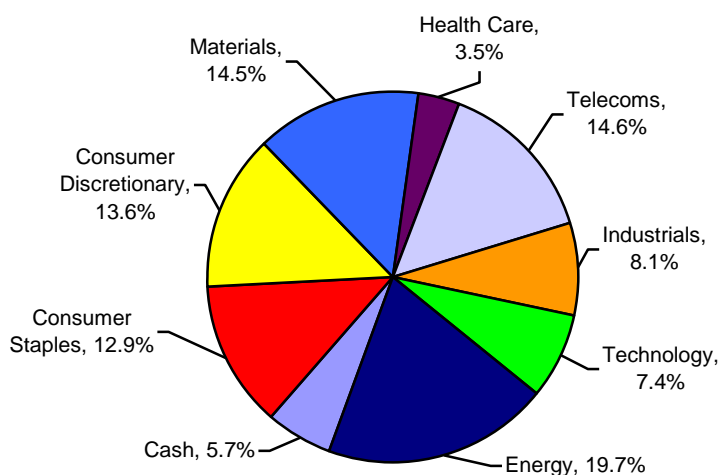
Stock	Portfolio Weighting	Monthly Performance (local terms)**
Samsung Electronics	7.4%	+4.7%
SK Telecom	6.5%	+11.2%
Gazprom	6.0%	+13.0%
Corp GEO SAB	5.7%	+4.1%
Yue Yuen Industrials	5.5%	+3.5%

Source: Oldfield Partners LLP and Bloomberg.

* As at end of period

** Total return inclusive of dividends.

Sector and country breakdown as at 30th July 2010



Source: Oldfield Partners LLP

Oldfield Partners LLP,

130 Buckingham Palace Road, London, SW1W 9SA.

Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com

www.oldfieldpartners.com

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Commentary

Everyone is a macroeconomist now and has a view on whether the global economy will experience inflation or deflation and in which order. If this is a binary outcome then the level of uncertainty is understandable. Equity markets have flipped and flopped over the summer, and there looks to be little let up in the volatility. We take heart in the valuation of the portfolio, trading on a forward price earnings ratio of 9.5 and price to book ratio of 1.6.

Although it is too early in the earnings season for the portfolio companies there is evidence from elsewhere in the world that it has started well. Earnings expectations have set the bar high, and ears will be open for management comments on future trading. We must guard against complacency, especially when emerging markets have performed well, so we remain cautiously optimistic. The general view looks to be that with a low interest rate environment for the foreseeable future low quality and leveraged companies will be able to do well. This may be so, but within emerging markets we prefer to take a more prudent view, favouring decent balance sheets and companies with solid assets and good business models. Valuation remains our starting point.

An area of concern to note in emerging markets is the level of equity issuance. This has picked up in China, Brazil and India with gusto. This may act as a constraint on the markets as the paper is digested. We will continue to watch this.

Earlier in the month we visited **Lonmin** (South African platinum) to view the production process from mine to metal and get a better understanding of recent bottlenecks in the process. We have been attracted to platinum with its concentrated industry profile, investment characteristics, and use in the recovering automotive industry. Lonmin had long standing problems with its smelting capacity and more recently optimising the production process. We had viewed these issues as surmountable, and were impressed by the people and solutions given in addressing the issues, in particular the rebuild of the number one furnace and future management of the smelting capacity. Management reiterated its commitment of achieving the full year production target and medium term production target of 850,000 ounces of platinum by 2013. We are reassured in the gradual turnaround at Lonmin.

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Fund Information as at 3 rd August 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 = 1.46% I shs = 1.11%	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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