Oldfield Partners LLP
Emerging Markets Investment Report
April 2010

Performance Summary as at 30th April 2010

US$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets (NDR)
April*	+1.0%	+1.2%
2010 to date*	+8.8%	+3.6%
2009	+83.8%	+78.5%
2008	-46.6%	-53.3%
2007	+32.0%	+39.4%
2006	+30.9%	+32.2%
2005	+35.9%	+34.0%
2004	+14.1%	+25.6%
2003	+101.4%	+55.8%
2002	+5.9%	-6.2%
2001	+10.8%	-2.6%
Since Inception**	**+576.2%**	**+281.0%**
Since inception pa**	**+22.7%**	**+15.4%**

* Estimate used for April 2010.
** Inception 01 Jan 2001.
Performance figures are of the Emerging Markets Equity Composite, calculated net of all fees and expenses and on a total return basis inclusive of dividends, inclusive of all distributions to unit holders.
Source: Rawlinson & Hunter, Alta Advisers Ltd, Oldfield Partners LLP, MSCI © and Bloomberg.

Performance of Five Largest Holdings *

	Portfolio Weighting * %	Monthly Performance (local terms**)	Monthly Performance (US$ terms**)
Gazprom	6.9	-0.2%	-0.2%
Samsung Electronics	6.8	+3.8%	+5.6%
Petroleo Brasileiro	6.6	-3.4%	-3.4%
Yue Yuen Industrial	5.7	+1.3%	+1.3%
Corp GEO SAB	5.6	+4.1%	+4.5%

*As at end of period, using the Overstone Emerging Equity Fund.
**Total return inclusive of dividends.
Source: Oldfield Partners LLP and Bloomberg

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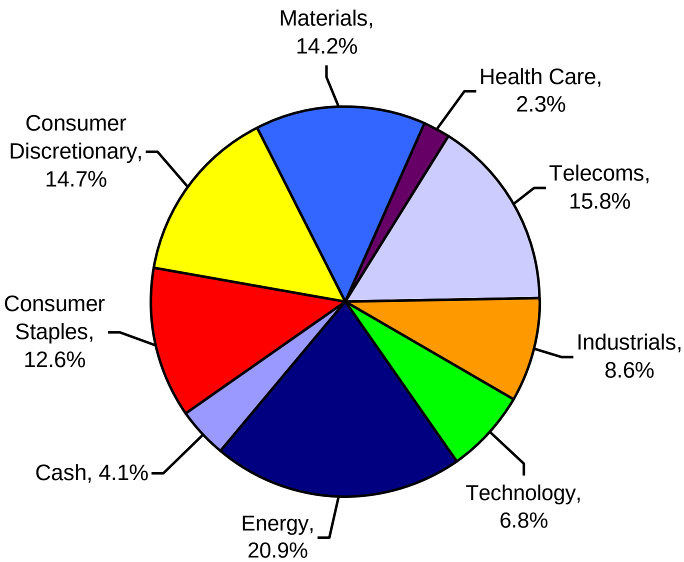
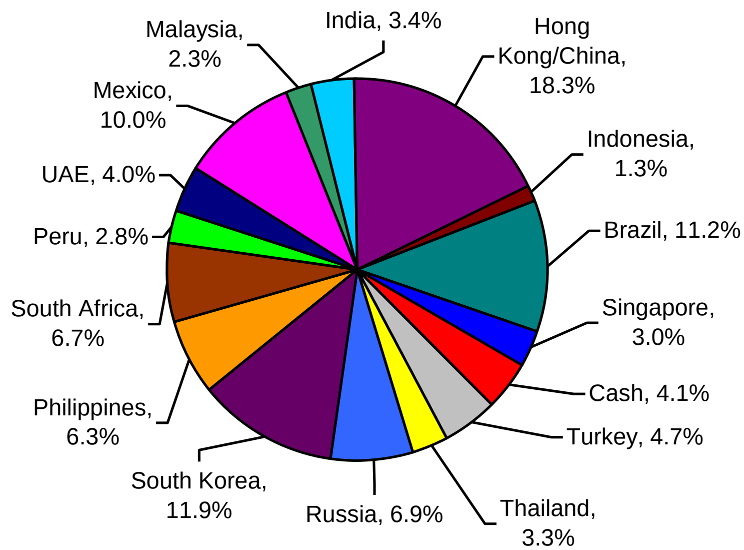
Sector and country breakdown as at 30th April 2010





Source: Oldfield Partners. Overstone Emerging Markets Fund.

Commentary

Equity markets remained composed during the month despite Greek debt being downgraded to junk status, fraud charges being initiated against Goldman Sachs, Australia proposing a new mining tax, an oil spill in the Gulf of Mexico, and a failed terrorist plot in New York. Emerging markets seemed rather dull in comparison. Unfortunately the month of May has started in a less composed manner. The key risks in emerging markets remain inflation and policy tightening due to continued buoyant domestic demand and energy prices remaining strong. Contagion effects from peripheral Europe look limited given the solid state of most emerging countries finances.

The summer will see the markets focused on the growth outlook for China following its pre-emptive tightening measures and the self-sustainability of the US recovery. Developments in the periphery of Europe if contained to Greece could fade to Dubai-like proportions, although Greece highlights the continued risks to sovereign credit. Emerging markets would be well placed to weather a storm, but must not be viewed in isolation, as they still are net reliant on external funding, and so susceptible to external shocks (although far less so than in the past). With global liquidity likely to remain ample the returns available in emerging markets are likely to remain attractive to capital flows. Emerging markets may be able to distinguish themselves.

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The top two performers by contribution during the month were Chaoda Modern and SK Telecom. **Chaoda Modern** (Chinese agriculture) performed well following its solid first half results. The valuation remains attractive on a price earnings ratio of 7 and a long term growth opportunity in the Chinese agricultural sector ahead of it. **SK Telecom** (Korean telecommunications) reported uninspiring first quarter results, but the remainder of the year could see improvement. Korea is a mature wireless market in sophistication and penetration, and should be well behaved given its three player structure. However the industry has been in a price war, focused on marketing costs, for some years to the extent that the regulator has stepped in to curb competition. Management have become more shareholder return focused, having sold some of the non-core holdings, and recently commented that the dividend could be increased. The valuation is attractive: a price earnings ratio of 11, a dividend yield of 5%, and solid free cash flow generation.

The bottom two performers by contribution during the month were Sino-Forest and Ternium. **Sino-Forest** (Chinese forestry) suffered as the Chinese authorities looked to pare back near term enthusiasm in the property sector, but added that low income housing is a long term government priority. China will continue to have a wood fibre deficit for the foreseeable future, supporting local players and pricing. Sino-Forest has the correct skill set and access to capital to benefit from the transfer of government forestry to the private sector in coming years. The stock trades on a price earnings of 12. **Ternium** (Mexican steel producer) performed poorly in the month ahead of its first quarter results, which were stunning, with a strong recovery in shipments and profitability. Whilst the industry is concerned about rising costs, in particular iron ore, Ternium has its own mines supplying 60% of its needs.

We view the valuations of emerging markets as reasonable. The MSCI Emerging Markets index is trading at its long term average on a price to book and prospective price earnings ratios. We continue to hold a portfolio of attractively valued stocks, with the portfolio valued on a historic price earnings ratio of 12 and a price to book ratio of 1.7.

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