

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### MAY 2010

#### **Performance Summary as at 31<sup>st</sup> May 2010**

US\$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets (NDR)
May*	-9.5%	-8.8%
2010 to date*	-1.4%	-5.5%
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%
<b>Since Inception**</b>	<b>+512.3%</b>	<b>+247.5%</b>
<b>Since inception pa**</b>	<b>+21.2%</b>	<b>+14.1%</b>

\* Estimate used for May 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	7.7	-10.1%	-10.1%
Samsung Electronics	7.0	-8.6%	-15.7%
Petroleo Brasileiro	6.5	-17.8%	-17.8%
Sino-Forest	5.9	+0.7%	-2.3%
Chaoda Modern Agriculture	5.7	-17.6%	-17.8%

\*As at end of period, using the Overstone Emerging Equity Fund.

\*\*Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg

Oldfield Partners LLP,

130 Buckingham Palace Road, London, SW1W 9SA.

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

www.oldfieldpartners.com

Oldfield Partners LLP is authorised and regulated by the Financial Services Authority

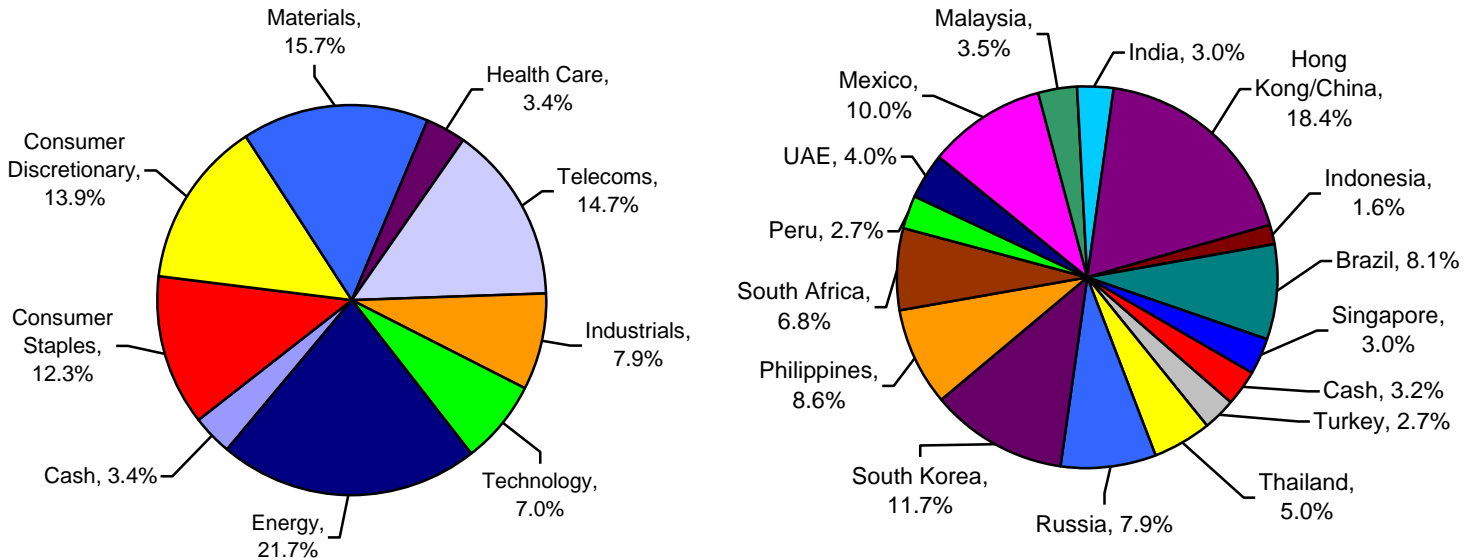
Oldfield Partners LLP has approved and issued this communication for private circulation only; it must not be distributed to private customers. Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not necessarily a guide to future performance. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2010 Partnership No. OC309959

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### MAY 2010

#### Sector and country breakdown as at 31<sup>st</sup> May 2010



Source: Oldfield Partners. Overstone Emerging Markets Fund.

#### 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

Oldfield Partners LLP,  
130 Buckingham Palace Road, London, SW1W 9SA.  
Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com  
www.oldfieldpartners.com

Oldfield Partners LLP is authorised and regulated by the Financial Services Authority

Oldfield Partners LLP has approved and issued this communication for private circulation only; it must not be distributed to private customers. Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not necessarily a guide to future performance. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2010 Partnership No. OC309959

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### MAY 2010

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.

Oldfield Partners LLP,  
130 Buckingham Palace Road, London, SW1W 9SA.  
Telephone: +44 (0)20 7259 1000 Email: [info@oldfieldpartners.com](mailto:info@oldfieldpartners.com)  
[www.oldfieldpartners.com](http://www.oldfieldpartners.com)

Oldfield Partners LLP is authorised and regulated by the Financial Services Authority

Oldfield Partners LLP has approved and issued this communication for private circulation only; it must not be distributed to private customers. Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation to subscribe for any of the funds mentioned herein. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not necessarily a guide to future performance. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2010 Partnership No. OC309959