

OLDFIELD PARTNERS LLP

EMERGING MARKETS INVESTMENT REPORT

JULY 2010

Performance Summary as at 30th July 2010

US\$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets (NDR)
July*	+8.3%	+8.3%
2010 to date*	+5.1%	+1.6%
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**	+553.2%	+273.7%
Since inception pa**	+21.6%	+14.8%

* Estimate used for July 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**)
Samsung Electronics	7.4	+4.7%	+8.1%
SK Telecom	6.5	+11.2%	+11.2%
Gazprom	6.0	+13.0%	+13.0%
Corp GEO SAB	5.7	+4.1%	+5.8%
Yue Yuen Industrial	5.5	+3.5%	+3.7%

*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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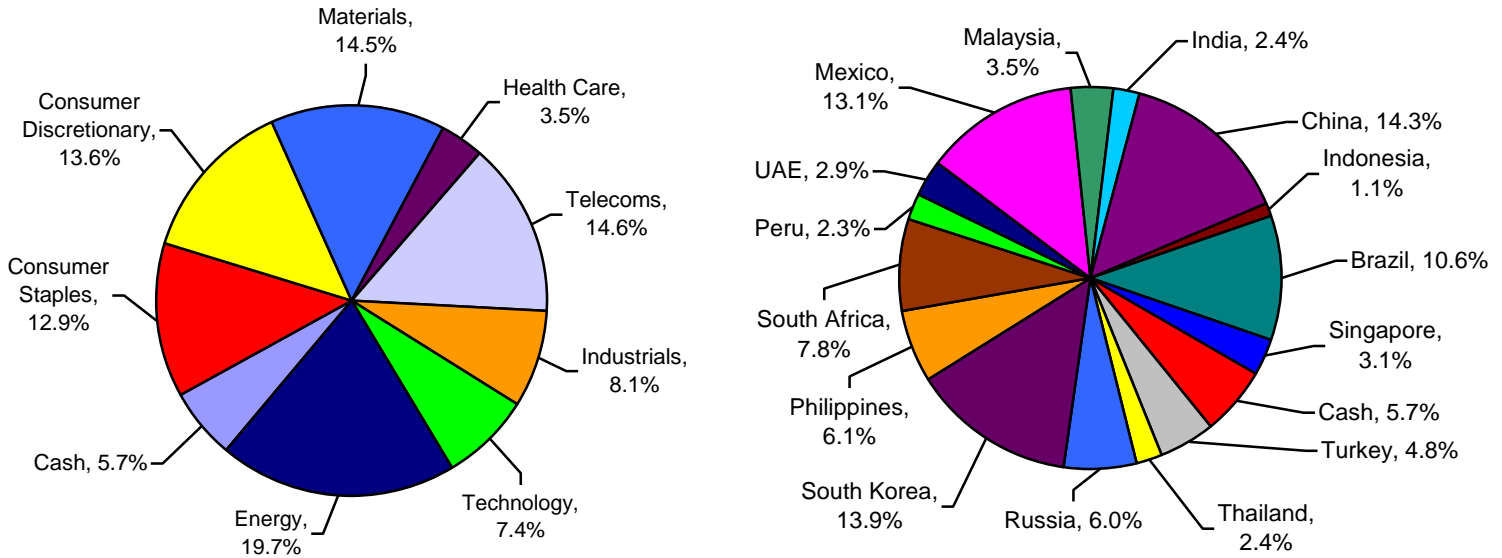
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Sector and country breakdown as at 30th July 2010



Source: Oldfield Partners. Overstone Emerging Markets Fund.

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.

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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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