

OLDFIELD PARTNERS LLP

EMERGING MARKETS INVESTMENT REPORT

AUGUST 2009

Performance Summary as at 31st August 2009

US\$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets (NDR)
August	+4.2%	-0.4%
2009 to date	+51.1%	+50.8%
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*	+410.6%	+210.5%
Since inception pa*	+20.7%	+14.0%

* Inception 01 Jan 2001.

Performance figures are of the Emerging Markets Equity Composite, calculated 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.

Commentary

The performance for emerging markets in August was shaped by a questioning of the strength of the near term China story and a renewed interest in markets with closer links to the US economy. Developed markets comfortably outperformed emerging markets this month.

We bought two new holdings for the fund in August, Ezra Holdings and DP World, and sold an old favourite, VTech Holdings. **Ezra Holdings** (Singaporean oil services) offers offshore support vessels to the global oil industry. It operates twenty five support vessels, which are typically on 4-5 year charters. Oil is becoming increasingly challenging to find and extract, and new finds are often in offshore locations, which plays to Ezra's strengths. Historically the company has provided vessels to support its customers' exploration rigs, but has added a sub-sea division to support deepwater drilling activities, which offers more specialised installation and maintenance work. The growth potential in this segment and value added nature of this work could see this division expand rapidly. Ezra trades on a price earnings ratio of 10 and a net debt to equity ratio of 11%. **DP World**

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. © 2009 Partnership No. OC309959

OLDFIELD PARTNERS LLP

EMERGING MARKETS INVESTMENT REPORT

AUGUST 2009

(a Dubai based marine port operator) has a global portfolio of ports with the jewel in the crown being the Jebel Ali port in Dubai. The company operates 49 terminals in 31 countries. It is ranked as the fourth largest global container operator, but is unmatched in its geographic diversification. Growth in container volumes is dependent on global trade and the wider global economy. Interestingly DP World's assets are mostly in the faster growing economies of the emerging markets, which are also benefiting from increased intra-regional trade. DP World trades on a price to book ratio of one. We sold **VTech Holdings** (Hong Kong based consumer electronics) as it exceeded our price target having doubled since our purchase in March. This is entirely a valuation call, as we remain confident in the company's management and competitive position, and would certainly buy back the shares on a pull back.

The top three performers (by contribution) in August were Eros, Thai Beverage and Asian Citrus. **Eros International** (Indian Bollywood film maker) continued to rise following positive news flow in recent months from the end to the stand-off between the cinema and film producing industries, solid full year results, and a positive reception to its recent film releases. Despite the recent strong performance the stock still trades on an undemanding price earnings ratio of 8. **Thai Beverage** has been a laggard this year, but the first half results in August showed the solid performance from its portfolio of alcoholic and non-alcoholic beverages. The key spirits business performed strongly, but the beer business continues to suffer from an irrational price war with the only other meaningful player in the Thai beer market. **Asian Citrus** (orange plantations in China) moved strongly on the news it is seeking a Hong Kong listing to complement its London AIM listing.

The bottom three performers (by contribution) in August were Sino-Forest, Chaoda Modern, and First Pacific. It may be as simple as these three are all Chinese and China performed poorly in August. **Sino-Forest** (Chinese timber) had good first half results in August and trades on an undemanding price earnings ratio of 10. As a leader in the Chinese forestry industry the company will continue to benefit from China's significant supply-demand imbalance for wood fibre. **Chaoda Modern** (Chinese vegetable grower) has been a laggard this year as management's indecision on a share placing concerned investors. Underlying trading looks to be solid and the annual results in October could be the catalyst for a re-rating. The stock trades on an undemanding price earnings ratio of 4. **First Pacific** (Hong Kong based financial holding company) has been a strong performer this year and the flat performance this month looks to be a pause. First Pacific trades on a price earnings ratio of 10 and a 50% discount to its net asset value.

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. © 2009 Partnership No. OC309959