

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### FEBRUARY 2011

#### Performance Summary as at 28<sup>th</sup> February 2011

US\$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets (NDR)
February*	-1.1%	-0.9%
2011 to date	-4.0%	-3.6%
2010	+22.3%	+18.9%
Since Inception**	+629.1%	+321.2%
Since inception pa**	+21.6%	+15.2%

\*Estimate used for February 2011.

\*\*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, Northern Trust, MSCI © and Bloomberg.

#### Performance of Five Largest Holdings\*

	Portfolio Weighting* %	Monthly Performance (local terms**)	Monthly Performance (US\$ terms**)
Petrobras	8.1	+5.8%	+5.8%
Gazprom	7.2	+11.2%	+11.2%
Samsung Electronics	6.9	-5.9%	-6.4%
SK Telecom	6.7	+1.7%	+1.7%
Sasol	5.3	+9.8%	+13.2%

\*As at end of period, using a representative portfolio.

\*\*Total return inclusive of dividends.

Source: Oldfield Partners LLP and Bloomberg.

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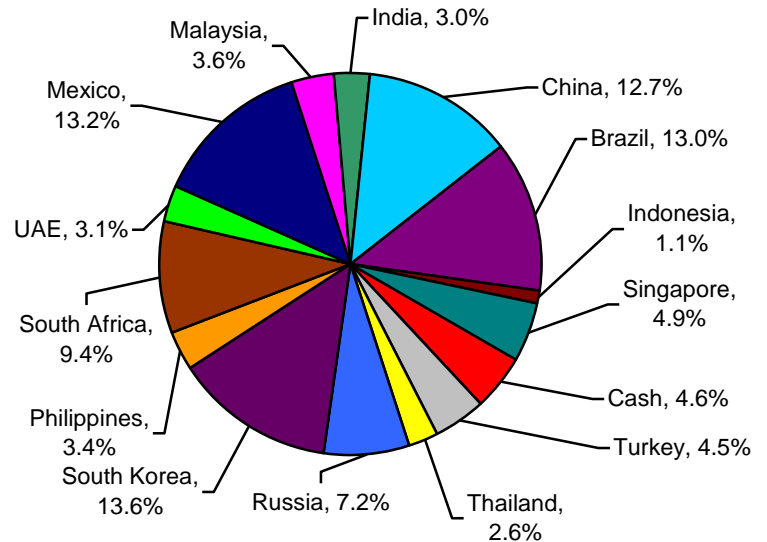
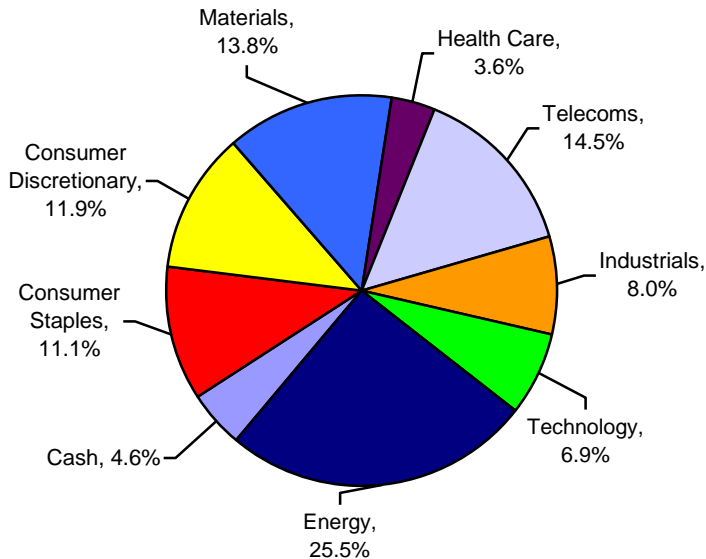
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### FEBRUARY 2011

#### Sector and country breakdown as at 28<sup>th</sup> February 2011



Source: Oldfield Partners LLP. Representative Portfolio used.

#### Commentary

The month was characterised by a strong performance from energy stocks and a weak performance from consumer related stocks, as events in the Middle East pushed the oil price through \$100 a barrel. The top three and bottom three performers by contribution in the portfolio during the month followed this pattern.

The bottom three performers by contribution during the month were Geo, Samsung Electronics, and DP World. **Geo** (Mexican homebuilder) should benefit long-term from the substantial housing deficit in Mexico and exposure to the higher growth lower-income segment. The company met its full year guidance, and repeated upbeat guidance for the forthcoming year, but the fourth quarter disappointed the market on lower average house prices due to product mix. Geo is the industry leader in terms of operational efficiency and we remain comfortable with its margin guidance. **Samsung Electronics** (Korean semiconductor and consumer electronics) continues to benefit from the smartphone and tablet phenomena with its solid range of products, and also by selling the 'picks and shovels' to other manufacturers - the memory and processors. **DP World** (Dubai ports) suffered on exposure to the Middle East, with its key asset being the Jebel Ali port in Dubai. It is a geographically diversified port

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## EMERGING MARKETS INVESTMENT REPORT

### DECEMBER 2010

operator with 49 terminals across 31 countries and a beneficiary of the growth in emerging market trade. However, we cannot rule out further weakness for the share price in the near term.

The top three performers by contribution during the month were Gazprom, Sasol, and Petrobras. Each benefited from the increase in energy prices. **Gazprom** (Russian gas) reported third quarter results and held its investor day. Both passed without drama. Higher prices and possible disruptions to supply from North Africa and the Gulf are supportive. We remain positive on the long term positioning of Gazprom towards European and Asian gas markets, and pricing reform in its domestic market. **Sasol** (South African integrated energy) gave an upbeat trading statement during the month, especially in relation to cost containment and operational efficiency. **Petrobras** (Brazilian oil and gas) reported a solid set of full year results. Petrobras should have industry leading production growth over the next decade. Exploration risk is minimised because of the substantial reserves of oil already found in the deepwater Santos basin. The key risk for Petrobras is in the execution of the capital expenditure needed to bring these reserves to market profitably. A challenge made easier with oil prices at current levels.

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