

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### FEBRUARY 2012

#### Performance Summary as at 29<sup>th</sup> February 2012

US\$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets (NDR)
February*	+5.2%	+6.0%
2012 to date	+16.9%	+18.0%
2011	-24.9%	-18.4%
Since Inception**	+566.8%	+320.7%
Since inception per annum**	+18.5%	+13.7%

\*Estimate used for February 2012.

\*\*Inception 01 Jan 2001.

Performance figures are of the Emerging Markets Equity Composite, calculated net of investment management fees 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	+2.0%	+2.0%
Embraer	7.6	+9.6%	+9.6%
First Pacific	7.2	-1.7%	-1.7%
Samsung Electronics	7.0	+8.9%	+9.7%
Gazprom	6.8	+9.5%	+9.5%

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

\*\*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

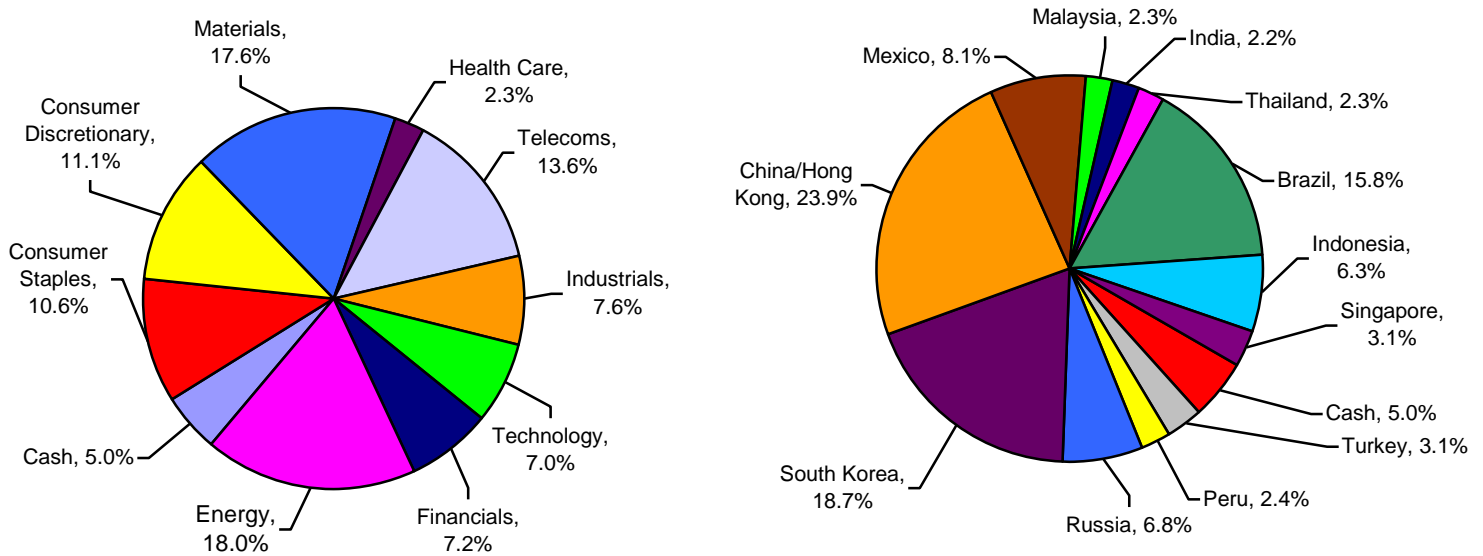
Oldfield Partners LLP has approved and issued this communication for private circulation only; it must not be distributed to private customers. Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This is not an invitation 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 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. ©2012 Partnership No. OC309959

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### FEBRUARY 2012

#### Sector and country breakdown as at 29<sup>th</sup> February 2012



Source: Oldfield Partners LLP. Representative Portfolio used.

#### Commentary

Emerging market equities continued to rally through February. As with last month it was the cyclical stocks that performed well. The MSCI Emerging markets index ended the month on a price to book ratio of 1.8, which is in line with its longer term historic average, and a valuation level we last saw in the summer of 2011.

The disappointing performer by contribution over the month was **Geo** (Mexican homebuilder). The company had a mixed set of fourth quarter results. The move by Geo to build medium rise apartment blocks (vertical construction) and to prefabricated construction methods continues to impact the financial results in the near term, but over time both should add to margins. Vertical construction lengthens the working capital cycle, but can ultimately be more profitable for homebuilders, and is becoming more favoured by government regulation and incentives. Geo trades on a price earnings ratio of 7.5 and a price to book ratio of 1.1. The other laggard by contribution in the month was **KT&G** (Korean tobacco). Although we see positives for KT&G in potentially following its foreign competitors by raising prices for its domestically sold cigarettes, this is less likely before the Korean election, and so its defensive characteristics were less appealing to investors this month.

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 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. ©2012 Partnership No. OC309959

# OLDFIELD PARTNERS LLP

## EMERGING MARKETS INVESTMENT REPORT

### FEBRUARY 2012

The top three performers by contribution over the month were Lee & Man Paper, Samsung Electronics, and Embraer. **Lee & Man Paper** (Chinese packaging materials) has re-rated strongly since our purchase last autumn. The company is the second largest manufacturer of containerboard in China. The share price has risen as fears over Chinese and global economic growth has receded. **Samsung Electronics** (Korean consumer electronics) continues to perform well operationally, especially in mobile handsets and semiconductors. The demise of Elpida in Japan should benefit the remaining manufacturers of DRAM, with Samsung Electronics being the global market leader in semiconductors. Also in the month Samsung Electronics announced it would spin-off its flat screen (TFT LCD) division into a wholly owned new company called Samsung Display. **Embraer** (Brazilian regional jets) gave characteristically cautious guidance, but the company is executing well, and increasing margins through its move to more efficient manufacturing. The regional jet and defence businesses are performing well. Embraer has an order book of over \$15 billion, approximately three years of sales, and has net cash.

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 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. ©2012 Partnership No. OC309959