Oldfield Partners LLP
Emerging Markets Investment Report
November 2012

Performance Summary as at 30th November 2012

US$ terms	Emerging Markets Equity Composite	MSCI Emerging Markets*
November**	-0.2%	+1.3%
2012 to date	+13.9%	+12.7%
Since inception***	+549.6%	+301.8%
Since inception per annum***	+17.0%	+12.4%

*Net Dividends Reinvested.
**Estimate used for November 2012.
***Inception 1st January 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*

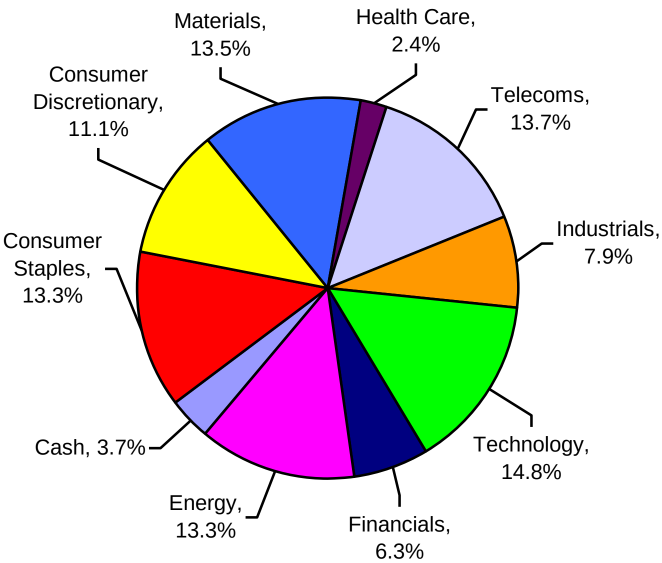
	Portfolio Weighting* %	Monthly Performance (local terms**)	Monthly Performance (USD terms**)
Samsung Electronics	9.0	+7.3%	+8.0%
Embraer	7.8	-10.7%	-10.7%
Lee & Man Paper	7.5	+14.5%	+14.5%
Petrobras	6.4	-14.5%	-14.5%
First Pacific	6.3	-5.7%	-5.7%

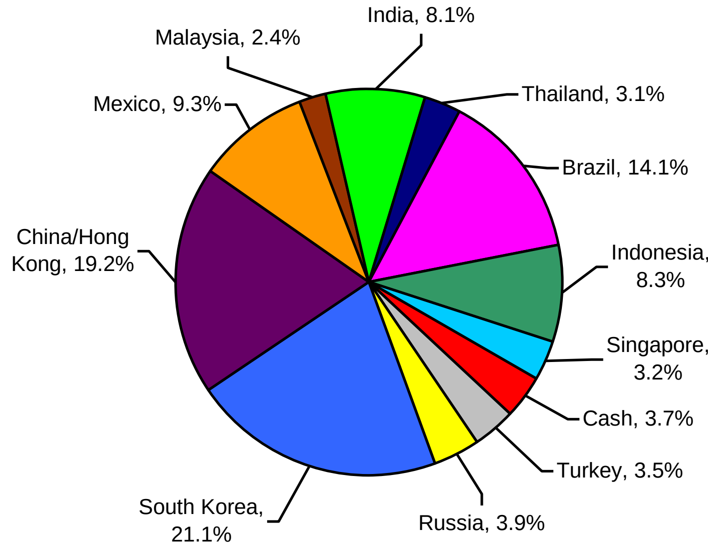
*As at end of period, using a representative portfolio.
**Total return inclusive of dividends.
Source: Oldfield Partners LLP and Bloomberg.

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
Emerging Markets Investment Report
November 2012

Sector and country breakdown as at 30th November 2012





Source: Oldfield Partners LLP. Representative Portfolio used.

Commentary

It was a disappointing month in performance terms, as we trailed the MSCI Emerging markets benchmark. A pull-back in our two Brazilian stocks was largely to blame. Investors have been falling out of love with Brazil, in part due to the President being viewed as increasingly interventionist and a lacklustre economic backdrop.

The bottom three performers during the month by contribution were Petrobras, Embraer, and First Pacific. **Petrobras** (Brazilian oil) has been our worst performer in the month and over this year. The concerns of investors are well known; the discount of domestic fuel prices to international, and the capital expenditure requirements to commercialise the deep-water oil and gas discoveries in the pre-salt Santos basin. Historically Petrobras has been able to have pricing parity between domestic and international fuel prices, but often with lengthy time lags. We believe that the discount will be closed over time, but note this is a political decision, and unlikely to come this year. The pre-salt oil discoveries in Brazil are an enviable opportunity and we view the latest strategic plan by Petrobras as realistic. If Petrobras executes successfully at each stage of the plan and begins to deliver production growth we believe investors will again warm to Petrobras. It trades on a price to earnings ratio of 6 and a price to book ratio of 0.6. **Embraer** (Brazilian regional jet manufacturer) should benefit from increased regional jet orders from the

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

US. The order book for Embraer has fallen, but at $12.9 billion is two years of sales. The share price retreated this month as it is late in the year, and potential US orders become a 2013 story. We believe Embraer will meet its stated guidance, benefits from a growing domestic defence business, and new orders for regional jets will come through next year. It trades on a prospective price earnings ratio of 11, price to book ratio of 1.4, and has a strong balance sheet. **First Pacific** (Hong Kong diversified holdings company) has its key assets in the Philippines and Indonesia. We visited the Philippine companies last month. The main disappointment has been **Philex** (gold miner), which has stopped production due to weather damage, and is unlikely to start up for over a year. Philex accounts for 9% of net asset value. First Pacific trades on a 43% discount to its net asset value.

The top three performers during the month by contribution were Lee & Man Paper, Samsung Electronics, and Ternium. Lee & Man Paper and Samsung Electronics are also our best performing stocks over the year to date. **Lee & Man Paper** (Hong Kong containerboard) continued to benefit from the improving pricing environment and greater industry capital expenditure discipline in China. It trades on a price to book ratio of 1.6. **Samsung Electronics** (Korean consumer electronics) is well placed to benefit from the consumer trend to mobile digital communication and computing through its own products and the supply of components to all. Next year the stars could align for Samsung Electronics as the solid telecom division is joined with better performance from the semiconductor divisions. The stock trades on a prospective price earnings ratio of 10. **Ternium** (South American steel producer) has had a rollercoaster ride with its share price this year, but had a cheap valuation on its side. Its key markets are Mexico, Argentina, Brazil, and the US. The beginnings of a manufacturing renaissance in Mexico (and the US), note several global car manufacturers setting up new facilities, bodes well. The stock trades on a price earnings ratio of 7 and a price to book ratio of 0.8.

Eros International (Indian Bollywood films) is our smallest market capitalisation stock, at U$450 million, and with limited liquidity often quite volatile. The company has announced it will make a strategic partnership with HBO, Time Warner, which over time could see the US giant take more interest in the Indian market. Eros International is the leading player in the Indian film industry and a major owner of content. The anticipated US listing by Eros International next year could help cement ties in the US, highlight the low valuation, and increase liquidity in its shares. It trades on a price earnings ratio of 8 and at book value.

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