

OLDFIELD PARTNERS

EMERGING MARKETS INVESTMENT REPORT

NOVEMBER 2013

Performance Summary as at 30th November 2013

USD terms	Emerging Markets Equity Composite	Index*
November**	-1.1%	-1.5%
2013 to date	+6.6%	-1.2%
1 year	+10.6%	+3.7%
3 years annualised	+0.7%	+0.7%
5 years annualised	+16.2%	+16.9%
Since inception***	+618.2%	+316.5%
Since inception annualised***	+16.5%	+11.7%

*MSCI Emerging Markets (Net Dividends Reinvested).

**Estimate used for November 2013.

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

Performance of Five Largest Holdings*

	Portfolio Weighting* (%)	Monthly Performance (local terms**)	Monthly Performance (USD terms**)
Samsung Electronics	8.7	+2.0%	+2.7%
Embraer	6.9	+5.5%	+5.5%
Infosys	6.5	+1.8%	+1.8%
Ternium	6.3	+2.4%	+2.4%
Lukoil	6.3	-5.5%	-5.5%

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

**Total return inclusive of dividends.

Source: Oldfield Partners and Bloomberg.

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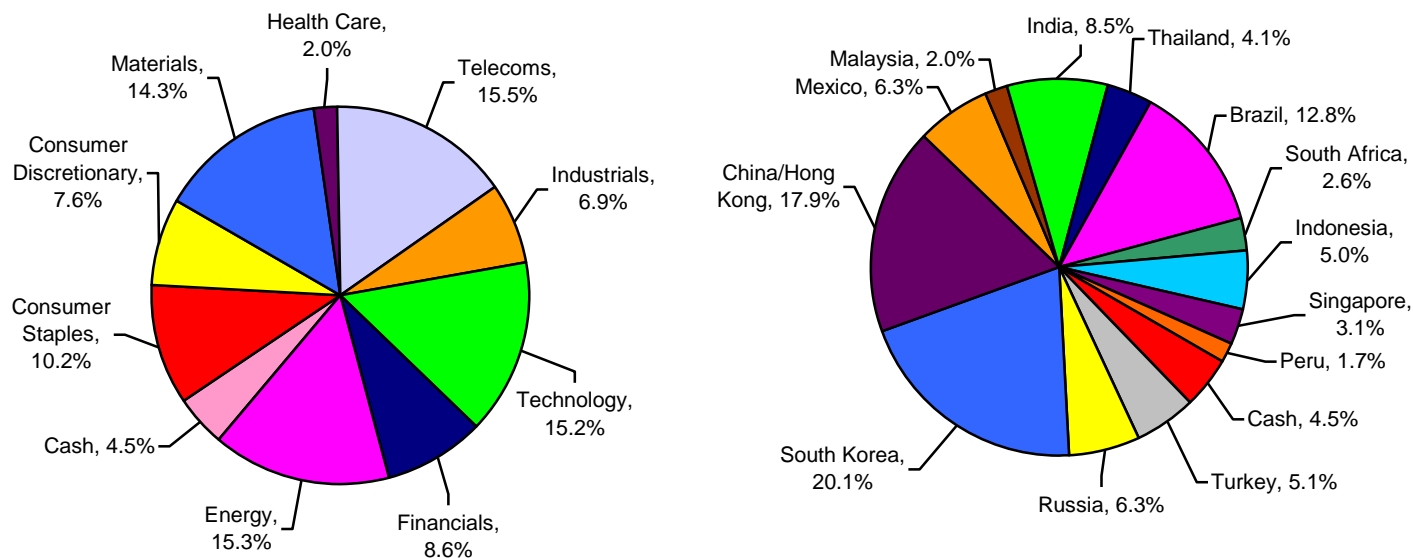
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EMERGING MARKETS INVESTMENT REPORT

NOVEMBER 2013

Sector and country breakdown as at 30th November 2013



Source: Oldfield Partners. Representative Portfolio used.

Commentary

The bottom two performers during the month by contribution were Petrobras and Telkom Indonesia. **Petrobras** (Brazilian oil) has secured another price increase for diesel (+8%) and gasoline (+4%), but this still leaves domestic prices approximately 10% below international prices. With Brazilian elections next year further price increases will be harder and this will weigh on sentiment. The key disappointment for investors was the board not adopting the proposed transparent and automatic adjustment mechanism to force parity between domestic and international fuel prices. **Telkom Indonesia** (telecommunications operator in Indonesia) has the best network and is the key beneficiary from the growth of mobile and data in Indonesia. Indonesia is still undergoing the shift from 2G to 3G (and 4G spectrum has not yet been allocated). Smartphone adoption in Indonesia is approximately 12% and data consumption remains low. Currently macro-economic influences are weighing on investor sentiment. The company trades on a price earnings ratio of 13 and has a solid balance sheet (net cash).

The top two performers during the month by contribution were Yue Yuen and Embraer. **Yue Yuen** (Hong Kong footwear manufacturer) had encouraging third quarter results in the month. Both Nike and Adidas have forecast improving demand for athletic footwear; with Yue Yuen, as a tier one supplier, manufacturing 20% of their needs. Margins should be on an uptrend for Yue Yuen as productivity improves (following the recent geographic shifts in production) and wage increases are passed on to the end customers. **Embraer** (Brazilian regional jet manufacturer) remains in a strong position to win more

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EMERGING MARKETS INVESTMENT REPORT

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orders from the US and has built a solid order book to fall back on. It trades on a price earnings ratio of 14.

We have added a new position to the portfolio at the end of the month. **Buenaventura** (Peruvian miner) has an enviable portfolio of gold and copper mines in Peru. It has long been the preferred joint venture partner for international mining companies coming to Peru. The Benavides family owns a 27% stake and has a sound record in running the company. Buenaventura is well below average on the global cost curve. Forecasting the gold price is never easy, and the metal has lost some of its shine recently for western investors, but increasing demand from emerging markets and central bank buying is supportive. We believe that even if there were a significant fall in the gold price, the valuation would remain attractive (following the 70% correction in its share price this year). It trades on a forward price earnings ratio of 9.5 and a price to book ratio of 0.7.

As an aside, at the end of the month Greece entered the MSCI Emerging Markets Index after a 12 year absence, and we welcome it back to our sphere of investment.

The portfolio has 20 stocks and trades on a price earnings ratio of 12. The valuation for the MSCI Emerging Markets Index remains attractive, and is comfortably below its longer term historic average.

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