



Emerging Markets Investment Report

July 2017 Newsletter

Oldfield Partners

Performance Summary

USD terms	Emerging Markets Equity Composite	Index*
July	+5.3%	+6.0%
2017 to date	+15.8%	+25.5%
2016	+31.7%	+11.2%
1 year	+12.6%	+24.8%
3 years annualised	+4.7%	+2.4%
5 years annualised	+8.3%	+4.8%
Since inception**	+787.4%	+376.7%
Since inception annualised**	+14.1%	+9.9%

*MSCI Emerging Markets (Net Dividends Reinvested). **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, MSCI © and Bloomberg.

Performance of Five Largest Holdings*

Stock	Portfolio Weighting*	Monthly Performance (local terms)**	Monthly Performance (USD terms)**
SK Telecom	8.4%	+6.3%	+6.3%
Samsung Electronics	8.3%	+1.6%	+3.5%
Lee & Man Paper	8.0%	+14.9%	+14.8%
Embraer	7.7%	+11.2%	+11.2%
Buenaventura	6.4%	+6.4%	+6.4%

*As at end of period. **Total return inclusive of the portfolio activity. Source: Oldfield Partners and Bloomberg.

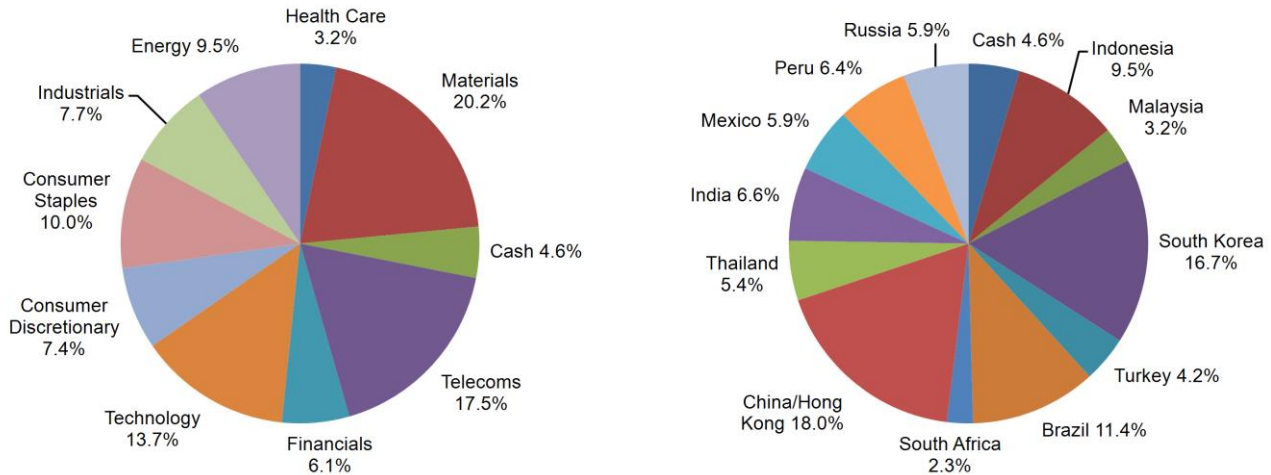
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Sector and country breakdown as at 31st July 2017



Source: Oldfield Partners.

Commentary

The performance of emerging markets equities was strong again this month. The price to book of the MSCI Emerging Markets Index is slightly below its longer term average. The weighted average of the price targets in the portfolio shows an attractive 35% upside.

The bottom performers by contribution were Eros and Indofood. **Eros** (Indian Bollywood films) had disappointing results towards the month end, and highlighted it would seek to refinance its debt with the possibility of an equity issue. The ErosNow platform continues to attract strong subscriber growth, and management noted the peak investment phase is behind it.

The top performers by contribution for the month were Lee & Man Paper and Embraer. **Lee & Man Paper** (Chinese containerboard manufacturer) continues to benefit from a strong cycle in China as the government enforces environmental restrictions leading to industry consolidation and pricing power for the largest players. The company trades on a prospective price earnings ratio of eleven. **Embraer** (Brazilian regional jet manufacturer) had strong results in the month, which gave confidence the company is managing the transition to its new generation of regional jets. The company trades at book value. We increased our holding earlier in the year.

Total assets for the emerging markets strategy are now over US\$850m. Once the strategy reaches capacity at US\$1billion we will not accept additional capital, as was the case when we reached that level back in 2014. We are currently in the latter stages of due diligence with several large investors, so if you are interested in investing or adding to an existing holding, please contact us.

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