



Emerging Markets Investment Report

December 2016 Newsletter

Oldfield Partners

Performance Summary

| USD terms | Emerging Markets Equity Composite | Index* |
|------------------------------|-----------------------------------|---------|
| December | +1.1% | +0.2% |
| 2016 | +31.7% | +11.2% |
| 3 years annualised | +2.4% | -2.6% |
| 5 years annualised | +6.1% | +1.3% |
| Since inception** | +666.1% | +279.8% |
| Since inception annualised** | +13.6% | +8.7% |

*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)** |
|---------------------|----------------------|-------------------------------------|-----------------------------------|
| Samsung Electronics | 9.4% | +3.1% | +0.5% |
| SK Telecom | 8.3% | -1.4% | -1.4% |
| Lukoil | 8.2% | +16.5% | +16.5% |
| Buenaventura | 7.1% | +1.3% | +1.3% |
| Embraer | 6.7% | -1.7% | -1.7% |

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

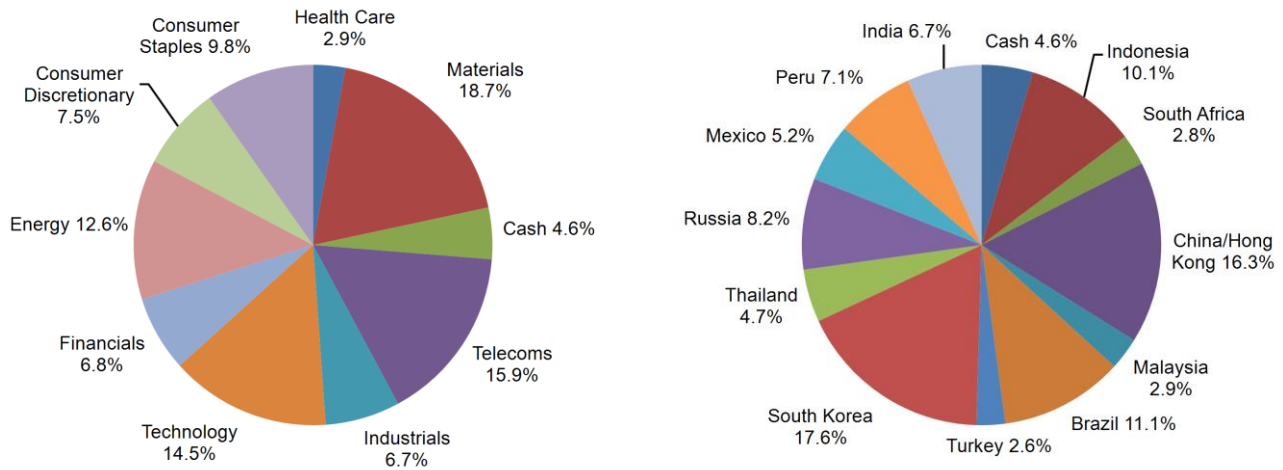
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Sector and country breakdown as at 31st December 2016



Source: Oldfield Partners.

Commentary

December saw good performance by the portfolio against the index. The portfolio remains skewed towards cyclicals, which have found an additional tailwind with the US election. Energy and materials were by far the best performing sectors in the year. Latin America and Eastern Europe comfortably outpaced the performance of Asia.

The laggards during the month by contribution were **Petrobras** (Brazilian oil) and **Thai Beverage** (leading alcoholic beverage producer in Thailand). The top performers by contribution were **Lukoil** (Russian oil) and **Indofood** (Indonesia consumer foods).

The top performers for the final quarter were **Ternium** (Latin American steel producer) and **Lukoil**, and the poor performers were **Buenaventura** (Peruvian miner), **Lee & Man Paper** (Chinese containerboard producer), and **Thai Beverage**. The top performers for 2016 were **Buenaventura**, **Ternium**, and **Lukoil**, and the laggards were **Embraer** (Brazilian regional jet manufacturer) and **Top Glove** (Malaysian rubber glove manufacturer).

Valuation of emerging market equities remains attractive heading into 2017. The upside potential for the portfolio from the weighted average of the price targets is 42%.

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