



Currency Risk, In Context

Seafarer Capital Partners, LLC

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# The Currency Effect



## MSCI Emerging Market Index Rolling Total Annualized Returns (12/31/94 - 12/31/14)

	Holding Period			
	<u>12 Months</u>	<u>36 Months</u>	<u>60 Months</u>	<u>120 Months</u>
Mean total return, local currency terms <sup>1</sup> (Standard deviation)	12.7% (24.6%)	10.2% (11.4%)	10.8% (8.2%)	12.4% (2.0%)
Currency impact (Standard deviation)	-1.6% (7.9%)	-2.1% (5.5%)	-1.5% (4.5%)	-0.9% (2.2%)
Mean total return, USD terms <sup>2</sup> (Standard deviation)	11.1% (29.7%)	8.2% (15.6%)	9.3% (11.8%)	11.5% (3.7%)

<sup>1</sup> MSCI Emerging Market Local Currency Total Return Index. Bloomberg ticker: GDLEEGF.

<sup>2</sup> MSCI Emerging Market USD Total Return Index. Bloomberg ticker: GDUEEGF.

Past performance does not guarantee future results.

Sources: MSCI, Bloomberg, Seafarer.

## **MSCI Emerging Market Local Currency Total Return Index**

The MSCI Emerging Market Local Currency Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested) is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. The index is calculated in a manner intended to neutralize the impact of foreign currency movements against the U.S. Dollar. Index code: GDLEEGF. It is not possible to invest directly in this or any index.

## **MSCI Emerging Market USD Total Return Index**

The MSCI Emerging Market USD Total Return Index, Standard (Large+Mid Cap) Core, Gross (dividends reinvested) is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets. Index code: GDUEEGF. It is not possible to invest directly in this or any index.

## **Standard Deviation**

A measure of the dispersion of a set of data from its mean. The more widely spread the data are, the higher the deviation. Standard deviation is calculated as the square root of variance. Standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility. Standard deviation is also known as historical volatility and is sometimes used by investors as a gauge for the amount of expected volatility.

## **Total Return Rate**

When measuring performance of an investment or index, the total return includes interest, dividends, distributions and capital gains realized over a given period of time.



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