

# Emerging Markets – Composite

Patient, unconstrained, contrarian value investing

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Oldfield Partners

28 February 2019

## Monthly composite review

### Composite particulars

Launch date	01 January 2001
Comp. assets	US\$701.3m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

*“A concentrated portfolio concentrates the mind...”*

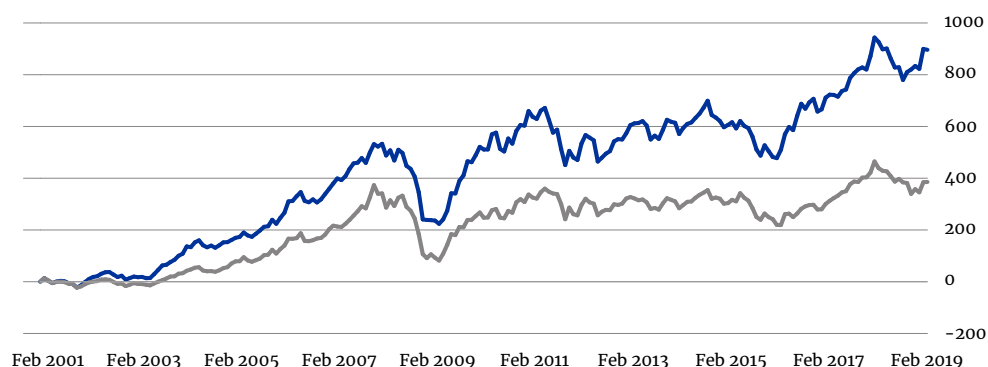
### About Oldfield Partners

Oldfield Partners LLP is an owner-managed boutique fund management firm which manages equity portfolios for a global client base that includes endowments funds, pension funds, charities, family offices and individuals.

Oldfield Partners began operations in March, 2005 and is majority owned by the executive partners.

We are value investors with a distinctive approach: a limited number of holdings, long-only, no leverage, diversified, index-agnostic and suspicious of short-termism.

## Composite performance (%)



	1 month	YTD	1 year	Launch	Annualised		
					3 years	5 years	Launch
■ Composite	-0.4	+8.0	-3.0	+896.2	+17.8	+7.5	+13.5
■ MSCI Emerging Markets	+0.2	+9.0	-9.9	+385.5	+15.0	+4.1	+9.1

Preceding five calendar years performance	2018	2017	2016	2015	2014
Composite	-5.0	+26.8	+31.7	-16.5	-2.4
MSCI Emerging Markets	-14.6	+37.3	+11.2	-14.9	-2.2

Performance is calculated net of all fees and expenses and on a total return basis, inclusive of all distributions to unit holders.

Source: Rawlinson & Hunter, Alta Advisers Ltd, Oldfield Partners.

**The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Past performance is not a guide to future performance.**

## Fund manager commentary

Following a strong start to 2019 the month of February was quieter as investors assessed the various macro issues facing the global economy – most notably developments in the US-China trade negotiations. The valuation case for emerging market equities remains attractive, with the MSCI Emerging Markets Index trading comfortably below its longer term historic average valuation. The weighted average of the price targets in the portfolio is showing 38% upside.

The bottom performers by contribution in the month were Indofood and Samsung Electronics. **Indofood** (Indonesia snack foods producer) had rallied strongly into the year end and January as the local currency regained some composure, its agri-business stabilised, and investors favoured the stability of its key and dominant noodle division. **Samsung Electronics** (South Korean consumer electronics manufacturer) continues to trade around expectations for the semiconductor cycle. We believe the share price already factors in a tough down cycle for 2019, and we remain positive for a recovery in the second half of the year in line with management expectations if the industry maintains its profit maximising behaviour. The launch of the new flagship Galaxy S10 and Galaxy Fold are incrementally positive.

The top performers by contribution in the month were Thai Beverage and Buenaventura. **Thai Beverage** (Thailand's leading alcoholic beverage producer) continued to perform well following a difficult 2018 as recent data on beverage consumption in Thailand has turned more positive after support was given to those on lower incomes and agricultural prices recovered. **Buenaventura** (Peruvian mining company) performed well despite a mixed performance from its two key commodities – the copper price rose but the gold price fell in the month. Consolidation in the gold industry is a positive backdrop as it should lead to better discipline.

## Composite analysis

Top 10 holdings (%)	Weighting	1 month total return (%)*	
		Local terms	USD
Samsung Electronics	9.1	-2.3	-3.3
Petrobras	8.1	+1.3	+1.3
Embraer	7.9	-3.6	-3.6
SK Telecom	7.8	+0.8	+0.8
Buenaventura	7.7	+6.3	+6.3
Lukoil	7.7	+3.7	+3.7
Thai Beverage	6.2	+12.8	+12.4
Lee & Man Paper	5.9	+3.7	+3.7
Telkom Indonesia	5.8	-1.4	-1.4
Yue Yuen Industrial	5.8	-1.5	-1.5

\*Inclusive of portfolio activity.  
All data as at 28 February 2019.  
Source: Oldfield Partners.

### Sector breakdown (%)

Materials	19.0	
Telecoms	17.2	
Energy	15.8	
Information Technology	13.1	
Consumer Staples	11.0	
Industrials	7.9	
Consumer Discretionary	6.8	
Financials	4.6	
Cash	4.7	

### Country breakdown (%)

South Korea	16.9	
Brazil	16.0	
China/Hong Kong	13.7	
Indonesia	10.5	
Peru	7.7	
Russia	7.7	
Thailand	6.2	
Mexico	5.4	
India	4.9	
Turkey	3.6	
South Africa	2.6	
Cash	4.7	

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The Emerging Markets Equity Composite includes global emerging markets equity portfolios run with the following style: value focussed, concentrated, index agnostic and anti-short term. The benchmark for this composite is MSCI Emerging Markets Net Dividends Reinvested, calculated net of withholding taxes from the perspective of a Luxembourg-based investor. A complete listing and description of all composites is available on request. The composite was created in January 2001. Net of fees performance is presented net of actual investment management fees. Fees vary between accounts contained within the composite, in particular between segregated accounts and pooled vehicles. The highest fee Oldfield Partners LLP charges on any account within this composite is 1.25% per annum.

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