

Emerging Markets - Composite

Patient, unconstrained, contrarian value investing

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Oldfield Partners

30 April 2021

Monthly composite review

Composite particulars

Launch date	01 January 2001
Comp. assets	US\$386.3m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

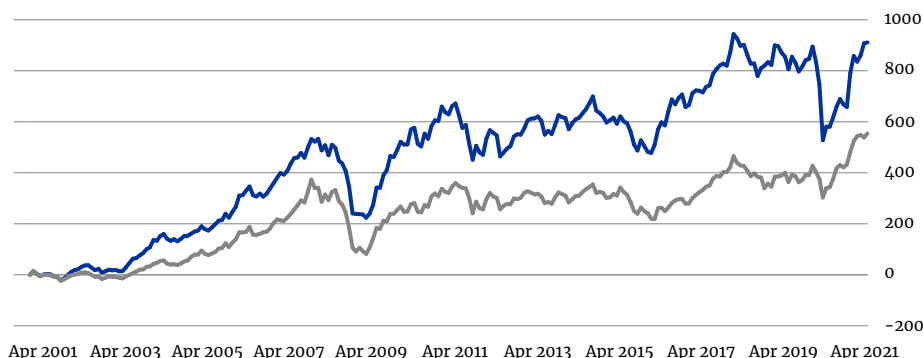
About Oldfield Partners

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 (%)



	Annualised						
	1 month	YTD	1 year	Launch	3 years	5 years	Launch
■ Emerging Markets Equity	+0.4	+5.5	+48.6	+911.1	+0.3	+7.7	+12.0
■ MSCI Emerging Markets	+2.5	+4.8	+48.7	+554.2	+7.5	+12.5	+9.7

Preceding five calendar years performance	2020	2019	2018	2017	2016
Emerging Markets Equity	-3.7	+7.8	-5.0	+26.8	+31.7
MSCI Emerging Markets	+18.3	+18.4	-14.6	+37.3	+11.2

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

We believe a value investment style remains the best way to benefit from the ongoing normalisation trade. Cyclical stocks will need to prove themselves by delivering earnings growth post the sharp bounce back to maintain investor interest. Care will be needed in stock selection as inflationary pressures are permitted to build. The surge of Covid in India is a cautionary tale and has highlighted the risk, and to the world, of falling behind in vaccinating the developing world. A weighted average of the price targets in the portfolio shows near 40% upside potential.

The bottom performers by contribution for the month were Telkom Indonesia and Lukoil. **Telkom Indonesia** (Indonesian telecom operator) released solid full year results with mobile and broadband performing well. Competition remains energetic but further industry consolidation is likely as the government wishes it. **Lukoil** (Russian oil producer) was impacted by the negative sentiment towards Russia over Ukraine and further sanctions. Lukoil has not been impacted by sanctions thus far; it is not a state related corporate and could be viewed favourably on corporate governance over its history. OPEC+ has successfully managed the oil price through a difficult period and continues to balance demand recovery against supply restraint. We believe Lukoil is well placed within the global oil industry.

The top performers by contribution for the month were SK Telecom and Embraer. **SK Telecom** (South Korean mobile telecom operator) has moved steadily over recent years towards improving shareholder friendliness. It announced a long-awaited restructuring by proposing to split the telecom and investment portfolio of technology and 5G service subsidiaries. In addition, it has announced after month-end the cancellation of treasury shares accounting for over 10% of total shares. **Embraer** (Brazilian aircraft manufacturer) had decent first quarter delivery figures pointing to a continued recovery. This is a transitional year before the aviation industry picks-up, and Embraer's regional jets remain well positioned for the initial demand recovery. Importantly new orders are coming through in the regional jet division and the order book remains healthy with no cancellations.

Capacity and flows

We are pleased to announce that we are now offering an EM ex China strategy. Alongside this we have increased capacity across both EM and EM ex China to US\$1.5bn. If you would like to know more or arrange a meeting please contact clientrelations@oldfieldpartners.com.

Composite analysis

Top 10 holdings (%)	Weighting	1 month total return (%)*	
		Local terms	USD
SK Telecom	9.1	+12.7	+12.7
Samsung Electronics	8.6	-1.1	-0.2
Ternium	6.8	+0.6	+0.6
Embraer	6.7	+10.4	+10.4
Infosys	6.5	-3.4	-3.4
Thai Beverage	6.3	-3.4	-2.4
Lukoil	6.3	-5.2	-5.2
Petrobras	5.9	+4.1	+4.1
Lee & Man Paper	5.7	-5.3	-5.2
Telkom Indonesia	5.7	-6.7	-6.7

*Inclusive of portfolio activity.
All data as at 30 April 2021.
Source: Oldfield Partners.

Sector breakdown (%)

Information Technology	19.8	
Materials	18.0	
Communication Services	17.6	
Energy	12.2	
Consumer Staples	11.2	
Industrials	6.7	
Consumer Discretionary	5.6	
Financials	4.0	
Cash	4.8	

Country breakdown (%)

South Korea	22.4	
China/Hong Kong	13.1	
Brazil	12.7	
Indonesia	10.6	
Mexico	6.8	
India	6.5	
Thailand	6.3	
Russia	6.3	
Peru	5.4	
Turkey	2.8	
South Africa	2.2	
Cash	4.8	

Oldfield Partners

11 Grosvenor Place
London, SW1X 7HH
United Kingdom

Telephone: +44 (0) 20 7259 1000
Email: info@oldfieldpartners.com
www.oldfieldpartners.com

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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 the MSCI Emerging Markets Index with net dividends reinvested. 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. Oldfield Partners LLP is authorised and regulated by the Financial Conduct Authority. Oldfield Partners LLP has approved and issued this communication for use by the Client. It should not be provided to third parties without the consent of Oldfield Partners LLP. Information contained in this communication must not be construed as giving investment advice within or outside the United Kingdom. This document is not a solicitation or offer of investment services. Any reference to stocks is only for illustrative purposes and opinions expressed herein may be changed without notice at any time. Oldfield Partners LLP does not warrant the accuracy, adequacy or completeness of the information and data contained herein and expressly disclaims liability for errors or omissions in this information and data. No warranty of any kind, implied, expressed or statutory, is given in conjunction with the information and data. © 2021 Partnership No. OC309959.