

Emerging Markets – Composite

Patient, unconstrained, contrarian value investing

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Oldfield Partners

29 November 2019

Monthly composite review

Composite particulars

Launch date	01 January 2001
Comp. assets	US\$660.4m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

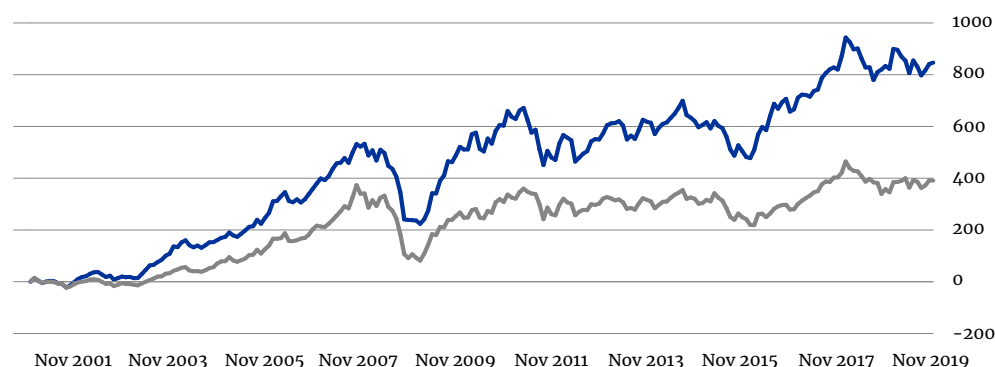
About Oldfield Partners

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
■ Emerging Markets Equity	+0.6	+2.6	+1.4	+846.9	+7.7	+5.6	+12.6
■ MSCI Emerging Markets	-0.1	+10.2	+7.3	+390.9	+9.0	+3.1	+8.8

Preceding five calendar years performance

	2018	2017	2016	2015	2014
Emerging Markets Equity	-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

The valuation case for emerging market equities remains attractive, and the MSCI Emerging Markets Index continues to trade comfortably below its longer term historic average valuation. Value investing in emerging market equities continues to have a tough year. The backdrop for emerging markets is still dominated by global monetary policy actions, numerous political issues, and ongoing trade disputes leading to fallout across the global economy and equity markets.

The bottom performers by contribution in the month were Petrobras, Telkom Indonesia, and Thai Beverage. **Petrobras** (Brazilian oil producer) announced the outline for its five-year business strategy, and some investors were disappointed with the near-term production guidance and increase in capital expenditure. **Telkom Indonesia** (Indonesian telecom operator) is the leading operator in Indonesia in both mobile and fixed line; with a superior network and a strong balance sheet it is well placed in this growing telecom market. The third quarter results showed competition remains benign and management are executing well. **Thai Beverage** (the leading producer of alcoholic beverages in Thailand) announced at month-end that it will look into an initial public offering of its beer business. Historically its beer business in Thailand has been a drag on the company, but of late it has been turning around, and the company's beer exposure has increased in scale with the acquisition in Vietnam of Sabeco. This announcement should help shine a light on the beer division that has a forty percent market share in Thailand.

The top performers by contribution in the month were Lee & Man Paper and Ternium. Cyclical stocks were in favour during the month as valuations had become depressed. **Lee & Man Paper** (Chinese containerboard manufacturer) has seen price hikes by the large paper manufacturers in China and this looks sustainable during the holiday season with demand holding up and inventory levels low. **Ternium** (Latin American steel producer) had disappointing third quarter results with more difficult economic conditions in Mexico and Argentina. Ternium is used to dealing with difficult environments, but trade disputes and politics are a lingering worry for the stock.

Total assets for the emerging markets strategy are now slightly over US\$1billion, which is our capacity limit. If you are interested in making a new investment or adding to an existing holding, we therefore request that you contact us to discuss this.

Composite analysis

Top 10 holdings (%)	Weighting	1 month total return (%)*	
		Local terms	USD
Samsung Electronics	8.6	-0.2	-1.1
Lukoil	7.8	+3.7	+3.7
Embraer	7.7	-2.0	-2.0
Petrobras	7.7	-8.5	-8.5
Buenaventura	7.6	+0.4	+0.4
SK Telecom	7.6	-0.6	-0.6
Thai Beverage	7.2	-2.7	-3.2
Telkom Indonesia	6.2	-4.2	-4.2
Indofood	5.8	+3.2	+3.0
Yue Yuen Industrial	5.5	+4.8	+4.9

*Inclusive of portfolio activity.
All data as at 29 November 2019.
Source: Oldfield Partners.

Sector breakdown (%)

Communications Services	17.3	
Materials	17.1	
Energy	15.5	
Consumer Staples	12.9	
Information Technology	12.9	
Industrials	7.7	
Consumer Discretionary	5.8	
Financials	4.2	
Cash	6.6	

Country breakdown (%)

South Korea	16.2	
Brazil	15.5	
China/Hong Kong	12.0	
Indonesia	12.0	
Russia	7.8	
Peru	7.6	
Thailand	7.2	
Mexico	4.9	
India	4.5	
Turkey	3.5	
South Africa	2.2	
Cash	6.6	

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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. © 2019 Partnership No. OC309959.