



# Emerging Markets Investment Report

## March 2017 Newsletter

Oldfield Partners

### Performance Summary

USD terms	Emerging Markets Equity Composite	Index*
March	-0.1%	+2.5%
2017 to date	+7.3%	+11.4%
2016	+31.7%	+11.2%
1 year	+22.6%	+17.2%
3 years annualised	+5.0%	+1.2%
5 years annualised	+4.6%	+0.8%
Since inception**	+721.8%	+323.3%
Since inception annualised**	+13.8%	+9.3%

\*MSCI Emerging Markets (Net Dividends Reinvested). \*\*Inception 1<sup>st</sup> 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	9.2%	+7.1%	+8.2%
SK Telecom	8.7%	+11.4%	+11.4%
Embraer	7.6%	-4.2%	-4.2%
Lukoil	6.8%	-0.1%	-0.1%
Buenaventura	6.7%	-2.2%	-2.2%

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

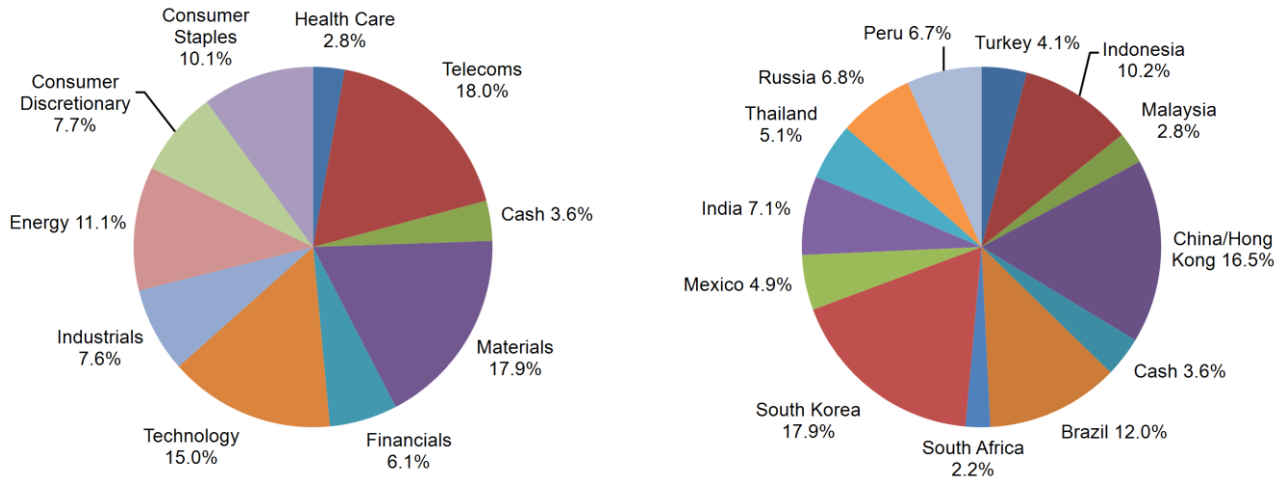
Oldfield Partners

11 Grosvenor Place, London, SW1X 7HH, United Kingdom.  
 Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com  
 www.oldfieldpartners.com

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. © 2017 Partnership No. OC309959

### Sector and country breakdown as at 31<sup>st</sup> March 2017



Source: Oldfield Partners.

### Commentary

The laggards during the month by contribution were Lee & Man Paper, JSE, and Embraer. **Lee & Man Paper** (Chinese containerboard manufacturer) has seen price declines from early March in strong contrast to the buoyant pricing environment last year. We believe the positive fundamentals of the industry remain intact. Demand remains solid and supply side consolidation continues as the government seeks to reduce inefficient producers. **JSE** (South African stock exchange) has seen an increase in the political risk of South Africa due to the President, Jacob Zuma, sacking his finance minister. **Embraer** (Brazilian regional jet manufacturer) held its investor day in the month following solid fourth quarter results. Management were upbeat about 2017, but noted 2018 may be tougher for the commercial aviation division as they transition to the new generation airplane. An interesting and positive rule change in China requires new airlines there to buy 25 regional jets before they can operate a wide body aircraft.

The top performers for the month were SK Telecom, Samsung Electronics, and Telkom Indonesia. **SK Telecom** (South Korean mobile telecoms) has benefited from its stake in Hynix performing well. Hynix is the second largest DRAM producer globally and is benefiting from a strong DRAM cycle. There is renewed interest from investors as to if there could be a restructuring. The new CEO is known for M&A and restructuring in the SK Group, and unusually for SK Telecom he has been granted share options (the largest in its history and the first for 15 years). **Samsung Electronics** (South Korean consumer electronics) showcased its new high end mobile phone the Galaxy S8 in the month, which has a new virtual assistant (Bixby) and a curved screen on each edge (infinity display) amongst its other hi-tech wonders. Early feedback from carriers is very positive regarding pre-launch orders, and should put the Note 7 episode firmly in the rear view mirror. **Telkom Indonesia** (leading mobile telecom operator in Indonesia) released stunning results early in the month as it remains in the sweet spot of growing data

Oldfield Partners

11 Grosvenor Place, London, SW1X 7HH, United Kingdom.  
Telephone: +44 (0)20 7259 1000 Email: info@oldfieldpartners.com  
www.oldfieldpartners.com

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. © 2017 Partnership No. OC309959



# Emerging Markets Investment Report

## March 2017 Newsletter

Oldfield Partners

use from smartphone adoption, increasing broadband adoption, having a superior network, and with rational competition as the smaller players look to increase profitability.

The top performers by contribution for the first quarter were Samsung Electronics, SK Telecom, and Embraer. The bottom three performers were JSE, Lukoil (Russian oil producer), and Eros International (Indian Bollywood films).

We remain comforted by the below historic average valuations of emerging market equities and by the 45% upside of the weighted average of our price targets in the portfolio.

[Oldfield Partners](#)

11 Grosvenor Place, London, SW1X 7HH, United Kingdom.  
Telephone: +44 (0)20 7259 1000 Email: [info@oldfieldpartners.com](mailto:info@oldfieldpartners.com)  
[www.oldfieldpartners.com](http://www.oldfieldpartners.com)

[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. © 2017 Partnership No. OC309959