

Emerging Markets – Composite

Patient, unconstrained, contrarian value investing

OP

Oldfield Partners

31 July 2019

Monthly composite review

Composite particulars

Launch date	01 January 2001
Comp. assets	US\$659.5m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

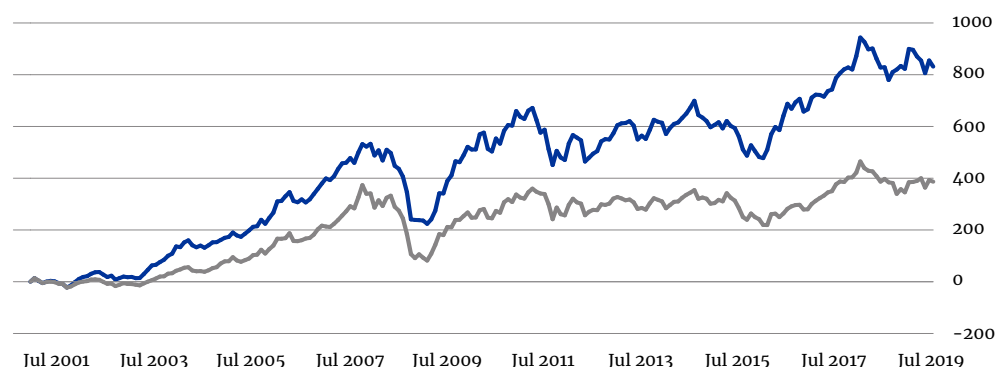
About Oldfield Partners

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	-2.5	+0.9	+0.3	+831.3	+5.7	+3.8	+12.8
■ MSCI Emerging Markets	-1.2	+9.2	-2.2	+386.5	+8.4	+1.8	+8.9

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 has had a tough year to date, and we are no exception. The backdrop for emerging markets is still dominated by the US-China trade negotiations and expectations for the US monetary policy cycle.

The bottom performers by contribution in the month were Buenaventura and SK Telecom. **Buenaventura** (Peruvian miner) had disappointing results at month end as it reduced production in several key mines to improve efficiency and implement cost saving initiatives. The recent increase in the gold price should come through in subsequent results. **SK Telecom** (Korean wireless mobile provider) is continuing to invest in the 5G network but only beginning to gain 5G subscribers, and its investment in SK Hynix (second largest DRAM producer) is lagging due to the weak semiconductor cycle. We see both these pressures starting to turn.

The top performers by contribution in the month were Infosys and Telkom Indonesia. **Infosys** (Indian IT services) is benefiting from the buoyant IT services demand in the US and has increased its focus on shareholder returns by upping the percentage of free cash flow returned to investors to 85% (from 70%) over a five-year period. **Telkom Indonesia** (Indonesian telecom provider) is benefiting from a stable competitive backdrop allowing increased prices and the continuing growth of data. The compulsory SIM card registration period was tough for the industry, but Telkom Indonesia looks to have emerged a winner from the process.

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	9.3	-2.9	-5.0
Embraer	9.1	+0.4	+0.4
Petrobras	8.4	-3.4	-3.4
Lukoil	8.0	0.0	0.0
SK Telecom	7.7	-7.4	-7.4
Buenaventura	7.4	-8.6	-8.6
Telkom Indonesia	6.9	+2.9	+2.9
Thai Beverage	6.8	+0.6	-0.5
Indofood	5.3	+0.7	+1.5
Yue Yuen Industrial	5.3	+2.6	+2.3

*Inclusive of portfolio activity.
All data as at 31 July 2019.
Source: Oldfield Partners.

Sector breakdown (%)

Communications Services	17.7	
Materials	16.6	
Energy	16.4	
Information Technology	13.6	
Consumer Staples	12.1	
Industrials	9.1	
Consumer Discretionary	5.4	
Financials	4.7	
Cash	4.4	

Country breakdown (%)

Brazil	17.5	
South Korea	16.9	
Indonesia	12.2	
China/Hong Kong	11.8	
Russia	8.0	
Peru	7.4	
Thailand	6.8	
Mexico	4.9	
India	4.5	
Turkey	3.1	
South Africa	2.4	
Cash	4.4	

Oldfield Partners

11 Grosvenor Place
London, SW1X 7HH
United Kingdom

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

This document contains performance information meeting standards which use a composite of investment advisory fees paid by clients rather than the actual fees which will apply to a particular investment. These standards are calculated differently to SEC standards and, accordingly, where this document is provided as a non-exempt investment advertisement it is not intended for US persons and any US person seeking performance information calculated to SEC rules should contact info@oldfieldpartners.com. Oldfield Partners LLP's investment advisory fees are more fully described in the Form ADV Part 2A.

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.