

Emerging Markets – Composite

Patient, unconstrained, contrarian value investing

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Oldfield Partners

31 July 2021

Monthly composite review

Composite particulars

Launch date	01 January 2001
Comp. assets	US\$383.5m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

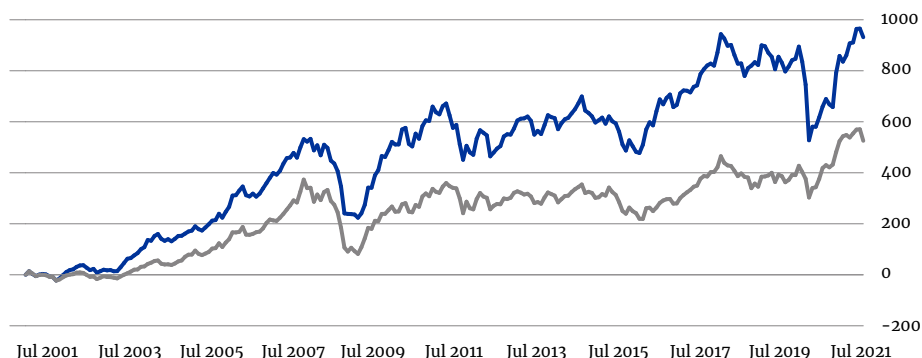
About Oldfield Partners

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 (%)



	Annualised						
	1 month	YTD	1 year	Launch	3 years	5 years	Launch
■ Emerging Markets Equity	-3.2	+7.7	+35.9	+931.5	+3.6	+5.5	+12.0
■ MSCI Emerging Markets	-6.7	+0.2	+20.6	+525.4	+7.9	+10.4	+9.3

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

Concerns over the delta variant’s impact on demand, supply disruptions, and China weighed on emerging market equities in the month. China saw the government stamp its authority on the private sector – most notably in the education and internet service industries. We continue to believe in the ‘normalisation’ trade as economic life recovers in emerging markets. The weighted average of the price targets in the portfolio shows around 40% upside potential.

The bottom performers by contribution for the month were Petrobras, SK Hynix, and Yue Yuen. **Petrobras** (Brazilian oil producer) was weighed down by the threat of a truckers’ strike following domestic fuel price increases and production numbers that were weakened by maintenance stoppages. The key pre-salt operations continue to be a positive highlight. **SK Hynix** (Korean semiconductor manufacturer) reflected some investors anxiety over the strength of the semiconductor cycle into year-end. Management remained positive on the second half and beyond in the quarterly results at month end. **Yue Yuen** (Chinese casual shoe manufacturer) saw its factories in Vietnam (and less so Indonesia) hit by covid restrictions. These are the key production locations for the company and some orders must be re-routed to China.

The top performers by contribution for the month were Ternium and Infosys. **Ternium** (Latin American steel producer) saw steel prices and demand remain strong reflecting management’s ‘stronger for longer’ cycle comments. Steel is a beneficiary of infrastructure spend and the consumer demand recovery for big ticket items. **Infosys** (Indian IT services) continues to benefit from strong growth as corporates update IT systems to be able to compete in the digital world. Covid has mobilised managements globally to make the necessary changes and this will be ongoing even once covid is in the rear-view mirror. Management increased revenue growth guidance for year-end in its quarterly results.

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
Samsung Electronics	8.6	-2.4	-4.1
Embraer	8.2	-5.5	-5.5
SK Telecom	7.7	-7.5	-7.5
Ternium	7.4	+26.4	+26.4
Infosys	7.4	+4.4	+4.4
Thai Beverage	6.0	-3.7	-4.3
Petrobras	5.9	-13.1	-13.1
Lukoil	5.8	-5.0	-5.0
Telkom Indonesia	5.6	+3.0	+3.0
SK Hynix	5.5	-11.7	-13.3

*Inclusive of portfolio activity.

All data as at 31 July 2021.

Source: Oldfield Partners.

Sector breakdown (%)

Information Technology	21.5	
Materials	17.3	
Communication Services	16.0	
Energy	11.7	
Consumer Staples	10.5	
Industrials	8.2	
Consumer Discretionary	4.6	
Financials	3.6	
Cash	6.8	

Country breakdown (%)

South Korea	21.8	
Brazil	14.0	
China/Hong Kong	11.0	
Indonesia	10.1	
Mexico	7.4	
India	7.4	
Thailand	6.0	
Russia	5.8	
Peru	5.1	
Turkey	2.7	
South Africa	1.9	
Cash	6.8	

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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.