

Emerging Markets – Composite

Patient, unconstrained, contrarian value investing

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Oldfield Partners

31 August 2021

Monthly composite review

Composite particulars

Launch date	01 January 2001
Comp. assets	US\$377.3m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

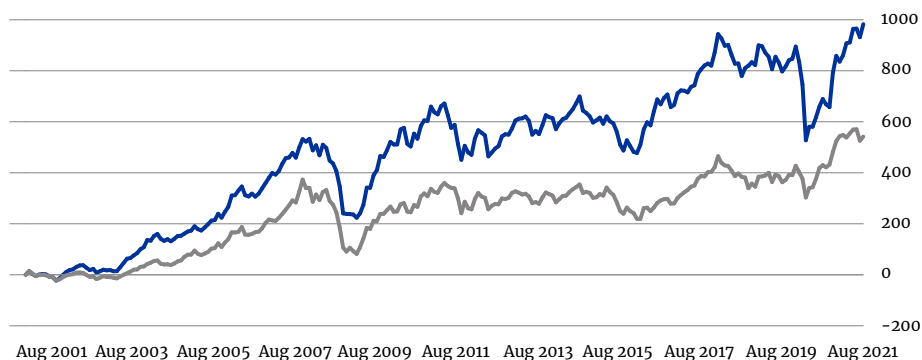
About Oldfield Partners

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	+5.0	+13.0	+37.2	+982.7	+7.2	+7.1	+12.2
■ MSCI Emerging Markets	+2.6	+2.8	+21.1	+541.8	+9.9	+10.4	+9.4

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 spread of the Delta variant of the Covid virus, supply disruptions, and policy changes in China carried over from last month. The Chinese government continued to impose its authority on the private sector and require that communist party ideals be respected in society. The upcoming meeting of the communist party elite will determine if the policy is ratcheted up or has met its immediate goals. The weighted average of the price targets in the portfolio shows around 40% upside potential.

The bottom performers by contribution for the month were Buenaventura and SK Hynix. **Buenaventura** (Peruvian miner) continues to reflect the political uncertainties for the mining sector in Peru following the recent elections. We believe that politics will calm (or see a favourable change for investors) to reflect economic realities and importance of the mining sector to the country. We will continue to monitor the situation being mindful that political changes can be notoriously tricky to foresee. The key metal prices for the company are gold, silver and copper – all have been lacklustre over the summer months. The Korean semiconductor stocks – **SK Hynix** and **Samsung Electronics** – were impacted by expectations of weaker DRAM prices into year-end. We believe this would be a temporary setback as customer inventory adjusts and prices should recover in the spring – with demand remaining solid and industry supply discipline still intact. DRAM producer inventory, at record lows, could further support prices. The next generation of DRAM chips consume more wafer material per unit, absorbing some of the wafer capacity additions that prompted question marks in the market.

The top performers by contribution for the month were Embraer and Lee & Man Paper. **Embraer** (Brazilian aircraft manufacturer) is well placed to benefit from the recovery in the domestic and short-haul aviation market. It is the near sole manufacturer of regional jets and a solid player in the business jet market. Evidence of its cost-cutting measures emerged in the quarterly results reported during the month. Management provided guidance for margins and free cash flow that exceeded previous consensus numbers. The icing on the cake is the prospects for its short-range electric flight vehicle (called EVE) as this market opens globally and orders prove its potential. **Lee & Man Paper** (Chinese containerboard producer) is heading into the more favourable season for containerboard pricing. Government policy still favours the larger players on environmental grounds. Local recycled cardboard prices (key input) have been stubbornly high, but this impacts the smaller players more than Lee & Man Paper (the second largest player in China).

Commentary - continued

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
Embraer	8.9	+25.3	+25.3
Samsung Electronics	8.4	-2.3	-2.7
Infosys	7.6	+7.6	+7.6
Ternium	7.4	+11.7	+11.7
SK Telecom	7.2	-0.3	-0.3
Thai Beverage	6.0	+4.5	+5.3
Petrobras	5.7	+7.3	+7.3
Telkom Indonesia	5.7	+6.4	+6.4
SK Hynix	5.7	-5.4	-5.8
Lukoil	5.5	-1.1	-1.1

*Inclusive of portfolio activity.
All data as at 31 August 2021.
Source: Oldfield Partners.

Sector breakdown (%)

Information Technology	21.7	
Materials	17.2	
Communication Services	15.8	
Energy	11.2	
Consumer Staples	10.4	
Industrials	8.9	
Consumer Discretionary	4.2	
Financials	3.7	
Cash	6.9	

Country breakdown (%)

South Korea	21.4	
Brazil	14.7	
China/Hong Kong	11.4	
Indonesia	10.1	
India	7.6	
Mexico	7.4	
Thailand	6.0	
Russia	5.5	
Peru	4.4	
Turkey	2.8	
South Africa	1.9	
Cash	6.9	

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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.