

Emerging Markets – Composite

Patient, unconstrained, contrarian value investing

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Oldfield Partners

31 October 2021

Monthly composite review

Composite particulars

Launch date	01 January 2001
Comp. assets	US\$369.6m
Structure	Composite
Base currency	USD
Benchmark	MSCI Emerging Markets

“A concentrated portfolio concentrates the mind...”

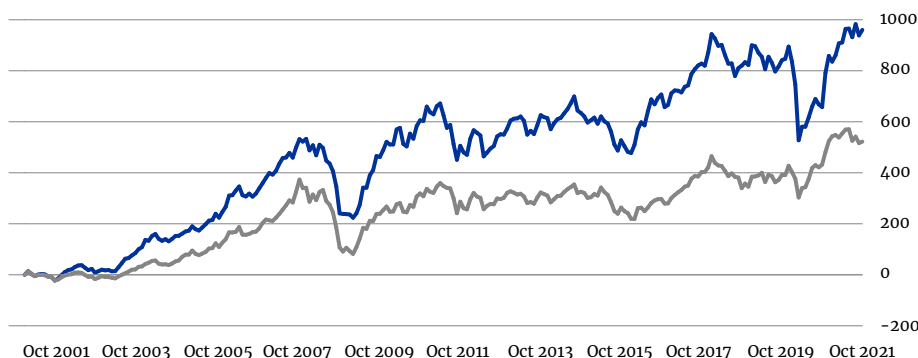
About Oldfield Partners

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	+2.1	+10.7	+40.0	+960.3	+4.8	+5.6	+12.0
■ MSCI Emerging Markets	+1.0	-0.3	+17.0	+522.4	+12.3	+9.4	+9.2

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

The major emerging market economies have begun to tighten financial conditions. With inflationary pressures increasing (near-term) and economic growth (perhaps) moderating it looks uncertain how next year plays out for the global economy. One positive is that vaccination rates in emerging markets are improving allowing more countries to re-open to business - meaning the cyclical recovery in emerging economies is often one step behind those in the developed world.

The bottom performers by contribution for the month were Embraer, Samsung Electronics, and SK Telecom. **Embraer** (Brazilian aircraft manufacturer) was held back by Brazilian political noise in the month but showed strong new order momentum pushing the order backlog to almost \$17 billion. The third quarter deliveries were slightly disappointing. Regional and business jets continue to be a bright spot in global aviation with Embraer having a near-monopoly position in the US market for regional jets. **Samsung Electronics** (Korean electronics manufacturer) remains in the doldrums over the semiconductor cycle which is experiencing a near-term correction in prices as customer inventory adjusts. **SK Telecom** (Korean mobile telecom provider) is splitting itself into a telecom provider (SK Telecom) and a technology holding company (SK Square). The telecom company will continue to benefit from the growth of 5G and broadband in South Korea. SK Square holds a 20% stake in SK Hynix, a leading semiconductor manufacturer, that accounts for the bulk of its assets, but also stakes in various internet service companies in Korea that over time will be IPO'd.

The top performers by contribution for the month were Buenaventura and Alibaba. **Buenaventura** (Peruvian mining company) recovered substantially in the month as the political situation in Peru moderated somewhat. The new president replaced the outspoken prime minister that had been calling for nationalisation of key assets. This suggests the government will continue to push its agenda while trying to keep investors outside. **Alibaba** (Chinese e-commerce & cloud provider) is a new position and the leading player in e-commerce and cloud services in China. The Chinese government has sought to reduce the strong market positions of the 'super platforms' and have greater access to the data being produced by the internet service companies. Many of the regulatory reforms on the sector are sensible long-term to prevent unwelcome monopolies developing. Despite this we see e-commerce continuing to grow in China and Alibaba remaining a leading player. The sharp correction in the share price since late-2020 provided a compelling opportunity to access the Chinese consumer.

We initiated a new position in **ASE Technology** (Taiwanese semiconductor packaging & testing provider). The company is the world's largest semiconductor assembly and testing provider. Based in Taiwan it benefits from proximity to some of the world's largest semiconductor foundries. Advanced integrated chip packaging techniques play an increasingly important role in optimising systems of semiconductor performance in

Commentary - continued

areas such as processing speed, scale reduction, energy efficiency and heat management. It is well positioned to benefit from both the broader trend of semiconductor demand growth and technological advancement in packaging techniques.

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	8.1	-5.4	-4.6
Embraer	7.1	-8.6	-8.6
SK Telecom	6.8	+3.7	+3.6
Ternium	6.4	+9.5	+9.5
Thai Beverage	6.4	+8.4	+9.2
SK Hynix	6.1	+0.2	+1.0
Telkom Indonesia	5.9	+3.5	+3.5
Lukoil	5.3	+6.3	+6.3
Alibaba	5.1	+19.9	+20.0
Lee & Man Paper	5.0	+1.7	+1.8

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

Sector breakdown (%)

Information Technology	23.1	
Materials	16.4	
Communication Services	15.0	
Consumer Staples	11.0	
Energy	9.9	
Consumer Discretionary	9.6	
Industrials	7.1	
Financials	3.8	
Cash	4.2	

Country breakdown (%)

South Korea	21.0	
China/Hong Kong	16.6	
Brazil	11.7	
Indonesia	10.5	
Mexico	6.4	
Thailand	6.4	
Russia	5.3	
India	4.9	
Peru	4.9	
Taiwan	3.9	
Turkey	2.3	
South Africa	1.8	
Cash	4.2	

Oldfield Partners

11 Grosvenor Place
London, SW1X 7HH
United Kingdom

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

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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.