Kvartalsvis rapport

SKAGEN Focus A

Alle tall er i DKK per 31/03/2022

VIKTIG INFORMASJON: Dette er markedsføring. Rapporten er ikke en anbefaling om å kjøpe eller selge fondsandeler. Før tegning oppfordres det til å lese fondets prospekt og nøkkelinformasjon, som er tilgjengelig på www.skagenfondene.no og hos våre distributører.

A solid quarter

The fund has performed well ahead of underlying global equity markets so far this year. During the quarter, global equity markets were impacted by several events, and we initially observed a dramatic sell-off among so-called "profitless tech" companies – in other words companies trading at elevated multiples despite producing neither meaningful revenues nor earnings. This sell-off eventually spread to higher priced income-generating equities, including mega-cap tech stocks in the US as well as select investment darlings in the European equity market. Following the full-scale Russian invasion of Ukraine there was a broad sell-off in the equity markets. The fund did not have any direct Russian exposure and in early March SKAGEN decided to exclude Russian companies from our investment universe. We continue to monitor the situation and as contrarian and price-driven investors, we actively follow several companies that may have been overly and unjustifiably punished due to perceived Russia-related exposure.

The drop in commodity supplies following the Russian crisis is reinforcing the already strong inflationary pressures inherited from the pandemic. The US Consumer Price Index surged to 7% year-over-year in February. The Federal Reserve is probably 'behind the curve' and is now guiding for six to seven rate hikes this year. Bond yields are adapting to this data and the more global hawkish stance from central banks has led to higher bond yields and in specific cases, a sharply inverted yield curve.

Commodity producers and two buy-outs drive performance

Several of our better-performing positions in the quarter benefitted from the higher commodity prices, as Russian commodity supplies are being increasingly disrupted. The rather remarkable rally in the nickel price, for example, which spiked more than 100% at one point, drove our Indonesian nickel producer Vale Indonesia towards our price target range, and we trimmed the position. Ukraine and Russia are large producers of a variety of fertilisers including potash and as this supply has been disrupted, the price of potash has climbed significantly. This benefited our potash producer K+S, making it the fund's best performer so far this year. Another strong performer in the year has been Korean property and casualty insurance company DB Insurance as the company generated strong earnings for the year and impressive underwriting efficiency. We reduced our position in the still significantly undervalued Commerzbank following a strong re-rating at the beginning of the quarter. The bank's restructuring process seems to be on track and we should see improvements in the mid-term earnings power.

After a record year for fund buy-outs, so far in 2022 we have received two additional buyout offers for companies in our portfolio. First, US regional bank First Horizon received a 35% premium buy-out offer from Canadian bank Toronto Dominion, which continues its aggressive expansion in the southeast of the US. In addition, our UK bus operator Stagecoach received a revised offer from German infrastructure fund DWS at a 37% premium. Both equities left the portfolio at their respective price targets.

On the commodities side, Russian dominance in palladium has propelled this metal to a new all-time high. The fund has exposure to the metal through Ivanhoe Mines which is developing its Platreef asset. The company recently released a feasibility study indicating that they may be able to produce an average annual output of 590k oz of palladium, rhodium and gold along with a sizable production of nickel and copper from this mine. We do not think that this earnings stream is properly discounted in the current share price.

On the less positive side, our two positions in auto-parts manufacturers, namely German powertrain producer Vitesco and French seat and interiors producer Faurecia were pressured by the uncertainty around global auto production following the Ukraine war and worries over higher input costs.

Foto: Shutterstock

Foto: Shutterstock

New positions

We established several new positions in the quarter, including the recently spun off and fairly unknown commercial vehicle producer Iveco, which currently trades at a substantial discount, close to our estimate of the company's liquidation value. We also re-initiated a position in Spanish pulp producer Ence, as the equity is once again trading at our required price point and has several catalysts for re-rating in the mid-term. We also bought into Sao Martinho, a Brazilian based sugar and ethanol producer. The company appears to be generating a substantial amount of cash in the near term and is still extremely undervalued relative to earnings power.

Outlook

The recent macro events have given rise to a more volatile global equity backdrop as bond yields are adjusting to an inflationary environment. We believe there is still a strong case for a continued rotation into equities with an above average near term earnings yield at the expense of companies with elevated valuation multiples in global equity markets. Excess and unwarranted volatility also spells opportunities for us as active, contrarian and price driven investors.

The portfolio consists of 47 positions of which 85% are in the small and mid-cap segment. However, we have recently uncovered interesting opportunities in select Japanese large caps which we will highlight in future updates. Importantly, the upside to our weighted price target across the fund is more than 55% at present.

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SKAGEN Part of Storebrand

SKAGEN Focus er et aksjefond hvor forvalterne kun investerer i sine aller beste ideer. Målet er å skape langsiktig avkastning ved å investere i en portefølje av globale selskaper av alle størrelser, men hvor majoriteten investeres i små- og mellomstore selskaper. Det tegnes i fondsandeler, og ikke direkte i aksjer eller andre verdipapirer. Fondet har risikoprofil 6. Referanseindeksen reflekterer fondets investeringsmandat. Siden fondet er aktivt forvaltet vil imidlertid porteføljen avvike fra indeksens sammensetning.

Historisk avkastning

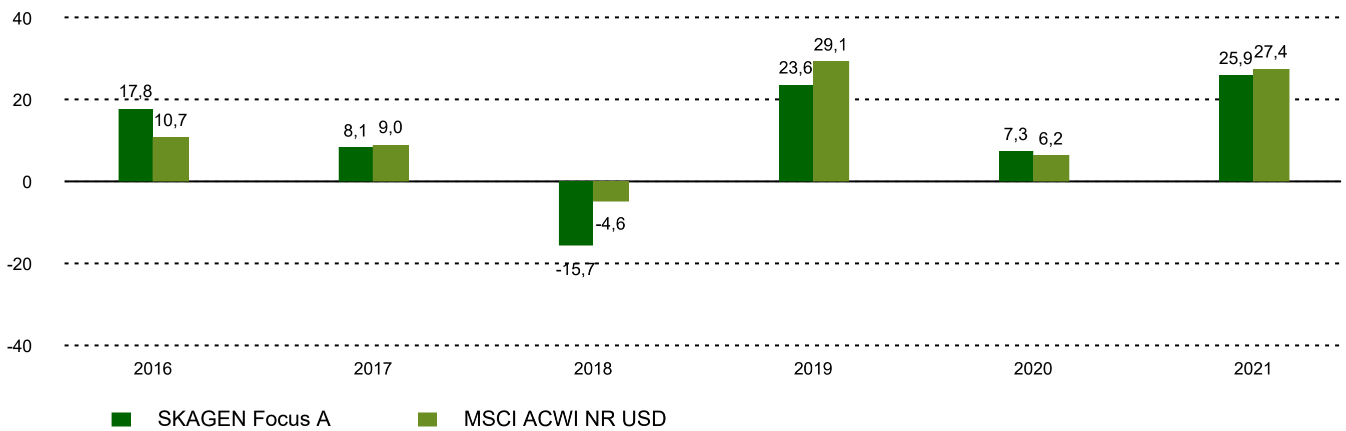
Periode	SKAGEN Focus A	Referanseindeks
Siste måned	0,9%	3,1%
Hittil i kvartal	1,3%	-3,3%
Hittil i år	1,3%	-3,3%
Siste år	13,6%	13,1%
Siste 3 år	13,9%	14,0%
Siste 5 år	8,3%	10,7%
Siste 10 år	n/a	n/a
Siden start	6,5%	9,0%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	26.05.2015
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0010735129
NAV	135,91 DKK
Årlig forvaltningshonorar	1.60% + resultatavhengig forvaltningsgodtgjørelse*
Totalkostnad (2021)	1.40%
Referanseindeks	MSCI ACWI NR USD
Forvaltningskapital (mill.)	1858,34 DKK
Antall poster	48
Porteføljeforvalter	Jonas Edholm

*10,00% resultatavhengig forvaltningsgodtgjørelse beregnes daglig og belastes årlig hvis relativ verdiutvikling er bedre enn referanseindeksen. Samlet forvaltningsgodtgjørelse maks 3,20 % p.a. og min. 0,80 % p.a. Resultatavhengig forvaltningsgodtgjørelse kan belastes selv om fondets andeler har gått ned i verdi dersom verdiutviklingen er bedre enn referanseindeksen.

Avkastning siste 10 år



Historisk avkastning er ingen garanti for fremtidig avkastning. Fremtidig avkastning vil blant annet avhenge av markedsutviklingen, forvalterens dyktighet, fondets risikoprofil og forvaltningshonorar. Avkastningen kan bli negativ som følge av kurstap. Det er knyttet risiko til investeringer i fondet på grunn av markedsbevegelser, utvikling i valuta, rentenivåer, konjunkturer, bransje- og selskapsspesifikke forhold.

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Bidragsytere i kvartalet

Største positive bidragsytere

Navn	Vekt (%)	Bidrag (%)
K+S AG	2,64	1,50
Vale Indonesia Tbk PT	1,71	0,73
Methanex Corp	2,33	0,66
Commerzbank AG	2,11	0,66
Stelco Holdings Inc	1,06	0,64

Største negative bidragsytere

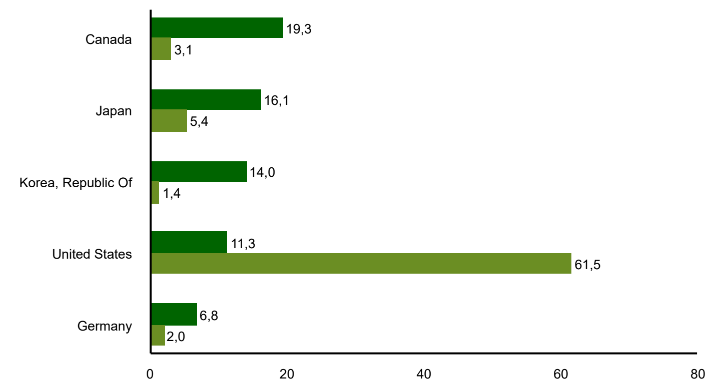
Navn	Vekt (%)	Bidrag (%)
Faurecia SE	1,64	-0,90
Vitesco Technologies Group	2,37	-0,72
Canfor Pulp Products Inc	2,74	-0,63
GrafTech International Ltd	3,10	-0,61
Sixt SE	2,37	-0,59

Veksten viser gjennomsnittet for perioden. I NOK for alle andelsklasser

10 største investeringer

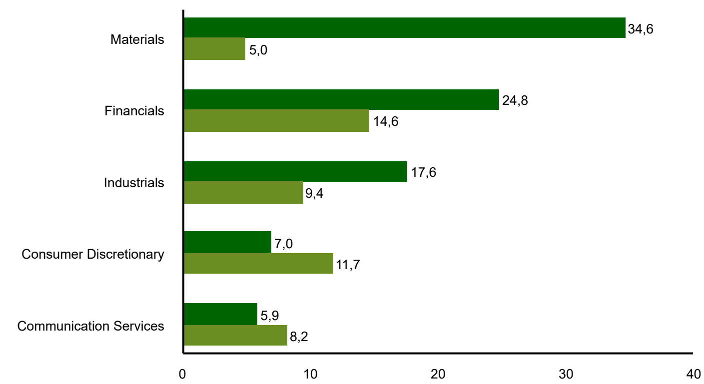
Navn	Sektor	Land	%
Cascades Inc	Materials	Canada	4,9
Panasonic Corp	Consumer Discretionary	Japan	4,1
Marcus Corp/The	Communication Services	United States	3,7
Ivanhoe Mines Ltd	Materials	Canada	3,6
KB Financial Group Inc	Financials	Korea, Republic Of	3,4
GrafTech International Ltd	Industrials	United States	3,2
Textainer Group Holdings Ltd	Industrials	China	3,2
Methanex Corp	Materials	Canada	2,9
China Communications Services Corp Ltd	Industrials	China	2,8
Korean Reinsurance Co	Financials	Korea, Republic Of	2,7
Samlet vekting			34,7

Landeksponering (topp 5)



SKAGEN Focus A MSCI ACWI NR USD

Bransjefordeling (topp 5)



SKAGEN Focus A MSCI ACWI NR USD

Viktig informasjon

All informasjon er basert på mest oppdaterte tall tilgjengelig. Med mindre noe annet er opplyst, vil avkastningsdata være relatert til andelsklasse A og vises etter fradrag for honorarer. Forvaltningskapital per utgangen av forrige måned. All informasjon er fremstilt av SKAGEN AS (SKAGEN) med mindre noe annet er opplyst. SKAGEN fraskriver seg ethvert ansvar for direkte- og indirekte tap samt utgifter pådratt i forbindelse med bruk av eller forståelsen av innholdet i rapporten. Ansatte i SKAGEN vil kunne eie finansielle instrumenter utstedt av selskaper som er omtalt i rapporten eller som fondene har i sine porteføljer.

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