SKAGEN Focus A

Alle tall er i DKK per 30/06/2022

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.

Recession fears dominate the quarter

The portfolio delivered a negative return in the second quarter and ended the period on a weak note as recession fears broadly reduced valuations in basic material and financial stocks globally. Longer maturity interest rates began to fall at the end of the quarter as financial markets started to anticipate a peaking inflation environment and broad economic slowdown. A scenario in which central banks are forced to retrench and possibly also reverse interest rates hikes as early as next year should not be excluded. At this point, the markets' focus will turn back to economic expansion which again would spur a rotation into early cyclical exposures. During the recent correction, the fund's cheapness, i.e. the overall distance to portfolio price targets across the portfolio, increased and is now at levels not seen since the pandemic low in early 2020.

Performance drivers

The best performing positions in the period consist of a diversified set of stocks. First, our Japanese regional bank Shiga Bank rose more than 25 percent as the company raised its dividend and an activist investor suggested that the capital allocation policies need to be improved to remove the hefty discount in the bank's equity. Ubisoft, the French video-game producer, benefited from talk of the company potentially being a target for private equity. Ubisoft is trading at a substantial discount to our estimate of fair value. The company is in the midst of launching several new games following a heavy investment period.

The weakest performer in the quarter was copper producer Ivanhoe Mines, which lost almost 30 percent in the period. From a fundamental perspective, the miner is doing all the right things to deliver shareholder value, and the execution of the copper production ramp-up has been flawless. The equity's weaker performance was directly related to the fall in the underlying commodity. We have earlier in the year taken profit in the position, but now again see substantial upside to our price target. Following a weaker than anticipated earnings report for the first quarter, our Canadian packaging company Cascades was also a negative contributor. We believe the weakness is mainly due to temporary factors such as regional supply chain disruptions which have the potential to normalise in the short term.

The Japanese elevator producer Fujitec ended the quarter on a strong note following a battle between the company's management and activist investor Oasis, which demanded that the company's CEO step down. We have supported this action as governance issues have surfaced, and this could also open up for improvements in the company's governance and capital allocation discipline.

Portfolio activity

We closed our position in Indonesian nickel producer Vale Indonesia as the stock hit our price target early in the quarter. This position has been replaced by Nickel Asia Corp, based in the Philippines. The company supplies primarily Asian clients with nickel ore which is used for the production of nickel used in stainless steel and EV batteries. Following Indonesia's export ban, the company is effectively enjoying a monopoly on nickel ore exports to China.

We established a position in US food retailer Albertsons, which seems to offer very good value and is undergoing a strategic review to optimise its capital structure. We also added a position in Viscofan, a Spanish producer of casings for meat products, which we believe is trading substantially below fair value and is below the radar of most investors. We exited our position in US life insurer Lincoln National as the stock hit our holding duration limit. Unfortunately, our catalysts for revaluation failed to materialise.

We continue to find very interesting value propositions in Japan and added the Japanese IT-conglomerate Kyocera in the period. The company is currently restructuring its main operations and its core earnings power is valued very conservatively if we remove the company's vast stake in telecom operator KDDI.

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Foto: Shutterstock

We increased our position in German powertrain producer Vitesco as the stock suffered from temporary supply chain issues and uncertainty over global auto parts production. There has been substantial insider buying and the company's main owner, the Schaeffler family, recently increased its stake. A merger between Vitesco and Schaeffler may indeed be the end game and would produce substantial synergies.

Outlook

We believe the financial markets are in a painful normalisation phase for interest rates and valuation multiples. The main concern now is that central banks will trigger a major recession, which has pushed down valuations even in otherwise structurally strong basic material stocks and substantially discounted financials. Importantly, there is a substantial upside to our weighted price targets in the fund, in line with the upside seen at the pandemic low in early 2020. The heavy correction in technology and consumer-related company valuations will bring interesting opportunities for the fund going forward. We hold 48 positions in the portfolio at the end of quarter, of which 79 percent in the small and midcap segment.

Kvartalsvis rapport

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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

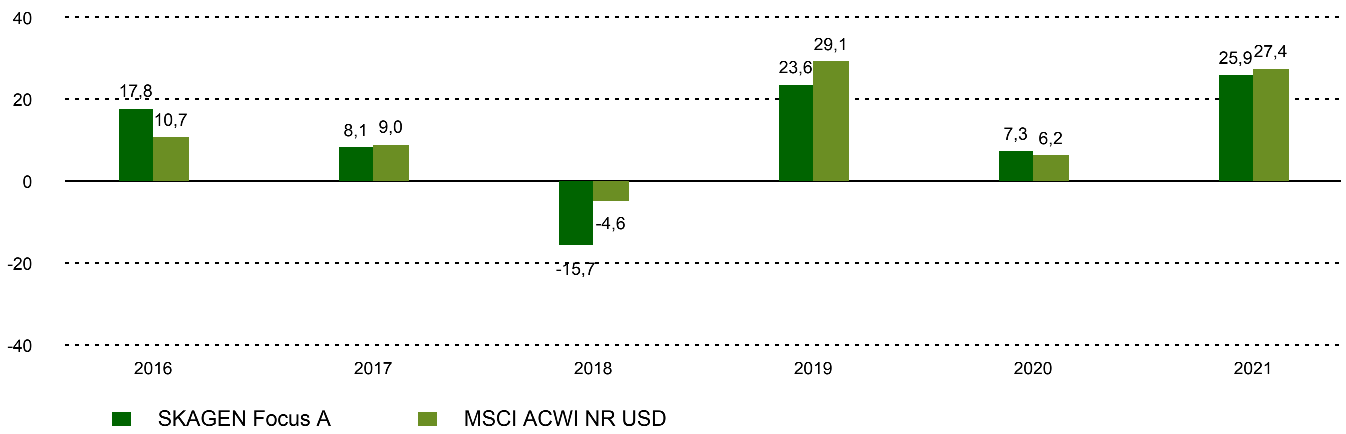
Periode	SKAGEN Focus A	Referanseindeks
Siste måned	-10,6%	-6,2%
Hittil i kvartal	-13,4%	-10,3%
Hittil i år	-12,3%	-13,2%
Siste 12 måneder	-6,4%	-4,4%
Siste 3 år	8,5%	9,2%
Siste 5 år	5,6%	8,9%
Siste 10 år	n/a	n/a
Siden start	4,1%	7,1%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	26.05.2015
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0010735129
NAV	117,72 DKK
Årlig forvaltningshonorar	1.60% + resultatavhengig forvaltningsgodtgjørelse*
Totalkostnad (2021)	1.40%
Referanseindeks	MSCI ACWI NR USD
Forvaltningskapital (mill.)	1659,97 DKK
Antall poster	49
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.

Kvartalsvis rapport

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Bidragsytere i kvartalet

Største positive bidragsytere

Navn	Vekt (%)	Bidrag (%)
Shiga Bank Ltd	1,84	0,42
Ubisoft Entertainment SA	3,07	0,37
China Comms Services	3,02	0,27
K+S AG	0,51	0,27
Ence Energia y Celulosa	1,89	0,17

Største negative bidragsytere

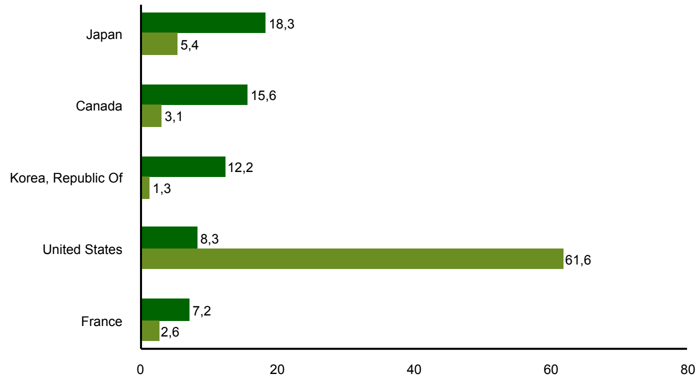
Navn	Vekt (%)	Bidrag (%)
Ivanhoe Mines Ltd	3,22	-1,07
Cascades Inc	4,03	-0,65
Stelco Holdings Inc	1,70	-0,63
Methanex Corp	2,81	-0,59
Textainer Group Holdings	2,87	-0,56

Veksten viser gjennomsnittet for perioden. I NOK for alle andelsklasser

10 største investeringer

Navn	Sektor	Land	%
Ubisoft Entertainment SA	Communication Services	France	3,4
China Communications Services Corp Ltd	Industrials	China	3,3
Marcus Corp/The	Communication Services	United States	3,2
KB Financial Group Inc	Financials	Korea, Republic Of	3,0
Cascades Inc	Materials	Canada	2,9
Kyocera Corp	Information Technology	Japan	2,8
Textainer Group Holdings Ltd	Industrials	China	2,7
Panasonic Corp	Consumer Discretionary	Japan	2,7
Korean Reinsurance Co	Financials	Korea, Republic Of	2,7
Ivanhoe Mines Ltd	Materials	Canada	2,6
Samlet vekting			29,2

Landeksponering (topp 5)



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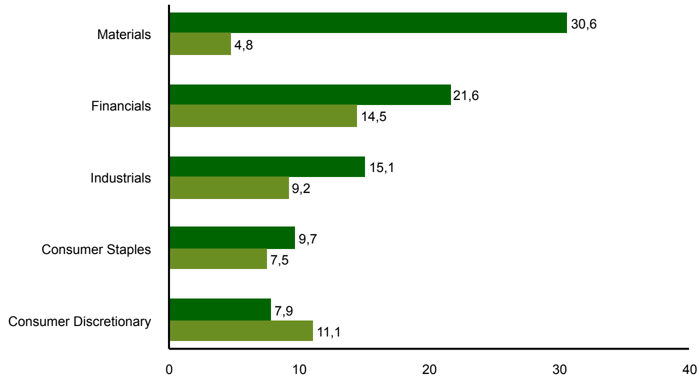
Bransjefordeling (topp 5)



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.

+45 7010 4001

kundeservice@skagenfondene.dk

SKAGEN AS, Bredgade 25A 1260 København K