

A strong end to an eventful year

Approvals of Covid vaccines combined with continued support from both fiscal and monetary policy pushed stocks higher in the final three months of 2020. This helped some of the more cyclically exposed sectors in particular. With SKAGEN Vekst having significant exposure to companies in these areas of the stock market, the fund posted a strong absolute return in the fourth quarter, which was also significantly ahead of the overall market.

Contributors

We saw strong performance from our memory-related names like Samsung Electronics. Aside from being helped by an improved economic outlook, there are clear signs of a tightening supply-demand situation in memory products. We also continue to see the benefit of a more consolidated industry with the key players behaving rationally in terms of capacity additions. The Danish wind turbine producer Vestas was another strong performer. The company continues to show very strong order intake and its highly attractive service business is performing strongly. Importantly, the company also announced a buy-out of their JV partner in its offshore wind business. Offshore wind will be the big growth driver for the industry going forward, so getting full control of this business at an attractive price is very positive. The US bank Citigroup was also a major contributor to the absolute return of the fund. The Q3 results showed continued strong operational performance with strong trading income and limited deterioration in credit quality. With the stock trading at an extremely depressed valuation and with the vaccine news pointing to an improvement in the macroeconomic outlook for 2021, the stock rebounded strongly in the last two months of the year.



Foto: Shutterstock

Participated in IPO

SKAGEN Vekst participated in the IPO in Scandinavian Biogas in December. The Swedish biogas company has operations in mainly Sweden and Norway and continues to grow steadily through a mixture of mergers and developments of new plants. Unlike many recent IPOs of environment related stocks, Scandinavian Biogas already has an established business generating earnings and cash flow. We believe the stock was placed at an attractive level given the growing market for liquified biogas.

On the detractor side we generally find more defensive companies like the pharma company Novo Nordisk and telecom company China Mobile. Novo Nordisk actually upgraded their full year guidance in October. The only negative surprise in the Q3 result was a greater use of rebates for their newly launched product which created some uncertainty around the margin outlook. China Mobile's Q3 result also showed good progress with solid top-line growth driven by its broadband business. The only negative development was its margins, driven by the roll-out of its 5G network.

Portfolio activity

We have continued the process of consolidating the portfolio around our best ideas. Thus, we have exited a number of positions in the past three months, namely Beazley, China Life, Molson Coors, Danske Bank and Telia, in order to fund other positions with better risk-reward profiles.

We initiated a new position in the Swedish hygiene product company Essity. The stock has had a tough year due to sluggish demand from hotels and restaurants. We see an attractive upside in the stock as this demand recovers over the next few years. We also see growth opportunities in Asia along with the potential to reduce costs further.

We also initiated a new position in the Swedish specialised steel maker SSAB. Since the announcement of a potential acquisition of Tata Steel Europe's Ijmuiden steel mill operations, the stock has underperformed all its key peers substantially. We think this situation gives us a good entry point as we get a free option on the company not going through with the deal. Even with a deal, we think the market fails to recognise the ongoing cyclical economic recovery and what it will mean for volumes, prices and thus earnings.



Foto: Shutterstock

Outlook

Global stocks have generally done very well since the end of the financial crisis, and have posted large gains since the 2020 mid-March lows. Thus, the overall market does not look cheap unless you compare it with other asset classes like bonds and physical real estate. However, it is important to remember that the strong performance over the past decade has been unevenly distributed. This has resulted in a situation where quality growth stocks trade at historically high valuations, while more capital-intensive industries often trade at valuation multiples not far from the level during the financial crisis and still below the level at the beginning of 2020. Importantly, a number of these companies have now become so cheap, that the dividend yield is comparable to the normalised total return you would expect from the stock market. If economic activity recovers in 2021, it is precisely these companies that will enjoy the most benefit from an operational and earnings perspective. For this reason, SKAGEN Vekst is invested significantly into companies active in sectors such as financials, materials, and energy. The fund's performance over the past three months should illustrate both the absolute and relative opportunities to be had if the economy starts to normalise.

SKAGEN Vekst investerer i en aktivt forvaltet og diversifisert portefølje av undervurderte selskaper over hele verden. Halvparten av porteføljen er konsentrert rundt Norden.

Målet er å gi andelseierne best mulig risikojustert avkastning over tid.

Fondet passer for investorer som har minst fem års investeringshorisont.

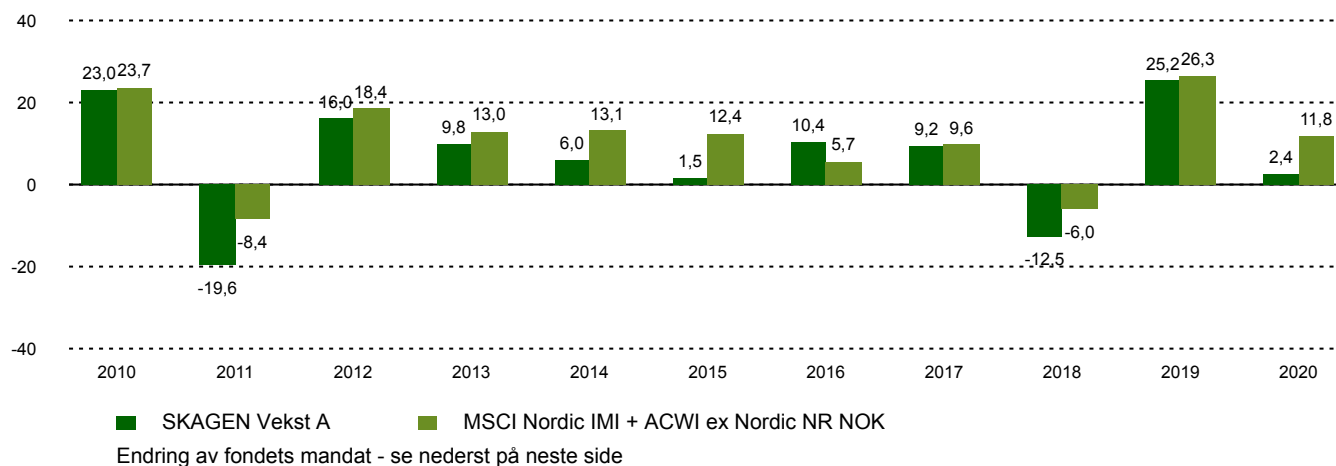
Historisk avkastning

Periode	SKAGEN Vekst A	Referanseindeks
Siste måned	3,5%	2,5%
Hittil i kvartal	17,6%	10,0%
Hittil i år	2,4%	11,8%
Siste år	2,4%	11,8%
Siste 3 år	3,9%	9,9%
Siste 5 år	6,3%	9,0%
Siste 10 år	4,1%	9,1%
Siden start	12,3%	9,7%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	01.12.1993
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0008000445
NAV	2086,95 DKK
Årlig forvaltningshonorar	1.00%
Totalkostnad (2019)	1.00%
Referanseindeks	MSCI Nordic IMI + ACWI ex Nordic NR NOK
Forvaltningskapital (mill.)	5255,57 DKK
Antall poster	47
Porteføljeforvalter	Søren Christensen

Avkastning siste 10 år



Bidragstere i kvartalet



Største positive bidragstere

Navn	Vekt (%)	Bidrag (%)
Samsung Electronics Co	4,69	1,71
Vestas Wind Systems	4,46	1,23
Citigroup Inc	3,48	0,98
Norsk Hydro ASA	2,08	0,96
Applied Materials Inc	2,29	0,72



Største negative bidragstere

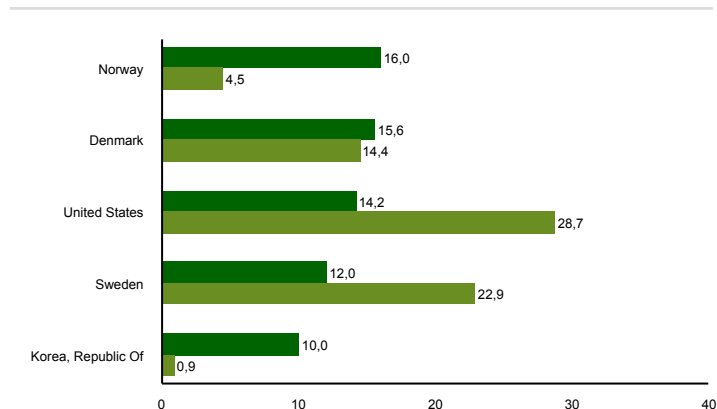
Navn	Vekt (%)	Bidrag (%)
Novo Nordisk A/S	7,49	-0,56
China Mobile Ltd	2,13	-0,39
DSV PANALPINA A/S	2,75	-0,17
Nordea Bank Abp	1,71	-0,16
Telenor ASA	2,69	-0,14

I NOK for alle andelsklasser

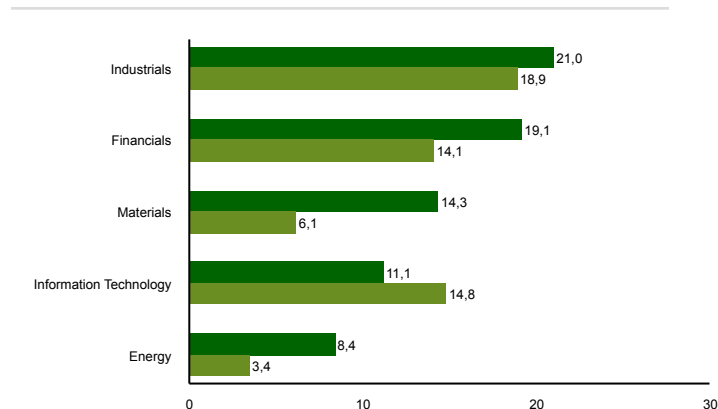
10 største investeringer

Navn	Sektor	Land	%
Novo Nordisk A/S	Health Care	Denmark	7,0
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	5,0
Yara International ASA	Materials	Brazil	4,6
Bonheur ASA	Industrials	Norway	4,3
Citigroup Inc	Financials	United States	3,9
Vestas Wind Systems A/S	Industrials	Denmark	3,7
Kinnevik AB	Financials	Sweden	3,2
Broadcom Inc	Information Technology	United States	3,1
Telenor ASA	Communication Services	Norway	2,9
Volvo AB	Industrials	Sweden	2,6
Samlet vektning			40,2

Landsponering (topp 5)



Bransjefordeling (topp 5)


■ SKAGEN Vekst A
■ MSCI Nordic IMI + ACWI ex Nordic NR NOK

■ SKAGEN Vekst A
■ MSCI Nordic IMI + ACWI ex Nordic NR NOK

Kontakt



+45 7010 4001



kundeservice@skagenfondene.dk

SKAGEN AS, Bredgade 25A 1260
København K

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. Alle SKAGENs aksje- og obligasjonsfond har dansk risikomerking gul. 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. Du kan laste ned mer informasjon fra våre nettsider eller vår lokale representant, herunder tegnings- og innløsningsblanketter, fondsprospekter, nøkkelinformasjon (KIID), forretningsvilkår, årsrapporter og månedlige rapporter. Vurderinger er basert på porteføljeforvalterens syn på et gitt tidspunkt og kan bli endret på ethvert tidspunkt uten nærmere varsel. Rapporten må ikke oppfattes som en anbefaling om å kjøpe eller selge finansielle instrumenter. 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.

Fondets investeringsmandat ble endret med virkning fra 01.01.2014 fra at fondet investerte minst 50 % av sine midler i Norge til at fondet investerer minst 50 % av sine midler i Norden. Dette betyr at avkastning før endringen ble oppnådd under andre omstendigheter enn i dag. Fondets referanseindeks er MSCI Nordic/MSCI AC ex. Nordic. Før 01.01.2014 var referanseindeksen en likt sammensatt referanseindeks av Oslo Børs Hovedindeks (OSEBX) og MSCI All Country World. Referanseindeksen før 01.01.2010 var Oslo Børs Hovedindeks (OSEBX).