



The ship at Skagen Reef, 1892. Detail. By Carl Locher, one of the Skagen Painters. This image belongs to the Art Museums of Skagen.

SKAGEN Kon-Tiki

Statusrapport for september 2016

Kunsten å bruke sunn fornuft



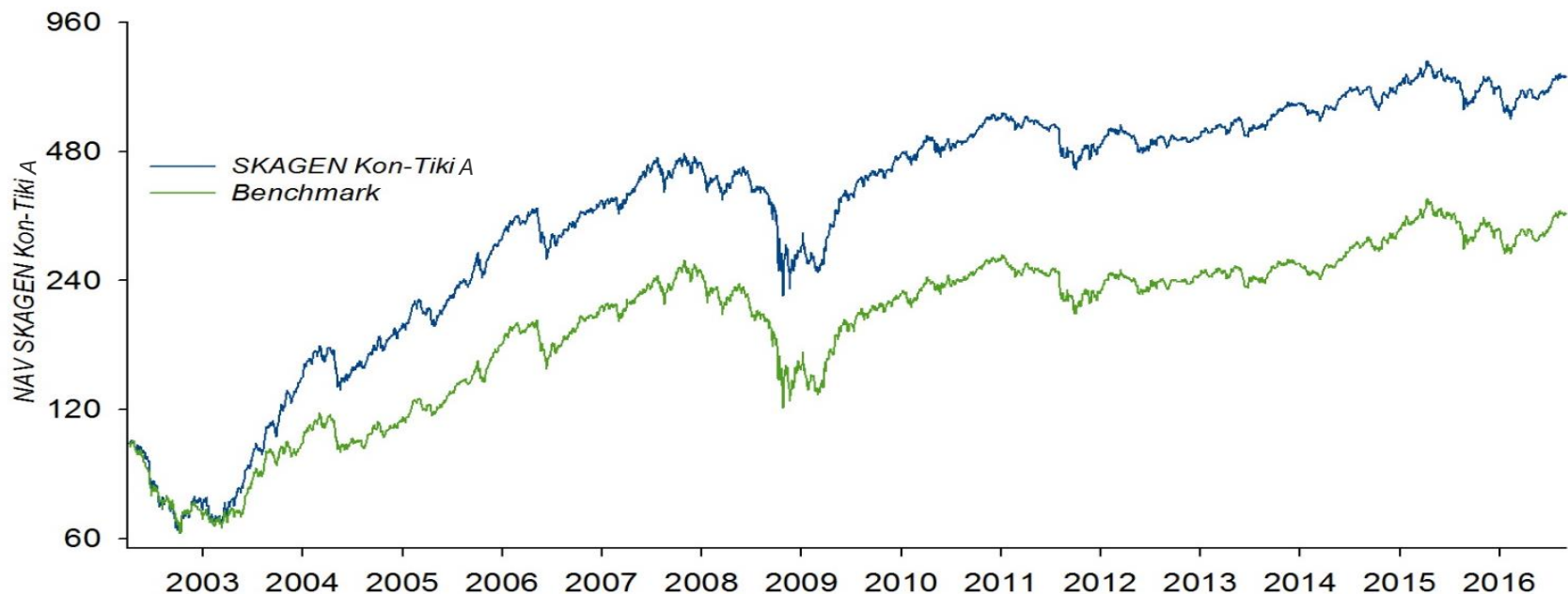
Hovedtrekk – september 2016

- SKAGEN Kon-Tiki falt 3,5% i september mot 2,8% for vekstmarkedsindeksen. Hittil i år har fondet gitt en avkastning på 1,2%, mot 5,0 % for referanseindeksen. Til sammenligning falt de utviklede markedene i MSCI World-indeksen 3,5% målt i norske kroner i september, og er ned 4,6% så langt i år.
- De tre beste bidragsyterne i september var X5 Retail Group, Hyundai Motor og Apollo Tyres. X5, vår russiske dagligvarekjede, leverte nok et sett gode resultater forrige måned og har fortsatt den gode kursutviklingen. Hyundai Motor-aksjen, som har hatt en svak utvikling de siste to årene, handles nå på rekordlave nivåer. Attraktiv verdsettelse kombinert med tegn på operasjonelle forbedringer gir oss forhåpninger om bedre tider for aksjeeierne. Apollo, Indias største produsent av bildekk, ligger an til å levere vekst både i omsetning og inntjening i løpet av de neste årene, og aksjekursen har gjort et solid byks de siste månedene.
- De svakeste bidragsyterne var Samsung Electronics, Samsung SDI og Mahindra&Mahindra. Samsung Electronics-aksjen hadde en volatil måned etter problemer med batteriene på Note 7. Samsung SDI er produsenten av batteriene som tok fyr og eksploderte. Markedsverdien av selskapet er nå lavere enn summen av kontantbeholdningen og eierandelen i Samsung Display. Vi ser dermed liten ytterligere nedside i denne aksjen.
- Vi kjøpte oss opp i ett nytt selskap, den brasilianske papir- og papirmasseprodusenten Suzano. Selskapet er blitt hardt rammet av lavere råvarepriser og volatile valutakurser. Dette mener vi allerede er priset inn i aksjekursen, og ser dermed potensiale for forbedring.
- Til tross for oppgangen i vekstmarkeder hittil i år, er disse markedene fortsatt attraktivt vurdert i forhold til utviklede markeder. De prises nå til en estimert 2016 P/E på 13.8x og P/B på 1.5x, sammenlignet med 17.4x og 2.1x for utviklede markeder.
- De 12 største posisjonene representerer 50% av fondet (45% i begynnelsen av 2015). Porteføljen** er fortsatt attraktivt verdsatt til 2016 P/E på 12.5x og P/B på 1.0x. Vi ser 43% oppside for porteføljen over en toårshorison.

* Med mindre annet er oppgitt er alle avkastningstall for fondet i denne rapporten knyttet til klasse A, og etter fradrag for gebyrer.

** Portefølje vurderingen refererer til topp 35 posisjoner.

SKAGEN Kon-Tiki A avkastning i NOK, september 2016



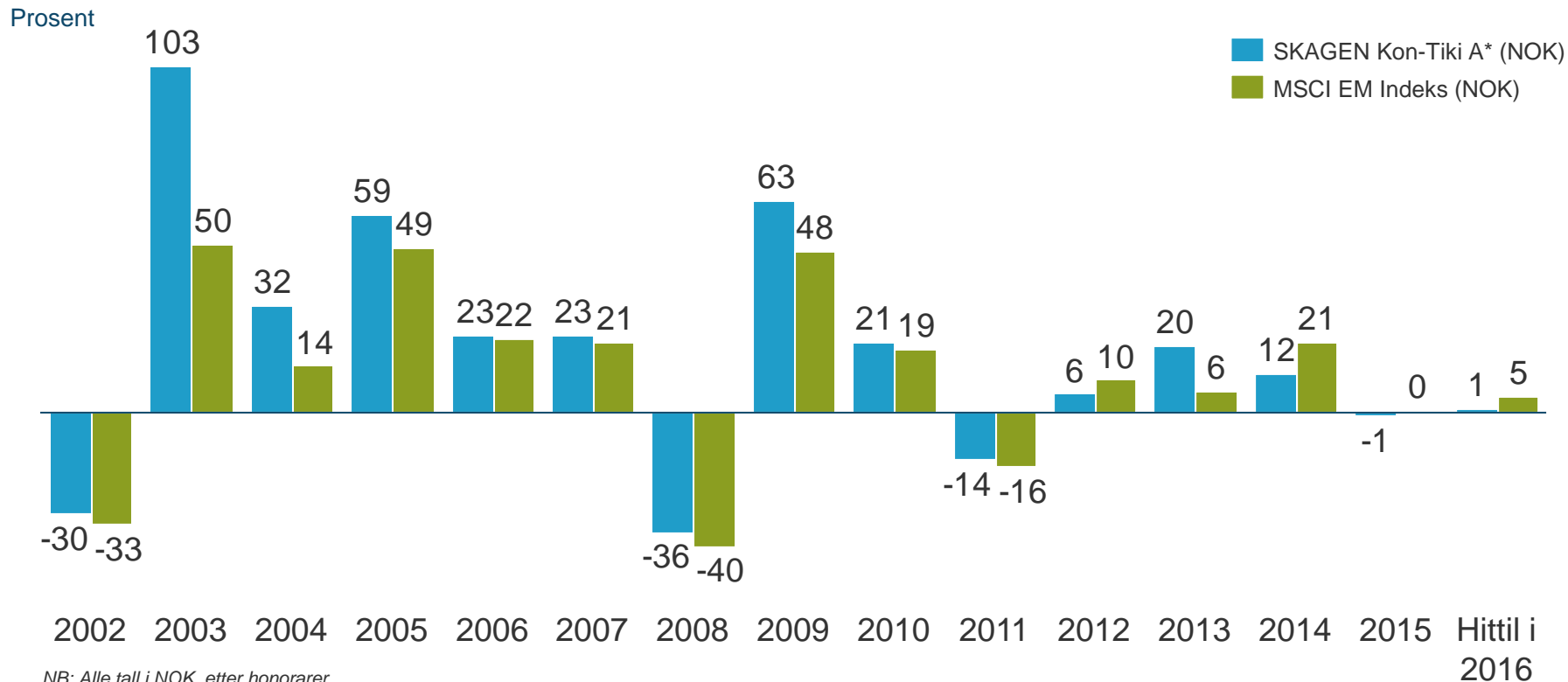
	September	QTD	YTD	1 år	3 år	5 år	10 år	Siden start*
SKAGEN Kon Tiki A	-3,5%	2,8%	1,2%	7,1%	6,2%	8,9%	7,8%	14,3%
Vekstmarkedsindeks	-2,8%	4,5%	5,0%	9,6%	9,3%	9,7%	6,1%	8,7%
Meravkastning	-0,7%	-1,6%	-3,8%	-2,4%	-3,1%	-0,8%	1,7%	5,6%

NB: Alle avkastningstall utover 12 måneder er annualisert (geometrisk avkastning)

* Startdato: 5 april 2002

Årlig avkastning siden startdato*

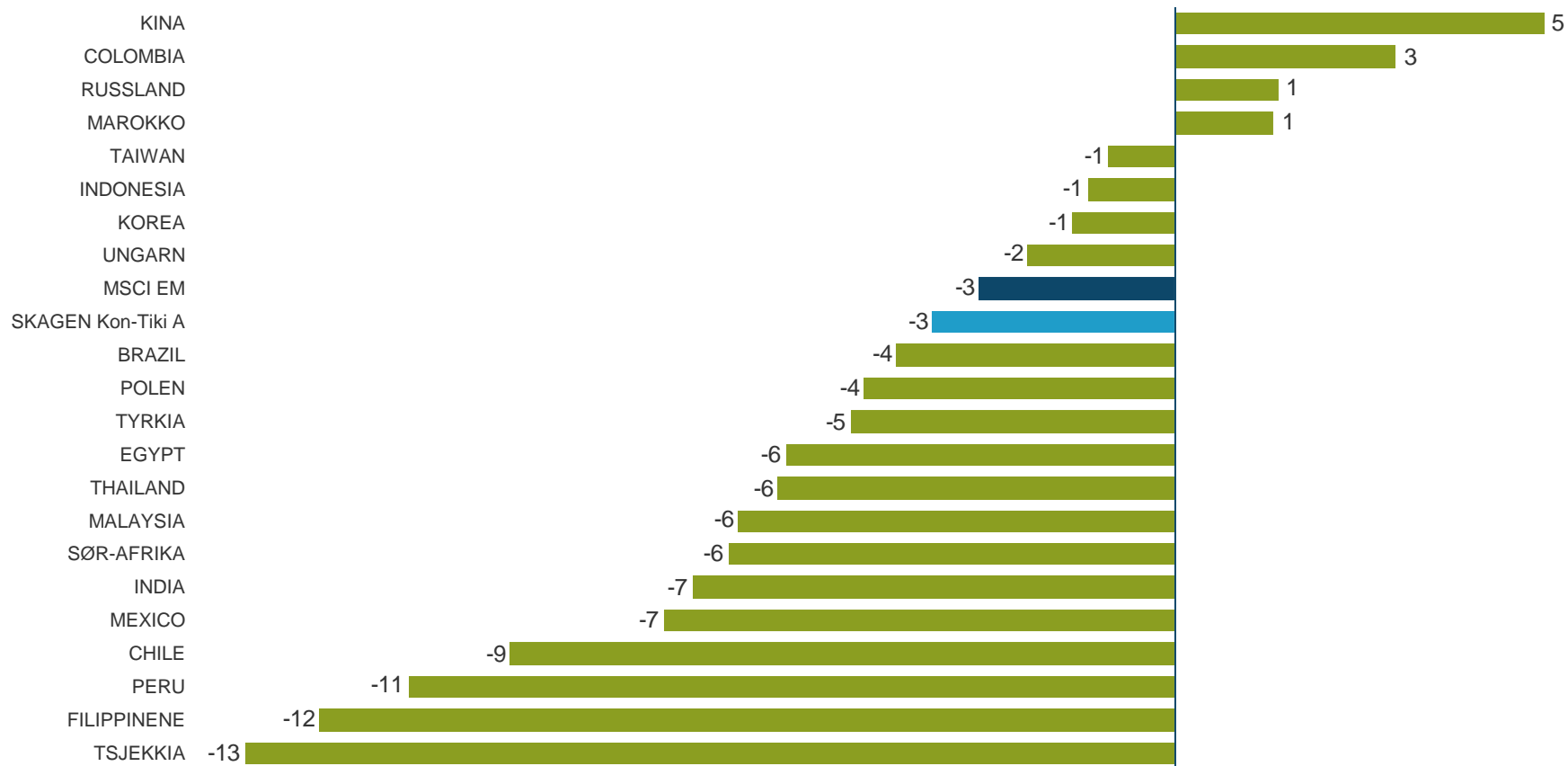
SKAGEN Kon-Tiki A har slått indeks i 11 av 14 år



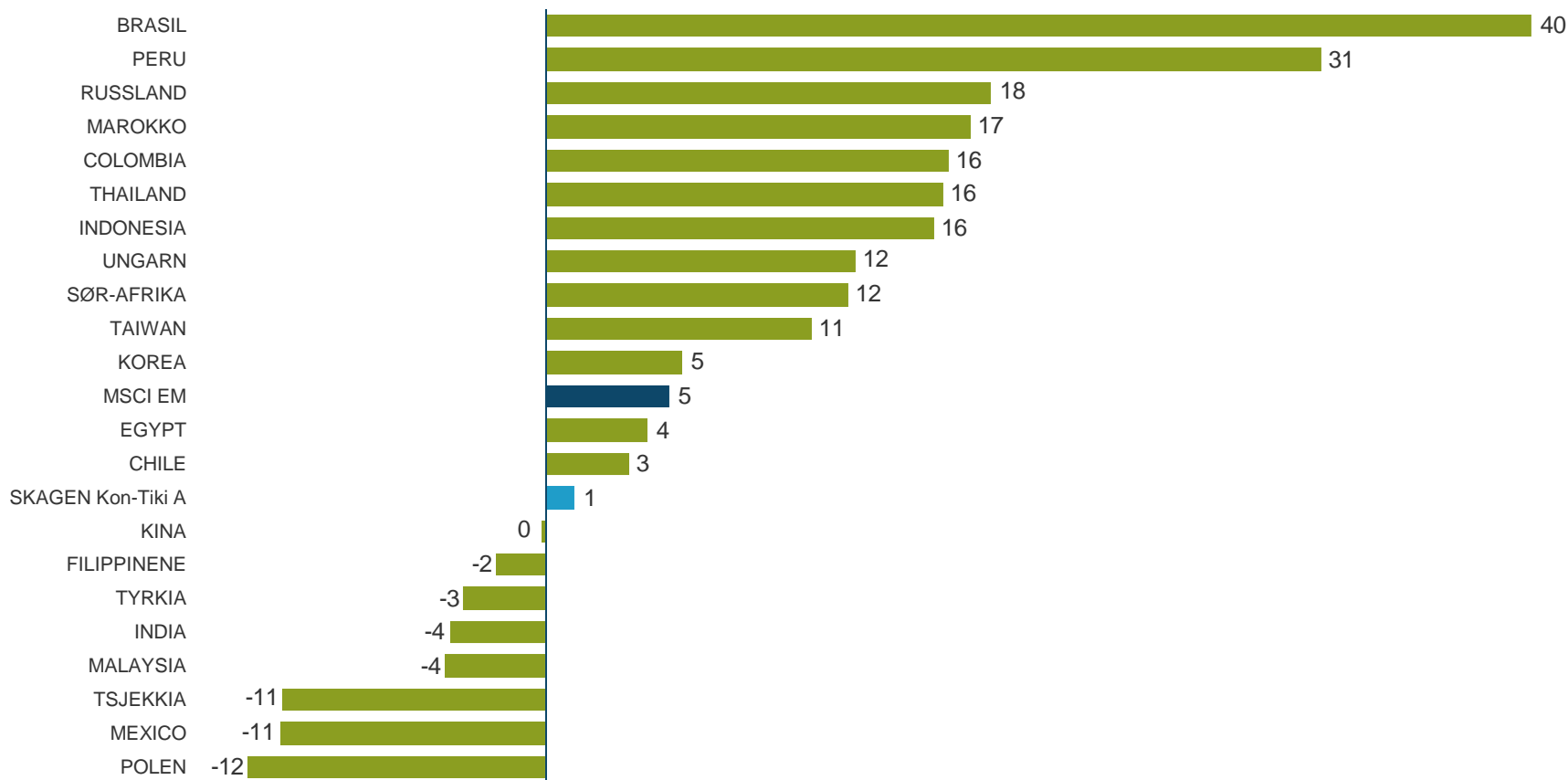
NB: Alle tall i NOK, etter honorarer

* Startdato: 5 April 2002

Utviklingen i september 2016, NOK (%)



Utviklingen i vekstmarkedene i hittil i 2016, NOK (%)



Største bidragsytere i september 2016

Største positive bidragsytere

Company	NOK Millions
X5 Retail Group	54
Hyundai Motor	47
Apollo Tyres Ltd	47
Naspers	28
Tullow Oil	22
JSE	14
EIS Eczacibasi Ilac	13
East African Breweries	13
Golden Ocean Group	12
OCI	10

Største negative bidragsytere

Company	NOK Millions
Samsung Electronics	-141
Samsung SDI	-111
Mahindra & Mahindra	-100
Richter Gedeon	-72
Tech Mahindra	-71
Haci Omer Sabanci Holding	-57
LG Electronics	-54
Bharti Airtel	-53
Rumo Logistica Operadora	-52
Banrisul	-39

Verdiskapning i september (NOK MM): -1110

NB: Bidrag til absolutt avkastning

Største bidragsytere 3. kvartal 2016

Største positive bidragsytere

Company	NOK Millions
X5 Retail Group	325
Samsung Electronics	205
Hyundai Motor	188
ABB	129
Banrisul	126
State Bank of India	124
Naspers	106
Apollo Tyres Ltd	102
SBI Holdings	99
Kiatnakin Bank	87

Største negative bidragsytere

Company	NOK Millions
Haci Omer Sabanci Holding	-151
Bharti Airtel	-118
Tech Mahindra	-95
LG Electronics	-89
Samsung SDI	-58
Mahindra & Mahindra	-57
Cia Cervecerias Unidas	-51
LG Chem	-50
Marfrig Global Foods	-49
JSE	-47

Verdiskapning i 3Q (NOK MM): 911

NB: Bidrag til absolutt avkastning

Største bidragsytere hittil i 2016

Største positive bidragsytere

Company	NOK Millions
Cosan	415
Banrisul	373
X5 Retail Group	319
Samsung Electronics	241
UPL	195
Moscow Exchange MICEX-RTS OAO	192
Naspers	176
Kiatnakin Bank	158
Cia Brasileira de Distribuicao	157
ABB	143

Største negative bidragsytere

Company	NOK Millions
Frontline	-403
Great Wall Motor	-181
LG Chem	-173
Tech Mahindra	-157
Lenovo Group	-150
Bharti Airtel	-148
Kinnevik	-126
Hyundai Motor	-120
LG Electronics	-110
China Shipping Development	-108

Verdiskapning hittil i år (NOK MM): 458

NB: Bidrag til absoluttavgkastning

Viktigste endringer 3. kvartal 2016

Q3

Økte poster

Suzano (Ny)
Bolloré
Naspers

Q3

Reduserte poster

Moscow Exchange (Ut)
DRB-Hicom Bhd (Ut)
Frontline Ltd
State Bank of India
Samsung Electronics
UPL
Bharti Airtel

Beholdninger økt og redusert i løpet av september 2016

Kjøp

- **CCU:** Selskapet har en dominerende posisjon innen drikkevarer i sitt hjemmemarked i Chile, samt en utfordrerrolle i Argentina. I tillegg er selskapet i ferd med å etablere seg i Colombia. Kostnadsinflasjon i Chile og vanskelige tider i Argentina har lagt press på aksjekursen. Dessuten er markedet bekymret for økt konkurranse etter sammenslåingen av AB InBev og SAB Miller. Vi tror at CCU vil ivareta sin sterke posisjon i Chile og at situasjonen i Argentina vil bedres. Dermed benyttet vi sjansen til å øke vårt eierskap på attraktive kurser.
- **Sistema:** Vi benyttet den senere tids nedgang i aksjekursen til å øke beholdningen i selskapet.

Salg

- **Samsung Electronics:** Meget god kursutvikling hittil i år har gitt muligheten til å redusere posten på gode priser.
- **China Shipping Development:** Vi har blitt mer bekymret over forholdet mellom tilbud og etterspørsel i oljefraktmarkedet og har derfor redusert denne posten noe.
- **ABB:** Vi benyttet god aksjekursutvikling til å redusere posten.

Største poster i SKAGEN Kon-Tiki

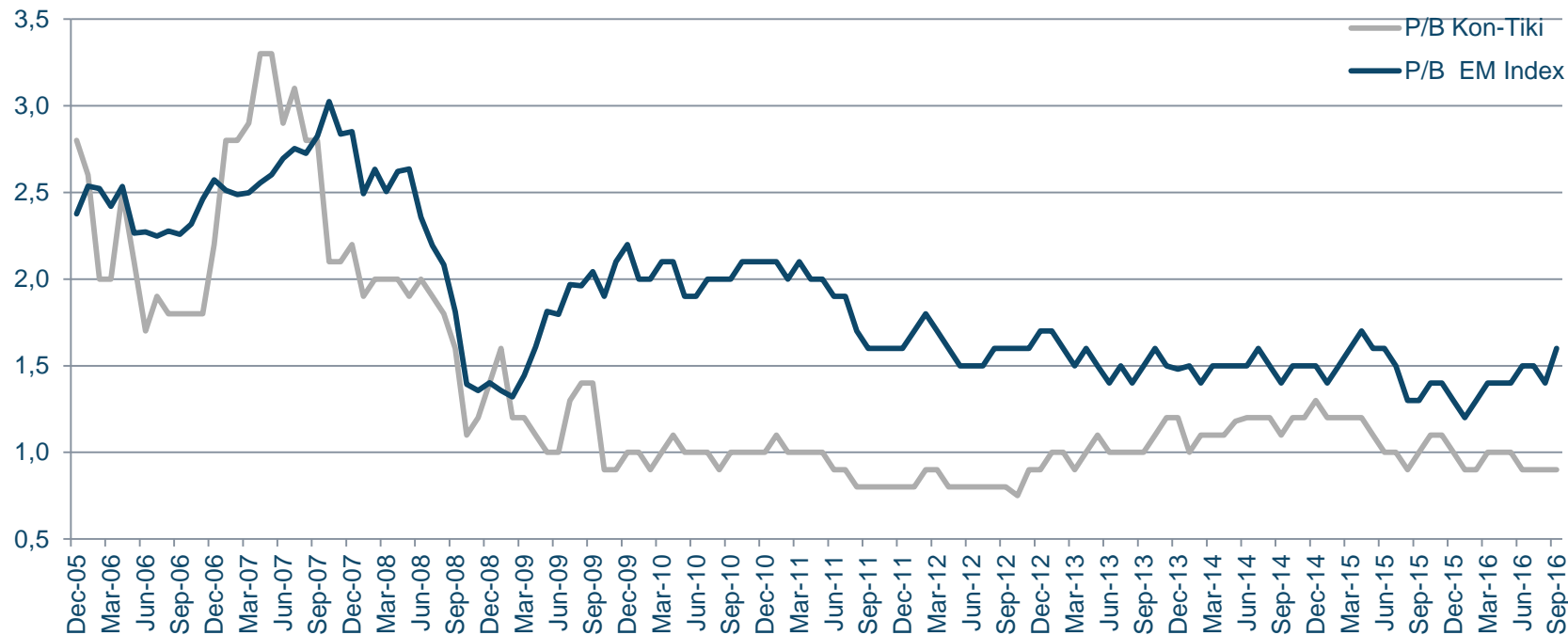
	Holding size, %	Price	P/E 2016e	P/E 2017e	P/BV last	Div. yield 15 (%)	Price target	Upside %
Hyundai Motor	8,0	100 500	4,2	4,0	0,4	4,0	170 000	69
Samsung Electronics	7,0	1 290 000	8,3	7,6	1,0	1,6	1 700 000	32
Mahindra & Mahindra	4,9	1 406	18,7	14,1	2,9	0,9	2 000	42
Naspers	4,5	172	38,2	26,4	7,4	0,3	216	26
Sabancı Holding	4,5	9,29	6,4	5,8	0,9	1,6	14	51
Richter Gedeon	4,2	5 600	18,7	15,3	1,6	1,3	7 500	34
X5 Retail Group	3,7	1 910	18,4	14,7	4,4	0,0	2 242	17
ABB	3,1	192	18,3	16,7	3,8	3,3	200	4
Cosan Ltd.	3,0	23,4	7,8	7,1	0,5	1,5	32	39
State Bank of India	2,7	251	15,7	11,4	0,9	1,0	300	19
SBI Holdings	2,3	1 196	8,5	8,0	0,7	3,8	2 500	109
Banrisul	2,2	10,7	6,5	6,3	0,7	7,7	14	31
Weighted top 12	49,9		9,0	8,1	0,9	1,4		41
Weighted top 35	79,8		12,5	10,0	1,0	1,8		43
Emerging market index			13,8	12,0	1,6	2,9		
Top 35 @ price target			18,0	14,3	1,6	1,4		

Per 31 August 2016

NB: Verdiestimer er basert på SKAGEN Kon-Tiki's uavhengige analyser og kan variere fra konsensus estimer.

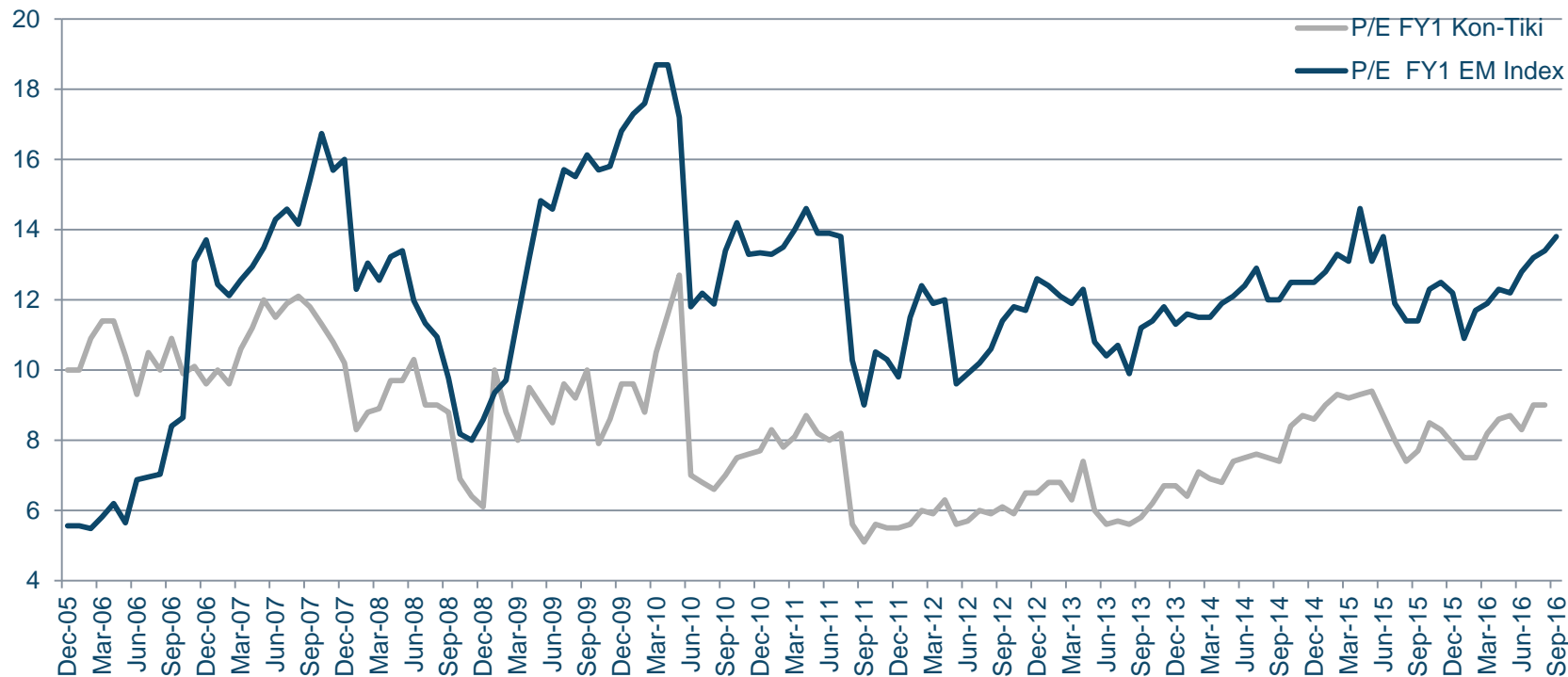
Konverterte aksjekurser til rapporterte kurser for Naspers, X5 and Cosan.

P/BV for SKAGEN Kon-Tiki versus vekstmarkedene



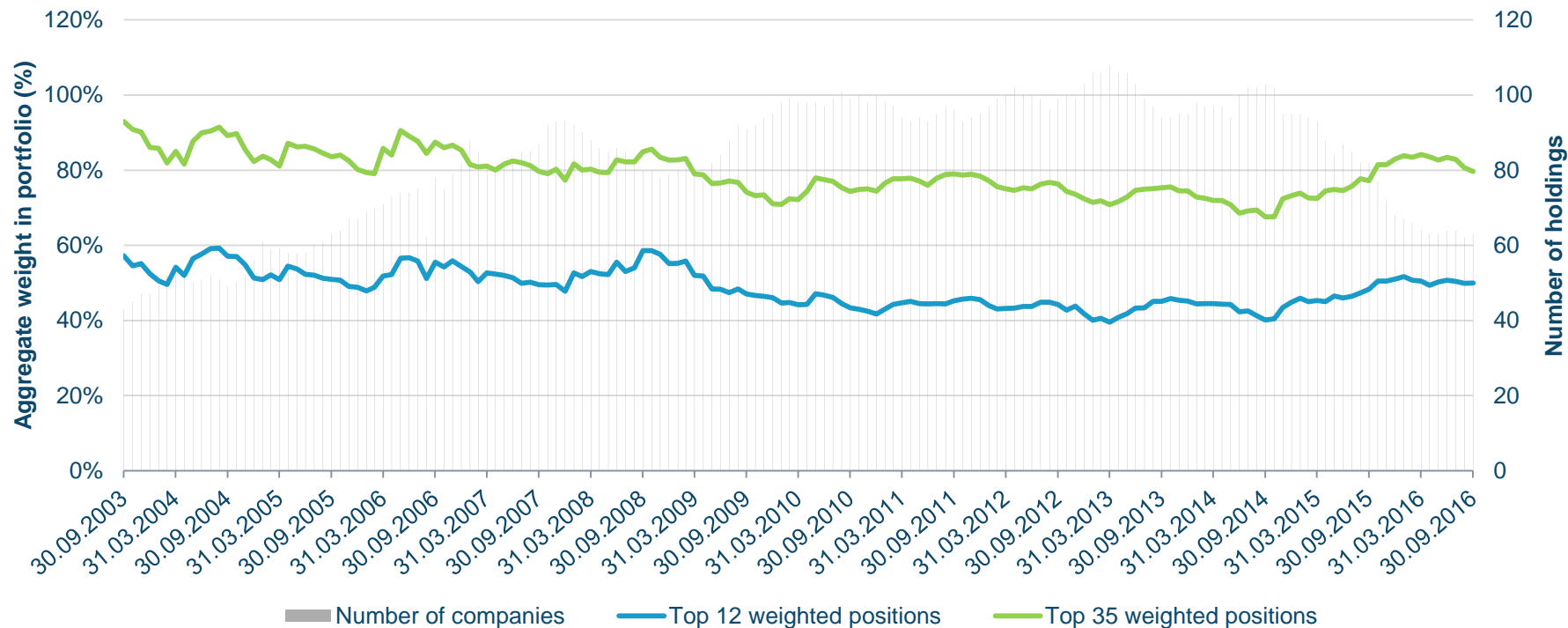
Top 12 positions, as of 30 September, 2016

P/E for SKAGEN Kon-Tiki versus vekstmarkedene



Top 12 positions, as of 30 September, 2016

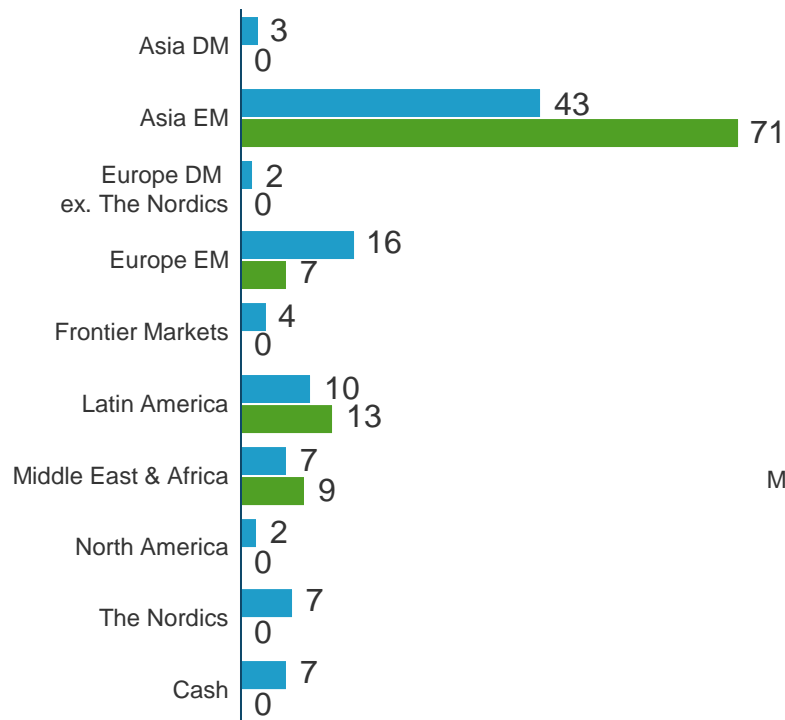
SKAGEN Kon-Tiki portfolio concentration



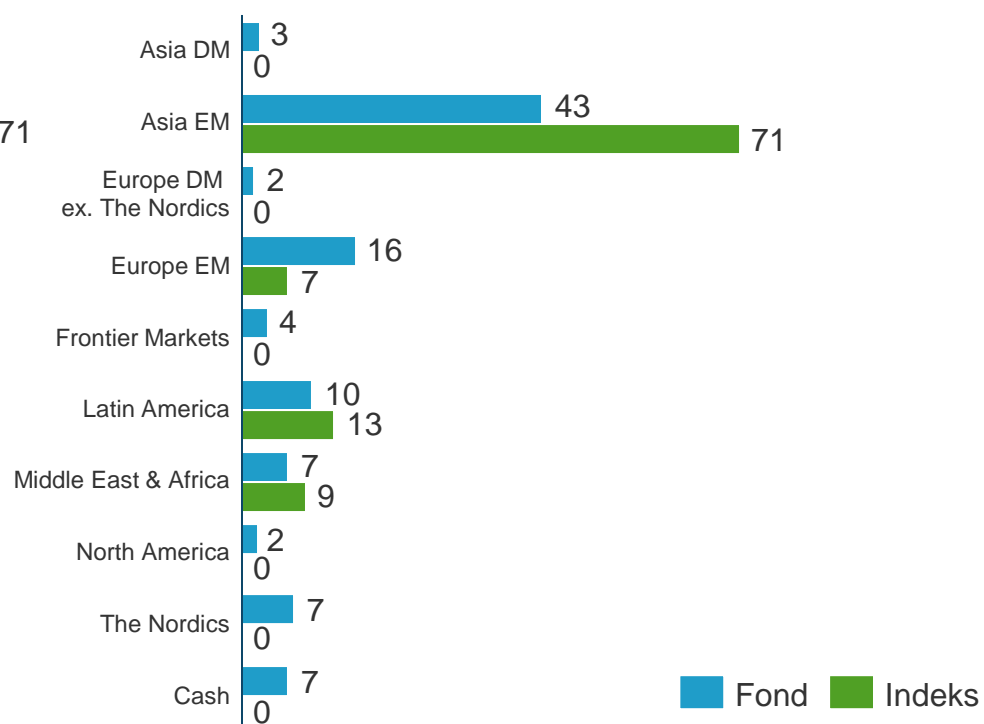
Kilde: SKAGEN AS ved utgangen av september 2016

Sektor og geografisk fordeling mot indeks (%)

Sektorfordeling



Geografisk fordeling



Nyheter på engelsk

Key earnings releases and corporate news, September 2016

Sistema (0.9%
weight)

Case refresher and catalyst update

What it is: Russian investment company controlled by chairman Vladimir Evtushenkov (64%). Key asset is a 50% stake in MTS, which is the largest mobile operator in Russia. Following the “confiscation” of its oil assets in 2014, Sistema has reinvented into pulp and paper and agriculture, which are fragmented industries in Russia, and real estate development.

Business Case update: In April, the board implemented a dividend policy with a payment of a dividend of at least RUB 0.67 per share. This is supported by a new dividend policy of MTS where its minimum RUB 6.3bn dividend obligation is backed by dividend inflow from MTS of minimum RUB 20bn. We see this as a positive governance step. Management has also recently started to improve transparency with separate capital market days for key unlisted assets.

Valuation: We calculate a NAV of RUB 35 per share. This is based on market valuation of MTS which is itself relatively cheap (EV/EBITDA 4.1x versus EM median of 5.6x). Amid lack of data, we have valued its real estate holdings at RUB 20bn which implies USD790m2 of developed office space only and development assets at zero value.

Catalyst 1: They have recently carried out a perception study among investors which signals increased focus on governance and transparency. Perception of the company has been weak after the 2014 Bashneft «confiscation».

Catalyst 2: Upside in valuation of non-listed assets where disclosure should be improved, particularly within real estate.

Catalyst 3: Sistema has adopted a share acquisition plan where management is encouraged to buy shares in the open market. Aligning interest is clearly in shareholder’s interest.

Catalyst 4: 41% discount to NAV is the top end of historic range, while key listed assets are valued below historic average.

Catalyst 5: Sistema is now de-leveraging the holding company which should contribute to support a NAV discount compression.

Catalyst 6: IPO of portfolio companies like childrens goods retailer Detsky Mir.

Catalyst 7: Sistema as 7 assets which account for less than 1% of GAV. Consolidation and concentration of portfolio should be welcomed by investors.

Catalyst 8: Sistema is close to finalizing the merger of loss making Indian telecom assets into Reliance Communication.

Catalyst 9: Clarification on MTS Bank, as the market is concerned about a potential capital injection.

The 10 largest companies in SKAGEN Kon-Tiki



Hyundai Motor is the world's 4th largest car maker, including their 39% stake in Kia Motor. Sold 5m cars in 2015 and has a c5% global market share. Focus on smaller/less expensive cars. Strong position in several countries and in emerging markets such as India and China.



Samsung Electronics is one of the world's largest producers of consumer electronics, with over 155,000 employees. The company is global #1 in mobile phones and smartphones, the world's largest in TV and a global #1 in memory chips. Samsung also produces appliances, cameras, printers, PCs and air-conditioning units.



Mahindra & Mahindra is the largest manufacturer of utility vehicles in India (with a 50% market share) and tractors (40% market share). It has several listed subsidiaries including Tech Mahindra and M&M financial services (largest financier of utility vehicles and tractors in India).



Turkey's leading and financial conglomerate in sectors including financial services, energy, cement, retail and industrials. The company has 10 companies currently listed on the Istanbul Stock Exchange and operates in 18 countries across Europe, the Middle East, Asia, North Africa and North and South America. Controlled by the Sabanci family.



Hungarian pharmaceutical company established in 1901 with focus on Central and Eastern Europe. Transitioning from generic-focused manufacturer to a more specialised one through higher margin, innovative products within its women's health division (Esmya) and nervous system treatments (Vraylar). Significant upside potential from US marketing approval of Vraylar and extended usage of Esmya is not reflected in the current valuation.

The 10 largest companies in SKAGEN Kon-Tiki (continued)



South African listed media and internet holding company incorporated in 1915. They have a strong Pay-TV business in South Africa and Sub-Saharan African countries and a fast growing internet division focused on commerce, communities, content, communication and games. They hold a 34% stake in Chinese Tencent and 29% of Russian Mail.ru.



X5 is a leading Russian food retailer, operating through several retail formats: discount stores under the Pyaterochka brand, supermarkets under the Perekrestok brand, hypermarkets under the Karusel brand and convenience stores under different brands. Modern retail is gaining share in the Russian retail market, and X5 is well positioned with their formats in the current difficult trading environment. They are also in the middle of an aggressive expansion and refurbishment period.



ABB is a leader in power and automation technologies that enable utility and industrial customers to improve performance while lowering environmental impact. The group operates in around 100 countries and employs 146,000 people. Approximately 50% of sales stem from emerging markets and this share is rapidly increasing.



Cosan is one of the largest Brazilian energy conglomerates with almost 80 years of history. Present within gas distribution, fuel distribution (5800 gas stations), convenience stores (950 stores at gas stations), sugar and ethanol production (24 mills with 68m ton crushing capacity), lubricants, land development and railways/logistics (25% market share of grain transportation for export).



Largest bank in India with 17% market share (c25% including 5 associate banks). Also presence in the life insurance, asset management and investment banking sectors. 15,000 branches, 32,000 ATMs, 400 mil+ accounts and over 220,000 employees. Upside potential from banking and economic reforms in India.

Bolloré (BOL FP) €2.95

Mean reversion

10%

Special situation

15%

Long term value builder

75%

History and description of business

Bolloré was founded in 1822 and has its origins in fine paper production for cigarettes (and later bibles...). The company struggled during the 1970s and was sold to a group of investors in the 1970s. Vincent Bolloré brought the family back in control when he acquired the company for two francs at age 29 in 1981, and has since turned Bolloré into a €10bn turnover conglomerate. BVPS has grown at 18% annually since 1995.

Today, Bolloré is a conservatively managed family company that seeks long term capital appreciation and the safeguarding of family control. Investment strategy consists of a combination of wholly- or majority-owned operating businesses and influential stakes in publicly listed entities.

Three main segments:

1. Transport & logistics (EUR 6bn turnover, 570m EBIT)
 - i) Bolloré Logistics: Top-10 worldwide global freight forwarding group.
 - ii) Bolloré Africa Logistics: The #1 operator for port concessions in Africa (17 concessions). Also operates rail concessions in Ivory Coast – Burkina Faso (Sitarail), Cameroon (Camrail) and Niger-Benin (Benirail). Major investment program in existing and new concessions / projects.
 - iv) Bolloré Energy: The leading distributor of household fuel oil in France. Strong presence in oil logistics in France and Europe.
2. Communications: 60% stake in Havas, a leading advertising and communication consultancy
3. Electricity storage: LMP battery production and applications (car sharing, Bluezones, IER etc.).

In addition, the group has sizeable stakes in a number of listed companies, incl. 14% of Vivendi and 8% of Mediobanca.

Why opportunity exists / investment rationale

- Current opportunity to buy into this compounder at a reasonable valuation due to slow-down in commodity and oil price dependent African countries, as well as transition period at Vivendi. Current P/B 0.9x vs. 18% BVPS compounding last 20 yrs.
- Clear #1 in logistics on the African continent makes Bolloré important beneficiary of long-term economic development
- Freight forwarding geographic expansion: #5 in Europe, but underrepresented in the Americas = growth opportunity
- VIV FP turnaround potential (Canal+ loss reduction, gaming, European centric content creation)
- FF margin more resilient than often believed: Increased through the financial crisis in 2008-09
- Battery technology and car sharing provides «free option»
- Complex holding structure means BOL FP owns ~50% of itself. Any untangling of this web would crystalize value (low probability)

ESG: Issues identified re. land acquisition for plantations in Africa, Asia, but small part of group and non-controlling.

Triggers:

1. Share gains in FF through Americas expansion
2. Corporate action, e.g. IPO of Africa logistics and simplification of corporate structure
3. Economic improvement in African oil/materials exporters
4. Value accretive M&A (justified by extraordinary track record)

Risks

1. Political and litigation risk in Africa
2. Death or incapacitation of Vincent Bolloré
3. Minority shareholder abuse.

Key figures:

Market cap	EUR	8.6bn
NAV	EUR	11.9bn
P/NAV		0.72x
No. of shares		2,870m
P/E FY15		16x
P/E FY16		15x
P/BV trailing		0.9x
ROE 5yr avg.		5%
ROE FY15		6%
Dividend Yield		1.9%
Altman Z score		1.3x
Daily turnover	EUR	6m
No of analysts		6
with sell/hold		33%
Owners		
BOL FP ultimately owns c. 54% of itself through web of ownership loops		

Suzano (SUZB5 BZ), BRL 10.0

Mean reversion

25%

Special situation

10%

Long term value builder

65%

History and description of business

Suzano is the 2nd largest eucalyptus (hardwood) pulp producer in the world (5th largest pulp producer), with a 90 year history. 35% domestic market share in printing & writing paper and 27% in paperboard:

- Market pulp (3.5m tons capacity) and Paper (1.3m tons capacity, split into coated, uncoated and paperboard)
- Total forest base of 1.1m ha, of which 50% is planted area
- Pulp revenue breakdown (12m to 1H16): North America 14%, South/Central America 1%, Brazil 12%, Asia 40%, Europe 33%. Per segment: Tissue 57%, Specialties 17%, Printing & Writing 17%, Packaging 8%.
- Paper revenue breakdown (12m to 1H16): Brazil 64%, South/Central America 17%, North America 10%, Europe 4%, Other 4%.

Why opportunity exists / investment rationale

Suzano is down 45% YTD on the back of pulp price weakness (-16%) and BRL strengthening (+20%). The short term outlook looks challenging given new capacity coming into the market. However, as it is now trading at 16e 5.6x EV/EBITDA, with strong free cashflows and at the low end of the cost curve. A lot of bad news is already discounted. The investment case benefits from 1) recent paper price hikes supporting paper margins 2) cash cost reductions due to a reduction in wood costs (less 3rd party wood), cost cutting plan and debottlenecking (increasing capacity by 6%) and 3) high-return projects like lignin, fluff and tissue production diversifying exposure and increasing value added from pulp. Suzano has gone from investment to deleveraging focus, while now the strategy is to maximize the return on invested capital.

Catalysts:

- Pulp cash cost reductions according to plan (very few takes guidance into account)
- BRL, pulp an paper price stabilization
- Acceptance of fluff (first company to use hardwood to produce fluff (30% cheaper)
- Industry pulp capacity delays and/or capacity closures
- Industry consolidation

Risks

BRL strength, pulp capacity/pulp price, paper imports, corporate governance, expensive acquisitions, BNDES potential share overhang.

Key figures:

Market cap	BRL	11.4bn
	USD	3.8bn
Net debt	BRL	10.2bn
No. of shares		734,6m
P/E FY16e		5,5x
P/E FY17e		8,5x
P/BV trailing		1,0x
EV/EBITDA FY16e		5,6x
ROE FY16e		20%
Dividend Yield		3.5%
Altman Z score		1.5x
Daily turnover	USD	18m
No of analysts with sell/hold		15 20%
Owners		
BNDES 10%, Mondrian 10%, Blackrock 2%		

For mer informasjon, kontakt oss eller ler mer i siste Markedsrapport og om SKAGEN Kon-Tiki A på våre nettsider

Historisk avkastning er ingen garanti for framtidig avkastning. Framtidig avkastning vil blant annet avhenge av markedsutviklingen, forvalters dyktighet, fondets risiko, samt kostnader ved kjøp og forvaltning. Avkastningen kan bli negativ som følge av kurstap.

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