



SKAGEN Vekst

Statusrapport – mars 2016

The art of common sense

Hovedtrekk – mars 2016

- Vi gikk inn i aksjeåret 2016 som forsiktige optimister. Markedet derimot viste allerede i januar frykt for global resesjon, noe som kjent sendte de fleste aksjekurser sydoover. I løpet av kvartalet så vi at aksjemarkedene stabiliserte seg og mye av det tapte ble gjeninnhentet mot slutten av perioden. Fokus ble igjen rettet mot det fundamentale og mindre bevegelser rundt rykter og spekulasjoner.
- SKAGEN Vekst oppnådde i mars en avkastning på 4,7 prosent mens fondets referanseindeks var opp 1,8 prosent. Hittil i år er fondets avkastning negativ med 5,2 prosent, noe bedre enn indeks som er ned 6,4 prosent for året.
- De beste bidragsyterne i mars var Samsung, Continental og Oriflame, mens Roche, Lundbeck og Cal-Maine Foods bidro mest på den negative siden.
- I løpet av mars så vi tiltagende risikoappetitt i de globale aksjemarkeder, ikke mist så vi en økende interesse for selskaper i fremvoksende økonomier. De noe mer trygge havner, som for eksempel farmasiselskapene, hadde en svakere utvikling. SKAGEN Vekst solgte seg helt ut av to posisjoner, B&O and Localiza, mens en ny aksje ble tatt inn i porteføljen, e-handel selskapet eBay.
- SKAGEN Vekst fortsetter å være et aktivt aksjefond med en solid forankring i vår verdibaserte investeringsfilosofi. Fondets 35 største posisjoner (som utgjør 91 prosent av porteføljen) handles pr. utgangen av mars til 12x inntjeningen versus indeksens 16x inntjeningen.

Om ikke annet er sagt er alle avkastningstall i rapporten for klasse A etter honorarer. SKAGEN Vekst sin referanseindeks er en likt sammensatt indeks bestående av MSCI Nordic Countries Index og MSCI All Country World

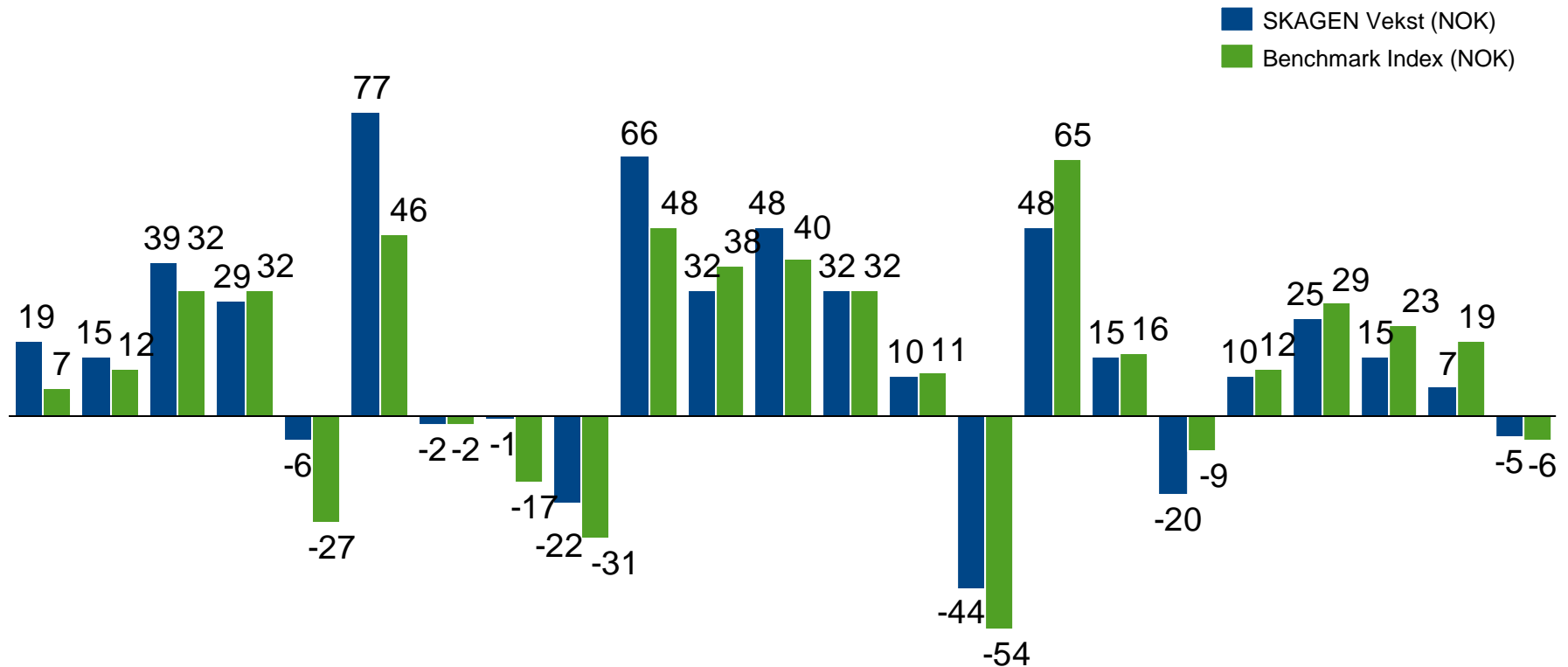
Avkastning, mars 2016



	Mars	QTD	2015	1 år	3 år	5 år	10 år	Siden start*
SKAGEN Vekst A	4,7%	-5,2%	7,5%	-2,5%	12,3%	5,0%	4,6%	14,0%
Referanseindeks*	1,8%	-6,4%	18,9%	-1,1%	17,5%	12,3%	6,9%	10,3%
Relativ avkastning	2,9%	1,1%	-11,5%	-1,4%	-5,2%	-7,3%	-2,3%	3,8%

Note: Alle avkastningstall ut over 12 måneder er annualisert (geometrisk avkastning). *Startdato: 1 desember 1993. **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. Tilsvarende ble fondets referanseindeks endret fra en likt sammensatt referanseindeks av Oslo Børs Hovedindeks (OSEBX) og MSCI All Country World til en likt sammensatt referanseindeks av MSCI Nordic Countries IMI Index og MSCI All Country World Index ex Nordic Countries. Referanseindeks før 01.01.2010 var Oslo Børs Hovedindeks (OSEBX).

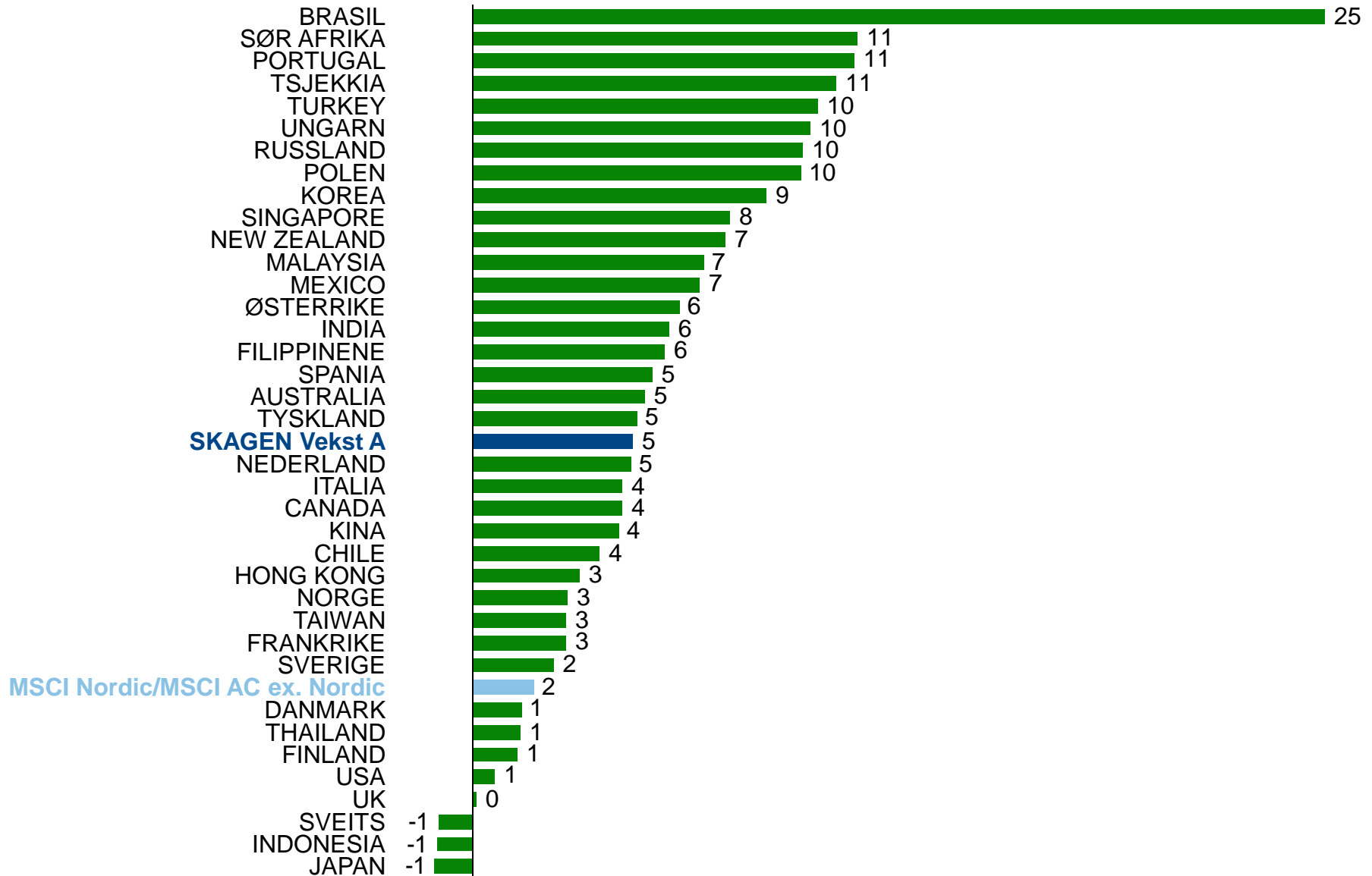
Årlig avkastning siden start* (%)



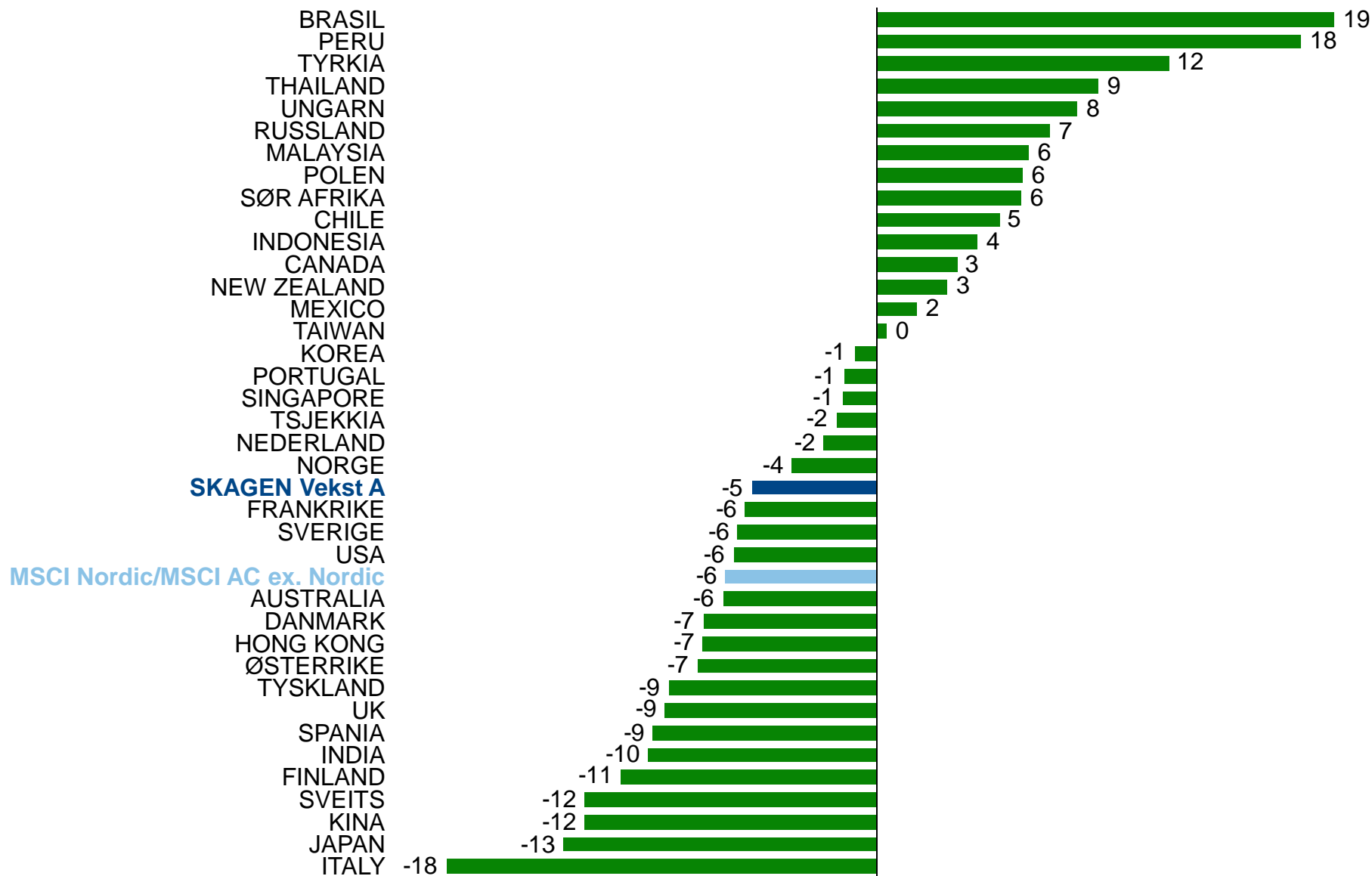
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2016

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Markedsutvikling i mars 2016 i NOK (%)



Markedsutvikling YTD 2016 i NOK (%)



Største poster ved utgangen av mars 2016

SKAGEN Vekst har 55% av porteføljen investert i Norden



	Vekt i portefølje	kurs	P/E 2016e	P/E 2017e	P/E 2018e	P/B trailing	kurs mål
Samsung Electronics	7,4 %	1 107 000	8,1	7,7	7,4	0,9	1 300 000
Continental AG	6,6 %	200	11,6	10,3	9,7	3,1	275
Norsk Hydro	5,6 %	34	13,6	9,7	11,4	0,9	45
Carlsberg	5,5 %	624	20,1	15,6	14,5	2,2	822
SAP	5,0 %	71	20,3	16,3	15,1	3,7	92
Norwegian Air Shuttle	4,5 %	312	8,2	6,2	5,7	3,8	500
Citigroup	4,1 %	42	8,2	7,5	6,6	0,6	78
Philips	4,0 %	25	17,9	14,5	12,8	1,9	30
Teliasonera	3,9 %	42	12,0	11,7	11,7	1,8	45
Ericsson	3,5 %	81	15,9	14,0	13,3	1,8	130
Weighted top 10	50,1 %		11,8	10,1	9,6	1,47	36 %
Weighted top 35	91,2 %		11,5	9,0	8,0	1,05	48 %
Reference index			15,9	14,5	13,2	2,12	

Viktigste bidragsytere i mars 2016

Største positive bidragsytere

Selskap	NOK millioner
Samsung Electronics Co Ltd	80
Continental AG	41
Oriflame Cosmetics AG	29
Norwegian Air Shuttle AS	27
Casino Guichard Perrachon SA	23
Carlsberg A/S	23
Teliasonera AB	21
Koninklijke Philips NV	21
Investment AB Kinnevik	21
Wilh Wilhelmsen Holding ASA	17

Største negative bidragsytere

Selskap	NOK millioner
Roche Holding AG	-14
H Lundbeck A/S	-12
Cal-Maine Foods Inc	-9
Norsk Hydro ASA	-7
Sodastream International Ltd	-5
Frontline Ltd	-3
Medistim ASA	-3
Nippon Seiki Co Ltd	-3
Hennes & Mauritz AB	-2
PhotoCure ASA	-2

Total verdiskapning i mars 2016: NOK 353 millioner

NB: Bidrag til absolutt avkastning

Viktigste bidragsytere 1. kvartal 2016

Største positive bidragsytere

Selskap	NOK millioner
Volvo AB	21
Oriflame Cosmetics AG	20
Lundin Petroleum AB	20
Casino Guichard Perrachon SA	18
Wilh Wilhelmsen Holding ASA	17
Catena AB	14
Norsk Hydro ASA	14
Koninklijke Philips NV	13
Sberbank of Russia	5
SKF AB	5

Total verdiskapning 1. kvartal 2016:

Største negative bidragsytere

Selskap	NOK millioner
Citigroup Inc	-99
Credit Suisse Group AG	-92
Continental AG	-71
Roche Holding AG	-32
Frontline Ltd	-28
Investment AB Kinnevik	-22
SAP SE	-20
Kia Motors Corporation	-20
Nippon Seiki Co Ltd	-17
Samsung Electronics Co Ltd	-16

NOK -411 millioner

NB: Bidrag til absolutt avkastning

Viktigste endringer i 1. kvartal 2016

Økte poster

Q1

Hennes & Mauritz AB	(Ny)
eBay Inc	(Ny)
Catena AB	(Ny)
Golden Ocean Group Ltd	
Investment AB Kinnevik	
Roche Holding AG	
Ericsson LM-B SHS	

Q1

Reduserte poster

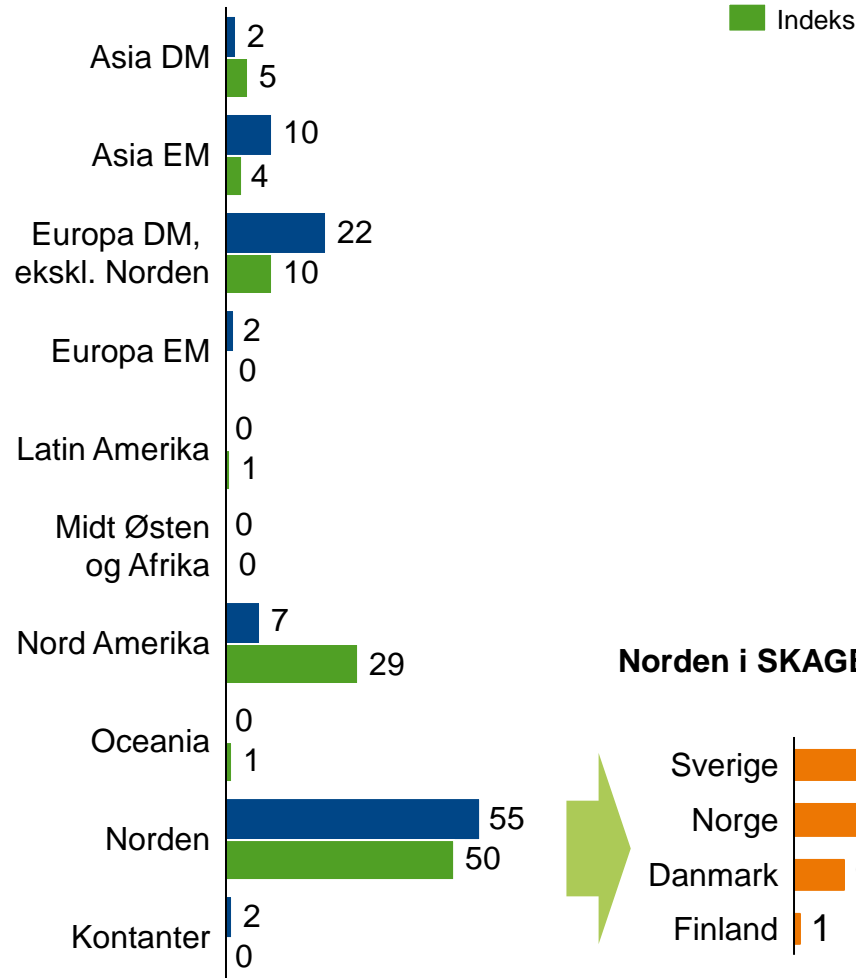
FLSmidth & Co A/S	(Ut)
Localiza Rent a Car SA	(Ut)
Bang & Olufsen A/S	(Ut)
YIT Oyj	(Ut)
Tribona AB	(Ut)
Casino Guichard Perrachon SA	
ABB Ltd	
Lundin Petroleum AB	
Norsk Hydro ASA	
Carlsberg A/S	
Samsung Electronics Co Ltd	
Koninklijke Philips NV	
Teliasonera AB	

Sektor og geografisk fordeling mot indeks, mars 2016 (%)

Sektorfordeling



Geografisk fordeling



Norden i SKAGEN Vekst



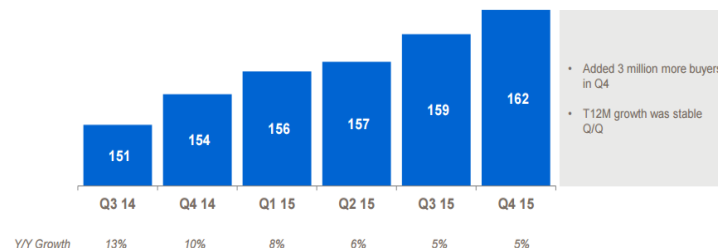
Kjøp og salg, februar 2016

Kjøp Ebay

- SKAGEN Vekst nyeste investering er det amerikanske e-handel selskapet eBay. Selskapet har idag mer enn 160 millioner brukere og tilbyr både kjøpere såvel som selgere en gigantisk global markedsarena.
- Selskapet har blitt mer og mer upopulært på grunn av frykt for økt konkurranse, men vi ser fortsatt god lønnsomhet og sterk kontantstrøm fremover.
- I tillegg mener vi at markedet undervurderer det konkurranse fortrinnet en etablert markeds plass gir samt at det ikke prises inn noe verdi på selskapets posisjon innen rubrikk annonser.

TRAILING 12-MONTH ACTIVE BUYERS

(millions)



Salg

Bang & Olufsen A/S

- Det har i lang tid versert mye rykter rundt B&O, ikke minst hvem som skal kjøpe opp selskapet.
- Selskapet annonserte selv at de hadde mottatt henvendelser fra interessenter og aksjekursen fant etterhvert et nytt nivå rundt DKK 70.
- Vi benyttet denne kursoppgangen til å selge oss helt ut av selskapet.

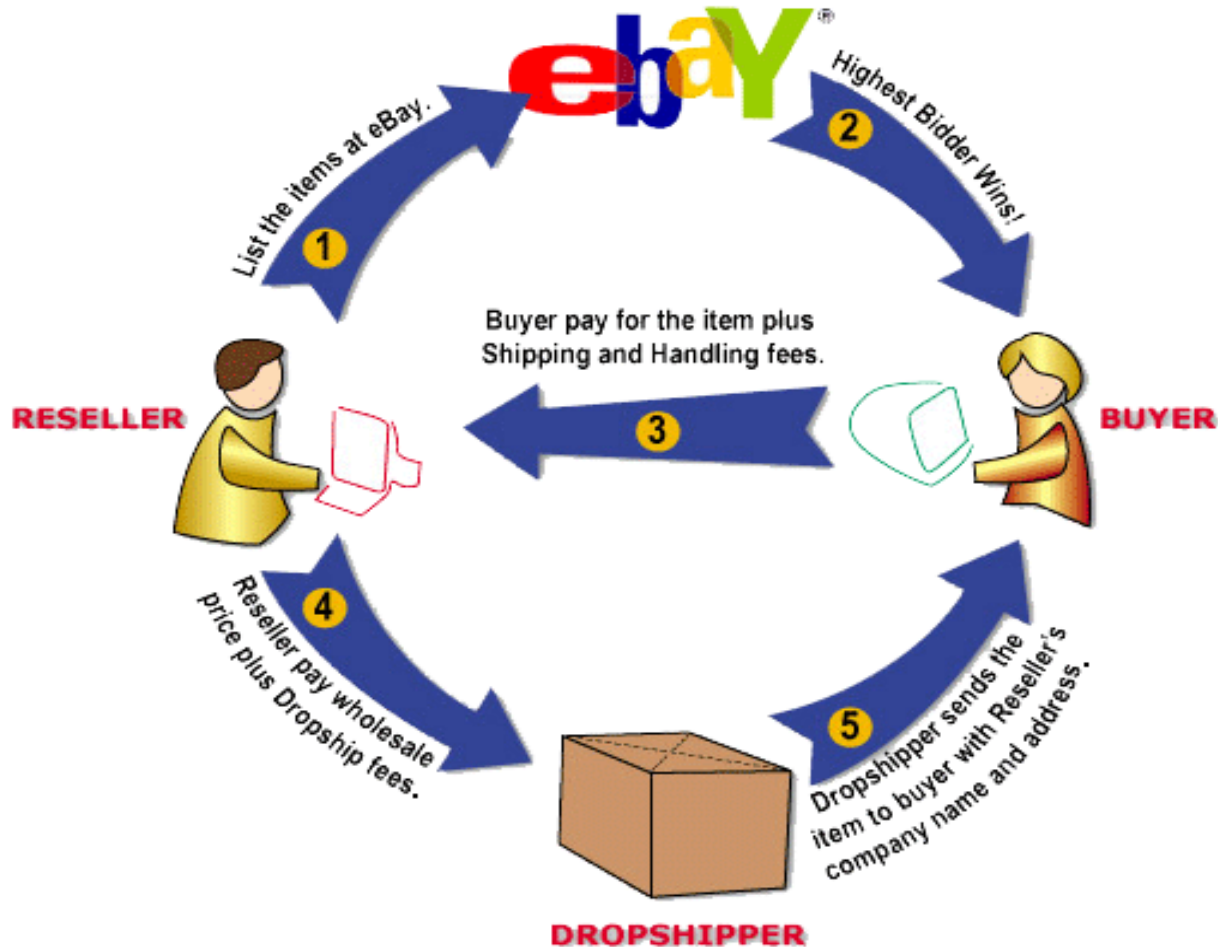


Nyheter og annet om porteføljeselskaper - på engelsk



epo@y

Ebay: A strong brand with a smart business model



- With 162m “active buyers” it is the world’s leading consumer to consumer (C2C) market place.
- Company uses consumer base to attract sellers from whom it charges a fee of approx. 8% per transaction.
- Operations only requires investments in computer power and business model is highly cash generative.
- Ebay also owns StubHub (leading ticker vendor) and eBay classifieds which operates world wide.

Seen in light of the SKAGEN investment philosophy

Unpopular

- Low growth past has generate questions about the business model
- Technical issues has not helped popularity
- Two-thirds of all analysts have the stock on Hold/sell.

- Seen as Amazon competitor. Should rather bee seen as complementary
- Opportunity beyond Marketplace is overlooked: Stubhub and Ebay classifieds. Sum of the parts justifies USD 40/share.

Under-analyzed

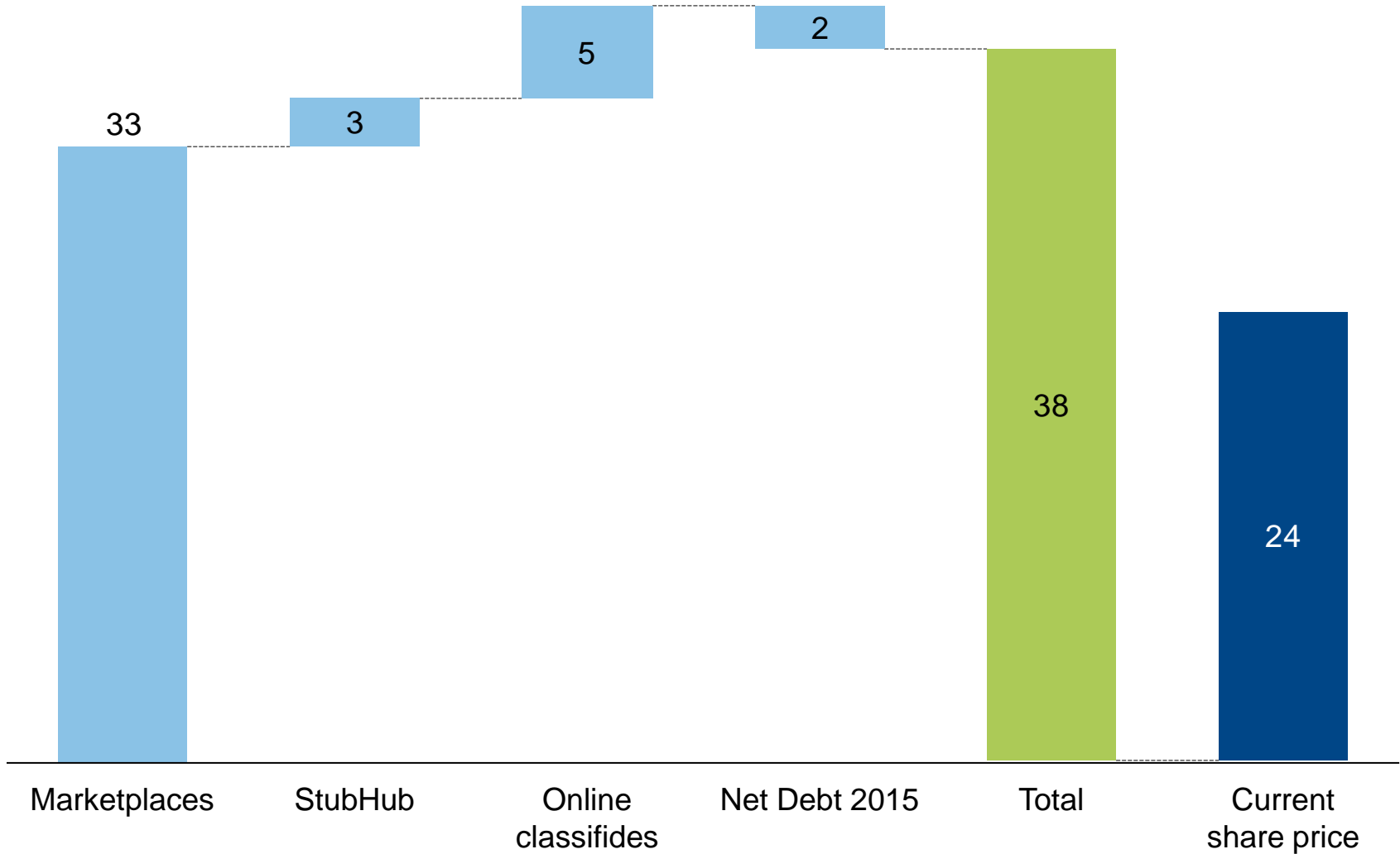
Under-valued

- Trades at 11x 2016e cash earnings and the share price discounts dismal growth going forward, something that implies attractive risk reward.
- See more than 50 % chance that this company could make USD 2.5/share within a few years which justifies USD 40/Share

Catalysts

- | | |
|------------|--|
| Short term | – 2016 guidance appears conservative and thus we see more than 50% chance of positive surprise next 12 months. |
| Mid term | – Technical issues being addressed, results to be seen within 18-24 months. - More resilient growth 5-10% p.a. |
| Long term | – Continues to be leading online market place. StubHub and online classifieds spin-offs highlights hidden value. |

Nice upside in sum of the parts – in US dollars per share



Key earnings releases and corporate news, March 2016

Continental
(6.6%)

FY2015 better than guidelines given in mid-January.

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Investment case update

The technology company Continental generated free cash flow of EUR 2.7bn in 2015, versus guidance of EUR 2.4bn. Cash conversion at 99%. They are expected to generate organic growth of 5 per cent in 2016 meaning FY2016 revenue of EUR 41bn. Given the Automotive Group order backlog of EUR 30bn this will give expected 2019 sales of EUR 30bn compared with 2015 revenue of EUR 23.6% (order book translates into sales within 4-5 years). Rubber Group (2015 revenue of EUR 15.7bn) will grow revenue into EUR 20bn, giving a EUR 50bn revenue company with an EBIT margin at 11%. EV/EBIT of 11x gives us target EUR 275 within 2-3 years, close to 40% upside.

3U Update

Unpopular: not exactly, but 52% sell/hold is not a crowded fan club

Under analyzed: no, wide coverage

Undervalued: yes, but not as much as it used to be. 35-40% upside to target EUR 275

Fact

Continental reported FY 2015 revenue of EUR 39.2bn and EBIT of EUR 4.2bn. EPS at EUR 13.64 and dividend hiked to EUR 3.75 per share. ROCE increased to 20.9% from 20% YoY

Key earnings releases and corporate news, March 2016 (cont.)

Carlsberg
(5.6%)

Presentation of new strategic plan Sail'22

Investment case implications

Neutral, no real hard goals was presented and share reaction was somewhat muted due to expectation build up. In our view a sound plan on focusing on premium products over volume growth. Though if sticking to plan could be a booster to dividend

Summary

- Sail'22 presented with main points:
- Gradual steering towards better profitability. 50% payout and higher ROIC. The 1.000 target is eventually occur, but at a pace of 15% per year it's a 2020 event (of which 80 DKK is dividends). Net debt to EBITDA max 2.0x => at 1.8x Carlsberg will have 4-5bn DKK shooting power.
- 10% of top 60 leaders have been shifted in past 8 months
- Regional focus to continue – Europe 53% of OP, Asia 28% and East Europe 19%
- Sail and crew will drive us safely towards the 2022 goal
- Leverage strongholds – streamline portfolios. Russia transformation – efficiency and many market opportunities
- Execution – quality, marketing impact and manage complexity to be smarter (digital consumer interface)
- Grow big cities and Asia as well as increase share in categories

3U update

Unpopular: Few domestic institutions hold it and it's perceived as 'Danish Ministry of Beer'. Majority of sell-siders are at hold/sell.

Under-analyzed: 35 analysts and it's a beer company most people know. However, focus is on the poor historical track record and they don't buy into the better profitability coming. We think it is misanalysed in terms of timing and potential profitability perspective.

Undervalued: Net earnings is likely to grow 15-20% next few years and stock trades at 16x earnings – in line with overall market, which has 7% growth. It's a well-known business model (make good beer and sell it) so execution risk on the way forward should be limited. Carlsberg has net debt of DKK 31bn (most of it from 2007 acquisition of Baltika in Russia), they pay DKK 1.4bn in dividend, so it will take them 4-5 years to become debt free (which would again lift net cash earnings by DKK 1bn per year), so good upside leverage

Key earnings releases and corporate news, March 2016 (cont.)

Roche
(2.8%)

Roche to initiate testing for Zika virus at U.S. blood centers

Investment case implications

Neutral. There is no meaningful financial impact of this announcement, but it is a minor positive for sentiment by serving as a reminder that Roche is a go-to-shop for seeking solutions to the world's most challenging healthcare emergencies. We are not surprised to learn that Roche has been selected for this task. The strong R&D backbone at Roche is a vital part of our long-term investment case.

Summary

Roche has received approval from the U.S. Food and Drug Administration (FDA) to initiate collection and testing of blood samples for screening with the cobas® Zika assay under an Investigational New Drug Application (IND) protocol. The cobas® Zika test for use with the cobas® 6800/8800 Systems is a qualitative in vitro nucleic acid screening test for the direct detection of Zika virus RNA in plasma specimens from individual human blood donors.

3U update

Unpopular. No. Popular on sell-side with 90% BUYs, but stock price down 20% in 15 months so buy-side (which is what counts) is not charmed

Under-researched. Probably not, but a swarm of mosquitoes (many moving parts) distracting a lot of people from focusing on the road ahead. Sub-par communication from the company lowers transparency

Undervalued. Yes, after de-rating on FY1 P/E from 18.3x to 14.6x in the past 12 months this medical powerhouse now trades at almost 10% discount to the market.

Key earnings releases and corporate news, March 2016 (cont.)

Lundbeck
(0.9%)

FDA negative to extended use of Brintellix

Investment case update

Negative. European authorities have already allowed data on improvement in cognitive function to be added to the drug's label, we had expected the FDA to do the same. Hence, a lost opportunity for Lundbeck what could have been an important differentiation point for Brintellix in a market dominated by cheap generics. The extended use of Brintellix could be approved at a later stage, but we don't expect total sale of Brintellix will reach DKK 5-6bn in 2018, more likely DKK 3-4bn.

3U Update

Unpopular: Mixed. 50% Hold/sell. Locals (Nordics) negative and international analysts positive

Under analyzed: No, coverage has increased significantly last couple of months

Undervalued: On current numbers Lundbeck looks expensive. We expect to see more high efficiency anti depression drugs materialize from their pipeline.

Fact

In August 2015, Lundbeck and Takeda made a supplemental new drug application for the antidepressant Brintellix, seeking to add clinical data to the drug's label on its effect on cognitive dysfunction in adults with major depressive disorder. Despite the Advisory Committee voted 8:2 in favor of a label extension, the FDA decided against the recommendation.

The largest companies in SKAGEN Vekst



Samsung Electronics, the Korean electronics group, has enjoyed very solid growth in consumer electronics, especially smartphones. Pole position in global semiconductor market. Cash generation is very strong and the company has historically wisely invested in new business areas – solar power and healthcare are on the roadmap for the future.



Continental AG produces tyres for cars and trucks and makes auto technology such as power trains, safety systems and automated drive systems. The replacement cycle for tyres is becoming stretched in some markets, so near-term earnings look promising. In the longer-term Continental's pole position in global auto technology provides a good backdrop for substantial growth.



Norsk Hydro ASA is a Norwegian aluminium and renewable energy company headquartered in Oslo. Norsk Hydro is one of the largest aluminium companies worldwide. It has operations in some 50 countries around the world and is active on all continents. The Norwegian state holds a 34.3% ownership interest in the company, which employs approximately 13,000 people.



Carlsberg A/S is an international brewing company. The company produces branded beers and regional brands. Carlsberg makes most of its beer outside of Denmark and it is sold in markets around the world. The company also markets and produces soft drinks, water and wine.



SAP SE is a German multinational software corporation that makes enterprise software to manage business operations and customer relations. SAP is headquartered in Walldorf, Baden-Württemberg, with regional offices in 130 countries.

The largest companies in SKAGEN Vekst (continued)



Norwegian Air Shuttle is the leading Nordic-based low cost airline, which in 2015 flew over 26m passengers. The fleet of airliners and the route network are growing rapidly proving the concept of Norwegian local low cost airline, to Nordic, to European and to Global reach.



Citigroup Inc. or Citi is an American multinational banking and financial services corporation headquartered in Manhattan, New York City. Citigroup was formed from one of the world's largest mergers in history by combining the banking giant Citicorp and financial conglomerate Travelers Group in October 1998.



Koninklijke Philips N.V. is a Dutch diversified technology company headquartered in Amsterdam with primary divisions focused in the areas of electronics, healthcare and lighting. In 2016 it is expected to list their lighting division in a separate company.



Swedish/Finnish incumbent telecom operator offering services primarily in the Nordic region. History goes back to 1853 as the Royal Swedish Electrical Telegraph. The company is Europe's fifth largest telecom operator and offers services across Eurasia, including stakes in mobile phone operators in Turkey and Russia.



Ericsson is a Swedish multi-national corporation that provides communication technology and services. Founded in 1876 and has today a revenue of 227bn SEK. Ericsson had 33% market share in the 2G/3G/4G mobile network infrastructure market in 2014.

For mer informasjon, vennligst se:
Siste Markedsrapport
Informasjon om SKAGEN Vekst på våre nettsider

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