

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](http://www.skagenfondene.no) og hos våre distributører.

## A tale of two halves (so far)

Following a very solid first half of the year, the market environment completely changed character during the third quarter and the fund generated a negative return during the period. Aggressive synchronised tightening by central banks to mitigate runaway inflation caused valuations to broadly collapse in cyclical assets during the quarter. A strong US dollar and weak Japanese yen put significant pressure on our performance relative to underlying equity markets. We observed substantial drawdowns in commodities, European industrials and financial stocks in emerging markets, especially in the small and mid-cap segments. Overall, we believe a recession is already priced in in many areas of the equity markets. Valuations now look extremely compelling in small and mid-cap stocks compared to larger cap stocks on a global basis, and a favourable risk/reward seems pronounced particularly in the early cyclical value areas of the equity market.

### A broadening value investment universe

The substantial decline in technology and consumer-related sectors has given rise to attractive investment situations. We have accumulated shares in the consumer brand titan Levi's as the company's share price has fallen more than 50% since 2021. Levi's is one of the strongest brands globally and the company is currently using the brand to expand into new categories. A very solid balance sheet and good capital allocation underpin our investment case. We bought the shares at less than 10x current normalised earnings power during the summer and we see deep value and a substantial upside over our 2-3 year investment horizon.

We also established a position in Norton LifeLock, formerly known as Symantec, a global leader in cybersecurity. Following uncertainty about its acquisition of Avast and a general sell-off in technology shares, the

stock reached our target inception price. For this higher quality annuity stream, we pay around 10x earnings and, in our opinion, get potential growth and synergies in future years for free.

Small and mid-cap industrials in Europe, and in Germany in particular, are trading at levels not seen since the financial crisis. As such, we have established new positions in the German joint technology small-cap Norma as well as the German waste recycling service Befesa following a more than 50% correction in the stock price. Befesa collects and recycles steel dust and aluminium residuals and distributes the recycled goods into commodity markets.

During the quarter, we exited several positions, including electrode producer Graftech, following a deterioration of the balance sheet, and cyclical price pressures becoming more pronounced than expected. We also exited Lincoln National as catalysts have not emerged as we anticipated. We also exited Japanese elevator producer Fujitec as the stock hit our price target, partly driven by a successful activist campaign.

### Performance drivers

Vitesco, our German powertrain producer, was the strongest contributor during the quarter as the order book continues to grow substantially and valuation is highly attractive. Kimberly Clark De Mexico was a top performer as the market is starting to anticipate peak input cost pressures and a positive impact from broad price increases in their output product. Moreover, our Japanese retail bank Resona Holdings, performed well as the company is on track to reach its full-year profitability goal and asset quality remains strong.



Foto: Shutterstock



Foto: Shutterstock

Chinese-based Tencent disclosed a transaction to increase its holding in the videogame powerhouse Ubisoft from 5% to more than 15% over time. Unfortunately, half the increase occurred at the holding company level of Ubisoft at an implicit stock price of EUR 80, and Tencent is widely expected to acquire an additional 5% of the shareholder base in the market. The market reaction was markedly negative despite the implicit premium and could be seen as lowering the potential for other bidders to come in. We believe the base scenario is now that the company may be fully integrated into Tencent over time, and the current share price of EUR 30 is well below any reasonable estimate of fair value. Our Spanish copper miner Atalaya Mining was weaker as cost guidance disappointed, and the copper price fell. French seating and interiors Faurecia is operating with little room for error as the balance sheet progress has been worse than expected. We reduced the position size significantly in the quarter.

### Brighter spots are emerging

There are positive signs emerging in the prices paid across many areas of the global economy. For instance, a deflationary environment is developing in used cars, container shipping rates and truck rates. Global supply chain bottlenecks seem to be easing. Commodity prices, including oil, gold, silver, copper and nickel, are down sharply and this will gradually make its way into companies' input cost equations and increase margins. There are some areas that are lagging, such as lodging and a tight labour market in some areas of the economy. We believe a peak inflation narrative is gradually building which would eventually push the global central banks to at least take a neutral stance. At this point, we see a deeply positive risk/reward profile developing for our portfolio over a 2-3 year investment horizon. Our weighted upside to our price targets is on par with levels seen at the pandemic low in early 2020.

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

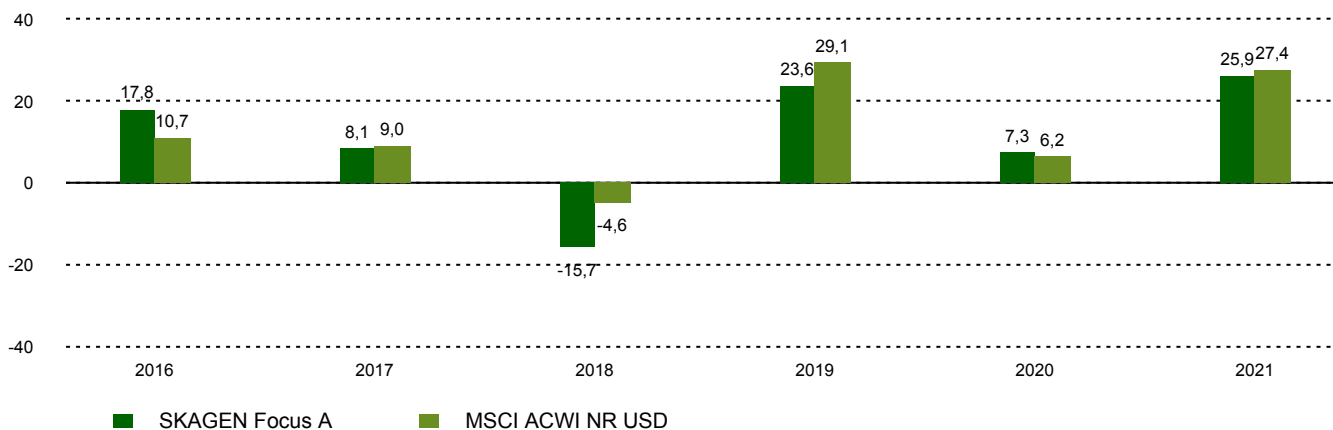
Periode	SKAGEN Focus A	Referanseindeks
Siste måned	-9,9%	-7,2%
Hittil i kvartal	-6,7%	-0,6%
Hittil i år	-18,1%	-13,7%
Siste 12 måneder	-16,4%	-6,1%
Siste 3 år	5,8%	7,4%
Siste 5 år	4,1%	8,4%
Siste 10 år	n/a	n/a
Siden start	3,0%	6,7%

## Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	26.05.2015
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0010735129
NAV	109,89 DKK
Årlig forvaltningshonorar	1.60% + resultatavhengig forvaltningsgodtgjørelse*
Totalkostnad (2021)	1.40%
Referanseindeks	MSCI ACWI NR USD
Forvaltningskapital (mill.)	1720,96 DKK
Antall poster	50
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 selskapsespesifikke forhold.

## Bidragsytere i kvartalet



## Største positive bidragsytere

Navn	Vekt (%)	Bidrag (%)
Vitesco Technologies	2,93	1,05
Ivanhoe Mines Ltd	2,74	0,53
Kimberly-Clark de Mexico	2,97	0,30
Viscofan SA	2,62	0,27
STMicroelectronics NV	2,45	0,25



## Største negative bidragsytere

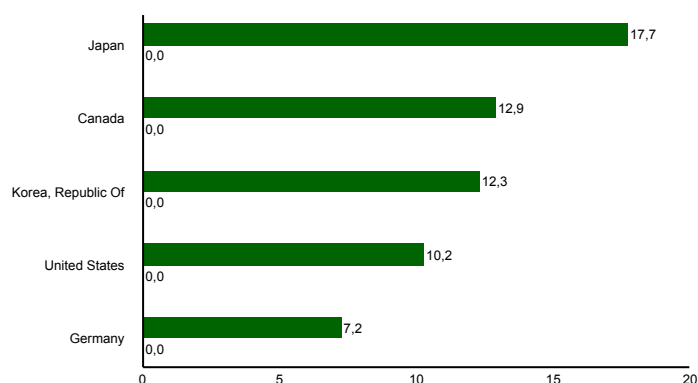
Navn	Vekt (%)	Bidrag (%)
Ubisoft Entertainment SA	3,40	-1,17
MagForce AG	0,18	-0,61
Faurecia SE	0,99	-0,49
Atalaya Mining PLC	0,91	-0,46
Cascades Inc	1,94	-0,42

Veksten viser gjennomsnittet for perioden. I NOK for alle andelsklasser

## 10 største investeringer

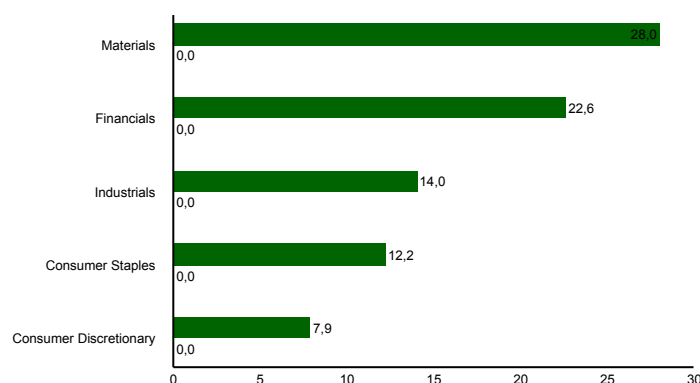
Navn	Sektor	Land	%
Viscofan SA	Consumer Staples	Spain	3,3
Kyocera Corp	Information Technology	Japan	3,3
Textainer Group Holdings Ltd	Industrials	China	3,3
Albertsons Cos Inc	Consumer Staples	United States	3,1
KB Financial Group Inc	Financials	Korea, Republic Of	3,1
Kimberly-Clark de Mexico SAB de CV	Consumer Staples	Mexico	3,0
China Communications Services Corp Ltd	Industrials	China	3,0
Vitesco Technologies Group AG	Consumer Discretionary	Germany	2,9
Panasonic Holdings Corp	Consumer Discretionary	Japan	2,8
Resona Holdings Inc	Financials	Japan	2,7
Samlet vektning			30,6

## 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 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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