

Value recovery continues

2021 got off to a good start as global equity markets continued their recovery from the COVID-induced sell-off in Q1 2020. Although news headlines remain dominated by infection rates and vaccine rollouts across the world, company reporting has generally been robust with many portfolio holdings preparing for improved operating conditions. The improved outlook is also increasingly reflected in the bond market, which has seen longer rates rise on the expectation of normalising monetary conditions and a potential acceleration in underlying inflation.

This change in market backdrop has benefited growth-sensitive and cyclical assets as shown by value's continued outperformance of growth that started towards the end of last year. With its clear value tilt, SKAGEN Kon-Tiki outperformed its benchmark by a wide margin.

In terms of region, Emerging Markets underperformed Developed Markets as increased political and regulatory intervention led to selloffs in Brazil and Turkey as well as Chinese internet stocks. While SKAGEN Kon-Tiki was not immune to these pressures, the impact was contained through swift portfolio adjustments in line with our investment process.

Contributors

SKAGEN Kon-Tiki's performance in the quarter was driven by some of our long-standing holdings where company-specific drivers continued to develop favourably. Indian crop protection company UPL rose as it reiterated its financial guidance and debt reduction plans for the year. We expect the shares to continue to re-rate as management rebuilds credibility following last year's governance and tax issues.

Naspers also contributed strongly despite Tencent facing potential regulatory headwinds as the holding company discount narrowed modestly. While the recent underperformance of Alibaba in the face of regulatory changes warrants caution, we believe that Naspers's 40%+ discount to its listed holdings offers significant downside protection. With management having taken numerous steps to reduce the discount in recent years, we continue to see material upside to the shares.

Brazilian retailer GPA has more than doubled so far this year as the market welcomed the spin-off of its highly regarded cash & carry operations Assai as a separate listed entity. Both companies continue to perform well and we expect the simplified corporate structure to better

highlight the underlying values of the Group.

The biggest detractor during the quarter was Chinese financial conglomerate Ping An Insurance despite reporting solid financial results. We suspect the shares have been left behind during the recent rally as it is neither an obvious re-opening play nor a working-from-home winner. However, with strong underlying profitability and a long runway for growth, we consider the shares to be deeply undervalued at current levels.

As highlighted above, Turkish equities and the Turkish currency suffered a big drawdown during the quarter as President Erdogan fired the central bank governor following another rate hike. As a result, our position in Sabanci Holding suffered in line with the market. Political interference also re-surfaced in Brazil as president Bolsonaro forced the CEO out of the state oil company Petrobras. This also affected our position in Bannisul, which is controlled by the State of Rio Grande do Sul.

Portfolio activity

We made a number of changes to the portfolio during the quarter with the most notable of these in Chinese companies. We initiated a position in Alibaba Group on the back of significant weakness over the last six months as we expect regulatory pressures to abate, at least on a relative basis going forward. We also added West China Cement as we see improved competitive dynamics and disciplined supply in the regions in which it operates. Priced at 3x EV/EBITDA and with a 5% dividend yield, we see both significant re-rating potential and income support at current levels.

Another new holding with income support is China Mobile where capex discipline during the 5G rollout means the 6%+ dividend yield is sustainable, especially in light of the company's significant net cash position.

Outside of China, our most significant new holding is Brazilian pulp producer Suzano, which we expect to de-lever rapidly on the back of improving commodity prices. The company is the world's largest producer of hardwood market pulp, a key ingredient in tissue and other forms of paper.



Foto: Unsplash



Foto: Unsplash

Key sells

As previously communicated, we exited a number of cyclical holdings such as Lundin Mining and Micron as they reached our target prices, as well as Petrobras on the aforementioned government intervention. As a result, the portfolio now consists of 50 companies, up from 48 at the end of 2020.

Outlook

Through disciplined selling and making good use of our robust pipeline of attractively valued opportunities, the portfolio has maintained its value characteristics while delivering strong returns. Based on our proprietary estimates, the portfolio trades on 10x current year earnings and 1.1x P/B while offering a near 3% dividend yield. This represents a discount of approximately 40% relative to the MSCI EM index. Given improving fundamentals and the still significant valuation discrepancy between growth companies and value companies, we believe SKAGEN Kon-Tiki continues to offer attractive upside for long-term investors.

SKAGEN Kon-Tiki investerer i en aktivt forvaltet og diversifisert portefølje av undervurderte selskaper hovedsakelig i vekstmarkedene.

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

Fondet passer for investorer som har minst fem års investeringshorisont.

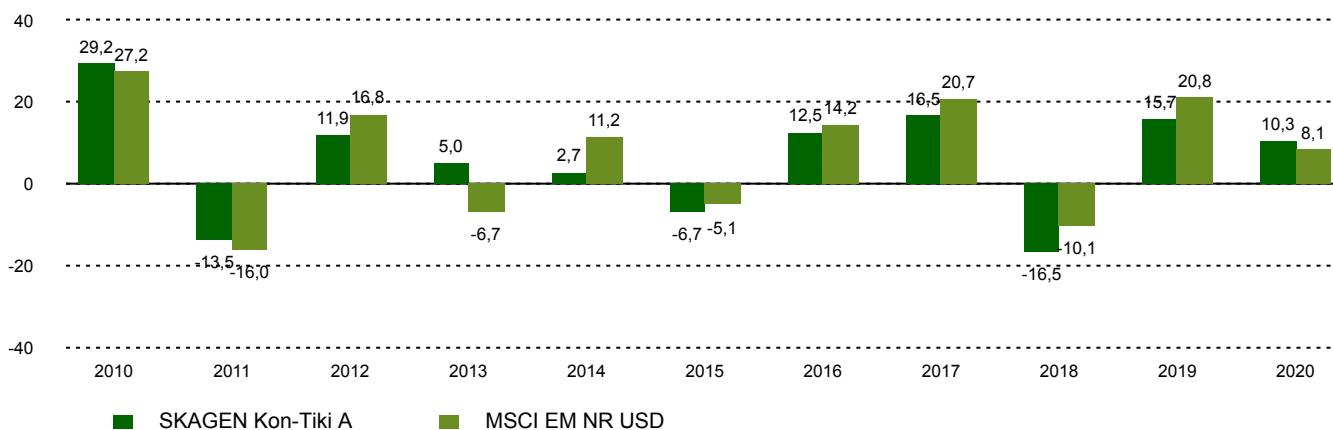
Historisk avkastning

Periode	SKAGEN Kon-Tiki A	Referanseindeks
Siste måned	3,3%	1,8%
Hittil i kvartal	9,0%	6,6%
Hittil i år	9,0%	6,6%
Siste år	62,2%	47,6%
Siste 3 år	6,9%	8,5%
Siste 5 år	9,2%	11,4%
Siste 10 år	4,0%	5,6%
Siden start	11,8%	8,1%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	05.04.2002
Morningstarkategori	Globale vekstmarkeder
ISIN	NO0010140502
NAV	808,97 DKK
Årlig forvaltningshonorar	2.00%
Totalkostnad (2020)	2.22%
Referanseindeks	MSCI EM NR USD
Forvaltningskapital (mill.)	11891,56 DKK
Antall poster	50
Porteføljeforvalter	Fredrik Bjelland Cathrine Gether

Avkastning siste 10 år



Se nederst på neste side for mer informasjon om referanseindeks

Bidragstyttere i kvartalet



Største positive bidragstyttere

Navn	Vekt (%)	Bidrag (%)
UPL Ltd	4,48	1,39
Naspers Ltd	7,23	0,99
Cia Brasileira de Distribuicao	2,38	0,66
Hon Hai Precision Industry	1,85	0,46
Turquoise Hill Resources	1,54	0,41



Største negative bidragstyttere

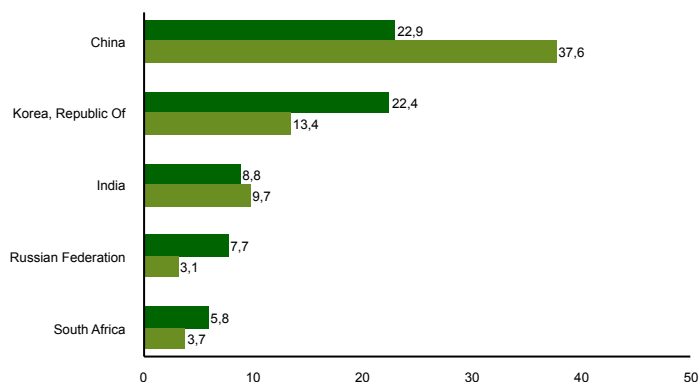
Navn	Vekt (%)	Bidrag (%)
Petroleo Brasileiro SA	1,01	-0,57
Ping An Insurance Group	7,39	-0,46
Haci Omer Sabanci Holding AS	1,11	-0,37
Media Nusantara Citra Tbk PT	1,18	-0,24
Banco do Estado do Rio Grande	0,86	-0,24

I NOK for alle andelsklasser

10 største investeringer

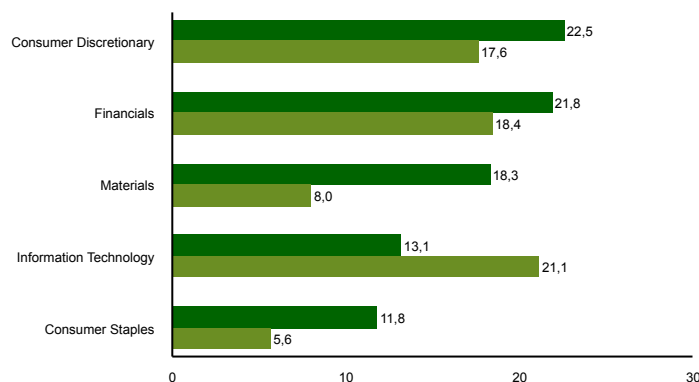
Navn	Sektor	Land	%
Ping An Insurance Group Co of China Ltd	Financials	China	7,4
LG Electronics Inc	Consumer Discretionary	Korea, Republic Of	7,0
Naspers Ltd	Consumer Discretionary	South Africa	5,8
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	5,6
UPL Ltd	Materials	India	5,2
Hyundai Motor Co	Consumer Discretionary	Korea, Republic Of	3,7
Ivanhoe Mines Ltd	Materials	Canada	3,6
Sberbank of Russia PJSC	Financials	Russian Federation	3,1
Orbia Advance Corp SAB de CV	Materials	Mexico	3,1
Atlantic Sapphire AS	Consumer Staples	Denmark	3,0
Samlet vektning			47,5

Landeksponering (topp 5)



■ SKAGEN Kon-Tiki A ■ MSCI EM NR USD

Bransjefordeling (topp 5)



■ SKAGEN Kon-Tiki A ■ MSCI EM NR USD

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Viktig informasjon

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