

Economic recovery continues

In the second quarter, global equity markets continued their recovery from the Covid-induced sell-off that took place at the beginning of last year. Economic activity and commodity prices improved greatly, led by an increase in aggregate demand on the back of the vaccination progress. Despite the overall optimism, the rise of the Delta variant has led to nervousness in some Covid-sensitive assets, while the Federal Reserve's hawkish shift also took some life out of the reflation trade towards the end of the period. Emerging markets underperformed their developed market counterparts in the period, largely a reflection of lower growth pickup relative to DMs, which in turn is a function of slower Covid vaccination rates. The list of EM central banks turning more hawkish is also growing, with major countries like Brazil, Russia and Mexico hiking rates as part of their efforts to rein in inflationary pressures as well as pre-empt any tightening by the Fed to mitigate risks of capital flight.

Contributors and detractors

SKAGEN Kon-Tiki's performance in the quarter was largely influenced by some of the same drivers as in Q1. Indian crop protection company UPL continued to rerate. We saw continued strong operational deliverance as the advantages of their unique, full integration business model became apparent in the current environment of rising costs, logistical challenges and some input bottlenecks. Demand was strong on the back of rising agricultural prices, and it is also increasingly clear that the company has made leaps both from a corporate governance point of view but also in terms of building credibility around their leading sustainability profile.

Ivanhoe Mines has also been a strong contributor over the past year. Sharply increasing copper prices and a focus on copper's role in electrification and the green shift have certainly helped. But recent strength has also been driven by the achievement of the first copper production in their flagship Kamo-a-Kakula mine. Ivanhoe's strong production growth profile at a low unit cost and with strong ESG credentials combined with a solid balance sheet mean continued rerating

potential.

Ever since Latin American grocery retailer GPA spun out the cash-and-carry operator Assai (now Sendas) in Q1, both companies have performed strongly. There is still good growth potential in an underpenetrated market, and as vaccination efforts ramp up and the economy further reopens in Brazil, we expect to see the backdrop improve in the second half of the year.

The biggest detractor in Q2 was the Chinese financial conglomerate Ping An Insurance. We continue to view the shares as deeply undervalued and have taken advantage of the weakness to add to the position. Ping An has delivered an impressive ROE over the past 5+ years. Its technological prowess gives the company a competitive edge in terms of management efficiency, customer acquisition, risk control and cost control.

Atlantic Sapphire has been a strong contributor to portfolio returns over the past few years. This quarter, however, they ran into some issues when scaling up production at their land-based salmon facilities. This led to higher costs and lower harvest in the short term. Things are now back on track, and we participated in a new private placement which has plugged the capex funding gap for phase 2 construction. A large uncertainty has therefore been removed from the investment case and we eagerly await news of progress in hitting new milestones.

Naspers was a detractor in the quarter after having been a strong contributor in Q1. The company is struggling to reduce the huge holding company discount it is trading at versus its listed holdings like Tencent, but a recent proposed exchange deal seems to increase complexity and it was therefore not well perceived by the market. We believe the company will continue to look for value-creating opportunities.

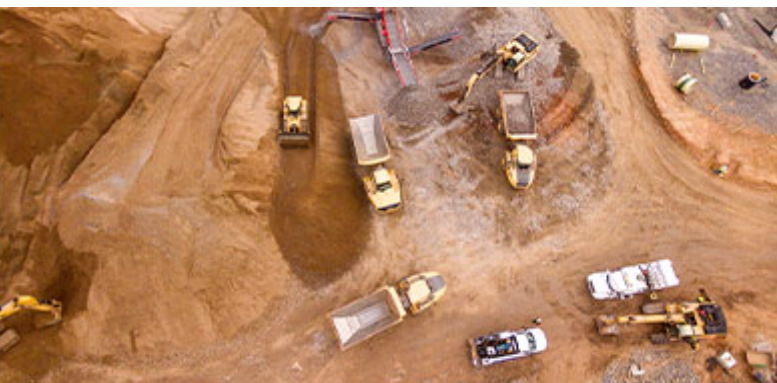


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Portfolio Activity

We exited Turkish conglomerate KOC on heightened political risk after Erdogan fired the central bank governor. In Brazil, we exited state-controlled Banrisul after increased signs of political interference and potential conflicts of interest with its majority owner. We also exited Bank of China and Euronav, freeing up capital for new holdings. One new position is Chinese E&P company CNOOC, a world class and highly cash generative asset at a vastly discounted price which should benefit from the strong oil price environment. Another new position, Magnit, is the second largest food retailer in Russia, and like long-term Kon-Tiki holding X5, they benefit from benign competitive dynamics and market consolidation. We also initiated a small position in Russian conglomerate Sistema. Sistema's stakes in major public assets MTS, Ozon, Etalon and Segezha represent more than 200% of their market cap. They have made good progress crystallising value of their unlisted portfolio companies over the past 12 months, and we believe there is more to come as they have a portfolio of interesting non-listed companies.

Outlook

We continue to see a robust pipeline of attractively valued opportunities in EM. During the quarter, the portfolio has maintained its value characteristics while delivering strong returns. SKAGEN Kon-Tiki trades at just above 9x current year earnings, which is a more than 35% discount relative to the MSCI EM index. Similar to previous periods with a significant valuation discrepancy between growth and value stocks, we believe SKAGEN Kon-Tiki offers 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 risikostjustert avkastning over tid.

Fondet passer for investorer som har minst fem års investeringshorisont.

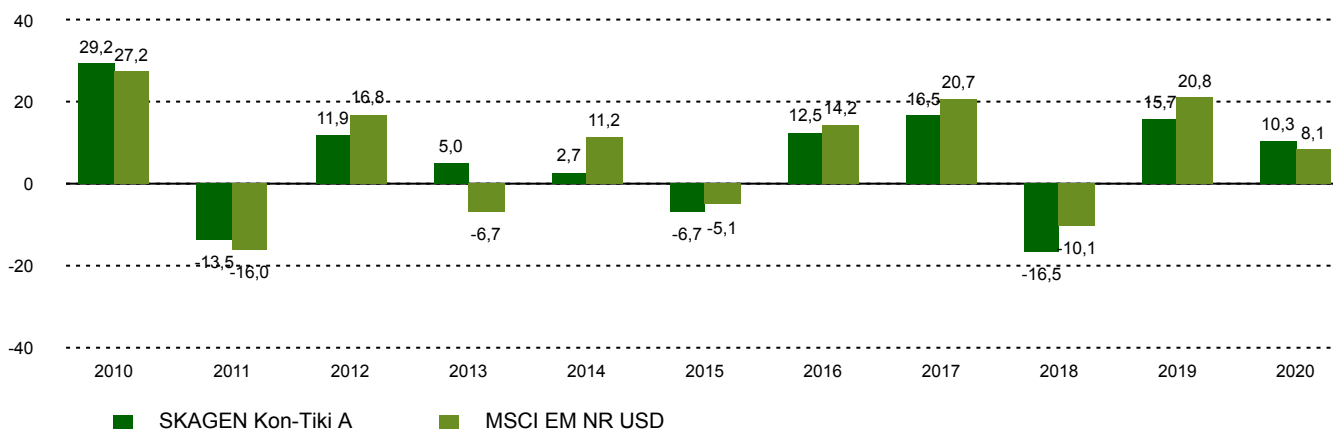
Historisk avkastning

Periode	SKAGEN Kon-Tiki A	Referanseindeks
Siste måned	2,7%	3,3%
Hittil i kvartal	3,8%	3,9%
Hittil i år	13,2%	10,8%
Siste år	45,5%	32,7%
Siste 3 år	9,0%	10,6%
Siste 5 år	9,3%	11,6%
Siste 10 år	4,9%	6,4%
Siden start	11,9%	8,2%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	05.04.2002
Morningstarkategori	Globale vekstmarkeder
ISIN	NO0010140502
NAV	839,91 DKK
Årlig forvaltningshonorar	2.00%
Totalkostnad (2020)	2.18%
Referanseindeks	MSCI EM NR USD
Forvaltningskapital (mill.)	12282,32 DKK
Antall poster	50
Porteføljeforvalter	Fredrik Bjelland Cathrine Gether

Avkastning siste 10 år



Bidragstyttere i kvartalet



Største positive bidragstyttere

Navn	Vekt (%)	Bidrag (%)
Ivanhoe Mines Ltd	3,20	1,43
UPL Ltd	4,69	1,07
Sendas Distribuidora	3,23	0,92
LG Electronics Inc	7,23	0,88
LG Corp	2,33	0,88



Største negative bidragstyttere

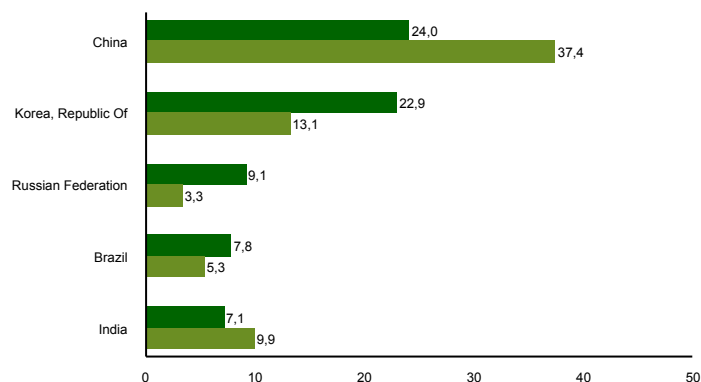
Navn	Vekt (%)	Bidrag (%)
Ping An Insurance Group	6,58	-1,11
Atlantic Sapphire ASA	2,52	-0,73
Naspers Ltd	5,44	-0,67
Foxconn Industrial Internet	1,83	-0,23
Hisense Home Appliances Group	1,11	-0,17

I NOK for alle andelsklasser

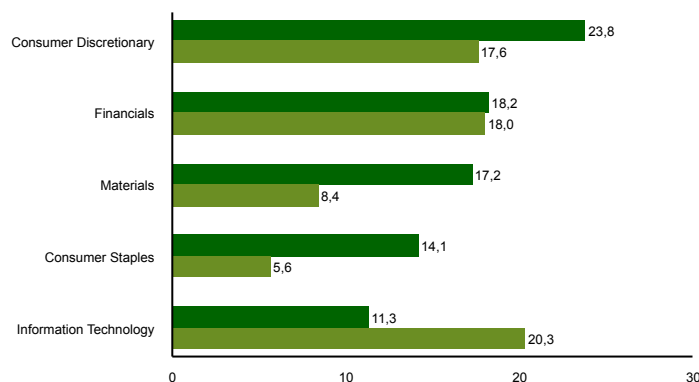
10 største investeringer

Navn	Sektor	Land	%
LG Electronics Inc	Consumer Discretionary	Korea, Republic Of	7,7
Ping An Insurance Group Co of China Ltd	Financials	China	6,0
Naspers Ltd	Consumer Discretionary	South Africa	5,1
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	4,4
UPL Ltd	Materials	India	4,3
Hyundai Motor Co	Consumer Discretionary	Korea, Republic Of	4,3
Sendas Distribuidora SA	Consumer Staples	Brazil	3,4
Suzano SA	Materials	Brazil	3,3
Sberbank of Russia PJSC	Financials	Russian Federation	3,3
Alibaba Group Holding Ltd	Consumer Discretionary	China	3,0
Samlet vektning			44,6

Landeksponering (topp 5)


■ SKAGEN Kon-Tiki A
 ■ MSCI EM NR USD

Bransjefordeling (topp 5)


■ SKAGEN Kon-Tiki A
 ■ MSCI EM NR USD

Kontakt



+45 7010 4001



kundeservice@skagenfondene.dk

SKAGEN AS, Bredgade 25A 1260
København K

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