

Ended the year at an all-time high

Despite 2020 being a year many would prefer to forget, SKAGEN Kon-Tiki ended the year at an all-time high NAV after outperforming both the MSCI EM index and the EM value index. After 9 painful months where company pricing didn't seem to matter as expensive growth stocks were on steroids, trends turned dramatically in November and December. Positive vaccine news and election relief provided a boost to investor sentiment as focus shifted to expectations of an economic recovery. Cyclical value stocks, which were the most beaten down in the Covid period (but also over the past decade), staged a late-year surge, surpassing growth stocks. For Kon-Tiki, which has stayed true to our long-term value philosophy, this provided a welcomed relief.

Contributors

Our investment thesis played out in full for our South Korean companies in Q4. LG Electronics (prefs) was up 50% in the last five trading sessions of the year after the surprise announcement that they intend to spin off their auto components business related to EV (electronic vehicle) parts operations to form a new EV JV with Magna Intl. This is a long-term growth catalyst, and the rerating from a very low valuation is well deserved as it positions them as a leading EV components supplier and not just as a consumer electronics manufacturer.

Samsung Electronics and Micron, two of the world's leading memory producers, have benefited from an improved outlook for the memory market on the back of the "stay at home economy" and 5G benefits. With memory pricing continuing to firm up on improving supply/demand dynamics, they are well positioned for a cyclical upswing in 2021.

Kon-Tiki has long held the view that more copper is needed for the world to become greener as we will see a re-engineering of transportation, power generation and information storage. Copper, like many other commodities, has been in the doldrums for the better part of a decade. Our investments in Ivanhoe Mining, Turquoise Hill and Lundin Mining got traction both from a "green narrative" but also as commodities in general found favour amid expectations of a global rebound (and a weaker dollar).



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Outlook

A key question now is whether the recent EM and value outperformance will continue. There are reasons to be optimistic. With three quarters of developed market bonds still trading at negative yields (inflation adjusted) there is a lot of money on the sidelines to push forward the same trends as in Q4. Following recessions, value tends to outperform in the early stages of a recovery. Accommodative policies of central banks are likely to continue in tandem with further fiscal stimulus which creates a positive backdrop for EM. There are strong arguments for a continued softening of the US dollar in 2021, and a move away from Trump-era US foreign policy into a more stable policy framework should also be helpful.

There was negative noise around an old whistleblower report which led to renewed corporate governance concerns for Indian agrichem producer UPL. We are in close dialogue with the company with suggested improvement areas that could cause the valuation discount to narrow. With a strong outlook for 2021 supported by rising commodity prices and continued market share momentum globally, we expect the news flow to improve. China Life Insurance reported numbers slightly below expectations, having struck a balance between volume and value in a tough period. Russian grocery retailer X5 traded sideways after a strong share price recovery earlier in the year.

Portfolio activity

We exited Multichoice and Samsung SDI as the shares traded above our target prices. We also sold out of Bangkok Bank to recycle into fresher ideas.

We added eight new positions in the quarter. Two of them, Brazilian Petrobras and Russian Lukoil, are in the energy sector and offer exposure to potential energy price inflation combined with a clearly laid-out capital return program. Media Nusantara is an Indonesian media company trading at a bargain valuation despite impressive positions within free-to-air, advertising and local content production. Chinese property management company Justbon entered the portfolio right before taking off on the back of strong results and government measures in support of the sector. Other new names include Zinus, a Korean bed frame and mattress manufacturer and WH Group, the world's largest pork company. WH Group has been hit hard by food service weakness in its US operations and high input costs in China, but as a geographically diverse and integrated player we expect group margins to hold up well. Lastly, we bought a stake in Hon Hai and its Chinese subsidiary Foxconn Industrial Internet. As leading electronics manufacturers, they give us another leg to play the 5G investment theme and new iPhone cycle as well as the EV theme at a highly discounted price.



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Opportunities for active managers

Given the recent stock level dispersion and rotation, this augurs well for active managers. A large valuation discount bodes well for EM relative to DM markets. At the same time, headline index multiples are misleading of the investment opportunity that we as value investors see due to the huge divergence between growth and value stocks over the past few years. The MSCI EM index now trades at close to 16x '21e P/E while the Kon-Tiki portfolio is valued at less than 11x. This compares to 21x for MSCI World.

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.

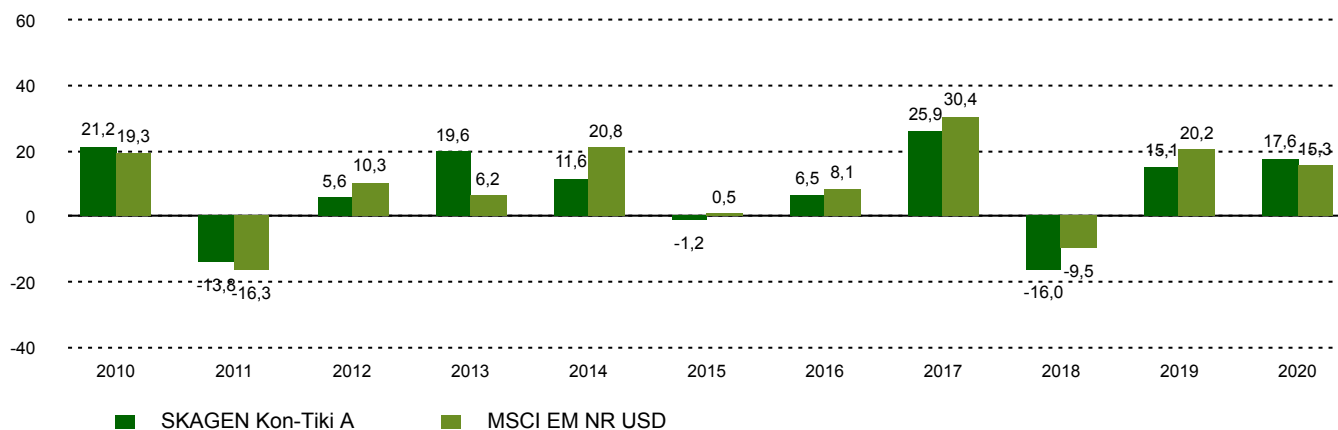
Historisk avkastning

Periode	SKAGEN Kon-Tiki A	Referanseindeks
Siste måned	8,9%	4,1%
Hittil i kvartal	15,1%	8,4%
Hittil i år	17,6%	15,3%
Siste år	17,6%	15,3%
Siste 3 år	4,4%	7,8%
Siste 5 år	8,8%	12,1%
Siste 10 år	6,2%	7,7%
Siden start	13,3%	9,7%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	05.04.2002
Morningstarkategori	Globale vekstmarkeder
ISIN	NO0010140502
NAV	1044,53 NOK
Årlig forvaltningshonorar	2.00%
Totalkostnad (2019)	1.51%
Referanseindeks	MSCI EM NR USD
Forvaltningskapital (mill.)	15966,73 NOK
Antall poster	49
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 (%)
LG Electronics Inc	4,41	3,36
Samsung Electronics Co	8,41	3,12
Ivanhoe Mines Ltd	3,79	1,20
Micron Technology Inc	2,51	1,11
Ping An Insurance Group	7,65	0,67



Største negative bidragstyttere

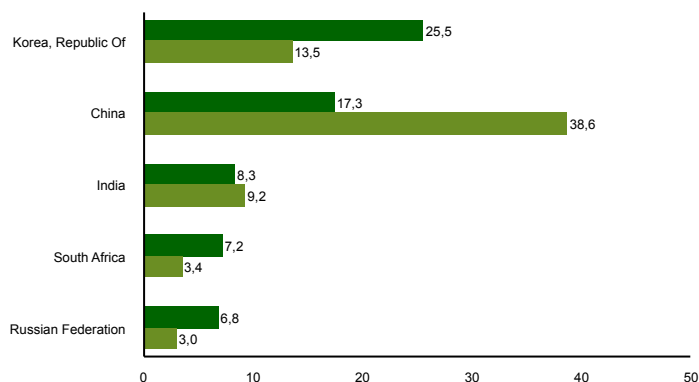
Navn	Vekt (%)	Bidrag (%)
UPL Ltd	3,80	-0,52
China Life Insurance	1,94	-0,26
X5 Retail Group NV	2,71	-0,24
Euronav NV	0,92	-0,16
East African Breweries	0,77	-0,15

I NOK for alle andelsklasser

10 største investeringer

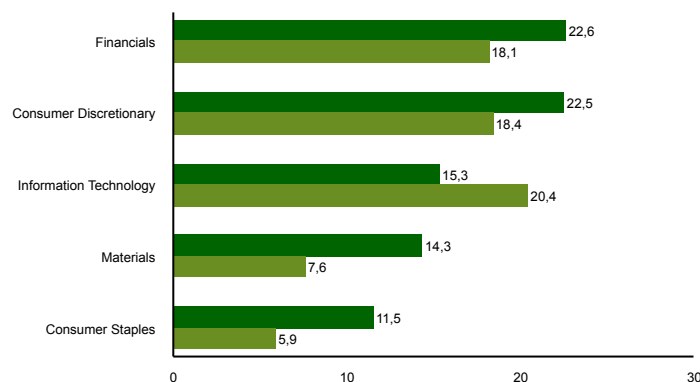
Navn	Sektor	Land	%
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	8,0
Ping An Insurance Group Co of China Ltd	Financials	China	7,3
Naspers Ltd	Consumer Discretionary	South Africa	7,2
LG Electronics Inc	Consumer Discretionary	Korea, Republic Of	7,0
UPL Ltd	Materials	India	3,9
Hyundai Motor Co	Consumer Discretionary	Korea, Republic Of	3,9
Ivanhoe Mines Ltd	Materials	Canada	3,9
Cia Brasileira De Distribuicao	Consumer Staples	Brazil	3,4
Atlantic Sapphire AS	Consumer Staples	Denmark	3,2
Orbia Advance Corp SAB de CV	Materials	Mexico	3,0
Samlet vektning			50,7

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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