

A quarter marked by change

Both for global markets and SKAGEN Vekst the second quarter can be summed-up in one word: change. Within the fund, some changes were made to our portfolio team, but our active, value-oriented philosophy remains firm. Within the portfolio, there was some rotation during the quarter, both to take down some of the cyclicalities within certain sectors but also to resize positions as investments have matured. In addition, we have broadened the portfolio somewhat, to make room for more mid and small cap exposure. As the second quarter draws to an end, our 47 portfolio holdings are well diversified across sectors and geographies, with 54% invested in the Nordics. In the period, we have added ten companies to the portfolio, while taking down our exposure to some cyclical industries that have performed well (semiconductors and materials).

Change in the global political arena was also on investors' minds in the second quarter as former foes became friends and earlier allies became rivals. As Trump's words and actions appear to be paving the way towards a trade war, investors became more anxious towards the end of the quarter. The threat to free competition and global trade appears closer as populism continues to find its way into international and domestic politics across the globe and domestic production and development are favoured. Though the impact of the sabre-rattling is not yet reflected in global trade data, investors and company leaders clearly see the clouds gathering on the horizon.

On the positive side, we have seen several economies recovering and

thus moving closer to normalising interest rates. We have already started to see this in the US, where the Fed has continued to increase rates. We expect to see the same process taking place across the Nordics in the period to come.

Key contributors and detractors

The fund's performance lagged that of the combined index in the quarter. Much of this was due to poor performance amongst companies that could be impacted by a potential trade war. We also saw increased negative sentiment towards our Russian holdings as new sanctions were introduced. Finally, some of our semiconductor-related names suffered as the market started to worry about a weakening in demand.

We have had strong performance from our exposure in the energy sector. As oil and gas prices have remained on an upward trajectory, our investment in the vertically integrated oil companies Royal Dutch Shell and Swedish-listed Lundin Petroleum both had a strong quarter. In addition, Norwegian-listed Borr and Northern Drilling have both performed well, as the higher energy price has improved demand activity for rigs. Both companies have also taken advantage of stranded assets in shipyards to increase their commercial potential when the cycle improves. Our renewable energy exposure through our holding Bonheur also contributed positively as the company continued to show the latent values imbedded in their renewable book.



Foto: Bloomberg



Foto: Bloomberg

Portfolio activity

We repositioned the fund in the quarter in accordance with the current team's view and focus on value. Ten positions entered the portfolio, the largest among these being our top 10 position in CK Hutchison Holdings Ltd, a Hong Kong family-controlled conglomerate. This is a long-term SKAGEN holding which has created strong performance over previous holding periods. CK Hutchison has recently announced a generation transition, although this has in effect been in place for some time. The conglomerate is renowned for its five core business areas – ports and related services, retail, infrastructure, energy and telecommunications – which they operate in over 50 countries. In Europe, they are particularly well known for their telecommunication business, 3 Group. We see this as a clear value case; the conglomerate has low debt levels, a strong value creation drive and a large part of the underlying holdings are listed or in joint ventures. At approximately 0.7x book value, we find the story compelling.

Another former holding that has re-entered the portfolio is China Mobile, China's largest telecom company. We see continued growth and a strong cash flow trickling back to investors including the majority shareholder, the Chinese state.

With growth rates that most international telecoms companies dream about, China Mobile continues to trade at a substantial discount to international peers, while corporate transactions continue to unveil valuable assets. The company has a dividend yield of over 5% and 5% earnings growth, combined with a strong cash position on the balance sheet.

During the quarter, the fund continued to reduce its exposure to the semiconductor industry, with all three holdings being scaled back. The most notable of these was Samsung Electronics where we have seen a substantial re-rating over the past 12 months. We have also reduced a few positions where we have seen strong share price contribution or have less conviction. Two of these are Boliden and Anglo American, both of which had strong performance on the back of increased mineral prices.

Outlook

At the end of the quarter, the fund holds a robust portfolio with a focus on low valuation, strong business models and limited leverage on the overall portfolio. Given the uncertain macro environment, some continued volatility is to be expected, but this should give rise to good opportunities for long-term active investors.

Alle Daten sind in EUR mit Stand vom 30/06/2018 sofern nicht anders angegeben.

Der Fonds wählt preiswerte, qualitativ hochwertige Unternehmen in der nordischen Region und weltweit aus. Ziel ist es, die bestmögliche risikoangepasste Rendite zu erzielen. Der Fonds eignet sich für Anleger mit einem Anlagehorizont von mindestens fünf Jahren.

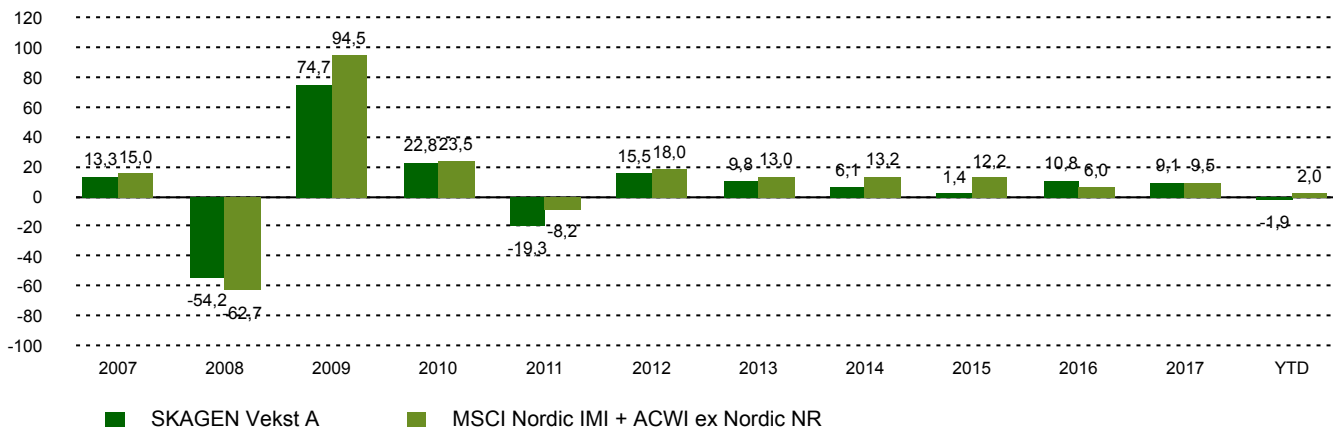
Historische Wertentwicklung

Zeitraum	SKAGEN Vekst A	Referenzindex
Letzter Monat	-2,7%	-0,8%
Laufendes Quartal	4,4%	6,5%
Laufendes Jahr	-1,9%	2,0%
Letztes Jahr	1,8%	5,1%
Letzten 3 Jahre	4,1%	5,5%
Letzten 5 Jahre	7,1%	10,6%
Letzten 10 Jahre	3,5%	5,8%
Seit Auflage	13,1%	9,7%

Fondsinformation

Kategorie	Aktien
Domizil	Norwegen
Gründungsdatum	01.12.1993
Morningstar Kategorie	Aktien weltweit Flex-Cap
ISIN	NO0008000445
NAV	244,74 EUR
Feste Verwaltungsgebühr	1.00%
TER (2017)	2.13%
Referenzindex	MSCI Nordic IMI + ACWI ex Nordic NR
Fondsvermögen	844,40 EUR
Anzahl der Positionen	47
Portfolioteam	Søren Christensen

Wertentwicklung in den letzten 10 Jahren



Beiträger laufendes Quartal



Die grössten positiven Beiträger

Position	Anteil (%)	Beitrag (%)
Lonza Group AG	4,28	0,81
Lundin Petroleum AB	1,86	0,59
Bonheur ASA	2,53	0,50
Northern Drilling Ltd	1,73	0,47
Royal Dutch Shell PLC	2,73	0,42



Die grössten negativen Beiträger

Position	Anteil (%)	Beitrag (%)
AP Moller - Maersk A/S	2,47	-0,39
Sberbank of Russia PJSC	2,68	-0,35
Applied Materials Inc	2,33	-0,31
Hyundai Motor Co	1,21	-0,24
Vestas Wind Systems A/S	2,99	-0,23

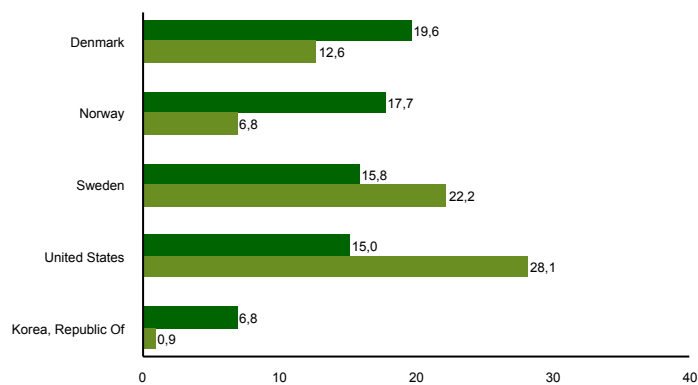
Absoluter Beitrag basiert auf NOK Erträgen auf Fondsebene

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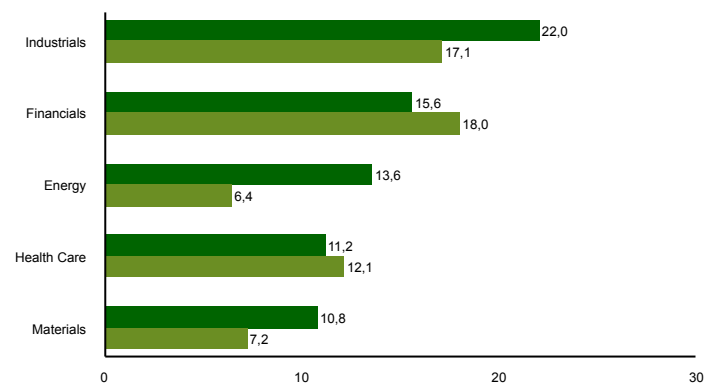
Top 10 Positionen

Position	Sektor	Land	%
Novo Nordisk	Health Care	Denmark	5,7
Citigroup	Financials	United States	4,5
DSV	Industrials	Denmark	4,2
Carlsberg	Consumer Staples	Denmark	4,1
Volvo	Consumer Discretionary	Sweden	4,1
Lonza Group AG	Health Care	Switzerland	4,0
Samsung Electronics	Information Technology	Korea, Republic Of	3,7
CK Hutchison Holdings	Industrials	Hong Kong	3,4
Norsk Hydro	Materials	Norway	3,4
Kinnevik	Financials	Sweden	3,3
Top 10 Positionen in %			40,4

Land Aktienanteil



Sektor Aktienanteil



■ SKAGEN Vekst A ■ MSCI Nordic IMI + ACWI ex Nordic NR

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