

## Solid returns to unitholders in the quarter

The fund delivered a strong return in the second quarter following solid performance since early 2020. The rotation into value assets continued early in the quarter, but these tendencies reversed sharply at the end of the period, as central banks forced longer bond yields lower once again and indicated an only temporary inflationary environment. We believe the cyclical rebound in asset prices has more or less come to an end and the fund has reduced its exposure to early cyclicals markedly while increasing positions in significantly undervalued travel-related positions and discounted financial stocks.

### Buyout offers drive portfolio returns

We added several new positions in the second quarter. French car mobility service company Europcar was added at a price of around EUR 0.28 per share. The company was overleveraged heading into the crisis and was forced to execute a debt-to-equity swap. As a result, its balance sheet is now solid and the company has only marginal net debt. Europcar still has a significant market share in Europe and is trading at a substantial discount to normalised earnings power. Indeed, this was confirmed as early as late June when the company received an offer from a Volkswagen-led consortium to buy them out at EUR 0.44/share. While the offer compares well with the share price at our inception point, is still seems low relative to our price target of EUR 0.60/share and was rejected by the owners. Europcar was one of the strongest contributors in the quarter.

Roxgold was another strong position in the quarter following an offer from Fortuna Silver to buy out the company. We initiated our position in Roxgold in early 2019 at a share price of around CAD 0.80. As part of the offer, Fortuna agrees to acquire all Roxgold shares through a combination of stock and cash. The implied price for Roxgold at inception point was CAD 2.73/share, representing a more than 40% premium to last close.



Foto: Unsplash

We also added a position in China Communication Services which essentially provides infrastructure services and network maintenance to the big three telecom companies in China. The company structure is improving and the stock is trading even below the net cash level recorded in the balance sheet. New holders of the company are vastly improving the company's growth prospects in new segments and geographies.

We reduced the position in the quarter as the equity approached our price target but it remains a top-10 position in the fund. We believe the combined unit at current levels trade at a vast discount to fair value at about two times core cash flow generation from a medium-term perspective.

### Early cyclicals replaced by travel-related exposure

We sold out of several companies that have reached our price targets. The fund has exited the highly profitable position in lumber producer West Fraser Timber. Earlier in the quarter we exited Norma after the equity more than doubled since inception in 2020. In addition, we sold out of Japanese industrial Hitachi Construction Machinery and reduced our position in copper miner Ivanhoe Mines. Weaker positions in the quarter were Spanish pulp producer Ence, which has been sold out of the portfolio, and Sumitomo Osaka Cement, following a weaker than anticipated guidance for the current year.

We initiated a position in German mobility service company SIXT in the period. The company is emerging as a winner following the pandemic crisis for the car-rental industry and has been able to improve its market position by acquiring failing assets primarily in the US. We have bought the preference share which trades at a huge discount of about 40% to the ordinary share, providing the fund with a very attractive discount-on-discount investment situation.

The fund also opened a position in UK bus operator Stagecoach. The company is active both in London buses as well in the regional bus segment in the UK. We believe the shares are trading at a significant discount to fair value relative to the normalised earnings power of the company which we think is attainable from a medium-term perspective.



Foto: Unsplash

### Outlook

We continue to find very attractive contrarian value areas for investment, as evidenced by our new positions. The incrementally positive vaccine developments support a recovery in many value areas. Currently 85% of the fund is positioned in the small and mid-cap segment. At the end of the quarter we have 42 substantially undervalued positions with strong equity upside from a medium-term investment perspective.

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 med vekt på små og mellomstore selskaper.

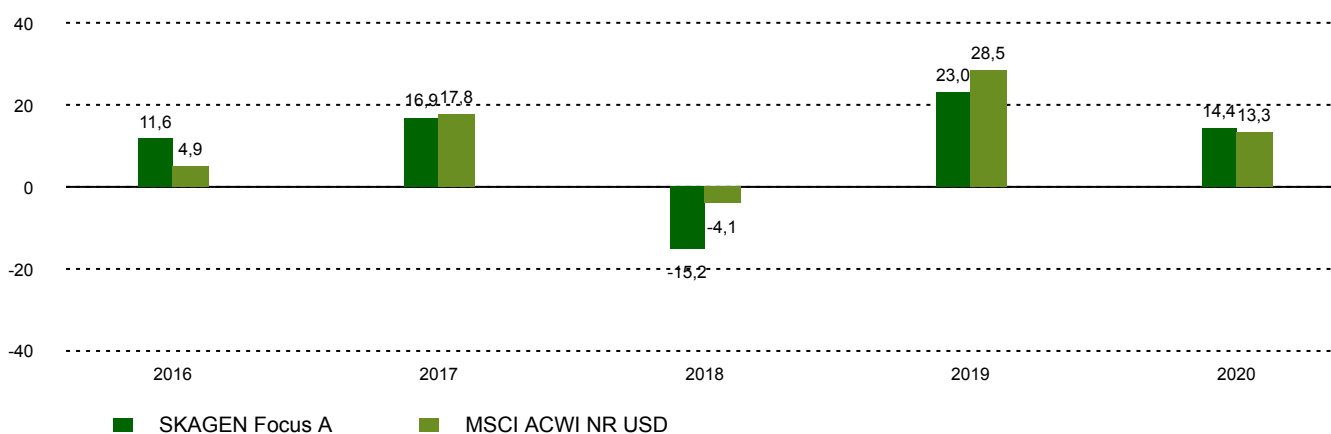
## Historisk avkastning

Periode	SKAGEN Focus A	Referanseindeks
Siste måned	-0,8%	4,8%
Hittil i kvartal	7,1%	8,2%
Hittil i år	15,1%	12,9%
Siste år	45,9%	24,5%
Siste 3 år	12,0%	16,4%
Siste 5 år	13,2%	15,4%
Siste 10 år	n/a	n/a
Siden start	9,4%	12,6%

## Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	26.05.2015
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0010735129
NAV	172,67 NOK
Årlig forvaltningshonorar	1.60%
Totalkostnad (2020)	1.70%
Referanseindeks	MSCI ACWI NR USD
Forvaltningskapital (mill.)	1754,73 NOK
Antall poster	42
Porteføljeforvalter	Jonas Edholm

## Avkastning siste 10 år



## Bidragsytere i kvartalet



## Største positive bidragsytere

Navn	Vekt (%)	Bidrag (%)
Ivanhoe Mines	5,12	2,32
Roxgold Inc	5,26	1,57
Hitachi Ltd	3,55	0,86
Europcar Mobility Group	0,92	0,64
Korean Reinsurance Co	3,29	0,55



## Største negative bidragsytere

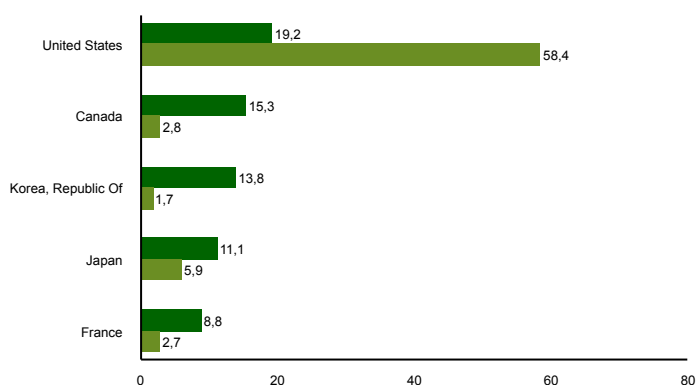
Navn	Vekt (%)	Bidrag (%)
Ence Energia y Celulosa	1,34	-0,35
MagForce AG	1,62	-0,27
Sumitomo Osaka Cement	1,60	-0,26
Canfor Pulp Products	2,40	-0,25
Resona Holdings	2,69	-0,23

I NOK for alle andelsklasser

## 10 største investeringer

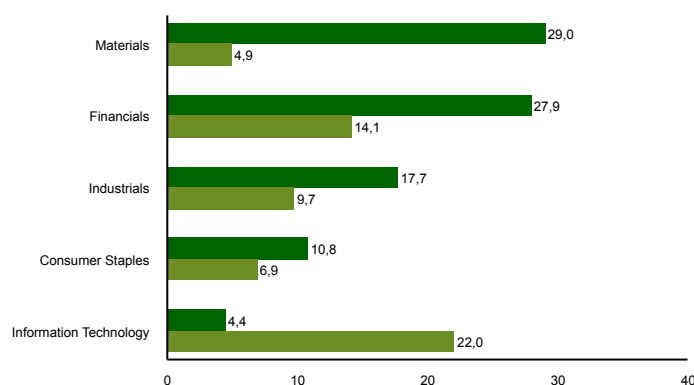
Navn	Sektor	Land	%
KB Financial Group Inc	Financials	Korea, Republic Of	4,4
Albertsons Cos Inc	Consumer Staples	United States	4,1
Ivanhoe Mines Ltd	Materials	Canada	3,9
Sixt SE	Industrials	Germany	3,9
Korean Reinsurance Co	Financials	Korea, Republic Of	3,4
Ubisoft Entertainment SA	Communication Services	France	3,4
Wienerberger AG	Materials	Austria	3,4
Argonaut Gold Inc	Materials	United States	3,2
Cascades Inc	Materials	Canada	3,2
Roxgold Inc	Materials	Canada	3,1
Samlet vektning			35,9

## Landeksponering (topp 5)



■ SKAGEN Focus A ■ MSCI ACWI NR USD

## Bransjefordeling (topp 5)



■ SKAGEN Focus A ■ MSCI ACWI NR USD

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## Viktig informasjon

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