



The ship at Skagen Reef, 1892, Dela. By Carl Locher, one of the Skagen Painters. This image belongs to the Art Museums of Skagen.

SKAGEN Kon-Tiki

Statusrapport for februar 2017

The art of common sense



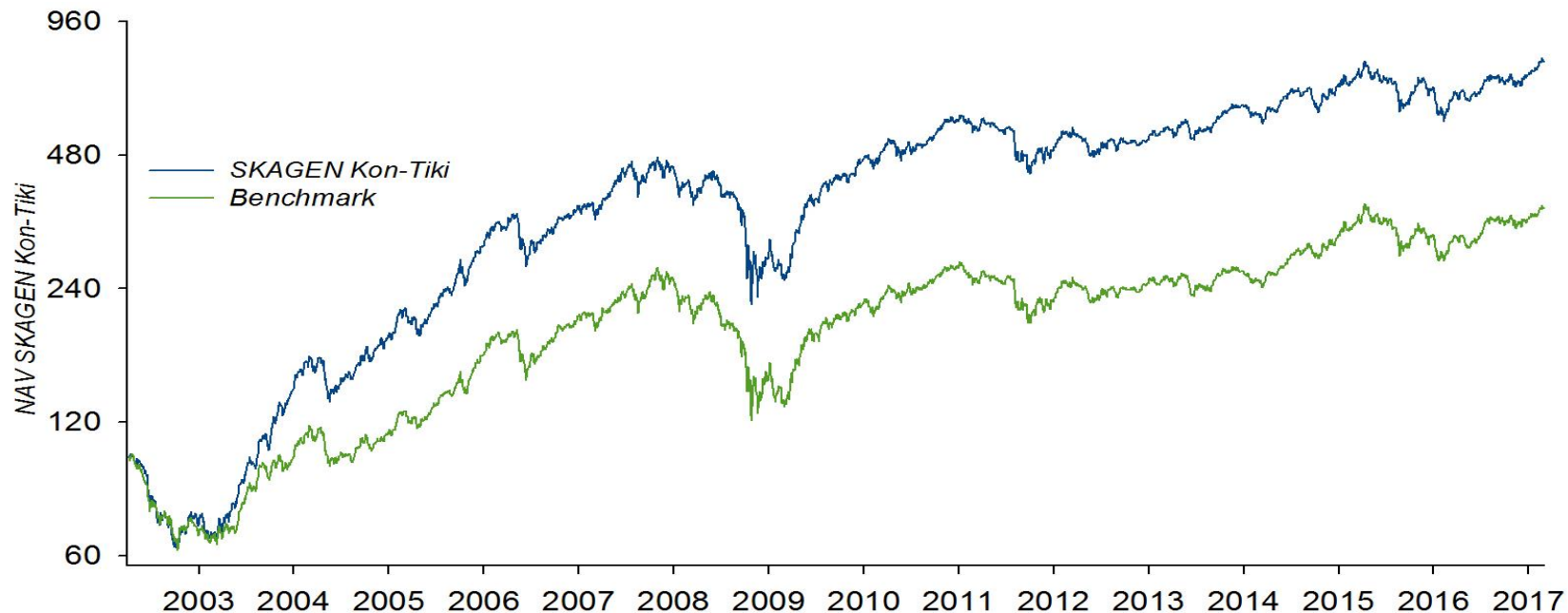
Hovedtrekk – februar 2017

- SKAGEN Kon-Tiki* var opp 4,9 prosent, og slo MSCI Emerging Markets Index som var opp 4,3 prosent.
- Våre beste bidragsytere i februar var bilprodusentene Hyundai Motor og Great Wall Motor, samt den brasilianske banken Bannrisul. Hyundai Motor stiger fra lave nivåer – har kontantjustert P/E på bare 1.2x for våre preferanseaksjer. Vi forventer at driften vil bedre seg etter en tøff periode, og at aksjekursen vil følge etter. Great Wall Motor rapporterte foreløpige tall i øvre ende av det de på forhånd hadde indikert. Samtidig annonserte de en forventet volumøkning på +16 prosent fra året før. Dette er godt over industriestimater på 5 prosent. Som vi rapporterte forrige måned har Bannrisul sin aksjekurs steget etter spekulasjoner rundt salg av de regionale myndighetens 57 prosent eierandel.
- De dårligste bidragsyterne i måneden var den russiske matvarekjeden X5, den koreanske elektronikkprodusenten Samsung Electronics og det London-baserte lete og produksjonsselskapet Tullow Oil. Både X5 og Samsung Electronics har vært veldig sterke det siste året. Vi har sett negative overskrifter rundt arrestasjonen til styreformann og arving Jay Y. Lee. Vi ser ingen grunn til svakheten i aksjekursen til X5.
- Vekstmarkedene fortsatte å handles til en rabatt til utviklede markeder med 2017e P/E på 12x og P/B of 1.4x for vekstmarkedene , sammenlignet med 17x and 2.3x for utviklede markeder.
- De 12 største posisjonene er nå mer enn 50 prosent av fondet. Porteføljen** er fortsatt attraktivt verdsett til en 2017e P/E på 9,5x og P/B på 1,0x og vi ser nå en 35 prosent oppside for vår portefølje over en tidshorisont på to år.

* Med mindre annet er oppgitt er alle avkastningstall for fondet i denne rapporten knyttet til klasse A, og etter fradrag for gebyrer.

** Portefølje vurderingen refererer til topp 35 posisjoner.

SKAGEN Kon-Tiki A avkastning i NOK, februar 2017



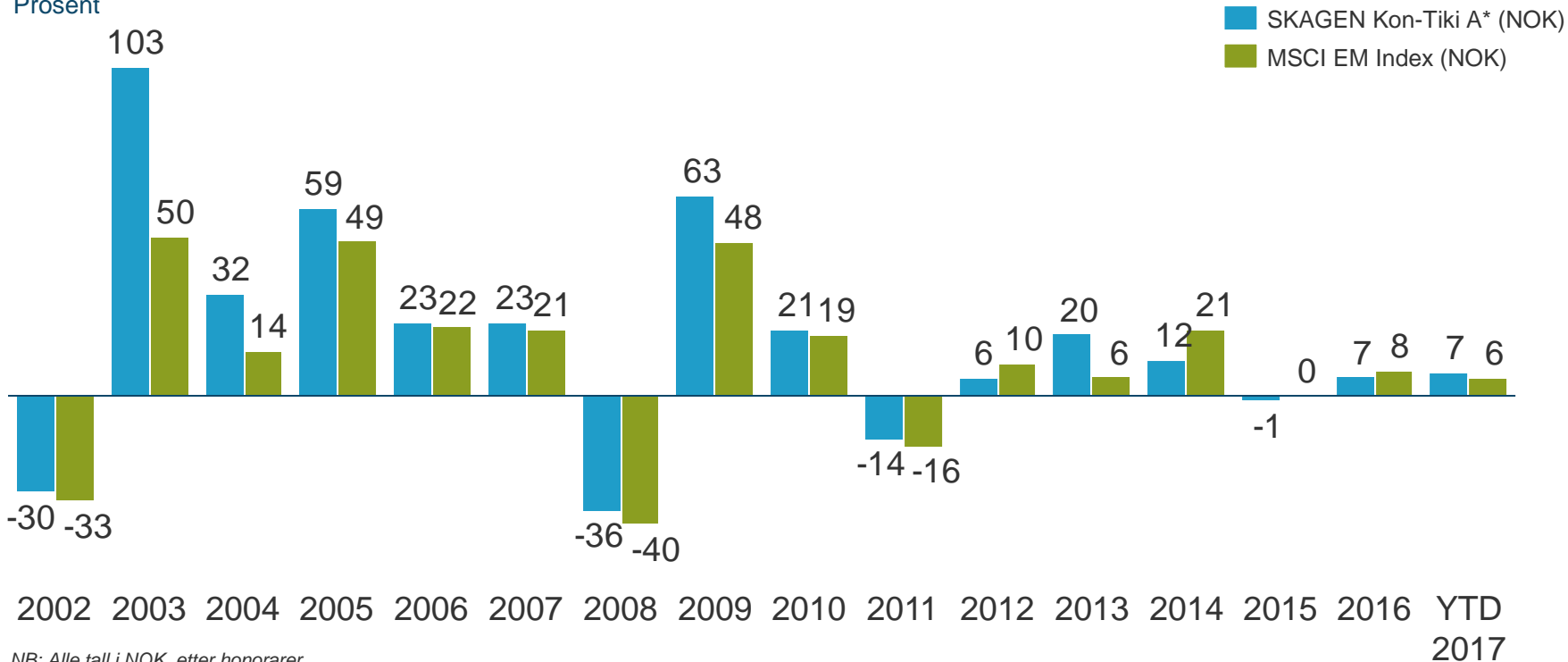
	februar	QTD	2016	1 år	3 år	5 år	10 år	Siden start*
SKAGEN Kon Tiki A	4,9%	7,3%	6,5%	27,7%	9,6%	7,8%	8,1%	14,8%
Vekstmarkedsindeks	4,3%	5,8%	8,1%	24,4%	13,3%	8,1%	6,1%	9,1%
Meravkastning	0,5%	1,5%	-1,6%	3,3%	-3,8%	-0,3%	2,0%	5,7%

NB: Alle avkastningstall utover 12 måneder er annualisert (geometrisk avkastning) * Startdato: 5 april 2002

Årlig avkastning siden startdato*

SKAGEN Kon-Tiki A har slått indeks i 11 av 14 år

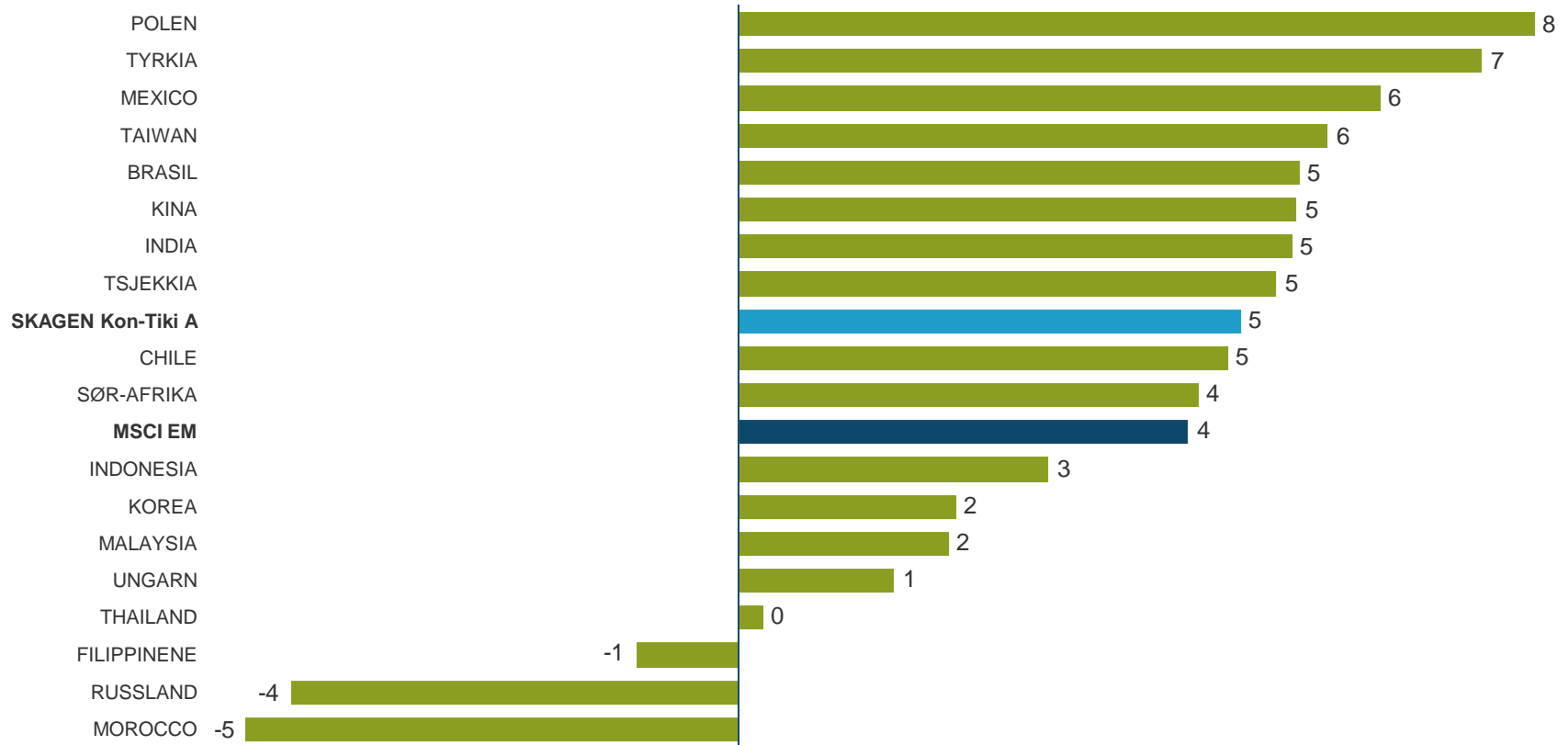
Prosent



NB: Alle tall i NOK, etter honorarer

* Startdato: 5 April 2002

Utviklingen i februar 2017, NOK (%)



Største bidragsytere i februar 2017

Største positive bidragsytere

Company	NOK Millions
Hyundai Motor	202
Great Wall Motor	155
Banrisul	101
Samsung SDI	87
Mahindra & Mahindra	86
Rumo Logistica Operadora	85
Haci Omer Sabanci Holding	80
Cosan	70
Tech Mahindra	68
State Bank of India	60

Største negative bidragsytere

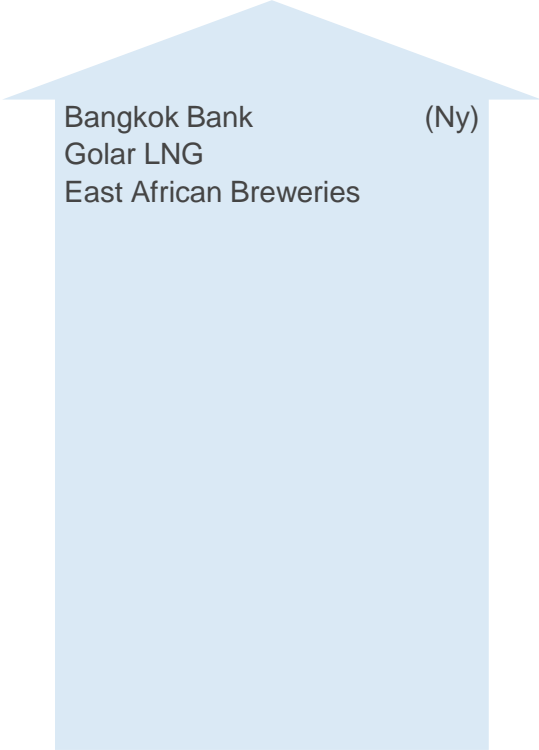
Company	NOK Millions
X5 Retail Group	-92
Samsung Electronics	-26
Tullow Oil	-21
Lenovo Group	-18
China Shineway Pharmaceutical	-17
Borr Drilling Ltd	-10
Sistema	-6
Diamond Bank	-6
Deep Sea Supply	-5
Bollore	-5

Value Creation MTD (NOK MM): 1622

NB: Bidrag til absoluttavkastning

Most important changes Q1 2017

Q1 Holdings increased



Bangkok Bank (Ny)
Golar LNG
East African Breweries

Q1 Holdings reduced



ABB (Ut)
China Shipping Dev. (Ut)
Euronav (Ut)
Frontline (Ut)
Richter Gedeon
Samsung Electronics
Kiatnakin Bank
Mahindra & Mahindra
X5 Retail Group
Banrisul
Bharti Airtel
Hyundai Motor

Beholdninger økt og redusert i løpet av februar 2017

Key buys

- **Golar LNG:** We like that the financing situation has now been resolved, and see multiple catalysts on the horizon. As a result we added to our position during February.
- **Bangkok Bank:** We continued to add to our newly initiated position in Bangkok Bank as we like the risk reward on offer.

Key sells

- **ABB (Out):** We sold the remainder of our position as it reached our target price.
- **Kiatnakin:** We reduced the position on strength.
- **Mahindra & Mahindra:** We trimmed our position to re-invest the funds in opportunities with more attractive risk reward.
- **Banrisul:** We used the strong share price following the government stake sale speculation to reduce our position.

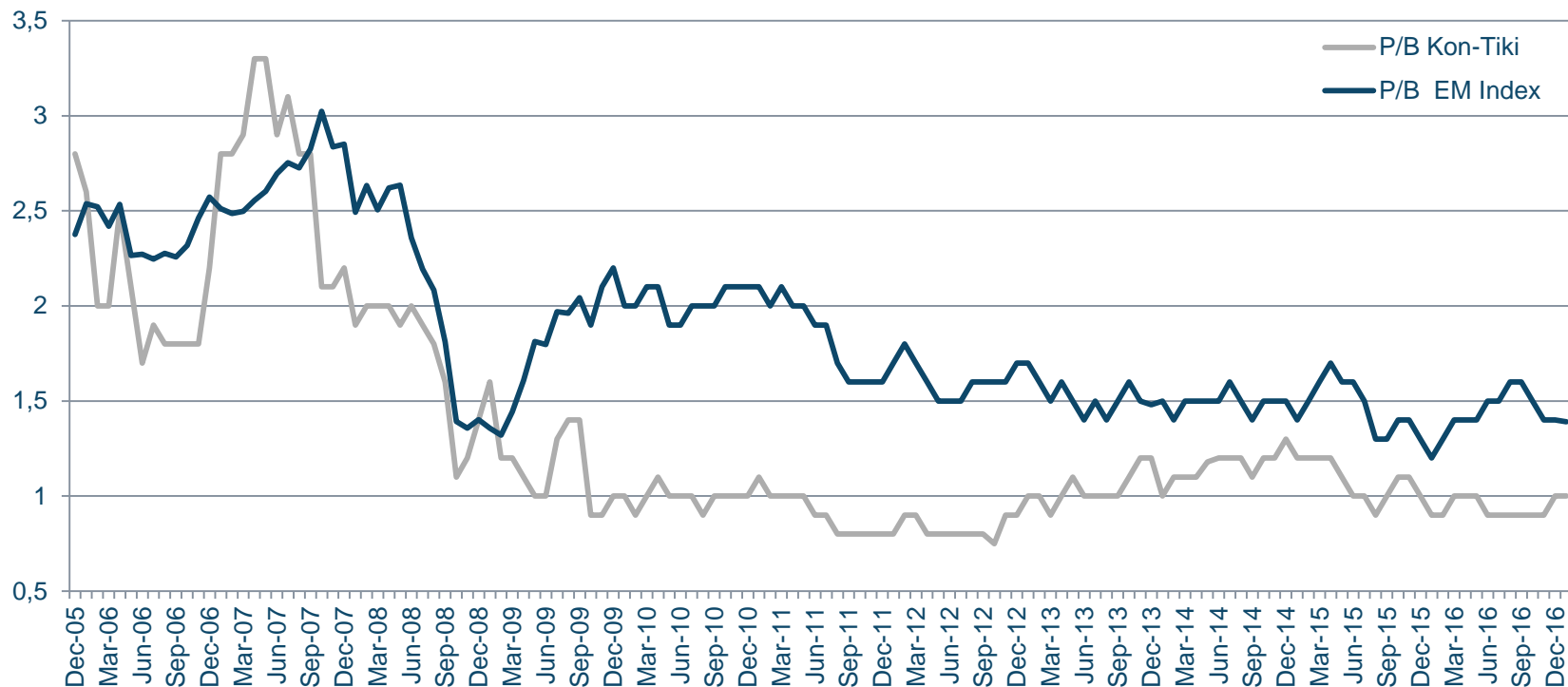
Største posisjoner i SKAGEN Kon-Tiki

	Holding size, %	Price	P/E 2016e	P/E 2017e	P/BV last	Div. yield 15 (%)	Price target	Upside %
Hyundai Motor	7.4	97 900	4.6	3.9	0.4	4.1	170 000	74
Samsung Electronics	6.8	1 496 000	9.3	6.0	1.1	1.4	1 900 000	27
Naspers	4.6	153	33.9	23.5	5.9	0.3	218	43
Sabancı Holding	4.2	10.1	7.7	6.3	0.9	1.5	14	39
Mahindra & Mahindra	3.9	1 312	17.5	13.8	2.7	0.9	2 000	52
Richter Gedeon	3.8	6 485	21.6	17.8	1.8	1.1	7 500	16
Cosan Ltd.	3.6	27.2	9.1	7.8	1.1	1.3	33	20
X5 Retail Group	3.4	1 866	17.9	14.4	4.1	0.0	2 391	28
Banrisul	3.2	16.6	10.3	8.3	1.1	4.9	18	8
State Bank of India	3.1	269	17.9	12.2	1.0	1.0	350	30
SBI Holdings	2.9	1 572	9.8	10.5	0.9	2.9	2 500	59
Great Wall Motor	2.6	9.54	7.4	6.7	1.6	3.5	11	15
Weighted top 12	49.5		9.6	7.7	1.0	1.3		37
Weighted top 35	83.7		14.1	9.5	1.0	1.6		35
Emerging market index			14.0	11.8	1.4	2.5		
Top 35 @ price target			15.9	13.3	1.5	1.3		

As of 28 February 2017

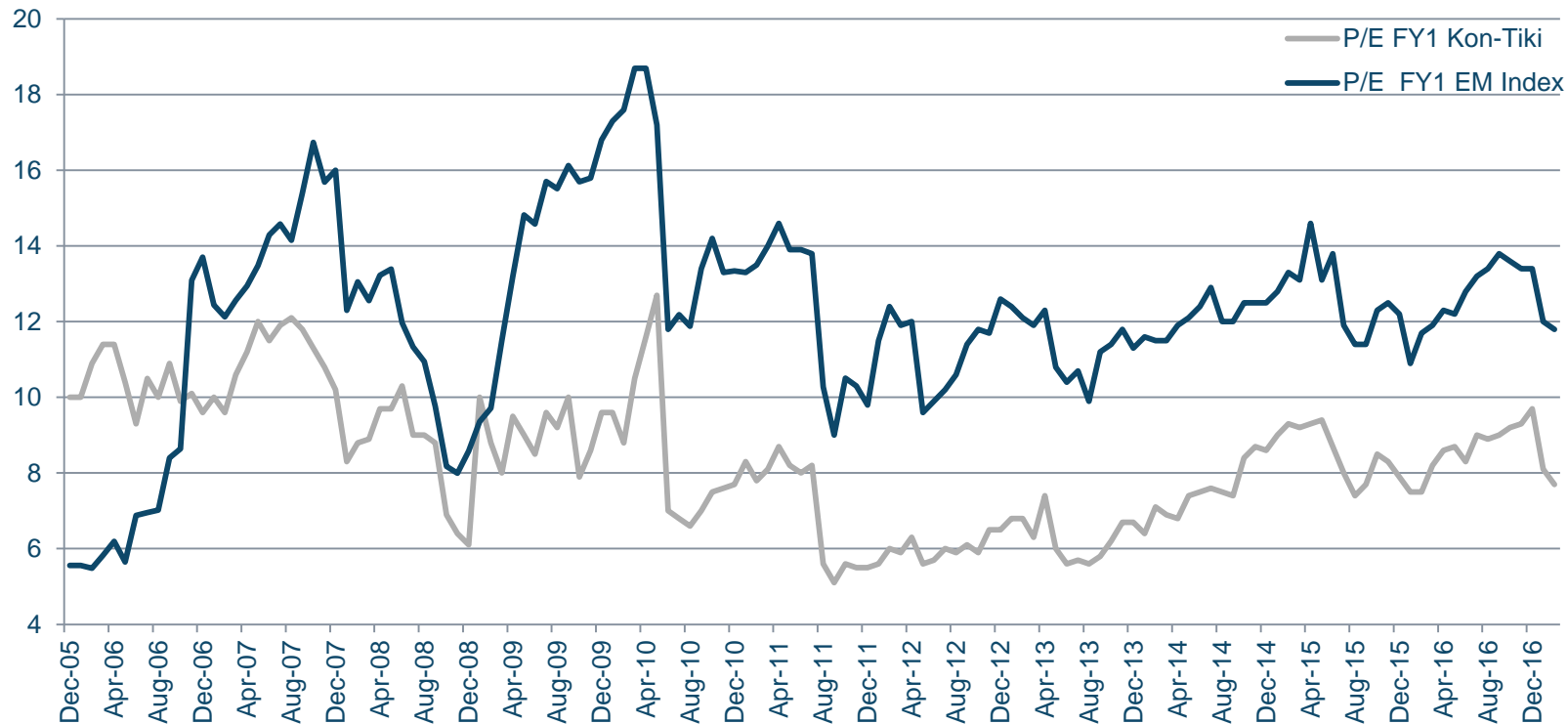
Note: Valuation estimates are based on SKAGEN Kon-Tiki's independent analysis and may vary from consensus estimates. Converted share prices to reporting currency for Naspers, X5 and Cosan.

P/BV for SKAGEN Kon-Tiki versus vekstmarkeder



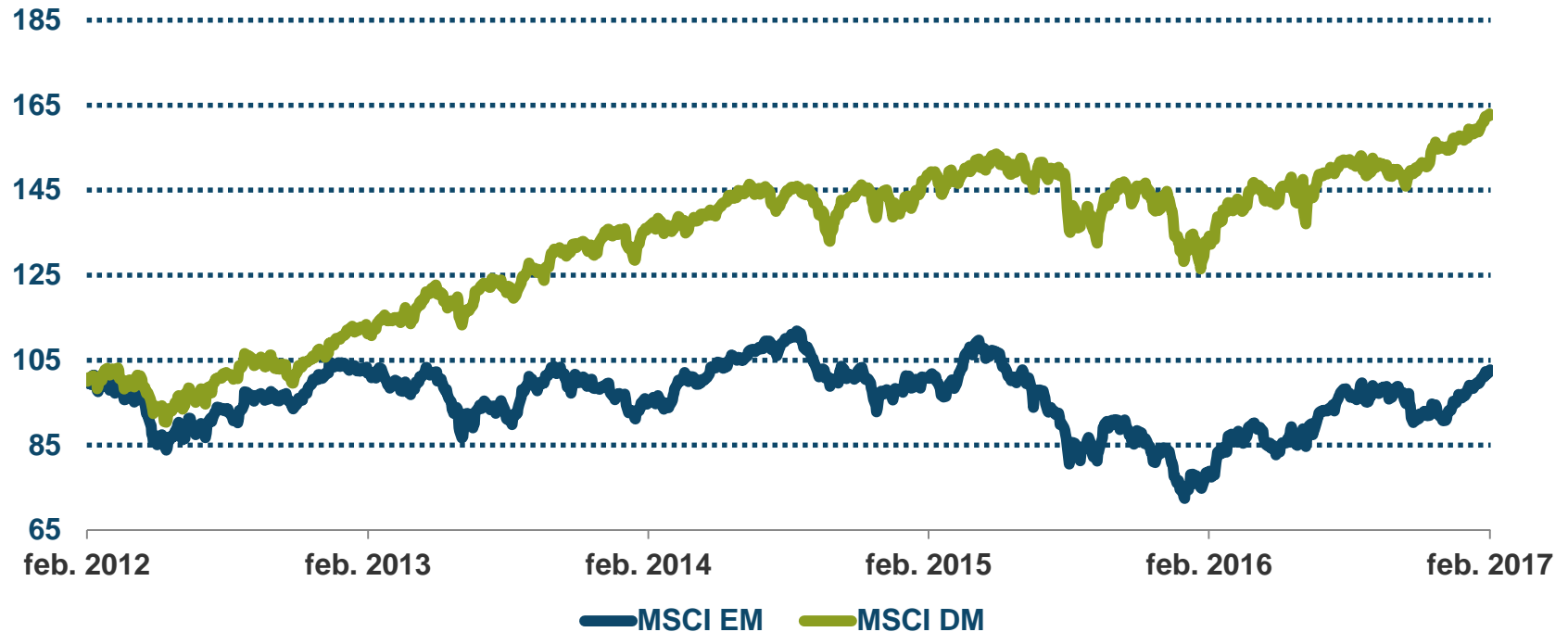
Top 12 positions
As at 28 February 2017

P/E for SKAGEN Kon-Tiki versus vekstmarkeder



Top 12 positions
As at 28 February 2017

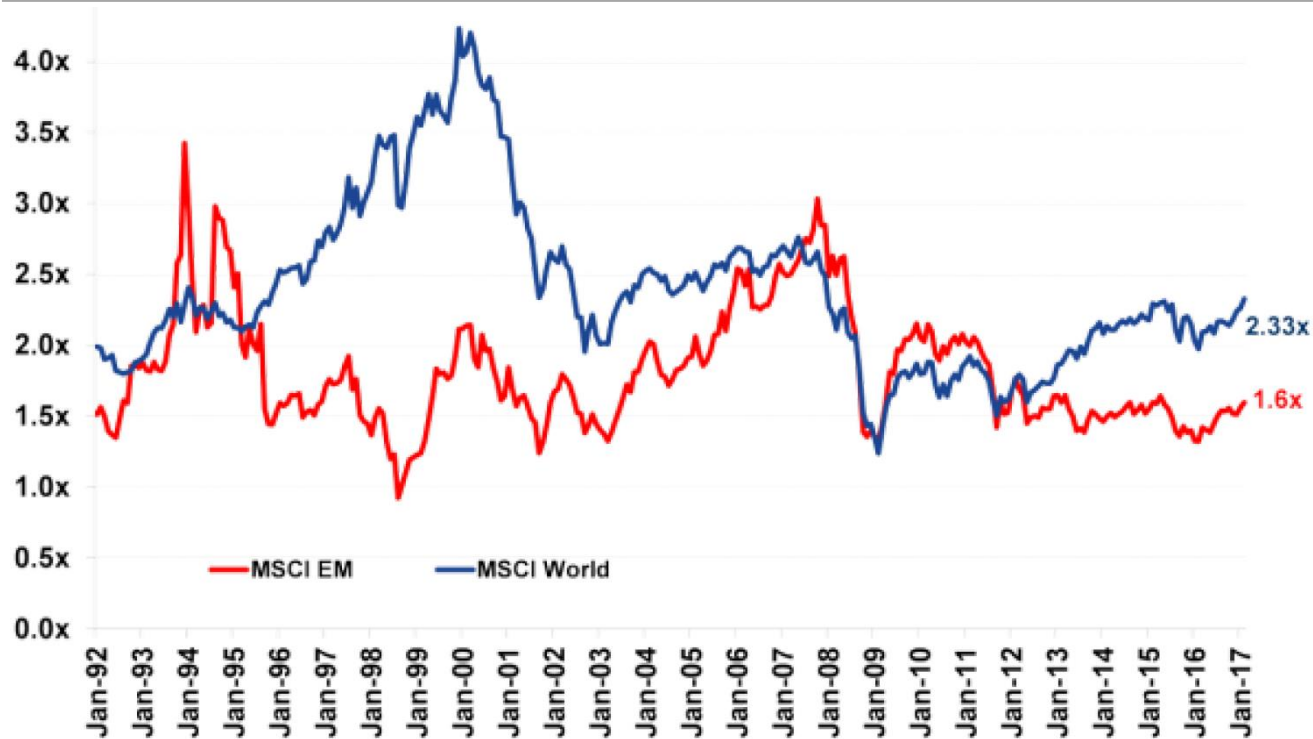
EM har gjort det betydelig dårligere enn DM de siste 5 årene til tross for siste styrke...



Source: SKAGEN AS as of 21 February 2017. Figures in USD

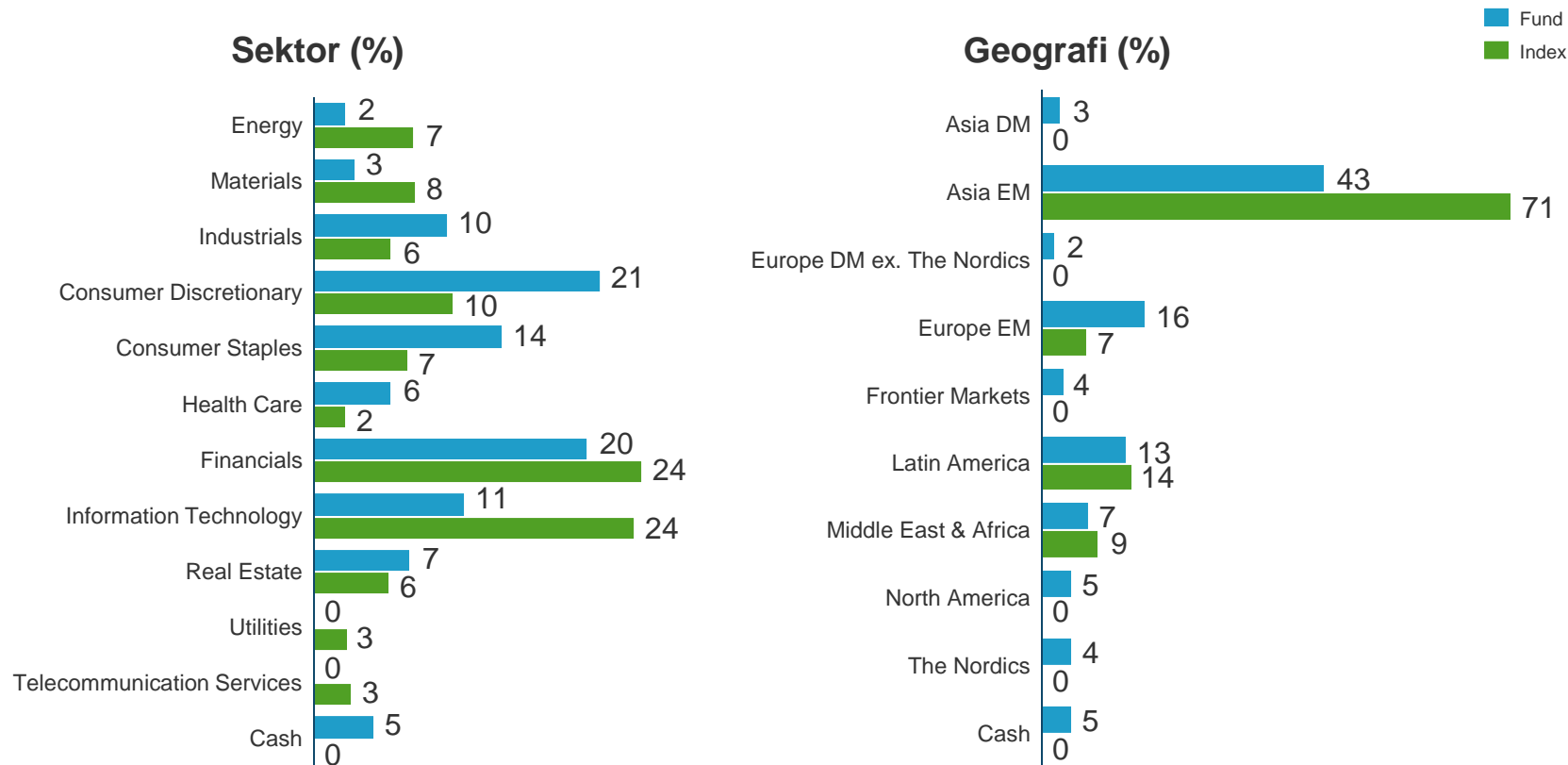
...og det vises i verdsettelsene

Trailing P/BV for MSCI EM and MSCI World



Source: RIMES; MSCI; IBES, Morgan Stanley as of 17 February 2017

Sektor og geografisk fordeling mot indeks (%)



Nyheter på engelsk

Key earnings releases and corporate news - February 2017

State Bank
of India
(3.1%)

3Q17 results show stable asset quality, strong CASA growth, but unexciting loan growth

Implications for investment case: Neutral to slightly positive: stable asset quality and NIMs (net interest margins) and strong CASA growth but weak loan growth.

Event summary: SBI, which accounts for more than one fifth of India's banking assets reported 3Q16 net profit of INR 26.1bn (up 134% YoY (lower base effect) and +3% QoQ). This was higher than expected due to higher than expected other income and slightly lower than expected opex. Loan growth was 4%, while NIMs were stable at 2.78%. CASA growth was 35% YoY / 12% QoQ, aided by demonetisation. Tier 1 fell from 10.85% to 10.65% over the quarter.

Undervalued: Yes. We are rolling our estimates forward and as a result we are revising our price target from INR 300 to INR 350. Price target is based on 1.1x 18e BV plus Life valued at 3x EV (slight discount to last transaction value).

Great Wall
Motor (2.6%
weight)

4Q16 at upper end of guidance

Implications for investment case: Positive. We have raised our forecast due to higher base. We raised our target price from HKD 10 to 11, still applying P/E of 8x. We believe unit sales will continue to suffer from the front end loaded demand in December for a few more months, but see new models as a driver from 2Q17.

Summary: GWM released further details about preliminary results for FY16, narrowing the quite wide net profit band of RMB 10-10.6bn to the upper end of the range at RMB 10.55bn, which represents a 31% YoY increase. 4Q16 net profit of RMB 3,338m rose 80% YoY and 46% QoQ, driven by sales growth of 50% YoY and 61% QoQ to RMB 33,763m. Operating profit of RMB 3,711m rose 97% YoY and 36% QoQ. Operating margin was 9.9% versus 8.2% in 4Q15 and 10.9% in 3Q16. The QoQ decline comes as 4Q carries high costs due to year-end bonuses, etc.

Undervalued: Our target price of HKD 11.0 (25% upside versus share price of HKD 8.79) continues to be based on P/E of 8x for 2017e (assuming 10% EPS growth in 2017). GWM has net cash and the current dividend yield of +4% is supportive. P/BV is 1.45x and even after a margin compression from 17-18% to current 12%, the company generated RoE of 24% for FY16.

The 10 largest companies in SKAGEN Kon-Tiki



Hyundai Motor is the world's 4th largest car maker, including their 39% stake in Kia Motor. Sold 5m cars in 2015 and has a c5% global market share. Focus on smaller/less expensive cars. Strong position in several countries and in emerging markets such as India and China.



Samsung Electronics is one of the world's largest producers of consumer electronics, with over 155,000 employees. The company is global #1 in mobile phones and smartphones, the world's largest in TV and a global #1 in memory chips. Samsung also produces appliances, cameras, printers, PCs and air-conditioning units.



South African listed media and internet holding company incorporated in 1915. They have a strong Pay-TV business in South Africa and Sub-Saharan African countries and a fast growing internet division focused on commerce, communities, content, communication and games. They hold a 34% stake in Chinese Tencent and 29% of Russian Mail.ru.



Turkey's leading and financial conglomerate in sectors including financial services, energy, cement, retail and industrials. The company has 10 companies currently listed on the Istanbul Stock Exchange and operates in 18 countries across Europe, the Middle East, Asia, North Africa and North and South America. Controlled by the Sabanci family.



Mahindra & Mahindra is the largest manufacturer of utility vehicles in India (with a 50% market share) and tractors (40% market share). It has several listed subsidiaries including Tech Mahindra and M&M financial services (largest financier of utility vehicles and tractors in India).

The 10 largest companies in SKAGEN Kon-Tiki (continued)



Hungarian pharmaceutical company established in 1901 with focus on Central and Eastern Europe. Transitioning from a generic-focused manufacturer to a more specialised one through higher margin, innovative products within its women's health division (Esmya) and nervous system treatments (Vraylar). Significant upside potential from US marketing approval of Vraylar and extended usage of Esmya is not reflected in the current valuation.



Cosan is one of the largest Brazilian energy conglomerates with almost 80 years of history. Present within gas distribution, fuel distribution (5800 gas stations), convenience stores (950 stores at gas stations), sugar and ethanol production (24 mills with 68m ton crushing capacity), lubricants, land development and railways/logistics (25% market share of grain transportation for export).



X5 is a leading Russian food retailer, operating through several retail formats: discount stores under the Pyaterochka brand, supermarkets under the Perekrestok brand, hypermarkets under the Karusel brand and convenience stores under different brands. Modern retail is gaining share in the Russian retail market, and X5 is well positioned with their formats in the current difficult trading environment. They are also in the middle of an aggressive expansion and refurbishment period.



Brazilian regional savings bank, with #1 position in Rio Grande Do Sul. Banrisul focuses on payroll loans to consumers and working capital and other loans to SMEs, which – together with an attractive deposit franchise (c80% of funding) – has generated high returns. The regional government owns 57% of the bank.



Largest bank in India with 17% market share (c25% including 5 associate banks). Also present in the life insurance, asset management and investment banking sectors. 15,000 branches, 32,000 ATMs, 400 mil+ accounts and over 220,000 employees. Upside potential from banking and economic reforms in India.

For more information please visit:

Our latest [Market report](#)
Information on [SKAGEN Kon-Tiki A](#) on our web pages

Unless otherwise stated, performance data relates to class A units and is net of fees.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments.

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