

A year of firsts

So far, 2020 has been a year of firsts. The first pandemic in a century, the first 30%+ drawdown in a period of weeks and the first 50%+ rebound in a span of months. SKAGEN Vekst lagged its combined benchmark index in the quarter.

Positive contribution

The best performing sector for the fund was industrials, particularly our investment in Danish wind turbine producer, Vestas. The company reported strong orders year-to-date on the back of very favourable political winds when it comes to renewable energy development. Our Swedish investment company Kinnevik also had another strong quarter as the discount to underlying holdings continued to shrink on the back of strong figures from their ownership in e-commerce giant Zalando, as well as their other consumer linked holdings within consumer goods and healthcare. Our Korean car producer Hyundai made a strong comeback in the quarter as markets and factories started to reopen and car sales started to normalise.

In Q3 we sold our remaining shares in Swiss pharma producer and biotech company Lonza after a fantastic run since we entered the company. With shares up over 60% year to date, Lonza has more than doubled in market value over the past year thanks to a stronger focus on key products within the pharma division and a potential reorganisation by splitting the company in two. We deem the current valuation to be on the high side so exited the company.

Energy and financials pulled down

Energy has been our worst performing sector throughout the year, and it continued its poor track record in Q3. With several of our holdings still down 50%, the oil price down 40% and expected demand down 10%, we have done a thorough review of our positions. Most of our exposure is towards low-carbon energy through our ownership stakes in Shell, Equinor, Flex LNG and Gazprom. In the quarter we switched out of Equinor and into AkerBP (see details below). We also sold out of Golar

LNG after a strong jump in share price prior to their Brazil issues.

Our financial exposure had a tough quarter, continuing the dismal trend for the year. Our US listed bank Citigroup led the drawdown as investors are becoming increasingly uncertain about the potential for investor return as regulation continues to tighten.

Portfolio activity

As mentioned above, we initiated a new position in AkerBP, where we see strong tailwinds in their developing asset base and potential cash-flow in the coming years on the back of favourable tax treatment in Norway, normalised oil demand and a focus on shareholder returns. With the company's continued focus on NCS development and low-cost low-carbon barrels of oil, we are confident the current market gives us an opportunity to enter the second largest producer and operator in the North Sea at a decent price. AkerBP has a strong position in the largest and fastest growing oilfield in the NCS, Johan Sverdrup. We therefore believe the current market is favourable for continued developments, despite depressed oil prices.

We also entered a new company on the Oslo Mercury Market, OHT AS. The company currently has four heavy transport vessels on the water, and will in the coming years become a full transport and installation contractor within the fast growing offshore wind industry with the delivery of their newbuilds. We view the current set-up of both fixed contracts and spot market exposure, backed by a capable and shareholder-focused management and main owner as a compelling backdrop for strong development in coming years.

At the start of Q3 we also initiated a position in the Japanese conglomerate Hitachi as the pricing of the company has become increasingly attractive despite the company's focus on profitable operations and move towards IT/software. With a solid balance sheet and sturdy operations, the company should be able to handle uncertainties ahead and continue its positive developments.



Foto: Unsplash

Market outlook

With the real interest rates in the Nordic countries and most of the developed world in negative territory, we see investors grappling with the uncharted territories of big stimulus by central banks, inflated asset prices and low growth. Currently there seems to be strong demand in the market for new and exciting projects and technologies given the lack of alternatives for investors to create returns. And where there is a demand for risk, there is no shortage of supply in the financial market. With M&As and new IPOs coming to the market on a regular basis lately, and strong activity towards the end of the quarter, the market seems to signal a more optimistic view about the future.



Foto: Unsplash

Fund outlook

SKAGEN Vekst's portfolio is priced at a solid discount to the market when we look past the current depressed earnings. The fund should be able to weather the turmoil and generate positive returns for shareholders regardless of whether we face turbulent months ahead or if we enjoy a calm autumnal season.

SKAGEN Vekst investerer i en aktivt forvaltet og diversifisert portefølje av undervurderte selskaper over hele verden. Halvparten av porteføljen er konsentrert rundt Norden.

Målet er å gi andelseierne best mulig risikojustert avkastning over tid.

Fondet passer for investorer som har minst fem års investeringshorisont.

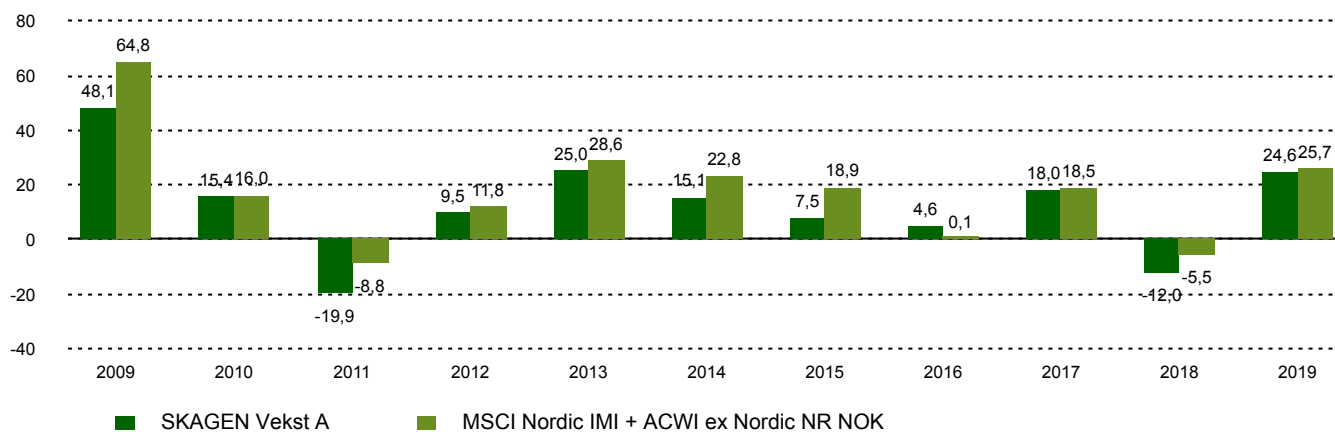
Historisk avkastning

Periode	SKAGEN Vekst A	Referanseindeks
Siste måned	4,9%	6,0%
Hittil i kvartal	7,5%	9,7%
Hittil i år	-1,9%	14,4%
Siste år	4,6%	22,1%
Siste 3 år	4,7%	12,7%
Siste 5 år	7,6%	12,0%
Siste 10 år	7,4%	13,1%
Siden start	13,0%	10,7%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	01.12.1993
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0008000445
NAV	2638,67 NOK
Årlig forvaltningshonorar	1.00%
Totalkostnad (2019)	1.00%
Referanseindeks	MSCI Nordic IMI + ACWI ex Nordic NR NOK
Forvaltningskapital (mill.)	6564,41 NOK
Antall poster	47
Porteføljeforvalter	Søren Christensen

Avkastning siste 10 år



Bidragstere i kvartalet



Største positive bidragstere

Navn	Vekt (%)	Bidrag (%)
Vestas Wind Systems	4,51	1,95
Kinnevik AB	3,99	1,69
Hyundai Motor Co	2,00	0,81
DSV PANALPINA	2,95	0,79
Boliden AB	2,04	0,47



Største negative bidragstere

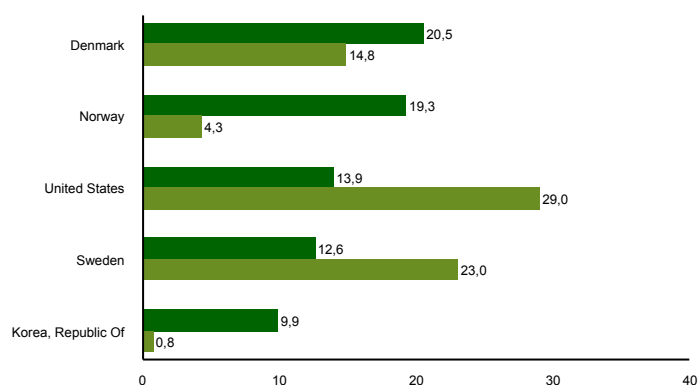
Navn	Vekt (%)	Bidrag (%)
Royal Dutch Shell	2,48	-0,64
Citigroup Inc	3,30	-0,61
Gazprom PJSC	2,05	-0,34
Bonheur ASA	5,17	-0,31
Beazley PLC	1,15	-0,28

I NOK for alle andelsklasser

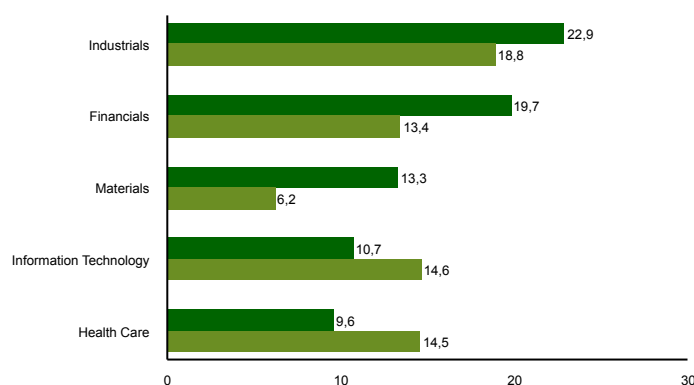
10 største investeringer

Navn	Sektor	Land	%
Novo Nordisk A/S	Health Care	Denmark	8,0
Vestas Wind Systems A/S	Industrials	Denmark	5,1
Yara International ASA	Materials	Norway	5,0
Bonheur ASA	Industrials	Norway	4,8
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	4,3
Kinnevik AB	Financials	Sweden	4,3
DSV PANALPINA A/S	Industrials	Denmark	3,2
Citigroup Inc	Financials	United States	3,1
Broadcom Inc	Information Technology	United States	3,1
Volvo AB	Industrials	Sweden	2,7
Samlet vektning			43,7

Landeksponering (topp 5)



Bransjefordeling (topp 5)



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