

## A positive start to the year

Generally strong economic data combined with support from both fiscal and monetary policy continued to push stocks higher in the first quarter of 2021. This helped some of the more cyclically exposed sectors in particular. As SKAGEN Vekst has significant exposure to companies in these areas of the stock market, the fund posted a very strong absolute return in the first three months of the year, which was also well ahead of the overall market.

### Contributors

Yara was among the strongest contributors to the fund's absolute return this year on the back of tighter global fertiliser markets. After a turbulent year in 2020, farmers have seen improved profitability which has increased their demand for quality products. Management in Yara has also been proactive in revitalising the company's balance sheet, continued to reduce the complexity of operations, and sold non-core operations.

Another strong performer was the semiconductor-related company Applied Materials. The company continues to benefit from strong demand for its products, as COVID has accelerated the move towards a more digitalised world. Management also continues its strong track-record of returning improved earnings to shareholders and recently announced another USD 7.5 billion buy-back plan.

Norsk Hydro has also done well on the back of a strong recovery in the aluminium price driven by increased demand as economic activity improves. We have also seen improvements on the supply side driven by the higher cost of energy combined with more focus in China on the industry's impact on the environment. We continue to see Norsk Hydro's focus on sustainable production, clean energy, and recycling as strong share price catalysts going forward.

So-called "green" stocks have generally had a difficult start to the year.



Foto: Unsplash

### Key sells

We sold out of Scandinavian Biogas after owning the position for just a few months, as the stock reached out target price. We also sold out of the Swedish/Swiss industrial company ABB in February. The stock has done well, but we are increasingly concerned that the expected restructuring of the business is taking longer than first anticipated.

We also see this in our portfolio with Vestas and Bonheur being among the biggest detractors to the fund's absolute return. Aside from general weakness in this segment of the stock market, Vestas has had some issues with product quality. Bonheur's cruise business also continues to be impacted by the delay in the reopening of the travel market.

### Portfolio activity

SKAGEN Vekst initiated a new position in the digital service and software company TietoEVRY in January. Following the merger of Tieto and EVRY in 2019, the company has strong market positions in all the Nordic countries, and we expect the merger to result in significant cost savings. However, the main reason for initiating the position is the company's attractive high growth and high margin software business. As this gradually becomes a larger part of the overall company, we expect this to drive earnings growth higher and ultimately provide an uplift to the current low valuation.

We also initiated a new position in the Hong Kong based conglomerate CK Asset Holdings in February. With significant exposure to office, retail, hotels, aircraft leasing and pubs, the company's earnings have been hit hard by COVID. We see this as a short-term headwind, and unlike stocks with similar exposure globally, CK Asset Holdings has not retraced much from the bottom.

Finally, in March we initiated a new position in the Chinese internet company Alibaba. Its share price has corrected by 30% since its October 2020 peak due to concerns over anti-monopolistic regulations as well as increased oversight of its payments business. We believe Alibaba's core underlying businesses will continue to deliver strong growth for many years, and the current poor sentiment presents a rare opportunity to buy the share below fair value.



Foto: Unsplash

### Outlook

Global stocks have generally done well since the end of the financial crisis and posted large gains since the mid-March 2020 lows. The overall market therefore does not look particularly cheap unless you compare it with other asset classes like bonds and physical real estate. However, it is important to remember that the strong performance over the past 10 years has been unevenly distributed. This has resulted in a situation where quality growth stocks trade at historically high valuations, while more capital-intensive industries often trade at valuations that are still below the levels seen at the beginning of 2020. If economic activity recovers in 2021, it is precisely these companies that will benefit most from an operational and earnings perspective. For this reason, SKAGEN Vekst is well positioned in companies that are active in sectors such as financial, materials, and energy. The performance over the past six months should illustrate both the absolute and relative opportunities to be found as the economy continues to normalise.

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.

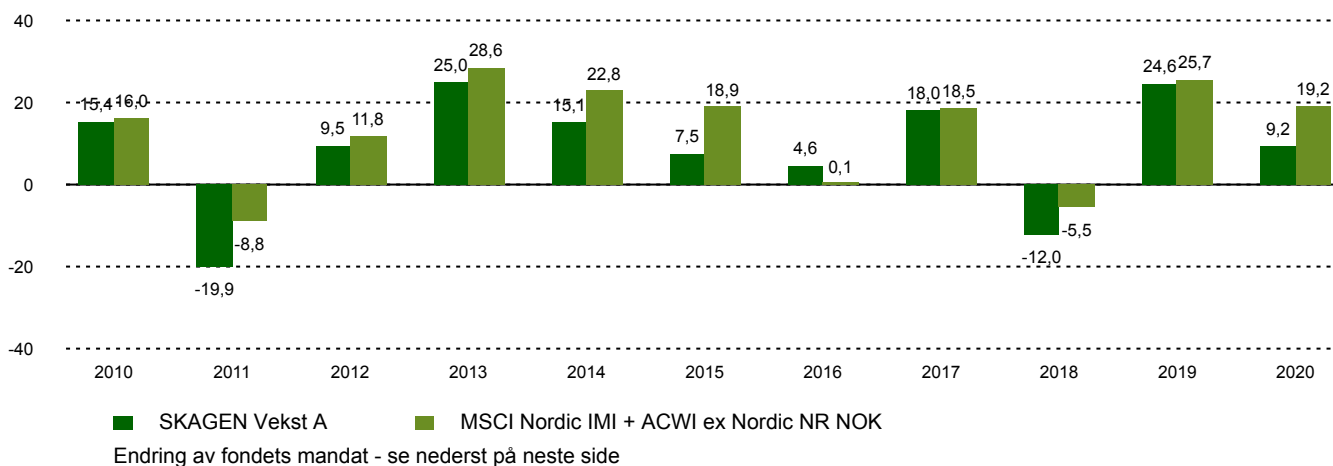
## Historisk avkastning

Periode	SKAGEN Vekst A	Referanseindeks
Siste måned	2,3%	2,3%
Hittil i kvartal	7,5%	4,1%
Hittil i år	7,5%	4,1%
Siste år	38,6%	31,9%
Siste 3 år	11,8%	16,2%
Siste 5 år	10,9%	13,3%
Siste 10 år	7,9%	12,8%
Siden start	13,5%	10,8%

## Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	01.12.1993
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0008000445
NAV	3157,07 NOK
Årlig forvaltningshonorar	1.00%
Totalkostnad (2020)	1.17%
Referanseindeks	MSCI Nordic IMI + ACWI ex Nordic NR NOK
Forvaltningskapital (mill.)	7662,77 NOK
Antall poster	48
Porteføljeforvalter	Søren Christensen

## Avkastning siste 10 år



## Bidragstere i kvartalet



### Største positive bidragstere

Navn	Vekt (%)	Bidrag (%)
Yara International	5,03	1,12
Applied Materials Inc	2,00	0,89
Norsk Hydro ASA	2,51	0,84
Golden Ocean Group	1,94	0,80
Citigroup Inc	3,97	0,68



### Største negative bidragstere

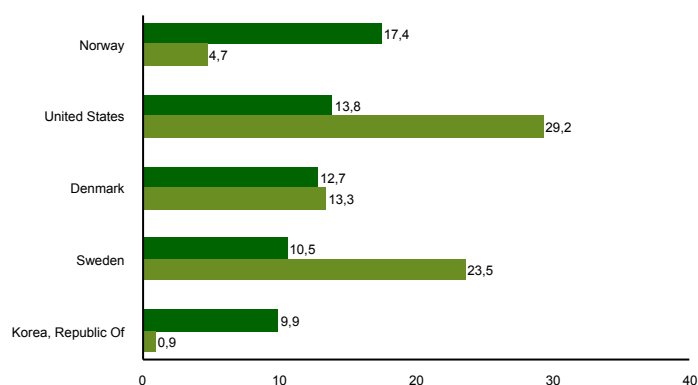
Navn	Vekt (%)	Bidrag (%)
Vestas Wind Systems	2,12	-0,39
Bonheur ASA	3,90	-0,27
Samsung Electronics Co	4,65	-0,23
Novo Nordisk	6,87	-0,17
Aker Clean Hydrogen	0,04	-0,15

I NOK for alle andelsklasser

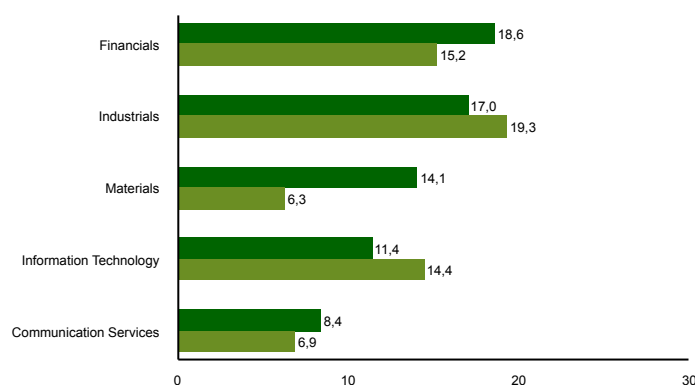
## 10 største investeringer

Navn	Sektor	Land	%
Novo Nordisk A/S	Health Care	Denmark	6,5
Yara International ASA	Materials	Brazil	5,1
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	4,3
Citigroup Inc	Financials	United States	4,2
Bonheur ASA	Industrials	Norway	3,7
Telenor ASA	Communication Services	Norway	3,0
Broadcom Inc	Information Technology	United States	2,8
DSV PANALPINA A/S	Industrials	Denmark	2,6
Nordea Bank Abp	Financials	Finland	2,6
Volvo AB	Industrials	Sweden	2,6
Samlet vektning			37,5

## Landeksponering (topp 5)



## Bransjefordeling (topp 5)



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

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## Viktig informasjon

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