

Another strong quarter

Continued progress on vaccinations combined with a strong earnings season drove markets higher in the second quarter. As SKAGEN Vekst has significant exposure to companies benefitting from higher economic growth, the fund posted a very strong absolute return in the second quarter. The return was also ahead of the overall market.

Contributors

One of the fund's many strong performers was the LNG shipping company Flex LNG. Aside from stronger spot rates, the company has finally started signing longer-term fixed rate contracts, which has increased visibility on future dividends. The Norwegian dry bulk shipping company Golden Ocean was another strong performer as higher spot rates have driven significant earnings upgrades. Higher steel prices have also pushed up newbuild prices. On that note, we have seen surprisingly few orders for newbuilds given the strong rate environment. A core part of our investment thesis is that uncertainty around future environmental regulation will lead to a more conservative stance on newbuilds.

Our exposure to the natural gas market through Russian Gazprom also paid off generously in the quarter. The stock was helped by higher gas prices globally and especially in the EU where supply has been very tight. We continue to see significant upside in Gazprom as their capital allocation gradually improves driving a higher dividend payout to shareholders.

Chinese insurance company Ping An was one of the weakest performers after the company participated in the restructuring of Founder Group. While the financial impact is limited, this does raise concerns around governance. The Chinese ecommerce giant Alibaba also had a difficult quarter after they communicated a need to increase investments to meet increased competition. After a strong start to the year, the Swedish specialised steelmaker SSABB gave back some of its gains as steel



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Key sells

To fund these new investments, we significantly reduced our position in the Swedish investment holding company Kinnevik. The company continues to deliver outstanding results, but we increasingly see this reflected in the share price. We also reduced our holding in the Swedish forest company Holmen as the stock is approaching our target price following very strong performance.

prices have moderated over the past three months.

Portfolio activity

We participated in the IPO of the low-cost carrier, Norse Atlantic Airways in April. The company has secured nine initial planes at 50% of the historical lease cost to fly between destinations in Europe and the US. As the only low-cost carrier operating in the transatlantic market, we think the company is well positioned to capture the significant pent-up demand in the leisure travel market. Aside from lower costs, the company also enjoys a clean balance sheet, unlike its competitors that have had to fund massive losses during COVID. Insiders have skin in the game, having contributed a substantial amount of their own money to start the company.

We also participated in the placement of new shares in the Nordic low-cost carrier Norwegian in May at a price of NOK 6.26 per share. The company is exiting its long restructuring process with lower costs and a much stronger balance sheet. Given its more competitive position versus its key rival SAS, we think the company is well placed to capture the significant pent-up demand in the leisure travel market. As the stock quickly recovered to our target price of NOK 12 per share, we exited the position during the quarter.

We also participated in the listing of the Russian integrated timber company, Segezha Group which aims to become a global leader within the packaging and wood products segments. Towards the end of the quarter SKAGEN Vekst participated in the IPO of the Norwegian-based paper packaging company Elopak. Given the increased focus on minimising single-use plastic, especially in the EU, we see good potential for further growth, something that is clearly not reflected in the current share price.



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Outlook

Global stocks have generally done very well since the end of the financial crisis and have 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 decade has been very 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 level at the beginning of 2020. If economic activity returns in 2021, it is precisely these companies that will benefit the most from an operational and earnings perspective. For this reason, SKAGEN Vekst is invested significantly in companies that are active in sectors such as financials, materials, and energy. The performance over the past nine months should illustrate both the absolute and relative opportunities to be had as the economy continues to normalise.

SKAGEN Vekst investerer i selskaper som er lavt priset i forhold til forventet lønnsomhet og vekst. Fondet investerer hovedsakelig i Norden og sekundært i resten av verden. Målet er å oppnå best mulig risikostjert avkastning for den risikoen fondet tar. Fondet passer til investorer som har minst fem års investeringshorisont.

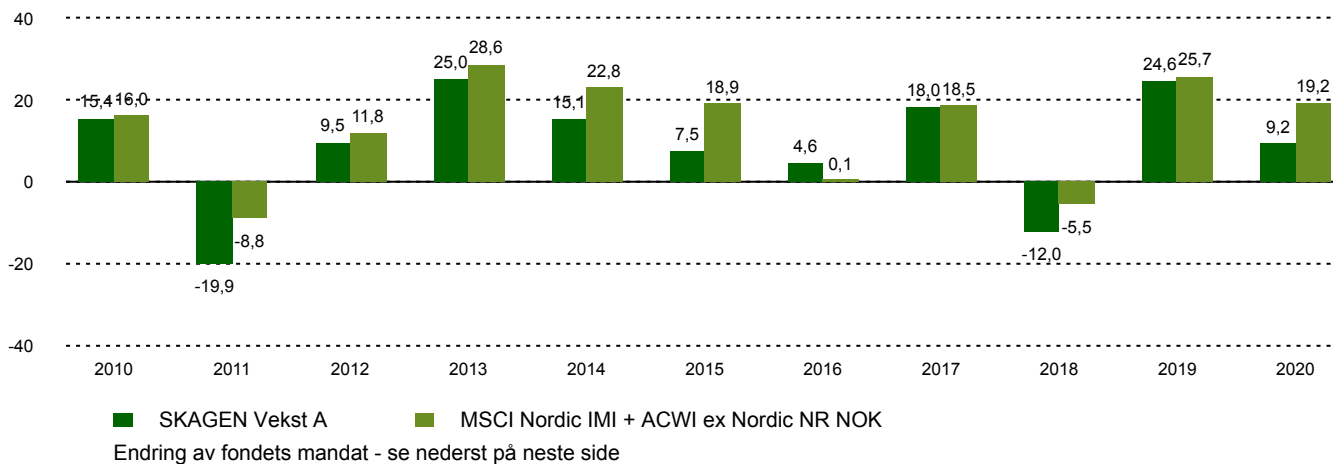
Historisk avkastning

Periode	SKAGEN Vekst A	Referanseindeks
Siste måned	2,7%	3,5%
Hittil i kvartal	9,5%	8,7%
Hittil i år	17,7%	13,2%
Siste år	40,9%	29,3%
Siste 3 år	14,1%	17,5%
Siste 5 år	13,8%	15,3%
Siste 10 år	9,8%	14,2%
Siden start	13,7%	11,0%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	01.12.1993
Morningstarkategori	Global, Fleksibel kapitalisering
ISIN	NO0008000445
NAV	3458,35 NOK
Årlig forvaltningshonorar	1.00%
Totalkostnad (2020)	1.25%
Referanseindeks	MSCI Nordic IMI + ACWI ex Nordic NR NOK
Forvaltningskapital (mill.)	8390,55 NOK
Antall poster	52
Porteføljeforvalter	Søren Christensen

Avkastning siste 10 år



Bidragsyttere i kvartalet



Største positive bidragsyttere

Navn	Vekt (%)	Bidrag (%)
Novo Nordisk A/S	6,99	1,55
FLEX LNG Ltd	2,02	1,09
Golden Ocean Group Ltd	1,69	0,92
Gazprom PJSC	2,01	0,52
DSV PANALPINA A/S	2,76	0,51

I NOK for alle andelsklasser



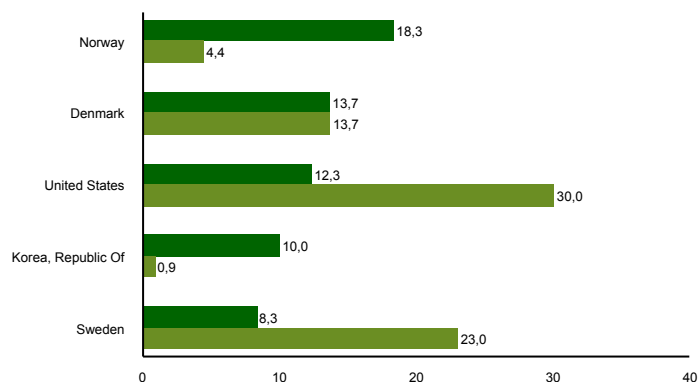
Største negative bidragsyttere

Navn	Vekt (%)	Bidrag (%)
Ping An Insurance Group	2,20	-0,37
SSAB AB	1,00	-0,11
OHT ASA	0,73	-0,08
Northern Ocean Ltd	0,16	-0,08
Vestas Wind Systems A/S	1,08	-0,05

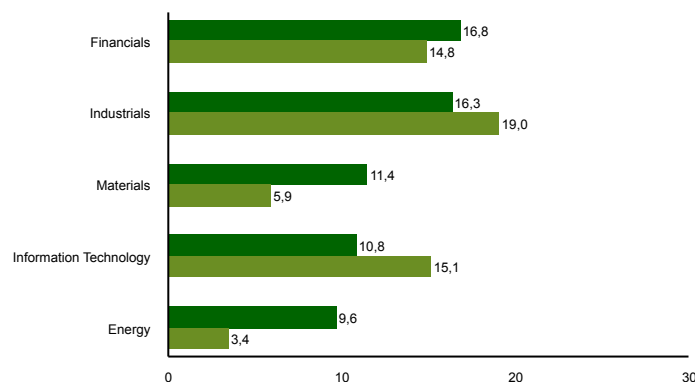
10 største investeringer

Navn	Sektor	Land	%
Novo Nordisk A/S	Health Care	Denmark	7,5
Yara International ASA	Materials	Brazil	4,0
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	4,0
Bonheur ASA	Industrials	Norway	3,7
Citigroup Inc	Financials	United States	3,4
Telenor ASA	Communication Services	Norway	2,9
Essity AB	Consumer Staples	Sweden	2,9
Nordea Bank Abp	Financials	Finland	2,8
DSV PANALPINA A/S	Industrials	Denmark	2,7
Broadcom Inc	Information Technology	United States	2,6
Samlet vektning			36,6

Landeksponering (topp 5)



Bransjefordeling (topp 5)



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