



## Fund facts

ISIN: NO0010735129

Launch date, share class: 26.05.2015

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Domicile: NO

NAV: 17.84 EUR

AUM: 281 MEUR

Benchmark index: MSCI All Country World Index

Minimum purchase: 50 EUR

Fixed management fee: 1.60 %

Performance fee: 10 % (see prospectus for details)

Ongoing charge: 1.60 %

Number of holdings: 47

SFDR: Article 8



**Jonas Edholm**  
Managed fund since  
25 May 2015



**David Harris**  
Managed fund since  
30 June 2016

## Investment strategy

SKAGEN Focus is a high conviction equity fund that seeks to generate long-term capital growth by investing in a portfolio of global companies across the market capitalisation spectrum, with the majority of exposure invested in small and mid-cap companies. Subscriptions are made in fund units and not directly in stocks or other securities. The benchmark reflects the fund's investment mandate. Since the fund is actively managed, the portfolio will deviate from the composition of the benchmark.

# SKAGEN Focus A

RISK PROFILE



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YTD RETURN

11.46 %

29.09.2023

ANNUAL RETURN

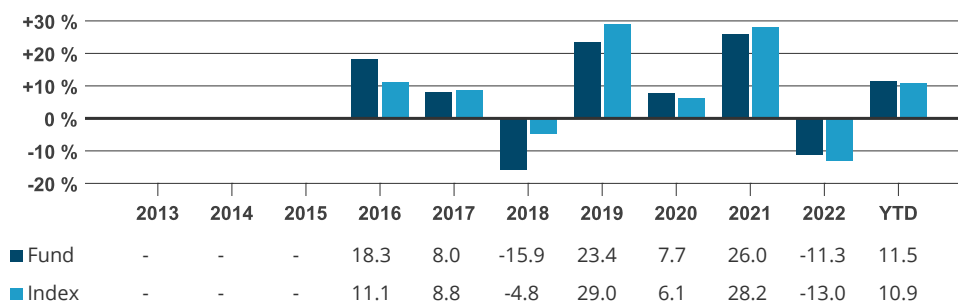
6.14 %

Average last 5 years

Monthly report for September as of 30.09.2023. All data in EUR unless otherwise stated.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. The fund's Key Investor Information Document and prospectus are available on [www.skagenfunds.com](http://www.skagenfunds.com)

## Historical return in EUR (net of fees)



Period	Fund (%)	Index (%)	Key figures	1 year	2 years	3 years
Last month	1.03	-1.73	Standard deviation	-	-	16.66
Year to date	11.46	10.94	Standard deviation index	-	-	13.99
Last 12 months	20.81	10.54	Tracking error	-	-	10.06
Last 3 years	14.65	10.66	Information ratio	-	-	0.40
Last 5 years	6.14	8.40	Active share: 100 %			
Last 10 years	-	-				
Since inception	5.01	7.35				

Returns over 12 months are annualised.

## Quarterly commentary, Q3 2023

**The fund held up decently in the third quarter and outperformed the underlying benchmark. The quarter ended on a weaker note, with September being the weakest month of the year for global equities. Central banks are still not showing any signs of reversing their hawkish stance, despite markedly lower inflation expectations. Several central banks, including the US Federal Reserve, are currently on hold but do not exclude further rate hikes. This has led to higher longer rates and also a stronger dollar as the currency offers a highly attractive "risk free" yield. In fact, this yield is on par with the current earnings yield in the US equity markets, as highly valued heavyweights in the technology sector dominate the index baskets.**



One previously ignored global investment area which may still be one of the strongest beneficiaries of higher rates and prolonged inflation is the Japanese financial sector. We have seen a substantial re-rating of the segment, including several of the fund's positions such as Shiga Bank, Keiyo Bank, and our financial conglomerate Japan Post Holdings. Overall returns have been somewhat mitigated by the weaker yen, but the positions have still been a major driver of recent fund performance. We actively reduced our positions in Shiga Bank and Keiyo Bank which are approaching our price targets. In general, we are beginning to see a much better risk/reward potential shaping up in the US regional banking space in the aftermath of the banking crisis earlier this year. The sentiment is currently darkening as commercial real estate losses are widely expected in the coming year with continued pressure on the net interest margins. In fact, select equities in the US regional banking area are currently trading more cheaply than Japanese regional banks. We substantially added to our position in US regional bank First Horizon, which we believe will perform well in the current rate environment, with robust deposit bases, significant variable rate loans, and a diversified commercial office market exposure. In our view, First Horizon now trades below its tangible book value and at a significant discount to peers, despite its above average earnings potential and loan book.

Among the most negative contributors for the quarter, we find positions sensitive to interest rates such as our North American lumber producers Canfor and Interfor. While lumber prices are trading at depressed levels, we believe that these stocks are priced well below their normalised earnings power and are well positioned to weather the current storm, while recent changes to the underlying supply-side in the industry offer powerful catalysts. Another detractor was our gold producer Fortuna Silver Mines, which declined along with peers, reflecting the lower gold price. We recently returned from a fieldtrip to the Ivory Coast in West Africa, where we visited their most recent asset, the Seguela gold mine. The mine recently ramped up production on time and on budget. Seguela has high-grade, large-scale deposit and expansion potential which bodes well for it to become a key asset for the company that will support significant shareholder returns.

We exited our positions in Japanese mining machinery company Komatsu and turbocharger producer spin-off Accelleron as the shares reached price target. We also closed our positions in CompuGroup and Endeavour Mining before they reached their respective price targets. While both positions were performing well, we exited due to lower conviction with regard to catalysts for CompuGroup and because of new information impacting our view on the longer-term investment case of Endeavour Mining. We took advantage of an outstanding opportunity to invest in the recently spun-off automotive supplier Phinia, now a top 10 position in the fund. The stock was spun off during the summer doldrums and garnered very little investor attention. This highly cash generative business, which consists primarily of fuel injection components but also hybrid and hydrogen focused solutions, is deemed less attractive as focus in the parent (BorgWarner) is entirely on EV-related components and solutions. We believe this is a classic below-the-radar and undervalued investment situation with a healthy upside to our price target. Exceptional weakness among European small and midcap companies during the summer allowed us to add Signify to the fund. Signify is a global leader within lighting. The investment is a classic value case which is perceived as lacking growth potential, while the drivers are primarily cost control and cash generation. The company is well positioned in the transition towards LED which enables substantial energy savings for its customers. Smart lighting in cities and infrastructure projects are major growth areas for the company.

Overall, we believe the fund is well positioned to benefit from the continued focus on higher earnings yields with strong near-term cash flow generation capacity among our fund holdings. The current headwinds for both value and small/mid-cap stocks create an attractive investment opportunity in the mid-term perspective. At the end of the quarter, the fund consists of 48 positions trading at a weighted aggregated portfolio upside of 67% to our price targets. We believe the current narrow market upturn leaves a large part of the equity market ignored and mis-priced, which creates interesting and lucrative opportunities for us as contrarian and value-focused investors.

## Contribution last month

 Largest contributors	Weight (%)	Contribution (%)	 Largest detractors	Weight (%)	Contribution (%)
Keiyo Bank Ltd/The	2.25	0.36	Canfor Corp	2.11	-0.44
Nickel Asia Corp	1.64	0.30	Fortuna Silver Mines Inc	2.18	-0.28
Japan Post Holdings Co Ltd	4.25	0.25	Interfor Corp	2.27	-0.27
Eugene Technology Co Ltd	2.24	0.24	First Horizon Corp	1.71	-0.20
Methanex Corp	3.88	0.24	Befesa SA	1.00	-0.20

Absolute contribution based on NOK returns at fund level.

## Portfolio information

Top 10 investments	Share (%)	Country exposure	Share (%)	Sector exposure	Share (%)
Japan Post Holdings Co Ltd	4.2	South Korea	16.4	Materials	24.7
Methanex Corp	4.1	Japan	15.6	Industrials	19.5
Hyundai Mobis Co Ltd	3.9	Canada	14.1	Financials	18.4
Kyocera Corp	3.7	United States	12.9	Consumer discretionary	14.0
Phinia Inc	3.1	Germany	8.8	Information technology	9.6
Panasonic Holdings Corp	2.9	Spain	5.3	Consumer Staples	8.8
Danaos Corp	2.9	China	5.1	Communication Services	2.6
China Communications Services Corp Ltd	2.8	France	4.2	Cash, not invested	2.5
Cascades Inc	2.8	Greece	2.9		
Marcus Corp/The	2.6	CASH	2.5		
<b>Total share</b>	<b>33.0 %</b>	<b>Total share</b>	<b>87.8 %</b>	<b>Total share</b>	<b>100.0 %</b>

## Sustainability

### SKAGEN's approach to sustainability

Our ESG approach is built on four pillars. In keeping with SKAGEN's active investment philosophy, our sustainability activities centre on active engagement with our holding companies, which is where we believe we can have the greatest impact. We recognise, however, that the full potential of a sustainable investment strategy is best realised when combining the following four pillars.

- ✓ Exclusion
- ✓ Enhanced due diligence
- ✓ ESG factsheet
- ✓ Active ownership

## IMPORTANT INFORMATION

This is a marketing communication. Except otherwise stated, the source of all information is SKAGEN AS. Statements reflect the portfolio managers viewpoint at a given time, and this viewpoint may be changed without notice.

Future fund performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future. The tax treatment of the gains and losses made by the investor and distributions received by the investor depend on the individual circumstances of each investor and may imply the payment of additional taxes. Before any investment is made in the Fund, investors are urged to consult with their tax advisor for a complete understanding of the tax regime, which is applicable to their individual case.

SKAGEN AS is a management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds. SKAGEN AS has its registered office at Skagen 3, Torgterrassen, 4006 Stavanger, Norway. SKAGEN AS is part of the Storebrand Group and owned 100% by Storebrand Asset Management AS. Storebrand Group consists of all companies owned directly or indirectly by Storebrand ASA.

No offer to purchase units can be made or accepted prior to receipt by the offeree of the Fund's prospectus and PRIIPs KID (for UK: KIID) and the completion of all appropriate documentation. You can download more information including subscription/redemption forms, full prospectus, PRIIPs KID (for UK: KIID), General Commercial Terms, Annual Reports and Monthly Reports in English language from SKAGEN's webpages <https://www.skagenfunds.com/funds>

Investors rights to complain and certain information on redress mechanisms are made available to investors pursuant to our complaints handling policy and procedure. The summary of investor rights in English is available here:

<https://www.skagenfunds.com/contact/investor-rights/> The investor rights summary is available in all languages of the countries where the fund is registered with the national Financial Services Authority. Please refer to SKAGEN's webpages and choose your respective country for this information.

SKAGEN AS may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

For further information about sustainability-related aspects of the Fund, including the sustainability disclosure summary in English, please refer to: <https://www.skagenfunds.com/sustainability/sustainable-investing/> The sustainability disclosure summary is available in all languages of the countries where the fund is registered with the national Financial Services Authority. Please refer to SKAGEN's webpages and choose your respective country for this information.

The decision to invest in the Fund should take into account all the characteristics or objectives of the Fund as described in its prospectus <https://www.skagenfunds.com/funds>

#### **Important information for UK Investors**

SKAGEN AS UK Branch is located at 15 Stratton Street, London, W1J 8LQ. The SKAGEN AS UK Branch is authorised by Finanstilsynet and subject to the Financial Conduct Authority's Temporary Permission regulation. Details about the extent of the authorisation and regulation by the Financial Conduct Authority are available on request. The SKAGEN AS UK Branch has temporary permission from the UK FCA to carry out its authorised activities under the UCITS Directive. For more information, please contact SKAGEN's team based in the UK office:

<https://www.skagenfunds.co.uk/contact-us-uk/>

#### **Important Information for Luxembourg Investors**

SKAGEN AS has appointed Svenska Handelsbanken as Paying Agent.

Svenska Handelsbanken AB (publ), Luxembourg Branch, 15, Rue Bender, L-1229 Luxembourg. For more information, please contact SKAGEN's Stavanger based International team: [international@skagenfunds.com](mailto:international@skagenfunds.com)

#### **Important Information for Irish Investors**

In Ireland, SKAGEN AS has appointed Caceis Ireland Limited, One Custom House Plaza, International Financial Services Centre, Dublin, to act as Paying Agent for Ireland. For more information, please contact SKAGEN's Stavanger based International team: [international@skagenfunds.com](mailto:international@skagenfunds.com)

#### **Important Information for Dutch Investors**

For more information, please contact SKAGEN's Stavanger based international team: [international@skagenfunds.com](mailto:international@skagenfunds.com)

#### **Important Information for Icelandic Investors**

For more information, please contact SKAGEN's Stavanger based international team: [international@skagenfunds.com](mailto:international@skagenfunds.com)