



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

SKAGEN Kon-Tiki

Status Report – April 2017

The art of common sense



Summary – April 2017

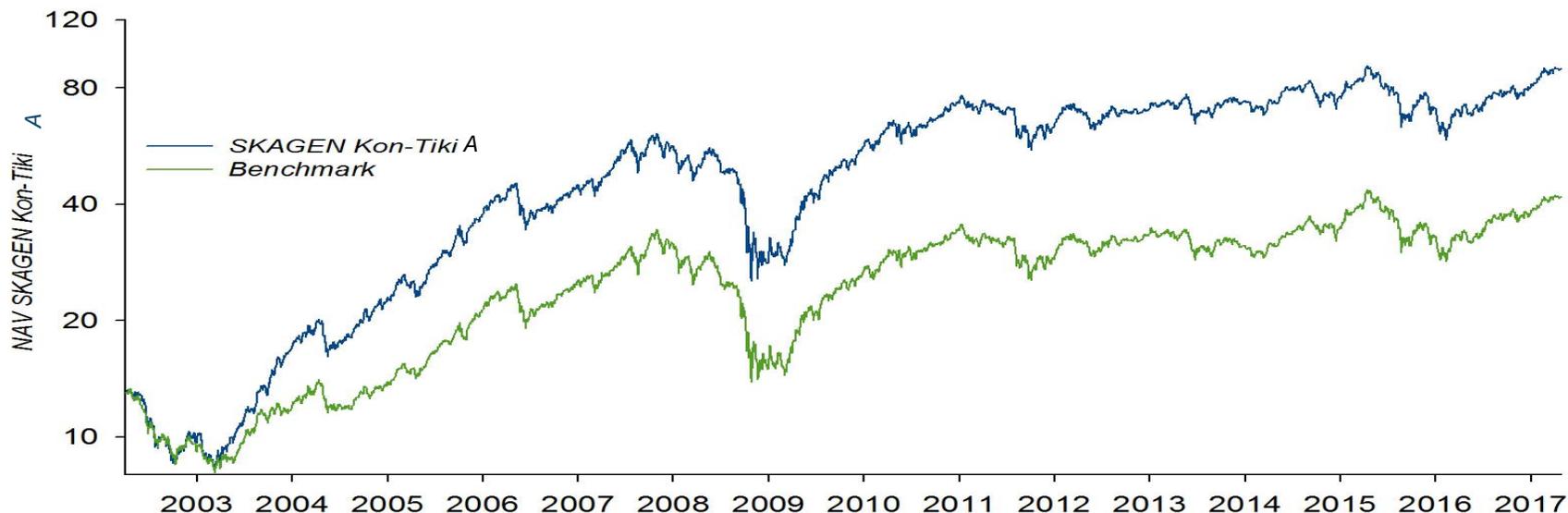
- SKAGEN Kon-Tiki* was down 0.1% in April measured in EUR, in line with the MSCI Emerging Markets Index which also lost 0.1%. Year-to-date, the fund is up 11.5% versus 10.1% for the benchmark index.
- Our top three contributors in April were once again Naspers and Samsung Electronics, in addition to CNH Industrial. Samsung's decision to cancel its 13% stock of treasury shares is clearly a positive governance move. Naspers' performance was helped by continuous gains in its largest investment, Tencent. CNH Industrial gained on a relatively strong Q117 result and signs of the agricultural cycle taking a turn for the better.
- The major detractors for the month were Hyundai Motor, Cosan Ltd. and Banrisul. Hyundai Motor reported a stronger than expected Q117 result, but is plagued by China-Korea tension on THAAD system implementation, which has had a severe negative impact on the sale of Korean goods in China.
- Emerging markets continue to trade at a discount to developed markets, with a 2017e P/E of 11.9x and P/B of 1.6x for EM, compared with 17.3x and 2.4x for DM.
- The top 12 positions account for almost 50% of the fund, and the top 35 account for 85%. The portfolio** remains attractively valued at a 2017e P/E of 9.9x and P/B of 1.1x. We currently see a 32% upside for our portfolio over a two-year horizon.

* Unless otherwise stated, all performance data in this report relates to class A units and is net of fees.

** Portfolio valuation refers to top 35 positions.

SKAGEN Kon-Tiki A results, April 2017

EUR, net of fees



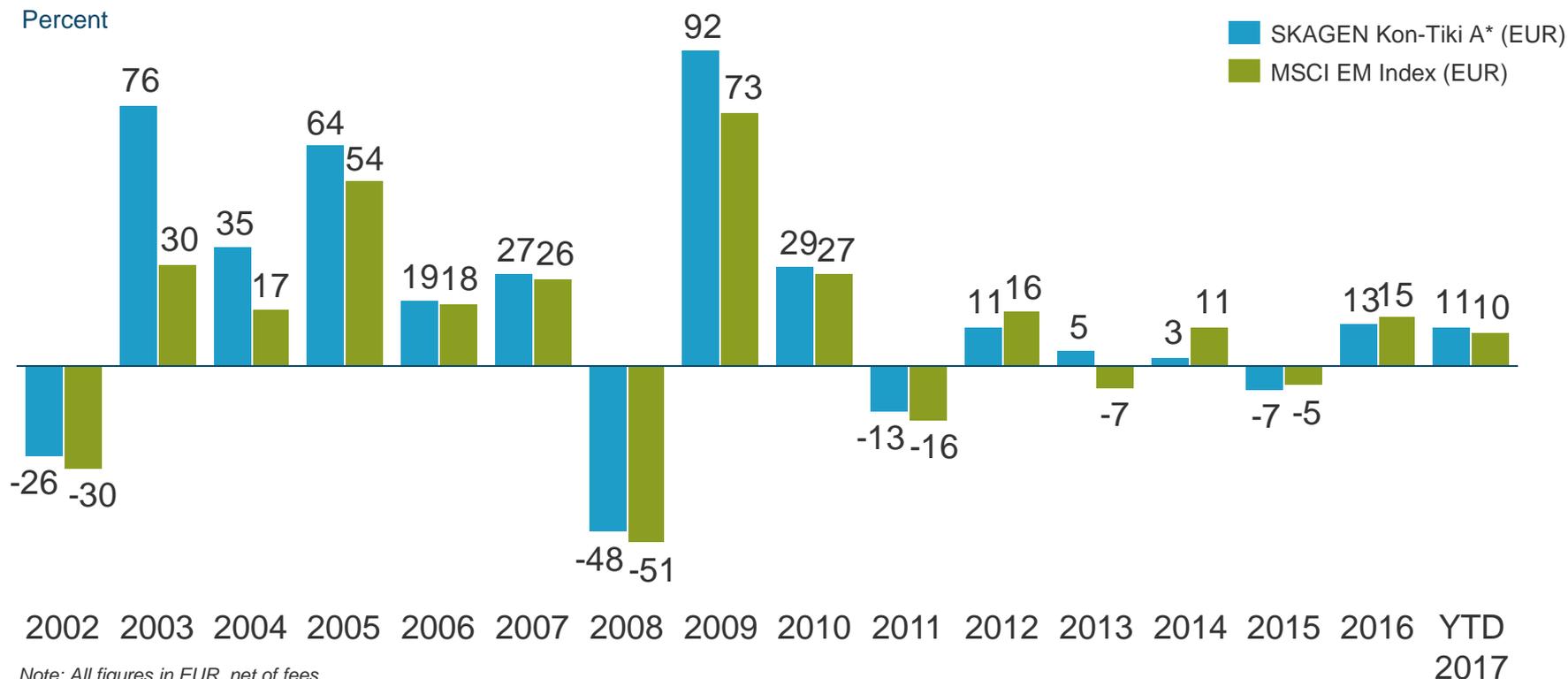
	April	QTD	YTD	1 year	3 years	5 years	10 years	Since inception*
SKAGEN Kon Tiki A	-0,1%	-0,1%	11,5%	26,1%	7,2%	5,4%	6,5%	13,6%
Emerging Markets Index	-0,1%	-0,1%	10,1%	25,0%	10,3%	5,5%	4,8%	8,0%
Excess return	0,0%	0,0%	1,4%	1,1%	-3,1%	-0,1%	1,8%	5,6%

Note: All returns beyond 12 months are annualised (geometric return)

* Inception date: 5 April 2002

Annual performance since inception*

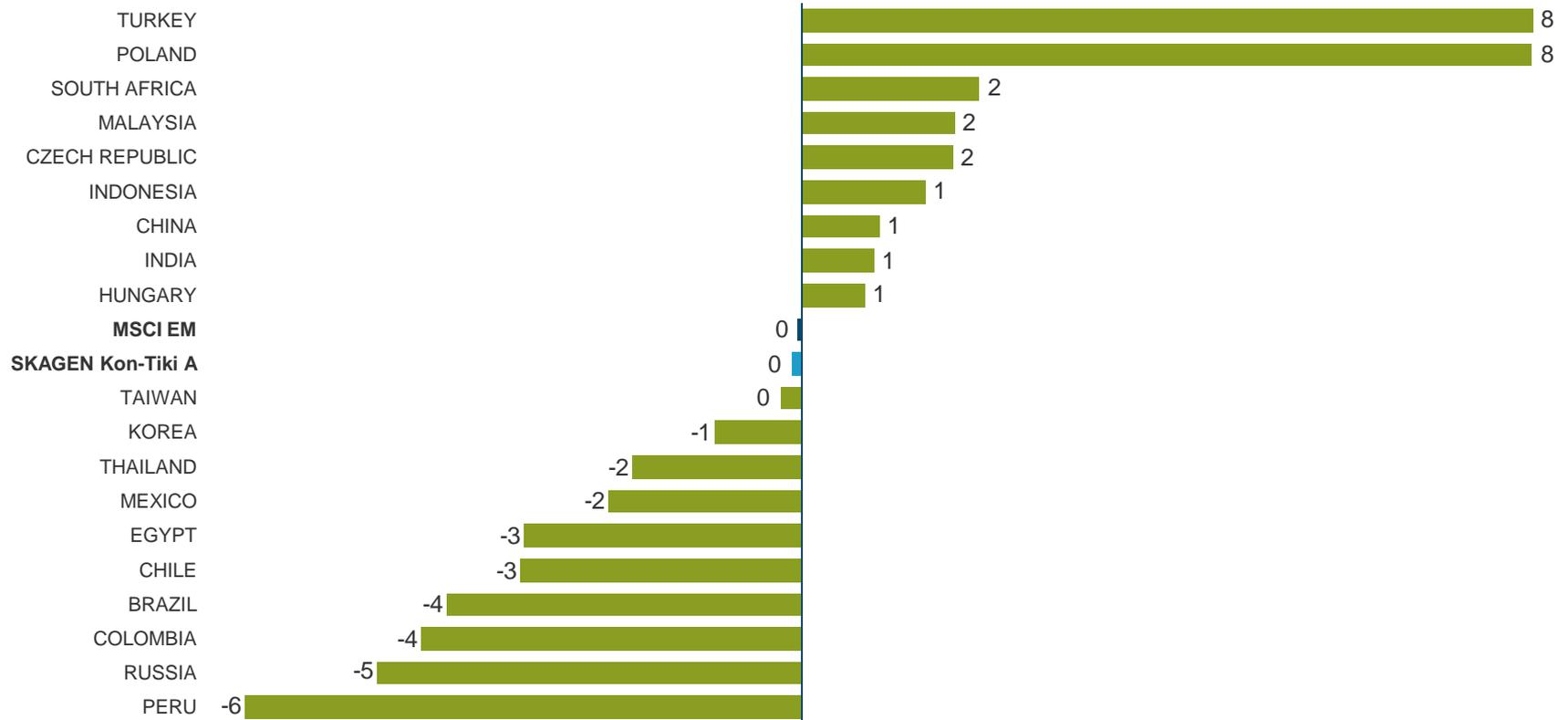
SKAGEN Kon-Tiki A has beaten the index in 11 out of 15 years



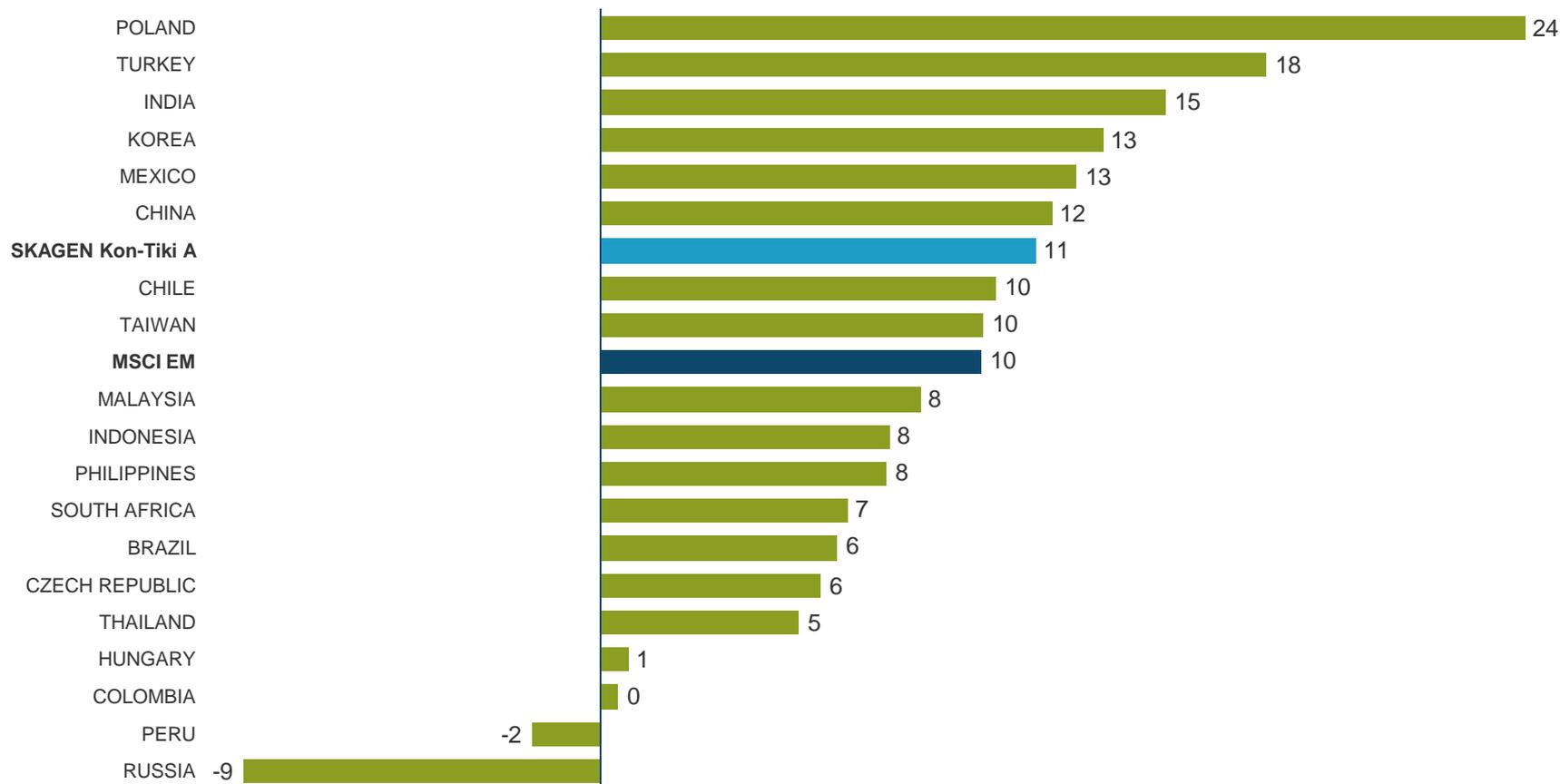
Note: All figures in EUR, net of fees

* Inception date: 5 April 2002

Emerging markets in April 2017, EUR (%)



Emerging markets YTD in 2017, EUR (%)



Main contributors April 2017

Largest positive contributors

Company	NOK Millions
Naspers	149
Samsung Electronics	146
CNH Industrial	123
Sabancı Holding	117
GPA (CBD)	91
Yazicilar Holding	84
Richter Gedeon	61
Mahindra & Mahindra	55
Apollo Tyres	54
X5 Retail Group	46

Largest negative contributors

Company	NOK Millions
Hyundai Motor	-188
Cosan	-128
Banrisul	-63
Golar LNG	-50
Tech Mahindra	-47
Great Wall Motor	-41
LG Chem	-26
OCI	-22
Korean Reinsurance	-22
Sistema	-20

Value Creation MTD (NOK MM): 507

NB: Contribution to absolute return

Main contributors YTD 2017

Largest positive contributors

Company	NOK Millions
Samsung Electronics	561
Naspers	389
Banrisul	296
Yazicilar Holding	258
Mahindra & Mahindra	214
State Bank of India	194
CNH Industrial	193
Haci Omer Sabanci Holding	186
Cia Brasileira de Distribuicao	181
Samsung SDI	169

Largest negative contributors

Company	NOK Millions
Tech Mahindra	-57
Tullow Oil	-36
JSE	-32
Norwegian Air Shuttle	-30
Diamond Bank	-5
East African Breweries	-5
Norfinance	-5
Deep Sea Supply	-3
Sistema	-2
China Shipping Development	-1

Value Creation YTD (NOK MM): 4515

NB: Contribution to absolute return

Most important changes Q1 2017

Q1 Holdings increased



Bangkok Bank (New)
Golar LNG
Borr Drilling Ltd
East African Breweries

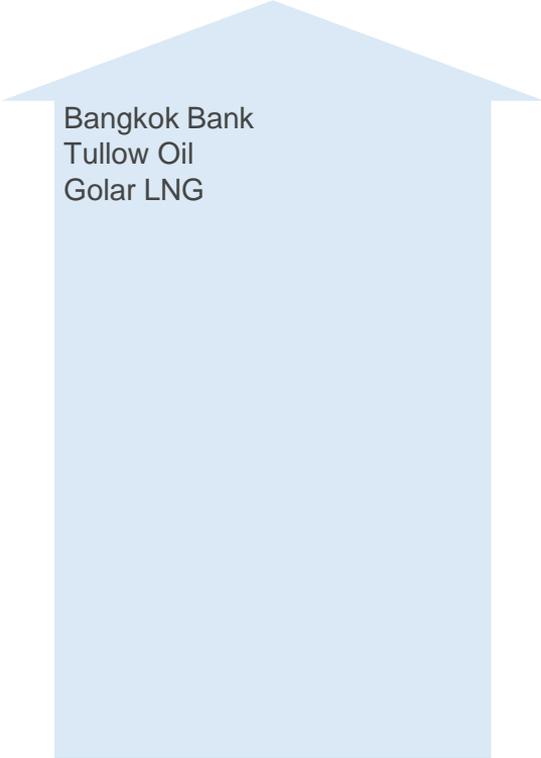
Q1 Holdings reduced



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

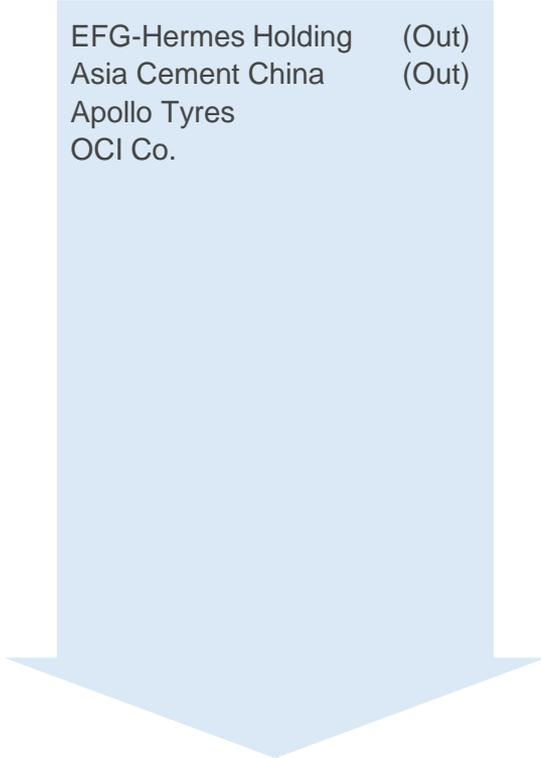
Most important changes Q2 2017

Q2 Holdings increased



Bangkok Bank
Tullow Oil
Golar LNG

Q2 Holdings reduced



EFG-Hermes Holding (Out)
Asia Cement China (Out)
Apollo Tyres
OCI Co.

Holdings increased and decreased – April 2017

Key buys

- **Bangkok Bank:** We continue to build the position to desired size.
- **Tullow Oil:** We continue to take advantage of the weak share price and participated in the rights issue.
- **Golar LNG:** We took advantage of the weaker oil price to add to the position. FY17 will be an eventful year and Golar has now fully funded existing projects.

Key sells

- **EFG-Hermes Holding (out):** We accepted a bid for our shares after the recent share price strength. We still see great potential for the company but the risk-reward is no longer as compelling since FX movements are outside of their control.
- **Asia Cement China (out):** We sold out as we believe that the weak earnings and long-term return are insufficient to meet the required return on capital.

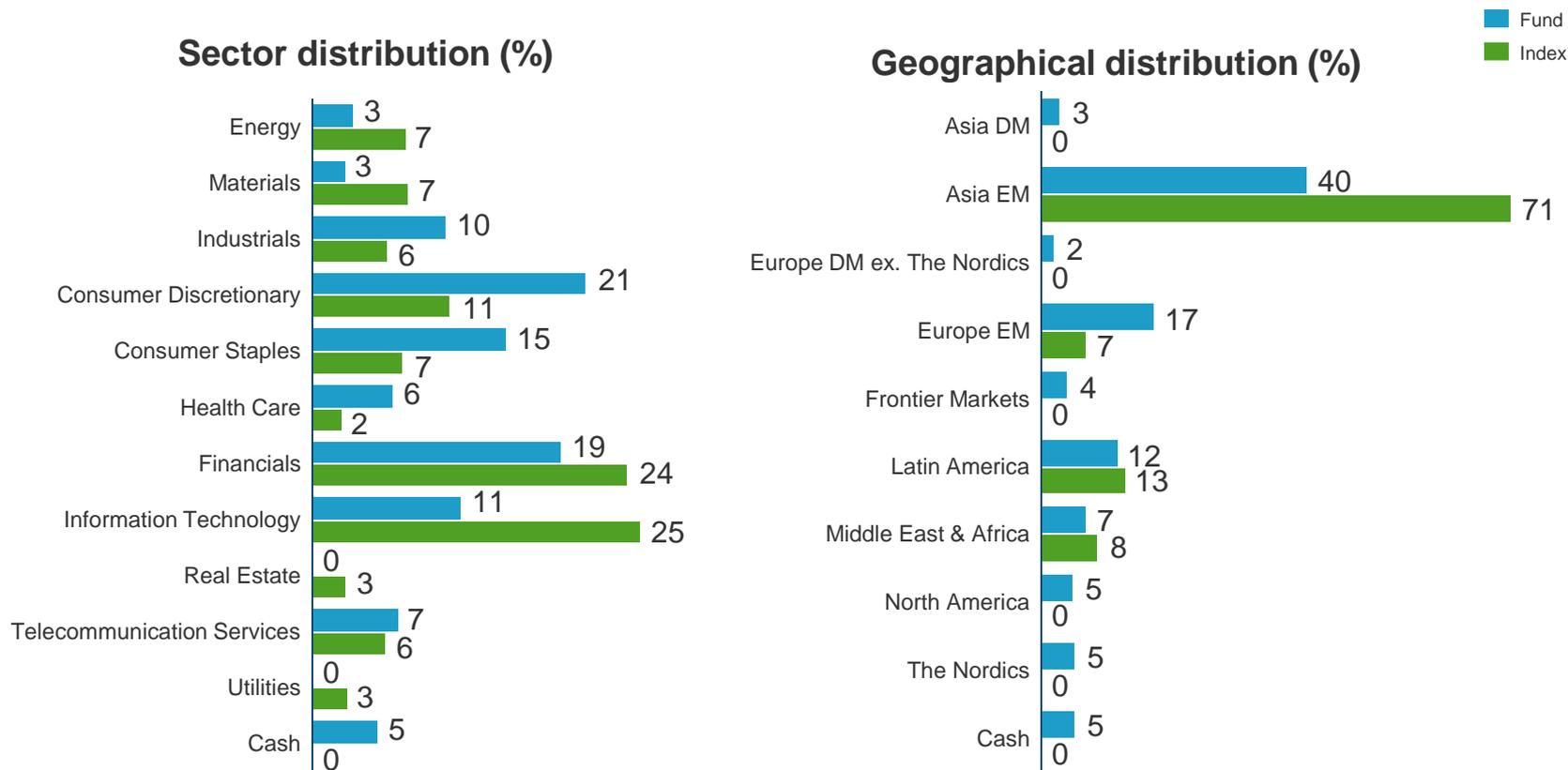
Largest holdings in SKAGEN Kon-Tiki

	Holding size, %	Price	P/E 2016e	P/E 2017e	P/BV last	Div. yield 15 (%)	Price target	Upside %
Samsung Electronics	7,1	1 753 000	10,9	7,0	1,3	1,2	2 000 000	14
Hyundai Motor	6,7	92 300	4,3	3,7	0,3	4,4	170 000	84
Naspers	5,3	189	42,0	29,0	7,3	0,2	223	18
Sabancı Holding	4,3	10,5	8,1	6,6	0,9	1,4	14,0	33
Mahindra & Mahindra	4,1	1 336	17,8	14,1	2,8	0,9	1 600	20
Richter Gedeon	3,9	6 934	21,1	19,0	1,9	1,0	7 500	8
X5 Retail Group	3,8	2 042	22,0	15,4	4,4	0,0	2 731	34
State Bank of India	3,3	290	29,0	17,0	1,0	0,9	350	21
Cosan Ltd.	3,1	24,1	15,1	6,9	1,0	1,5	31	29
SBI Holdings	2,8	1 545	10,5	10,3	0,8	2,9	2 500	62
CNH Industrial	2,6	11,1	31,7	22,2	4,4	1,3	12,0	8
GPA	2,6	69,6	18,9	23,2	1,9	0,7	100	44
Weighted top 12	49,4		11,7	9,3	1,0	1,3		35
Weighted top 35	84,5		15,6	9,9	1,1	1,7		32
Emerging market index			14,5	11,8	1,6	2,5		

As of 28 April 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.

SKAGEN Kon-Tiki sector and geographical distribution



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.

SKAGEN seeks to the best of its ability to ensure that all information given in this report is correct. However, it makes reservations regarding possible errors and omissions. Statements in the report reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. SKAGEN does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Employees of SKAGEN AS may be owners of securities issued by companies that are either referred to in this report or are part of the fund's portfolio.