SKAGEN Focus
Status Report July 2016

The art of common sense

SKAGEN

Summary – July 2016

- The fund is a highly concentrated equity fund with a broad all-global mandate. The overall objective is to invest in a few select investments with an exceptional risk/reward profile from an absolute return perspective.

- The target number of positions is 30-35 and the top ten positions should constitute 40-50% of the portfolio. At the end of the month, the fund holds 35 positions, and the top ten positions account for 45% of the portfolio. The cash position is 5%.

- SKAGEN Focus* was up 5,6% in the month measured in EUR, while the global equity markets (measured as MSCI AC World) were up 4.1%. In 2016, the fund is up 5,4% while the global equity markets are up 2,5%.

- Infineon, South32 and Omega Protein were the strongest contributors to the fund's performance in July measured as absolute contribution in NOK. Pilgrim's Pride, Whiting Petroleum and MagForce were the main detractors during the month.

- We have sold out of two positions and started to deploy cash elsewhere. Ubiquiti Networks, the "Ryanair" of wireless networks, was sold out after a strong share price performance that reached our price target for the company. We decided to reduce our fundamental risk exposure towards Automotive and Korea, Hyundai Motors was sold as a consequence. The investment case of Hyundai Motors still looks attractive, but we see better risk reward elsewhere, for now.

- The fund has a broad mandate to invest in all geographies and sectors. The fund is also market capitalisation-agnostic, and currently small-cap** positions constitute 24% of the fund, while mid-cap and large-cap positions account for 37% and 40%, respectively. These figures may vary meaningfully over time.

** Unless otherwise stated, all performance data in this report relates to class A units and is net of fees.*
*** Small-cap defined as market cap below USD 2bn, Large-cap more than USD 10bn.*

Results, July 2016

EUR, net of fees

	July	QTD	YTD	Since inception*
SKAGEN Focus A	5,6%	5,6%	5,4%	-10,9%
World Index*	4,1%	4,1%	2,5%	-4,9%
Excess return	1,5%	1,5%	2,9%	-6,0%

Note: All returns beyond 12 months are annualised (geometric return)
** Inception date: 31 October 2012*

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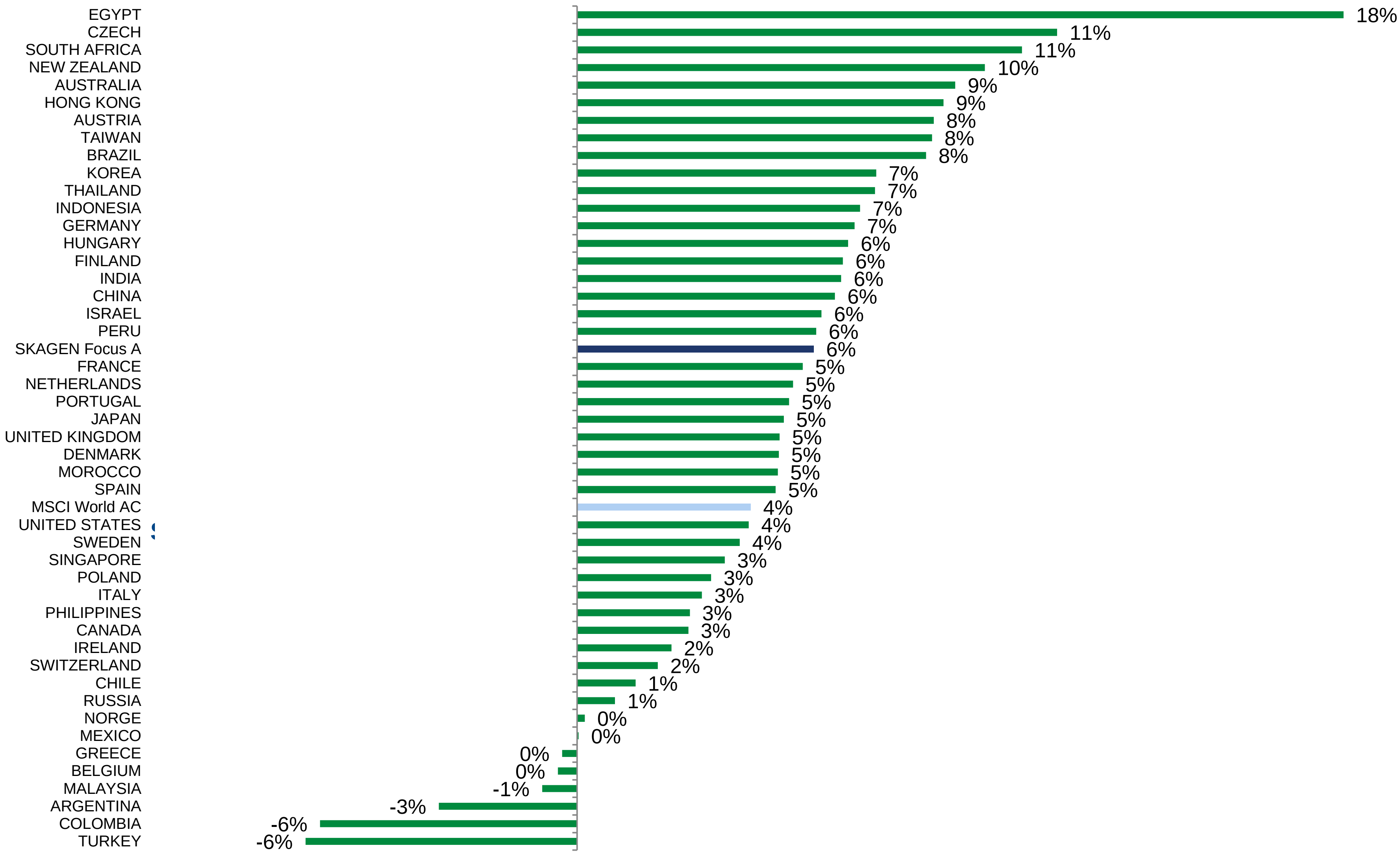
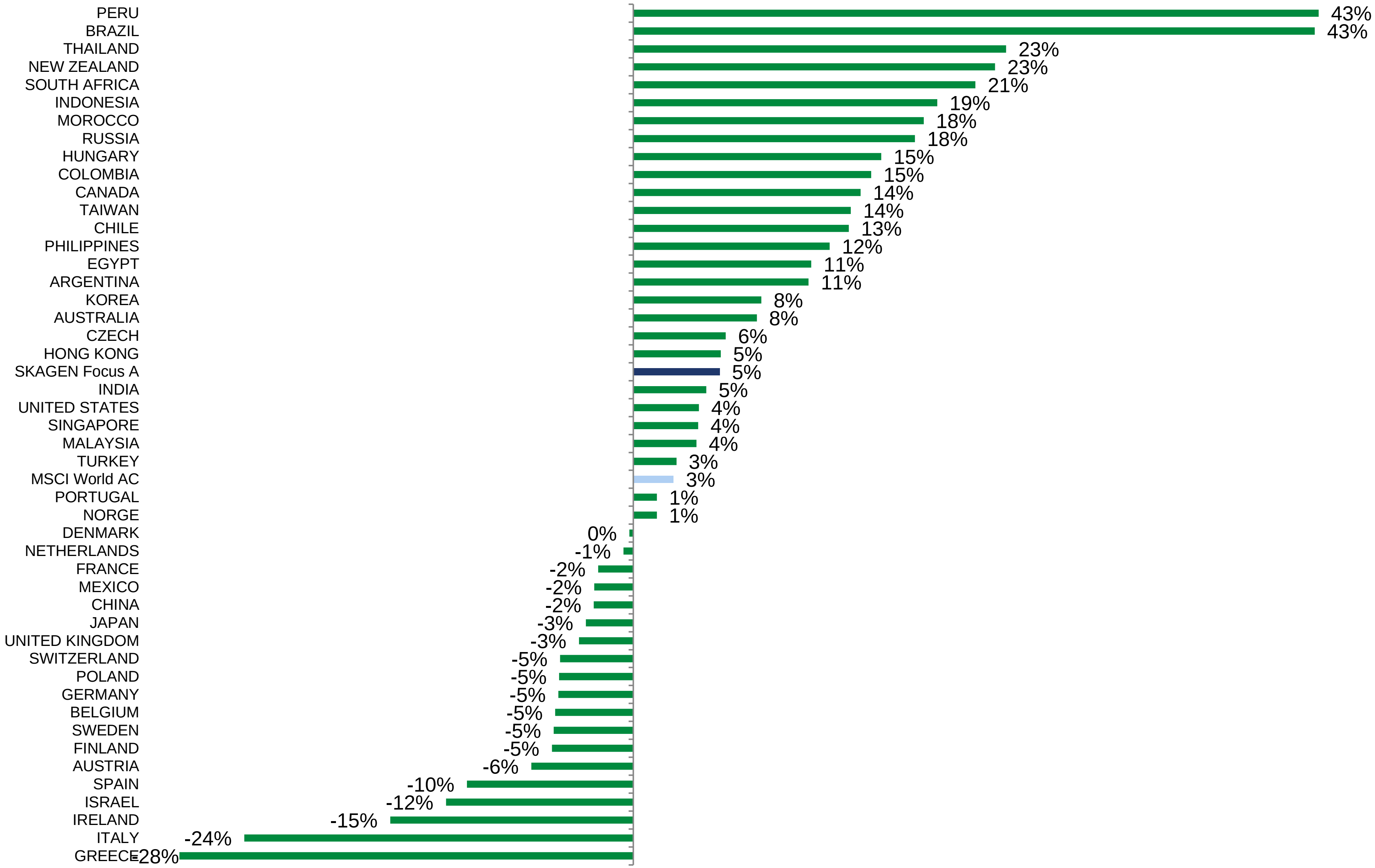
Markets in July 2016 in EUR (%)

Percent



Markets 2016 YTD in EUR (%)

Percent



Main contributors MTD 2016

Largest positive contributors

Company	*NOK (000)*
Infineon Technologies AG	9 467
South32 Ltd	7 049
Omega Protein Corp	6 539
SBI Holdings Inc	5 986
First Quantum Minerals Ltd	5 423

Largest negative contributors

Company	*NOK (000)*
Pilgrim's Pride Corp	-1 853
Whiting Petroleum Corp	-1 615
Magforce AG	-1 568
Crown Confectionery Co Ltd	-1 278
Softbank Group Corp	-397

Value Creation MTD (NOK MM): 84

NB: Contribution to absolute return

Main contributors YTD 2016

Largest positive contributors

Company	NOK (000)
Pan American Silver Corp	23 180
AirAsia BHD	20 030
Haitai Confectionery & Foods	15 971
South32 Ltd	15 657
First Quantum Minerals Ltd	14 695

Largest negative contributors

Company	NOK (000)
American International Group	-14 186
Aryzta AG	-9 801
Citizens Financial Group Inc	-9 092
Aercap Holdings NV	-6 602
Uniqa Insurance Group AG	-6 191

Value Creation YTD (NOK MM): 57

NB: Contribution to absolute return

Most important changes Q1 2016

Holdings increased

Q1

Pilgrim's Pride Corp	(New)
Alphabet Inc	(New)
Massimo Zanetti Beverage Group SpA	(New)
Samsung SDI Co Ltd	(New)
FFP	(New)
Jbs SA	
Omega Protein Corp	
Infineon Technologies AG	
Aryzta AG	
Stock Spirits Group Plc	
Aercap Holdings NV	
Solazyme Inc	
Schaeffler AG	
AirAsia BHD	
Fourlis Holdings SA	

Holdings reduced

Q1

Sandisk Corp	(Out)
Uniqa Insurance Group AG	(Out)
Komatsu Ltd	(Out)
Pan American Silver Corp	
Ubiquiti Networks Inc	
Carlsberg A/S	
Fila Korea Ltd	
Aercap Holdings NV	
First Quantum Minerals Ltd	
South32 Ltd	
CIT Group Inc	

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Most important changes Q2 2016

Holdings increased

Q2

Philips Lighting NV	(New)
Teva Pharmaceutical Industries	(New)
E-MART Inc	(New)
Haitai Confectionery & Foods	(New)
Softbank Group Corp	
Jbs SA	
Infineon Technologies AG	
Omega Protein Corp	
Schaeffler AG	
FFP	
Rentech Inc	
SK Hynix Inc	
Solazyme Inc	
Pilgrim's Pride Corp	
Aryzta AG	
TerraVia Holdings Inc	
Jenoptik AG	
Fila Korea Ltd	
First Quantum Minerals Ltd	
SBI Holdings Inc	
Massimo Zanetti Beverage Group SpA	

Holdings reduced

Q2

AirAsia BHD	(Out)
Pan American Silver Corp	(Out)
Haitai Confectionery & Foods	(Out)
SK Hynix Inc	
Ubiquiti Networks Inc	
Carlsberg A/S	
Jbs SA	
Omega Protein Corp	
Pilgrim's Pride Corp	
Citizens Financial Group Inc	
First Quantum Minerals Ltd	
Schaeffler AG	

Most important changes Q3 2016

Holdings increased

Q3

- SK Hynix Inc
- South32 Ltd
- First Quantum Minerals Ltd
- Teva Pharmaceutical Industries
- Infineon Technologies AG
- Philips Lighting NV
- E-MART Inc
- Omega Protein Corp
- Aercap Holdings NV
- Alphabet Inc
- Schaeffler AG

Holdings reduced

Q3

- Hyundai Motor Co (Out)
- Ubiquiti Networks Inc (Out)
- Infineon Technologies AG
- Jenoptik AG

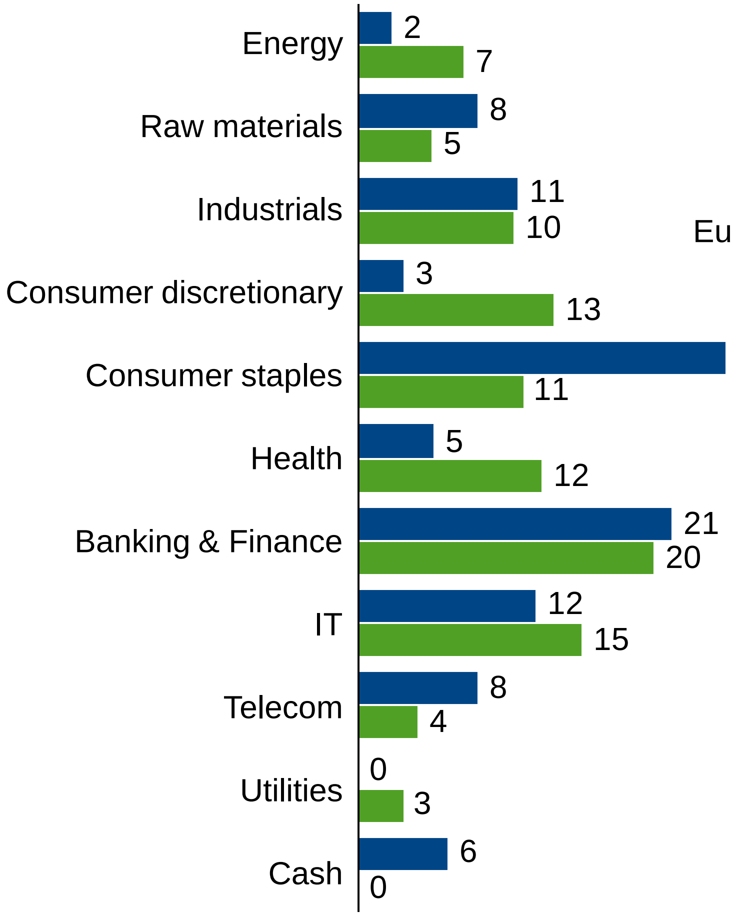
Top 10 positions in SKAGEN Focus

	Price	P/E 2016e	P/E 2017e	P/BV last	Price target	Upside to target %	Holding size, %
American International Group Inc	54,40	13,9	9,9	0,7	90	65 %	6,3%
Jbs SA*	10,90	15,3	6,2	1,3	22	102 %	5,9%
Infineon Technologies AG	14,80	20,6	18,0	3,5	20	35 %	5,1%
Softbank Group Corp	5 703,00	7,5	9,2	2,7	9 600	68 %	4,8%
Omega Protein Corp	22,50	12,4	11,8	1,6	30	33 %	4,4%
SBI Holdings Inc	1 129,00	8,7	8,0	0,7	3 000	166 %	4,3%
SK Hynix Inc	34 400,00	14,7	11,7	1,2	65 000	89 %	4,3%
Jenoptik AG	15,30	17,3	15,9	2,0	20	31 %	3,6%
Carlsberg AS-B	660,50	21,6	19,7	2,2	822	24 %	3,4%
Philips Lighting NV	22,90	11,7	10,0	1,4	30	31 %	3,4%
Top 10 positions		**12,9**	**10,3**	**1,3**		**67,3%**	**45,4%**
Total Equity (35 positions)							**94,3 %**
Cash							**5,8 %**
Total Portfolio							**100,0%**

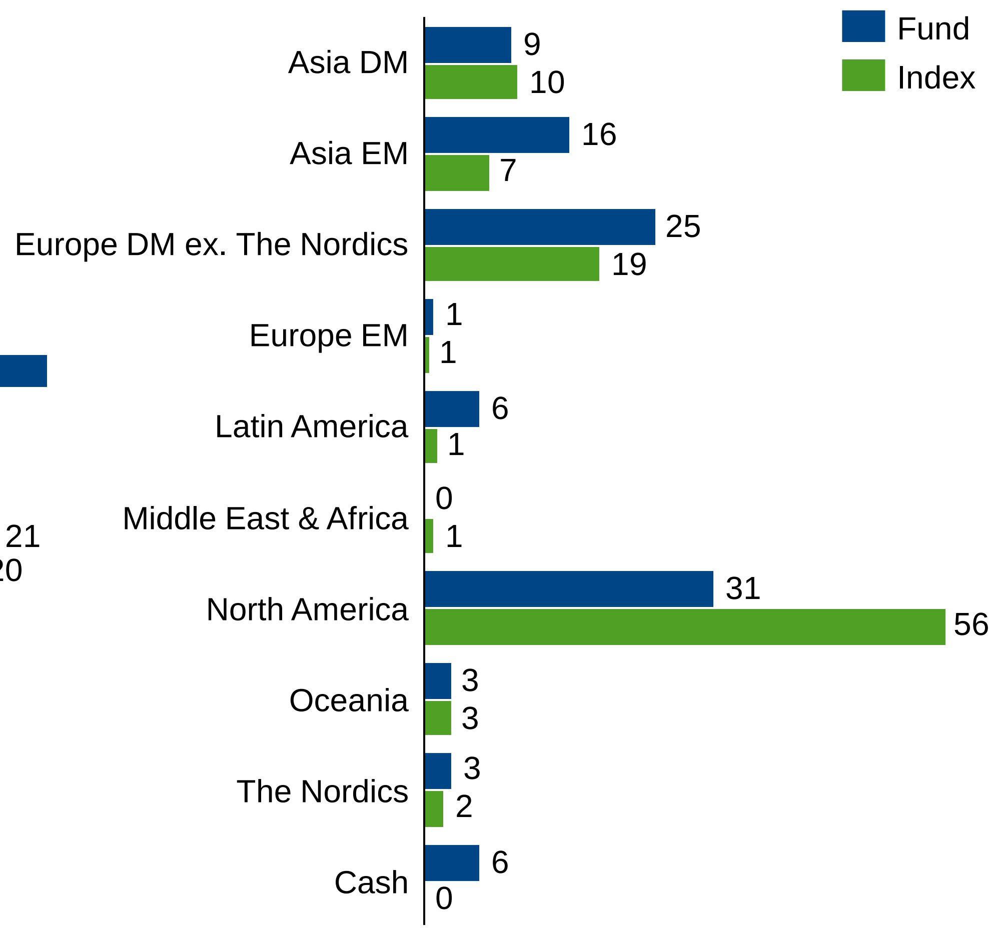
** JBS is the main owner of Pilgrim's Pride, which is a 2.7% position in the fund. These two positions should be viewed as one, with a total weight of 8.6%.*

Sector and geographical distribution vs index (July 2016)

Sector distribution



Geographical distribution



Holdings increased and decreased during July 2016

Key buys

- **First Quantum –** increased weight to replace exposure for Pan American Silver, that has been sold out**.**
- **South32** – increased weight to replace exposure for Pan American Silver, that has been sold out.
- **E-MART** - Continued buying towards target weight.

Key sells

- **Ubiquiti Networks** (out) - We have sold out of the position after the share price hit our target price.
- **Hyundai Motors** (out) - Adjusting fundamental risk exposure towards Auto and Korea. Deployed capital elsewhere.

Key earnings releases and corporate news, July 2016

Citizens Financial

(3.2% weight)

Investment case update

The company is the 13th largest regional bank in the US. After suffering from a longer period of mismanagement within Royal Bank of Scotland, the company produced returns of roughly half the level of relevant US regional bank competitors. Also capital levels are meaningfully higher than its peers. Following the Comprehensive Capital Analysis Review ("CCAR") by the Fed, the company's capital plan was approved. The company received a green light to up its quarterly dividend to USD 0,12/share (2,5% annual yield) and to increase it's common share repurchases by 38% over last year to USD 690m (7% yield). This would result in an estimated 97% payout ratio for 2016 which is higher than our expectation. These better-than expected payout numbers resulted in a favorable stock reaction, although the stock has been weak on an overall basis in 2016. We attribute the weakness to the lowered expectations for Fed rate hikes, which just got worse with the Brexit debacle, as the company has one of the more asset-sensitive balance sheets among the US regional banks. The stock is trading at attractive multiples of 0,8x TBV, forward P/E of less than 10x with an overall ROE potential of 8-10% in the mid-term.

Omega Protein

(4.4% weight)

Investment case update

Yet another activist case emerging in the portfolio. In a heavily resisted proxy contest by management, which used all the tricks in the books to retard the progress of the activist investor's agenda, the vote was finally cast. Wynnefield Capital proposed two new board members and almost 80 percent of the shares voted.

The independent nominees received more than 80 percent of the owners' votes. Independent nominee Michael Christodolou defeated incumbent Director Gary Ermers by approximate 4,5 to 1 margin. That is a powerful statement by shareholders (including SKAGEN Focus), and we expect positive strategic developments going forward.

Key earnings releases and corporate news, July 2016

MagForce

(1.6% weight)

Investment case update

MagForce is a German medical technology company with an innovative therapy used in the treatment of solid tumor cancers with clear advantages compared to traditional treatment methods. The demand for treatment is huge since 7000 people are diagnosed with brain tumors every year in Germany alone and 64 000 with prostate cancer. In the US, the figures are 10 000 and 230 000 respectively, with treatment amounting to tens of billions a year.

The company reported FY15 results inline with earlier guidance, a net loss of EUR 1,5m. Cash burn decreased compared to last year and since the company expects to be FCF positive by the end on 2017, current assets are estimated to cover their operating expenses until then. Commercial business in Europe is starting to take off with 4 clinics in Germany now offering commercial treatments for brain tumors. MagForce reaches the breakeven point at about 250 treatments/year which the CEO Ben Lips, a legend in the healthcare world, expects to achieve during the coming year at the latest. In the US, the company filed for an investigational device exemption relating to prostate cancer late 2015. A machine has now been installed in the US (Seattle). An answer from the FDA is expected in the coming months which, if positive, would allow treatment of patients- a potential short term catalyst for the share price.

CIT Group

(1.9% weight)

Investment case update

The US specialty finance conglomerate CIT Group announced the sale of its Canadian assets to Canadian bank Laurentian for a "premium" to book value. The transaction will free up about USD 100m in equity capital. The company also filed a regulatory filing for completing its sale/spin of the commercial aircraft leasing business which, according to reports, could fetch around USD 4bn in a sale. Following the change of CEO early this year, the pace of the corporate structure simplification process seems to be increasing. Future asset sales may include the railcar business. A target for the company is to get below the USD 50b asset SIFI threshold and get full flexibility to return excess capital to shareholders. The equity is trading at a sharp discount to tangible book value (0,6x) and assuming a successful execution of asset sales and de-SIFI status we think the company could buy back up to 30% of market cap in the mid-term. Following these non-core disposals, investors would be left with a decent smaller US regional bank, in the form of the old OneWest franchise (fully acquired in 2015).

Key earnings releases and corporate news, July 2016

Synchrony Financial

(1.9% weight)

Investment case update

The company is the leading US provider of private label credit cards (42% market share in the US), and also offers financing solutions in consumer financing/healthcare. It was fully separated from General Electric in November 2015 after being part of GE Capital for over 80 years. Recently the card-issuer announced a more cautious view on credit quality, and flagging for modestly higher charge offs in the coming year. In our view, this is mostly about normalization of credit quality from extremely low levels. The company carries above average capital levels, with a common tier one ratio of about 17% and the 60% pay-out ratio announced (dividends and share buybacks) for the coming year were better than anticipated.

Fact

The company announced their first dividend as a stand-alone entity at quarterly 13c / share and a share-buyback of USD 952m (5% of market cap).

Teva

(2.9% weight)

Investment case update

Q2 numbers are largely irrelevant as the focus is on the transaction and the outlook. Several positive soundbites - Allergan generics deal closing is imminent, generics pricing slightly better than feared and guidance moderately ahead of expectations – against a very poor market sentiment. Three key catalysts in the next weeks and months: (i) Formal confirmation of deal approval and closing; (2) Court ruling on Copaxone 40 mg patent challenge; (3) Delivery against financial targets to strengthen credibility. We note that the margin of error is slim given the fairly leveraged balance sheet, but the fact that Teva's Head of Generics is the person who built the generics division of Allergan (Actavis) is a mitigating factor, as are low expectations.

Summary

Teva pre-announced better-than-expected Q2 results, stated that approval for the Allergan acquisition is expected "any day" and provided guidance for 2017-2019. Guidance assumes 11% growth in FCF for 2015-2019. Revenue and EBITDA to grow 2016-2019 from $22.5 bn to $27.3 bn and $7.7 bn to $11.2 bn, respectively. Pro-forma leverage (ND/EBITDA) to go from 4.3x in 2016 to 1.1x in 2019. S&P downgraded Teva from BBB+ to BBB (stable) as Teva with the clearing of the deal is about to start the bond issuance program. No further deterioration in US generics pricing (still c. -5%) in Q2

Key earnings releases and corporate news, July 2016

Infineon

(5.1% weight)

Investment case update

Infineon is a German Semiconductor producer with focus and very strong market shares in Auto and Industrial applications. The company announced an acquisition of Wolfspeed which is a leading IP and producer of MOSFET based semiconductors maker including in-house SIC substrate supply. The price of USD 850mn or 4,9 times sales seems expensive, but it should be seen in the light of an extremely high growth of 20-25 per annum the next decennium (primarily electric car and mobile 5G applications) and already sporting a 55 percent gross margin. It is an interesting acquisition, we believe, as it fills one of the few gaps in the company's product portfolio in a very attractive segment and it will have huge operating& cost synergies in combination with Infineon's International Rectifier divisions, and is at least 5 percent EPS accretive within a few years. In addition, it strengthens the company's strategic position versus competitors. Interestingly, the acquisition will be financed with USD130 million in cash-on-hand and debt at mere 1-1,5 percent interest rate.

Fact

Infineon announced an acquisition of Wolfspeed which is a leading IP and producer of MOSFET based semiconductors maker including in-house SIC substrate supply for USD 850 mn.

Massimo Zanetti Beverage Group

(1.1% weight)

Investment case update

Massimo Zanetti, the Italian based coffee producer, operates in three main segments: Private Label (37% of sales), Mass market (37%) and Food service (26%). The company went public in June 2015 at a meaningfully higher share price than current price, and is since then 67% family-controlled. MZB already has 14% market share in Portugal and Nutrocafes holds additional 9% market share. Over 50% of Nutricafes' sales come from the food service segment, nothing in the private label area which is good from a diversification perspective, and has a major capsules business (1/3 of sales), supporting the company's ambitions to grow in that area of the business. The company is paying 8,5x EV/EBITDA which is in the low end considering historical transactions in the coffee sector. Net debt/EBITDA will stand at 3,5x following the acquisition.

Fact

The company announced the acquisition of Portuguese Nutricafes for EUR 74,5m.

Key earnings releases and corporate news, July 2016

Softbank

(4.8% weight)

Investment case update
Softbank announced a deal to acquire UK-based semiconductor company ARM Holdings, in a friendly and government tacitly approved offer, at roughly equivalent of USD 32 billion valuation. Although the bid was at roughly 40 percent premium to prevailing GBP market prices, it should be seen in the perspective of the YEN/GBP strength of 30 percent this year, so we have entered exposure into UK in SKAGEN Focus via neutral terms based on company management strategic decision. Softbank is known to do visionary acquisitions, which with the exception of Sprint in the US, have had a wonderful impact on the NAV of the company. As an example, they paid USD 20 million for a major stake in Ali Baba, which is now a major part of their sum-of-the-parts. Because of Sprint, a "to-be-still decided" investment of success or disaster, the company trades at 30-40 percent discount to balance sheet value (depending on private asset valuations).
ARM holdings is an asset-light, license (margin) heavy IP-driven company, supposedly in a monopoly position on low-energy/battery semiconductors which are in every cellphone, tablet, and interconnected device on earth. It is an interesting spider in the interconnectivity of machine and humans and its growth going forward. The investment thesis has obviously changed in this company position; per definition this is not what we bought. The question is if it is attractive or not. The company, in which was a very good decision, liquidated holdings of size in Gungho and Finnish Supercell at over USD 10 billion valuation, the latter producing Hay Day and Clash of Clans, to seemingly monetize the balance sheet and right ahead of the Pokeman Go craze which already garners more than half of all app-revenue on Earth. At the same time, ARM Holdings, has demand driven by such heavy usage applications. Indeed, the timing is interesting by a visionary and Telco operator company. However, it is a visionary move, probably highlighted by the argument of why; "It's like Yoda says to Luke in "Star Wars" – You just have to feel the force." We will review the merits of the case, and not in Jedi stile which we never do. The case is under review.

Facts
Softbank announced an acquisition of UK-based semiconductor company ARM Holdings in a friendly and government tacitly approved offer, at roughly equivalent of USD 32 billion valuation.

SKAGEN

Key earnings releases and corporate news, July 2016

Softbank

(4.8% weight)

Investment case update

Softbank is a Japanese telecom and internet conglomerate with main assets in Chinese online-giant Alibaba, US based telecom operator Sprint and Domestic Telecom businesses (mainly Softbank Mobile). While focus as of late has been on Son's highly questioned acquisition of UK based processor company ARM Holdings, the investment company actually posted quite decent results in Q117. Operating profit grew 9% in Domestic Telecom, 5% in Sprint and 9% in Yahoo Japan. Overall sales grew 3% while adjusted EBITDA grew 8%. The results were also affected by one-time gains in the divestment of Alibaba (from 32% to 28%) and the stake in Finnish game-producer Supercell. The strong JPY did reduce some of the favorable impact from Sprint's latest results. While the financial leverage will increase with the ARM Holdings acquisition, there are many favorable developments within Softbank which may be overlooked at this point, such as the latest results at Sprint. The US telecom carrier, which is 80% owned by Softbank, did post impressive subscriber additions and sharp increase in cash flow in the latest quarter, lifting the shares more than 35%. The implicit share discount to conservative fair value of the underlying assets, assuming the price paid for ARM Holdings is fair in a longer term perspective, is in excess of 30% and then there is very little value attached to the myriad of unlisted transport and e-commerce stakes acquired by the company over the last few years.

Fact

In the first nine month of the year, total company net sales increased 3% last year to JPY 2126b. Adjusted EBITDA grew 8% over last year. The company did not give forward guidance.

South32

(3.2% weight)

Investment case update

Australia based South32 is a diversified mining company with production in alumina (32%), aluminum (24%), silver (17%), coal (14%), manganese (7%) and nickel (6%). The company was demerged from BHP Billiton in May 2015. Production numbers for Q416 were more or less in line with earlier guidance. Record production was achieved in Australia Manganese, Worsley Alumina, Brazil & Mozal Alumina and Cannington (silver). We note that silver production increased meaningfully and with the underlying commodity price up more than 40% YTD, this is becoming a more pronounced driver for earnings going forward. The company also confirmed the USD 300m cost reduction target to be delivered in FY16/17. A strong balance sheet and significant free cash flow generation on spot commodity prices may allow the company to establish a dividend in the coming year. The stock is trading at forward EV/EBITDA at 3,5x and a potential FCF yield of 10% following restructuring/confirmed cost-outs.

Key earnings releases and corporate news, July 2016

Philips Lighting

(3.4% weight)

Investment case update

First report as a stand-alone company showed operational improvement with adjuted ebita margin expanding 180bps despite lower topline which is encouraging. The company is in the midst of a technology transition in which LED replaces old conventional lamps. As 86% of 2H16 ebita was generated within conventional lamps, market remains unconvinced on the company's ability to come out on top of this transition. However, the Q216 report showed solid progress as the company took market share in LED and increased margins. Furthermore, there were also signs that the professional division is returning to growth in North America after years of poor performance. Key to investment case is that company continues to grow in LED while expanding margins (operational leverage on S&GA costs). Post the report we maintain our view that there is 50% probability that 2018/2019 earnings exceed EUR 3/share which validates target price of EUR 30. Furthermore, the company will move to a business model with less capital employed (working capital now 12% of sales compared to 15% of sales 2015) and the cash flow will thus be stronger than earnings going forward and we thus see more than 80% chance that FCF per share will be above EUR 3/share.

Citizens Financial

(3.2% weight)

Investment case update

The company is the 13th largest regional bank in the US. After suffering from a long period of mismanagement within Royal Bank, the company is now on a quest to reach at least peer group profitability in its core operations from still quite low levels. Capital levels are also meaningfully higher than its peers. The company announced another solid quarter with net income of USD 246m, up 15% over last year adjusted for one-time items. Net interest income rose 2% despite very limited help from higher short rates and non-interest income rose 8% with particular strength in mortgage banking fees. Credit metrics remained quite stable but the results actually included a USD 25m reserve build. Return on tangible equity rose to 7,3% which was a 70 bps improvement over last year. Common tier one at 11,5% which still is higher than peer group and regulatory requirements. With the recently launched buy-back program, increased dividend and overall solid results we believe the investment case is on track. The stock is trading below tangible book value and the balance sheet is still overcapitalized. Assuming the company manages to improve profitability closer to peer group levels of around 10%; the upside in the equity is towards 1,0x book value or about 35 USD per share. This would equal 13x EPS of 2,6 USD in 2017-2018.

Fact

The company reported Q216 earnings of USD 243m (adjusted USD 211m last year) or 0,46/share (0,40/share last year). No restructuring charges or special items were recorded. Total revenue of USD 1,3bn increased 10% from the prior year, with growth in both net interest income and fee income.

SKAGEN

Key earnings releases and corporate news, July 2016

First Quantum

(2.2% weight)

Investment case update

First Quantum is a Canada-based mining and metals company. It has seven mines across the world. It produces copper (70%), nickel (20%), gold, zinc and platinum. It operates mainly mines in Zambia, Spain and Finland, Australia and Turkey. The company swung to an operating profit in Q216 over last year; driven by record production levels (again) and a more favorable pricing environment for its commodities. During the quarter a new debt facility was put in place with improved financial covenants (5x net debt/EBITDA) which has meaningfully decreased balance sheet risk. Also, the sale of the Kevitsa mine to Boliden for USD 712m was completed which reduced the net debt position to USD 4,1b. On the cost side, the company guided for even lower cash costs for copper from USD 1,15 to 1,05 per lb. As the turn-around of its operations unfolds, the market has shifted focus from balance sheet concerns and potentially dilutive equity issues to fundamentals and the rather impressive increase in production. This has resulted in a sharp re-rating of the shares since last autumn when the position was established.

Fact

In Q216 the company reported adjusted EBITDA of USD257m which is up sharply from last year, due to increased production and improved cost base. Revenue increased by 18% to USD 659m in Q216.

Teva

(2.9% weight)

Investment case update

The market has been concerned that the deal would not be approved, so this announcement is a minor positive as it removes some of the uncertainty. The transaction is expected to close next week. Next upcoming catalysts include Copaxone patent court rulings and more detailed financial guidance, both expected to happen later in Q3.

The largest companies in SKAGEN Focus

AIG is an international insurance company serving commercial, institutional and individual customers. The company provides property-casualty insurance, life insurance and retirement services. AIG was at the very centre of the financial crisis as the central bank for mortgage insurance – it was bailed out in a USD 180bn bail out. The company has two core insurance holdings: Sun America and Chartis that it intends to keep.

Brazil-based JBS transformed itself from a mid-sized local beef producer to the world's largest animal protein processor in just a few years since its IPO in 2007. It is now the world's #1 beef, #2 poultry and #3 pork producer by sales. The company operates in six main segments: JBS USA Beef (40% of sales, US beef processing), Moy Park (14%, UK-based chicken and foodservice provider), Pilgrim's Pride (14%, 2nd largest chicken producer globally; separately listed in the US; PPC US, JBS ownership 75%), JBS Mercosul (13%, Brazil-based beef processing), JBS USA Pork (10%), JBS Foods (9%, prepared foods and poultry processing).

Infineon Technologies AG designs, manufactures and markets semiconductors. The company's products include power semiconductors, microcontrollers, security controllers, radio frequency products and sensors. Infineon markets its products to the automotive, industrial, communications, consumer and security electronics sectors.

Japan-based Softbank is a telecom and internet conglomerate. The company's main assets are 1) the Chinese online giant Alibaba Group (32% holding). Alibaba is the leading online commerce platform in China, active both in retail and wholesale; 2) US-based telecom operator Sprint (80% ownership) which provides wireless services in the US and is the third largest wireless network operator after Verizon and AT&T; and 3) domestic telecoms (mainly Softbank Mobile, third largest telco in Japan after KDDI and NTT Docomo).

Omega Protein Corporation is a nutritional ingredient company in the United States that markets fish meal and fish oils from menhaden, an oily, virtually inedible fish found in the Gulf of Mexico and in the Atlantic Ocean. The company fishes for its own source of raw material and without their own catch. They are the largest US producer of Omega 3 fish oil and specialty fish meal products. These heart-healthy fish oils have experienced rapid growth as a dietary supplement and the fish meal is finding increasing usage in nutritional food additives.

The largest companies in SKAGEN Focus (cont.)

Japanese company established in 1999 as an online financial services company, incubation arm of Softbank. Acquired E*Trade Securities in 2003, Softbank sold out in 2006. Three main businesses: i) Financial services; ii) Asset management, iii) Biotech Financial services. Building an ecosystem to offer full range of financial services: SBI Securities: Dominant provider of online securities services in Japan, #3 in new tax-saving NISA behind Nomura and Daiwa. SBI Sumishin Net Bank: pure-play internet bank. Also active within insurance (Life & Non-life), Mortgages (through securitisation), trading system and FX trading.

SK Hynix Inc. is a Korea-based company engaged in the manufacture of semiconductors. The Company mainly develops and manufactures memory and non-memory semiconductors. Its memory semiconductors include dynamic random access memory (DRAM), multi-chip products (MCPs) and NAND flash memory semiconductors, which are used for cellular phones, PC, digital televisions, digital cameras and other electronic products. The company has the number three market share (in the current oligopoly) in DRAM, behind Samsung and Micron

Jenoptik AG is a Germany-based company engaged in the field of optoelectronics. Its main activities are divided into three segments: the Laser & Optical Systems segment, the Metrology segment, the Defence & Civil Systems segment. The Laser & Optical Systems segment encompasses Laser and Material processing division, which is engaged in semiconductor materials and diode lasers. The Metrology Segment is engaged in manufacturing of high precision contact and non-contact metrology systems; and the Traffic Solutions division comprises products and solutions for road safety. The focus areas of the Defence & Civil Systems are military and civil vehicle, rail and aircraft equipment.

Carlsberg A/S is an international brewing company. The company produces branded beers and regional brands. Carlsberg makes most of its beer outside of Denmark and it is sold in markets around the world. The company also markets and produces soft drinks, water and wine.

Philips Lighting, a spin-off from Royal Philips, is the worlds largest lighting company in both lamps and luminaires. The lighting industry is going through one of its biggest changes ever, through the adoption of LED technology, which allows much greater efficiency and controllability.

For more information please visit:

Our latest Market report
Information on SKAGEN Focus 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. KIIDs and Prospectuses for all funds can be found on our website.