



SKAGEN on value investing

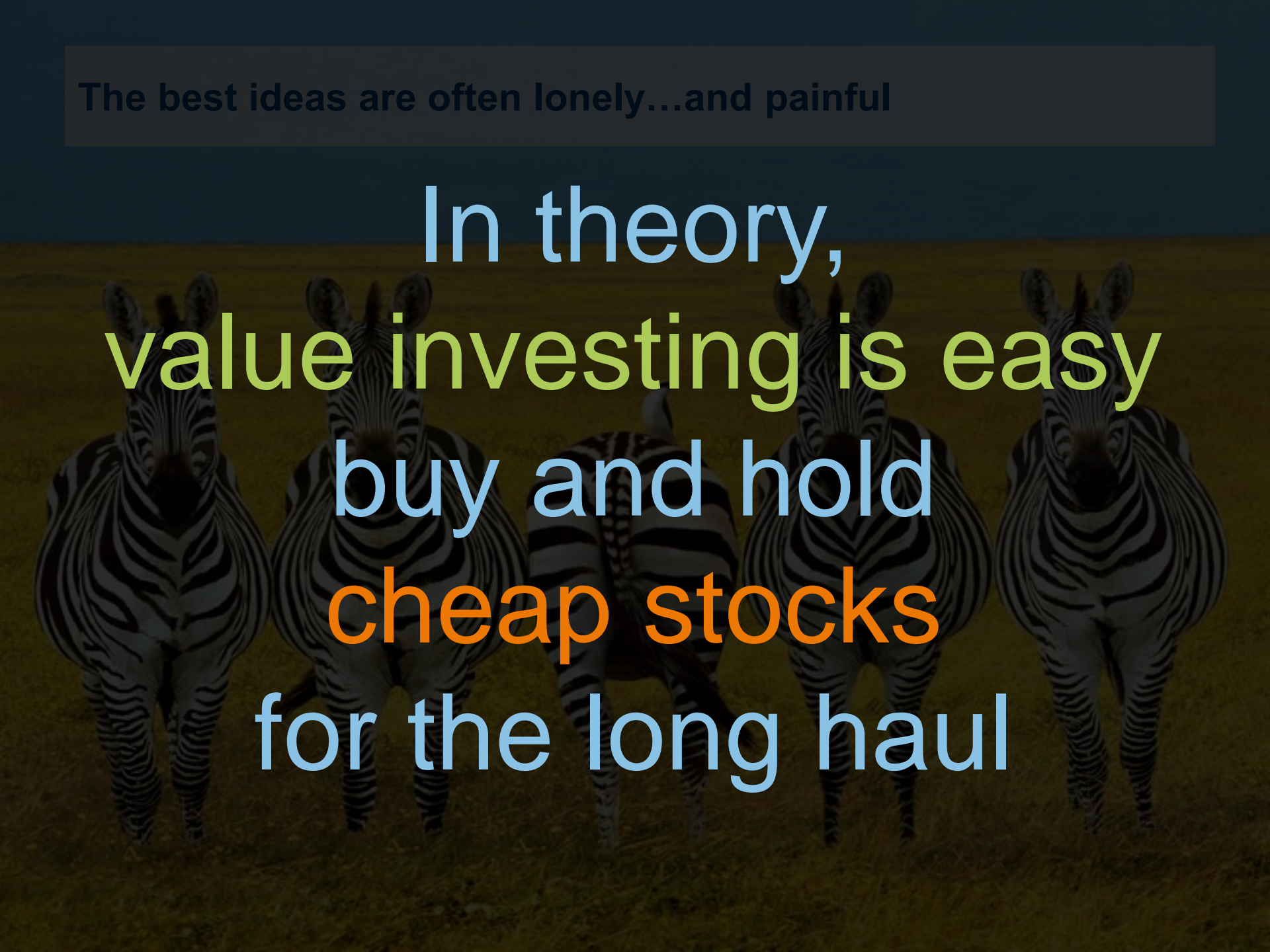
Gent, Belgium

Kunsten å bruke sunn fornuft



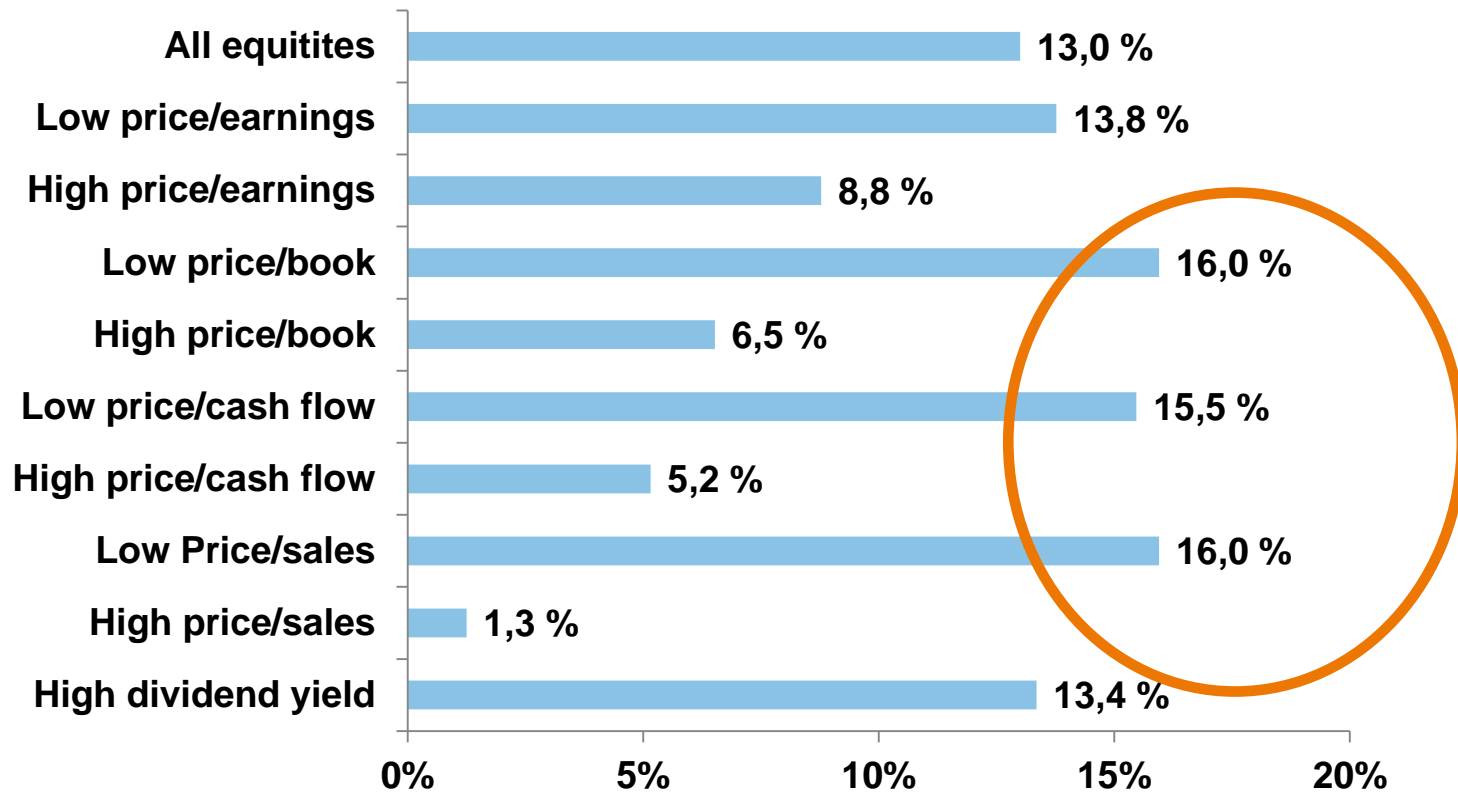
The best ideas are often lonely...and painful

In theory,
value investing is easy
buy and hold
cheap stocks
for the long haul

A herd of zebras is shown in a savanna landscape, facing the viewer. The zebras are in various positions, some in the foreground and others slightly behind. The background is a flat, open plain under a clear sky. The overall tone is somewhat somber due to the dark background.

What creates long term returns?

Annualized return in US market over a 52 year period up to 2004



Kilde: James P. O'Shaughnessy, *What works on Wall Street*, 2005

Before investing, it's wise to have a plan!

SKAGEN's 3 pillars of investing

The goal is to provide our unit holders with the best possible return relative to the risk within the fund's investment mandate.



**Under-
valued**



Unpopular



**Under-
analyzed**



15,9% annualized return,
while emerging markets have
returned **8,8%** per year

Has outperformed the market in

11 out of **12** years

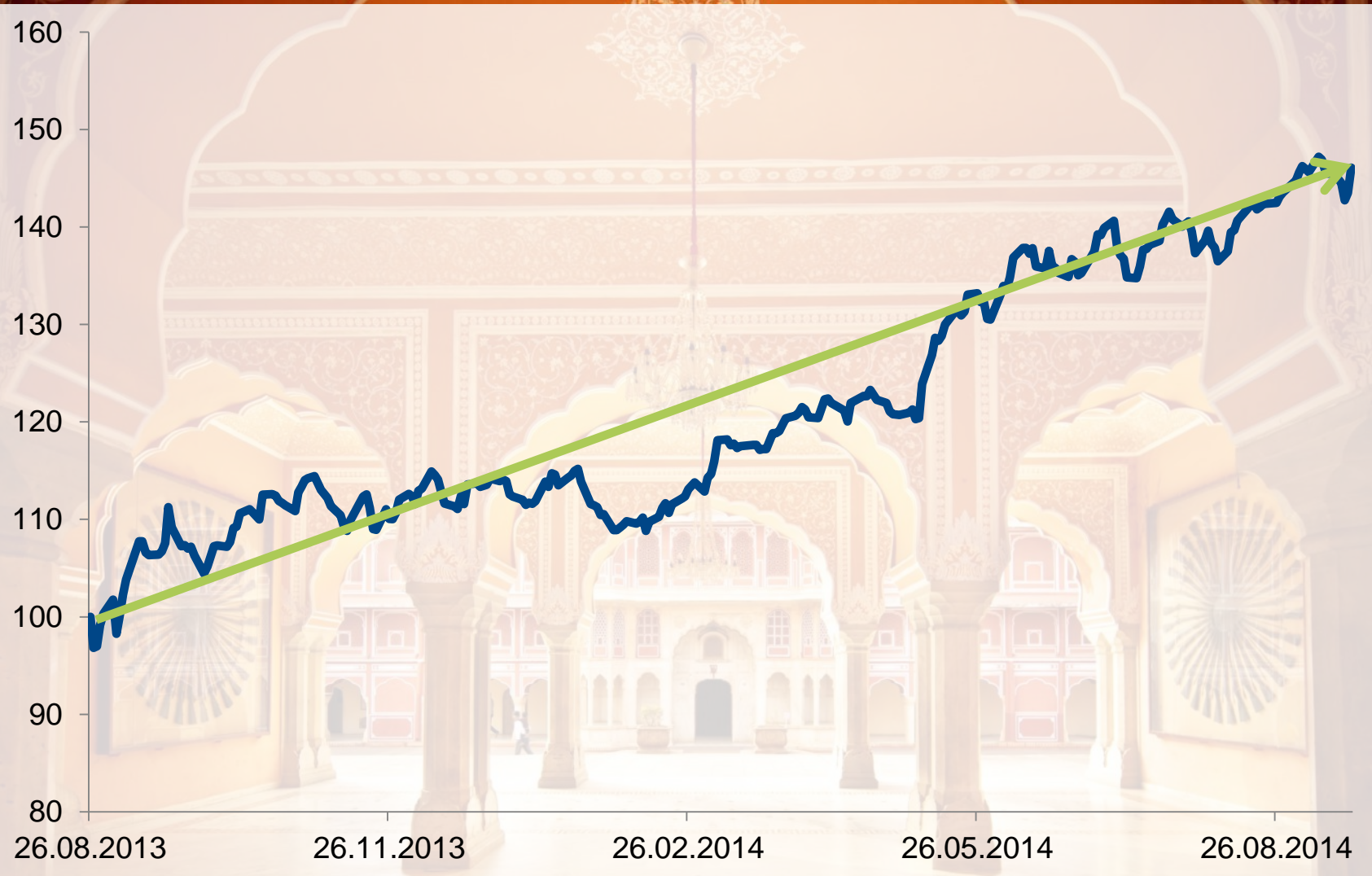
Stavanger: away from the media noise



Seeking clarity...

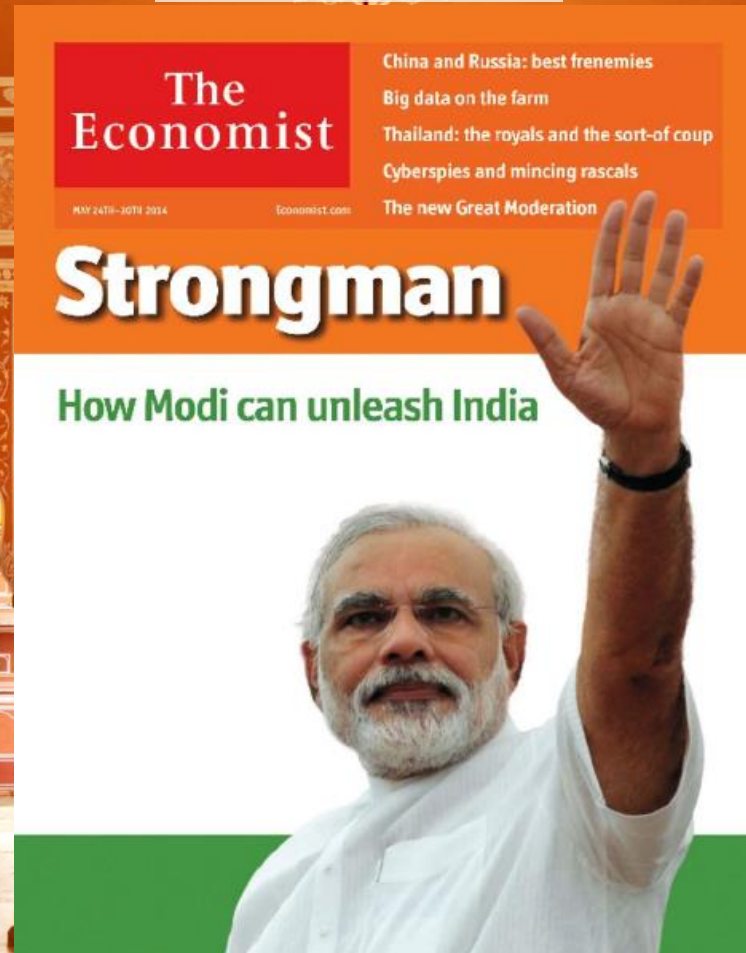
24. august 2013:





What a difference a year makes

24. mai 2014:



It can pay off to challenge conventional wisdom



Who wouldn't dare to be great?

No one



The real question is...

Are you willing to be different and are you willing to be wrong?

-Howard Marks, Oaktree Capital

Hyundai Motor - A growing and profitable car company

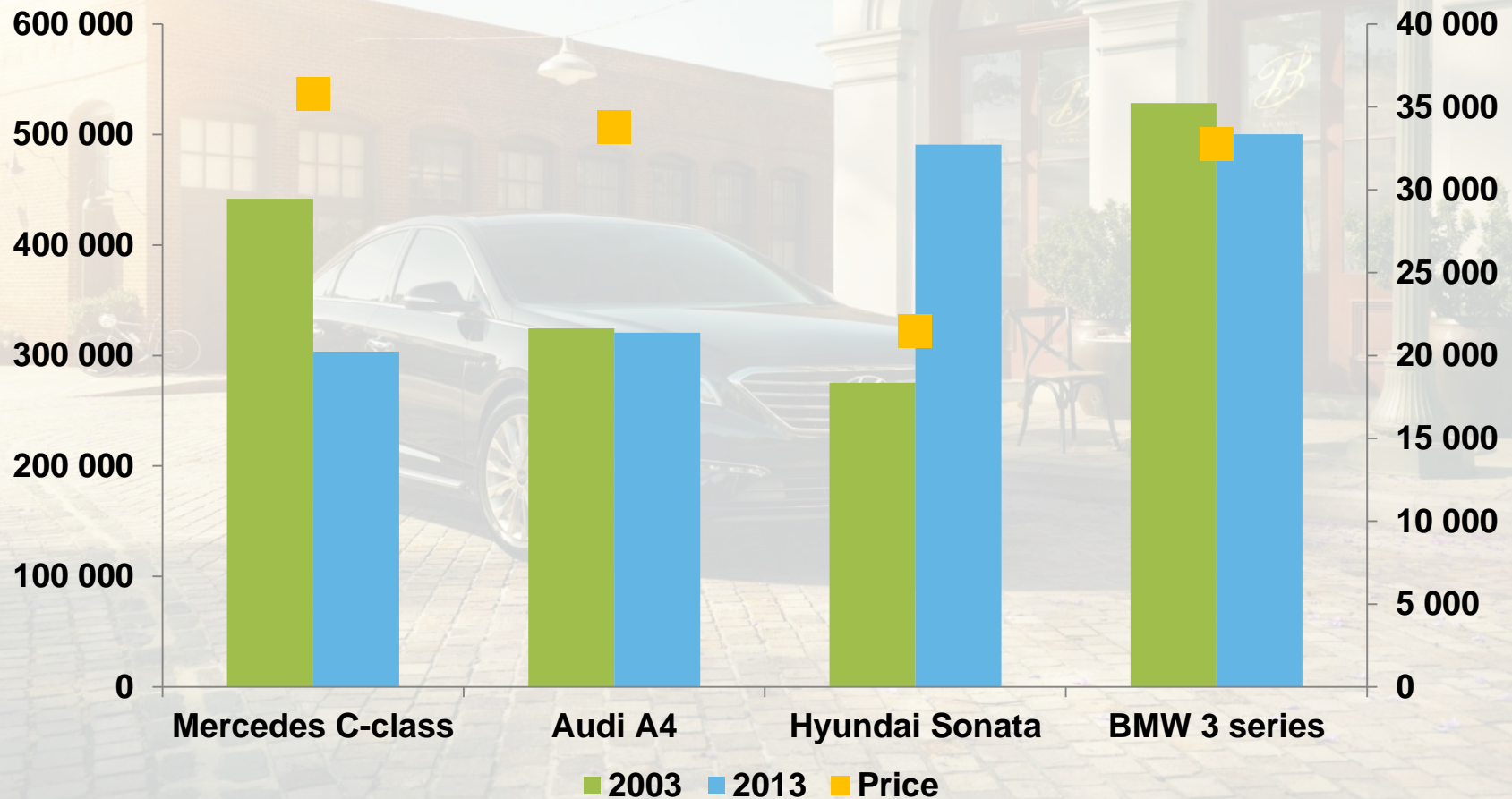
6th largest
global auto maker

4.6m units
produced in 2013

4th largest
including Kia stake

Hyundai Motor has proven track record and is growing

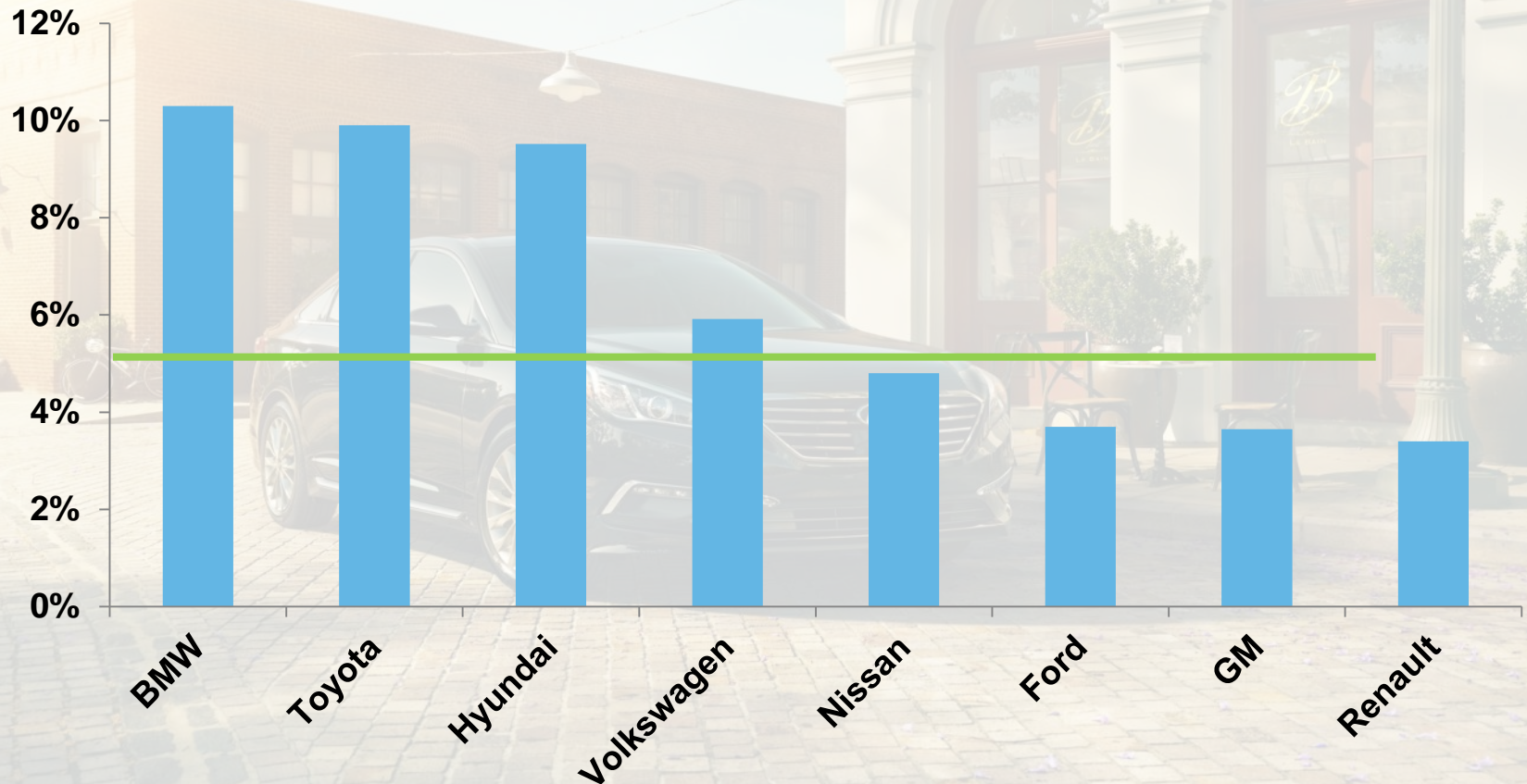
Global unit sales by model and entry level price (USD)



Source: Company data, Price is MSRP in USA

Hyundai Motor enjoys top tier operating margins

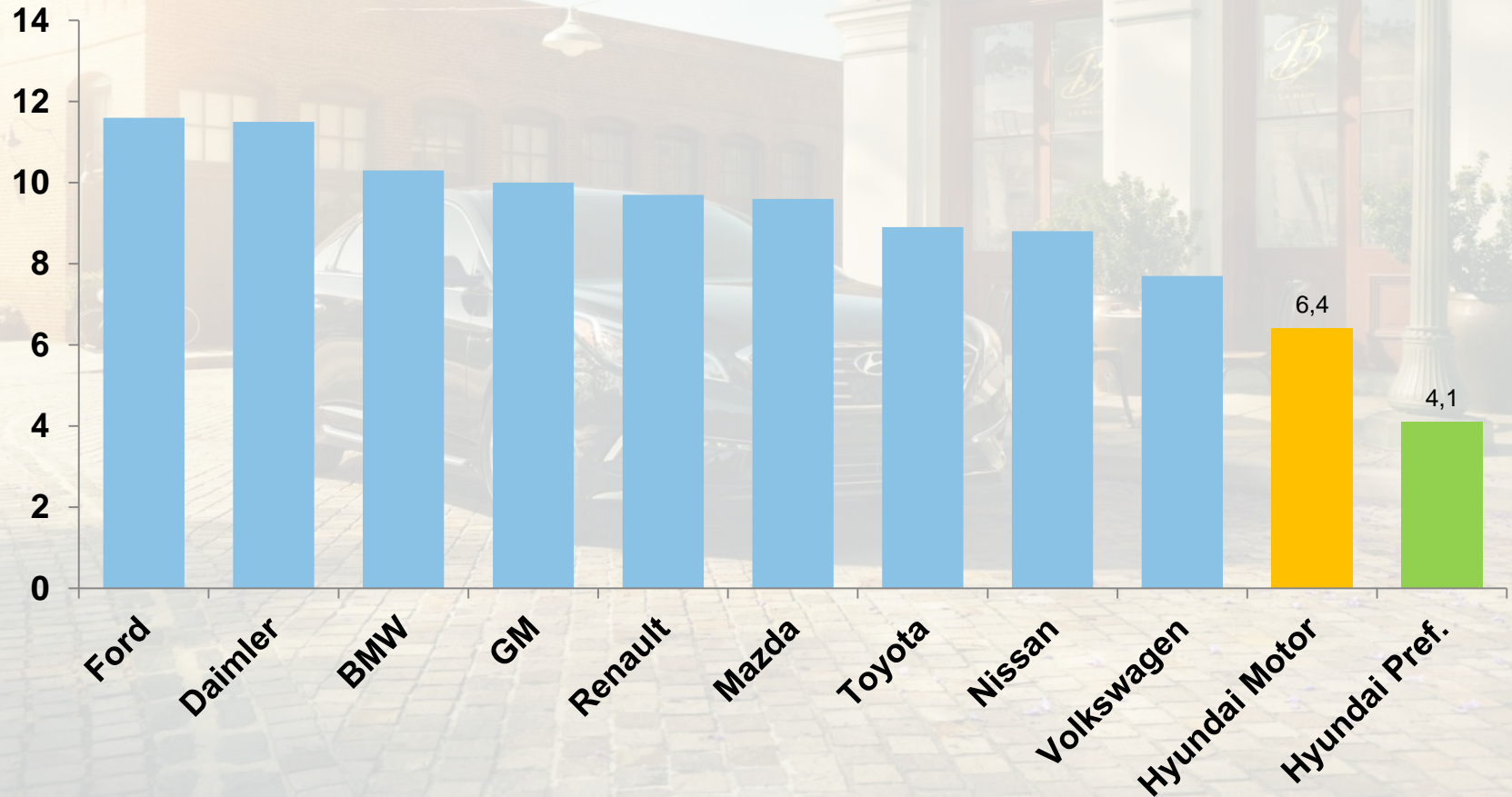
Consolidated operating margin for 2013



Source: Company data

Offers outstanding value on relative and absolute basis

Global auto majors P/E 2014e



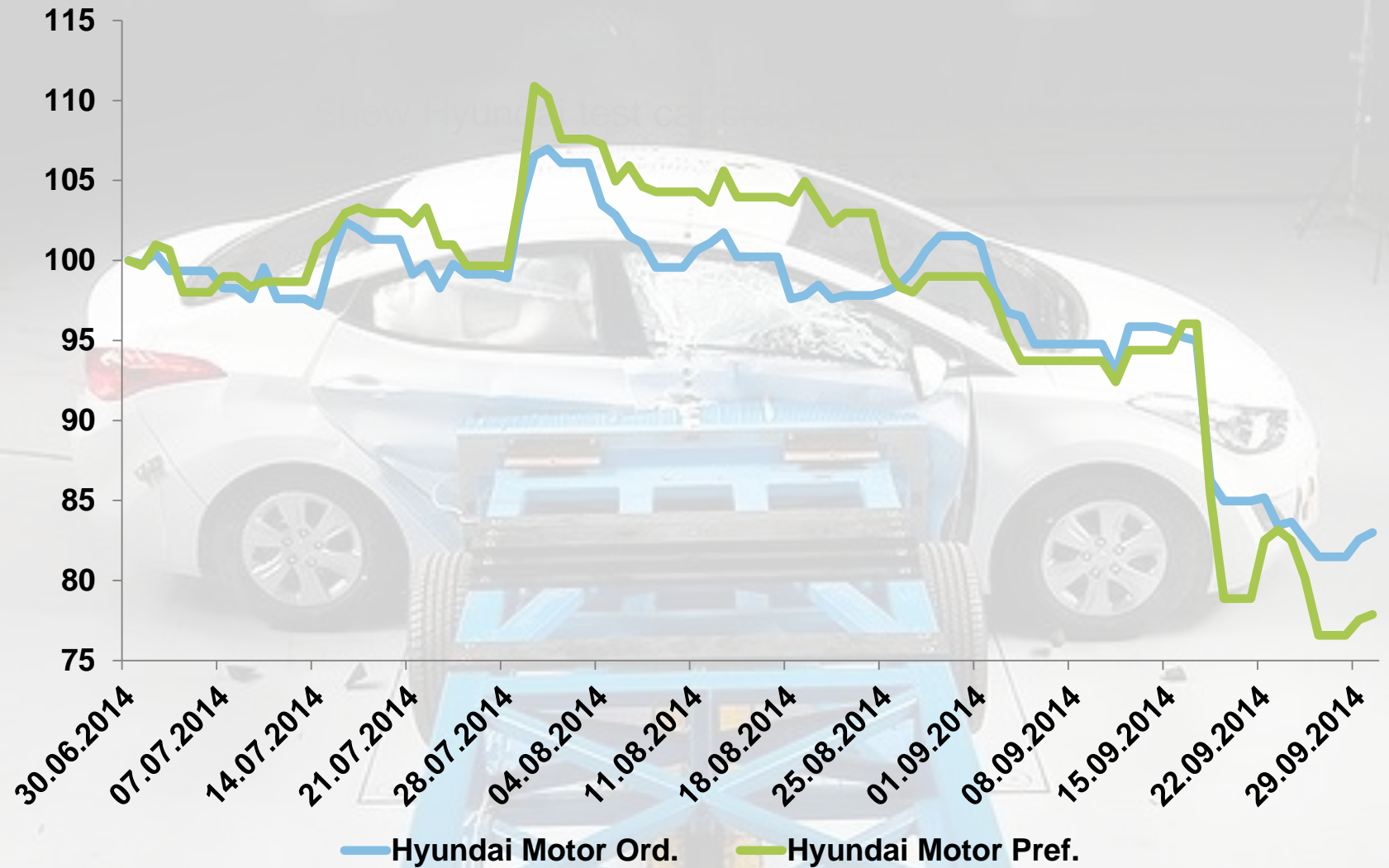
...management interests are aligned with shareholders

HYUNDAI MOTOR
NEWS

HYUNDAI MOTOR WINS LAND BID

Auto group offered \$10.1 bil. for site, 3 times appraised value

3Q returns have been less than stellar



...while the stock has contributed significantly since 2009...



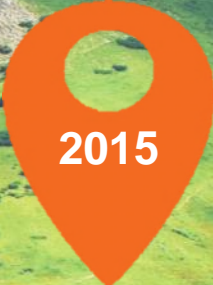
Source: SKAGEN Funds, Bloomberg

...and two out of three catalysts for revaluation remain

Continued
strong **volume growth**

Continued **margin
expansion with new
models**

~~Increased **dividend
payouts**~~



Presentation SKAGEN Kon-Tiki, Dag van de Tips, October 2014

Except otherwise stated, the source of all information is SKAGEN AS as at 31.09.2014.

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