SKAGEN Tellus A

Alle tall er i NOK per 31/12/2020

Positive end to the year

SKAGEN Tellus had a good end to the year driven both by lower interest rates and stronger currencies. The fund ended the quarter well ahead of the benchmark. The largest positive contributors to fund performance were our investments in Mexico and Serbia thanks to falling interest rates and stronger currencies. The largest detractors were our US and Uruguayan positions driven by weak currencies.

During the quarter we switched some exposure away from the UK and Croatia to South Africa and Romania. In South Africa, we have invested in two bonds issued by the European Investment bank which is AAA rated. The main position is in a short-term bond and is motivated by our analysis suggesting that the ZAR is significantly undervalued in the medium term. We have also invested in one long-term bond which offers a very attractive running yield given the low credit risk and our view that the currency will appreciate. The investment in Romania replaces some of the investment we have had in Croatia which we have scaled back following recent strong performance. The Romanian position is motivated by the fact that the EUR-denominated bonds trade like a sub investment grade country even though the country is still rated investment grade by all the major agencies, and we expect them to maintain their investment grade rating.

Positive vaccine news, but another increase in infections

Although we had very positive news on the Covid-19 vaccines in Q4 and vaccinations are now being rolled out in several countries, we see new outbreaks all the time reminding us that the danger is not over. Many countries have now shut down for a third time. This will curb the economic recovery and may lead to increased uncertainty in financial markets if we see challenges or delays in the vaccinations. Such a scenario could lead to another increase in credit spreads, but as long-term investors we would typically see beyond that and resist any temptation to make large changes in the fund.

As mentioned in previous reports we monitor the increasing debt burden for both governments and companies closely. Continued and new lockdowns will increase debt burdens even more and with that the vulnerability in the financial system increases. The low interest rate environment mitigates this vulnerability, but the higher the debt burden, the lower the increase in interest rates needs to be before it hurts. A thorough credit analysis is of upmost importance to us in the current situation.

New presidents

The main political event in the quarter was of course the presidential election in the US. For financial markets a democratic president increases the likelihood of more fiscal spending which in turn might drive inflation expectations higher. Biden is also expected to lead a more civilized foreign trade policy which could help boost growth expectations for the global economy. Recently the 10-year expected inflation rate increased to over 2% for the first time since 2018 and even though we do not expect huge jumps in interest rates, we believe long-term rates will head north over time due to both increased inflation expectations and improved growth expectations.

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Foto: Unsplash

Political news from Peru

While Trump and Biden dominated political headlines in the quarter, there was no lack of political news from other parts of the world. In Peru, where Tellus has one of its largest investments, the very popular president Martin Vizcarra had to step down in November after he was impeached on corruption allegations (decided by a congress where over 50% of members are under investigation for corruption) and was replaced by the head of congress, Manuel Merino. Large protests soon erupted and Merino himself had to step down after only five days on the job. He was then replaced by Francisco Sagasti a centrist politician who will rule until the elections in 2021. Even though we viewed Vizcarra as a good president and would have preferred for him not to have been ousted, the interim president Sagasti seems capable of maintaining order until the elections later this year. We have not actively changed our positioning and after a brief jump in interest rates on the announcement of Vizcarra's resignation, rates have fallen back and are currently lower than before Covid.

Outlook

Once again, we are seeing historically low interest rates in large parts of the world. Given the large challenges the world faces due to the pandemic, expectations are that interest rates will stay at a low level for an extended period. We do, however, still find opportunities for good investments in emerging markets where interest rates are higher. At the same time, we find it more important than ever to tread carefully to avoid the countries that will struggle due to overly large debt build-ups in the current crisis.

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SKAGEN Tellus investerer i en aktivt forvaltet og diversifisert portefølje av hovedsakelig statsobligasjoner fra hele verden. Fondet passer for dem som ønsker å investere i et obligasjonsfond, enten alene eller som del i en veldiversifisert, og som har minst tre års investeringshorisont. Investorer bør tolerere valutasvingninger.

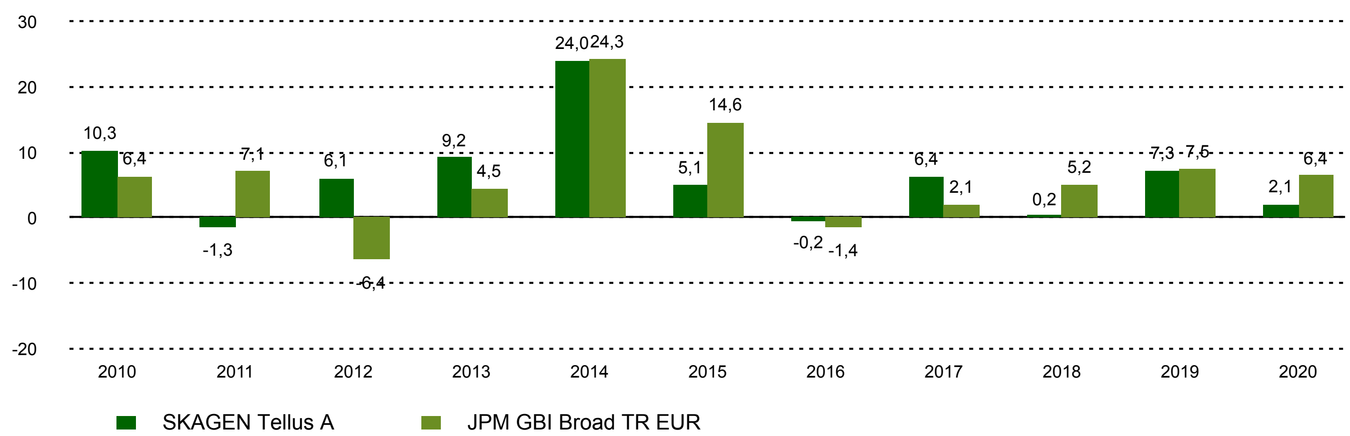
Fondsfakta

Type	Obligasjonsfond
Domisil	Norge
Start dato	29.09.2006
Morningstarkategori	Rente, Globale obligasjoner - EUR fokusert
ISIN	NO0010327786
NAV	107,69 NOK
Årlig forvaltningshonorar	0.80%
Referanseindeks	JPM GBI Broad TR EUR
Forvaltningskapital (mill.)	395,47 NOK
Rentefølsomhet	4,36
Vektet gj.sn. løpetid	5,33
Effektiv rente	2,94%
Antall poster	16
Porteføljeforvalter	Sondre Solvoll Bakketun

Historisk avkastning

Periode	SKAGEN Tellus A	Referanseindeks
Siste måned	-0,9%	-2,3%
Hittil i kvartal	-4,3%	-7,5%
Hittil i år	2,1%	6,4%
Siste år	2,1%	6,4%
Siste 3 år	3,1%	6,4%
Siste 5 år	3,1%	3,9%
Siste 10 år	5,7%	6,1%
Siden start	5,7%	5,7%

Avkastning siste 10 år



Ref. indeks før 1.1.13 var Barcap Global Treasury Index 3-5 yrs

Bidragsytere i kvartalet

Største positive bidragsytere

Navn	Vekt (%)	Bidrag (%)
Mexican Bonos	7,58	0,52
Serbia International Bond	4,65	0,13
European Bank for Recon & Dev	5,29	0,03
European Investment Bank	0,82	0,02
Romanian Government	0,58	0,00

Største negative bidragsytere

Navn	Vekt (%)	Bidrag (%)
United States Treasury	24,57	-2,18
Czech Republic	7,25	-0,40
Uruguay Government	6,69	-0,37
Peruvian Government	7,23	-0,34
United Kingdom Gilt	7,15	-0,32

I NOK for alle andelsklasser

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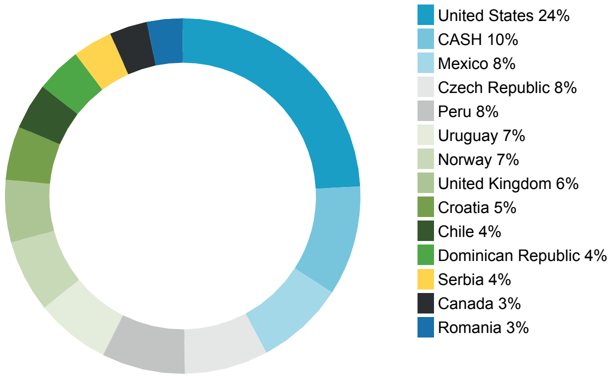
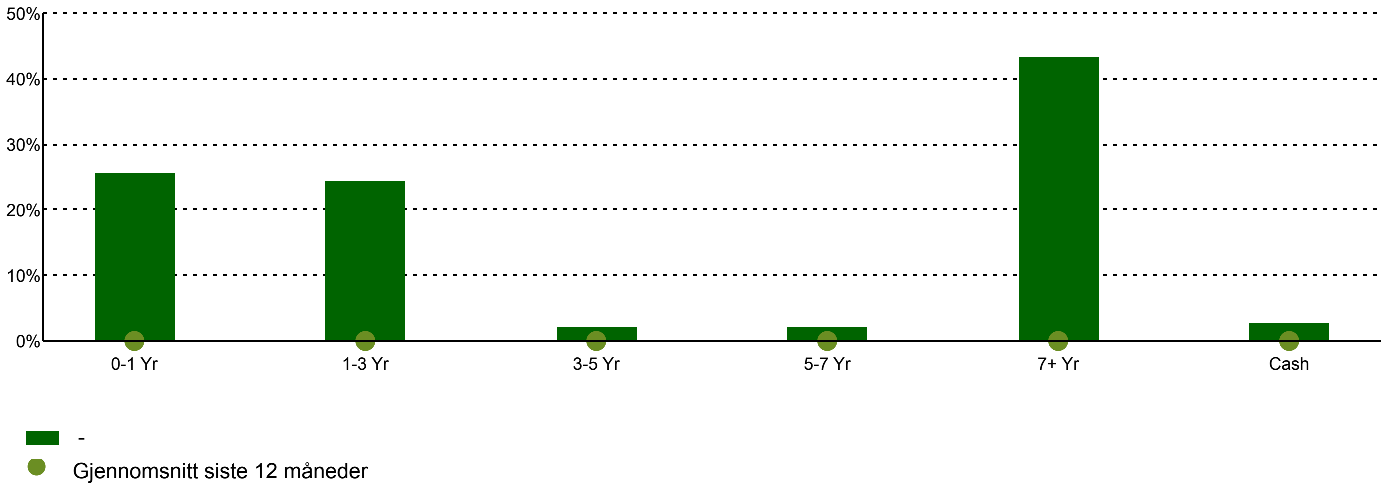
10 største investeringer

Navn	Prosent av fond
US Government	24,1
Mexico	8,1
Czech Republic Government	7,6
Republic of Peru	7,6
Oriental Republic of Uruguay	6,8
Kongeriket Norge	6,6
UK Government	5,7
European Bank for Reconstruction & Development	5,3
Republic of Croatia	4,9
Republic of Chile	4,2
Total	80,9

Landeksponering



Tid til forfall



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Viktig informasjon