



SKAGEN Focus LUX B EUR

Q1 2023 Quarterly Report

All data in EUR as of 31/03/2023 unless otherwise stated

This is marketing communication



INVESTMENT OBJECTIVE

SKAGEN Focus is a high conviction equity fund that seeks to generate long-term capital growth by investing in a portfolio of global companies with a bias towards small and mid-cap companies.

The Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	27/09/2019
Benchmark	MSCI ACWI
ISIN	LU1932704841
Morningstar Category	Global Flex-Cap Equity
Fixed Fee	0.60%
SFDR Category	Article 8
Portfolio Managers	Jonas Edholm David Harris



Jonas Edholm & David Harris

- ❖ Jonas Edholm joined SKAGEN in January 2015
- ❖ Previously Founder and Portfolio Manager, Labrusca Family Office, Stockholm, Sweden
- ❖ David Harris joined SKAGEN in January 2015
- ❖ Previously Analyst, Labrusca Family Office

INVESTMENT COMMENTARY

Financial troubles in the US

The fund produced a strong return in the first quarter of the year and outperformed its benchmark index. The fund was also well ahead of the MSCI ACWI Value index. The financial markets have been remarkably resilient considering the recent developments in US financial stocks. Not only did we witness several large bank failures, including Silicon Valley Bank and Signature Bank, but a general collapse in US regional banks' valuations. So far, the financial markets seem to interpret these issues as largely isolated, and instead prefer to price in the potential positive impact of lower interest rates ahead.

Late in the quarter, this led to a rotation from banks and related cyclicals to more rate-sensitive sectors, such as technology stocks. Overall, we see a major risk of increased regulation for smaller US banks and across the entire US banking system following the above developments. New and tougher liquidity and capital frameworks will be initiated. These developments will no doubt uncover interesting opportunities for us as contrarian and price-driven investors later in 2023 when the dust has settled.

Solid company-specific catalysts deliver

Several company-specific catalysts helped lift the net asset value of the fund in the quarter. For instance, one of the strongest contributors was Italian truck producer Iveco, which announced earnings that exceeded consensus by a wide margin. They also delivered on capital allocation catalysts, such as a share buyback. In addition, we welcomed very solid earnings and guidance from the French semiconductor producer STMicroelectronics, and the stock responded strongly. Our sole Chinese position, China Communication Services, delivered a long-awaited margin expansion, a core part of the investment thesis, and contributed solidly in the quarter.

On the negative side, our recently initiated position in Canfor Corp, has yet to re-rate higher and we are still building the position.

Key sells

We exited our position in Gen Digital as the company's leverage and interest rate cost may exceed our initial expectations. We exited our small position in the US regional bank Synovus Financial immediately following the first indications of the banking turmoil with signs of deposit flight. We currently do not hold any exposure to US financials.

We closed our position in Canadian steel producer StelCo following a strong rerating in shares combined with extensive buybacks and dividends, as our investment thesis played out and the shares now reflect fair value. We also sold out of German Commerzbank at price target, following a 50+% holding period return, for the second time in 1.5 years, following successful progress on restructuring and net interest income tailwinds.

New portfolio additions

We have initiated a position in Korean auto-supplier Hyundai Mobis which mainly operates as a supplier to Hyundai and Kia. We believe the company is a leader in EV powertrain and shows good potential to increase its footprint outside its legacy client base. The balance sheet is strong and trades at close to a negative enterprise value, as they hold a vast stake in Hyundai Motors.

We continued to add to our position in Japan Post Holding, the conglomerate which owns not only the postal services network in Japan, but also stakes in Japan Post Bank and Japan Post Insurance, as well as several other non-core assets. The valuation of the stock is highly attractive as there is a seemingly vast discount at holding company level as well in the underlying portfolio holdings.

In addition, we started to accumulate a position in Canadian lumber producer Interfor. The lumber price is trading at depressed levels, and we believe the stock is priced well below normalised earnings power. In addition, the company has more than USD 500m on deposit from the lumber dispute between the US and Canada, of which the bulk is off balance sheet, representing roughly half the current market cap in a full after-tax refund.

Investment universe expanding

For a contrarian and value-based investor like SKAGEN Focus, the current investment environment provides several new areas of investment opportunity. For instance, the turbulence in financials, particularly in the US, will eventually lead to interesting opportunities. We focus on finding solid companies at a substantial discount to fair value in these out-of-favour sectors at the right time in the cycle. At the end of the quarter, the portfolio consists of 49 positions of which 75% is invested in small and mid-cap positions. The top-10 concentration has increased from 31% to 35%. We still see a large upside to our weighted price targets of around 61% at the end of the quarter.



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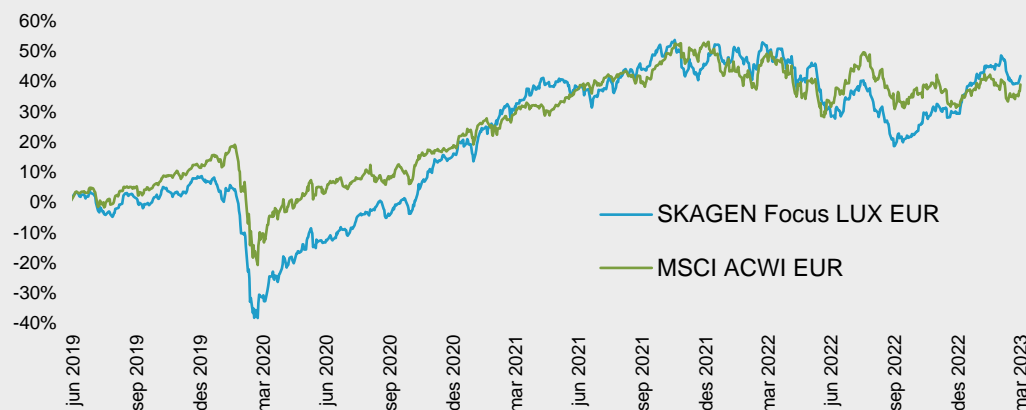
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FUND PERFORMANCE

	Q1 2023	1-Year	Since Start
SKAGEN Focus LUX B EUR	9.5%	-4.2%	9.9%
MSCI ACWI	5.4%	-5.2%	7.7%
Relative Return	4.1%	1.0%	2.2%



As at 31/03/2023 in EUR, 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 management fees. The return may become negative as a result of negative price developments. There is a risk associated with investing in the fund due to market movements, currency developments, interest rate levels, economic, sector and company-specific conditions.

RISK PROFILE

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level. Other risks not included in the summary risk indicator but materially relevant: Event risk, liquidity risk, operational risk, counterparty risk, derivatives risk. Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. This product does not include any protection from future market performance so you could lose some or all of your investment.

PORTFOLIO STATISTICS

No. of holdings	42
Top 10 weighting	35%
Active Share	100%
Turnover ratio	77%
Investment horizon ¹	2-3 years

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
Methanex Corp	3.7%	1.1%
STMicroelectronics NV	2.7%	0.8%
Norma Group SE	1.9%	0.8%
Iveco group NV	1.6%	0.7%
Vitesco Technologies Group	2.8%	0.6%

Largest detractors ▼

Holding	Weight	Contribution
Ubisoft Entertainment SA	0.5%	-0.3%
Canfor Pulp Products Inc	1.7%	-0.1%
Fortuna Silver Mines Inc	1.3%	-0.1%
Gen Digital Inc	1.2%	-0.1%
Albertsons Cos Inc	2.4%	-0.1%

PORTFOLIO INFORMATION

COUNTRY EXPOSURE		
	Fund	Benchmark
Canada	15.5%	3.1%
Japan	15.7%	5.5%
United States	11.6%	59.2%
South Korea	14.5%	1.3%
Germany	10.3%	2.2%
China	3.1%	3.3%
Slovenia	1.2%	0.0%
France	4.9%	3.1%
Italy	2.5%	0.5%
United Kingdom	6.5%	3.8%

SECTOR EXPOSURE		
	Fund	Benchmark
Materials	31.6%	4.9%
Industrials	17.6%	10.4%
Financials	17.1%	15.6%
Consumer Discretionary	7.5%	10.9%
Information Technology	6.8%	20.4%
Communication Services	2.4%	7.3%
Consumer Staples	13.1%	7.7%
Energy	0.0%	5.0%
Health Care	2.2%	12.3%
Real Estate	0.0%	2.4%

TOP 10 HOLDINGS	
Albertsons Cos Inc	5.1%
Endeavour Mining Com	4.9%
Methanex Corp Com	4.1%
Textainer Group Hldgs Ltd	3.1%
China Comm Service	3.1%
Kyocera Corp Npv	3.0%
Komatsu Npv	3.0%
Fortuna Mines Inc	2.9%
Hyundai Mobis	2.8%
Panasonic Holdings Corp	2.8%
Combined weight	34.8%

¹ For guidance purposes only ² Contribution to absolute return year-to-date



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IMPORTANT INFORMATION

This is a marketing communication, and this document is intended for professional investors only. Except otherwise stated, the source of all information is Storebrand Luxembourg SICAV as at 31/03/2023.

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. 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 depends on the individual circumstances of each investor and may imply the payment of additional taxes. Before any investment is made in the Sub-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.

Storebrand SICAV, (RCS Registration Number: B 234106) is an investment company with variable capital (société d'investissement à capital variable) incorporated under the form of a société anonyme in the Grand Duchy of Luxembourg. It qualifies as a UCITS and falls under the supervision of the Luxembourg financial supervisory authority, Commission de Surveillance du Secteur Financier (the "CSSF"). Storebrand SICAV has appointed Fund Rock Management Company S.A. to act as its designated management company and further FundRock has appointed Storebrand and SKAGEN AS as its investment managers. The SICAV has appointed Storebrand Asset Management as Global Distributor and Storebrand Asset Management has appointed SKAGEN AS as Global Sub-Distributor.

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 Act. 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 shares can be made or accepted prior to receipt by the offeree of the Sub-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.lu/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.lu/contact/investor-rights/>

Storebrand Asset Management AS or FundRock Management Company S.A. may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

The Sub-fund takes sustainability risk and ESG characteristics into account as part of its selection process. In that respect the Sub-fund promotes environmental and/or social characteristics within the meaning of Art 8 of SFDR. For the assessment areas like corporate strategy, corporate governance, transparency and the product and service range of a company are taken into account. Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in English, can be found here: <https://www.skagenfunds.lu/sustainability/sustainable-investing/>

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

The Storebrand SICAV has registered its 7 Sub-Funds (SKAGEN Kon-Tiki Lux, SKAGEN Focus Lux, SKAGEN Global Lux, SKAGEN m2 Lux, Storebrand Global Solutions Lux and Storebrand Global ESG Lux) for public distribution in Luxembourg, the UK, Germany, Austria, the Netherlands, Belgium, and France.

Important Information for Luxembourg Investors

Storebrand SICAV has appointed Fund Rock Management Company S.A. to act as its designated management company. FundRock Management Company S.A.'s offices are located at: 33, rue de Gasperich, 5826 Hesperange, Grand Duchy of Luxembourg.

Important Information for UK Investors

The Storebrand SICAV has appointed SKAGEN AS UK Branch to act as Facility Agent in the UK. SKAGEN's London Office is located at 15 Stratton Street, London, W1J 8LQ. The SKAGEN AS UK Branch is authorised by Finanstilsynet and subject to limited regulation by the Financial Conduct authority. 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.

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>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in English, can be found here: <https://www.skagenfunds.com/sustainability/sustainable-investing/>

Important Information for German Investors

The Storebrand SICAV has appointed SKAGEN AS Branch Germany to act as Information Agent in Germany. SKAGEN AS's German Office is located in Barckhausstrasse 1, 60325 Frankfurt, Germany. The SKAGEN AS Branch in Germany acts as local market representative.

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 German language is available here: <https://www.skagenfunds.de/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in German language, can be found here: <https://www.skagenfunds.de/sustainability/sustainable-investing>

Important Information for Belgian Investors

The Storebrand SICAV has appointed Caceis Belgium SA/NV to act as the Financial Service Provider for the SICAV. Caceis Belgium SA/NV's offices are located at: Avenue du port 86C B320, 1000 Brussels Belgium.

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>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in English language, can be found here: <https://www.skagenfunds.com/sustainability/sustainable-investing>

Important Information for French Investors

The Storebrand SICAV has appointed CACEIS Bank as the Centralizing Correspondent for the SICAV. CACEIS Bank's offices are located at 1-3 Place Valhubert, F-75013 PARIS, France.

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.fr/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in French language, can be found here: <https://www.skagenfunds.fr/sustainability/sustainable-investing>

Important Information for Austrian Investors

The Storebrand SICAV has appointed Raiffeisen Bank International AG to act as Local Paying, Information and Contact Agent for the SICAV. Raiffeisen Bank International AG's offices are located at Am Stadtpark 9, 1030 Vienna, Austria.

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 German language is available here: <https://www.skagenfunds.at/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in German language, can be found here: <https://www.skagenfunds.at/sustainability/sustainable-investing>