



SKAGEN Focus LUX B EUR

Q2 2022 Quarterly Report

All data in EUR as of 30/06/2022 unless otherwise stated



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 Management Fee	0.60%
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

Recession fears dominate the quarter

The portfolio delivered a negative return in the second quarter and ended the period on a weak note as recession fears broadly reduced valuations in basic material and financial stocks globally. Longer maturity interest rates began to fall at the end of the quarter as financial markets started to anticipate a peaking inflation environment and broad economic slowdown. A scenario in which central banks are forced to retrench and possibly also reverse interest rates hikes as early as next year should not be excluded. At this point, the markets' focus will turn back to economic expansion which again would spur a rotation into early cyclical exposures. During the recent correction, the fund's cheapness, i.e. the overall distance to portfolio price targets across the portfolio, increased and is now at levels not seen since the pandemic low in early 2020.

Performance drivers

The best performing positions in the period consist of a diversified set of stocks. First, our Japanese regional bank Shiga Bank rose more than 25 percent as the company raised its dividend and an activist investor suggested that the capital allocation policies need to be improved to remove the hefty discount in the bank's equity. Ubisoft, the French videogame producer, benefited from talk of the company potentially being a target for private equity. Ubisoft is trading at a substantial discount to our estimate of fair value. The company is in the midst of launching several new games following a heavy investment period.

The weakest performer in the quarter was copper producer Ivanhoe Mines, which lost almost 30 percent in the period. From a fundamental perspective, the miner is doing all the right things to deliver shareholder value, and the execution of the copper production ramp-up has been flawless. The equity's weaker performance was directly related to the fall in the underlying commodity. We have earlier in the year taken profit in the position, but now again see substantial upside to our price target. Following a weaker than anticipated earnings report for the first quarter, our Canadian packaging company Cascades was also a negative contributor. We believe the weakness is mainly due to temporary factors such as regional supply chain disruptions which have the potential to normalise in the short term.

The Japanese elevator producer Fujitec ended the quarter on a strong note following a battle between the company's management and activist investor Oasis, which demanded that the company's CEO step down. We have supported this action as governance issues have surfaced, and this could also open up for improvements in the company's governance and capital allocation discipline.

Portfolio activity

We closed our position in Indonesian nickel producer Vale Indonesia as the stock hit our price target early in the quarter. This position has been replaced by Nickel Asia Corp, based in the Philippines. The company supplies primarily Asian clients with nickel ore which is used for the production of nickel used in stainless steel and EV batteries. Following Indonesia's export ban, the company is effectively enjoying a monopoly on nickel ore exports to China.

We established a position in US food retailer Albertsons, which seems to offer very good value and is undergoing a strategic review to optimise its capital structure. We also added a position in Viscofan, a Spanish producer of casings for meat products, which we believe is trading substantially below fair value and is below the radar of most investors. We exited our position in US life insurer Lincoln National as the stock hit our holding duration limit. Unfortunately, our catalysts for revaluation failed to materialise. We continue to find very interesting value propositions in Japan and added the Japanese IT-conglomerate Kyocera in the period. The company is currently restructuring its main operations and its core earnings power is valued very conservatively if we remove the company's vast stake in telecom operator KDDI.

We increased our position in German powertrain producer Vitesco as the stock suffered from temporary supply chain issues and uncertainty over global auto parts production. There has been substantial insider buying and the company's main owner, the Schaeffler family, recently increased its stake. A merger between Vitesco and Schaeffler may indeed be the end game and would produce substantial synergies.

Outlook

We believe the financial markets are in a painful normalisation phase for interest rates and valuation multiples. The main concern now is that central banks will trigger a major recession, which has pushed down valuations even in otherwise structurally strong basic material stocks and substantially discounted financials. Importantly, there is a substantial upside to our weighted price targets in the fund, in line with the upside seen at the pandemic low in early 2020. The heavy correction in technology and consumer-related company valuations will bring interesting opportunities for the fund going forward. We hold 48 positions in the portfolio at the end of quarter, of which 79 percent in the small and midcap segment.



SKAGEN Focus LUX B EUR

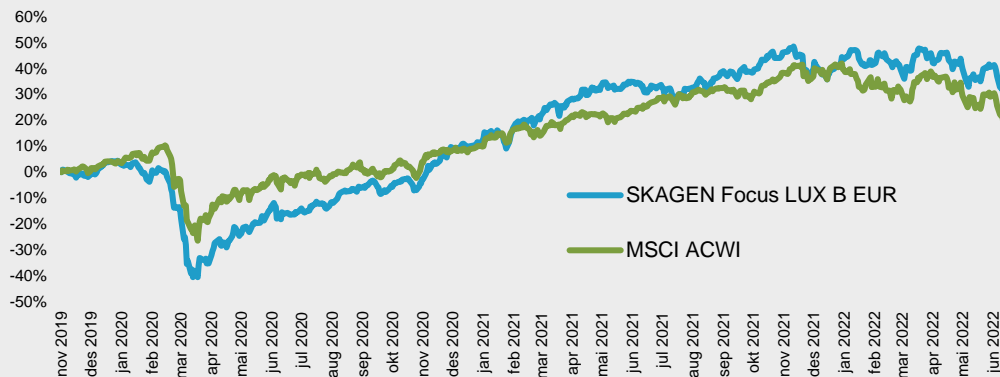
Q2 2022 Quarterly Report

All data in EUR as of 30/06/2022 unless otherwise stated



FUND PERFORMANCE¹

	Q2 2022	YTD 2022	1-year	Since Start
SKAGEN Focus LUX B EUR	-13.3%	-11.4%	-5.7%	8.7%
MSCI ACWI	-10.2%	-13.2%	-4.4%	7.8%
<i>Relative Return</i>	<i>-3.1%</i>	<i>-1.7%</i>	<i>-1.3%</i>	<i>0.9%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
First Horizon Corp	3.0%	1.0%
Pilgrim's Pride Corp	4.0%	0.9%
Ence Energia y Celulosa SA	1.4%	0.5%
Vale Indonesia Tbk PT	2.2%	0.3%
Aichi Bank Ltd/The	2.5%	0.2%

Largest detractors ↓

Holding	Weight	Contribution
Argonaut Gold Inc	2.3%	-2.2%
Avaya Holdings Corp	1.2%	-1.8%
Raiffeisen Bank International	1.7%	-1.6%
Pasona Group Inc	2.3%	-1.5%
Ivanhoe Mines Ltd	5.3%	-1.3%

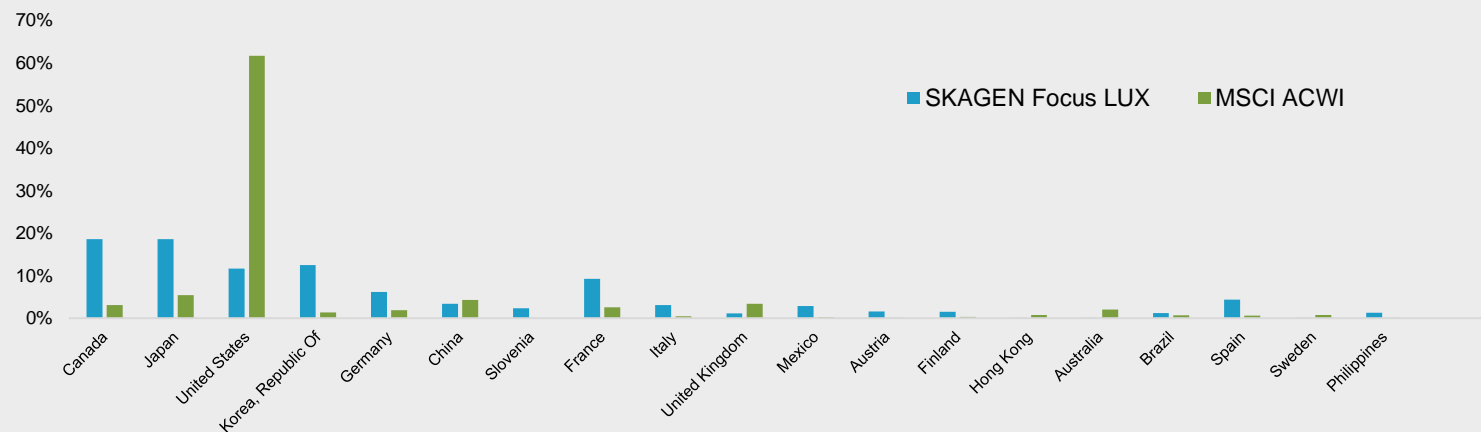
PORTFOLIO STATISTICS

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

TOP TEN HOLDINGS

Holding	Weight
Ubisoft Entertain Npv	3.5%
China Comm Service	3.4%
Marcus Corp Del Com	3.2%
KB Financial Group	3.0%
Cascades Inc Com	3.0%
Korean Reinsurance	3.0%
Kyocera Corp Npv	2.8%
Ivanhoe Mines Ltd	2.8%
Textainer Group Ltd	2.7%
Panasonic Holdings Corp	2.6%
<i>Combined Weight</i>	<i>29.9%</i>

COUNTRY EXPOSURE



¹ As at 30/06/2022 in EUR, net of fees

² Contribution to absolute return year-to-date

³ For guidance purposes only



SKAGEN Focus LUX B EUR

Q2 2022 Quarterly Report

All data in EUR as of 30/06/2022 unless otherwise stated



IMPORTANT INFORMATION

This is marketing communication and this document is intended for professional investors only.

Except otherwise stated, the source of all information is the Storebrand Luxembourg SICAV as at 30 June 2022.

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.

Future fund performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future.

Storebrand SICAV 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.

No offer to purchase shares can be made or accepted prior to receipt by the offeree of the fund's prospectus and KIID and the completion of all appropriate documentation. You can download more information including subscription/redemption forms, full prospectus, Key Investor Information Documents (KIID), General Commercial Terms, Annual Reports and Monthly Reports in English language from SKAGEN's webpages (details available at <https://www.skagenfunds.com/>)

Investors' rights to complain is 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/>

The Storebrand SICAV may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

The Storebrand SICAV has registered its 6 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 and local representative 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.

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.

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.

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.

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.