



SKAGEN Focus LUX B EUR

Q3 2021 Quarterly Report

All data in EUR as of 30/09/2021 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 Q3 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

A quarter dominated by buy-outs

The fund posted a solid absolute return in the quarter, well ahead of the underlying equity markets. The operating environment is gradually adjusting as a potentially more structural increase in inflationary pressure is taking shape at the same time as global central banks are planning the tapering of another great experiment, namely quantitative easing. Volatility has been increasing for both equities and bonds on a global basis. A normalisation of interest rates and risk premiums may indeed be underway, which should make near or mid-term earnings generation capacity more attractive than longer duration assets with high valuation multiples.

Four buy-out offers in the third quarter

As contrarian and price driven investors, we aim to identify substantially undervalued assets on near or mid-term earnings multiples with solid and often underappreciated tangible assets. When stocks become too cheap, industrial interest awakens as was the case in the third quarter. The fund received no less than four buy-out offers in the period. During the summer, the restructured mobility service company EuropCar received a firm offer from a Volkswagen-led consortium at a premium of around 20%, and around 80% higher than when we initiated the position in May.

Our UK spirits producer Stock Spirits received a buy-out offer from private equity firm CVC at a healthy 45% premium to last trade. We exited the stock at price target following this announcement.

Pilgrim's Pride, the US based chicken producer, received a buy-out offer from its main owner JBS at a premium of around 22% of the last traded price. We initiated the position in the depths of the pandemic at around half of the current equity price.

Finally, in September, our UK bus operator Stagecoach was approached by peer National Express and was offered a 25% premium to the last share price in a stock swap. We think the potential combined unit offers great value and the position remains in the portfolio.

Key buys

With our broad and unconstrained mandate, we continue to find very interesting assets trading at a substantial discount to mid-term earnings with solid tangible asset bases. A new position in the fund is US small cap movie theatre operator and hotel chain Marcus Corporation. An opportunity emerged in the company as the pandemic-induced lockdown had a temporary negative impact on earnings, combined with uncertainty around the movie studios' strategy for launching new titles. Following a misguided attempt to launch on streaming platforms and in movie theatres simultaneously, many studios have now determined that a 30-45 day exclusive window is the superior economic model. We have established a 2.8% position in the investment case as of quarter end. We believe the stock trades at a substantial discount to normalised earnings and has a solid tangible asset support base as they own most of their own real estate.

We also added the sprawling Japanese conglomerate Panasonic to the fund in the quarter. Much like other Japanese companies with several business lines, the company is now on a path to restructure and streamline its operations by selling off non-core assets and investing into their highest quality segments. We believe the company is trading at a significant discount to its sum-of-the parts value and the battery segment in particular appears to be overlooked by investors.

There is growing evidence that near-term tangible catalysts are taking shape in Canadian package company Cascades. Following the sale of its European subsidiary Reno de Medici, we believe a split of the company into tissue and packaging may be on the cards. This would substantially crystallise value and we added to our position in September

Key sells

We sold out of our position in US food retailer Albertsons in the quarter. The position was initiated about one year ago at USD 15-16/share, following a rather poorly executed IPO. The shares hit our price target of USD 30 per share during September as food-at-home was stronger than anticipated and the pension risk has been more or less eliminated. The shares also displayed an eye-popping short interest at the time of inception which has now largely been closed. Albertsons is the best performer in the fund so far this year.

Following a sharp re-rating, we trimmed our position in Japanese staffing company Pasona. The stock is still trading at a substantial discount to its asset value, but valuation of the main asset appears stretched at current price points.

Outlook

A normalised investment environment will probably bring more focus and re-rating potential for assets with undervalued near-term earning streams with solid tangible asset bases at the expense of more expensive longer duration assets. These areas of the equity market are our primary hunting grounds as contrarian and price-driven investors. There are currently 44 positions in the portfolio, with more than 50% upside to our aggregated portfolio-weighted price targets.



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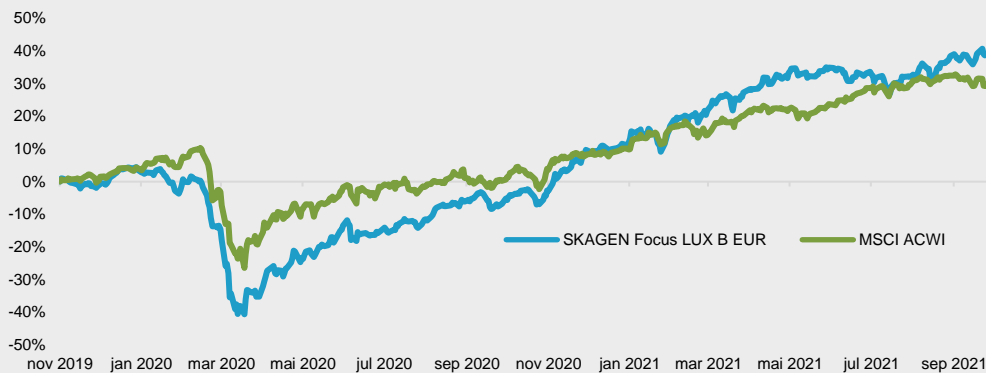
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FUND PERFORMANCE¹

	Q3 2021	YTD	1-year	Since Start
SKAGEN Focus LUX B EUR	4.9%	24.5%	50.0%	18.8%
MSCI ACWI	1.2%	17.3%	28.5%	14.4%
<i>Relative Return</i>	<i>3.7%</i>	<i>7.1%</i>	<i>21.4%</i>	<i>4.4%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Albertsons Cos Inc	3.9%	3.0%
Hitachi Ltd	4.8%	2.3%
Ivanhoe Mines Ltd	5.6%	1.9%
Stock Spirits Group PLC	3.0%	1.4%
Lincoln National Corp	2.9%	1.3%

Largest detractors ↓

Holding	Weight	Contribution
MagForce AG	1.9%	-0.8%
Ubisoft Entertainment SA	1.5%	-0.5%
Bear Creek Mining Corp	0.5%	-0.5%
Canfor Pulp Products Inc	2.2%	-0.4%
GrafTech International Ltd	1.0%	-0.3%

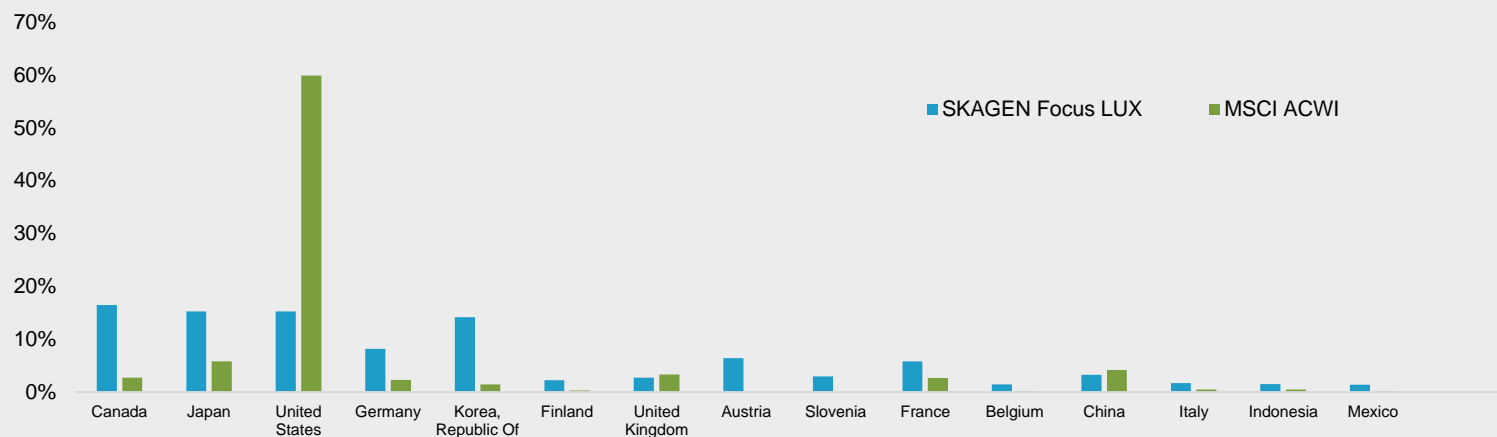
PORTFOLIO STATISTICS

No. of holdings	42
Top 10 weighting	36%
Active Share	100%
Turnover ratio	77%
Investment horizon ³	2-3 years

TOP TEN HOLDINGS

Holding	Weight
Sixt Se Non	4.2%
KB Financial group	4.1%
Cascades Inc Com	4.1%
Raiffeisen BK	3.8%
Panasonic Corp	3.7%
Ivanhoe Mines Ltd	3.5%
China Com Service	3.3%
Korean Reinsurance	3.2%
Argonaut Gold Inc	3.1%
Nova	3.0%
<i>Combined Weight</i>	<i>36.0%</i>

COUNTRY EXPOSURE



¹ As at 30/09/2021 in EUR, net of fees

² Contribution to absolute return year-to-date

³ For guidance purposes only



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IMPORTANT INFORMATION

The information in this presentation pertains to SKAGEN in its role as Investment Manager and Global Sub-Distributor. For more information on Storebrand SICAV and SKAGEN Focus Lux please see the complete prospectus. This document is intended for investment professionals only. The content is not to be viewed by or used with retail investors. Except otherwise stated, the source of all information is Storebrand AS at 30 September 2021. This document is published in Stavanger, Norway by SKAGEN AS. 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.

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 of 25 November 2011 n.o. 11). SKAGEN AS has its registered office at Skagen 3, Torgterrassen, 4006 Stavanger, Norway. Postbox 160, 4001 Stavanger. 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.

Any offering is made only pursuant to the relevant Prospectus, together with the current financial statements of the relevant fund or vehicle, if available, and the relevant subscription application, all of which must be read in their entirety. No offer to purchase shares can be made or accepted prior to receipt by the offeree of these documents and the completion of all appropriate documentation. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer or solicitation would be unlawful. This is not an advertisement and is not intended for public use or distribution.

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

For all fund documentation including the KIID, the prospectus, the Annual Report and Half Year Report, unit holder information and the prices of the unit are available on request and free of charge from the counterparties below. More information is also available on the webpages: www.skagenfunds.com and www.storebrandfunds.com.

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 the SKAGEN AS UK Branch to act as Facility Agent in the UK. SKAGEN AS London Office is located at 48 Dover Street, London W1S 4FF. The SKAGEN UK Branch is authorized by Finanstilsynet and is subject to limited regulation by the Financial Conduct Authority. Details about the extent of the authorization and regulation by the FCA are available on request. The SKAGEN AS UK Branch has been appointed by the SICAV as the local market representative.

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.