



SKAGEN Focus LUX B EUR Q4 2023 Quarterly Report

All data in EUR as of 31/12/2023 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

Several company-specific events propelled SKAGEN Focus higher in the last quarter of the year and the fund generated a solid absolute and relative return in the quarter and the year as a whole. For 2023, the fund's performance versus the global benchmark should be considered especially strong given the substantial value headwinds caused by the dramatic rebound in US technology and AI-related stocks. Here huge amounts of market cap have been built ahead of any meaningful revenues. As a result, we now observe substantial concentration risks in passive and semi-passive investment strategies. As inflation heads lower there is a strong case for interest rate normalisation – downwards this time. Reduced cyclical pressures could act as a powerful re-rating driver in many of the currently substantially discounted and ignored areas of the global equity markets. This is especially true in the global small and mid-cap area, which is trading at a rare, if not unique, discount to larger cap stocks.

When stocks are priced too cheaply, industrial and strategic interest awakens. As we hunt for these substantial discounts in global equity markets, it was pleasing to receive no less than three buy-out offers in the period, both directly and indirectly, which boosted fund performance. First, US listed container leasing company Textainer received a 46% bid premium from an infrastructure fund. German powertrain producer Vitesco Technologies was bought out by its main owner Schaeffler at a 20% premium, following a more than 40% run in 2023. Finally, Japanese staffing operator Pasona sold its Benefit One stake following a bidding contest and rallied more than 70% in November alone. We have earlier highlighted the remarkable undervaluation of Pasona's stock compared to its vast asset base. All three positions have exited the fund at price target in the period.

Other positive contributors included UK housebuilder Persimmon, which rallied strongly on hopes of lower interest rates ahead and increased building activity. Italian cement producer Cementir was also a positive contributor in the quarter on strong earnings. There were few negative performers in the period, but German joining technology company Norma was lower despite additional activist interest. Nickel Asia in the Philippines also fell in the quarter mostly due to lower nickel prices.

Beyond our three buy-out offers, we closed several positions at price target during the quarter, including Japanese regional bank Shiga Bank, Slovenian bank NLB and Korean semiconductor equipment maker Eugene Technology. We also exited US cinema operator Marcus Corp, due to a lack of forward catalyst realisation. We added to our truck maker Iveco, which is now a top-10 position, as we have increased conviction in its industry positioning and mid-term potential relative to its current valuation. We also added to our undervalued position in wafer producer Siltronic and continued building our position in US regional bank First Horizon. We also added to laggards with exceptionally attractive risk reward, such as South Korean retailer E-mart. Positions were initiated in deeply discounted Korean machinery producer Doosan Bobcat and US agriculture machinery maker CNH Industrial. Both stocks price in an earnings power potential far below their normalised levels. We added Philippine conglomerate GT Capital, which holds several unique domestic assets in the country, has major re-rating potential and offers an attractive discount-on-discount situation. We also established a position in Takuma, a Japanese waste-treatment plant operator, whose earnings power is underappreciated, while being a well-capitalised but undervalued and misunderstood ESG gem.

A new investment cycle is building with the anticipation of less cyclical pressures heading into the new year. The valuation gap between large caps and small and mid-cap stocks globally is at a record high and presents a unique dislocation for investors. We believe the fund is uniquely positioned to benefit from this investment environment. We enter 2024 with 48 positions in the fund and a concentration of 34% in the top ten. We observe an unusually large upside to our weighted price targets (69%) as we have recently added several new positions with solid upside to our fair value estimates. The portfolio is attractively valued at a solid discount to book value and at 9x price to earnings power.



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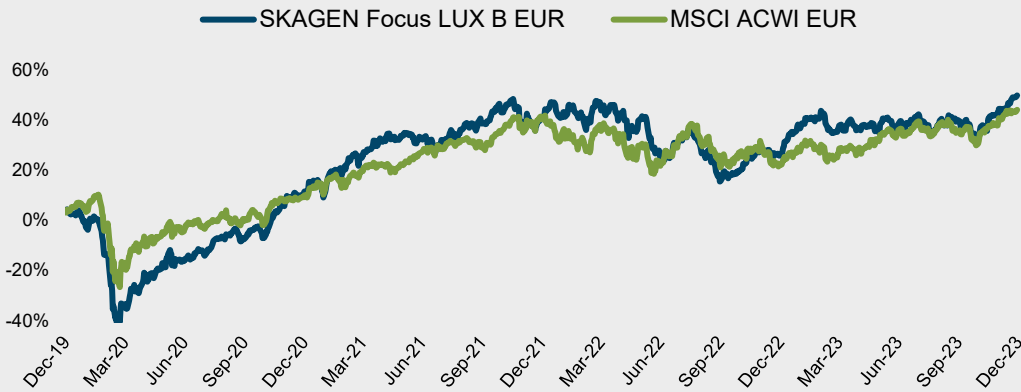
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FUND PERFORMANCE

	Q4 2023	YTD 2023	1-Year	3-Year	Since Start
SKAGEN Focus LUX B EUR	7.0%	19.1%	19.1%	10.4%	10.3%
MSCI ACWI	6.4%	18.1%	18.1%	9.4%	9.2%
Relative Return	0.6%	1.0%	1.0%	0.9%	1.0%



As at 31/12/2023 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	33.2%
Active Share	100%
Turnover ratio	77%
Investment horizon ¹	2-3 years

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
Pasona Group	0.9%	1.6%
Textainer Group	2.2%	1.5%
Vitesco Technologies Group	1.4%	1.2%
Stmicroelectronics	2.1%	1.1%
Eugene Technology	1.6%	1.0%

Largest detractors ▼

Holding	Weight	Contribution
Canfor Pulp Products inc	0.5%	-0.9%
K+S	2.1%	-0.8%
LG H&H co ltd	0.7%	-0.5%
Canfor Corp	2.2%	-0.5%
E-MART inc	1.5%	-0.4%

PORTFOLIO INFORMATION

COUNTRY EXPOSURE		
	Fund	Benchmark
Canada	15.2%	3.0%
Japan	14.5%	5.4%
United States	7.7%	61.2%
Korea, Republic Of	17.4%	1.4%
Germany	8.2%	2.1%
China	2.6%	2.5%
Austria	1.4%	0.0%
France	7.2%	2.9%
Italy	6.1%	0.5%
United Kingdom	3.3%	3.4%

SECTOR EXPOSURE		
	Fund	Benchmark
Materials	26.6%	4.5%
Industrials	22.8%	10.7%
Financials	17.0%	15.9%
Consumer Discretionary	13.9%	11.1%
Information Technology	8.9%	22.9%
Comm Services	0.0%	7.3%
Consumer Staples	8.1%	6.8%
Energy	0.0%	4.5%
Health Care	0.0%	11.2%
Real Estate	0.8%	2.4%

TOP 10 HOLDINGS	
Japan Post Hold	4.1%
Kyocera Corp	3.9%
Methanex Corp	3.8%
Hyundai Mobis	3.7%
Phinia Inc	3.3%
Iveco Group	3.0%
Interfor Corp	2.9%
Cascades Inc	2.9%
Stmicroelectronics	2.8%
Danaos Corp Com	2.8%
Combined Weight	33.2%

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 31.12.2023.

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 Asset Management AS as its investment manager. Following the merger between Storebrand Asset Management AS and SKAGEN AS, SKAGEN's portfolio team continues to manage the SKAGEN SICAV sub-funds from a new separate legal entity named SKAGEN AS under an outsourcing agreement with Storebrand Asset Management AS. The SICAV has appointed Storebrand Asset Management as Global Distributor.

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.com/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 Storebrand Asset Management UK Ltd (SAM UK Ltd) to act as Facility Agent in the UK.

The investment products and services of SAM UK Ltd are only available to professional clients and eligible counterparties. They are not available to retail clients. This document does not constitute an offer to buy or sell shares in any of the products offered by SAM UK Ltd.

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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 German Investors

The Facilities Services information for German investors can be found here: <https://www.skagenfunds.de/how-to-invest/facility-services-fur-investoren/>

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 Dutch Investors

The Facilities Services information for investors in the Netherlands, including all legal documents and practical information, can be found here:

<https://www.skagenfunds.nl/how-to-invest/facilities-services-for-investors/>