

SKAGEN Kon-Tiki 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 Kon-Tiki is a highly active, global emerging market equity fund which seeks to generate long-term capital growth through a high conviction portfolio of companies which are listed in, or have significant exposure to, developing markets.

The Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	27/09/2019
Benchmark	MSCI EM Index
ISIN	LU1932686501
Morningstar Category	Global Emerging Markets Equity
Fixed Fee	0.60%
SFDR Category	Article 8
Portfolio Manager	Fredrik Bjelland Cathrine Gether Espen Klette



Fredrik Bjelland, Cathrine Gether & Espen Klette

Fredrik Bjelland, CFA

- ❖ Joined SKAGEN in 2017
- ❖ Former Head of China, Special Mandates, NBIM

Cathrine Gether

- ❖ Joined SKAGEN in 2009
- ❖ Former Portfolio Manager at Millennium Capital Partners in London

Espen Klette

- ❖ Joined SKAGEN in 2019
- ❖ Former Equity Research Analyst and Partner at Pareto Securities in Oslo

INVESTMENT COMMENTARY

2023 turned out well for SKAGEN Kon-Tiki despite a tough end to the year. Meanwhile, the MSCI EM index underperformed the broad equity rally in December and for the full year. While the US has been the best performing region in five of the past six years, MSCI EM has been the worst performer in four out of the past five years. Now that the Fed has signalled it is (probably) done raising interest rates, we would argue (yet again) that now should be the time for emerging markets to play catch-up. If consensus is right about peaking rates, a weakening dollar and US growth slowing relative to EM – and if we take history as a guide – then a higher EM equity allocation from the current close-to-record lows should be considered.

A new paradigm shift may be in store as high inflation and sharp rate hikes make way for growth supportive central banks in 2024. Some major EM central banks have already pivoted ahead of the US while valuations are still appealing both on a relative basis as well as based on history. Despite the significant dispersion within EM, collectively they tend to do well when the US dollar is weakening, the global rates outlook is benign, and the world economy is growing.

China has been a major disappointment for the year; it makes up around 30% of the index and the property bust has hit the domestic economy while regulatory uncertainty and geopolitics have impacted trust and confidence. President Xi said “we will consolidate and strengthen the momentum of economic recovery and work to achieve steady and long-term economic development” during his annual New Year address. Bolstering confidence in China will be crucial for the coming year, and we have seen signs of supportive measures being taken. China-related weakness marked the last month and the quarter for Kon-Tiki, however. Prosus and Naspers, which are driven mainly by their stakes in Tencent, fell sharply on the last day of trading as regulators surprised the gaming industry with new rules to cap in-game spending and prohibit mechanisms to incentivise more play time. In another twist, authorities then fired the top official at the country’s gaming regulator who was responsible for the announcement, saying they may review the controversial rules. As a result, we’ve started to see a gradual reversal in the share prices again. On the positive side for the month, Brazilian sugar and ethanol producer Raizen gained as the company surprised positively on sugarcane crushing performance while the government is also showing a more benign positioning towards the sector with signs of increasing biodiesel and ethanol blending rates. South African listed mining and metals processing company Sibanye Stillwater reversed some of the recent weakness caused by operational issues. A newcomer in the portfolio, Phinia Inc, also reversed some of the recent weakness as key forces now seem to be moving in the right direction.

For the year, India and Taiwan contributed most positively to EM index returns while China and South Korea were weak. That is in stark contrast to Kon-Tiki’s contributors for 2023; Chinese CNOOC and Foxconn Industrial Internet were the two strongest contributors. Korean holdings Samsung Electronics and Hyundai Motor also made it onto the list. We are finally back to an environment where stock-picking and active management are back in the fore. Over the past year our strong conviction in our Brazilian holdings has paid off well with Banco do Brasil, Suzano and Raizen ending up as strong positive contributors. So, despite a significant underweight to some of the best performing countries like India and Taiwan, where we have struggled to find new investment opportunities due to high pricing, Kon-Tiki ended the year well ahead of index. We exited Colombian retailer Exito after the company received a bid after being spun off from Brazilian grocery operator GPA. We also exited Ghana Commercial when a liquidity window opened up, given more attractive opportunities elsewhere. Our remaining position in Ivanhoe was also cleared out since it approached less appealing risk-reward levels. We have re-entered Foxconn Industrial Internet again after recent weakness as the valuation returned to very attractive levels given the unique AI exposure and strong growth and margin potential.

Kon-Tiki has an actively managed portfolio of attractively valued companies, providing exposure to strong emerging markets trends and themes. It trades at almost half the price of the MSCI EM index despite strong quality characteristics. The portfolio is highly diversified and constructed to perform well in various macro scenarios. EM diversification should be beneficial for anyone holding a global portfolio where EM stocks tend to be underrepresented despite their strong growth characteristics and unique diversification effect.

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FUND PERFORMANCE

	Q4 2023	YTD 2023	1-Year	3-Year	Since Start
SKAGEN Kon-Tiki LUX B EUR	-1.4%	8.5%	8.5%	-0.7%	3.1%
MSCI EM Index	3.4%	6.1%	6.1%	-1.8%	2.4%
Relative Return	-4.7%	2.4%	2.4%	1.1%	0.7%

— SKAGEN Kon-Tiki LUX B EUR — MSCI EM EUR



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	50
Top 10 weighting	43.9%
Active Share	87%
Turnover ratio	46%
Investment horizon ¹	2 years+

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
CNOOC Ltd	6.4%	2.2%
Hyundai Motor Co	3.1%	1.4%
Foxconn Industrial Internet Co Ltd	0.7%	1.4%
Banco do Brasil SA	2.3%	1.3%
Samsung Electronics Co Ltd	4.7%	1.1%

Largest detractors ▼

Holding	Weight	Contribution
Canfor Pulp Products Inc	0.5%	-0.9%
K+S AG	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
Korea, Republic Of	25.4%	12.9%
China	24.2%	23.8%
South Africa	4.6%	2.9%
Canada	0.1%	0.0%
Brazil	15.7%	5.8%
Mexico	1.3%	2.7%
United States	2.6%	0.3%
Hong Kong	2.4%	1.4%
Vietnam	3.5%	0.0%
Hungary	0.0%	0.3%

SECTOR EXPOSURE

	Fund	Benchmark
Industrials	3.4%	6.9%
Information Technology	11.2%	22.1%
Financials	15.2%	22.4%
Consumer Discretionary	23.6%	12.8%
Consumer Staples	6.4%	6.0%
Comm Services	2.8%	8.8%
Health Care	1.2%	3.8%
Utilities	0.0%	2.7%
Energy	16.0%	5.1%
Materials	13.3%	7.8%

TOP 10 HOLDINGS

Alibaba Group Holding Ltd	6.0%
Cnooc Ltd Hkd0.02	5.8%
Ping An Insurance Group	5.6%
Samsung Electronics Co	5.1%
Lg Electronics Inc Prf	4.8%
Upl Limited	3.9%
Raizen SA	3.5%
Prosus N.V.	3.1%
Naspers Npv	3.0%
Bco Do Brasil	3.0%
Combined weight	43.9%

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 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>

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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.

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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/facilities-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/>