

SKAGEN Global LUX B EUR

Q1 2022 Quarterly Report

All data in EUR as of 31/03/2022 unless otherwise stated



INVESTMENT OBJECTIVE

SKAGEN Global is a high conviction, active equity fund which aims to generate long-term capital growth by investing in undervalued companies from across the globe.

The Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	27/09/2019
Benchmark	MSCI ACWI
ISIN	LU1932715532
Morningstar Category	Global Large-Cap Blend Equity
Fixed Fee	0.55%
Portfolio Managers	Knut Gezelius Chris-Tommy Simonsen



Knut Gezelius & Chris-Tommy Simonsen

- ❖ Knut Gezelius CFA joined SKAGEN in May 2014.
- ❖ Previously Executive Director, Global Equity, Goldman Sachs Asset Management in London.
- ❖ Chris-Tommy Simonsen joined SKAGEN in 2006.
- ❖ Previously a Settlement Manager for Christiania Securities ASA in Oslo.

INVESTMENT COMMENTARY

Toxic cocktail unsettles markets

Global equity markets retreated in the first quarter due to a toxic cocktail of rising inflation, central bank hawkishness and Russia's invasion of Ukraine. SKAGEN Global does not own any Russian stocks and has not done so since 2015 due to our assessment of the political risk. Still, we believe the war in Ukraine merits special attention and deep reflection as the implications are likely to resonate far and wide for global investors over the next decade. Oil and interest rates also advanced during the quarter, inducing fear of slowing growth across much of the globe at a particularly inopportune time considering the fragile state of the economic recovery in the post-pandemic world.

Performance

SKAGEN Global underperformed its benchmark index MSCI AC World in the first quarter. While we always strive to generate attractive absolute and relative returns, it is not entirely surprising to see the fund pull back after the solid results in 2021. We are encouraged by strong quarterly reports thus far from our existing holdings as well as the addition of three carefully selected newcomers to the fund.

Attribution

The fund's three best quarterly performers measured by absolute return were Canadian Pacific, Munich Re and Brown & Brown. The railway operator Canadian Pacific commands pricing power and provides resilience in an uncertain macro environment. The German reinsurer Munich Re benefitted from a relatively clean underwriting quarter and market rotation while the American insurance broker Brown & Brown announced good numbers and created a beachhead in Europe through the acquisition of the UK-based broking consolidator Global Risk Partners.

The fund's three largest quarterly detractors in absolute terms were Estée Lauder, Home Depot and Intuit. The former two declined after profit taking following an impressive run in 2021 and heightened anxiety that consumers' discretionary income will be squeezed. Meanwhile, Intuit derated as part of a wider market rotation without any explicit company specific reasons.

Portfolio Activity

SKAGEN Global took advantage of the substantial intra-quarter market volatility to upgrade the portfolio by replacing three holdings. We initiated positions in the Swiss alternative investment firm Partners Group, the global professional risk advisory firm Marsh & McLennan and the US discount retail chain Dollar General. These three companies are run with a multi-year time horizon and provide value to all stakeholders in their respective ecosystems, an attribute we believe to be a pre-requisite for long-term value creation for shareholders.

We exited Munich Re as the stock approached our price target after solid performance. UPM also left the portfolio after an extended period of choppy execution in various areas. The Autodesk shares also found a new home as we deemed the new investment alternatives outlined above to be more compelling investment cases based on fundamental analysis.

Outlook

24th February 2022 is likely to be firmly imprinted in future history books as the day Russia launched an illegal and unprovoked invasion of Ukraine. The Russian stock market crashed the day after the invasion and has remained closed for normal trading ever since. Only time will tell how long the Russian market will remain shut, but initiated readers may recall that it was suspended for 75 years between 1917 and 1992. Be that as it may, for SKAGEN Global the task at hand is to assess how the global landscape may evolve as a direct result of the armed conflict. Although we are bottom-up investors – meaning we focus on analysing companies rather than predicting macro variables – it is crucial to understand the external environment in which a company operates. At the time of writing, the range of outcomes remains extraordinarily wide and trying to predict developments seems futile. However, it is fair to say that the sudden breakout of an all-out attack with the ensuing atrocities on European soil has been a brutal wake-up call for the West. Politicians have responded by redrawing the map when it comes to energy policies, defence spending and international sanctions. More is likely to follow over the next few weeks and months.

Nevertheless, these immediate first-order effects are rather obvious and likely already priced into the market. The more delicate question relates to the second-order effects, the contours of which remain obscure and are complicated by the structure of a globalised world where national and economic interests are more intertwined than ever before. Examples of areas that we think may have critical long-term investment implications for our portfolio range from global geopolitics and ESG frameworks to the inflation vs. growth tug-of-war debate and US political developments. While the market has largely taken the war in Ukraine in its stride, the tide may turn quickly in case of an escalation or expansion. Against this backdrop, it is worth (re-)emphasising that the SKAGEN Global portfolio consists of undervalued companies with strong balance sheets and competitive product suites led by highly competent executives with meaningful skin in the game. In summary, we believe the portfolio is attractively valued and well positioned to navigate uncharted territory over our multi-year investment horizon, bringing a ray of light in these dark times.

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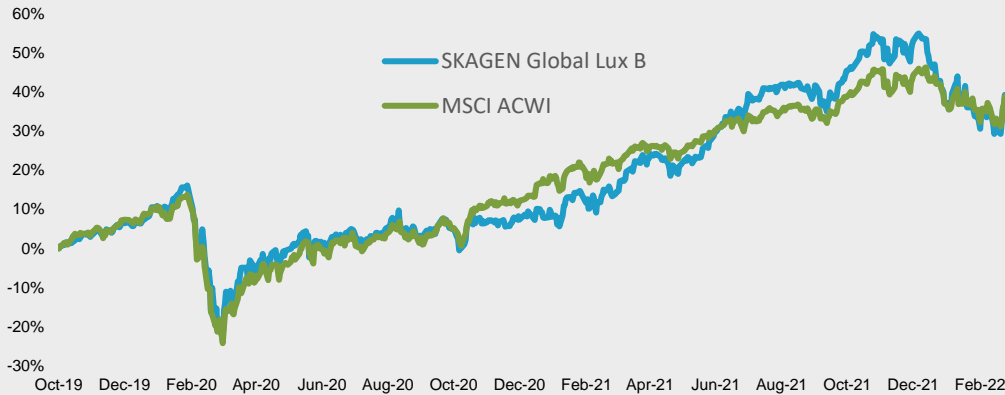
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FUND PERFORMANCE¹

	Q1 2022	1-year	Since Start
SKAGEN Global LUX B EUR	-9.8%	17.7%	14.3%
MSCI ACWI	-3.3%	13.1%	14.8%
<i>Relative Return</i>	<i>-6.5%</i>	<i>4.6%</i>	<i>-0.5%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Canadian Pacific Railway Ltd	2.8%	0.5%
Visa Inc	4.2%	0.2%
Mastercard Inc	4.4%	0.1%
Bakkafrost P/F	0.6%	0.0%
Cash	0.7%	0.0%

Largest detractors ↓

Holding	Weight	Contribution
Intuit Inc	4.4%	-1.2%
Home Depot Inc	3.7%	-1.1%
Estee Lauder Inc	3.1%	-0.9%
Adobe Inc	3.7%	-0.7%
DSV A/S	4.5%	-0.7%

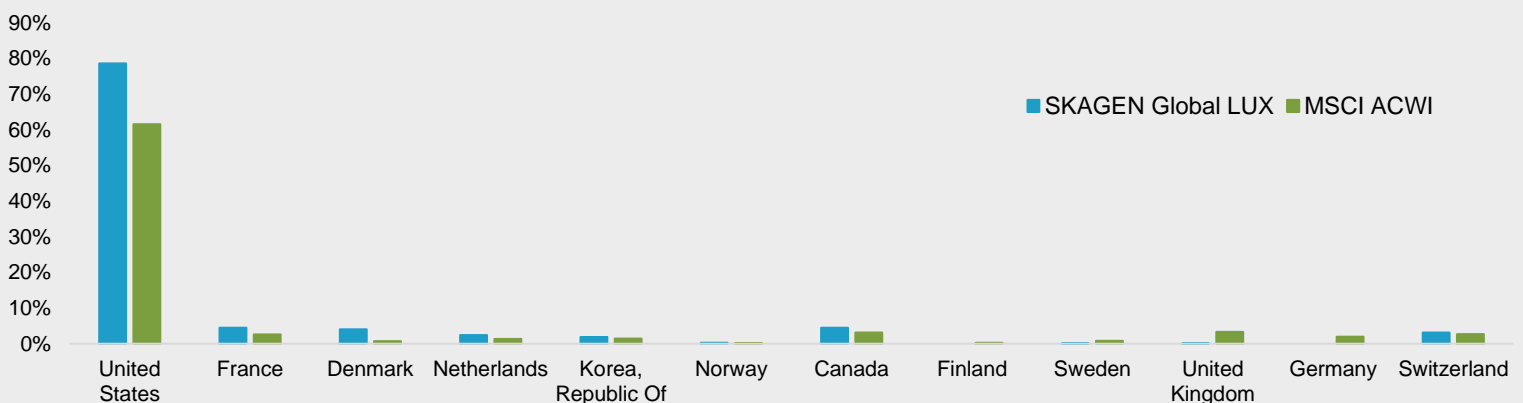
PORTFOLIO STATISTICS

No. of holdings	30
Top 10 weighting	42%
Active Share	87%
Turnover ratio	47%
Investment horizon ³	5 years

TOP TEN HOLDINGS

Holding	Weight
Microsoft Corp	5.9%
Alphabet Inc	5.6%
JP Morgan Chase & Co	4.5%
Canadian Pacific	4.4%
Nasdaq Inc	4.3%
DSV A/S	4.1%
Waste MGMT Inc	3.9%
Brown & Brown Inc	3.8%
Edwards Lifesciences Corp	3.7%
Abbott Lab	3.7%
<i>Combined Weight</i>	<i>43.8%</i>

COUNTRY EXPOSURE



¹ As at 31/03/2022 in EUR, net of fees

² Contribution to absolute return year-to-date

³ For guidance purposes only

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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 Asset Management AS as at 31 March 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. Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice.

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 SKAGEN Focus Distributor and Storebrand Asset Management has appointed SKAGEN AS as Global Sub-Distributor.

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.

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 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 Storebrand Asset management AS' UK webpages www.storebrandfunds.co.uk or contact the SKAGEN AS UK Branch (details available at www.skagenfunds.co.uk).

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: www.storebrandfunds.co.uk or <https://www.skagenfunds.lu/contact/investor-rights/>

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

The SICAV has registered its 6 Sub-Funds (SKAGEN Kon-Tiki Lux, SKAGEN Focus Lux, SKAGEN Global Lux, SKAGEN m2 Lux, Storebrand Global Solutions Lux, Storebrand Global ESG Lux) for public distribution in the UK, the Netherlands, Belgium and Germany.

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 15 Stratton Street, London W1J 8LQ. 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 Barkhausstrasse 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.