

SKAGEN Global LUX B EUR

Q2 2022 Quarterly Report

All data in EUR as of 30/06/2022 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

Patience is key for the equity investor

Inflation powered higher in the second quarter, adding insult to injury in an already miserable global equity market shaken by galloping interest rates, stagflation fears and Russia's barbaric assault on Ukraine. The first six months of 2022 saw the worst performance of the S&P 500 index since 1962 and the European market since 2008. Despite such bleak stock market figures, employment is holding up well and consumers appear to be frustrated rather than inhibited by the red-hot inflation figures.

Performance

SKAGEN Global underperformed its benchmark index MSCI AC World in the second quarter. The market's technical rotation continued with interest rates rising sharply until mid-June, but fundamentals appeared to be gaining ground towards the end of the quarter. Many of our portfolio names are looking very attractively valued at these levels and we deem them substantially undervalued from a fundamental perspective.

The market rarely rewards the impatient investor and while the stocks may seem to be screaming buying opportunities in our view, the market has not yet reached the same conclusion. Experienced investors know that over time fundamentals tend to prevail, and we therefore feel excited about the fund's prospective return possibilities from this point onwards.

Attribution

The fund's three best quarterly performers measured by absolute return were Waste Management, Dollar General and Estée Lauder. The North American environmental services company Waste Management provided stability and some degree of inflation protection in the current environment, which soothed the market in a turbulent quarter. The US low-cost retail store chain Dollar General that we added to the fund in the first quarter delivered strong numbers and exhibited exactly the resilience and operational excellence that we had predicted. The global beauty leader Estée Lauder bounced back after being overly penalised during the first quarter by short-term momentum traders. The fund's three largest quarterly detractors in absolute terms were DSV, Intercontinental Exchange and Intuitive Surgical.

We sold the US data firm Verisk Analytics at attractive levels early in the quarter. The company has seen uneven execution and taken a somewhat nebulous strategic direction that reduces the long-term attraction. We also exited the Faroese salmon farmer Bakkafrost at a good price, noting that its diversifying acquisition in Scotland seems to require considerably more time and resources than initially anticipated. It is worth underlining that SKAGEN Global remains fully invested, i.e., cash levels are at a minimum since we currently see very attractive upside in the names in our fund.

The Danish freight-forwarder DSV declined due to profit-taking after an exceptionally strong 2021 and fears of lower freight rates going forward. We attended DSV's Capital Markets Day in Copenhagen and met with the management team. The company presented a compelling long-term strategy that chimes with our vision for the company. Assuming execution continues to be market-leading (as it has been in the past), our analysis points to material value-creation potential in the company over the next five years. We expect freight rates to normalise over the next few months as pandemic-induced bottlenecks in the global supply chain gradually begin to ease. More importantly, DSV has utilised the past couple of years to further grow the business and make its network even more efficient with a wider global reach. DSV is currently the third largest third-party global logistics firm in the world by revenue, but its market share is still only four percent. These numbers show that there is a long runway ahead for the company and shareholders should be able to gain from this growth opportunity. DSV is in the fund's top-10 list.

The exchange operator Intercontinental Exchange (ICE) announced the acquisition of Black Knight, a mortgage software data firm. The ICE stock price fell after the transaction was announced in what we consider to be a typically myopic market reaction. A more nuanced analysis of the deal shows that ICE has deftly added another critical link in creating its digital mortgage technology infrastructure with this acquisition. ICE is known for digitising inefficient analogue markets and this time it is no different, in our opinion. We think the network that ICE is creating will be a unique strategic asset which will create significant value for shareholders over time. Intuitive Surgical pulled back as the somewhat elevated multiple de-rated with the rotation.

Portfolio Activity

SKAGEN Global did not initiate any new holdings during the second quarter. However, we slightly concentrated the portfolio by exiting Verisk Analytics and Bakkafrost, using the proceeds to invest in the most attractive opportunities across the portfolio.

Outlook

We eagerly await the second quarter reports from the portfolio companies. Indications received thus far support our view that the companies are well positioned to navigate the murky waters ahead. The stocks in our portfolio are now trading at an extraordinarily large discount, but as long as the companies continue to deliver in-line with our expectations we believe that share prices will eventually move higher, possibly considerably so. This is a time for equity investors to stay patient and, if circumstances allow, add exposure at attractive levels to boost long-term returns.

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FUND PERFORMANCE¹

	Q2 2022	YTD 2022	1-year	Since Start
SKAGEN Global LUX B EUR	-12.2%	-11.4%	-7.5%	7.6%
MSCI ACWI	-10.2%	-13.2%	-4.4%	8.9%
<i>Relative Return</i>	<i>-2.0%</i>	<i>1.7%</i>	<i>-3.0%</i>	<i>-1.3%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Canadian Pacific Railway Ltd	3.0%	0.1%
Bakkafrost P/F	0.6%	0.0%
Waste Management Inc	1.4%	0.0%
Cash	0.7%	0.0%
Tyson Foods Inc	0.1%	0.0%

Largest detractors ↓

Holding	Weight	Contribution
DSV A/S	4.3%	-1.8%
Intuit Inc	4.2%	-1.8%
ASML Holding NV	3.4%	-1.5%
Microsoft Corp	7.7%	-1.3%
Adobe Inc	3.7%	-1.3%

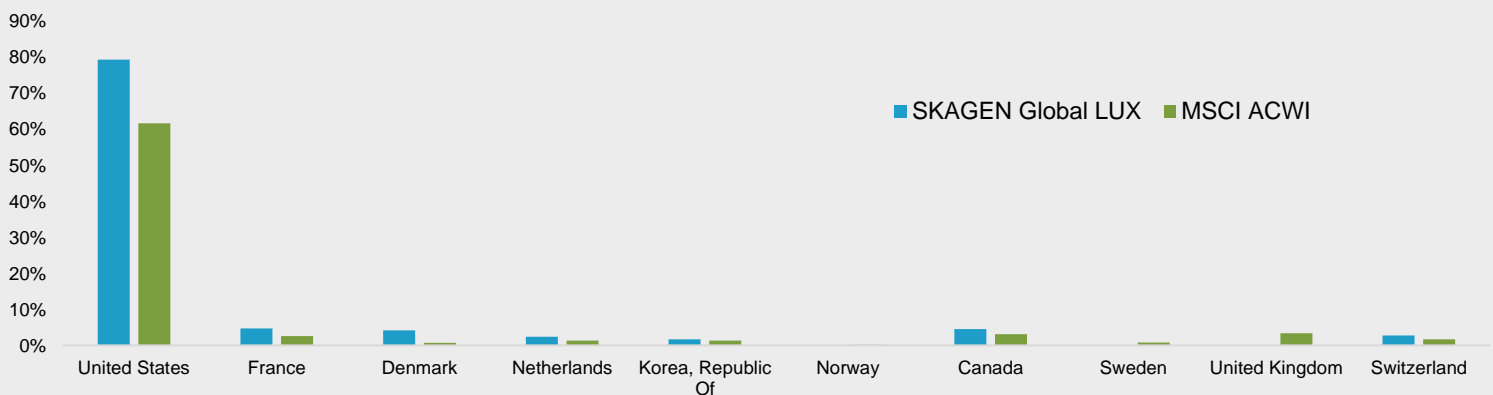
PORTFOLIO STATISTICS

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	6.1%
Alphabet Inc	5.3%
Nasdaq Inc	4.5%
JP Morgan Chase & Co	4.5%
Canadian Pac Com	4.5%
DSV A/S	4.1%
Abbott Lab	4.1%
Waste MGMT Inc	4.0%
Edwards Lifesciences Corp	3.7%
Brown & Brown Inc	3.7%
<i>Combined Weight</i>	<i>44.7%</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

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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.