

SKAGEN Global LUX B EUR

Q3 2021 Quarterly Report

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

A return to normalcy

In a volatile period, the global equity market climbed steadily until early September but then sharply declined in the final weeks to end the quarter roughly flat. A combination of factors including regulatory crackdowns in China, rising US interest rates and inflationary effects from rising oil prices may have contributed to the reversal. Meanwhile, the pandemic seems to be in retreat with an increasing number of countries easing, or even eliminating, restrictions to return to some state of normalcy. Our conversations with companies support our view that the global economy continues to recover, although supply chain constraints still hamper progress in select areas.

SKAGEN Global outperformed its benchmark index MSCI AC World in the third quarter. The fund ended the quarter ahead of its benchmark as measured year-to-date as well as over 1-year, 3-year and 5-year time periods.

Attribution

The fund's three best quarterly performers measured by absolute return were Nasdaq, Alphabet (Google) and Intuit. Nasdaq delivered a solid report and continues to execute well on its strategic plan. Alphabet gained as the cloud segment is making inroads into the market and ad spend remains strong. The US financial services company Intuit is growing its total addressable market and the integration of Credit Karma seems to be on track.

The fund's three largest quarterly detractors in absolute terms were Canadian Pacific, UPM and LVMH. The bidding saga in the North American railway sector continued with our holding Canadian Pacific regaining the initiative to acquire the small US railroad Kansas City Southern after the regulator sharply rebuked a higher bid from the largest Canadian operator Canadian National based on anti-competitive grounds. If ultimately approved, this acquisition would make Canadian Pacific the first railroad in North America with a single-line network connecting three countries. The Finnish forest industry company UPM declined due to lower pulp prices. The luxury goods conglomerate LVMH sold off as a secondary effect of the market-roiling crackdown on various sectors in China that may dampen future demand.

Portfolio

Activity The fund initiated three new positions in the third quarter, namely JP Morgan, UPM and Munich Re. The three new holdings present attractive bottom-up equity stories while simultaneously adding a complementary dimension to the overall portfolio.

We view the US bank JP Morgan as one of the best run banks in the world with a technology and innovation focus that is lightyears ahead of that of its competitors. Financial services is largely a business built around human capital. JP Morgan understands this as well as the importance of attracting, nurturing and retaining top talent in the industry. This is a strategic insight that is surprisingly often underestimated by management teams in the wide-sweeping cost reduction policies implemented elsewhere in the sector.

The Finnish forest industry company UPM is on a transformation journey away from paper to lift the group's return profile and earnings power, thus driving a higher valuation multiple. We note that UPM's Chairman recently doubled his stake in the company by acquiring shares worth nearly EUR 11 million. This is a good example of the alignment of interests that SKAGEN Global seeks to have with its portfolio companies.

With its strong balance sheet, the German reinsurer Munich Re should be able to capitalise on the higher prices materialising in the insurance sector after several years of outsized industry losses. We funded these purchases by exiting Tyson Foods and trimming several positions where share price performance has been strong such as Adobe, Hermès and DSV.

Outlook

Mean reversion is a concept often referred to in the investment industry. We frequently read and hear that mean reversion is a key reason to buy a style, sector or stock that has underperformed over an extended period of time. Proponents of mean reversion contend that because something has performed poorly in the past, it must now be poised for a more favourable future. We find the overall logic of this reasoning flawed. In the field of physics, Newtonian mechanics prescribe that each force is countered by an equal and opposite force. However, the stock market is governed by capitalism, not by Newton's laws of physics. Why would a company that has consistently delivered poor results suddenly bounce back and turn into a rock star without a change in fundamentals or execution?

While a lower starting valuation clearly provides a more attractive entry point, a (perceived) low valuation alone is hardly sufficient to generate attractive and sustainable long-term returns. In fact, we find that companies in the category of supposedly "cheap stocks" have a propensity to be value traps i.e. investments that continue to deliver subpar returns to their shareholders over time. Therefore, SKAGEN Global's proprietary philosophy is to base investment decisions on fundamental research around the inner workings of a company. The term mean reversion rarely excites us whereas a change in fundamentals instinctively piques our interest.

With the market pullback in late September, the SKAGEN Global portfolio now looks significantly undervalued for investors with a multi-year investment horizon as our company fundamentals remain healthy.

SKAGEN Global LUX B EUR

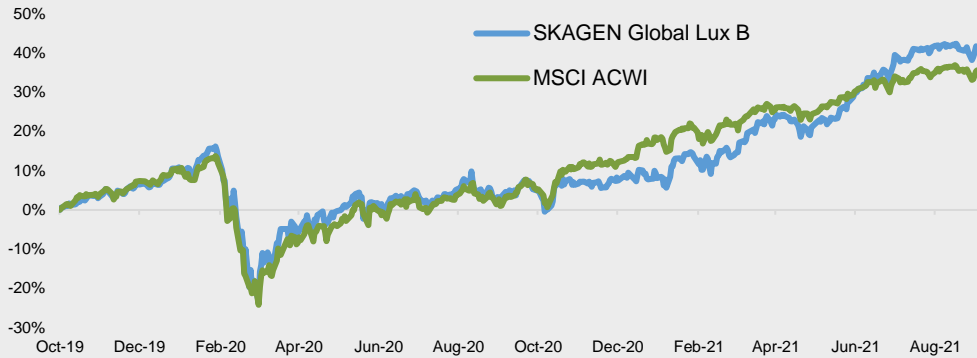
Q3 2021 Quarterly Report

All data in EUR as of 30/09/2021 unless otherwise stated



FUND PERFORMANCE¹

	Q3 2021	YTD	1-year	Since Start
SKAGEN Global LUX B EUR	3.9%	24.7%	31.0%	17.4%
MSCI ACWI	1.2%	17.3%	28.5%	15.9%
Relative Return	2.6%	7.4%	2.4%	1.5%



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Alphabet Inc	5.6%	2.6%
DSV A/S	5.0%	2.0%
Microsoft Corp	6.7%	2.0%
Nasdaq Inc	4.4%	1.9%
Intuit Inc	3.9%	1.6%

Largest detractors ↓

Holding	Weight	Contribution
MarketAxess Holdings	2.5%	-0.6%
Samsung Electronics Co Ltd	1.2%	-0.1%
McDonald's Corp	0.2%	-0.1%
Autodesk Inc	3.6%	-0.1%
Marsh & McLennan Cos Inc	0.0%	-0.0%

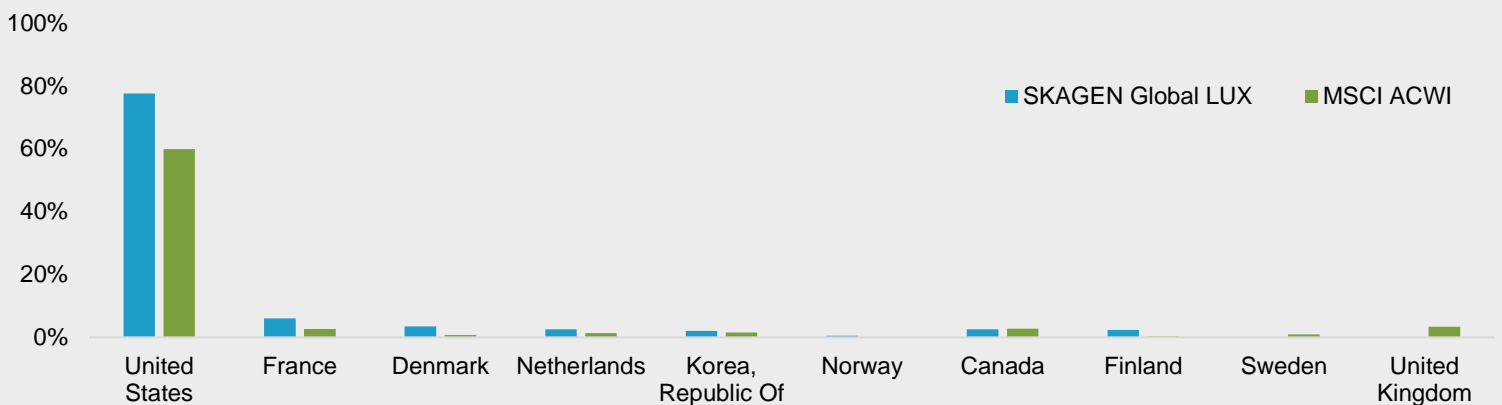
PORTFOLIO STATISTICS

No. of holdings	30
Top 10 weighting	42%
Active Share	88%
Turnover ratio	47%
Investment horizon ³	5 years

TOP TEN HOLDINGS

Holding	Weight
Microsoft Corp	6.2%
Alphabet Inc	5.4%
JP Morgan Chase & Co	4.9%
Visa Inc	3.8%
Nasdaq Inc	3.8%
Mastercard Inc	3.8%
Abbott Lab	3.6%
Edwards Lifesciences	3.5%
DSV Panalpina A/S	3.4%
Home Depot Inc	3.4%
Combined Weight	41.8%

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

SKAGEN Global LUX B EUR

Q3 2021 Quarterly Report

All data in EUR as of 30/09/2021 unless otherwise stated



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 Global 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.