

SKAGEN Global LUX B EUR

Q3 2022 Quarterly Report

All data in EUR as of 30/09/2022 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

Solid financial results despite falling share prices

After a brief reprieve in the summer, the global equity market continued its descent and ended the third quarter at record lows for the year. The US market posted its worst September in two decades. Inflation expectations remain stubbornly high, prompting central banks across the globe to reverse years of zero-interest-rate policies. In addition, Russia escalated the European energy crisis by weaponizing gas deliveries, but so far the West remains unstinting in its support for Ukraine to fully liberate its illegally occupied territory. Interestingly, the price of many commodities ranging from oil and metal to agriculture and livestock products generally declined during the quarter. If this trend continues, inflation expectations may at some point start to moderate, which could provide a potent catalyst for a market rally.

Performance

SKAGEN Global outperformed its benchmark index MSCI AC World in the third quarter. The fund's outperformance reflects the fact that many of our holdings have continued to report solid financial results throughout the year despite falling share prices, making them substantially undervalued and thus even more attractive long-term investments.

Attribution

The fund's three best quarterly performers measured by absolute return were Nasdaq, Waste Management and Brown & Brown. The exchange group Nasdaq continues to deliver on its strategic plan and its business model is somewhat shielded from the ongoing macro concerns. Similarly, the North American environmental services company Waste Management is often seen as recession-resilient given the uncompromising need to collect trash. The firm also signalled price hikes (the company has been careful not to raise prices much during the pandemic) to combat inflationary pressures. Finally, the US familycontrolled insurance broker Brown & Brown reported steady progress and good growth in helping clients obtain adequate insurance cover. The integration of its recent UK acquisition of Global Risk Partners seems to be on-track

The fund's three largest quarterly detractors in absolute terms were Adobe, DSV and Nike. The US software company Adobe unexpectedly announced a USD 20 billion acquisition of Figma, a small rival founded in 2012 that provides a cloud-based collaborative design platform popular with developers. The market responded negatively to the acquisition and Adobe fell sharply on the news. We share the disappointment as the price tag raises concerns around capital allocation prudence while the need to take out a decade-old start-up begs the question as to why Adobe was not able to create this capability in-house. We are evaluating the case.

The Danish freight-forwarder DSV had another rough quarter on the stock market, but the firm continues to execute well. Freight-forwarding is a cyclical industry and freight rates are coming down from peak levels as supply chains begin to normalise. Following poor performance so far in 2022, we believe the DSV share looks extremely undervalued and we view the investment case as intact with DSV as a top-5 position in the fund.

Nike's most recent quarterly report was mediocre, but we also note that many retailers currently have higher-than-normal inventory. Additionally, China remains in lockdown and this market comprises approximately 20% of the company's sales.

Portfolio activity

SKAGEN Global did not initiate or exit any holdings in the third quarter. The lack of turnover is a conscious decision reflecting our belief that the current portfolio is well positioned to capture the upside once economic expectations improve and the market turns. Nonetheless, we did slightly add to some positions where possible, but given the pullback this year our cash position is very low as we aim to be fully invested to take full advantage of the significant upside in the portfolio.

Outlook

In good times the market routinely overlooks business model flaws and the financial vulnerabilities of a company. However, in bad times the market is not so easily fooled and suddenly each shortcoming is harshly punished. This is especially true if a company's capital position appears weak, a warning sign that the share price may enter a death spiral if the overall economy were to deteriorate further or remain subdued for an extended period.

It is for this reason that SKAGEN Global's core investment framework explicitly favours companies with strong balance sheets and resilient cash flows. Prepare the ship before the storm, as the saying goes. To illustrate the strength of the balance sheets in the fund using reported 2021 annual figures, we note that approximately 40% of the portfolio holdings are net cash and 80% of the companies can use their free cash flow to become debt-free in 3 years or less. Put simply, the portfolio companies in SKAGEN Global are financially well equipped to ride out an economic downturn and be ready to bounce back once the economy recovers.

As a final word of comfort, it is worth highlighting that many of our companies have been around for decades and some even date back to the 1800s! In fact, the median founding year in the portfolio is 1968. The companies have confronted, survived and thrived through numerous crises during their lifetimes. This time is not different.

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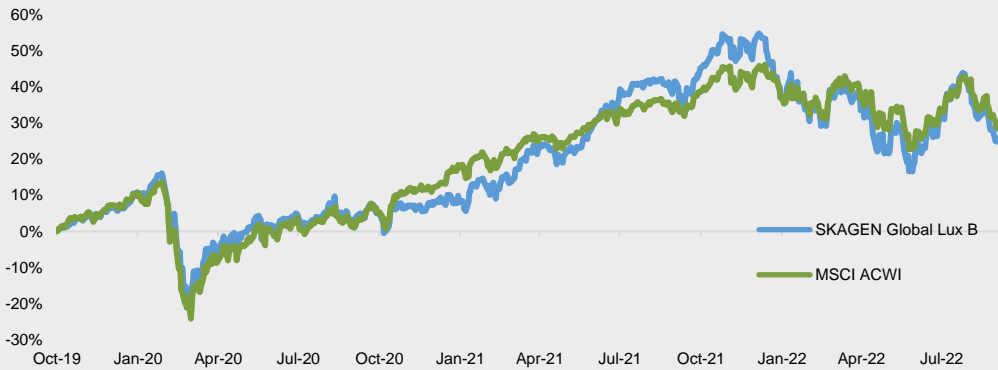
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FUND PERFORMANCE¹

	Q3 2022	YTD 2022	1-year	Since Start
SKAGEN Global LUX B EUR	-0.3%	-21.0%	-11.1%	6.8%
MSCI ACWI	-0.6%	-13.7%	-6.1%	7.9%
<i>Relative Return</i>	<i>0.3%</i>	<i>-7.3%</i>	<i>-5.0%</i>	<i>-1.1%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Canadian Pacific Railway Ltd	3.1%	0.2%
Waste Management Inc	1.5%	0.2%
Cash	0.7%	0.0%
Tyson Foods Inc	0.1%	0.0%
Bakkafrost P/F	0.6%	-0.2%

Largest detractors ↓

Holding	Weight	Contribution
DSV A/S	4.2%	-2.2%
Adobe Inc	3.6%	-1.9%
ASML Holding NV	3.2%	-1.6%
Intuit Inc	4.2%	-1.6%
Microsoft Corp	7.8%	-1.6%

PORTFOLIO STATISTICS

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

TOP TEN HOLDINGS

Holding	Weight
Microsoft Corp	5.9%
Nasdaq Inc	5.2%
Alphabet Inc	5.1%
Canadian Pac Com	4.7%
DSV A/S	4.5%
Waste MGMT Inc	4.5%
JPMorgan Chase	4.5%
Brown & Brown Inc	4.3%
Abbott Lab Com	4.1%
Accenture Pls	3.9%
<i>Combined Weight</i>	<i>46.6%</i>

COUNTRY EXPOSURE



¹ As at 30/09/2022 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 September 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.