

# SKAGEN Global LUX B EUR Q4 2021 Quarterly Report

All data in EUR as of 31/12/2021 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<br>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 banner year

Global equities had a banner year in 2021 and soared to new highs despite inflation fears, pandemic restrictions and geopolitical tensions. In developed markets, particularly North America and Europe, global equities were propelled to record levels. Emerging markets struggled with notable setbacks in Turkey and China due to political intervention. The year was mixed for commodities: oil posted the largest annual gain since 2009, bitcoin rallied again whereas gold had its worst year since 2015. The pandemic held the world in a firm grip for a second year in a row, but many companies ploughed ahead undeterred and reported higher profits as demand in most sectors remained buoyant. Central banks around the globe continued their stimulus programs, adding to the ever-growing debt piles that treacherously lurk in the background. So far, however, the market remains in an insouciant mood, enjoying the free-flowing liquidity taps that will most likely need to be tightened at some point.

SKAGEN Global outperformed its benchmark index MSCI AC World by a wide margin during 2021; this is by far the highest outperformance achieved by the fund in 12 years. The fund research firm Morningstar ranks SKAGEN Global's 2021 performance in the top-1% of its peer group in the category 'Global large-cap blend equity'. [1] Superior stock selection was the primary attribution driver, complemented by minor positive contributions from allocation and currency effects. SKAGEN Global ended the calendar year 2021 ahead of its benchmark as measured over 1-year, 3-year, 5-year and 7-year time periods.

### Contributors and detractors

The fund's three strongest performers measured by absolute return in 2021 were Alphabet (Google), Nasdaq and Intuit. The common denominator for these leaders is their digital prowess which helped them skilfully navigate the pandemic environment to grow their footprint and cash flow. The fund's three largest detractors in absolute terms for 2021 were MarketAxess, UPM and JP Morgan.

### Q4 2021 Commentary

The global equity market advanced in the fourth quarter after a strong earnings season. SKAGEN Global outperformed its benchmark index MSCI AC World in December as well as in the fourth quarter.

The strongest quarterly performer measured by absolute return was the IT consultancy Accenture that posted a stellar quarterly report and raised full-year guidance significantly to reflect voracious demand across virtually all of its geographies and industries.

The fund's largest quarterly detractor in absolute terms was the electronic bond trading platform MarketAxess, which reported weak volumes and competitive pressure. While the company operates in a structurally growing niche and is the dominating player, it has lost market share in key products during 2021. We have not been able to pinpoint a satisfactory explanation for these consistent market share losses and therefore chose to exit the position in the fourth quarter.

We initiated a position in the US family-controlled insurance broker Brown & Brown headquartered in Daytona Beach, Florida. The firm is well positioned to capitalise on attractive industry drivers and based on our proprietary analysis the firm's share price looks materially undervalued over a multi-year perspective.

### Outlook

As usual after the Christmas holidays, the financial press contains a flurry of annual forecasts listing the regions, sectors and investment styles that will be next year's winners. It is not clear to us why stock market dynamics would suddenly change just because the Earth has completed another lap around the sun. In the 1600s, the renowned scientist Sir Isaac Newton studied the celestial motions but never established any relationship to investing fundamentals on the ground. We are not aware that anything has changed in this regard over the centuries. While financial markets and share prices certainly fluctuate with trends and fashions, we firmly believe that cash flow remains the controlling force of gravity that (eventually) dictates the future trajectory of a company. Valuation also matters, but probably less so than is often assumed, especially for investors with a multi-year time horizon.

### Mental preparedness is paramount

In 2022, SKAGEN Global will continue to execute its well-defined strategy of pragmatic value investing in a consistent and disciplined manner focusing on long-term returns. The stock market returns generated in 2021 were materially above the long-term average and we would not be surprised to see lower returns in 2022. To that point, we recognise that the upside in absolute terms across our portfolio names is lower, but overall we still consider the holdings to offer good value given the wider opportunity set. We also remind investors that stock market returns rarely come in a linear fashion - temporary pullbacks, whether in absolute or relative terms, are to be expected for both share price and equity fund performance. It is easy to be an investor with the wind at one's back, but when the direction turns - as it inevitably does for some periods of time - mental preparedness is paramount to stay the course. Said differently, short-term volatility is the price paid for earning attractive long-term returns. With that note of caution, we believe SKAGEN Global is well equipped to deliver attractive returns over the fund's five-year investment horizon and hopefully for much longer.

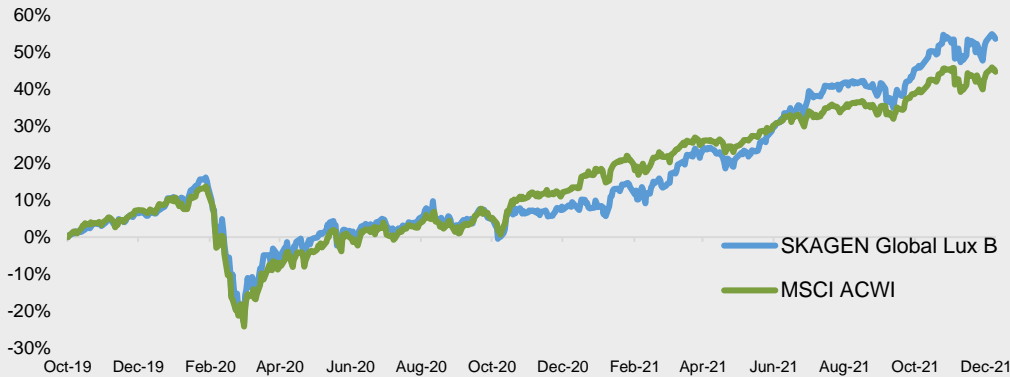
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## FUND PERFORMANCE<sup>1</sup>

|                                | Q4 2021      | YTD          | 1-year       | Since Start  |
|--------------------------------|--------------|--------------|--------------|--------------|
| <b>SKAGEN Global LUX B EUR</b> | <b>12.5%</b> | <b>40.3%</b> | <b>40.3%</b> | <b>21.7%</b> |
| MSCI ACWI                      | 8.7%         | 27.5%        | 27.5%        | 18.4%        |
| <i>Relative Return</i>         | 3.8%         | 12.8%        | 12.8%        | 3.3%         |



## PERFORMANCE ATTRIBUTION<sup>2</sup>

### Largest contributors ↑

| Holding        | Weight | Contribution |
|----------------|--------|--------------|
| Microsoft Corp | 6.9%   | 3.5%         |
| Alphabet Inc   | 5.7%   | 3.2%         |
| Intuit Inc     | 4.1%   | 2.5%         |
| Nasdaq Inc     | 4.5%   | 2.5%         |
| DSV A/S        | 4.9%   | 2.0%         |

### Largest detractors ↓

| Holding                    | Weight | Contribution |
|----------------------------|--------|--------------|
| MarketAxess Holdings       | 2.3%   | -0.6%        |
| Samsung Electronics Co Ltd | 1.1%   | -0.1%        |
| McDonald's Corp            | 0.2%   | -0.1%        |
| Marsh & McLennan Inc       | 0.0%   | -0.0%        |
| Autodesk Inc               | 3.5%   | -0.0%        |

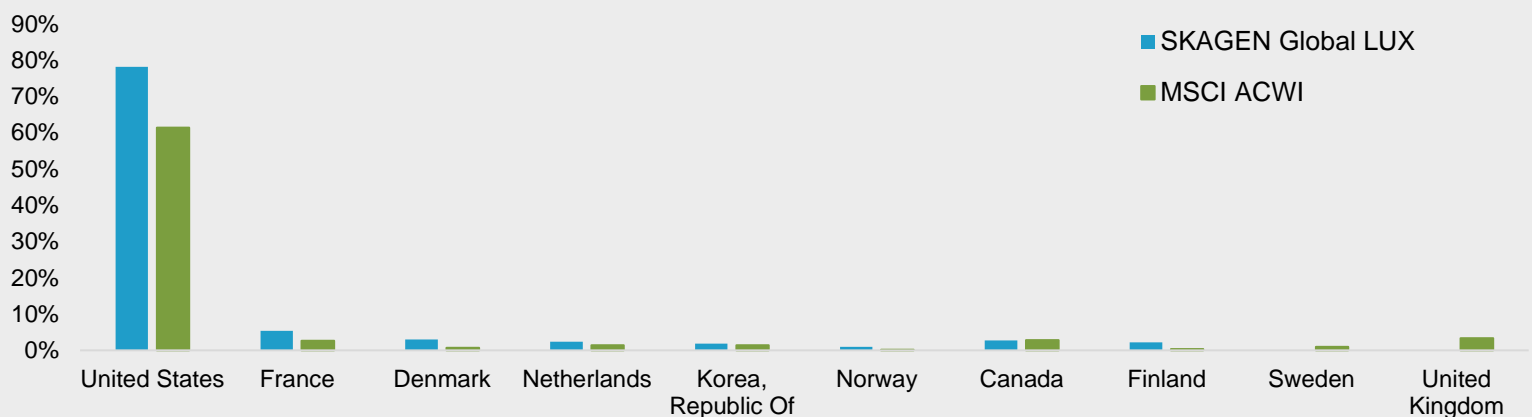
## PORTFOLIO STATISTICS

|                                 |         |
|---------------------------------|---------|
| No. of holdings                 | 30      |
| Top 10 weighting                | 42%     |
| Active Share                    | 87%     |
| Turnover ratio                  | 47%     |
| Investment horizon <sup>3</sup> | 5 years |

## TOP TEN HOLDINGS

| Holding                | Weight       |
|------------------------|--------------|
| Microsoft Corp         | 6.4%         |
| Alphabet Inc           | 5.2%         |
| JP Morgan Chase & Co   | 4.4%         |
| Home Depot Inc         | 3.9%         |
| Abbott Lab             | 3.9%         |
| Accenture PLC          | 3.7%         |
| Edwards Lifesciences   | 3.6%         |
| Waste MGMT Inc         | 3.6%         |
| Nasdaq Inc             | 3.6%         |
| Moodys Corp            | 3.5%         |
| <i>Combined Weight</i> | <i>41.8%</i> |

## COUNTRY EXPOSURE



<sup>1</sup> As at 31/12/2021 in EUR, net of fees

<sup>2</sup> Contribution to absolute return year-to-date

<sup>3</sup> For guidance purposes only

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### 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 31 December 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](http://www.skagenfunds.com) and [www.storebrandfunds.com](http://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.