

SKAGEN Global LUX B EUR

Q4 2022 Quarterly Report

All data in EUR as of 31/12/2022 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

A good end to a difficult year

The fourth quarter ended on a high note for global equity markets which, however, experienced the worst annual performance since the financial crisis in 2008. The toxic cocktail of rapidly rising inflation, recessionary economic worries and geopolitical threats on top of somewhat stretched valuations delivered a decisive blow to global stocks after three consecutive years of double-digit returns. We make some further reflections on 2022 below.

Performance

SKAGEN Global outperformed its benchmark index MSCI AC World in the fourth quarter. As we have highlighted throughout the year, most of our holdings have delivered solid underlying results but have still seen falling share prices. The market seems to have taken notice of these attractive valuations in the fourth quarter.

For the calendar year 2022, SKAGEN Global underperformed its benchmark. The fund's relative performance suffered particularly in the first quarter of 2022. Although the fund outperformed the index from the end of the first quarter, it was not enough to make up for the weak start. Encouragingly, the fund finished the year ahead of its benchmark as measured over the 3-year, 5-year and since-inception time periods.

Attribution

In the fourth quarter, the fund's three best performers measured by absolute return were JP Morgan, DSV and Nike. In 2022, the fund's three best performers measured by absolute return were Canadian Pacific, Waste Management and Dollar General. The common denominator for the latter three companies is their resilience. They fit our mantra of "getting rich slowly" by combining strong execution and enviable market positions with prudent capital allocation and attractive valuations.

In the fourth quarter, the fund's three largest detractors in absolute terms were Alphabet (Google), Edwards Lifesciences and Brown & Brown. In 2022, the fund's three largest detractors in absolute terms were Alphabet, Edwards Lifesciences and Microsoft. The tech giants Alphabet and Microsoft were unable to withstand the rout in the Nasdaq index, although fundamentally their operational performance was reasonably good during the year. Edwards Lifesciences focuses on heart valve replacements, but the volume of procedures (patient throughput) has struggled to reach pre-pandemic growth levels as hospital staffing remains tight. It may well take a couple of quarters for more tangible signs of normalisation to emerge.

On a sector basis, the fund's relative performance in 2022 was impacted negatively by having no exposure to the Energy and Utility sectors that performed well. Nonetheless, this effect was partially compensated for by our zero exposure to the Real Estate sector that performed poorly during the year.

Portfolio Activity

SKAGEN Global did not initiate or exit any holdings in the fourth quarter. Considering the meaningful stock market pullback in 2022, we now see vast upside across the portfolio over the next few years. That said, we have several aspiring candidates knocking on the door and we will remain disciplined in constructing a portfolio with the most attractive risk-reward profile for long-term investors. Cash levels remain very low as we aim to be fully invested.

Reflections on 2022 and outlook for 2023

2022 was a year when dreams and visions were shattered by reality. Let's look at some of the most impactful developments and reflect upon what investors can learn from them. First, the Federal Reserve (Fed) predicted that inflation would be transitory and, in the autumn of 2021, anticipated at most one interest rate hike in 2022. Rampant inflation later forced the Fed to make seven consecutive hikes, thus taking interest rates to the highest level in 15 years. Forecasting is difficult, even if you have some of the world's most prominent economists at your disposal. This episode highlights why SKAGEN Global's primary investing focus is on bottom-up stock selection rather than top-down macro forecasts.

Second, unprofitable companies with big ambitions matched only by their sky-high valuations came crashing back to earth after a blistering pandemic rally when the zero interest-rate regime ended. SKAGEN Global avoids these types of speculative companies and the lure of quick riches. Valuation matters.

Third, Russia's unjustified invasion of Ukraine has been a disaster from a military, financial and political perspective. It's a stark reminder that dictatorships rarely provide fertile ground for long-term investing. Since timing the tipping point of such geopolitical events is extremely difficult, SKAGEN Global typically refrains from allocating capital to companies under the direct authority of such regimes and we remind clients that SKAGEN Global has not been directly invested in Russia since 2015.

As we look toward 2023, we resist the temptation to make grand predictions for the financial market or global economy. We will, however, assiduously study undervalued companies on a fundamental basis using first principles and common sense.

Lastly, we note that the legendary investor Warren Buffett's Berkshire Hathaway outperformed the global equity market by 22 percentage points in 2022, illustrating the wealth-generating power of classic value investing and making the case for active management. SKAGEN Global's portfolio is very attractively valued and we believe our pragmatic value investing approach is well suited for long-term investors seeking to build wealth over the years to come.

SKAGEN Global LUX B EUR

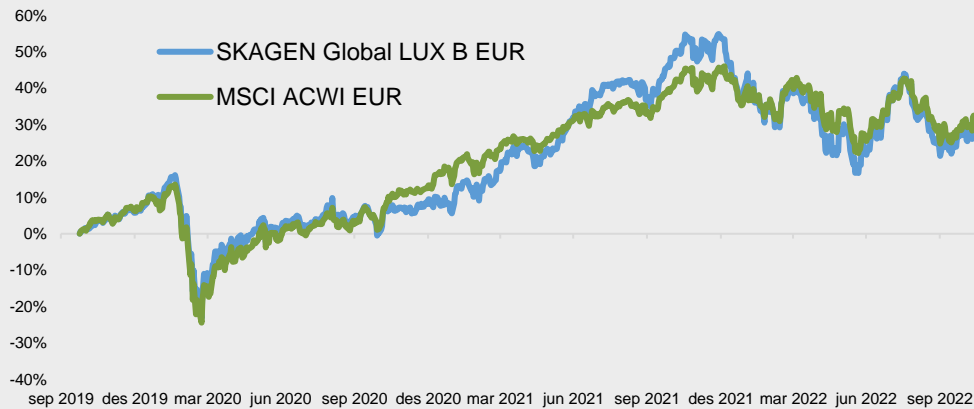
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FUND PERFORMANCE¹

	Q4 2022	2022	Since Start
SKAGEN Global LUX B EUR	3.3%	-18.5%	7.4%
MSCI ACWI	0.8%	-13.0%	7.4%
<i>Relative Return</i>	2.5%	-5.4%	-0.1%



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Amazon.com Inc	0.0%	1.1%
Apple Inc	0.0%	1.0%
Tesla Inc	0.0%	0.9%
Meta Platforms Inc	0.0%	0.8%
NVIDIA Corp	0.0%	0.5%

Largest detractors ↓

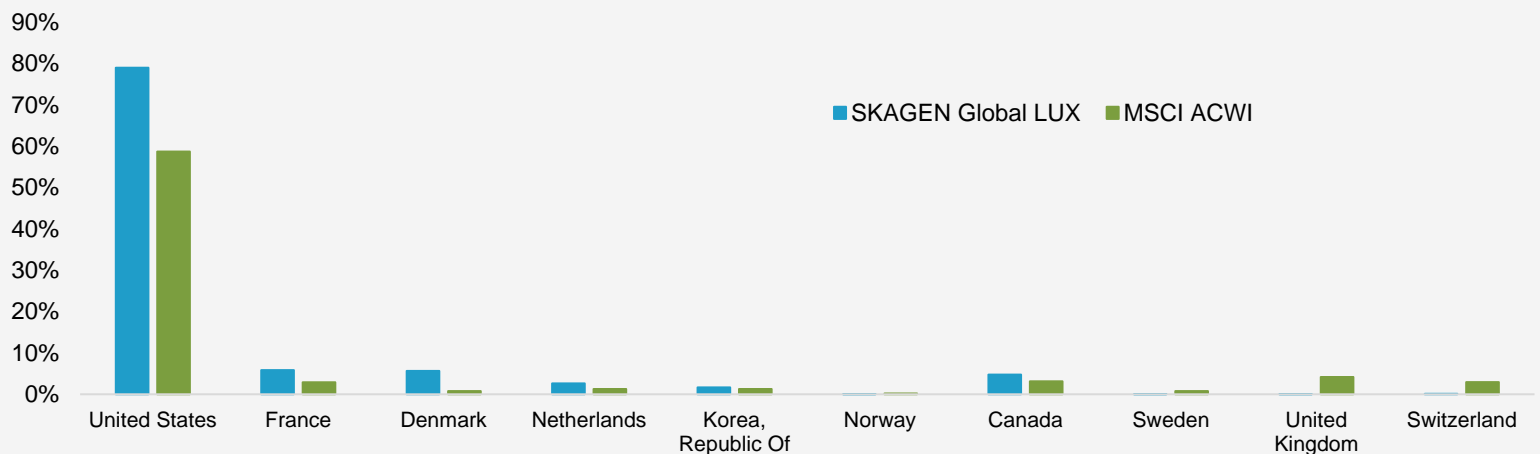
Holding	Weight	Contribution
Intuit Inc	4.2%	-1.8%
Edwards Lifesciences Corp	3.4%	-1.5%
Alphabet Inc	6.0%	-1.5%
Adobe Inc	3.5%	-1.4%
DSV A/S	4.1%	-1.4%

PORTFOLIO STATISTICS

No. of holdings	30
Top 10 weighting	45%
Active Share	87%
Turnover ratio	47%
Investment horizon ³	5 years

TOP TEN HOLDINGS

Holding	Weight
DSV A/S	5.6%
Microsoft Corp	5.5%
Nasdaq Inc	5.0%
JPMorgan Chase	4.9%
Canadian Pac Com Npv	4.7%
Alphabet Inc	4.3%
Abbott Lab Com	4.2%
Estee Lauder Inc	3.7%
Accenture Plc	3.7%
Brown & Brown Inc	3.7%
<i>Combined Weight</i>	<i>45.3%</i>



¹ As at 31/12/2022 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 31 December 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.