



SKAGEN Kon-Tiki LUX B EUR

Q1 2022 Quarterly Report

All data in EUR as of 31/03/2022 unless otherwise stated



INVESTMENT OBJECTIVE

SKAGEN Kon-Tiki is a highly active, global emerging market equity fund which seeks to generate long-term capital growth through a high conviction portfolio of companies which are listed in, or have significant exposure to, developing markets.

The Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	27/09/2019
Benchmark	MSCI EM Index
ISIN	LU1932686501
Morningstar Category	Global Emerging Markets Equity
Fixed Management Fee	0.60%
Portfolio Manager	Fredrik Bjelland Cathrine Gether



Fredrik Bjelland & Cathrine Gether

Fredrik Bjelland, CFA

- ❖ Joined SKAGEN in 2017
- ❖ Former Head of China, Special Mandates, NBIM

Cathrine Gether

- ❖ Joined SKAGEN in 2009
- ❖ Former Portfolio Manager at Millennium Capital Partners in London

INVESTMENT COMMENTARY

A turbulent quarter

The beginning of 2022 has been turbulent with accelerating inflation and a more hawkish US Federal Reserve weighing on emerging market (EM) equities even before the Russian invasion of Ukraine in late February which dominated the news flow in March. So even though EM equities had a good start to the year, they underperformed developed markets (DM) over the quarter. Due to the fund's exposure to Russia, Kon-Tiki underperformed the index in February, but the portfolio showed robustness in March which meant a strong month relative to the index.

At the beginning of March SKAGEN decided to exclude Russian companies from our investable universe, but we need a well-functioning market before we are able to sell our holdings. Even though the most liquid stocks on the Moscow Exchange have re-opened for trading, the market is still under restrictions which mean that we, as foreigners, are not able to trade. Kon-Tiki's Russian holdings are currently priced at 0 in the NAV calculation which means that these positions were the main negative contributors for the quarter but also that there is no further downside risk related to Russia holdings in the portfolio.

Since the reopening, locally listed Russian stocks have rallied, and the Russian rouble is now back to similar levels as before the war (although currency controls could be making the rebound artificial). We are cautiously optimistic about recovering some value from our Russian holdings as we hold a diversified collection of robust companies. Sberbank is on the sanctions list, and therefore the recoverable values are uncertain even though it was one of the best run banks in EM with strong growth, a solid balance sheet and an exciting future. Leading grocery operators Magnit and X5 on the other hand are not sanctioned. They hardly have any USD cost exposure, all loans are in local currency and interest rates are fixed. They are actually long-term beneficiaries of the current difficult environment as they are able to push through food inflation to their consumers, and are likely to gain market share as weaker operators are struggling. Since the Crimea annexation in 2014 these operators have changed their business model to focus on locally produced sources in order not to depend on imports.

Western nations' financial sanctions against Russia have been extraordinary, and as a result the conflict will have major consequences also for the world economy. Russia and Ukraine's important role as major exporters across many commodity classes means the conflict has already caused a widespread surge in prices. Increasing commodity prices can lead to disruptions to global supply chains and affect everything from industrial production to consumer confidence. While the fund's direct exposure to Russia has had a negative effect, the strong relative performance in March shows the robustness of the rest of the Kon-Tiki portfolio.

Contributors and detractors

Some indirect beneficiaries of the commodity price increases can be seen in this quarter's list of positive contributors. Copper producer Turquoise Hill not only benefits from higher copper prices, but Rio Tinto announced an offer to acquire the remaining 49% they don't already own in an allcash offer. We view the bid as too low, however, and look forward to the continuation as we have not sold out. Chinese-listed CNOOC, which is engaged in the exploration, development, production and sale of crude oil and gas also benefited from increasing energy prices amid the growing energy crisis.

Within EM, not surprisingly, performance has been defined by whether a country imports or exports energy and other commodities, given the key inflation pressure points. Many Latin American countries have therefore had a respite during the period, with Brazil in particular showing strength after a tough 2021. This is reflected in the portfolio, and our Brazilian holdings are positive contributors. Sendas (or Assai), which is the leading Cash & Carry format in Brazil, staged a major comeback after being hit hard at the end of last year after announcing a big acquisition. The recent economic crisis in Brazil supported strong growth for the format given their competitive price positioning. A still modest valuation continues to fail to reflect their strong position within the most successful food retailing model in Brazil, a strong management record, exceptional market share growth and expected strong growth and higher returns on capital going forward.

Portfolio activity

Two new companies entered the portfolio during the quarter. Cosmax is the global leader in cosmetics development and manufacturing and is seeing strong growth on the back of digital disruption of the traditional brand order especially in China. In addition, Chilean holding company Quinenco has already contributed positively to the portfolio. The company offers deeply discounted exposure to the strong container shipping market through its indirect holding in Hapag-Lloyd. We exited VinaCapital Vietnam Opportunity Fund after strong performance, while Hollysys was exited due to corporate governance concerns.

Outlook

We continue to have strong conviction in the attractiveness of the fund's underlying positions and the overall portfolio composition. The weakness of EM equities and Kon-Tiki's recent underperformance mean the portfolio is trading at an unwarranted discount to both our estimates of fair value, with an estimated upside of close to 70%, and on an absolute level (22e P/E of 6x versus the EM index at 11x). We are delighted to see what could be the beginning of a growth-to-value rotation, at the same time as EM equities are trading at a historically high discount to DM.

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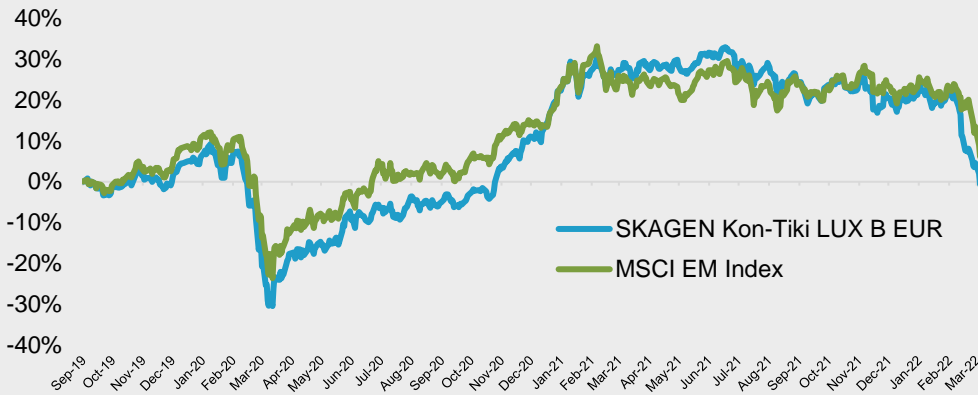
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FUND PERFORMANCE¹

	Q1 2022	1-year	Since Start
SKAGEN Kon-Tiki LUX B EUR	-9.4%	-14.6%	3.3%
MSCI EM Index	-4.0%	-6.5%	6.2%
<i>Relative Return</i>	<i>-4.5%</i>	<i>-8.1%</i>	<i>-2.9%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Sendas Distribuidora SA	3.2%	1.5%
Turquoise Hill Resources	2.1%	1.5%
CNOOC Ltd	3.0%	0.9%
Ivanhoe Mines Ltd	3.8%	0.6%
Suzano SA	3.3%	0.4%

Largest detractors ↓

Holding	Weight	Contribution
Sberbank of Russia	2.1%	-3.7%
Lukoil PJSC	2.1%	-3.2%
X5 Retail Group NV	1.4%	-2.6%
Naspers Ltd	4.1%	-1.1%
LG Electronics	6.8%	-0.8%

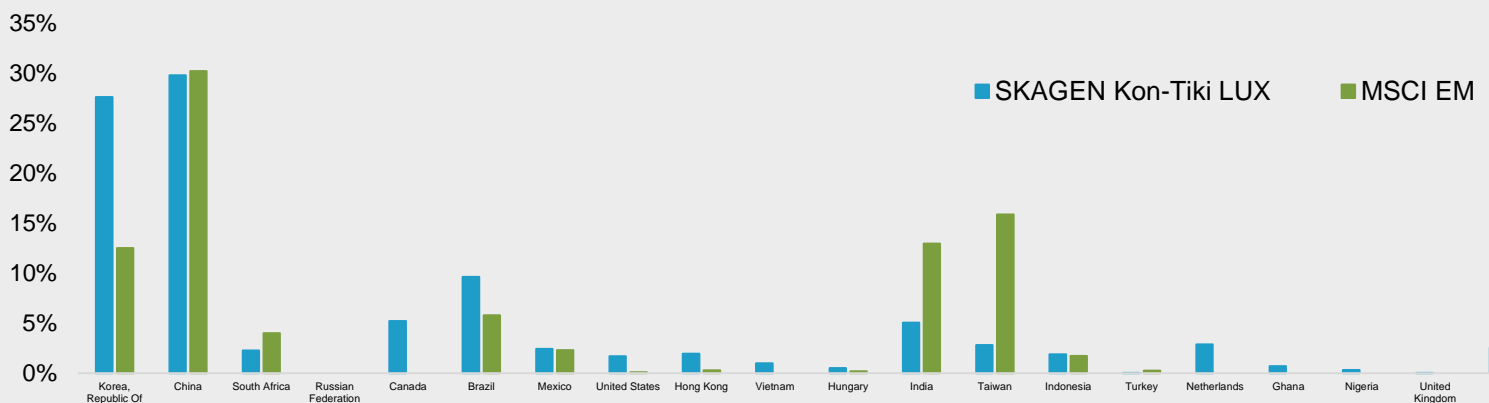
PORTFOLIO STATISTICS

No. of holdings	50
Top 10 weighting	49%
Active Share	87%
Turnover ratio	46%
Investment horizon ³	2 years+

TOP TEN HOLDINGS

Holding	Weight
LG Electronics Inc	7.5%
Cnooc Ltd	7.3%
Ping An Insurance Group	7.1%
Samsung Electronics	6.1%
CIA BRAS Com	4.3%
Suzano SA	4.3%
UPL Limited INR2	3.9%
Prosus N.V.EURO5	2.9%
Alibaba Group	2.7%
Korean Reinsurance	2.7%
<i>Combined Weight</i>	<i>48.8%</i>

COUNTRY EXPOSURE



¹ As at 31/03/2022 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 a marketing communication, and this document is intended for professional investors only.

Except otherwise stated, the source of all information is Storebrand Asset Management AS as at 31 March 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. Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice.

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.

The Storebrand SICAV has appointed SKAGEN AS UK Branch to act as Facility Agent 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.

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. 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.

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 Storebrand Asset management AS' UK webpages www.storebrandfunds.co.uk or contact the SKAGEN AS UK Branch (details available at www.skagenfunds.co.uk).

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: www.storebrandfunds.co.uk or <https://www.skagenfunds.lu/contact/investor-rights/>

The Storebrand SICAV may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

The SICAV has registered its 6 Sub-Funds (SKAGEN Kon-Tiki Lux, SKAGEN Focus Lux, SKAGEN Global Lux, SKAGEN m2 Lux, Storebrand Global Solutions Lux, Storebrand Global ESG Lux) for public distribution in the UK, the Netherlands, Belgium and Germany.

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 15 Stratton Street, London W1J 8LQ. 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.