



SKAGEN Kon-Tiki LUX B EUR

Q2 2023 Quarterly Report

All data in EUR as of 30/06/2023 unless otherwise stated

This is marketing communication



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 Fee	0.60%
SFDR Category	Article 8
Portfolio Manager	Fredrik Bjelland Cathrine Gether



Fredrik Bjelland, Cathrine Gether & Espen Klette

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

Espen Klette

- ❖ Joined SKAGEN in 2019
- ❖ Former Equity Research Analyst and Partner at Pareto Securities in Oslo

INVESTMENT COMMENTARY

A mixed quarter

The first quarter of 2023 is best described as a mixed bag; a very strong start supported by the Chinese reopening came to an abrupt halt as the collapse of SVB and a couple of other US banks sent shockwaves through the market and led to a big rotation. This was followed by the arranged emergency marriage of Credit Suisse and UBS in order to protect the world economy from the looming failure of a systemically critical bank. However, markets recovered again towards the end of the quarter following the prompt response of central banks to the turmoil.

During the quarter, SKAGEN Kon-Tiki outperformed the MSCI EM index, while EM underperformed DM. We continue to see the current market environment as more conducive to active stock-picking. The global economy's adjustment to the end of the "decade of free money" was not expected to be straightforward. Interest rates are still rising, and inflation remains unchecked in the developed world, and we expect markets to continue to be dictated by the Fed's actions in the near term. However, EM central banks in general were at or close to the end of their rate hiking cycles, and they have carried out credible policy responses throughout the heightened inflation period at the same time as they have built up historically high nominal interest rate buffers. As a result, major EM countries appear well placed to start unwinding the tightening, which should support economic activity.

Contributors and detractors

The Chinese energy company CNOOC was a strong outperformer within the sector. They have released solid results in the period, which yet again show the quality of the operations as well as how cheap they are on various valuation metrics. With a net cash position approaching 20% of the market cap combined with a 12% dividend yield and strong free cash flow generation, the company deserves to trade at more than the current 4x P/E.

Foxconn is a good example of what can happen to a cheaply valued company exposed to the right trends. The company's share price almost doubled during the quarter as focus shifted towards their strong positioning to secular data infrastructure demand from generative AI, metaverse, ADAS and smart manufacturing growth.

Alibaba has been strong after founder Jack Ma resurfaced. This is seen as a sign that they are through the worst of their regulatory woes, with the focus switching to a potential value unlock from separately listing various operating segments. Naspers and Prosus were also strong contributors as Tencent reported solid results with signs that earnings growth is finally resuming.

LG Electronics saw a strong share price recovery after last years' underperformance, while Hyundai is benefiting from a manufacturing recovery, a better product mix and less incentive spending which reaffirmed a positive outlook for the company.

TSMC, a new position in Kon-tiki at the end of 2022, was also a strong contributor as recent high inventories and cyclical concerns seem to be correcting as we move towards a second half rebound.

Most of the negative contributors for the quarter are reasonably new positions. We have been able to take advantage of their share price weakness to increase some of the positions at even more attractive levels. Raizen, the Brazilian sugar and ethanol producer, is a good example where we doubled the position on weakness around a share price placing and concern around taxes and ethanol prices. Assai, the Brazilian cash and carry operator, was also weak on the back of a big placing by its majority shareholder Casino. We see their reduced stake as a positive in the long run since corporate governance concerns should abate.

Sibanye Stillwater released a disappointing set of numbers, where falling commodity prices and operational issues led to downgrades. Headline multiples remain supportive however, and we continue to like the shift towards EV battery materials and recycling operations.

Portfolio activity

KB Financial, a new position this quarter, has been impacted by the general bank sell-off after the recent bailouts in the US and Switzerland. This led to market concerns around unrealised loss risk on securities and the government considering higher capital ratios, which could in turn hurt dividends and share buybacks. We see limited company-specific risk for KB Financial given their limited exposure and a strong balance sheet.

We have also added two new positions in Brazil. Simpar is a logistics conglomerate with very attractive positioning within logistics services; most of its businesses are exposed to segments with very low penetration and high fragmentation which supports strong organic growth. Stability is provided from a high proportion of revenues from long-term contracts and despite this, the company trades at a very appealing valuation.

Tres Tentos is a fully integrated agriculture company with exposure to agricultural input retail, sourcing, and trading of agri produce as well as soybean crushing and biodiesel production amongst other things. It is an asset light business with strong growth potential and an impressive track record.

We exited China Life after strong recovery as we saw better investment opportunities elsewhere.

Outlook

The portfolio is well balanced and diversified to withstand various macro scenarios. It consists of very attractively valued companies trading at an aggregate 0.8x P/B and 7x 23e P/E which is a substantial discount to EM despite strong quality characteristics.

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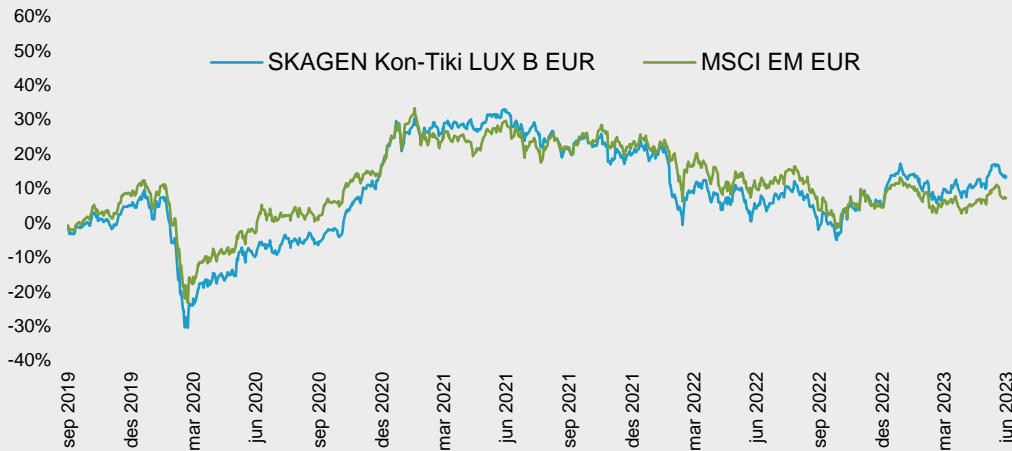
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FUND PERFORMANCE

	Q2 2023	1-Year	Since Start
SKAGEN Kon-Tiki LUX B EUR	3.3%	9.0%	3.4%
MSCI EM Index	0.5%	-2.5%	1.8%
<i>Relative Return</i>	<i>2.8%</i>	<i>11.5%</i>	<i>1.6%</i>



As at 30/06/2023 in EUR, net of fees

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and management fees. The return may become negative as a result of negative price developments. There is a risk associated with investing in the fund due to market movements, currency developments, interest rate levels, economic, sector and company-specific conditions.

RISK PROFILE

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level. Other risks not included in the summary risk indicator but materially relevant: Event risk, liquidity risk, operational risk, counterparty risk, derivatives risk. Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. This product does not include any protection from future market performance so you could lose some or all of your investment.

PORTFOLIO STATISTICS

No. of holdings	50
Top 10 weighting	43.4%
Active Share	87%
Turnover ratio	46%
Investment horizon ¹	2 years+

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
Foxconn Industrial Internet Co	1.3%	1.5%
Hyundai Motor Co	3.5%	1.3%
Raizen SA	2.3%	1.2%
LG Electronics Inc	5.5%	1.1%
CNOOC Ltd	6.1%	1.0%

Largest detractors ▼

Holding	Weight	Contribution
Sibanye Stillwater Ltd	2.3%	-1.2%
Sendas Distribuidora S/A	2.2%	-0.7%
KB Financial Group Inc	1.9%	-0.4%
Alibaba Group Holding	4.4%	-0.2%
UPL Ltd	3.6%	-0.2%

PORTFOLIO INFORMATION

COUNTRY EXPOSURE

	Fund	Benchmark
Korea, Republic Of	24.2 %	12.3 %
China	22.6 %	27.0 %
South Africa	4.7 %	3.1 %
Canada	0.9 %	0.0 %
Brazil	16.3 %	5.6 %
Mexico	0.0 %	2.8 %
United States	1.2 %	0.3 %
Hong Kong	1.9 %	1.8 %
Vietnam	3.4 %	0.0 %
Hungary	0.5 %	0.2 %

SECTOR EXPOSURE

	Fund	Benchmark
Industrials	3.2 %	6.3 %
Information Technology	10.4 %	21.2 %
Financials	15.3 %	21.9 %
Consumer Discretionary	21.5 %	13.2 %
Consumer Staples	9.1 %	6.4 %
Communication Services	2.5 %	9.8 %
Health Care	0.5 %	3.8 %
Utilities	0.0 %	2.6 %
Energy	18.5 %	5.0 %
Materials	13.2 %	8.1 %

TOP 10 HOLDINGS

Cnooc Ltd	5.9 %
Ping An Insurance Group	5.6 %
Lg Electronics Inc	5.4 %
Samsung Electronics Co	4.6 %
Alibaba Group Holding Ltd	4.5 %
Raizen Sa Prf Npv	3.7 %
UPL Limited	3.5 %
Shell PLC	3.5 %
Prosus N.V.	3.4 %
Totalenergies SE	3.3 %
<i>Combined weight</i>	<i>43.4%</i>

¹ For guidance purposes only ² Contribution to absolute return year-to-date

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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 Luxembourg SICAV as at 30/06/2023.

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.

Future fund performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future. The tax treatment of the gains and losses made by the investor and distributions received by the investor depends on the individual circumstances of each investor and may imply the payment of additional taxes. Before any investment is made in the Sub-fund, investors are urged to consult with their tax advisor for a complete understanding of the tax regime, which is applicable to their individual case.

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. 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 Sub-fund's prospectus and PRIIPS KID (for UK: KIID) and the completion of all appropriate documentation. You can download more information including subscription/redemption forms, full prospectus, PRIIPs KID (for UK: KIID), General Commercial Terms, Annual Reports and Monthly Reports in English language from SKAGEN's webpages <https://www.skagenfunds.lu/funds>

Investors' rights to complain and certain information on redress mechanisms are 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.lu/contact/investor-rights/>

Storebrand Asset Management AS or FundRock Management Company S.A. may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

The Sub-fund takes sustainability risk and ESG characteristics into account as part of its selection process. In that respect the Sub-fund promotes environmental and/or social characteristics within the meaning of Art 8 of SFDR. For the assessment areas like corporate strategy, corporate governance, transparency and the product and service range of a company are taken into account. Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in English, can be found here: <https://www.skagenfunds.lu/sustainability/sustainable-investing/>

The decision to invest in the Sub-fund should take into account all the characteristics or objectives of the Sub-fund as described in its prospectus <https://www.skagenfunds.lu/funds/>

The Storebrand SICAV has registered its 7 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 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.

Investors' rights to complain and certain information on redress mechanisms are 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/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in English, can be found here: <https://www.skagenfunds.com/sustainability/sustainable-investing/>

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.

Investors' rights to complain and certain information on redress mechanisms are made available to investors pursuant to our complaints handling policy and procedure. The summary of investor rights in German language is available here: <https://www.skagenfunds.de/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in German language, can be found here: <https://www.skagenfunds.de/sustainability/sustainable-investing/>

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.

Investors' rights to complain and certain information on redress mechanisms are 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/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in English language, can be found here: <https://www.skagenfunds.com/sustainability/sustainable-investing/>

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.

Investors' rights to complain and certain information on redress mechanisms are 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.fr/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in French language, can be found here: <https://www.skagenfunds.fr/sustainability/sustainable-investing/>

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.

Investors' rights to complain and certain information on redress mechanisms are made available to investors pursuant to our complaints handling policy and procedure. The summary of investor rights in German language is available here: <https://www.skagenfunds.at/contact/investor-rights>

Further information about sustainability-related aspects of the Sub-fund, including the sustainability disclosure summary in German language, can be found here: <https://www.skagenfunds.at/sustainability/sustainable-investing/>