

SKAGEN Kon-Tiki LUX B EUR

Q4 2021 Quarterly Report

All data in EUR as of 31/12/2021 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 Q3 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 tale of two markets

2021 turned out to be a tale of two markets. Developed market (DM) equities continued to power ahead and ended the year on a high note. This was despite signs of accumulating risks with fears of stagflation creeping in, supply shortage concerns and worries about peak growth with the emergence of Omicron and hawkish taper remarks by the Fed. Conversely, emerging market (EM) returns have been close to the bottom end of cross asset scorecards for much of this year, with EM equities, dollar sovereign credit and currencies all underperforming their counterparts. Low vaccination rates in EM have made them more vulnerable at the same time as many EM countries have endured a tightening bias throughout the year in an effort to rein in inflationary pressures and preempt the coming tightening by the Fed in order to alleviate risks of capital flight.

China, which represents almost one third of the index, dragged EM down in the aftermath of credit and regulatory tightening across sectors in pursuit of their common prosperity goals. Concerns about the financial stability of the property sector continued to be a headwind with Evergrande being suspended and defaults by other property developers. We expect a slightly more supportive policy environment in 2022 as China refocuses on stability, while decarbonisation and deleveraging might take a back seat for a while. The credit cycle could be at an inflection point after a year of tightening and we have hopefully seen the peak of regulatory pressure.

Contributors and detractors

The last quarter of the year proved to be a tough one for Kon-Tiki, which underperformed the benchmark even though some of the largest negative contributors for the year ended up being the biggest positive contributors of the quarter.

Chinese insurance group Ping An finally saw some relief after a persistently falling share price throughout the year. We added to the position amidst weakness as we regard it to be a high-quality company trading at a deep valuation discount. The company's transformation over recent years fuelled by technology should help it turn the corner in its agency strategy, which should in turn boost agent productivity. The integrated financial ecosystem remains a distinct moat for additional cross-selling opportunities. We are therefore optimistic about its longer term growth opportunities and near-term recovery potential.

Brazilian pulp and paper producer Suzano saw the tide start to turn with signs of improving pulp market dynamics, healthy demand and a continued weakening of the BRL. Their competitive cost positioning and growth profile secures strong recurring FCF generation which we like combined with a strong capital allocation track-record.

Land-based salmon farming company Atlantic Sapphire is working on rebuilding trust after several setbacks in recent quarters. More detailed and timely updates from the company and delivery according to set KPIs in the short term should make 2022 an exciting year for the company.

Ivanhoe Mines continued to be a strong contributor also in the last quarter of the year. The past few months have been eventful with the recent commissioning and a stronger than expected ramp-up of what we regard to be the best copper mine in the world. Its superior copper production growth profile combined with one of the lowest unit costs gives Ivanhoe an advantage in a world that needs more copper for the green transition.

Conversely, we also saw some of the strongest positive contributors of the year become negative contributors in the last quarter. Cash and carry operator Assai (listed name Sendas, recently spun out of Brazilian retailer GPA) experienced weakness after a major acquisition of hypermarket stores from GPA which was deemed expensive by the market. Although this will be dilutive in the near term, we see it as a strategically compelling deal in the medium term.

Sberbank, which has also been a strong YTD contributor also experienced a setback. They continued to deliver solid results which exceeded expectations. However, Putin threatening to invade Ukraine has led to increased tensions with a risk of tighter Western sanctions that could harm the Russian economy.

Portfolio activity

We exited Sabanci in the fourth quarter and gradually increased our weighting in select companies on weakness, particularly in China. We also added to our position in Samsung Electronics. We financed this by trimming our positions in some of the fund's best performing companies such as Sberbank, Ivanhoe Mines and our Vietnamese holdings.

Outlook

We have strong conviction in the attractiveness of the fund's underlying positions and the overall portfolio composition and patiently wait for the market to recognise their true value. The weakness of EM equities and Kon-Tiki's recent underperformance mean the portfolio is trading at an unwarranted discount to both our estimate of fair value (with an aggregated estimated upside of close to 60%) as well as on an absolute level (22x P/E of 7.3x versus the EM index at 10.8x). At the same time, EM equities are trading at a historically high discount to DM equities.

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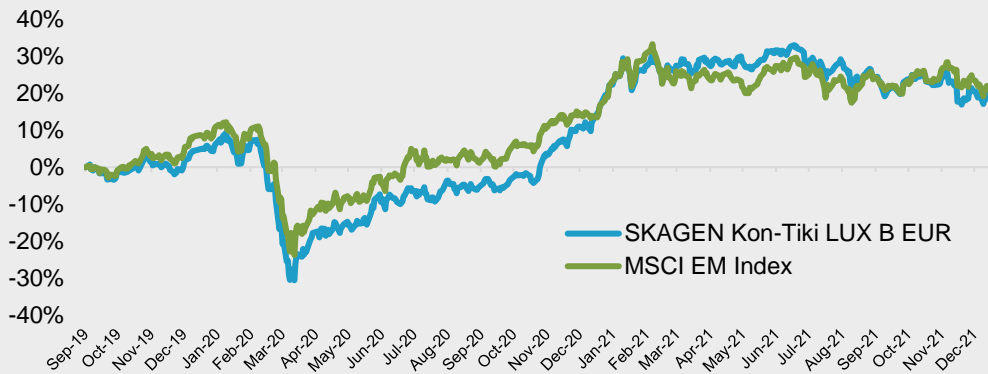
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FUND PERFORMANCE¹

	Q4 2021	YTD	1-year	Since Start
SKAGEN Kon-Tiki LUX B EUR	-1.4%	2.7%	2.7%	8,2%
MSCI EM Index	0.6%	4.9%	4.9%	9.3%
Relative Return	-2.0%	-2.2%	-2.2%	-1.1%



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Tech Mahindra Ltd	2.3%	5.4%
Ivanhoe Mines Ltd	3.3%	2.2%
UPL Ltd	3.8%	1.8%
Lukoil PJSC	2.6%	0.9%
Sberbank of Russia	3.5%	0.9%

Largest detractors ↓

Holding	Weight	Contribution
Ping An Insurance Group	6.1%	-2.5%
Atlantic Sapphire ASA	2.2%	-1.8%
Alibaba Group Holding Ltd	1.5%	-1.3%
Naspers Ltd	5.8%	-0.6%
Petroleo Brasileiro SA	0.3%	-0.5%

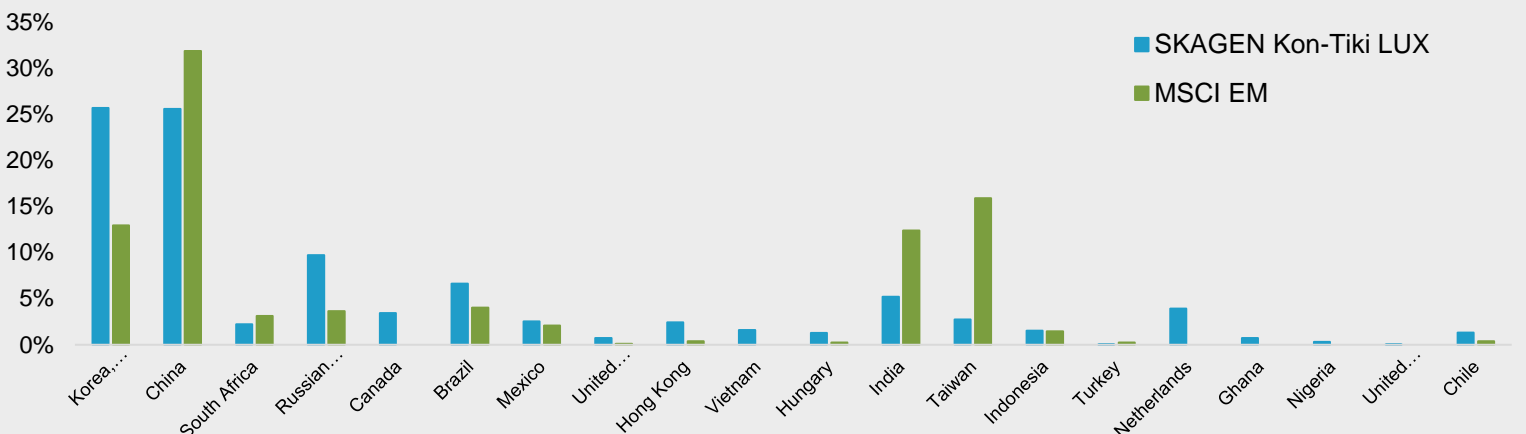
PORTFOLIO STATISTICS

No. of holdings	50
Top 10 weighting	44%
Active Share	87%
Turnover ratio	46%
Investment horizon ³	2 years+

TOP TEN HOLDINGS

Holding	Weight
LG Electronics Inc	7.3%
Ping An Insurance Group	6.2%
Samsung Electronic	6.2%
Cnooc Ltd	4.3%
UPL Limited	4.2%
Prosus N.V	3.9%
Sberbank of Russia	3.5%
Suzano SA	3.5%
X5 Retail Group	2.6%
Orbia Advance Corp	2.5%
Combined Weight	44.2%

COUNTRY EXPOSURE



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

² Contribution to absolute return year-to-date

³ 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 Kon-Tiki 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 and 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.