

SKAGEN Kon-Tiki LUX B EUR

Q4 2022 Quarterly Report

All data in EUR as of 31/12/2022 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 & 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

Emerging Markets benefitted from China re-opening

Global equity markets rose markedly during the fourth quarter driven by speculation that US inflation may have peaked. This boosted emerging markets, which also benefitted from the depreciation of the USD and a swift relaxation of China's pandemic restrictions. At the 20th Party Congress of the Chinese Communist Party, President Xi secured a third term and strengthened his control of the party's leadership, which spooked investors. However, a string of good news followed as Covid restrictions were gradually relaxed before an official re-opening was announced earlier than anticipated. The relaxation came on the back of rising social unrest due to discontent about lockdown measures and marked a significant U-turn from the previous zero Covid stance. Chinese authorities also announced a range of supportive measures for the property markets. Geopolitical tensions were soothed as Biden and Xi met in person and announced plans for US Secretary of State Antony Blinken to visit China early in 2023.

The biggest positive regional contribution came from China and South Korea. We continue to believe that the current market backdrop favours a conservative approach to portfolio construction. The combination of monetary and fiscal policy tightening to bring down historically high inflation rates has yet to feed into corporate earnings expectations, in our view.

Contributors and detractors

SKAGEN Kon-Tiki outperformed its benchmark in Q4. All the largest positive contributors were directly or indirectly exposed to the China re-opening. The largest positive contributor during the quarter was the Chinese financial conglomerate Ping An. Its share price rose significantly on expectations that it should benefit both operationally and through its investment book from a re-opening. This also benefitted our holdings exposed to Korean consumer electronics, namely LG Electronics and Samsung Electronics. The two companies rebounded significantly in November following soft performance during the first three quarters. Holding company Prosus gained from its significant exposure to the Chinese gaming and entertainment company Tencent. Management also presented positive targets for its ecommerce portfolio at an investor presentation. Total Energies continues to perform well as it is profiting from elevated energy prices globally.

Our largest negative contributors for the quarter were not specific to a particular market. WH Group, the largest pork and packaged meat provider globally, contributed negatively although its Q3 figures were in line with expectations. Taiwanese semiconductor foundry TSMC declined slightly on potential demand concerns for next year given a widely anticipated global economic downturn. Indonesian media company PT Media Nusantara (MNCN) slid after reporting soft Q3 figures due to a drop in advertising revenues in the quarter. Atlantic Sapphire warned of higher than usual salmon mortality and as a result a lower harvest weight in the second half of 2022, although with limited impact going forward. Finally, Brazilian food retailer GPA reported weak quarterly figures due to difficulties passing on inflation and higher logistics costs. The Brazilian market was relatively weak on the back of news around Lula's fiscal plan and appointments to his administration.

Portfolio activity

We made a few changes to the portfolio during the quarter. Newcomers included Banco do Brasil and the Taiwanese semiconductor foundry TSMC, and we re-entered our previous holding Vietnam Opportunity Fund. We exited Indian auto/tractor manufacturer Mahindra & Mahindra as the share price reached our fair value estimate and Mongolian copper miner Turquoise Hill Resources following Rio Tinto's takeover offer.

Banco do Brasil is the largest bank in Brazil measured by total assets and with 18% market share. While fundamentals remain strong and there is good visibility, the uncertainty for SOEs around the presidential election gave us the opportunity to invest at 0.6x book, which is attractive given guidance of 20% ROE and a significant discount to peers and historic levels.

TSMC pioneered the pure-play foundry business and has remained the world's leading dedicated semiconductor foundry ever since. We believe the structural demand for semiconductors will continue and after a significant correction in the share price, we invested in a very attractive business trading at a considerable discount to our conservative fair value estimate, mainly due to geopolitical concerns.

Vietnam Opportunity Fund is a closed-end-fund trading on the London Stock Exchange managed by Vina Capital. The outlook for Vietnam's economy appears robust, and we like the structural story. VOF provides us with exposure to Vietnam and trades at a discount to NAV, also buying back shares to reduce the discount when deemed high. Through VOF we have access to Vietnamese companies at a discount versus foreign limit prices which are also filled for most companies.

Outlook

The SKAGEN Kon-Tiki portfolio now consists of 48 companies including four of our five Russian holdings currently valued at zero. Overall, the portfolio is trading on just 6x 2022 earnings and 0.8x price to book, which is a 42% and 48% discount to the broader Emerging Markets index, respectively. The disconnect between our holdings' fundamentals and their aggregate valuation is as wide as it has been in the last five years. As a result, we continue to believe that the portfolio offers an attractive risk/reward proposition almost regardless of the macro backdrop.

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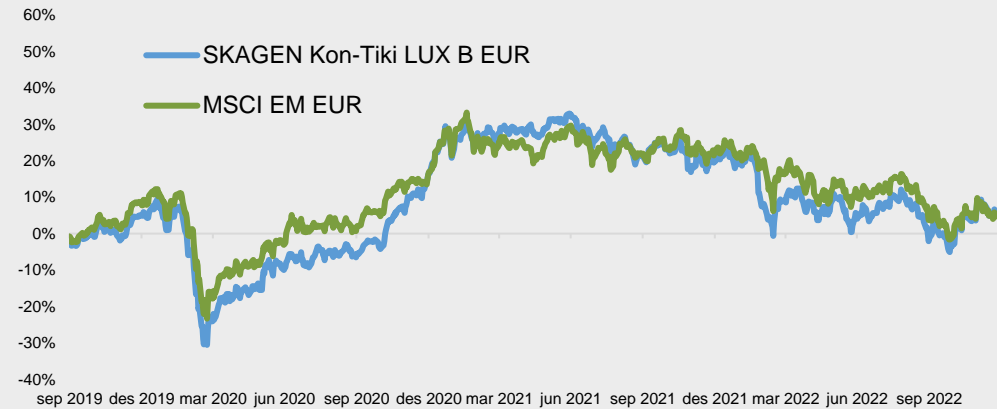
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FUND PERFORMANCE¹

	Q4 2022	2022	Since Start
SKAGEN Kon-Tiki LUX B EUR	6.4%	-12.2%	1.5%
MSCI EM Index	0.7%	-14.9%	1.3%
<i>Relative Return</i>	<i>5.7%</i>	<i>2.6%</i>	<i>0.2%</i>



PERFORMANCE ATTRIBUTION²

Largest contributors ↑

Holding	Weight	Contribution
Sendas Distribuidora SA	4.6%	2.2%
Turquoise Hill Resources	3.0%	1.8%
CNOOC Ltd	3.6%	1.4%
Haci Omer Sabanci Holding AS	1.3%	1.4%
Amazon.com Inc	0.0%	1.1%

Largest detractors ↓

Holding	Weight	Contribution
Sberbank of Russia	0.5%	-3.6%
LG Electronics Inc	5.9%	-2.7%
X5 Retail Group NV	0.4%	-2.6%
Tech Mahindra Ltd	3.2%	-1.9%
Samsung Electronics Ltd	4.3%	-1.2%

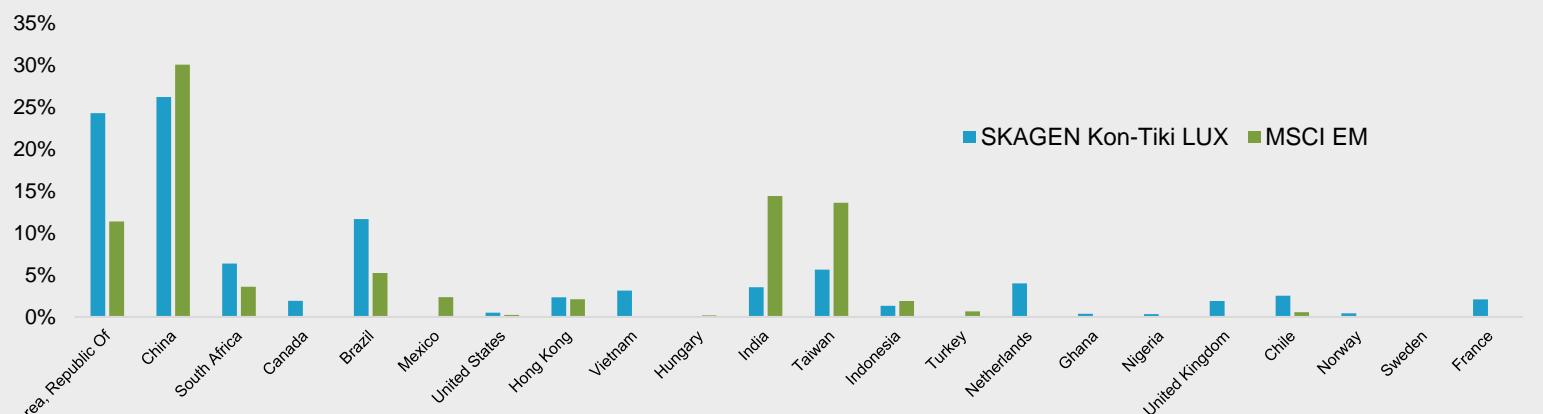
PORTFOLIO STATISTICS

No. of holdings	50
Top 10 weighting	45%
Active Share	87%
Turnover ratio	46%
Investment horizon ³	2 years+

TOP TEN HOLDINGS

Holding	Weight
Ping An Insurance Group	7.2%
Samsung Electronics Co	5.4%
LG Electronics Inc	5.4%
Cnooc Ltd	5.2%
Alibaba Group Holdings Ltd	4.5%
Prosus N.V.	4.0%
Upl Limited	3.5%
Naspers N Zaro.02	3.5%
Suzano Sa Com Npv	3.4%
Taiwan Semiconductor Manufacturing	2.9%
<i>Combined Weight</i>	<i>45.1%</i>

COUNTRY EXPOSURE



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.