



SKAGEN m² LUX B EUR

Q4 2022 Quarterly Report

All data in EUR as of 31/12/2022 unless otherwise stated



INVESTMENT OBJECTIVE

SKAGEN m² is a long-only, actively managed equity strategy that seeks to generate long-term capital growth by investing in listed real estate companies from across the globe. A Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	15/10/2019
Benchmark	MSCI ACWI Real Estate IMI
ISIN	LU1932723122
Morningstar Category	Property – Indirect Global
Fixed Management Fee	0.60%
Portfolio Managers	Michael Gobitschek & Anne Line Kristensen



Michael Gobitschek & Anne Line Kristensen, CFA

Michael Gobitschek

- ❖ Joined SKAGEN in 2005 with previous experience in M&A advisory
- ❖ Masters in Finance and Economics from Stockholm School of Business

Anne Line Kristensen, CFA

- ❖ Joined SKAGEN in 2016
- ❖ Masters in Finance and International Business from Aarhus University

INVESTMENT COMMENTARY

A lost year for real estate; favourable environment ahead

The yearend sell-off in December was fuelled by hawkish central banks, which continued to add upward pressure on bond yields, which is typically negative for real assets. 2022 was a challenging year with the invasion of Ukraine, persistently high inflation, rising interest rates and the prospect of recession in many advanced economies. The Federal Reserve and other central banks engaged in some of the most aggressive rate-hiking cycles ever to tackle inflation. In the US this appears to be having the intended effect, if the inflation numbers reported in the quarter are any guidance. Policy tightening on the one hand and slowing growth on the other put investors in a quandary and continued to drive up volatility across assets in the quarter.

During the year, investors have priced in a very negative outlook for listed real estate. We believe it to be too negative and think that we are entering a more favourable environment for listed real estate. Inflation pressure is expected to continue to ebb over the next few months as recession bites and the real economy is affected. This will allow for a more foreseeable monetary policy which will calm some of the market's concerns. Although financing costs are higher and growth will be slower, the listed space enters this recessionary period in a position of relative strength, buoyed by tight supply and healthy cash flows.

All major real estate markets globally ended the year in negative territory, in particular Scandinavia which lost almost half of its listed value on average. Asia was the best performing geography, only slightly down for the year. The year of 2022 highlights the importance of diversification both in terms of geography, but also sub segments. SKAGEN m² held up well during the year, thanks to its holdings outside of Europe but also due to its focus on resilient and defensive segments and companies.

Contributors and detractors

The fund's largest contributor in the quarter was Swedish logistics operator Catena which recouped its losses after the long-awaited positive market movements in the Swedish real estate market, but also thanks to a solid report. Catena raised equity during the quarter, taking advantage of the slight premium valuation. The company is now well capitalised and will benefit from any opportunities that arise in this difficult market. The second-best performer in the quarter was the UK-based rental operator Grainger which delivered a strong report driven by increased demand and strong rent growth, correlated to wage inflation. Rising mortgage costs are expected to drive rental demand up further, something we think will benefit all the rental operators in the portfolio.

The largest detractor in the quarter was the Brazilian logistics operator and developer LOG. A rather positive year for Brazilian equity markets ended with election-related macro turbulence. Real estate was punished due to elevated uncertainty surrounding the interest rate path in connection with the election.

Portfolio activity

In the quarter we sold out of the German rental residential names LEG and Vonovia to bring down overall risk. The reason for this is lack of visibility around communicated disposals which is a concern as values are expected to decline somewhat. The companies are trading cheaply with a lot of implicit value decline in the stock prices, however not without risk as leverage is high in the current environment. We exited the US-based office operator Hudson Pacific Properties to mitigate some recession risk as the office segment has a strong correlation to economic development. We continued to add to conviction cases during the quarter.

Outlook

Listed real estate has historically performed well in environments of lower growth and lower real yields, where we see an end to the rate hiking cycle and the transition to an early cycle environment. During the fourth quarter, markets reacted instantly to lower inflation numbers, discounting a first rate cut and the beginning of a stronger economic cycle. Real estate is well positioned for the above scenario, whenever it comes, as historically all early cycle sectors have benefitted.

Having a long-term horizon is key for any investor in environments where the extent of a potential recession is uncertain. Real estate is trading at a deep discount relative to long-term history. Some segments and geographies are trading at a huge, implied value loss that seems very unlikely. It is fair to say that a lot of bad news is already discounted, but things can always get worse before they get better. SKAGEN m² continues to focus on companies that we consider to be resilient in trend-driven subsegments, with good cash flow generation and solid balance sheet structure. It is more important than ever that our holdings have manageable balance sheets, a high proportion of fixed or hedged debt and inflation-adjusted rent structures. SKAGEN m² is well positioned for the current scenario thanks to our investment philosophy and disciplined stock selection. These are interesting markets for us, as the pool of cheap stocks broadens almost daily, providing good long-term buying opportunities.



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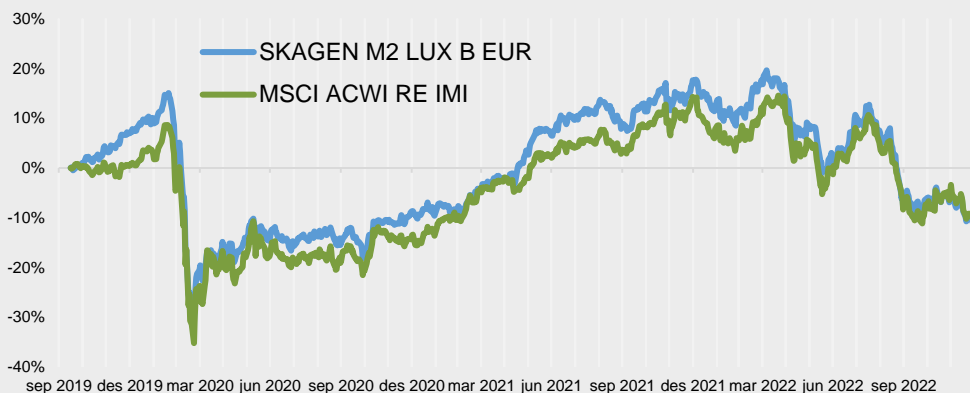
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FUND PERFORMANCE¹

	Q4 2022	2022	Since Start
SKAGEN m² LUX B EUR	-3.8%	-23.7%	-3.3%
MSCI ACWI Real Estate IMI	-2.8%	-20.8%	-3.2%
<i>Relative Return</i>	<i>-1.0%</i>	<i>-2.9%</i>	<i>-0.2%</i>



PORTFOLIO STATISTICS

No. of holdings	36
Top 10 weighting	45%
Active Share	86%
Turnover ratio	43%
Investment horizon ³	5 years

TOP TEN HOLDINGS

Holding	Weight
Prologis Inc Com	5.5%
Self Storage Group	5.2%
Catena AB NPV	5.0%
Shurgard Self Stor Npv	4.6%
Grainger Plc	4.3%
Capitaland Investment LTD	4.2%
UMH PPYTS INC COM	4.2%
Sun Communities INC	4.1%
CBRE Group Inc	4.0%
Tokyu Fudosan Holdings	3.9%
<i>Combined Weight</i>	<i>45.1%</i>

PERFORMANCE ATTRIBUTION²

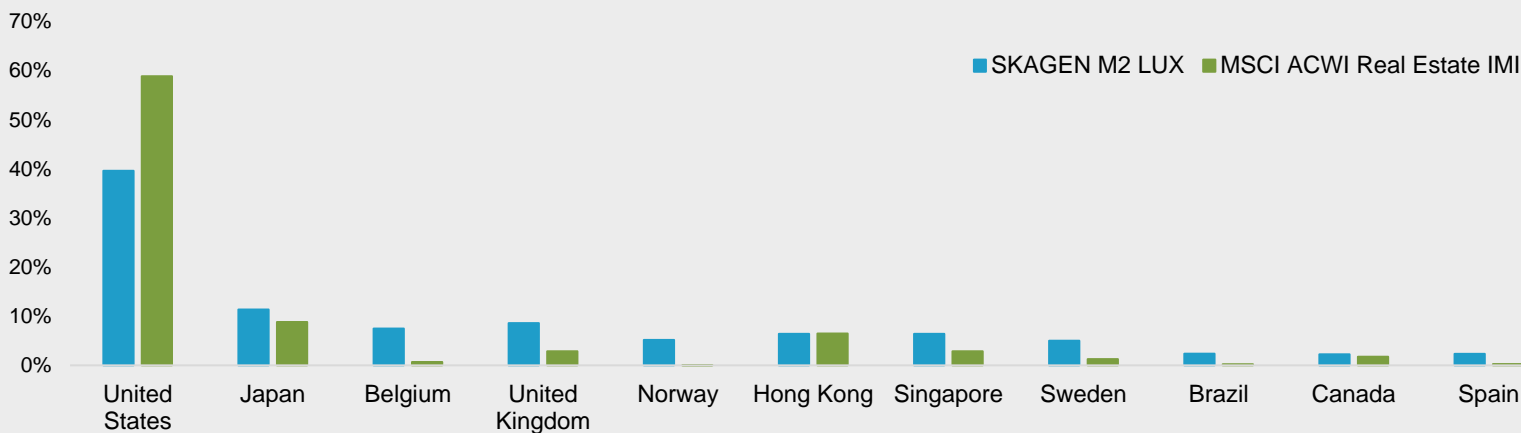
Largest contributors ↑

Holding	Weight	Contribution
Switch Inc	6.9%	1.8%
Mitsui Fudosan Co Ltd	2.2%	0.2%
China Resources Land Ltd	0.9%	0.2%
CK Asset Holdings Ltd	3.9%	0.2%
Americold Realty Trust Inc	3.6%	0.1%

Largest detractors ↓

Holding	Weight	Contribution
Self Storage Group ASA	6.1%	-2.5%
Catena AB	4.8%	-2.2%
LEG Immobilien SE	3.0%	-1.9%
CTP NV	2.9%	-1.7%
Shurgard Self Storage SA	4.9%	-1.4%

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.