



SKAGEN Focus LUX B EUR

Q1 2024 Quarterly Report

All data in EUR as of 31/03/2024 unless otherwise stated

This is marketing communication



INVESTMENT OBJECTIVE

SKAGEN Focus is a high conviction equity fund that seeks to generate long-term capital growth by investing in a portfolio of global companies with a bias towards small and mid-cap companies.

The Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	27/09/2019
Benchmark	MSCI ACWI
ISIN	LU1932704841
Morningstar Category	Global Flex-Cap Equity
Fixed Fee	0.60%
SFDR Category	Article 8
Portfolio Managers	Jonas Edholm David Harris



Jonas Edholm & David Harris

- ❖ Jonas Edholm joined SKAGEN in January 2015
- ❖ Previously Founder and Portfolio Manager, Labrusca Family Office, Stockholm, Sweden
- ❖ David Harris joined SKAGEN in January 2015
- ❖ Previously Analyst, Labrusca Family Office

INVESTMENT COMMENTARY

The markets got off to a strong start to the year, but following a strong end to 2023, SKAGEN Focus has meaningfully underperformed the market-cap weighted global indices year-to-date. This is due to a further multiple expansion of the US technology complex combined with cyclical headwinds for a large part of the portfolio. Concentration in global equity markets has continued to increase dramatically and this is evident through the increasing share of the US equity market globally, the rise in the share of the technology sector, and the dominance of the biggest companies in most regions. This reinforces the concentration risk in global passive equity mandates further. We have in recent months observed an even larger discount in select market areas, including global small and mid-caps compared to large/mega-caps, and the fund is optimally positioned to benefit from any type of mean reversion.

We have previously written about the rapidly changing investment landscape in Japan. The corporate governance reform and the Japanese regulator's "name and shame" list have proven to be quite effective at getting companies' attention and producing real change in corporate governance and capital allocation policies. Share buybacks and the gradual unwinding of crossholdings are now almost everyday news items in corporate Japan. Interestingly, the South Korean government and regulator have noticed the progress being made in their neighbouring country and have decided to pursue similar methods to try and remove the infamous "Korean discount". This sparked a substantial rally in lower-priced Korean stocks during the quarter. Several of our holdings in Korea, including our banking positions in KB Financial and DGB Financial, rallied sharply and we believe that an increase in share buybacks, higher pay-out ratios, unwinding of crossholdings in conglomerate structures and improvement in capital allocation policies should support a further re-rating. As of the end of March, 20% of the portfolio is invested in South Korea across seven positions, all of which we believe to be vastly undervalued.

Our strongest contributor to performance during the quarter was Italian truck producer Iveco, which entered our top 10 positions last November, following an on-site visit. We felt that Iveco offered a substantial discount to fair value and an underappreciated ability to generate cash flow. Following solid order momentum, strong earnings numbers, and an informative Capital Markets Day, the share gained more than 70% during the quarter. We have therefore trimmed our position. Another strong performer was our US-based automotive supplier Phinia. Phinia is a significantly undervalued company that was spun off from Borg Warner in 2023 and is still mostly unknown to most market participants. Phinia recently delivered strong earnings numbers in combination with a buyback program. On the negative side, our Canadian packaging producer Cascades delivered disappointing earnings numbers as containerboard prices fell and lagging price hikes to cover raising input costs put pressure on margins. The company is making progress in restructuring its tissue segment and a potential carve-out remains a catalyst.

We closed our position in Japanese conglomerate Kyocera which reached our price target as the market has increasingly been pricing in changes in its capital allocation strategy. We also sold our remaining shares in Austrian brickmaker Wienerberger. The shares now reflect fair value after gaining more than 50 percent since we first entered the company. We continued to scale down our positions in Japanese conglomerate Panasonic and US food retailer Albertsons, both of which have some upside left, but we see more attractive risk reward elsewhere. As mentioned, we trimmed our position in Iveco following the strong rally as the shares are closing in on our price target. We also reduced our positions in Japanese regional bank Keiyo Bank and Japan Post Holdings as the stocks have re-rated sharply following the realisation of higher interest rates in Japan and improved capital allocation. We entered two new core positions during quarter: DL E&C and Swire properties. DL E&C is a South Korean construction company, which trades at exceptionally cheap multiples, and offers a mean reversion opportunity in combination with the value-up program, which is gaining more traction in South Korea. Our second addition is the highly undervalued Hong Kong based conglomerate Swire Pacific, which offers a rare "triple discount" investment situation, and we believe that the underlying subsidiaries Swire Properties and Cathay Pacific are substantially undervalued. We hold the B-shares, which are trading at a 20 percent discount to the A-shares. We continued to build our position in Aya Gold & Silver, following secured financing as its turnaround and asset expansion is coming to an end. We also increased our position in ethanol producer Sao Martinho and German potash producer K+S, given their increasingly attractive risk/reward profiles.

The fund continues to be well diversified in terms of fundamental exposure and is well positioned to capture the opportunities created by the current record valuation gap between small and mid-cap stocks and large/mega cap stocks. At the end of the quarter, the portfolio consists of 50 positions of which 82% is invested in small and mid-cap positions. The top 10 positions amount to 32% of the fund and our weighted upside to price target is more than 60% at the end of the quarter.



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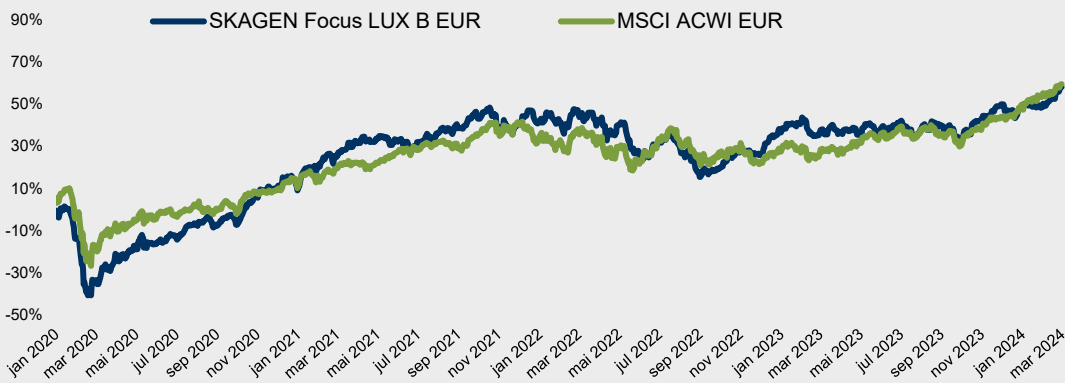
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FUND PERFORMANCE

	Q1 2024	1-Year	3-Year	Since Start
SKAGEN Focus LUX B EUR	5.5 %	14.8 %	7.9 %	11.0 %
MSCI ACWI	10.6 %	23.9 %	10.0 %	11.2 %
<i>Relative Return</i>	-5.1 %	-9.1 %	-2.1 %	-0.2 %



As at 31/03/2024 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	42
Top 10 weighting	32.1%
Active Share	100%
Turnover ratio	77%
Investment horizon ¹	2-3 years

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
Iveco Group NV	4.0%	2.2%
Phinia Inc	3.6%	1.0%
KB Financial Group Inc	3.1%	0.8%
Japan Post Holdings Co Ltd	4.5%	0.8%
Levi Strauss & Co-Class A	1.6%	0.4%

Largest detractors ▼

Holding	Weight	Contribution
Cascades Inc	2.8%	-0.6%
Nexity	0.9%	-0.5%
Nickel Asia Corp	1.5%	-0.4%
Lotte Fine Chemical	1.5%	-0.4%
Stmicroelectronics Nv	2.5%	-0.3%

PORTFOLIO INFORMATION

	COUNTRY EXPOSURE	
	Fund	Benchmark
United States	3.3 %	62.5 %
Japan	9.3 %	5.5 %
United Kingdom	0.0 %	3.3 %
Canada	10.5 %	2.9 %
France	2.9 %	2.8 %
Switzerland	3.4 %	2.5 %
China	0.0 %	2.3 %
Germany	6.3 %	2.0 %
Australia	5.6 %	1.7 %
Netherlands	19.4 %	1.4 %

	SECTOR EXPOSURE	
	Fund	Benchmark
Information Technology	25.4%	23.7%
Financials	0.0%	15.8%
Health Care	26.1%	10.9%
Consumer Discretionary	14.5%	10.8%
Industrials	19.2%	10.8%
Communication Services	0.0%	7.8%
Consumer Staples	7.3%	6.4%
Energy	0.0%	4.8%
Materials	4.3%	4.3%
Utilities	1.9%	2.5%

TOP 10 HOLDINGS	
Hyundai Mobis	4.3%
Japan Post Hold Co NPV	4.2%
Phinia Inc Com	4.0%
Methanex Corp Com	3.4%
China Comm Service	2.9%
K + S Ag -Reg.Shs- Shs	2.8%
Korean Reinsurance	2.6%
Danaos Corp Com	2.6%
Interfor Corp Com	2.6%
Kb Financial Group	2.6%
Combined Weight	32.1%

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 31.03.2024.

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 Asset Management AS as its investment manager. Following the merger between Storebrand Asset Management AS and SKAGEN AS, SKAGEN's portfolio team continues to manage the SKAGEN SICAV sub-funds from a new separate legal entity named SKAGEN AS under an outsourcing agreement with Storebrand Asset Management AS. The SICAV has appointed Storebrand Asset Management as Global Distributor.

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.com/contact/investor-rights>

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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 Storebrand Asset Management UK Ltd (SAM UK Ltd) to act as Facility Agent in the UK.

The investment products and services of SAM UK Ltd are only available to professional clients and eligible counterparties. They are not available to retail clients. This document does not constitute an offer to buy or sell shares in any of the products offered by SAM UK Ltd.

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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 German Investors

The Facilities Services information for German investors can be found here: <https://www.skagenfunds.de/how-to-invest/facility-services-fur-investoren/>

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 Dutch Investors

The Facilities Services information for investors in the Netherlands, including all legal documents and practical information, can be found here:

<https://www.skagenfunds.nl/how-to-invest/facilities-services-for-investors/>