



# SKAGEN Focus LUX B EUR

## Q3 2024 Quarterly Report

All data in EUR as of 30/09/2024 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

It was an eventful and volatile quarter in global equity markets, with inflation cooling, weaker economic data from the US, central banks cutting interest rates and increased focus on the outcome of the upcoming US elections. In early August, the interest rate hike in Japan caused significant turmoil in the financial markets, leading to a major unwinding of the so-called carry trade and significant market dislocations. In September the Fed began easing, confirming that a global synchronised stimulus cycle is indeed taking shape. We believe this will have tremendous implications and will potentially turn the global equity markets' roadmap upside down, allowing the losers of the past to become the winners in the next investment cycle. Early signs of this have emerged with the recent awakening of more cyclical areas of the market. The historical valuation divergence between small/mid-caps and large/mega caps globally is still vast and largely untapped.

Our strongest contributor during the quarter was the recently initiated position Mohawk Industries, a significantly discounted US-based flooring company that got off to a flying start in the fund, following a strong earnings report that caused shares to rerate from depressed levels. Another strong contributor was US automotive supplier Phinia, which the general investment community has started to notice, following its ignored and significantly undervalued spinoff from BorgWarner in July 2023. The shares have doubled since we initiated the position one year ago, as the company has delivered several strong earnings reports and is on track to generate substantial cash flow for the year. We have now closed our position in Phinia at our price target. Higher precious metal prices and impressive new resource estimates drove our position in Canada-domiciled silver producer Aya higher during the quarter. The company is a rare breed among its peers as it runs a pure play silver mine in Morocco, with a first mover advantage and is fully financed. The market has begun to discover the potential of its biggest undeveloped asset, which indicates significant growth potential along with very attractive economics. We have reduced the position into strength. On the negative side our worst detractors were ST Microelectronics, Grupo Traxion and Methanex. We fully exited our position in STMicroelectronics due to a cyclical decline in estimates and a potential reduction in our mid-term normalised earnings outlook. Traxion, an undervalued transportation company, remains well positioned to benefit from Mexico's nearshoring trend. While concerns over a weaker currency and macroeconomic factors have put pressure on the share price, which now reflects an overly pessimistic outlook, we believe the mid-term investment thesis remains solid. We also reduced our position in Methanex, a methanol producer, which has now dropped out of our top 10 holdings. This decision followed Methanex's acquisition of OCI's methanol business, which delayed the capital allocation catalysts we had been anticipating for the coming year.

Hyundai Mobis, a key Korean automotive parts supplier, has now become the fund's largest holding. We view Hyundai Mobis as essentially the holding company for the Hyundai founding family group, with a significant stake in Hyundai Motors at its core. This company has strong potential for value enhancement, especially if the group undergoes restructuring, which could involve further share accumulation by the family. Additionally, profit margins are poised to increase, and the business outside of its traditional core is expanding rapidly. Excluding the value of its stake in Hyundai Motors, the company's valuation is extremely attractive, currently at historically low levels.

We successfully reduced our position in Japan Post Holdings before the recent market turbulence, as it approached our price target range. We later repurchased some of these shares at significantly more attractive levels. Additionally, we exited our position in Signify due to the lack of expected catalysts and fully closed our position in Fortuna Mining after a strong re-rating. Meanwhile, we continued to increase our investment in the underappreciated Spanish steel producer Acerinox, which has now entered our top 10 holdings. We also established a new core position in Kalmar, a materials handling equipment company spun off from Finland's Cargotec. This investment follows a familiar pattern where spun-off assets enter the equity market with little recognition and limited coverage. Initially, the market's preference has been to reinvest in Cargotec, resulting in technical selling pressure on Kalmar and creating an attractive valuation opportunity with significant re-rating potential over our 2-3 year investment horizon. Lastly, we initiated a new position in Akatsuki, a significantly undervalued Japanese gaming studio. We believe the market has overly discounted its earnings potential, while overlooking the company's substantial asset backing.

We believe there is a strong likelihood that the gap between small- and mid-cap stocks and large- and mega-cap stocks will narrow, at least partially. By the end of the quarter, the portfolio comprised 49 positions, with 86% of the fund invested in small- and mid-cap stocks. The top 10 holdings account for 32% of the fund's value. Additionally, the portfolio's weighted upside potential, based on our price targets, stood at a notably high 75% at the close of the quarter.



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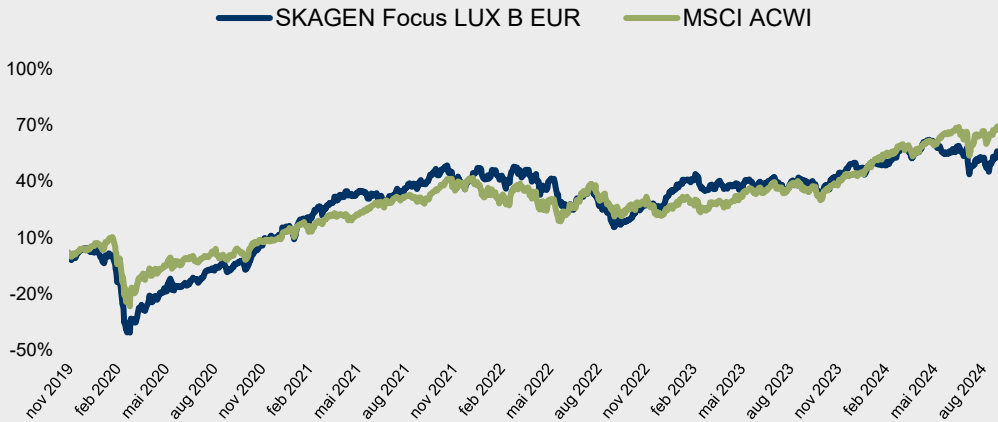
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### FUND PERFORMANCE

	Q3 2024	YTD	1-Year	3-Year	Since Start
<b>SKAGEN Focus LUX B EUR</b>	<b>-0.5 %</b>	<b>3.5%</b>	<b>10.8%</b>	<b>3.8%</b>	<b>9.4%</b>
MSCI ACWI	2.4 %	17.4%	25.0%	9.5%	11.3%
Relative Return	-2.9 %	-13.9%	-14.2%	-5.7%	-1.9%



As at 30/09/2024 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	33.2%
Active Share	100%
Turnover ratio	77%
Investment horizon <sup>1</sup>	2-3 years

### PERFORMANCE ATTRIBUTION<sup>2</sup>

#### Largest contributors ▲

Holding	Weight	Contribution
Interfor Corp	2.8%	0.5%
Nexity SA	2.3%	0.4%
Canfor Corp	2.4%	0.4%
GT Capital Holdings Inc	2.4%	0.4%
Cascades Inc	2.8%	0.3%

#### Largest detractors ▼

Holding	Weight	Contribution
Methanex Corp	2.8%	-0.5%
First Horizon Corp	3.9%	-0.3%
Siltronic AG	2.8%	-0.2%
DL E&C Co Ltd	1.7%	-0.2%
STMicroelectronics NV	0.4%	-0.2%

### PORTFOLIO INFORMATION

	COUNTRY EXPOSURE	
	Fund	Benchmark
Korea	20.5%	1.1%
Canada	12.2%	2.8%
United States	10.5%	63.0%
Japan	9.4%	5.0%
Spain	6.6%	0.6%
Germany	5.7%	2.0%
United Kingdom	5.3%	3.2%
France	4.9%	2.5%
Netherlands	4.3 %	1.2 %
Philippines	3.5%	0.1%

	SECTOR EXPOSURE	
	Fund	Benchmark
Materials	27.5%	4.1%
Financials	25.2%	16.2%
Industrials	21.2%	10.6%
Consumer Discretionary	13.8%	10.6%
Consumer Staples	4.6%	6.4%
Information Technology	3.6%	24.5%
Real Estate	2.7%	2.2%
Communication Services	1.4%	7.8%
Energy	0.0%	4.0%
Health Care	0.0%	10.9%

TOP 10 HOLDINGS	
Kb Financial Group Inc	4.5%
First Horizon Corp Common	4.2%
Hyundai Mobis Co Ltd	3.9%
Acerinox Sa Common Stock	3.1%
Interfor Corp Common	3.0%
Cascades Inc Common Stock	3.0%
Japan Post Holdings Co	3.0%
Samsung Fire & Marine	2.9%
Old Republic	2.8%
Korean Reinsurance Co	2.7%
<b>Combined Weight</b>	<b>33.2%</b>

<sup>1</sup> For guidance purposes only <sup>2</sup> Contribution to absolute return



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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 30.09.2024.

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, Storebrand Global ESG Plus Lux and Storebrand EM ESG Plus) 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.

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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.

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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/>