

VIKTIG INFORMASJON: Dette er markedsføring. Rapporten er ikke en anbefaling om å kjøpe eller selge fondsandeler. Før tegning oppfordres det til å lese fondets prospekt og nøkkelinformasjon, som er tilgjengelig på www.skagenfondene.no og hos våre distributører.

A rollercoaster first quarter

The optimism evident at the beginning of the year, with investors starting to price in less hawkish central banks and a slightly more positive economic outlook came to an abrupt halt in the quarter. Persistently strong macro numbers and high inflation in the US led to even tougher rhetoric and interest rate hikes. The failures seen in the global banking sector sent shock waves through the financial system. The real estate sector was primarily affected in the form of more restrictive lending. More importantly, the situation may lead to a less tight monetary policy with central banks having second thoughts before hiking interest rates.

Fourth quarter reporting is coming to an end for most of the fund's holdings, and the results have generally been good. However, we are seeing more cautious guidance for 2023, mirroring the market uncertainty. As stated previously, investors with a long investment horizon could take advantage of the correction to carefully increase their real estate exposure before the cycle turns positive again.

A lot of bad news has been absorbed into the prices in the listed real estate sector. This will eventually rewind as valuations will be recalibrated with lower cost of capital expectations. We are not out of the woods yet, especially the most leveraged companies, and selectiveness is key. Another risk is that central banks have been too aggressive with their interest rate hikes, doing too much damage to the economy. The US was the strongest real estate market in the first quarter while Europe was the weakest in local currency terms.

Contributors and detractors

The largest contributor to the fund's absolute return was the US hotel and theatre operator Marcus Corporation, which delivered a solid report. The company is heading towards earnings normalisation and approaching pre-pandemic levels, especially in its hotel operations. The logistics operator and developer CTP also performed well in the quarter also after a solid report confirming continued demand-driven growth with sustained development gains. The largest detractor in the quarter was the pan Asian

asset manager ESR Cayman despite a solid report.

Key buys

During the quarter we reinitiated a position in the Spanish tower operator Cellnex which has an interesting cash flow profile. As a bonus, we think that the company could be a consolidation target given its valuation and geographical presence. Cellnex is indebted and the market has punished the stock in the current interest rate hike environment, allowing us to enter at a good price. Structural demand is high in Europe as digitalisation – mainly 5G – continues to be rolled out at a high pace.

Another newcomer from the same segment is the US based Digital Bridge. This is a company we sold out of at the start of the pandemic as they had numerous disposals to be executed, hence a big risk in that environment. Today the company has made the transition, is well capitalised and is primarily focused on digitalisation real estate. Amongst other things, they acquired last year's portfolio winner, the US data centre company Switch.

We also initiated a position in Swedish Castellum, which is trading very cheaply. It is a diversified company but with a focus on office space in Scandinavia and has a large holding in Norwegian Entra. Castellum is a sustainability champion but has had some difficulties in recent years with governance issues; something that is improving rapidly. Castellum has suffered a lot due to overleveraging, so has halted the dividend and announced a fully guaranteed equity raise in the second quarter which will help.

Key sells

We sold out of two office operators Hudson Pacific Properties and Paramount to reduce our overall office exposure in the US where the segment has been struggling, especially in New York and San Francisco. This is unlike the Scandinavian office market, which is in good shape for now.



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Outlook

Listed real estate has historically performed well in the environments we are now anticipating, with lower growth and lower real yields, the end of the rate hiking cycle and the transition to an early cycle environment. It is worth remembering that a long-term horizon is key for any investor in this environment given the uncertainty around the extent of a potential economic slowdown due to elevated interest rate levels. Real estate is trading at a historically deep discount.

It is fair to say that a lot of bad news has already been 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. Importantly, our holdings have manageable balance sheets, a high proportion of fixed or hedged debt and inflation-adjusted rent structures. These are interesting markets for us, as the pool of cheap stocks increases almost daily, providing good long-term buying opportunities.

SKAGEN m2 investerer i en aktivt forvaltet og diversifisert portefølje av finansielle instrumenter utstedt av selskaper eller utstedere som har sin virksomhet rettet mot fast eiendom over hele verden. Målet er å gi andelseierne best mulig risikostjert avkastning over tid. Fondet passer for investorer som har minst fem års investeringshorisont. Det tegnes i fondsandeler, og ikke direkte i aksjer eller andre verdipapirer. Fondet har risikoprofil 6. Referanseindeksen reflekterer fondets investeringsmandat. Siden fondet er aktivt forvaltet vil imidlertid porteføljen avvike fra indeksens sammensetning.

Historisk avkastning

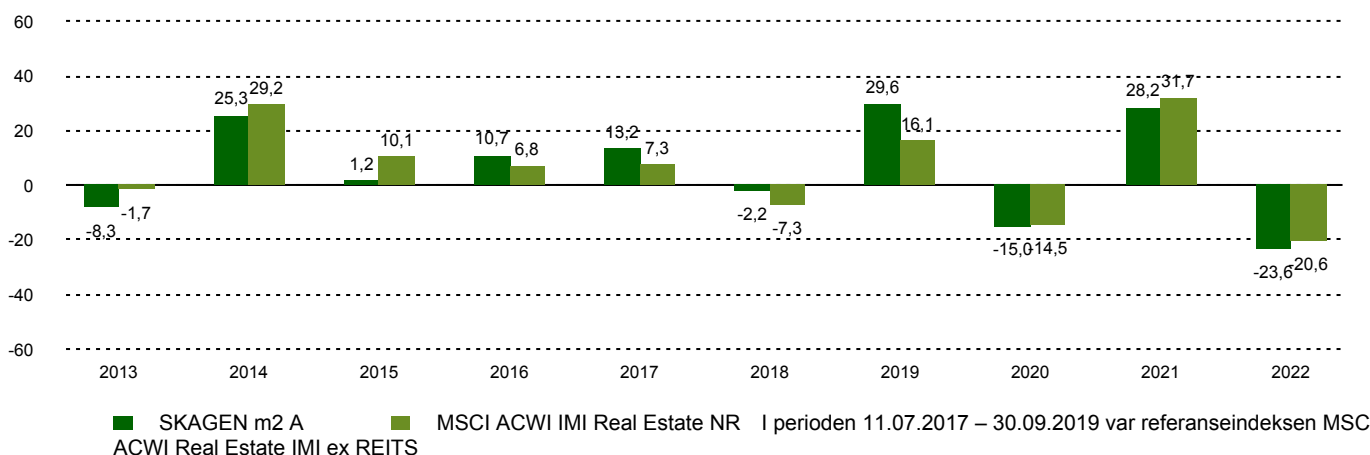
Periode	SKAGEN m2 A	Referanseindeks
Siste måned	-5,2%	-4,9%
Hittil i kvartal	-1,8%	-1,5%
Hittil i år	-1,8%	-1,5%
Siste 12 måneder	-24,3%	-19,3%
Siste 3 år	3,1%	5,3%
Siste 5 år	1,6%	-0,5%
Siste 10 år	3,2%	3,3%
Siden start	4,3%	4,4%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	31.10.2012
Morningstarkategori	Eiendom, Indirekte - Global
ISIN	NO0010657356
NAV	155,70 DKK
Årlig forvaltningshonorar	1.50% + resultatavhengig forvaltningsgodtgjørelse*
Totalkostnad (2022)	1.03%
Referanseindeks	MSCI ACWI IMI Real Estate NR
Forvaltningskapital (mill.)	1051,79 DKK
Antall poster	31
Porteføljeforvalter	Michael Gobitschek

*10,00% resultatavhengig forvaltningsgodtgjørelse beregnes daglig og belastes årlig hvis relativ verdiutvikling er bedre enn referanseindeksen. Samlet belastet forvaltningshonorar utgjør maksimalt 3,00% og minimum 0,75% p.a. Resultatavhengig forvaltningsgodtgjørelse kan belastes selv om fondets andeler har gått ned i verdi dersom verdiutviklingen er bedre enn referanseindeksen.

Avkastning siste 10 år



Historisk avkastning er ingen garanti for fremtidig avkastning. Fremtidig avkastning vil blant annet avhenge av markedsutviklingen, forvalterens dyktighet, fondets risikoprofil og forvaltningshonorar. Avkastningen kan bli negativ som følge av kurstap. Det er knyttet risiko til investeringer i fondet på grunn av markedsbevegelser, utvikling i valuta, rentenivåer, konjunkturer, bransje- og selskappspesifikke forhold.

Bidragstyttere i kvartalet



Største positive bidragstyttere

Navn	Vekt (%)	Bidrag (%)
Prologis Inc	5,26	0,94
Equinix Inc	4,04	0,66
Marcus Corp	3,41	0,59
Shurgard Self Storage	4,64	0,51
CTP NV	2,98	0,42



Største negative bidragstyttere

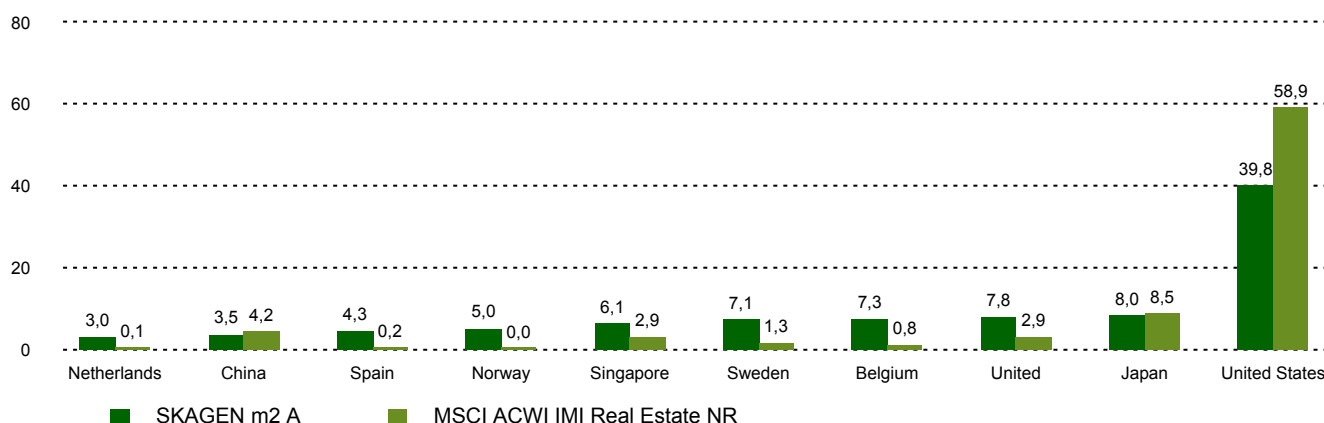
Navn	Vekt (%)	Bidrag (%)
DigitalBridge Group	1,40	-0,35
ESR Group Ltd	3,52	-0,32
Paramount Group	1,20	-0,22
Castellum AB	0,87	-0,20
UMH Properties Inc	4,02	-0,05

Veksten viser gjennomsnittet for perioden. I NOK for alle andelsklasser

10 største investeringer

Navn	Sektor	Land	%
Prologis Inc	Real Estate	United States	5,4
EQUINIX INC	Real Estate	United States	5,2
Catena AB	Real Estate	Sweden	5,1
Self Storage Group ASA	Industrials	Norway	5,0
Shurgard Self Storage Ltd	Real Estate	Belgium	4,5
Grainger PLC	Real Estate	United Kingdom	4,3
Sun Communities Inc	Real Estate	United States	4,2
Capitaland Investment Ltd/Singapore	Real Estate	Singapore	4,1
Tokyu Fudosan Holdings Corp	Real Estate	Japan	4,1
CBRE Group Inc	Real Estate	United States	3,9
Samlet vekting			45,8

Landeksponering (topp 10)



I perioden 11.07.2017 – 30.09.2019 var referanseindeksen MSCI ACWI Real Estate IMI ex REITS

Viktig informasjon

All informasjon er basert på mest oppdaterte tall tilgjengelig. Med mindre noe annet er opplyst, vil avkastningsdata være relatert til andelsklasse A og vises etter fradrag for honorarer. Forvaltningskapital per utgangen av forrige måned. All informasjon er fremstilt av SKAGEN AS (SKAGEN) med mindre noe annet er opplyst. SKAGEN fraskriver seg ethvert ansvar for direkte- og indirekte tap samt utgifter pådratt i forbindelse med bruk av eller forståelsen av innholdet i rapporten. Ansatte i SKAGEN vil kunne eie finansielle instrumenter utstedt av selskaper som er omtalt i rapporten eller som fondene har i sine porteføljer.



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