

SKAGEN Kon-Tiki LUX B EUR

Q2 2024 Quarterly Report

All data in EUR as of 30/06/2024 unless otherwise stated

This is marketing communication



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 Fee | 0.60% |
| SFDR Category | Article 8 |
| Portfolio Manager | Fredrik Bjelland Cathrine Gether Espen Klette |



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

Global equity markets gained pace in June, mainly due to continued strength in a handful of US large cap tech equities as evidenced by the S&P500 and Nasdaq indices posting new record highs. Emerging market equities outperformed developed markets. However, SKAGEN Kon-Tiki underperformed emerging market equities during the month. This was mainly explained by our relative underweights in Taiwan and India, as well as our overweight in Brazil, which contributed negatively. Trade tensions were in focus as the EU decided to implement additional tariffs on imported EVs from China, which was not well received by Chinese officials. While recent economic data releases from China have thus far not been able to provide reassurance of an overall recovery, we believe our holdings are well positioned in the current environment and we continue to find undervalued investment opportunities.

The top contributors in June were Chinese energy company CNOOC, Hyundai Motor and TSMC. CNOOC's share price benefitted from a favourable energy price environment, positive news flows from the Exxon-led development project in Guyana and new exploration results in offshore China. Hyundai Motor's share price continued to climb as the focus remains on the Korean government's 'Value Up' initiative and increased focus on the positive implications of listing its Indian subsidiary on the local stock market at an attractive valuation. Taiwan Semiconductor Manufacturing (TSMC) benefitted from the strong monthly sales trend and the market's optimism regarding the company's ability to capitalise on strong demand for AI applications through higher wafer prices. For the second quarter as a whole, our top contributors were CNOOC, Cosmax and TSMC. South Korean cosmetics R&D and production company Cosmax delivered stronger than expected results as the company continues to benefit from a structural growth trend due to the global beauty market's increasing demand for independent brands.

On the negative side, two of the three largest negative contributors in June were Brazilian, partly due to the local exchange rate depreciating notably during the month. The cash & carry operator Assai underperformed as the market remains concerned about the impact of a prolonged period of high interest rate levels on the company's balance sheet. In our view, it remains well within manageable levels, which management has reiterated. Transportation conglomerate Simpar faces the same headwinds as Assai from 'higher-for-longer' interest rates. Ping An fell due to the soft overall market sentiment. For the second quarter as a whole, the five worst contributors were all Brazilian companies: Assai, Simpar, Raizen, Cosan and Suzano. Concerns about the direction of the country's monetary policy and fiscal outlook under the current government have weighed on equities. In May, the market reacted negatively to the news that Suzano was considering making an offer for International Paper. At the end of June, Suzano's share price recovered significantly when the company announced that it had ended negotiations for a friendly takeover.

In June, we invested in Brazil's largest apparel retailer Lojas Renner, which operates 420 Renner department stores and more than 100 houseware stores. The share price has suffered excessively on the back of short-term concerns to a level which we find to be an attractive entry point for what we consider to be one of the best-in-class retailers in Brazil. Given its long-term track record, we believe the current share price reflects an overly pessimistic outlook. We initiated a position in one of the largest Chinese car dealerships, Zhongsheng Group. While the company's profitability has been negatively impacted by pressure on new car sales margins, around 75% of earnings come from highly cash generative aftermarket services. At 5x depressed earnings, we believe that the market underestimates the earnings growth potential from the existing car fleet and in particular when considering a potential recovery in new car sales. We did not exit any company during the month.

As a result, the portfolio still consists of 48 holdings, trading in aggregate on just 7x 2024 earnings and 0.9x price to book. Despite the portfolio's continued outperformance, the valuation discount relative to the broader EM index remains at more than 50%. This despite displaying similar aggregate fundamentals in terms of projected returns and growth. As value investors, we find that to represent an attractive risk/reward proposition.

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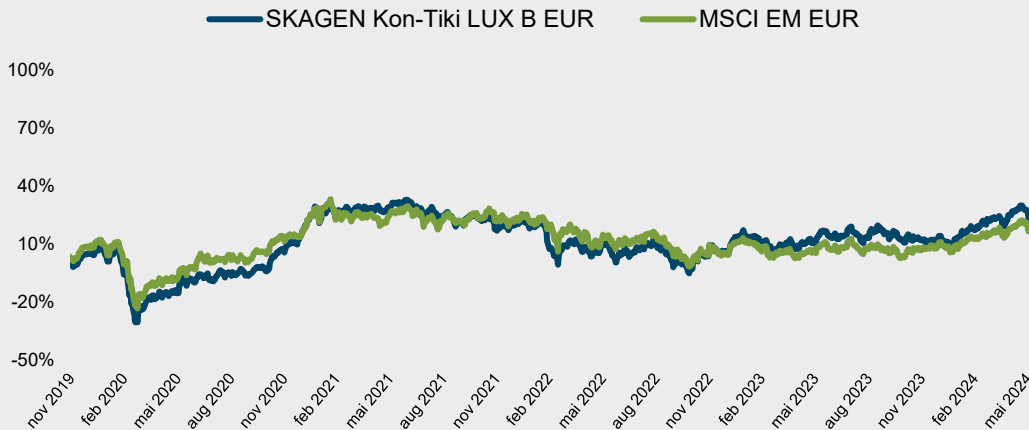
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FUND PERFORMANCE

| | Q2 2024 | YTD | 1-Year | 3-Year | Since Start |
|----------------------------------|-------------|-------------|--------------|--------------|-------------|
| SKAGEN Kon-Tiki LUX B EUR | 1.6% | 9.8% | 10.5% | -1.9% | 4.8% |
| MSCI EM Index | 6.1% | 10.8% | 14.6% | -1.8% | 4.3% |
| Relative Return | -4.5% | -0.9% | -4.1% | -0.1% | 0.5% |



As at 30/06/2024 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 | 50 |
| Top 10 weighting | 43.8% |
| Active Share | 87% |
| Turnover ratio | 46% |
| Investment horizon ¹ | 2 years+ |

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

| Holding | Weight | Contribution |
|------------------------------------|--------|--------------|
| CNOOC Ltd | 6.4% | 4.1% |
| Hyundai Motor Co | 3.2% | 1.8% |
| TSMC Ltd | 3.0% | 1.4% |
| Foxconn Industrial Internet Co Ltd | 1.0% | 1.3% |
| KB Financial Group Inc | 2.5% | 1.2% |

Largest detractors ▼

| Holding | Weight | Contribution |
|--------------------------|--------|--------------|
| SIMPAR SA | 1.8% | -1.4% |
| Raizen SA | 2.7% | -1.1% |
| Cosan SA | 2.3% | -1.0% |
| Sendas Distribuidora S/A | 2.4% | -0.8% |
| LG Chem Ltd | 1.2% | -0.4% |

PORTFOLIO INFORMATION

| | COUNTRY EXPOSURE | |
|--------------------|------------------|-----------|
| | Fund | Benchmark |
| Korea, Republic Of | 38.9% | 12.5% |
| China | 29.9% | 23.3% |
| South Africa | 4.3% | 2.5% |
| Canada | 0.0% | 0.0% |
| Brazil | 15.6% | 5.5% |
| Mexico | 1.4% | 2.6% |
| United States | -0.4% | 0.3% |
| Hong Kong | 2.4% | 1.3% |
| Vietnam | 5.6% | 0.0% |
| Hungary | 0.0% | 0.3% |

| | SECTOR EXPOSURE | |
|------------------------|-----------------|-----------|
| | Fund | Benchmark |
| Consumer Discretionary | 24.8% | 12.3% |
| Financials | 17.0% | 21.9% |
| Energy | 10.9% | 5.2% |
| Materials | 10.0% | 6.9% |
| Consumer Staples | 9.7% | 5.2% |
| Information Technology | 8.5% | 25.1% |
| Industrials | 5.3% | 6.9% |
| Comm Services | 3.1% | 8.9% |
| Health Care | 1.7% | 3.2% |
| Utilities | 0.0% | 3.0% |

| TOP 10 HOLDINGS | |
|---------------------------|--------------|
| Cnooc Ltd | 6.0% |
| Ping An Insurance Group | 5.8% |
| Alibaba Group Holding Ltd | 5.6% |
| LG Electronics Inc Prf | 5.1% |
| Samsung Electronics Co | 4.8% |
| Prosus | 3.9% |
| Naspers Npv | 3.5% |
| Taiwan Semicon Man | 3.1% |
| Cosmax Inc | 3.0% |
| Yara International | 3.0% |
| Combined weight | 43.8% |

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 30.06.2024.

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 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.

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/facilities-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/>