SKAGEN Kon-Tiki LUX B EUR
Q4 2024 Quarterly Report

All data in EUR as of 31/12/2024 unless otherwise stated

This is marketing communication

SKAGEN
Part of Storebrand

INVESTMENT OBECTIVE

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

2024 was generally a good year for risk assets as global equities posted another year of positive returns led by the Technology, Media and Telecommunications (TMT) sector. The overriding theme of the year was artificial intelligence (AI) entering the mainstream as computing breakthroughs and growing use cases fuelled the imagination. Unsurprisingly, many of the key beneficiaries of these emerging technologies can be found in the US, which posted very strong returns. However, many of the enabling and hardware-related beneficiaries can be found in Taiwan, which posted the highest 2024 returns of major stock markets globally. At the other end of the spectrum, commodity prices softened, partly due to a strengthening US dollar but also on weaker industrial demand as macro data from China continues to soften.

2024 was also characterised by multiple political events, including the US presidential election, where the return of Donald Trump was seen as a(nother) headwind for emerging markets. While this partly explains the underperformance vs global equities, many of EM's problems in 2024 were self-inflicted. Across Latin America, a shift to the Left (Argentina excluded!) and more profligate spending was met by weaker currencies and central banks needing to hike interest rates; a toxic cocktail for equities as evidenced multiple times in history and by the Brazilian market's collapse in 2024. Perhaps the most surprising event of the year was December's declaration of emergency martial law by President Yoon in South Korea. Although the declaration was swiftly ruled invalid, the political fall-out and higher risk premium will likely linger for some time. 2024 performance was below our expectations and significantly behind the benchmark, mostly due to our heavy exposure to Brazil. The underperformance was particularly acute in the fourth quarter as the pressure on the Brazilian Real intensified due to concerns about the fiscal outlook under the Lula administration. The fund also suffered from its large exposure to South Korea although the relative return was supported by good security selection. We benefited from the AI theme through our investments in Taiwan, but our relative underweight here and in India also negatively impacted the fund's relative performance. At the single-stock level, the top 3 contributors for the year were the larger Chinese holdings including oil and gas producer CNOOC and insurance group Ping An as well as Taiwan Semiconductor (TSMC). On the negative side, 4 out of the 5 largest detractors were Brazilian, with conglomerates Simpar and Cosan as well as cash & carry retailer Assai suffering from higher leverage as interest rate expectations continue to rise. These trends were present also in December when both TSMC and Ping An performed strongly. Korean cosmetics manufacturer Cosmax also rebounded in December on improved sentiment towards the sector and the company's growth outlook for 2025. As mentioned above, pressure in Brazil continued into December with Simpar, Cosan and its ethanol and fuel distribution subsidiary Raizen being the top detractors. The fallout from the turmoil in Korea was largely confined to our position in Samsung Electronics at the single-stock level as we had already started to shift our exposure within financials.

For the last quarter of 2024, the top 3 contributors were TSMC, West China Cement and Genomma Lab. Whilst TSMC has continued to perform on the back of the current hardware up-cycle (November sales were up a whopping 34%), both West China Cement and Genomma Lab are very company-specific 'stories'. We have long seen West China Cement as a misunderstood company as it generates most of its profits from Africa, namely Mozambique, Ethiopia and Democratic Republic of Congo, rather than in Western China. As we have seen from our visits to the DRC over the years, the region's cement needs are significant, in part driven by China's Belt and Road policy, and, as a result, local profit levels are very high compared with those in China when measured on a per tonne basis. It now looks like the market is starting to realise this, which has driven the shares up strongly this year. Genomma Lab is a Mexican over-the-counter (OTC) and FMCG company with its base in Mexico and operations spanning from USA and LatAm that we invested in during Q2 2023 after a visit to Mexico. The company is in the midst of a cost-savings programme that so far is on track and its Argentina exposure (c20% of sales) has gone from being a liability to an asset following the country's change in political direction under President Milei. Perhaps unsurprisingly, the market has re-rated the shares from <8x P/E when we invested to >12x P/E on higher earnings, which made the stock the highest returning name on the Mexican exchange in 2024. On the negative side, the weakest contributors were Alibaba, LG Electronics as well as our largest Brazilian holdings (Cosan, Simpar, Raizen and Assai). Whilst the retreat in Brazil has largely been market-related, it has been compounded in companies with higher leverage. Although most of our holdings have taken immediate steps to address any potential liquidity or re-financing needs, the Brazilian market largely operates on floating rates, which has led to much higher expected financing costs. We have not seen any major operational downgrades to date, but earnings expectations have come down in the order of 30-40% YTD due to this leverage effect. Long gone, unfortunately, are the expectations of multiple rate cuts that we saw at the start of the year. Alibaba has delivered decent returns YTD so this quarter's weakness should be seen in light of this. However, there can be no doubt that the economic data, and consumption-related in particular, coming out of China remains lacklustre and that this is weighing on discretionary related stocks. There seems to be little prospect, therefore, of a significant rebound in Alibaba's revenues when it reports calendar Q4 results. However, we keep the faith as management continues to sell non-core assets and buy back its still (in our opinion) undervalued shares. LG Electronics has been weak this whole year due to weak operating results and margin compression in its home entertainment (e.g. TVs) division. We continue to like the equity story due to LG's significant exposure to air conditioning and under-appreciated position in TV operating systems. One potential trigger for a re-rating is the upcoming IPO of its Indian subsidiary, which is considered more valuable than the entire Group, provided it can trade on the Indian stock exchange. This already worked for Hyundai, so we remain hopeful of a successful listing.

As communicated in October, we made a few minor adjustments to the portfolio in the quarter. We exited Brazilian retailer Lojas Renner and Chinese baijiu producer Wuliangye as they hit our target prices within a month or two of initiating the positions. We also exited Brazilian truck leasing company Vamos due to weaker unit economics under a higher-for-longer rate environment and to reduce our overall exposure to Brazil. We initiated a new position in Polish insurer Powszechny Zaklad Ubezpieczen (PZU) in December. PZU has de-rated significantly in the second half of the year due to higher insurance costs from European floods in 2024. We see the higher costs as adequately reflected by the market and management's medium- and long-term guidance is highly supportive of a re-rating back to historical levels. We also see upside from simplifying the group's structure, which includes two listed bank subsidiaries and the group's c9% dividend yield. We also made a number of changes to existing holdings where we believe the risk/reward warranted a fresh look. Examples of this are Samsung Electronics that we added to following a period of underperformance due to weak memory market dynamics and a loss of share to SK Hynix in High Bandwith Memory. We continue to believe that Samsung holds a leading position in memory and will be able to catch up with its smaller rival and were therefore happy to buy back some of the shares we had sold earlier in the year (at much higher levels). We also added to our position in Turkish bottler Coca-Cola Icecek as the shares came under pressure from unrest in the Middle East as well as Korean bank Hana Financial. Our increased position in Hana Financial was entirely funded by a sell-down in larger peer KB Financial, which has re-rated significantly more than Hana Financial on the back of its shareholder return plans under the Value Up programme. Our interactions with Hana Financial have showed us the same commitment to the programme so we find the risk/reward much more appealing. We also reduced our overall exposure to Korea (even before the martial law) by selling part of our stakes in Hyundai Motor, Korean Re and DGB Financial on the back of strong performance. We sold most of our stake in Chinese E&P CNOOC and trimmed West China Cement as the shares neared our target prices.

The fund maintains its deep value characteristics, trading at a c.40% discount to the MSCI EM index on earnings and book values, while offering an attractive cash yield. This has, however, not been sufficient in 2024 as the gap between more expensive 'momentum markets' and those that have suffered an 'event' has widened. Against this challenging backdrop, we have attempted to balance the near-term risk against what we consider to be attractive long-term potential rewards. As a result, we have maintained an active approach to position sizing and trimmed winners and added to shares that have suffered more than we would have expected. As we position the portfolio for 2025, we see incremental opportunities in markets where we have recently spent more time, including Mexico, India and Eastern Europe and look forward to unveiling new positions as they become a reality.

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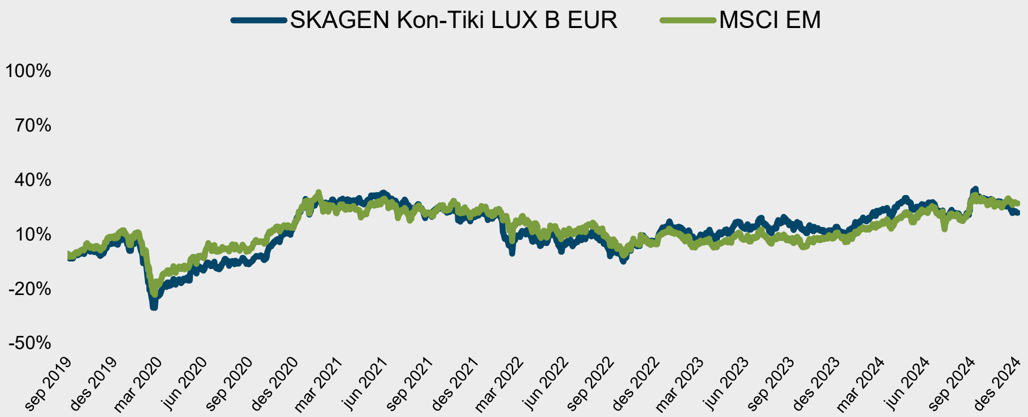
FUND PERFORMANCE

	Q4 2024	1-Year	3-Year	Since Start
SKAGEN Kon-Tiki LUX B EUR	**-6.0%**	**6.8%**	**0.6%**	**3.8%**
MSCI EM Index	-0.9%	14.7%	1.2%	4.6%
Relative Return	-5.2%	-7.8%	-0.6%	-0.8%



As at 31/12/2024 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	49.9%
Active Share	87%
Turnover ratio	46%
Investment horizon¹	2 years+

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
Taiwan Semiconductor Manufacturing Co Ltd	6.9%	0.5%
Ping An Insurance Group Co of China Ltd	9.2%	0.4%
Cosmax Inc	2.5%	0.2%
China Mobile Ltd	2.2%	0.2%
Coca-Cola Icecek AS	1.5%	0.2%

Largest detractors ▼

Holding	Weight	Contribution
SIMPAR SA	1.5%	-0.5%
Cosan SA	1.8%	-0.4%
Raizen SA	1.8%	-0.4%
Hana Financial Group Inc	2.9%	-0.4%
Samsung Electronics Co Ltd	4.4%	-0.4%

PORTFOLIO INFORMATION

COUNTRY EXPOSURE³

	Fund	Benchmark
South Korea	21.5%	9.0%
China	19.0%	25.1%
Taiwan	10.8%	19.7%
Brazil	9.9%	4.1%
Hong Kong	6.0%	1.1%
South Africa	5.0%	2.7%
Netherlands	4.4%	0.1%
Norway	3.0%	0.0%
France	2.9%	0.0%
Mexico	2.4%	1.8%

SECTOR EXPOSURE

	Fund	Benchmark
Consumer Discretionary	25.7%	13.1%
Financials	17.2%	23.7%
Information Technology	14.8%	24.3%
Materials	9.5%	5.7%
Consumer Staples	9.3%	4.8%
Energy	5.2%	4.6%
Industrials	3.5%	6.6%
Communication Services	2.7%	9.4%
Health Care	2.4%	3.4%
Real Estate	0.0%	1.7%

TOP 10 HOLDINGS

PING AN INSURANCE GROUP	9.1%
ALIBABA GROUP HOLDING LTD	7.9%
TAIWAN SEMICONDUCTOR	7.4%
PROSUS NV COMMON STOCK	4.4%
NASPERS LTD COMMON STOCK	4.3%
SAMSUNG ELECTRONICS CO	4.1%
LG ELECTRONICS INC	3.8%
WH GROUP LTD COMMON STOCK	3.1%
YARA INTERNATIONAL ASA	3.0%
HON HAI PRECISION	2.9%
Total Weight	49.9%

¹ For guidance purposes only ² Contribution to absolute monthly return ³ Fund exposure based on country of risk

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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 31.12.2024.

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

Storebrand Asset Management AS or FundRock Management Company S.A. may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

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.

In the United Kingdom, this communication is issued by Storebrand Asset Management UK Ltd ("SAM UK") and approved by Robert Quinn Advisory LLP, which is authorised and regulated by the UK Financial Conduct Authority ("FCA"). SAM UK is an Appointed Representative of Robert Quinn Advisory LLP.

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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/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 Netherkands, includ ing all legal documents and practical information, can be found here: https://www.skagenfunds.nl/how-to-invest/facilities-services-for-investors/