



SKAGEN m² 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 m² is a long-only, actively managed equity strategy that seeks to generate long-term capital growth by investing in listed real estate companies from across the globe. A Luxembourg SICAV was launched in 2019.

FUND INFORMATION

Start date	15/10/2019
Benchmark	MSCI ACWI Real Estate IMI
ISIN	LU1932723478
Morningstar Category	Property – Indirect Global
Fixed Fee	0.60%
SFDR Category	Article 8
Portfolio Managers	Michael Gobitschek & Anne Line Kristensen Larsen



Michael Gobitschek & Anne Line Kristensen, CFA

Michael Gobitschek

- ❖ Joined SKAGEN in 2005 with previous experience in M&A advisory
- ❖ Masters in Finance and Economics from Stockholm School of Business

Anne Line Kristensen, CFA

- ❖ Joined SKAGEN in 2016
- ❖ Masters in Finance and International Business from Aarhus University

INVESTMENT COMMENTARY

The expectations for the second quarter were fairly muted following a rather disappointing first quarter despite encouraging words from management teams that the worst is behind us. The real estate sector unfortunately continues to have a 'top-down' focus, which dictates the direction of travel. Major government yields have been up this quarter, hurting the sector. Although the ECB cut interest rates in June, we will likely have to wait until the tail end of summer for rate cut in markets like the UK and US. Elections have become a dominant factor, reminding us of the influence of political factors on the sector. In Sweden, we saw the first policy rate cut by the Riksbank as anticipated and there are expectations of another rate cut potentially in August. This was a long-awaited sign and we have most likely passed the peak for now. The ECB and the Fed are expected to follow suit in the near future, which will also be beneficial for local real estate markets. Investors are now pricing in two cuts by the Fed this year, one less than at the end of the first quarter. It is evident that macro news is still a major driver of the listed real estate sector. However, our thesis that when inflation falls, policy rates will likely follow still holds. Interest rates act like gravity on risky assets, meaning that real estate as an interest rate sensitive asset should benefit. There are many signs indicating that real estate values are bottoming and that the sharp slowdown in new construction in general is quite positive for long-term values.

SKAGEN m² still holds an overweight in Scandinavia and Europe. The ability to move between geographies to take advantage of different micro and macro factors is a great benefit to SKAGEN m². The first quarter results were solid which is unlikely to surprise as they arrived so shortly after a decent FY results season. The outlook is much rosier than a year ago although you wouldn't think so looking at some of the share prices.

The top performer for SKAGEN m² in the quarter was the US multifamily housing operator Independence Reality Trust, mainly as a result of increased interest in the multifamily housing sector following aggressive acquisitions by private equity giants like Blackstone and KKR. There were a number of takeouts in the first half, most notably the USD 10bn public takeout of Air Communities in April. This gave the underpriced sector a much-needed boost. The second-best performing stock was the Spanish office operator Arima that received a takeout offer. Another positive contributor was the biggest detractor in first quarter, namely the pan Asian investment manager platform ESR. The company also received indications of interest in a takeout by a Starwood-led consortium, although the terms of the potential takeout have not yet been disclosed. The worst performer in the period was the yield sensitive digital real estate manager Digital Bridge. This was not due to any company specific news, but rather to increased bond yields weighing on the stock. The US logistics giant Prologis also lost ground for same reason but also due to local and temporary supply concerns.

In the quarter we added the undervalued and misunderstood Norwegian Public Property Invest after participating in the IPO. The company specialises in public tenant-based assets in Norway and holds a strong position in the Norwegian market. They have the opportunity to strengthen this further through acquisitions as unlisted Norwegian real estate syndicates will likely have to refinance and recapitalise. The company trades at a huge discount to underlying assets, mainly due to its main owner and interim CEO. We expect a permanent CEO to be appointed in the near future. Our second new holding in the portfolio, Swedish Prisma Properties, was also acquired through an IPO. Prisma is a fast-growing property owner and developer, specialising in modern, necessity-driven discount retail. Prisma has high, inflation adjusted and long yielding leasing contracts. The company has good upside potential both operationally with high growth and financially with lower interest rates. The assets are located in Scandinavia. We sold out of our Madrid-based office operator Arima to finance our participation in the IPOs. Arima is in a pending takeout situation with an uncertain outcome, so we exited at a decent bid premium. In the quarter there was also a potential takeout proposal for the Asian investment manager ESR. This is also pending with an uncertain outcome as the details have not yet been disclosed. In both cases, the takeout proposals came from consortiums led by private equity, activity we have been arguing will increase due to low valuations and the fact that some of the larger buyers have called the bottom of the cycle. We sold out of the Brazilian residential developer MRV on elevated political risk.

SKAGEN m² continues to focus on resilient companies in trend driven subsegments that are mispriced, can perform in various market conditions, have solid balance sheets, and are well positioned for inflation. After underperforming the wider equity market for another year, we believe the outlook for global real estate in 2024 – with a potentially more favourable interest rate environment as a backdrop – should bring with it lots of exciting opportunities for long-term stock pickers like SKAGEN m². The portfolio has an overweight in high growth real estate segments like digital real estate and warehouses, which will be the main beneficiaries of a yield curve shift entering lower interest rate environments. We look forward to exciting times ahead.



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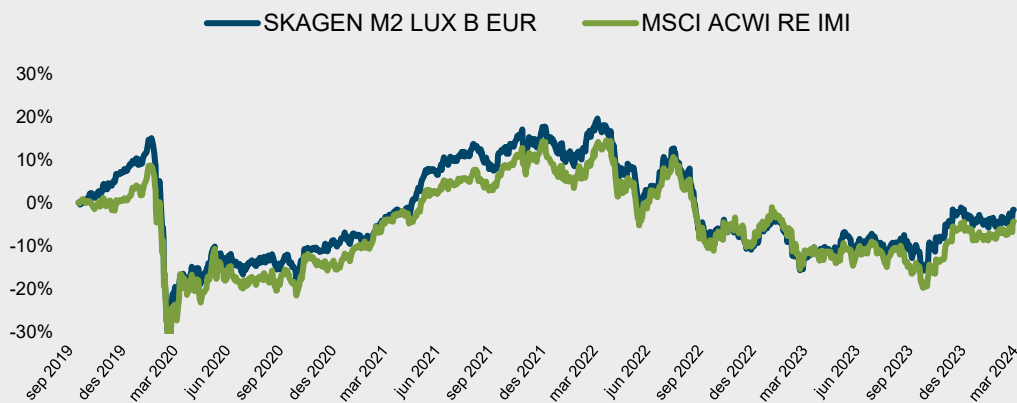
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FUND PERFORMANCE

	Q2 2024	YTD	1-Year	3-Year	Since Start
SKAGEN m² LUX B EUR	-2.9%	-3.0%	5.9%	-3.6%	-1.0%
MSCI ACWI Real Estate IMI	-2.2%	-1.1%	5.8%	-2.9%	-1.4%
Relative Return	-0.7%	-1.9%	0.1%	-0.7%	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	36
Top 10 weighting	47.4%
Active Share	86%
Turnover ratio	43%
Investment horizon ¹	5 years

PERFORMANCE ATTRIBUTION²

Largest contributors ▲

Holding	Weight	Contribution
Independence Realty Trust Inc	4.2%	1.1%
Helios Towers PLC	2.2%	1.0%
Arima Real Estate SOCIMI SA	2.3%	0.7%
Catena AB	6.4%	0.6%
Mitsui Fudosan Co Ltd	1.9%	0.4%

Largest detractors ▼

Holding	Weight	Contribution
DigitalBridge Group Inc	5.2%	-1.0%
Shurgard Self Storage Ltd	4.5%	-0.9%
Prologis Inc	4.6%	-0.6%
Cellnex Telecom SA	3.6%	-0.6%
Castellum AB	3.2%	-0.4%

PORTFOLIO INFORMATION

COUNTRY EXPOSURE		
	Fund	Benchmark
United States	38.1%	61.1%
Sweden	11.7%	1.5%
United Kingdom	9.2%	3.0%
Belgium	7.5%	0.6%
Japan	5.8%	7.5%
Singapore	5.1%	2.5%
Hong Kong	4.9%	4.2%
Brazil	3.5%	0.2%
Norway	2.6%	0.0%
Canada	0.0%	1.7%

TOP 10 HOLDINGS	
Catena Ab Npv	6.8%
Digitalbridge Group Inc Cl A New	5.4%
Independence Rlty Tr Inc Com	4.8%
Equinix Inc Com Par \$0.001	4.7%
Ctp N.V Eur0.16	4.7%
American Tower Corp	4.7%
Prologis Inc Com	4.3%
Shurgard Sel Sto L Npv	4.2%
Grainger Plc Ord Gbp0.05	4.0%
Sun Communities Inc Com	3.8%
Combined weight	47.4%

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 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 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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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/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/>