



SKAGEN m² 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 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	LU1932723122
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 third quarter has been all about the anticipated rebound for real estate in all the major real estate markets. Investors started to believe in the long-awaited first Fed rate cut in September, following those by the ECB and Swedish Riksbank amongst others.

In the US, real estate continues to outperform as interest rates decline and optimism grows for additional Fed rate cuts in 2024 and beyond. Unlike the fourth quarter of last year, the market has been more cautious about pricing in further rate cuts too quickly or too aggressively in the near term. Historically, real estate performs well following central bank tightening cycles. As we have previously noted, this could create a "perfect storm" for real estate, with potential rate cuts, a soft landing for the US economy, and real estate being the most underweighted sector. The recovery is underway, and we may be at the beginning of a multiyear expansion phase for the sector. As capital costs decrease and valuations rise, supported by favourable economic conditions, real estate fundamentals are likely to improve. Despite these positive trends, valuations remain below those of other sectors, creating opportunities to purchase assets well below replacement costs, which have been significantly impacted by inflation. Additionally, there are signs that transaction volumes are picking up, and capitalisation rates will likely compress as a result. We are still in a phase where public real estate appears undervalued relative to private real estate, though this gap should close as more transactional data becomes available. Furthermore, we have long argued that supply is being underestimated for the sector's future performance. Some segments and geographic areas have become scarce due to reduced development activity following COVID, inflation, and higher capital costs. In these constrained areas, new supply will require significant rent increases, which will continue to drive sector value. The month ended with a big surprise in the Chinese real estate market when the government launched a massive stimulus package with the aim of saving a sector that is critical to the country's economy. Real estate sector stocks skyrocketed as a result and caught up much of their lost ground.

The fund's top performer for the quarter was CBRE, a US-listed global real estate services company. This success was driven by a strong second-quarter report with raised guidance, as well as a notable rebound in the US real estate market following an interest rate cut. CBRE is expected to benefit from increased transaction activity and the growing institutionalization of commercial real estate, which we believe is driving long-term demand for real estate services. Additionally, the trend toward outsourcing, combined with a higher proportion of contractual fees, should enhance revenue stability and fuel growth. The second-best performer was Shurguard, a pan-European self-storage platform, which also delivered a strong report and issued positive guidance for the year, excluding the revenue from its recent acquisition of Lok'n Store. Earlier in the year, concerns about an equity raise due to the acquisition had weighed on the stock, but this risk has since diminished. The company continues to expand its land and asset portfolio, with a project pipeline larger than ever, supporting its future growth. LOG Commercial Properties, a Brazilian logistics operator, was the worst performer of the quarter. The company slightly missed its second-quarter earnings estimates, and the central bank of Brazil, unlike many others, raised interest rates, which negatively impacted the Brazilian real estate sector. Swedish discount retailer Prisma Properties, a recent addition to the portfolio, experienced a slow start, primarily due to a lack of news and activity following its IPO. However, at the close of the quarter, the company announced its first acquisition as a listed entity, which is expected to drive further growth alongside its development pipeline. In mid-July, there was a significant IPO in the real estate sector. Lineage Logistics, the world's largest operator of cold storage warehouses, raised USD 5.1 billion in the largest public offering of 2024 and the biggest REIT IPO ever. SKAGEN m2 holds Americold, Lineage's peer and a cheaper competitor. This IPO not only highlights the strength of the real estate capital markets but also underscores the growing interest in the cold storage subsector. Digital Bridge, the fund's worst performer in the first half of the year, rebounded in mid-September after rumours surfaced that Switch, a data centre operator acquired by Digital Bridge in 2022, might be taken public again with an estimated value of USD 40 billion, a significant increase from the USD 10.6 billion takeout value in 2022. Regardless of the outcome, this reflects the strong demand for digital real estate.

During the quarter, we exited our position in the US hospitality company Marcus Corp. Following a recovery in its share price over the summer, we grew increasingly concerned about potential challenges for US consumer spending and the impact of slowing GDP growth on the hospitality and leisure sectors.

SKAGEN m2 continues to focus on resilient companies in trend-driven subsegments that are undervalued, can perform in various market conditions, have strong balance sheets, and are well-positioned for inflationary environments. After a prolonged period of underperformance compared to the broader equity market, real estate is starting to catch up. This may mark the beginning of a multi-year expansion phase for the sector, with the initial phase driven by multiple expansion, followed by fundamental improvements as capital costs decrease and valuations rise. Against this backdrop, the sector should present numerous exciting opportunities for long-term stock pickers like SKAGEN m2. The portfolio is overweight in high-growth real estate segments such as digital real estate, housing, and warehouses, all of which benefit from structural demand shifts and a favourable yield curve as we enter a lower interest rate environment. Real estate is the world's largest asset class—don't overlook it!



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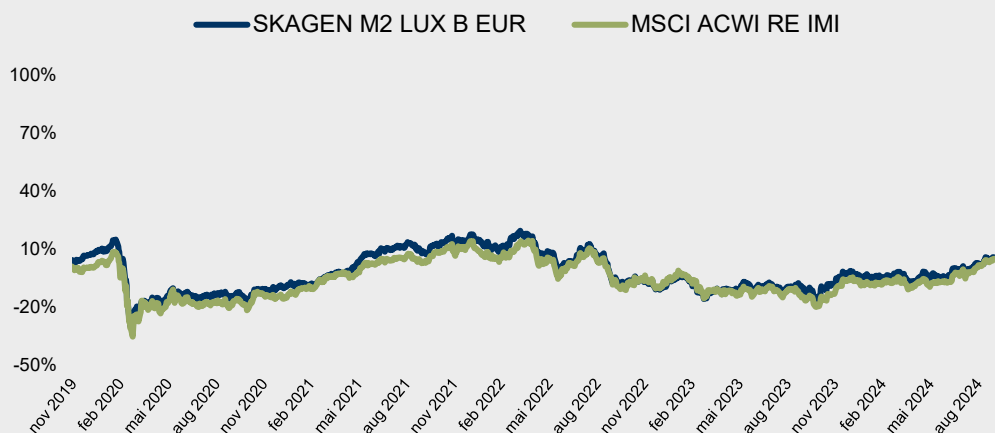
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FUND PERFORMANCE

	Q3 2024	YTD	1-Year	3-Year	Since Start
SKAGEN m² LUX B EUR	10.7%	7.4%	17.2%	-0.8%	1.1%
MSCI ACWI Real Estate IMI	12.4%	11.1%	22.9%	0.6%	1.0%
<i>Relative Return</i>	<i>-1.7%</i>	<i>-3.8%</i>	<i>-5.7%</i>	<i>-1.4%</i>	<i>0.1%</i>



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	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	37.6%	61.0%
Sweden	10.1%	1.6%
United Kingdom	9.7%	3.5%
Belgium	7.6%	0.6%
Singapore	5.5%	2.5%
Hong Kong	5.3%	4.3%
Japan	4.8%	6.9%
Netherlands	4.8%	0.3%
Spain	4.2%	0.3%
Brazil	3.1%	0.2%

TOP 10 HOLDINGS	
Catena Ab Common Stock	6.9%
Digitalbridge Group Inc	6.5%
Equinix Inc Reit Usd	5.2%
Ctp Nv Common Stock Eur	4.8%
American Tower Corp Reit	4.7%
Cellnex Telecom Sa Common	4.2%
Prologis Inc Reit Usd	4.2%
Shurgard Self Storage Ltd	4.1%
Grainger Plc Common Stock	3.9%
Cbre Group Inc Common	3.9%
<i>Combined weight</i>	<i>48.3%</i>

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 30.09.2024.

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 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.

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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/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/>