

**IMPORTANT INFORMATION:** This is marketing communication. The report should not be perceived as a recommendation to buy or sell fund units. Prior to subscription, we encourage you to read the fund's prospectus and key investor information document which are available at [www.skagenfunds.com](http://www.skagenfunds.com), from our local representatives and from our distributors.

## A good end to a difficult year

The fourth quarter ended on a high note for global equity markets which, however, experienced the worst annual performance since the financial crisis in 2008. The toxic cocktail of rapidly rising inflation, recessionary economic worries and geopolitical threats on top of somewhat stretched valuations delivered a decisive blow to global stocks after three consecutive years of double-digit returns. We make some further reflections on 2022 below.

### Performance

SKAGEN Global outperformed its benchmark index MSCI AC World in the fourth quarter. As we have highlighted throughout the year, most of our holdings have delivered solid underlying results but have still seen falling share prices. The market seems to have taken notice of these attractive valuations in the fourth quarter.

For the calendar year 2022, SKAGEN Global underperformed its benchmark. The fund's relative performance suffered particularly in the first quarter of 2022. Although the fund outperformed the index from the end of the first quarter, it was not enough to make up for the weak start. Encouragingly, the fund finished the year ahead of its benchmark as measured over the 3-year, 5-year and since-inception time periods.

### Attribution

In the fourth quarter, the fund's three best performers measured by absolute return were JP Morgan, DSV and Nike. In 2022, the fund's three best performers measured by absolute return were Canadian Pacific, Waste Management and Dollar General. The common denominator for the latter three companies is their resilience. They fit our mantra of "getting rich slowly" by combining strong execution and enviable market positions with prudent capital allocation and attractive valuations.

In the fourth quarter, the fund's three largest detractors in absolute terms were Alphabet (Google), Edwards Lifesciences and Brown & Brown. In 2022, the fund's three largest detractors in absolute terms were Alphabet, Edwards Lifesciences and Microsoft. The tech giants Alphabet and Microsoft were unable to withstand the rout in the Nasdaq index, although fundamentally their operational performance was reasonably good during the year. Edwards Lifesciences focuses on heart valve replacements, but the volume of procedures (patient throughput) has struggled to reach pre-pandemic growth levels as hospital staffing remains tight. It may well take a couple of quarters for more tangible signs of normalisation to emerge.

On a sector basis, the fund's relative performance in 2022 was impacted negatively by having no exposure to the Energy and Utility sectors that performed well. Nonetheless, this effect was partially compensated for by our zero exposure to the Real Estate sector that performed poorly during the year.

### Portfolio Activity

SKAGEN Global did not initiate or exit any holdings in the fourth quarter. Considering the meaningful stock market pullback in 2022, we now see vast upside across the portfolio over the next few years. That said, we have several aspiring candidates knocking on the door and we will remain disciplined in constructing a portfolio with the most attractive risk-reward profile for long-term investors. Cash levels remain very low as we aim to be fully invested.

### Reflections on 2022 and outlook for 2023

2022 was a year when dreams and visions were shattered by reality. Let's look at some of the most impactful developments and reflect upon what investors can learn from them. First, the Federal Reserve (Fed) predicted that inflation would be transitory and, in the autumn of 2021, anticipated at most one interest rate hike in 2022. Rampant inflation later forced the Fed to make seven consecutive hikes, thus taking interest rates to the highest level in 15 years. Forecasting is difficult, even if you have some of the world's most prominent economists at your disposal. This episode highlights why SKAGEN Global's primary investing focus is on bottom-up stock selection rather than top-down macro forecasts.

Second, unprofitable companies with big ambitions matched only by their sky-high valuations came crashing back to earth after a blistering pandemic rally when the zero interest-rate regime ended. SKAGEN Global avoids these types of speculative companies and the lure of quick riches. Valuation matters.

Third, Russia's unjustified invasion of Ukraine has been a disaster from a military, financial and political perspective. It's a stark reminder that dictatorships rarely provide fertile ground for long-term investing. Since timing the tipping point of such geopolitical events is extremely difficult, SKAGEN Global typically refrains from allocating capital to companies under the direct authority of such regimes and we remind clients that SKAGEN Global has not been directly invested in Russia since 2015.



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As we look toward 2023, we resist the temptation to make grand predictions for the financial market or global economy. We will, however, assiduously study undervalued companies on a fundamental basis using first principles and common sense.



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Lastly, we note that the legendary investor Warren Buffett's Berkshire Hathaway outperformed the global equity market by 22 percentage points in 2022, illustrating the wealth-generating power of classic value investing and making the case for active management. SKAGEN Global's portfolio is very attractively valued and we believe our pragmatic value investing approach is well suited for long-term investors seeking to build wealth over the years to come.

The fund selects undervalued companies from around the world, including emerging markets, with attractive risk-reward for long-term investors. The objective is to provide the best possible risk adjusted return. The fund is suitable for those with at least a five year investment horizon. Subscriptions are made in fund units and not directly in stocks or other securities. The fund has risk profile 6. The benchmark reflects the fund's investment mandate. Since the fund is actively managed, the portfolio will deviate from the composition of the benchmark.

## Historical performance (net of fees)

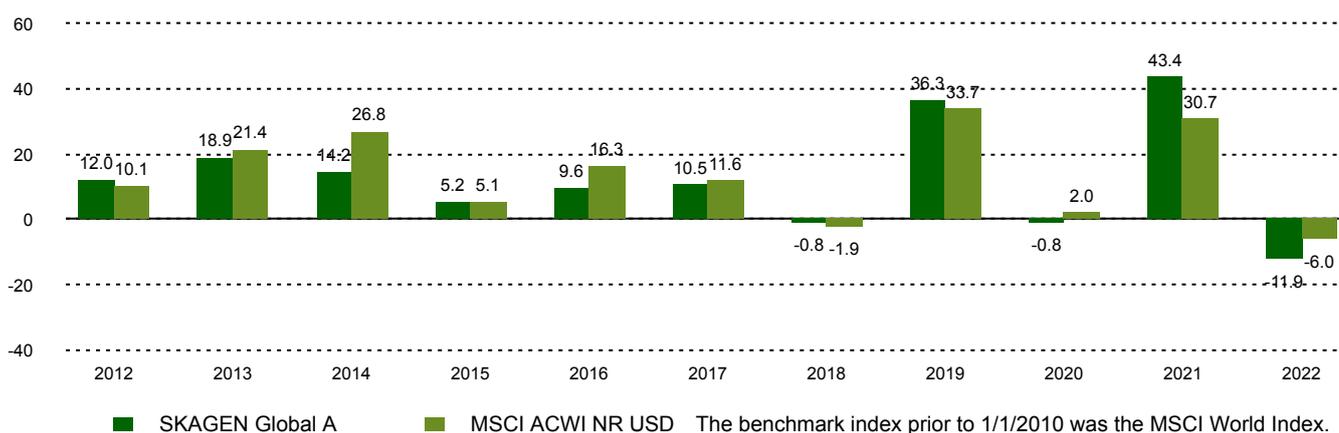
Period	SKAGEN Global A	Benchmark index
Last month	-6.7%	-6.1%
Quarter to date	5.6%	3.1%
Year to date	-11.9%	-6.0%
Last 12 months	-11.9%	-6.0%
Last 3 years	7.8%	7.8%
Last 5 years	11.1%	10.4%
Last 10 years	11.4%	13.2%
Since start	13.9%	6.3%

## Fund Facts

Type	Equity
Domicile	Norway
Launch date	07.08.1997
Morningstar category	Global Large-Cap Blend Equity
ISIN	NO0008004009
NAV	2862.51 SEK
Fixed management fee	1.00% + performance fee*
Total expense ratio (2021)	2.01%
Benchmark index	MSCI ACWI NR USD
AUM (mill.)	35895.27 SEK
Number of holdings	30
Portfolio manager	Knut Gezelius

\* 10.00% performance fee calculated daily and charged annually if the fund's relative value development is better than the benchmark. Underperformance in a given year which is not recovered can be reset after 5 years. The performance fee may be charged even if the fund's units have depreciated in value if the value development is better than the benchmark.

## Performance last ten years



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.

## Contributors in the quarter



### Largest contributors

Holding	Weight (%)	Contribution (%)
DSV A/S	5.18	0.96
JPMorgan Chase & Co	4.82	0.77
NIKE Inc	2.92	0.71
Intuitive Surgical Inc	2.54	0.59
Hermes International	2.35	0.35



### Largest detractors

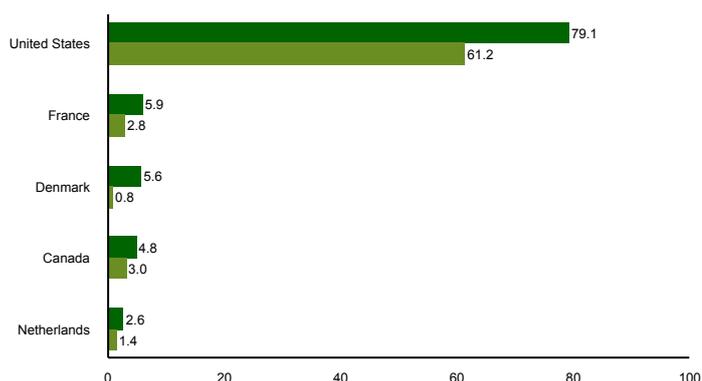
Holding	Weight (%)	Contribution (%)
Alphabet Inc	4.72	-0.83
Edwards Lifesciences	3.29	-0.68
Brown & Brown Inc	3.78	-0.62
Waste Management Inc	3.80	-0.45
Microsoft Corp	5.64	-0.40

Weights shown are the average for the period. Absolute contribution based on NOK returns at fund level.

## Top ten investments

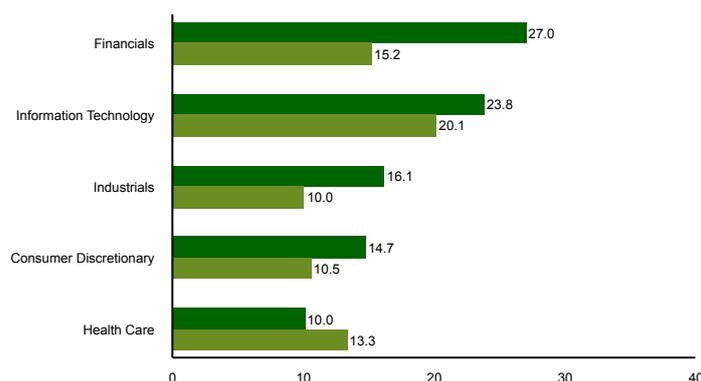
Holding	Sector	Country	%
DSV A/S	Industrials	Denmark	5.6
Microsoft Corp	Information Technology	United States	5.5
JPMorgan Chase & Co	Financials	United States	5.0
Nasdaq Inc	Financials	United States	4.9
Canadian Pacific Railway Ltd	Industrials	Canada	4.8
Alphabet Inc	Communication Services	United States	4.3
Abbott Laboratories	Health Care	United States	4.1
Accenture PLC	Information Technology	United States	3.7
Estee Lauder Cos Inc/The	Consumer Staples	United States	3.7
Intercontinental Exchange Inc	Financials	United States	3.7
Combined weight of top 10 holdings			45.4

## Country exposure (top five)



■ SKAGEN Global A ■ MSCI ACWI NR USD

## Sector exposure (top five)



■ SKAGEN Global A ■ MSCI ACWI NR USD

## Important information

All information is based on the most up-to-date data available. Unless otherwise stated, performance data relates to class A units and is net of fees. AUM data as per the end of the previous month. Except otherwise stated, the source of all information is SKAGEN AS. SKAGEN AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of this report. Employees of SKAGEN AS may be owners of securities issued by companies that are either referred to in this report or are part of a fund's portfolio.



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