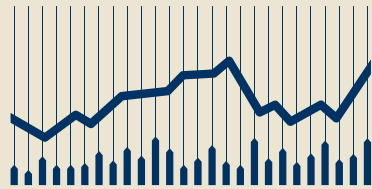


SKAGEN Focus

Taking the road less traveled

September 2024



SKAGEN

Part of Storebrand



Mission statement

- Focus on global small and mid-cap companies
- Deep absolute discount is key
- Contrarian and price-driven investment process
- Strict bottom-up and common-sense framework
- Benchmark agnostic
- Green transition investing is a natural building block



Investment Process and Team

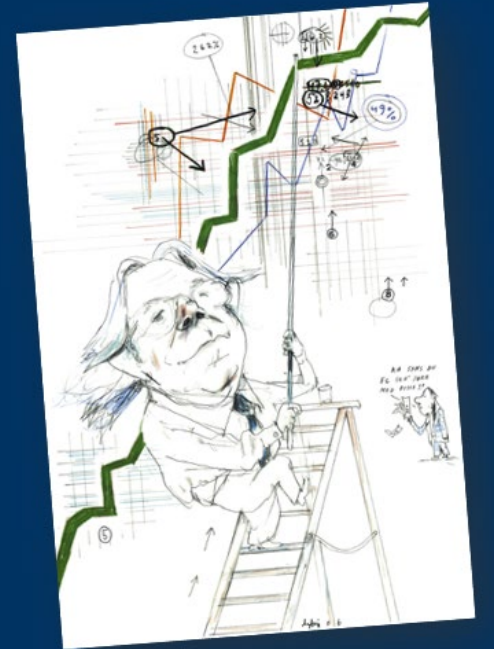


Launched SKAGEN Focus in 2015
Contrarian deep value team
Jonas Edholm & David Harris
30+ years of industry experience

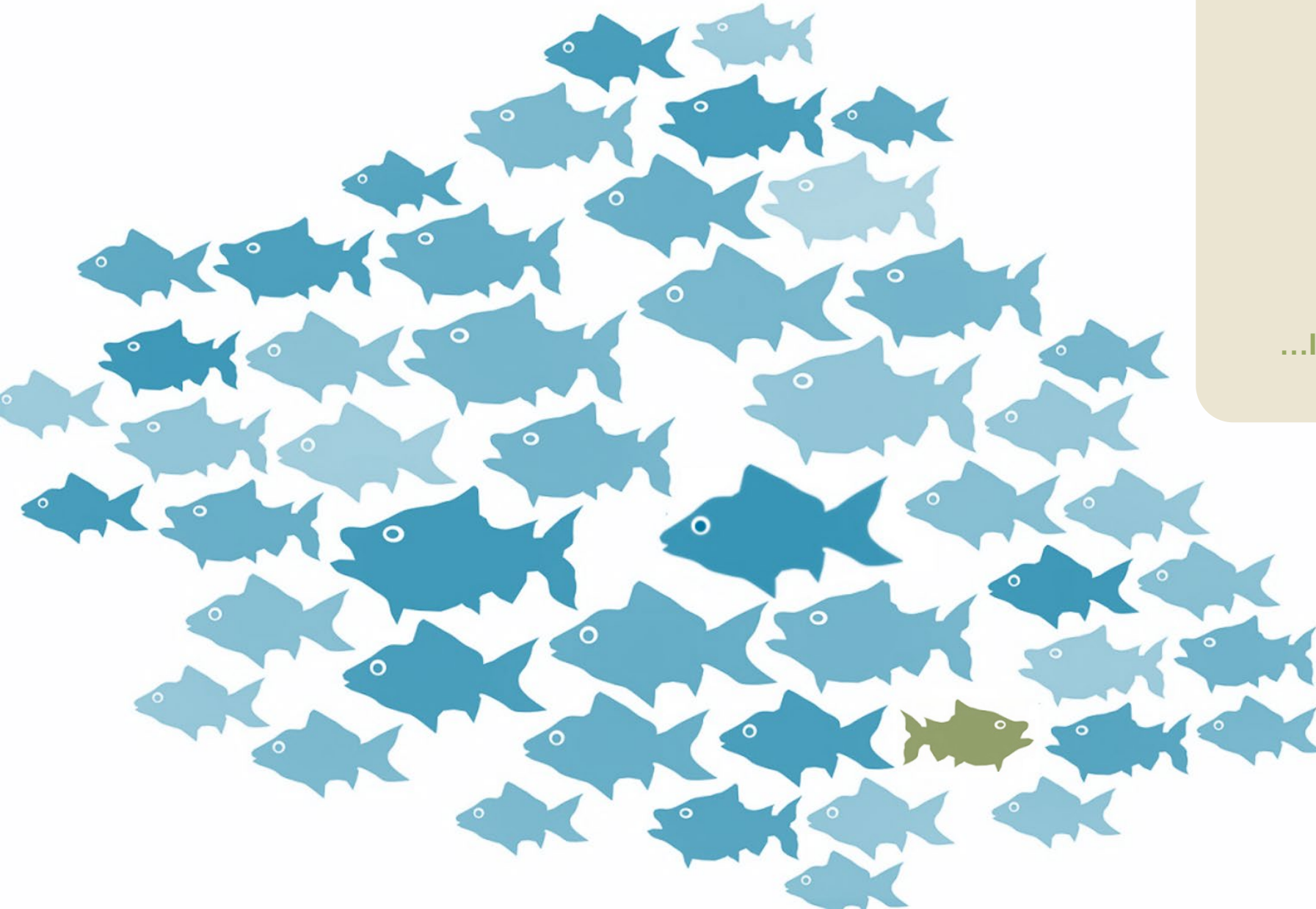
Cheapness

Change

Common sense



We are contrarian investors...



Contrarianism

The investment herd

Tunnel vision

Bull market highs or bubbles

Bear market lows

Invariably overdone

...It's essential to act in a contrary fashion.

Our contrarian path

Being contrarian means identifying many different market phenomena

Temporary
market
dislocations

Lower
market cap
and float

Unwarranted
market
perceptions

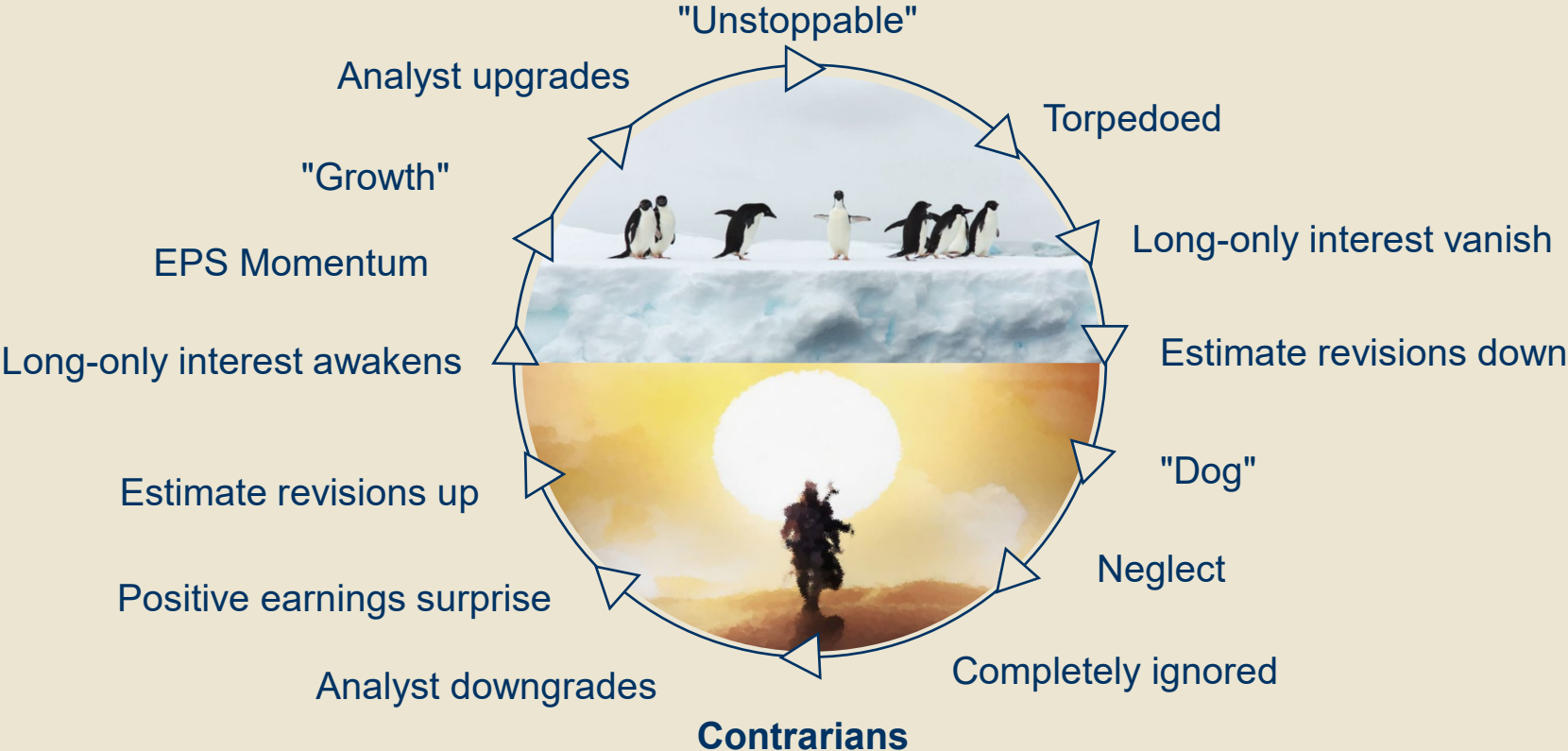
Key objective is
to find and
capture "value"

Forgotten or
ignored

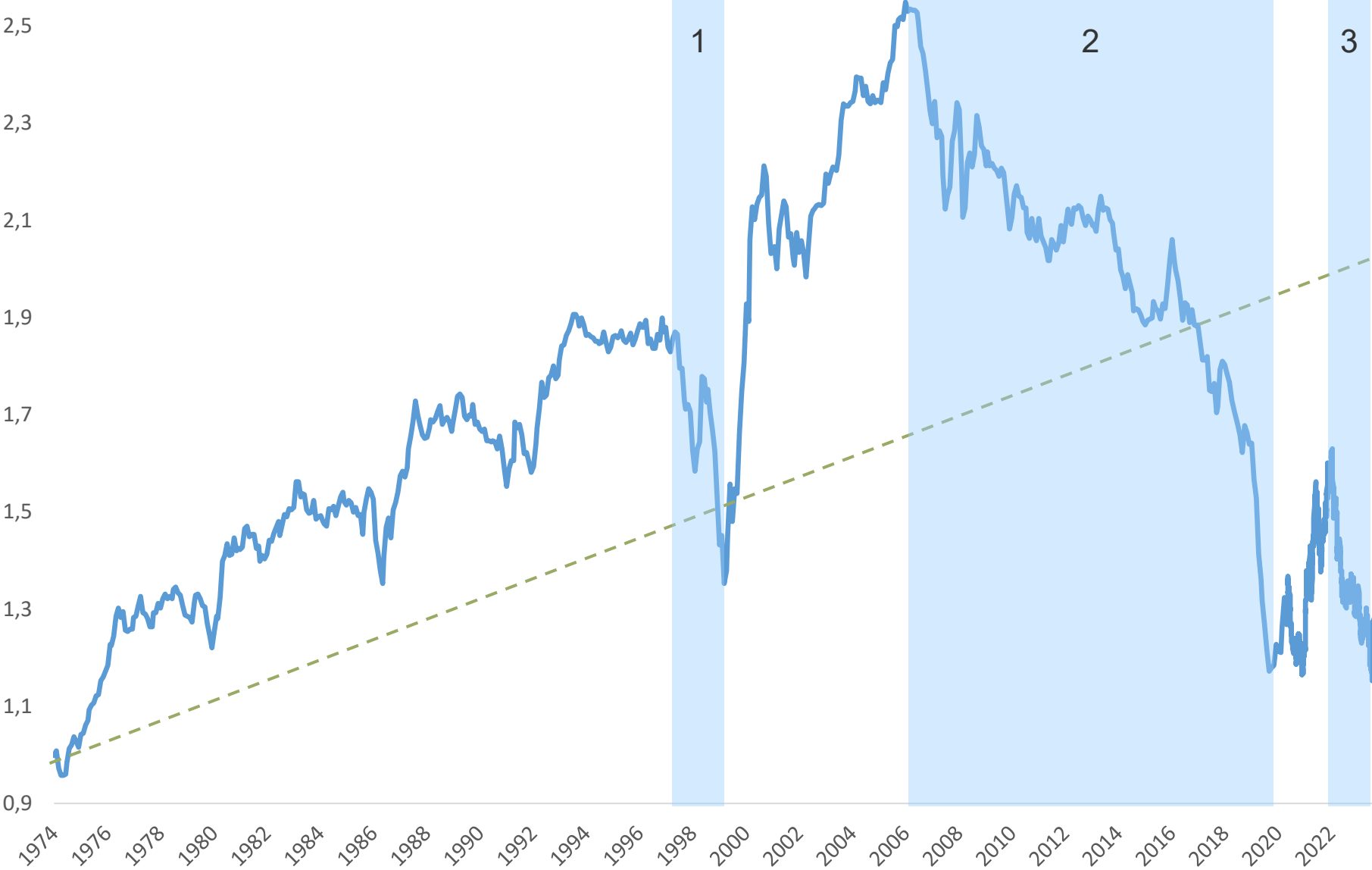
Below the
radar

Misunderstood

Our contrarian investment clock



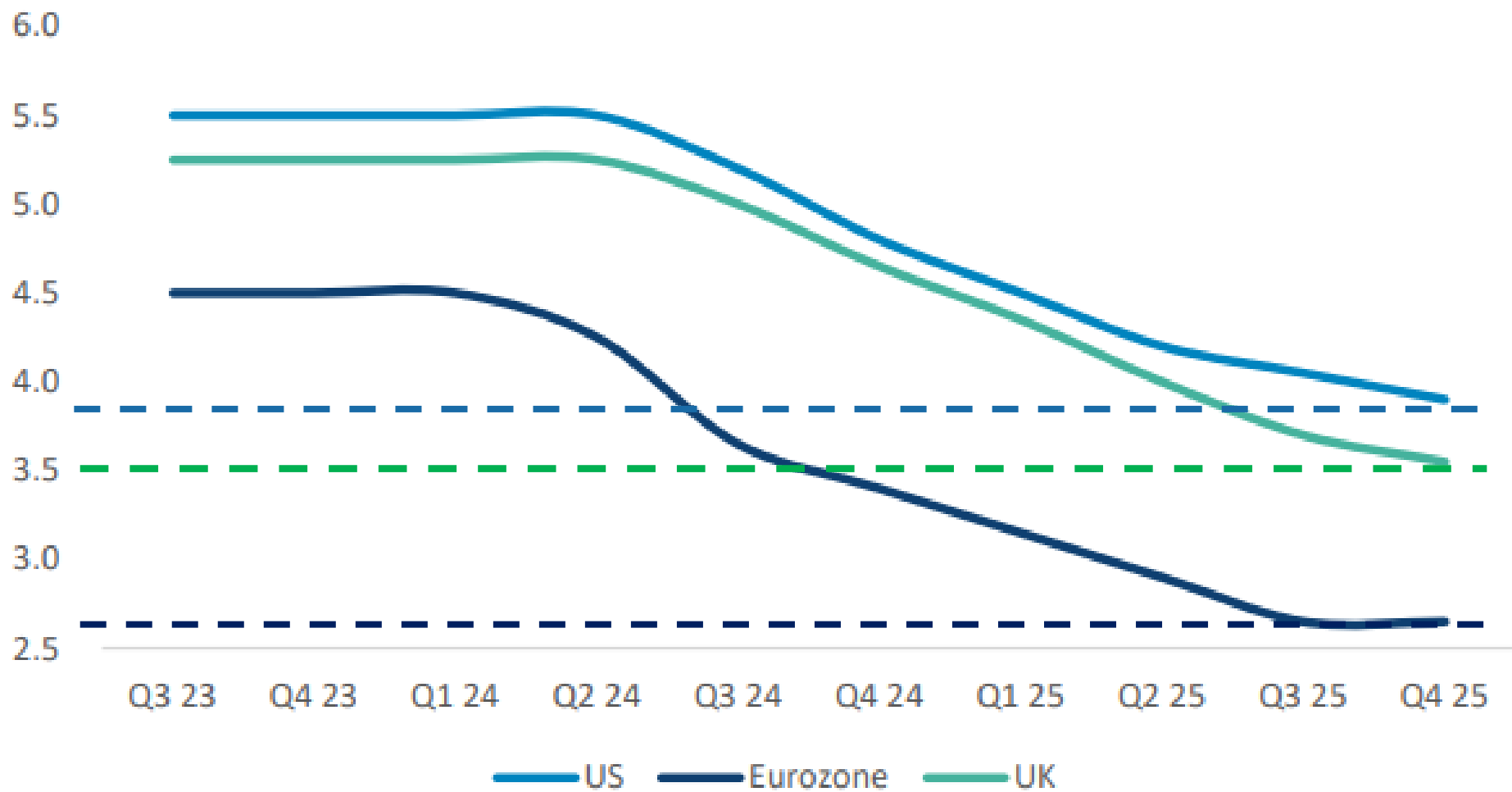
Value versus Growth since 1975 (MSCI)



Source: SKAGEN/Bloomberg as of 16/08/2024.

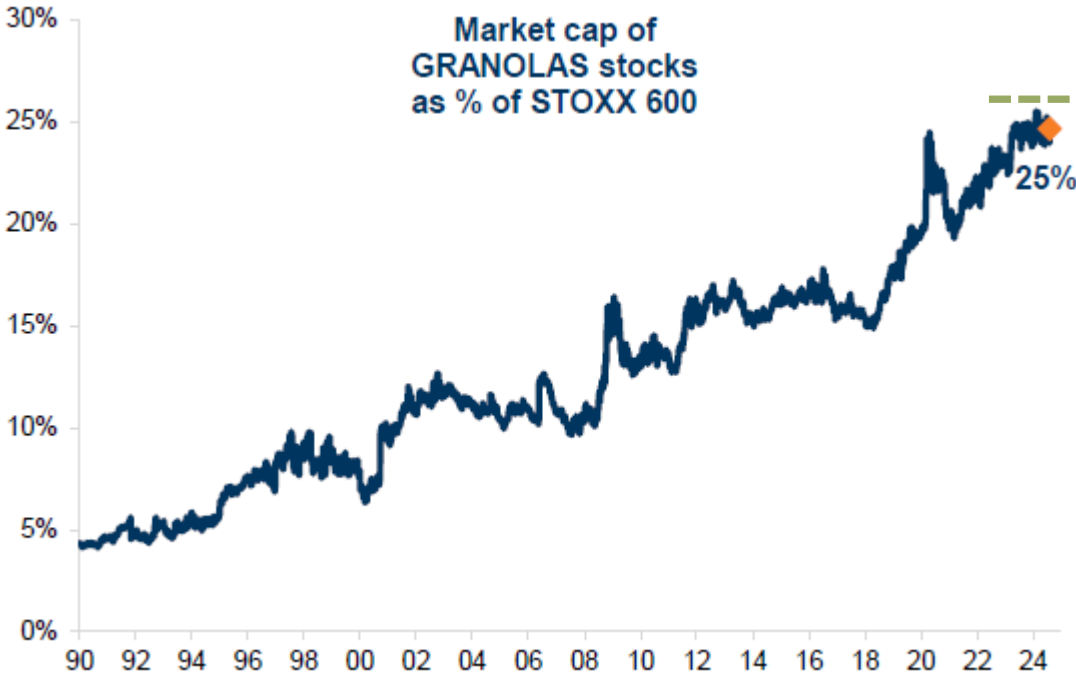
Rate cuts are coming

Central Bank Rate (%)

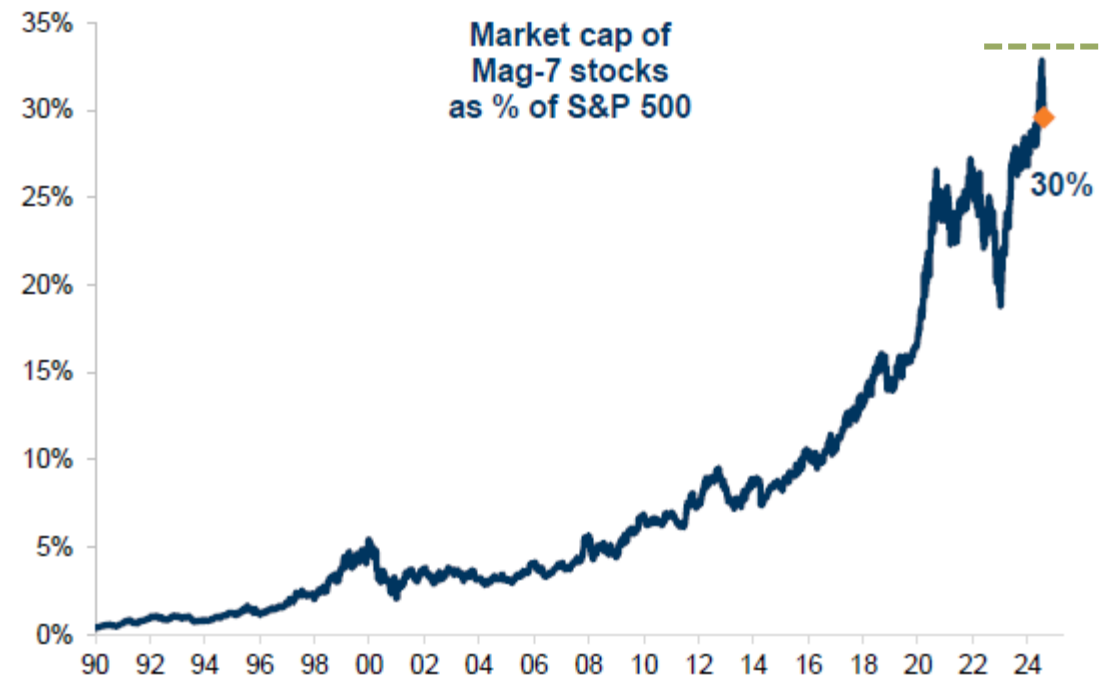


Source: SKAGEN/Bloomberg.

Is the era of the giants finally maturing?



"GRANOLAS": GSK, Roche, ASML, Nestle, Novartis, NovoNordisk, L'Oreal, LVMH, Astrazeneca, SAP, Sanofi

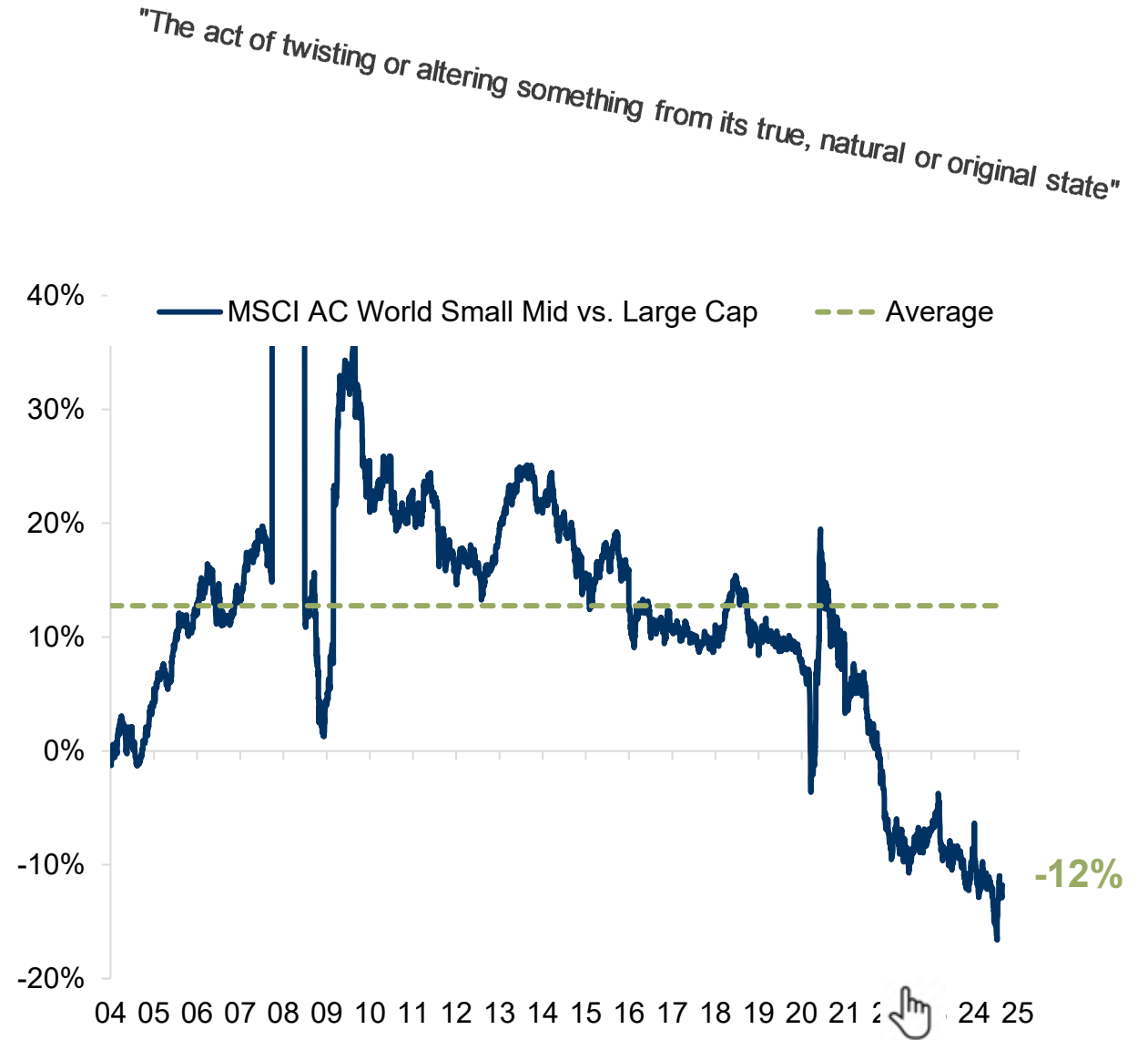
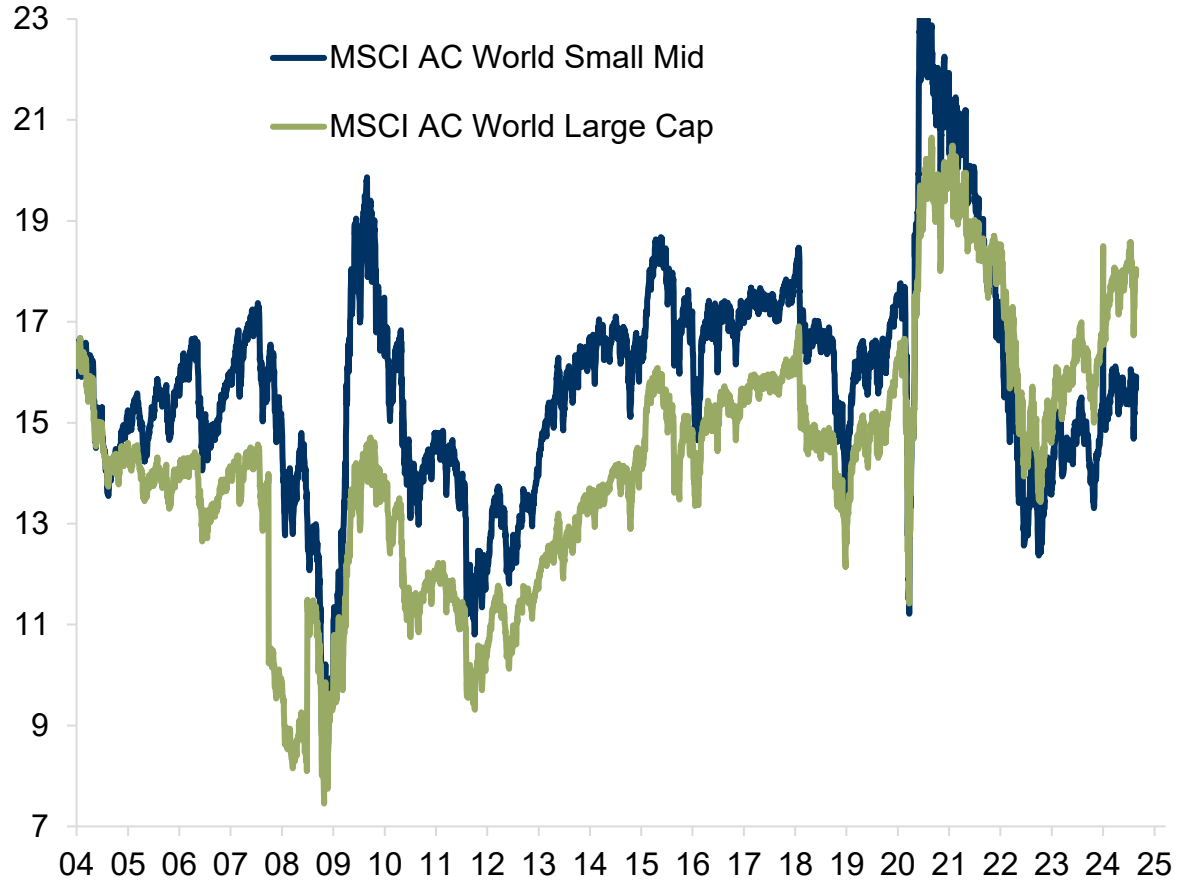


"Mag 7": Meta's Facebook, Amazon, Apple, Microsoft, Alphabet's Google, Tesla, NVIDIA

Source: SKAGEN/Bloomberg as of 02/09/2024.

A market distortion?

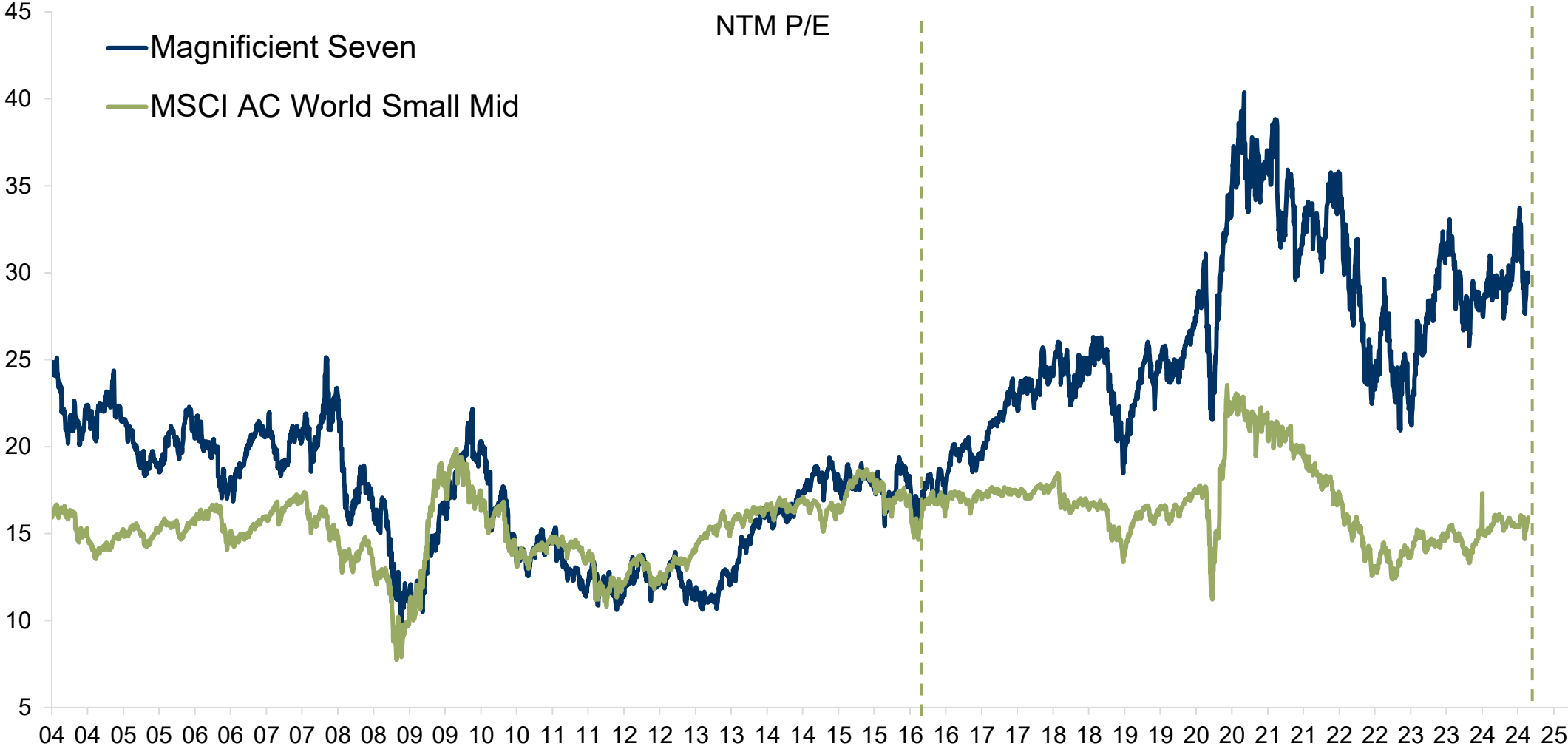
Price to Earnings



Source: SKAGEN. Data as of 25/08/2024.

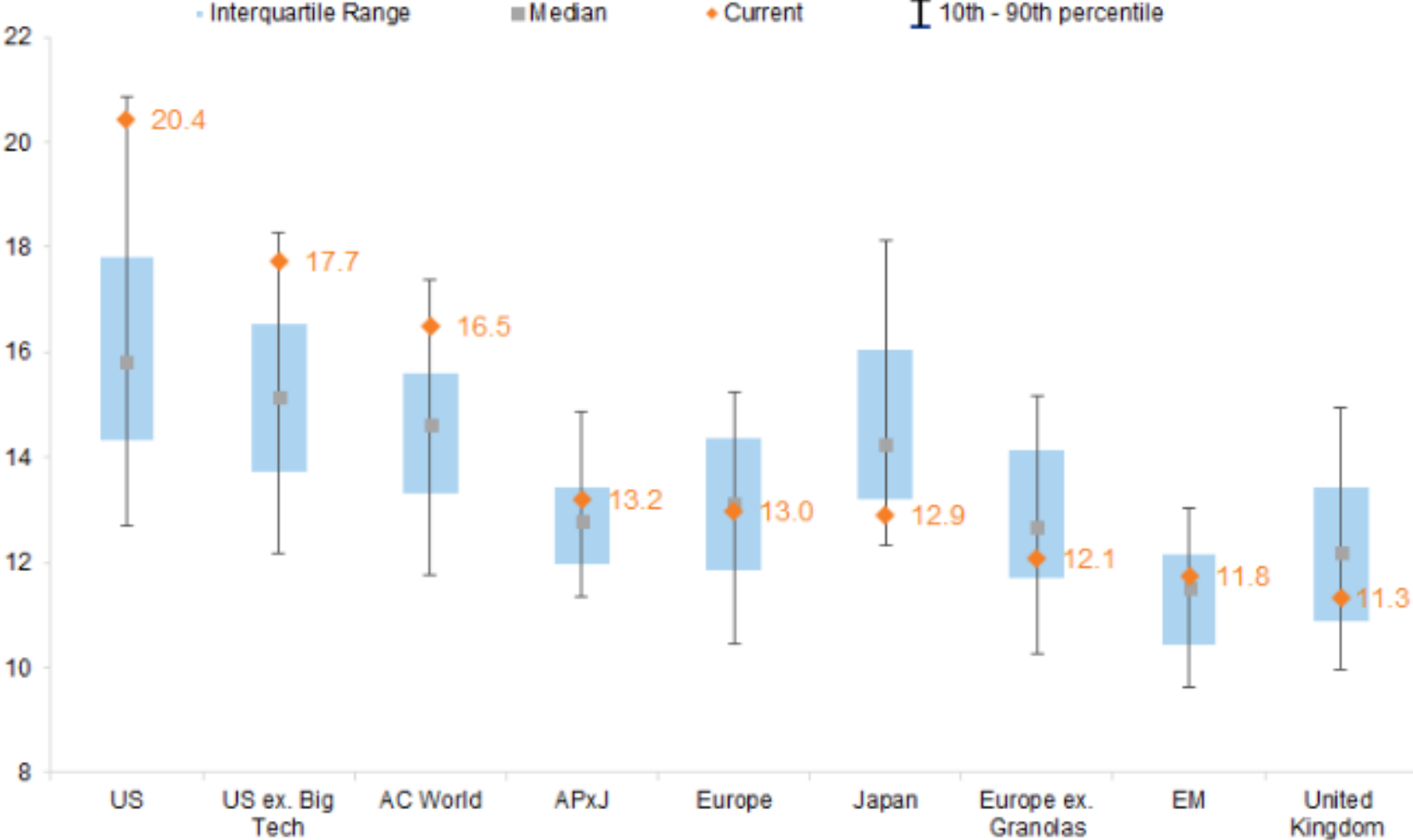
The Magnificent Gap

Price to Earnings



Source: SKAGEN. Data as of 25/08/2024.

Geographical valuation versus history



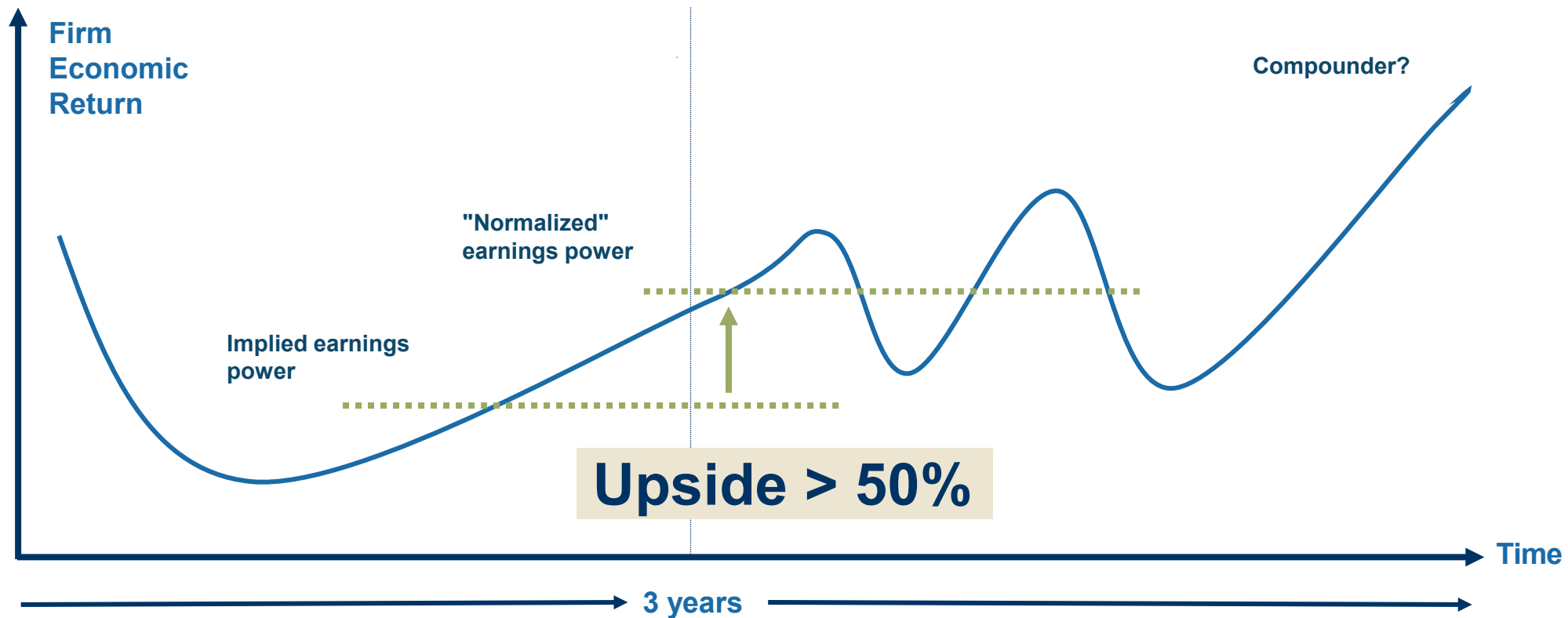
Valuation framework and price target dynamics

ENTERPRISE
VALUE (EV)

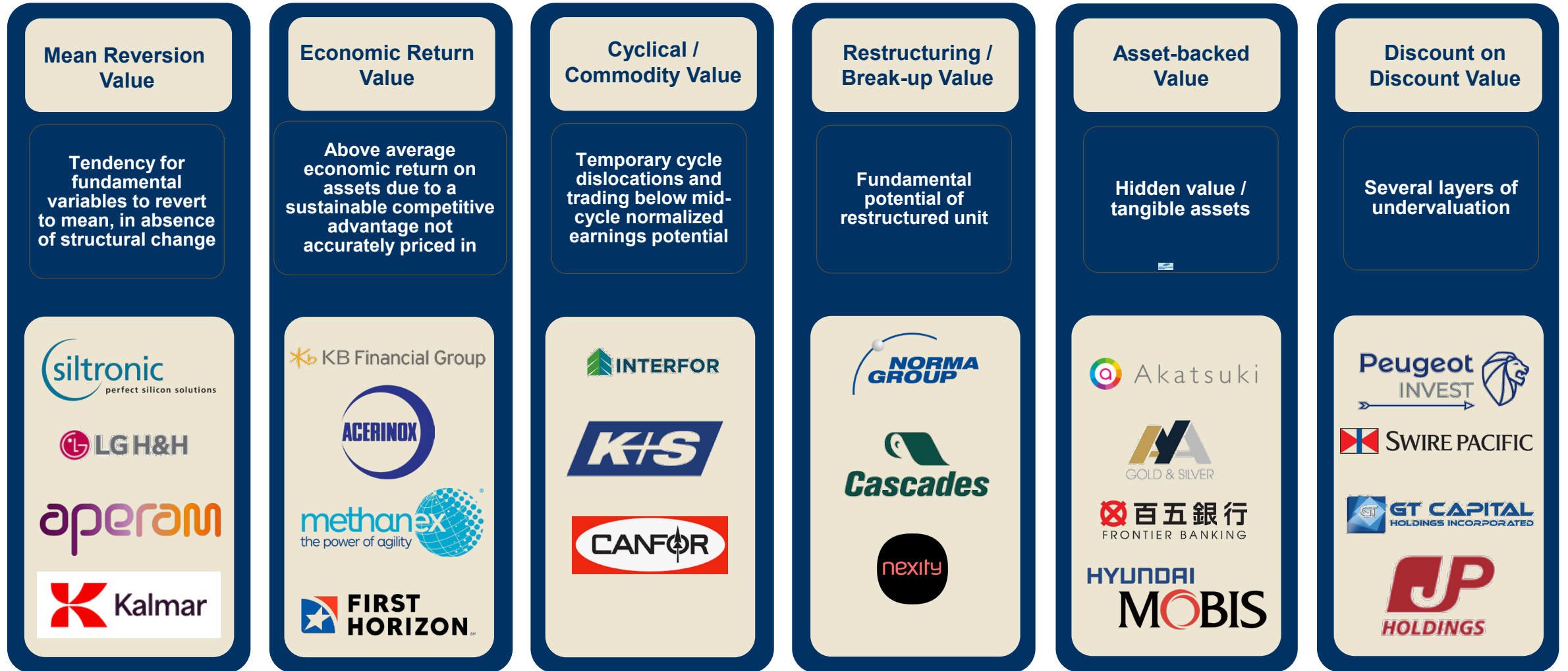
REPLACEMENT
VALUE (RV)

NORMALIZED
EARNINGS
POWER

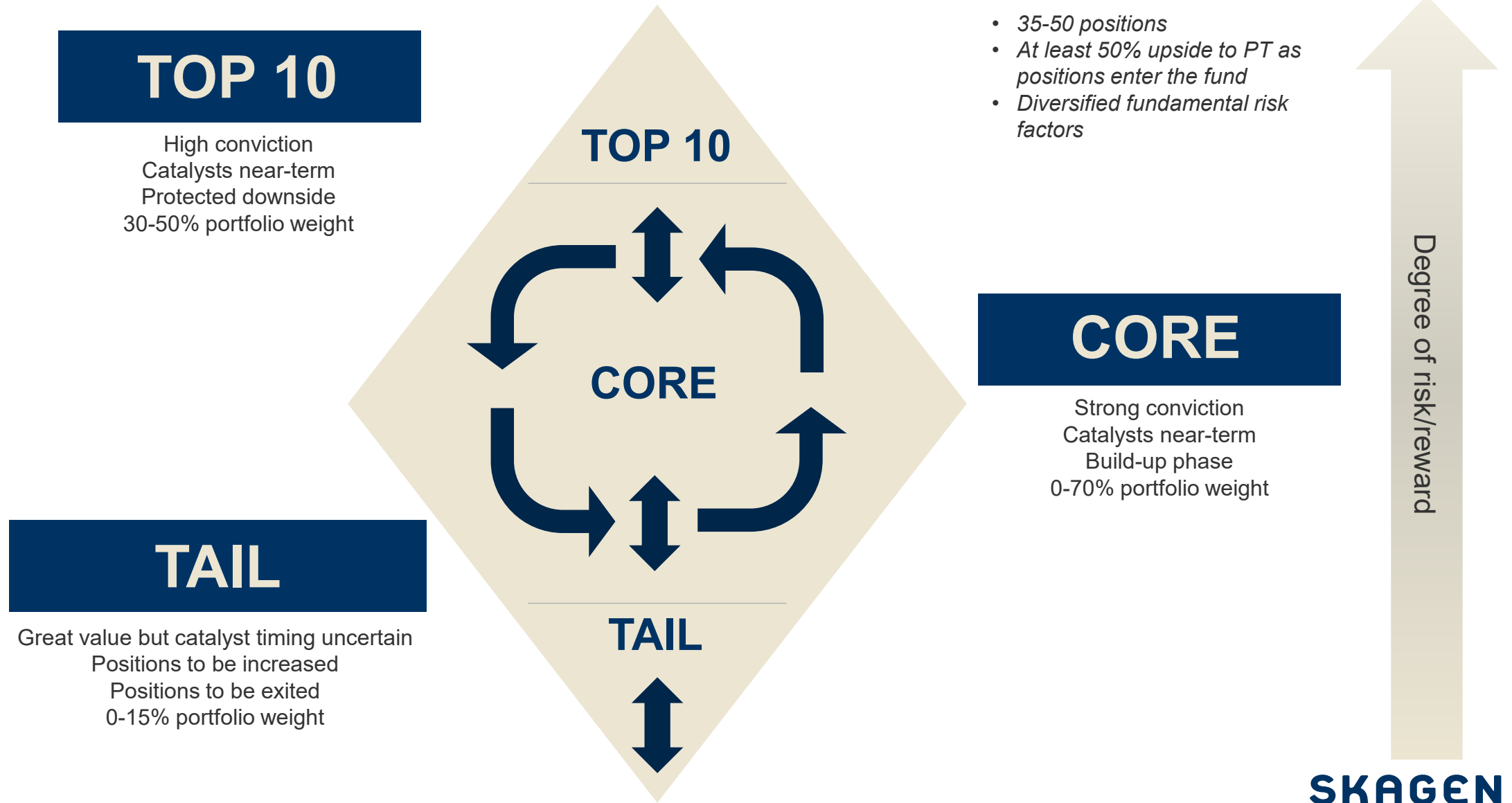
EQUITY HURDLE
RATE



Our value spectrums



Portfolio "diamond" build-up



Price discipline is key in investment process

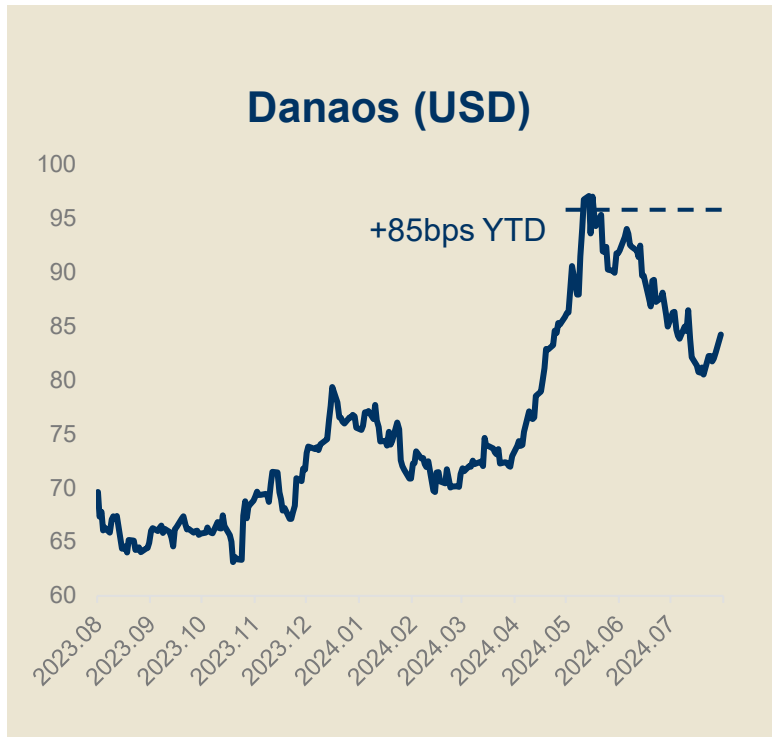
of positions hitting price target:

2024: 8 (YTD)

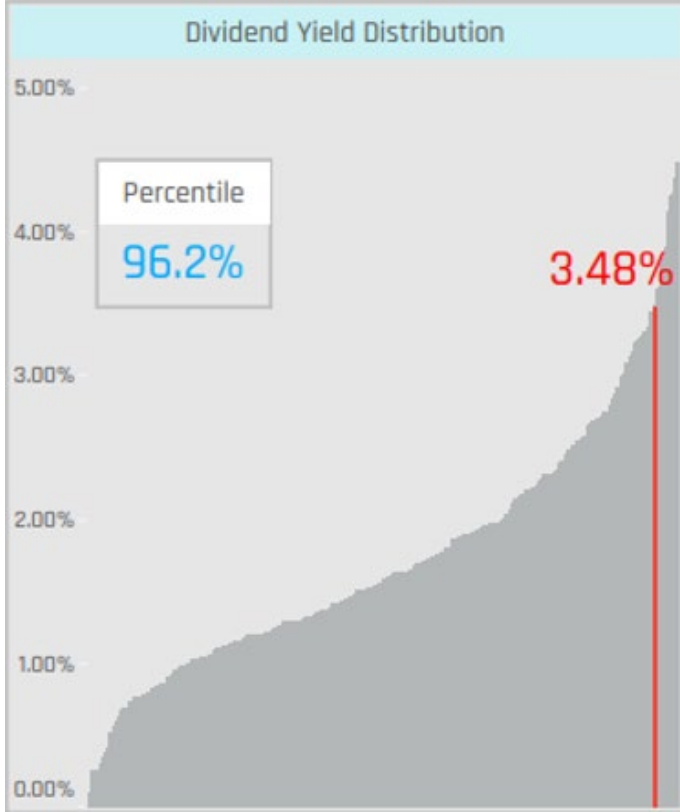
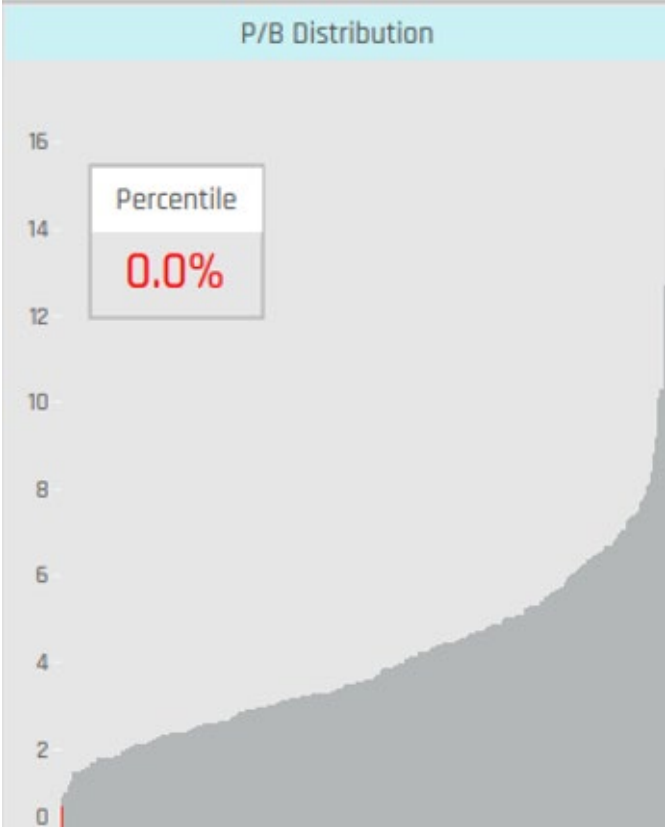
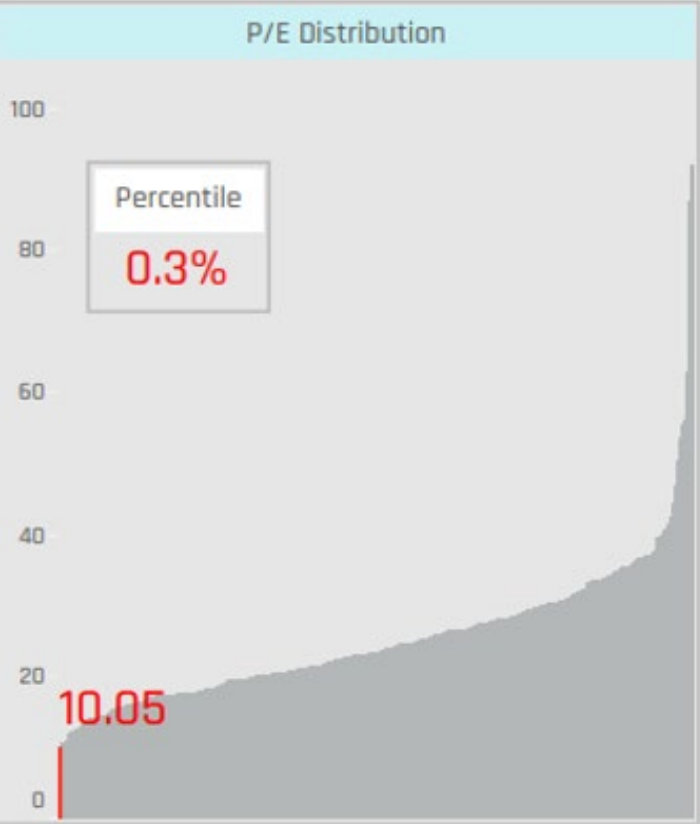
2023: 14

2022: 12

2024 – a few examples of equities hitting price target

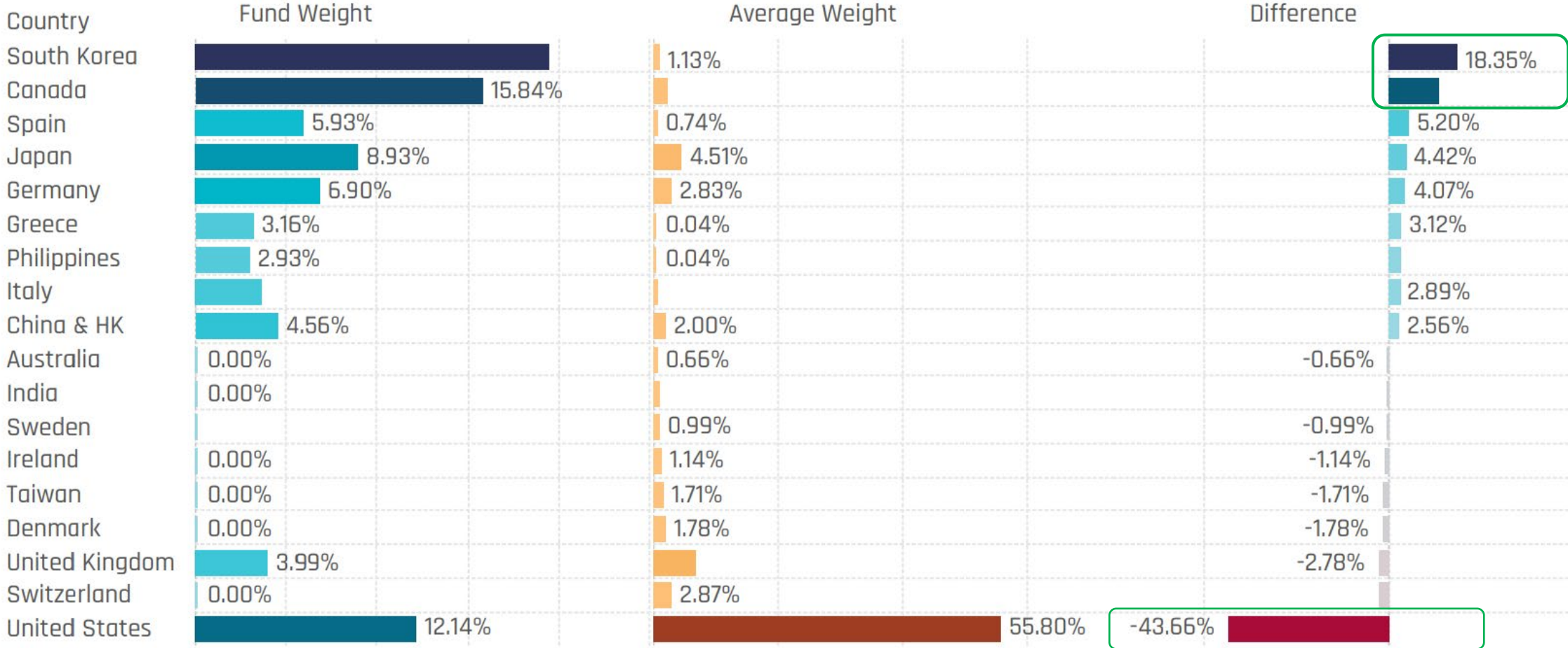


Valuation versus global active peers



Geographical deviation from active peers

Fund Weight vs Average Weight vs Difference



2024 Winners and Losers

Largest contributors

IVECO

 **PHINIA**

 **KB**

Largest detractors

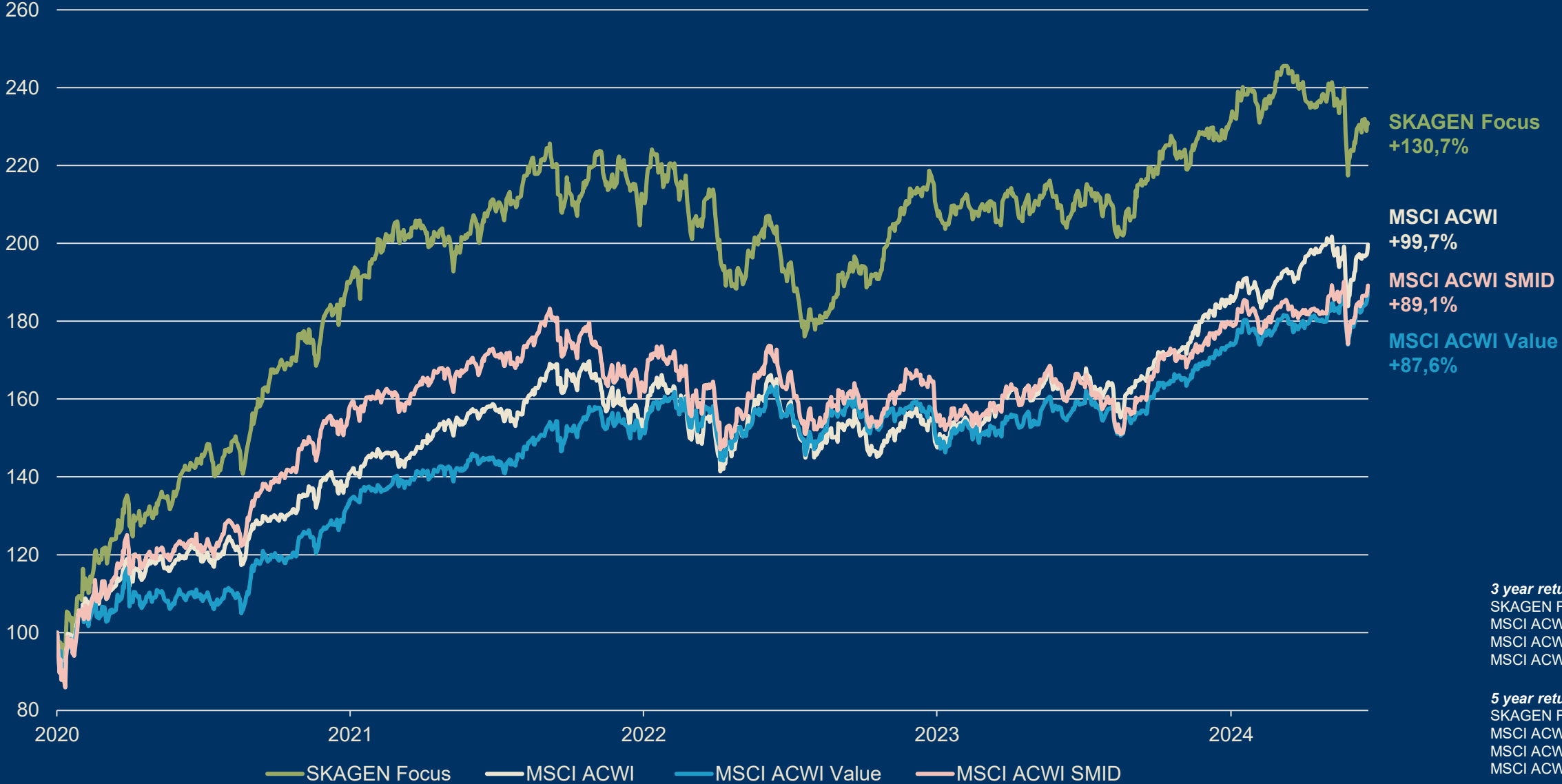
 **TRAXION**



 **INTERFOR**

Total return YTD (EUR): 1,8%

Performance from the "Big Reset" (EUR)



Data as of 30/8- 2024. Source: Bloomberg. The benchmark index is the MSCI All Country World Index. Historical returns are no guarantee for future returns.



South Korea – taking lessons from Japan

Some 69% of Kospi is trading below book, highlighting the need for reforms

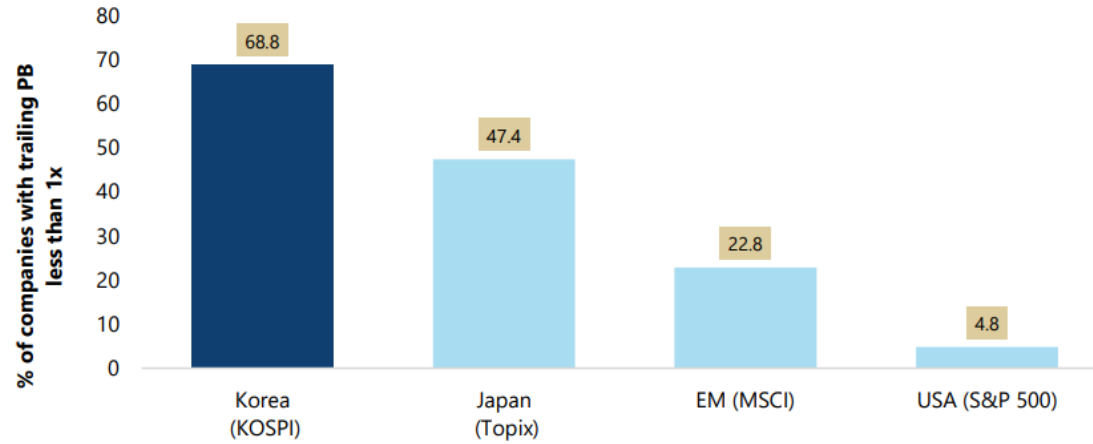
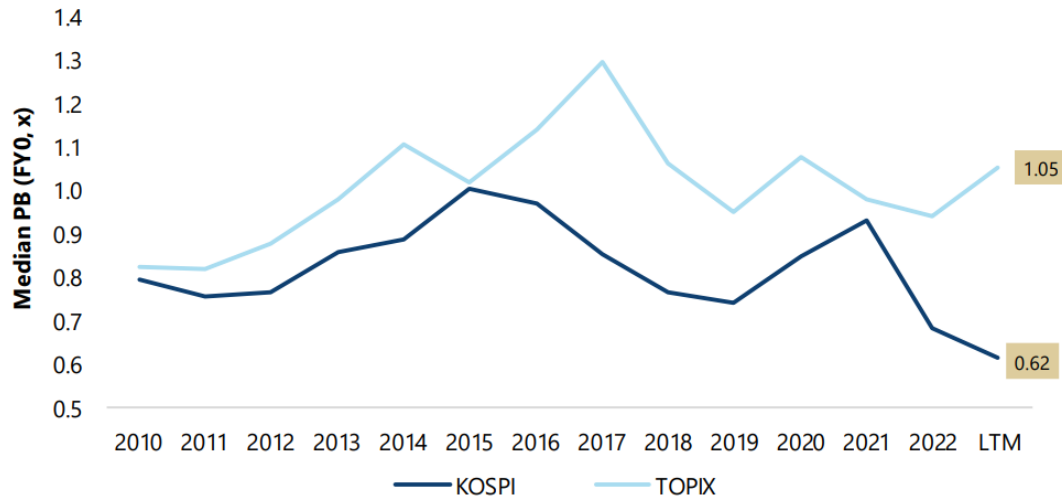
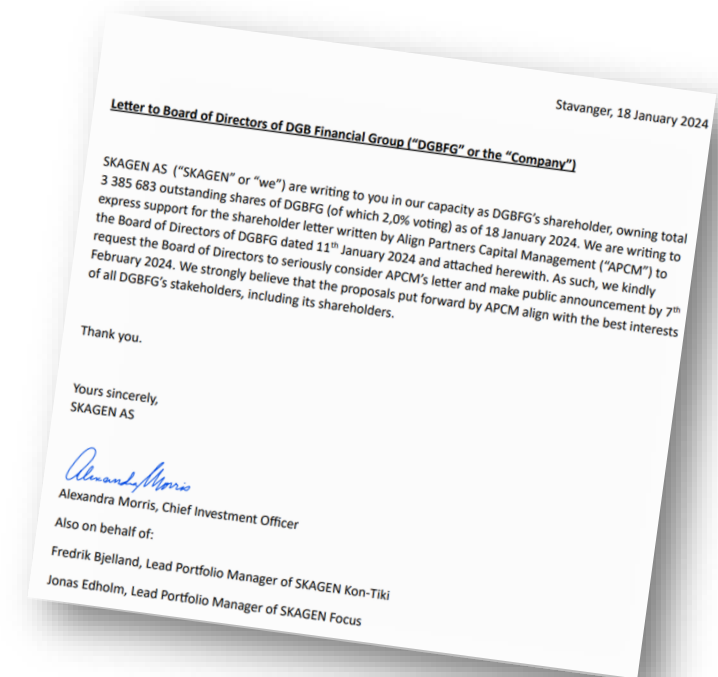


Exhibit 2: Kospi vs Topix – Median PB since 2010



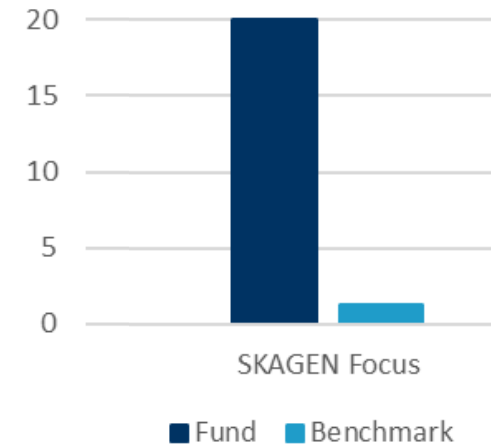
Note: Current constituents, FY0 PB used except LTM for last data point. Source: Jefferies, FactSet



DGB캐피탈



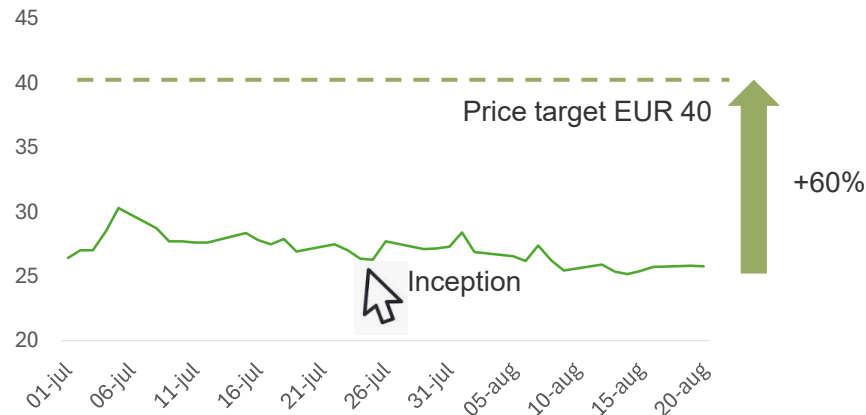
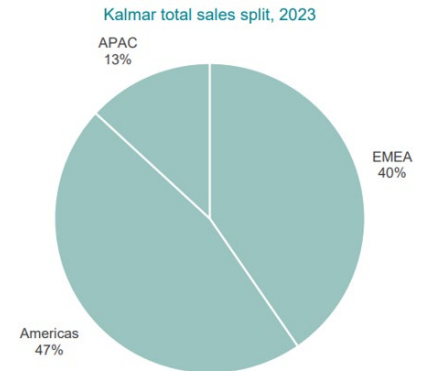
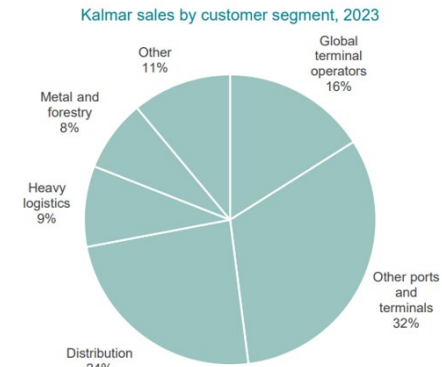
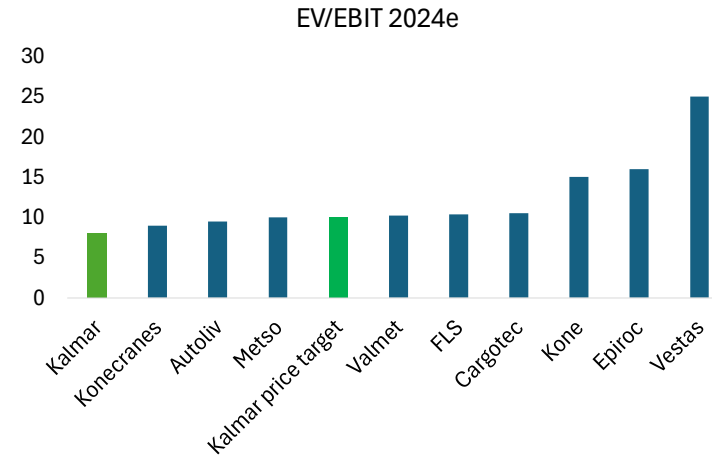
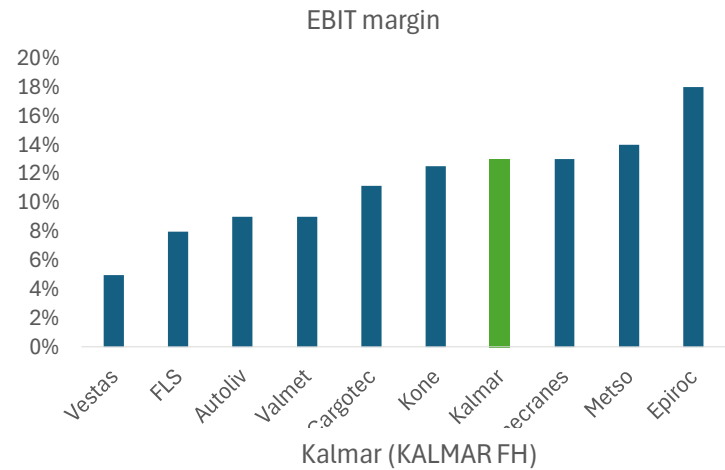
Portfolio exposure to South Korea %



Kalmar (KALMAR FH)

- Company spun off from Cargotec in July 2024 – a new unknown entity for equity markets
- Producer of forklift trucks, empty container handlers, reach-stackers, straddle carriers, terminal tractors, .
- The company also has a vast aftermarket and service division (28% of sales)
- Kalmar operates an asset-light business model and only produces a few key components in-house.
- Global leader with #1 or #2 position in most niches
- Margins cyclically pressured in 2024, but most probably the low point in the cycle
- Strong balance sheet with only 0,5x net debt/ EBITDA with high cash conversion operating model.
- Valuation highly attractive on an absolute and relative basis.

Our value spectrums
Mean Reversion
Value



Catalysts

- Exceeding currently depressed expectations 2024/2025.
- Gradually moving towards company targets of 15% operating margin
- Strong potential for positive capital allocation events given the strong balance sheet
- Capital allocation events as company in net cash position
- Consolidation activity

Hyundai Mobis (012330 KS)

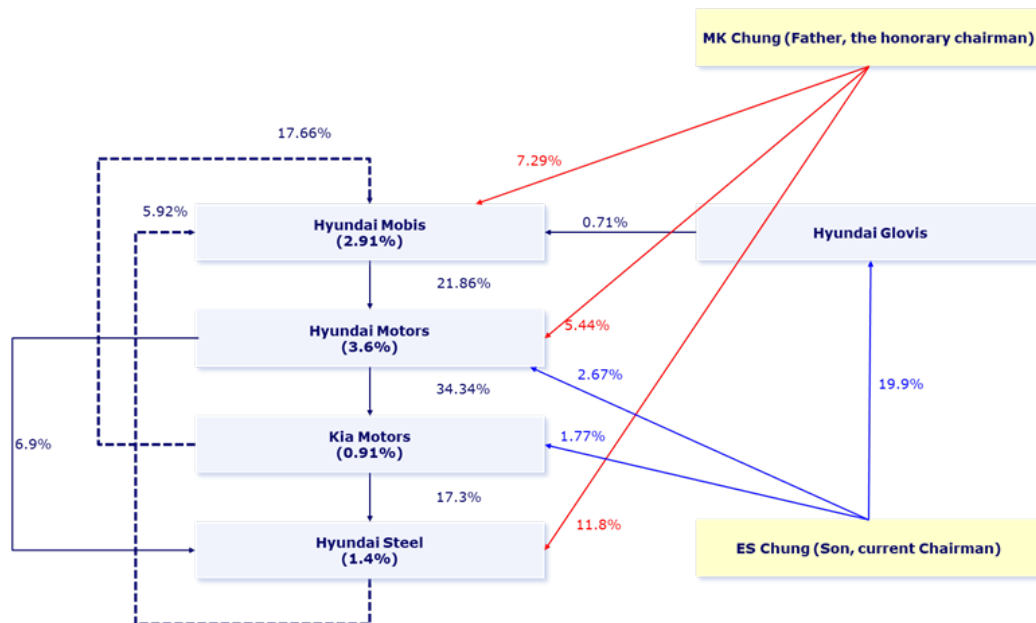


Our value spectrums
Asset backed
Value

- Mkt cap USD 15 bn
- Key automotive supplier to Hyundai and Kia.
- At current levels, we believe that the market underestimates the underlying cash flow ability of the company, especially its stable cashflow from its high-margin aftermarket business.
- Non-captive revenue is growing. Margin recovery in the making.
- In essence a holding company with significant stake is in HMG (21,4%), controlled by the Chung family through direct ownership and its position in Kia (which holds a 17,4% stake) owns 33% of Hyundai Mobis.
- Adjusting its EV for its crossholdings and the significant net cash position, core operations shares trades below 1x EV/EBITDA.
- We think it is unlikely that HMG eventually would propose a restructuring plan that would be unfavorable for Mobis shareholders, as it needs minority shareholders support and would not want to repeat the unsuccessful restructuring attempt of 2018.

Catalysts

- Operating margin recovery, mainly driven by lower logistic costs and cost pass-through.
- Continued volume recovery / growth for its main customers. Penetration within electrification and ADAS with long-term scale benefits.
- Improved capital allocation, through higher shareholder returns and cancellation of treasury shares
- Group restructuring: Potential spinoff of modules and components, potentially a as a part of a corporate governance reform.



Source: Bloomberg / SKAGEN

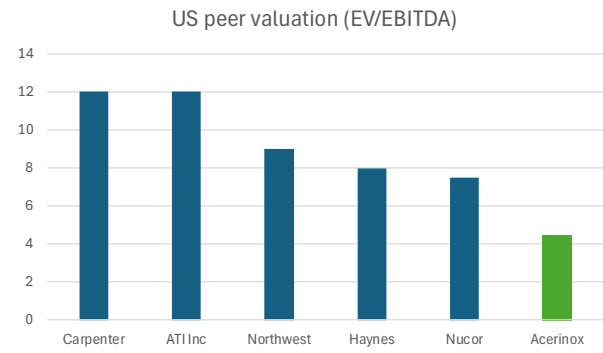


Acerinox (ACX SM)



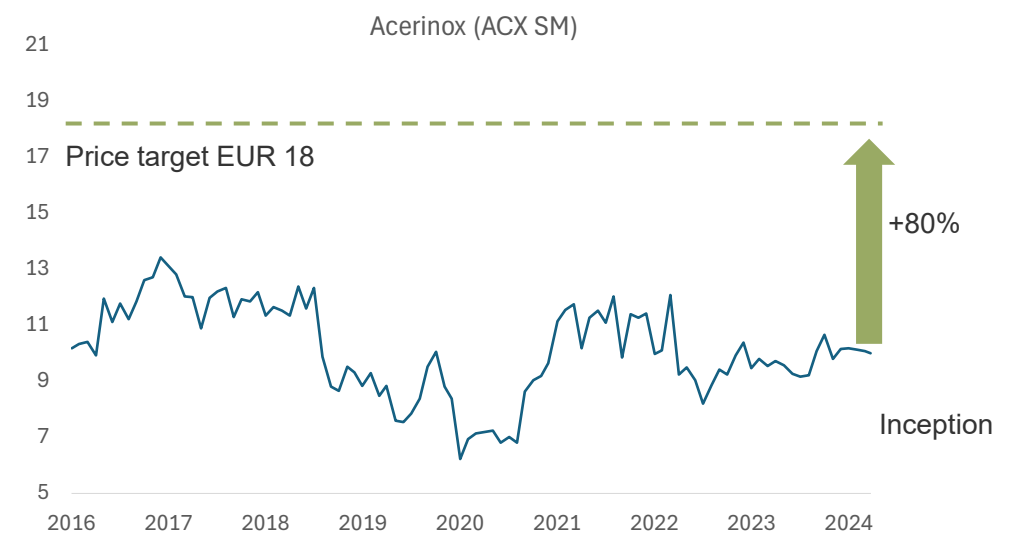
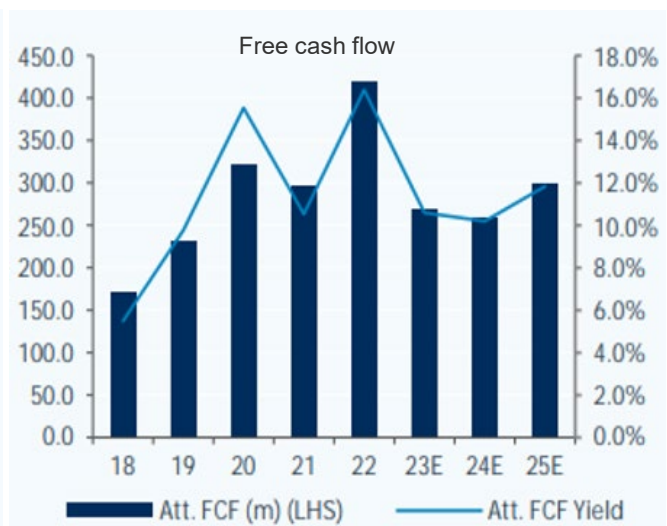
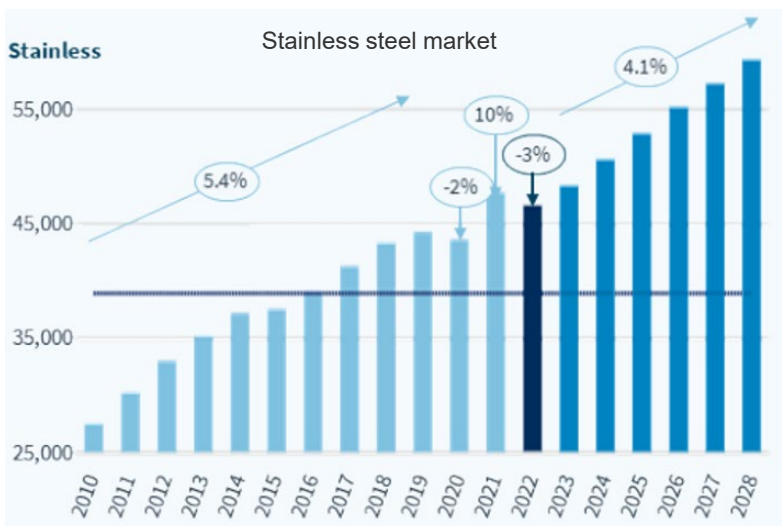
Our value spectrums
Economic return value

- Stainless-steel producer listed in Spain
- Market cap of 2b EUR
- 80% of revenues from US and specialty steel market
- US steel companies valued higher than European operators
- Trading on 3x forward EV/EBITDA vs US companies at 6-8x
- Structural EBITDA potential of 700-800m EUR



Catalysts:

- Final approval and synergies of Haynes acquisition
- Resolvment of the current strike in Europe.
- A cyclical recovery in the European steel operation
- Listing of stock in US equity market
- A Trump win could propel US profitability positively beyond expectations



Akatsuki (3932 JP)

Our value spectrums
Asset backed Value

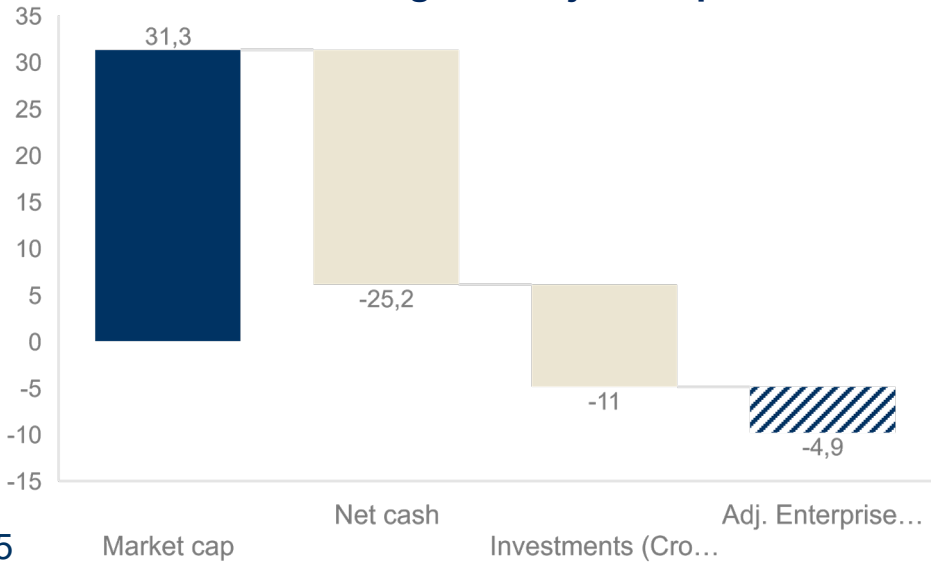
- Small cap - mkt cap USD 0,2bn
- Gaming developer for mobile applications listed in Japan
- Market cap JPY 31 bn, net cash position of JPY 25bn
- Investment position of JPY 11bn book value (market value JPY 27bn)
- Major franchises: Dragon Ball Z Battle (350m downloads, 70% overseas)
- Stake recently acquired by Sony (9,8%) and Tecmo (8%)
- In the middle of 4-year investment period with two major titles next two years
- Internal earnings potential estimate is operating profit JPY 15bn (midterm)



Catalysts

- Continued monetization of existing titles
- Successful new game releases
- Capital allocation – increased dividend distributions and share buybacks
- Monetization of Venture capital investments

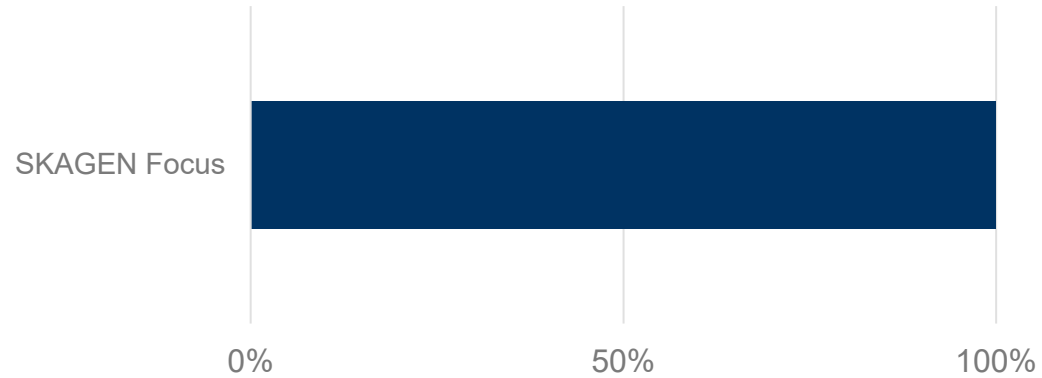
Negative adj. Enterprise Value



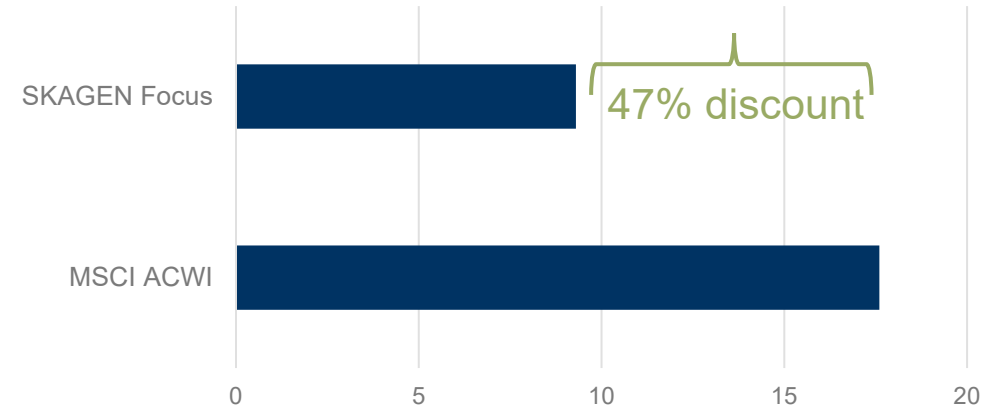
Source: Bloomberg / SKAGEN

Portfolio highlights

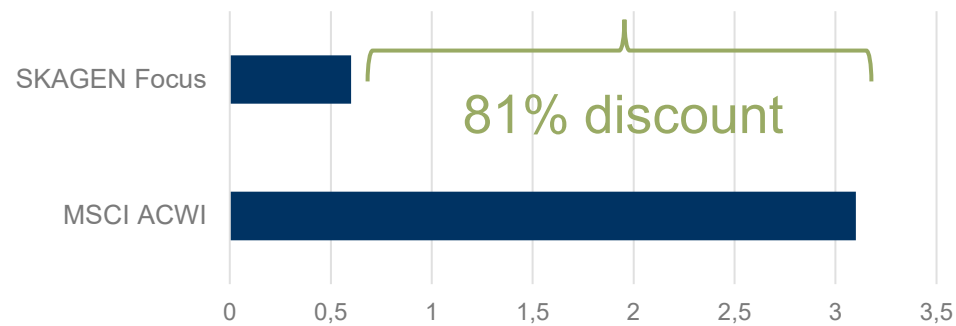
Active share %



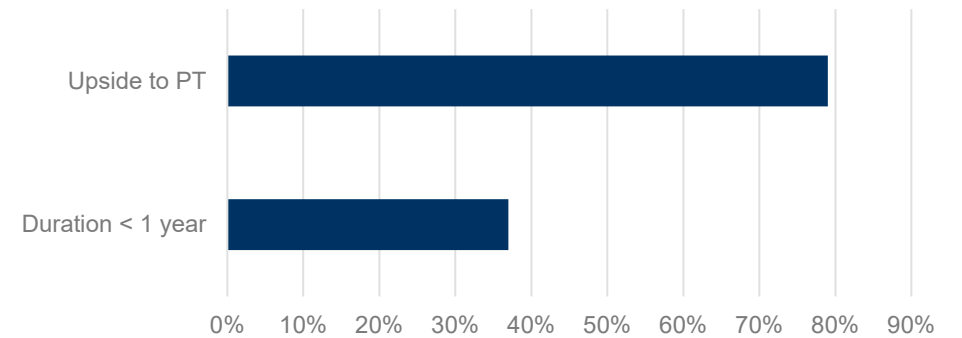
Price/Earnings ratio



Price/Book ratio



Key ratios



SKAGEN Focus composition highlights

- 49 positions
- 85% small and mid-cap
- 33% in top 10
- 76% weighted upside to price target
- 39% of positions less than one year from inception

0.7x Price/Book (ACWI 3,1)

9,6x P/E (ACWI 17,8x)

7,8% Return on Equity

| Holding | Country | Sector | % | P/B | P/E FY2 | Upside to PT |
|-------------------------------|---------------|------------------------|--------------|-----|---------|--------------|
| First Horizon Corp | United States | Regional Banking | 4,0 | 1,1 | 13,5 | 33% |
| Hyundai Mobis Co Ltd | South Korea | Automotive Supplier | 3,8 | 0,5 | 5,5 | 101% |
| KB Financial Group Inc | South Korea | Banking | 3,7 | 0,6 | 7,9 | 28% |
| Methanex Corp | Canada | Methanol Producer | 3,4 | 1,6 | 11,0 | 93% |
| China Communications Services | China | Communication Services | 3,1 | 0,6 | 6,9 | 38% |
| Acerinox SA | Spain | Steel Producer | 3,1 | 0,9 | 7,0 | 110% |
| Japan Post Holdings Co | Japan | Investment Company | 3,1 | 0,5 | 13,5 | 27% |
| Old Republic International | United States | Specialty Insurance | 2,8 | 1,5 | 12,6 | 25% |
| Siltronic AG | Germany | Silicon Wafers | 2,8 | 1,1 | 20,0 | 62% |
| Samsung Fire & Marine | South Korea | Diversified Insurance | 2,8 | 0,9 | 7,1 | 50% |
| Top 10 aggregated | | | 32,5% | | | 57% |

Lipper Fund Awards – best small and mid-cap fund 5 years

SKAGEN Focus



Stolta vinnare på Lipper Awards: Jonas Edholm och David Harris, portföljförvaltare i SKAGEN Focus. Foto: Tom Hoyer Millar

SKAGEN Focus En unik globalfond

Vi investerar i ignorerade small- och mid cap-bolag med en uppsida på minst 50 procent de närmaste två till tre åren.



Bästa globala aktiefond i Norden inom små och medelstora bolag under fem år



Historisk avkastning är ingen garanti för framtida avkastning. Dina förändringar kan både öka och minska i värde och det är inte säkert att du får tillbaka hela det insatta kapitalet. Innan du investerar uppmanas du att läsa faktablad och fonddokument. En översikt över kostnader i fonderna finns på www.skagenfonder.se/kostnader.



Summary

- **Investment process anchored to Cheapness, Change and Common sense**
- **The return of small caps – is the balance finally turning?**
- **Fund awarded best global small/mid-cap fund 5-years by Lipper**

- **Solid idea generation**
- **Strong relative and absolute performance since the "Big Reset"**
- **Unusually large upside to price targets at 75%+ across the portfolio**



The art of common sense

IMPORTANT INFORMATION

SKAGEN AS is a management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds. SKAGEN AS has its registered office at Skagen 3, Torgterrassen, 4006 Stavanger, Norway. SKAGEN AS is part of the Storebrand Group and owned 100% by Storebrand Asset Management AS. Storebrand Group consists of all companies owned directly or indirectly by Storebrand ASA.

An overview over related fees is available here: <https://www.skagenfunds.com/how-to-invest/fees/>

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/>

The investor rights summary is available in all languages of the countries, where the Fund is registered with the national Financial Services Authority. Please refer to SKAGEN's webpages and choose your respective country for this information.

SKAGEN AS may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

For further information about sustainability-related aspects of the Fund, including the sustainability disclosure summary in English, please refer to: <https://www.skagenfunds.com/sustainability/sustainable-investing/>

The sustainability disclosure summary is available in all languages of the countries, where the Fund is registered with the national Financial Services Authority. Please refer to SKAGEN's webpages and choose your respective country for this information.

The decision to invest in the Fund should take into account all the characteristics or objectives of the Fund as described in its prospectus <https://www.skagenfunds.com/funds>

2023 winners and losers

Largest contributors

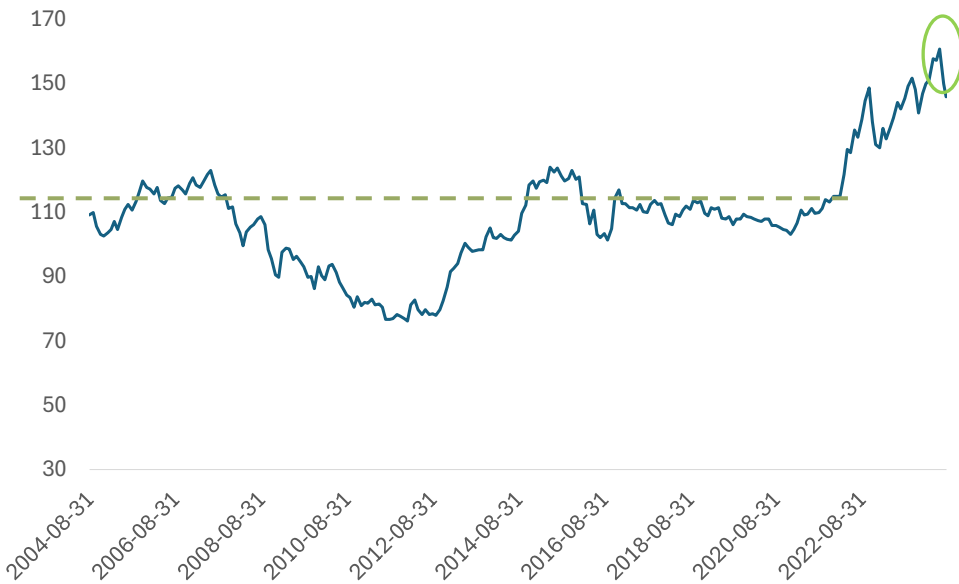
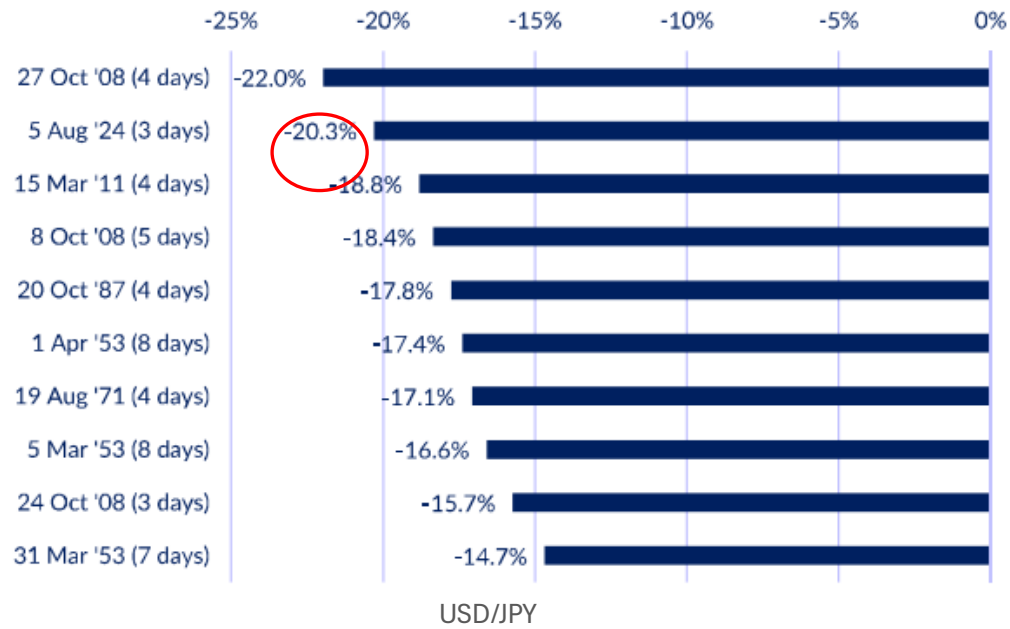


Total 2023 return (EUR): 19,0%

Largest detractors



Japanese flash crash



Source: SKAGEN/Bloomberg as of 16/08/2024.



SKAGEN