



Fund facts

ISIN: NO0010657356

Launch date, share class: 31.10.2012

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Domicile: NO

NAV: 22.89 EUR

AUM: 118 MEUR

Benchmark index: MSCI ACWI Real Estate IMI

Minimum purchase: 50 EUR

Fixed management fee: 1.50 %

Performance fee: 10.00 % (see prospectus for details)

Ongoing charge: 1.50 %

Number of holdings: 34

SFDR: Article 8



Michael Gobitschek
Managed fund since
31 October 2012



Anne Line Kristensen
Managed fund since
01 July 2022

Investment strategy

SKAGEN m2 provides exposure to a normally difficult to access global real estate market. The fund selects low-priced, high-quality real estate companies from around the world. 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 benchmark reflects the fund's investment mandate. Since the fund is actively managed, the portfolio will deviate from the composition of the benchmark.

SKAGEN m2 A

RISK PROFILE



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YTD RETURN

-0.73 %

31.12.2024

ANNUAL RETURN

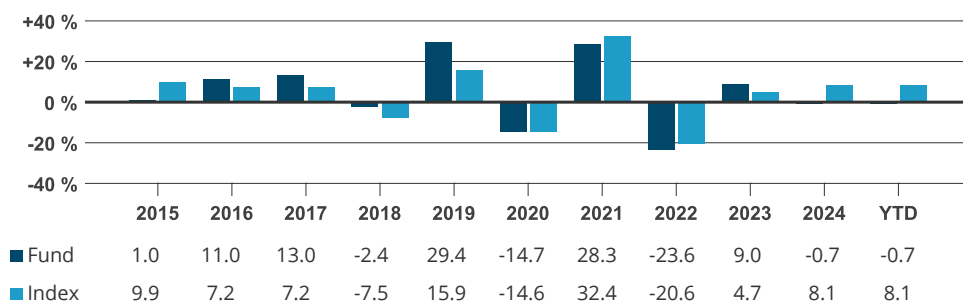
-1.97 %

Average last 5 years

Monthly report for December as of 31.12.2024. All data in EUR unless otherwise stated.

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. The fund's Key Investor Information Document and prospectus are available on www.skagenfunds.com

Historical return in EUR (net of fees)



In the period from 11.07.2017 to 30.09.2019, the benchmark index was the MSCI ACWI Real Estate IMI ex REITS.

Period	Fund (%)	Index (%)
Last month	-4.23	-4.94
Year to date	-0.73	8.07
Last 12 months	-0.73	8.07
Last 3 years	-6.14	-3.49
Last 5 years	-1.97	0.13
Last 10 years	3.78	3.15
Since inception	4.48	4.90

Returns over 12 months are annualised.

Key figures	1 year	3 years	5 years
Standard deviation	12.13	16.01	18.05
Standard deviation index	12.15	16.26	18.25
Tracking error	5.69	4.98	5.07
Information ratio	-1.55	-0.53	-0.41
Active share: 84 %			

Q4 commentary 2024

The US election dominated the first half of the quarter, driving a surprising surge in US real estate due to the so-called "Trump growth trade." This rally was unexpected, as treasury yields climbed sharply amid fears that Trump's policies could fuel inflation. The Federal Reserve's mid-quarter rate cut further boosted US real estate performance, followed by additional rate cuts in December. Meanwhile, the ECB and Sweden's Riksbank reduced rates by a quarter, and the Fed lowered its forecast for 2025 rate cuts from four to two due to persistent inflation. However, rising bond yields and political uncertainty in Europe weighed on the sector late in the quarter.

For 2024, European real estate delivered negative total returns, underperforming US real estate and even Asian markets, despite challenges in China. US-listed real estate valuations remain significantly higher than their European counterparts, reflecting two key markets in the fund's portfolio. European real estate struggled with muted earnings growth due to deleveraging and liquidity management over the past two years, though this should improve in 2025 as the sector transitions back to growth, supported by stabilized asset values and lower capital costs. Valuations across most markets remain below historical averages, suggesting attractive opportunities. Real estate has underperformed the wider market for several years, exacerbated by the war in Ukraine and rising long-term interest rates. Although the sector has recovered from recent lows, it still trades at a discount, with many sub-sectors lagging. However, there are reasons for optimism: the downward cycle in asset values appears to have ended, and central banks continue to cut rates, paving the way for stronger performance ahead.



SKAGEN m2's top performing position in the quarter was the US-listed global data centre landlord Equinix, which benefited from the ongoing imbalance between the demand for data centre capacity and limited supply. This trend is expected to continue due to the high costs of construction, power

constraints, and the overall complexity of data centre operations. The US-listed real estate service company CBRE was the fund's second-best performer in the quarter, mainly after a good year with solid reports and the strong rebound for real estate in the US following the interest cut trade. CBRE should benefit from increased transactions but also the ongoing institutionalization of commercial real estate. The third best performing position was also a US company, Independence Reality Trust, which benefited from the positive sentiment in the rental housing sector. The fund's largest detractor in the quarter was the Swedish warehouse operator Catena, which underperformed despite a strong first half of the year and no specific company news. The decline was primarily driven by broader weakness in the Swedish real estate sector, fuelled by investor concerns that rising US yields could spill over into Scandinavia. The second-largest detractor was the US-based Digital Bridge, which faced challenges following a disappointing earnings report and a downward revision of its annual guidance.

During the quarter we added several new names including Kimco Realty Corp, a US retail operator specialising in grocery-anchored shopping and necessity centres. In 2024, the retail sector staged a long-awaited comeback, driven by a favorable demand-supply dynamic following years of underinvestment amid concerns about the "death of malls". We initiated a position in US homebuilder Beazer Homes, attracted by its compelling valuation. The investment is based on anticipated increased mobility from lower mortgage rates, coupled with a persistently undersupplied US housing market. Beazer's sizable land bank also presents an intriguing growth opportunity. Our second new position was in Scandinavian social infrastructure through participation in the IPO of Sweden's Intea Fastigheter. Intea manages and develops properties with a long-term focus, primarily serving sectors such as justice, higher education, healthcare, and public services. Growth prospects are particularly strong in the justice sector, where a significant undersupply of facilities, especially prisons, is expected over the next decade. We also added Swedish residential rental company Svea Fastigheter to the portfolio at a notable discount to peers and net asset value. With a diversified rental portfolio and a substantial land bank, Svea is well-positioned to benefit from lower capital costs in Sweden's rent-regulated market. In other portfolio moves, we exited our long-term holding in CKA Holding and reinvested in Swire Properties, a diversified Hong Kong-focused name we've held previously. Swire is buying back shares at attractive valuations. While Hong Kong carries risks, it also offers significant upside after years of underperformance reflected in share prices. Additionally, we sold our position in Hong Kong-based ESR Properties after the Starwood-led consortium announced a bid. Although dissatisfied with the price, we exited at the bid level to recycle capital into higher-conviction opportunities. We took a new position in US self-storage operator Public Storage. The sector has underperformed recently due to an unfavourable supply dynamic, which we believe is now improving, making the timing of the investment advantageous. Lastly, we added Ventas Inc., a US healthcare-focused company specializing in senior housing and skilled nursing. Both segments have structural growth tailwinds, with active construction at multi-year lows and the 80+ age population expected to grow significantly in the coming years. This should drive higher occupancy rates and rent growth above inflation.

Historically, real estate has demonstrated strong performance following central bank tightening cycles. We believe the current environment presents an attractive entry point for reinvesting in the sector, driven by the potential for further interest rate cuts. Over time, this is expected to lead to higher cash flows and earnings, with a renewed focus on opportunities and growth rather than balance sheet repair. The sector's recovery appears to be underway, potentially marking the start of a multiyear expansion phase, provided economic developments trend positively. This recovery is likely to progress in two phases: first, a period of multiple expansion, followed by improving fundamentals driven by lower capital costs and rising valuations. Valuations in the real estate sector remain below those of other industries, offering opportunities to acquire assets well below replacement costs. Inflation has significantly increased replacement costs, further enhancing the appeal of current pricing. There are encouraging signs that transaction activity is picking up, with capitalisation rates showing signs of compression. Additionally, supply dynamics appear favourable. Some segments and geographies are experiencing scarcity due to limited development activity post-COVID, alongside inflation and higher capital costs. This scarcity is likely to necessitate substantial rent increases for new supply, driving further value creation within the sector. Against this backdrop, real estate presents exciting opportunities for long-term investors like SKAGEN m2. We remain focused on resilient companies operating in trend-driven subsegments that are undervalued, capable of thriving in various market conditions, and equipped with solid balance sheets – an attribute that is becoming less of a concern as balance sheets improve across the sector. The portfolio is strategically overweight in high-growth real estate segments, including digital real estate, housing, and warehouses – key beneficiaries of structural demand trends and a shifting yield curve as interest rates decline. As the world's largest asset class, real estate deserves your attention. Don't overlook the potential it offers!

Contribution last month

 Largest contributors	Weight (%)	Contribution (%)	 Largest detractors	Weight (%)	Contribution (%)
Nexity SA	1.93	0.22	DigitalBridge Group Inc	6.15	-0.75
ESR Group Ltd	1.11	0.18	Cellnex Telecom SA	3.90	-0.38
Intea Fastigheter AB	0.41	0.07	American Tower Corp	3.54	-0.36
Swire Properties Ltd	1.30	0.06	Shurgard Self Storage Ltd	4.32	-0.28
UMH Properties Inc	3.93	0.04	Prologis Inc	4.15	-0.26

Absolute contribution based on NOK returns at fund level.

Portfolio information

Top 10 investments	Share (%)	Country exposure	Share (%)	Sector exposure	Share (%)
EQUINIX INC	6.3	United States	42.4	Real estate	84.6
DigitalBridge Group Inc	6.0	Sweden	10.5	Communication Services	7.1
Catena AB	5.6	Belgium	7.3	Financials	6.6
CTP NV	5.1	United Kingdom	6.0	Consumer discretionary	0.7
Prologis Inc	4.3	Singapore	5.2	Total share	99.0 %
Shurgard Self Storage Ltd	4.3	Netherlands	5.1		
CBRE Group Inc	4.2	Japan	4.7		
UMH Properties Inc	4.0	Spain	3.8		
Grainger PLC	3.9	Norway	3.3		
Cellnex Telecom SA	3.8	Tanzania	3.3		
Total share	47.5 %	Total share	91.6 %		

Sustainability

SKAGEN's approach to sustainability

Our ESG approach is built on four pillars. In keeping with SKAGEN's active investment philosophy, our sustainability activities centre on active engagement with our holding companies, which is where we believe we can have the greatest impact. We recognise, however, that the full potential of a sustainable investment strategy is best realised when combining the following four pillars.

- ✓ Exclusion
- ✓ Enhanced due diligence
- ✓ ESG factsheet
- ✓ Active ownership

IMPORTANT INFORMATION

This is a marketing communication. Except otherwise stated, the source of all information is Storebrand Asset Management AS. 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 depend on the individual circumstances of each investor and may imply the payment of additional taxes. Before any investment is made in the 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 Asset Management AS is a management company authorised by the Norwegian supervisory authority, Finanstilsynet, for the management of UCITS under the Norwegian Act on Securities Funds and has its registered office at Professor Kohts vei 9, 1366 Lysaker, Norway. Storebrand Asset management AS is part of the Storebrand Group and owned 100% by Storebrand ASA. Storebrand Group consists of all companies owned directly or indirectly by Storebrand ASA.

Following the merger of Storebrand Asset Management AS and SKAGEN AS, SKAGEN's portfolio team will continue to manage the funds' portfolios from the new separate legal entity, SKAGEN AS, while Storebrand Asset Management AS carries out the role of the management company.

No offer to purchase units can be made or accepted prior to receipt by the offeree of the 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.

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: 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.

Storebrand Asset Management 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: 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.

Important information for UK Investors

Storebrand Asset Management AS has established a subsidiary in the UK. Storebrand Asset Management UK Ltd is located at 15 Stratton Street, London, W1J 8LQ. Storebrand Asset Management UK Ltd is an Appointed Representative of Robert Quinn Advisory LLP, which is authorised and regulated by the Financial Conduct Authority. Storebrand Asset Management UK Ltd is incorporated in England and the registered office is at 15 Stratton Street, London, England, W1J 8LQ. The investment products and services of Storebrand Asset Management UK Ltd are only available to professional clients and eligible counterparties. They are not available to retail clients. For more information, please contact Storebrand Asset management UK Ltd.'s team.

Important Information for Luxembourg Investors

For more information, please contact SKAGEN's Stavanger based International team: international@skagenfunds.com
For Facilities Services information please refer to our webpages.

Important Information for Irish Investors

For more information, please contact SKAGEN's Stavanger based International team: international@skagenfunds.com
For Facilities Services information please refer to our webpages.

Important Information for Dutch Investors

For more information, please contact SKAGEN's Stavanger based international team: international@skagenfunds.com
For Facilities Services information please refer to our webpages.

Important Information for Icelandic Investors

For more information, please contact SKAGEN's Stavanger based international team: international@skagenfunds.com
For Facilities Services information please refer to our webpages.