



Fund facts

ISIN: NO0010657356

Launch date, share class: 31.10.2012

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Domicile: NO

NAV: 18.28 GBP

AUM: 111 MGBP

Benchmark index: MSCI ACWI Real Estate IMI

Minimum purchase: 25 GBP

Fixed management fee: 1.50 %

Performance fee: 10 % (see prospectus for details)

Ongoing charge: 1.50 %

Number of holdings: 30

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



6 of 7 (SRRI)

YTD RETURN

-3.36 %

30.06.2023

ANNUAL RETURN

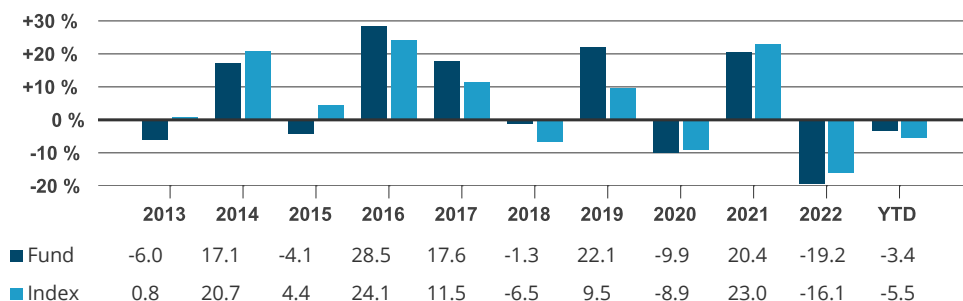
0.10 %

Average last 5 years

Monthly report for June as of 30.06.2023. All data in GBP 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 GBP (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	1.12	1.18
Year to date	-3.36	-5.46
Last 12 months	-11.39	-10.94
Last 3 years	-0.88	0.30
Last 5 years	0.10	-1.69
Last 10 years	4.22	3.92
Since inception	4.99	4.91

Returns over 12 months are annualised.

Key figures	1 year	2 years	3 years
Standard deviation	-	-	14.08
Standard deviation index	-	-	14.18
Tracking error	-	-	4.67
Information ratio	-	-	-0.25
Active share: 84 %			

Positive first half year despite fears

The global listed real estate markets ended the first half of the year on a positive note. Europe and especially Scandinavia struggled, while American and Asian real estate markets enjoyed decent performance. Rates will continue to matter in the near term, with the elevated rate sensitivity of the sector suggesting that a move downwards in bond yields or talk of rate cuts could spark another rally in real estate, like the one we saw in January this year. The opposite may also apply if central banks continue their harsh rhetoric and further unexpected hikes. It is more likely that we are at the beginning of the end of the hike cycle than the reverse.



The market is awaiting a further price discovery in direct real estate markets and recapitalisation events to take a more fundamental view, something we have started to notice signs of with notable transactions in the market late in the quarter, especially in Europe. During previous cycles, a sustained re-rating of the sector coincided mainly with a price discovery in direct real estate markets and balance sheet recovery in companies. This is also reflected in the accelerating number of equity raises, particularly in Europe. So far, few owners appear to have been forced to bridge the wide bid-offer spread by lowering pricing. Many have handled debt relatively well, nevertheless, there will be further debt maturity events that will trigger interest coverage and/or loan-to-value challenges. This will continue to drive motivated selling that will lead us closer to fair values, also in the unlisted real estate space which – unlike the listed space – has not yet had to do any trimming. This progression is important since it will indicate a more precise valuation point for the already overly discounted listed real estate universe. To be on the right side of the equation, SKAGEN m2 continues to favour companies with strong balance sheets, but we may take advantage of select opportunities that we believe will be long-term winners. The fund ended the first six months of the year ahead of its benchmark, something that is primarily explained by strong stock picking.

The main contributors to the fund's performance in the quarter were the Brazilian logistics company LOG, the Japanese holding company Tokyo Fudosan and the US-listed digital real estate and infrastructure operator Digital Bridge. LOG announced several transactions at decent valuations, demonstrating the attractiveness of their assets and allowing them to deleverage, something the market has been sceptical about in today's environment. Digital Bridge together with Equinix gained momentum on the Artificial Intelligence rally in the quarter. Data centres will undoubtedly be beneficiaries of the growing data storage and processing demand arising from AI.

The largest detractors to the fund's performance in the quarter were Norwegian Self Storage Group and the pan European healthcare real estate operator Aedifica. There was no company specific reason for Self Storage Group's decline which continues to see increased indexation coming through on the top line. The company trades at a significant discount on its cash flow multiples.

Listed real estate has historically performed well in the type of environment we are currently anticipating, with lower growth, lower real yields, the end of the rate hiking cycle and the transition to an early cycle environment. It is worth remembering that having a long-term investment horizon is key in an environment where there is uncertainty around the extent of a potential economic slowdown due to elevated interest rate levels. Real estate continues to trade at a deep historical discount. Some segments and geographies are trading at a huge implied value loss that seems unlikely. It is fair to say that a lot of bad news has already been discounted, but things can always get worse before they get better as the situation evolves. SKAGEN m2 continues to focus on companies that we consider to be resilient in trend-driven subsegments, with good cash flow generation and solid balance sheet structure. It is more important than ever that our holdings have manageable balance sheets, a large amount of fixed or hedged debt and inflation-adjusted rent structures. SKAGEN m2 is well positioned for the current scenario thanks to our investment philosophy and disciplined stock selection. These are interesting markets for us, as the pool of cheap stocks grows, providing good buying opportunities in the long term.

Contribution last month

 Largest contributors	Weight (%)	Contribution (%)	 Largest detractors	Weight (%)	Contribution (%)
DigitalBridge Group Inc	3.23	0.41	Grainger PLC	4.58	-0.47
ESR Group Ltd	3.65	0.40	Marcus Corp/The	3.50	-0.23
Americold Realty Trust Inc	3.11	0.20	Prologis Inc	4.42	-0.22
Tokyu Fudosan Holdings Corp	4.11	0.16	Self Storage Group ASA	4.19	-0.20
Arima Real Estate SOCIMI SA	2.84	0.16	Keihanshin Building Co Ltd	1.90	-0.19

Absolute contribution based on NOK returns at fund level.

Portfolio information

Top 10 investments	Share (%)	Country exposure	Share (%)	Sector exposure	Share (%)
Catena AB	5.1	United States	40.0	Real estate	88.1
EQUINIX INC	5.0	Sweden	7.6	Communication Services	5.6
American Tower Corp	4.6	Japan	7.2	Industrials	4.1
Prologis Inc	4.5	United Kingdom	7.2	Cash, not invested	2.2
Independence Realty Trust Inc	4.4	Belgium	7.1	Total share	100.0 %
Grainger PLC	4.4	Singapore	5.4		
Shurgard Self Storage Ltd	4.3	Spain	5.0		
Self Storage Group ASA	4.1	Norway	4.1		
CBRE Group Inc	4.0	China	3.7		
Sun Communities Inc	3.7	Brazil	3.6		
Total share	44.1 %	Total share	90.9 %		

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 SKAGEN 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.

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.

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 <https://www.skagenfunds.com/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/> 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>

Important information for UK Investors

SKAGEN AS UK Branch is located at 15 Stratton Street, London, W1J 8LQ. The SKAGEN AS UK Branch is authorised by Finanstilsynet and subject to the Financial Conduct Authority's Temporary Permission regulation. Details about the extent of the authorisation and regulation by the Financial Conduct Authority are available on request. The SKAGEN AS UK Branch has temporary permission from the UK FCA to carry out its authorised activities under the UCITS Directive. For more information, please contact SKAGEN's team based in the UK office:

<https://www.skagenfunds.co.uk/contact-us-uk/>

Important Information for Luxembourg Investors

SKAGEN AS has appointed Svenska Handelsbanken as Paying Agent.

Svenska Handelsbanken AB (publ), Luxembourg Branch, 15, Rue Bender, L-1229 Luxembourg. For more information, please contact SKAGEN's Stavanger based International team: international@skagenfunds.com

Important Information for Irish Investors

In Ireland, SKAGEN AS has appointed Caceis Ireland Limited, One Custom House Plaza, International Financial Services Centre, Dublin, to act as Paying Agent for Ireland. For more information, please contact SKAGEN's Stavanger based International team: international@skagenfunds.com

Important Information for Dutch Investors

For more information, please contact SKAGEN's Stavanger based international team: international@skagenfunds.com

Important Information for Icelandic Investors

For more information, please contact SKAGEN's Stavanger based international team: international@skagenfunds.com