

A banner year

Global equities had a banner year in 2021 and soared to new highs despite inflation fears, pandemic restrictions and geopolitical tensions. In developed markets, particularly North America and Europe, global equities were propelled to record levels. Emerging markets struggled with notable setbacks in Turkey and China due to political intervention. The year was mixed for commodities: oil posted the largest annual gain since 2009, bitcoin rallied again whereas gold had its worst year since 2015. The pandemic held the world in a firm grip for a second year in a row, but many companies ploughed ahead undeterred and reported higher profits as demand in most sectors remained buoyant. Central banks around the globe continued their stimulus programs, adding to the ever-growing debt piles that treacherously lurk in the background. So far, however, the market remains in an insouciant mood, enjoying the free-flowing liquidity taps that will most likely need to be tightened at some point.

SKAGEN Global outperformed its benchmark index MSCI AC World by a wide margin during 2021; this is by far the highest outperformance achieved by the fund in 12 years. The fund research firm Morningstar ranks SKAGEN Global's 2021 performance in the top-1% of its peer group in the category 'Global large-cap blend equity'.^[1] Superior stock selection was the primary attribution driver, complemented by minor positive contributions from allocation and currency effects. SKAGEN Global ended the calendar year 2021 ahead of its benchmark as measured over 1-year, 3-year, 5-year and 7-year time periods.

Contributors and detractors

The fund's three strongest performers measured by absolute return in 2021 were Alphabet (Google), Nasdaq and Intuit. The common denominator for these leaders is their digital prowess which helped them skilfully navigate the pandemic environment to grow their footprint and

cash flow. The fund's three largest detractors in absolute terms for 2021 were MarketAxess, UPM and JP Morgan.

Q4 2021 Commentary

The global equity market advanced in the fourth quarter after a strong earnings season. SKAGEN Global outperformed its benchmark index MSCI AC World in December as well as in the fourth quarter.

The strongest quarterly performer measured by absolute return was the IT consultancy Accenture that posted a stellar quarterly report and raised full-year guidance significantly to reflect voracious demand across virtually all of its geographies and industries.

The fund's largest quarterly detractor in absolute terms was the electronic bond trading platform MarketAxess, which reported weak volumes and competitive pressure. While the company operates in a structurally growing niche and is the dominating player, it has lost market share in key products during 2021. We have not been able to pinpoint a satisfactory explanation for these consistent market share losses and therefore chose to exit the position in the fourth quarter.

We initiated a position in the US family-controlled insurance broker Brown & Brown headquartered in Daytona Beach, Florida. The firm is well positioned to capitalise on attractive industry drivers and based on our proprietary analysis the firm's share price looks materially undervalued over a multi-year perspective.

[1] <https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04OZJ&tab=1>



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Outlook

As usual after the Christmas holidays, the financial press contains a flurry of annual forecasts listing the regions, sectors and investment styles that will be next year's winners. It is not clear to us why stock market dynamics would suddenly change just because the Earth has completed another lap around the sun. In the 1600s, the renowned scientist Sir Isaac Newton studied the celestial motions but never established any relationship to investing fundamentals on the ground. We are not aware that anything has changed in this regard over the centuries. While financial markets and share prices certainly fluctuate with trends and fashions, we firmly believe that cash flow remains the controlling force of gravity that (eventually) dictates the future trajectory of a company. Valuation also matters, but probably less so than is often assumed, especially for investors with a multi-year time horizon.

Mental preparedness is paramount

In 2022, SKAGEN Global will continue to execute its well-defined strategy of pragmatic value investing in a consistent and disciplined manner focusing on long-term returns. The stock market returns generated in 2021 were materially above the long-term average and we would not be surprised to see lower returns in 2022. To that point, we recognise that the upside in absolute terms across our portfolio names is lower, but overall we still consider the holdings to offer good value given the wider opportunity set. We also remind investors that stock market returns rarely come in a linear fashion - temporary pullbacks, whether in absolute or relative terms, are to be expected for both share price and equity fund performance. It is easy to be an investor with the wind at one's back, but when the direction turns – as it inevitably does for some periods of time – mental preparedness is paramount to stay the course. Said differently, short-term volatility is the price paid for earning attractive long-term returns. With that note of caution, we believe SKAGEN Global is well equipped to deliver attractive returns over the fund's five-year investment horizon and hopefully for much longer.

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.

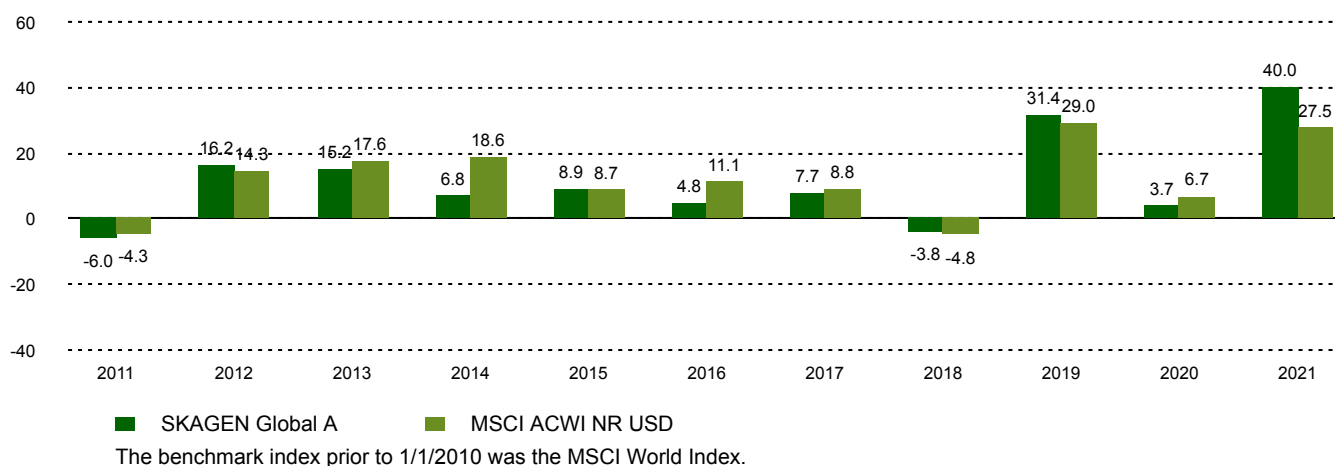
Historical performance (net of fees)

Period	SKAGEN Global A	Benchmark index
Last month	3.5%	2.9%
Quarter to date	12.5%	8.7%
Year to date	40.0%	27.5%
Last year	40.0%	27.5%
Last 3 years	24.0%	20.6%
Last 5 years	14.6%	12.7%
Last 10 years	12.4%	13.3%
Since start	14.2%	6.0%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	07.08.1997
Morningstar category	Global Large-Cap Blend Equity
ISIN	NO0008004009
NAV	315.49 EUR
Fixed management fee	1.00%
Total expense ratio (2020)	1.00%
Benchmark index	MSCI ACWI NR USD
AUM (mill.)	3895.44 EUR
Number of holdings	32
Portfolio manager	Knut Gezelius

Performance last ten years



Contributors in the quarter



Largest contributors

Holding	Weight (%)	Contribution (%)
Microsoft Corp	6.49	1.22
Accenture PLC	3.41	0.93
Home Depot Inc/The	3.72	0.91
Hermes International	2.64	0.77
Estee Lauder Cos	3.21	0.71



Largest detractors

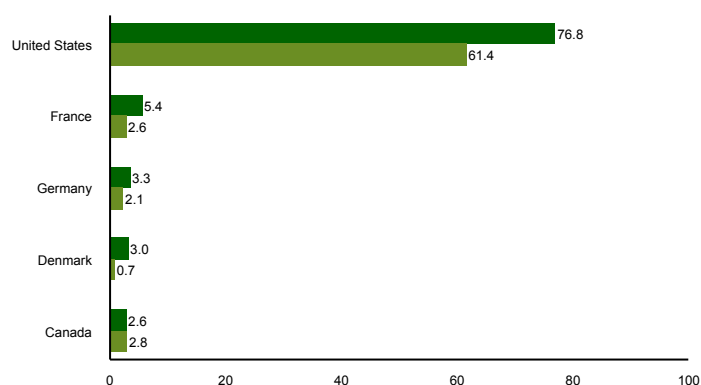
Holding	Weight (%)	Contribution (%)
MarketAxess Holdings	0.84	-0.18
Bakkafrost P/F	0.67	-0.14
Visa Inc	3.19	-0.13
JPMorgan Chase & Co	4.71	-0.08
DSV A/S	3.08	-0.07

Absolute contribution based on NOK returns at fund level

Top ten investments

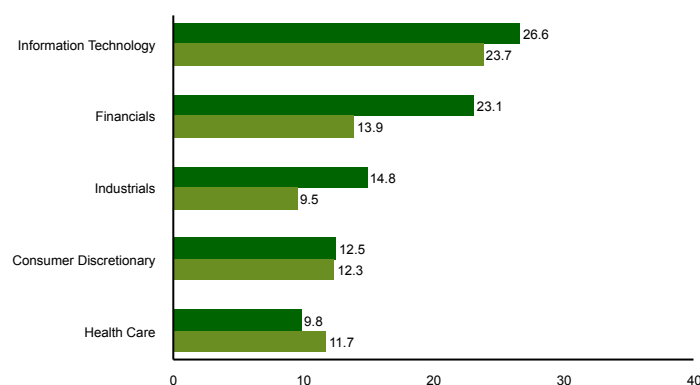
Holding	Sector	Country	%
Microsoft Corp	Information Technology	United States	6.3
Alphabet Inc	Communication Services	United States	5.1
JPMorgan Chase & Co	Financials	United States	4.4
Home Depot Inc/The	Consumer Discretionary	United States	3.9
Abbott Laboratories	Health Care	United States	3.8
Accenture PLC	Information Technology	United States	3.6
Edwards Lifesciences Corp	Health Care	United States	3.5
Waste Management Inc	Industrials	United States	3.5
Nasdaq Inc	Financials	United States	3.4
Moody's Corp	Financials	United States	3.4
Combined weight of top 10 holdings			41.1

Country exposure (top five)



■ SKAGEN Global A ■ MSCI ACWI NR USD

Sector exposure (top five)



■ SKAGEN Global A ■ MSCI ACWI NR USD

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Important information

Unless otherwise stated, performance data relates to class A units and is net of fees. AUM data as of the end of the previous month. Except otherwise stated, the source of all information is SKAGEN AS. 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. You can download more information including subscription/redemption forms, full prospectus, Key Investor Information Documents (KIID), General Commercial Terms, Annual Reports and Monthly Reports from our local websites or our local representatives. Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. This report should not be perceived as an offer or recommendation to buy or sell financial instruments. 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.