Kvartalsvis rapport

SKAGEN m2 A

Alle tall er i DKK per 31/03/2022

VIKTIG INFORMASJON: Dette er markedsføring. Rapporten er ikke en anbefaling om å kjøpe eller selge fondsandeler. Før tegning oppfordres det til å lese fondets prospekt og nøkkelinformasjon, som er tilgjengelig på www.skagenfondene.no og hos våre distributører.

SKAGEN m2 weathered the storm in the quarter

The quarter got off to a good start as the European real estate market embarked on a strong recovery following the post-Covid opening of economies. The positive outlook evaporated overnight, however, when Russia invaded Ukraine. Given their high geopolitical risk, SKAGEN m2 did not own any positions within these two countries. However, we decided to sell down some of our holdings with assets in Eastern Europe to mitigate the risk of a cross-border escalation and increasing risk premiums. The stock markets reacted instantly and have since been volatile. The volatility is set to continue given the increased geopolitical uncertainty, slower economies and higher inflation pressure. Central banks continue their hawkish rhetoric around monetary tightening to manage inflation expectations. However, the likely outcome is that decisions will be in favour of financial stability and in practice there will be less aggressive tightening.

Inflationary pressure continues, which is mainly positive for real estate assets which can be viewed as a partial inflation hedge, as rent growth has historically outpaced inflation. Inflating prices can be passed on through rents, giving real estate assets a critical role in portfolio strategies. Property values may benefit as higher costs for land, labour and materials raise the economic threshold for new supply. Real estate in general is well positioned for this environment, and SKAGEN m2 holds many positions in resilient segments like health care, self-storage and residential housing. The fund was slightly negative at quarter end but outperformed its benchmark index significantly.

Contributors and detractors

The best contributor in the quarter was Brazilian logistics operator LOG, which is recovering from a weak 2021 due to the macro turmoil in Brazil. After last year's M&A bonanza in the portfolio, the US office operator Paramount Group was subject to a bid from a private equity firm. This was something we had anticipated due to its depressed valuation along with more positive signals from the office markets. The bid was later rejected by the board as it did not reflect fair value and the situation is still pending. The Asian real estate investment manager CapitaLand Investment was the third strongest performer in the quarter. CapitaLand got off to a strong start to the year after a restructuring process last year to streamline the company.

The largest detractor in the period was the Dutch-listed logistics operator CTP. The majority of the company's assets are located in Eastern European countries adjacent to the Ukraine and investors sold down on escalation fears. Norwegian Self Storage Group also detracted after a strong end to last year. The company's main shareholder, the private equity firm Centerbridge, increased its majority stake at low levels. The German residential operators LEG and Vonovia also detracted mainly on increasing German bunds lowering the yield spread.

Portfolio activity

During the quarter the fund initiated a position in the US manufactured home operator Sun Communities at good levels. We also bought into the US hospitality name Sunstone Hotel Investors that is lagging its peers and has a strong position in the post-Covid recovery era targeting normalised earnings. We participated in the successful IPO of Swedish Logistic Property but sold out again at very good levels as we consider its peer, our portfolio company Catena, to have a stronger business model and long-term position.

At the end of the quarter, the European logistics company Warehouse de Pau initiated a position in Catena, something we consider as positive given the client synergies and complementary knowhow. We also bought a small position in the US light industrial operator Plymouth Industrial REIT but sold out after question marks arouse in connection with the report.

We sold out of our long-term Hong Kong holding Far East Consortium which is struggling with continuing Covid lockdowns. We exited Hospitality Trust of America which reached fair value after activist Elliott took a position last year and initiated a strategic review.

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Foto: Shutterstock

Outlook

The valuation of global real estate is increasingly compelling both geographically and within sub-segments. Last year's relative laggards – Asia and Europe – continue to have attractive price tags in most segments and markets. However, there are big uncertainties for Europe given the ongoing war and its consequences. After last year's record performance for the US real estate sector, valuations were very stretched. The market is now less expensive following pressure from investors calibrating upcoming interest rate hikes and lower growth, however, it is not yet cheap on a general basis. Real estate continues to attract investors' money in the current inflationary environment, something that will have a positive effect on asset valuations. Record dry powder for the sector will drive M&A activity up further and push valuations in a positive direction.

Besides geopolitical risks, the biggest short-term risks for the sector are unexpected and fast-rising real rates, a rapid decline in economic growth or stagflation. We remain positive and conclude after the first quarter that our philosophy is solid and has once again served our clients well in turbulent times. The fund is well positioned for most scenarios thanks to our investment philosophy and disciplined stock selection. SKAGEN m2 continues to focus on companies that we consider to be resilient in trend-driven subsegments and with good cash flow generation and balance sheet structure.

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SKAGEN m2 investerer i en aktivt forvaltet og diversifisert portefølje av finansielle instrumenter utstedt av selskaper eller utstedere som har sin virksomhet rettet mot fast eiendom over hele verden. Målet er å gi andelseierne best mulig risikojustert avkastning over tid. Fondet passer for investorer som har minst fem års investeringshorisont. Det tegnes i fondsandeler, og ikke direkte i aksjer eller andre verdipapirer. Fondet har risikoprofil 6. Referanseindeksen reflekterer fondets investeringsmandat. Siden fondet er aktivt forvaltet vil imidlertid porteføljen avvike fra indeksens sammensetning.

Historisk avkastning

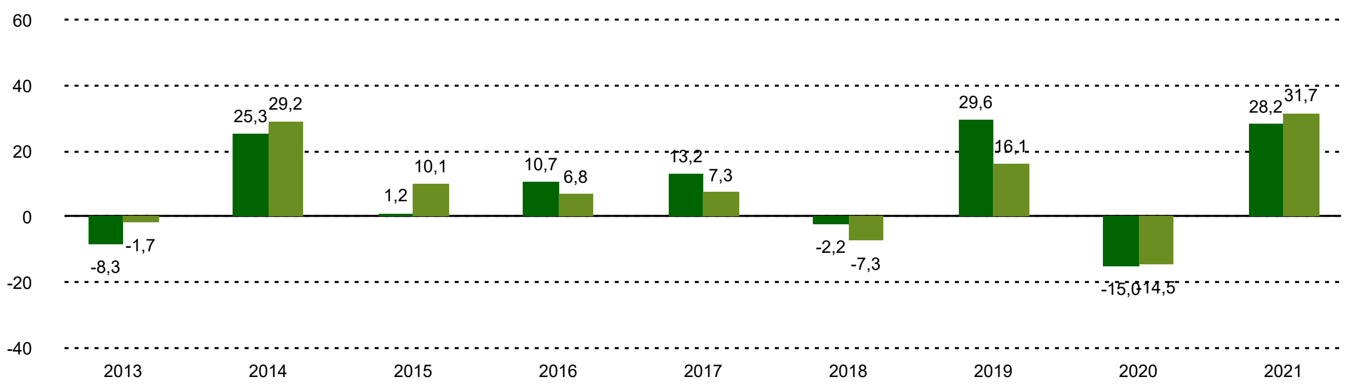
Periode	SKAGEN m2 A	Referanseindeks
Siste måned	5,2%	4,9%
Hittil i kvartal	-0,9%	-3,1%
Hittil i år	-0,9%	-3,1%
Siste år	21,2%	16,1%
Siste 3 år	7,0%	2,6%
Siste 5 år	8,6%	4,2%
Siste 10 år	n/a	n/a
Siden start	7,9%	7,3%

Fondsfakta

Type	Aksjefond
Domisil	Norge
Start dato	31.10.2012
Morningstarkategori	Eiendom, Indirekte - Global
ISIN	NO0010657356
NAV	205,58 DKK
Årlig forvaltningshonorar	1.50% + resultatavhengig forvaltningsgodtgjørelse*
Totalkostnad (2021)	1.19%
Referanseindeks	MSCI ACWI IMI Real Estate NR
Forvaltningskapital (mill.)	1410,75 DKK
Antall poster	33
Porteføljeforvalter	Michael Gobitschek

*10,00% resultatavhengig forvaltningsgodtgjørelse beregnes daglig og belastes årlig hvis relativ verdiutvikling er bedre enn referanseindeksen. Samlet belastet forvaltningshonorar utgjør maksimalt 3,00% og minimum 0,75% p.a. Resultatavhengig forvaltningsgodtgjørelse kan belastes selv om fondets andeler har gått ned i verdi dersom verdiutviklingen er bedre enn referanseindeksen.

Avkastning siste 10 år



SKAGEN m2 A MSCI ACWI IMI Real Estate NR I perioden 11.07.2017 – 30.09.2019 var referanseindeksen MSCI ACWI Real Estate IMI ex REITS

Historisk avkastning er ingen garanti for fremtidig avkastning. Fremtidig avkastning vil blant annet avhenge av markedsutviklingen, forvalterens dyktighet, fondets risikoprofil og forvaltningshonorar. Avkastningen kan bli negativ som følge av kurstap. Det er knyttet risiko til investeringer i fondet på grunn av markedsbevegelser, utvikling i valuta, rentenivåer, konjunkturer, bransje- og selskapsspesifikke forhold.

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Bidragsytere i kvartalet

Største positive bidragsytere

Navn	Vekt (%)	Bidrag (%)
LOG Commercial Properties	3,23	1,04
Paramount Group Inc	3,25	0,85
Capitaland Investment	3,13	0,45
Switch Inc	4,20	0,37
Mitsui Fudosan Co	3,08	0,25

Største negative bidragsytere

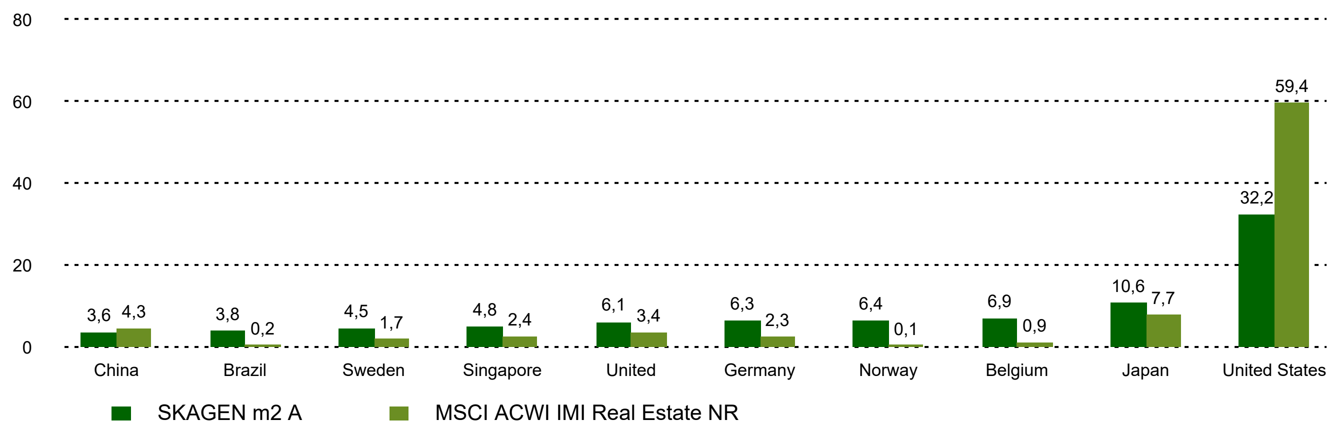
Navn	Vekt (%)	Bidrag (%)
CTP NV	3,50	-0,92
Self Storage Group	6,55	-0,78
LEG Immobilien	3,03	-0,61
UMH Properties Inc	4,76	-0,52
Vonovia SE	3,44	-0,49

Veksten viser gjennomsnittet for perioden. I NOK for alle andelsklasser

10 største investeringer

Navn	Sektor	Land	%
Self Storage Group ASA	Industrials	Norway	6,4
UMH Properties Inc	Real Estate	United States	4,9
Switch Inc	Information Technology	United States	4,7
Prologis Inc	Real Estate	United States	4,6
Catena AB	Real Estate	Sweden	4,5
Shurgard Self Storage SA	Real Estate	Belgium	4,4
Grainger PLC	Real Estate	United Kingdom	3,9
LOG Commercial Properties e Participacoes SA	Real Estate	Brazil	3,8
ESR Cayman Ltd	Real Estate	China	3,6
Marcus Corp/The	Communication Services	United States	3,3
Samlet vekting			44,0

Landeksponering (topp 10)



I perioden 11.07.2017 – 30.09.2019 var referanseindeksen MSCI ACWI Real Estate IMI ex REITS

Viktig informasjon

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