

IMPORTANT INFORMATION: This is marketing communication. The report should not be perceived as a recommendation to buy or sell fund units. Prior to subscription, we encourage you to read the fund's prospectus and key investor information document which are available at www.skagenfunds.com, from our local representatives and from our distributors.

Inflation and war

The first quarter of 2022 started off on a weak note as continued elevated inflation pushed interest rates up higher. The tragic events in Ukraine did not help, as Russia is a significant exporter of oil and gas as well as numerous other commodities. The market therefore started pricing in a higher discount rate combined with lower global growth and margin pressure in companies' earnings. SKAGEN Vekst was also affected but still managed to outperform its benchmark index, as strong performance in several of our commodity and financial companies made up for the losses in our Russian holdings. We currently have three Russian stocks in the portfolio which are all priced at 0 as of quarter end.

Contributors

The biggest contributors to the fund's absolute return in the quarter were all commodity-related companies. The Chinese exploration and production company CNOOC benefitted from high oil and gas prices. The stock also benefitted from announcing several shareholder friendly initiatives, including buying back its own stock. We had a meeting with the company's top management in March and continue to see the company's capital allocation moving in the right direction. The energy company Shell also benefitted from higher oil and gas prices. Aside from high prices, the company is also well positioned to take advantage of the current regional gas dislocations in its trading business. With the balance sheet now fixed, management also acknowledged the need to increase return to shareholders in their discussions of the Q4 results. The Swedish mining company Boliden was another strong performer on back of higher commodity prices. The company also delivered a solid result for Q4, showing strong operational performance and continuing the value accretive expansion of its smelting business. At the current earnings power, the company is now in a position to return significant amounts of capital to shareholders.

Our three Russian holdings Sberbank, Gazprom, and Segezha were all among the biggest detractors as SKAGEN made the decision to write the

value of these stocks down to 0 as we are not able to sell the shares in the current market. Outside Russia, the Swedish personal care company Essity was one of the weakest performers as higher raw materials and energy costs have reduced earnings estimates. This is not the first time the company faces higher input costs and it has an excellent track record of recovering raw material inflation through pricing. Thus, we still believe the company will be able to protect its margins and find the current valuation very attractive.

Portfolio activity

We initiated a new position in the Norwegian oil and gas company Vår Energi in February. We are attracted to a shareholder friendly distribution policy. Unlike many other energy companies, Vår has a clear strategy to only allocate capital to its core area of expertise and has no plans to invest in low return green energy projects. At the current elevated oil and gas prices, we will receive a significant part of the current stock price as dividends over the next few years. Even assuming more normalised energy prices, the company will continue to generate an attractive cash flow and pay a solid dividend.

We also entered the Korean Bank, KB Financial Group in March as the stock fell along with the wider market due to the geopolitical uncertainty around Ukraine. The stock now trades at less than half times book, below five times earnings, and pays a direct dividend yield above 5%. This seems completely misplaced for a bank generating a return on equity of close to 10% and it is expected to grow earnings as interest rates moves higher. The bank has also started to address the significant discount by buying back its own shares.

We exited the Swedish steel company SSAB in March as it hit our target price. The stock has increased almost 150% since we bought it less than two years ago during the second half of 2020.



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Uneven distribution

It is important to remember that the strong performance in stocks over the past decade has been very unevenly distributed. This has resulted in a situation where quality growth stocks trade at historically high valuations, while more capital-intensive industries often trade at more reasonable valuations. An important driver behind this development is the dramatic fall in long-term interest rates we have seen in the period.



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Outlook

We think the odds of sustainably higher inflation and higher interest rates have risen significantly over the past 12 months. While sanctions against Russia have increased the short-term pressure on commodities, we also see long-term second order effects through a reversal of the globalisation we have become accustomed to. We are therefore comfortable with our current exposure towards companies that do well in an environment with higher inflation and interest rates – such as financial and energy related companies. We also see several emerging markets stocks trading at very attractive levels following 10 years of underperformance. We find this situation particularly compelling as many EM markets have not yet benefitted from a reopening of their economy.

SKAGEN Vekst invests in companies that are attractively priced relative to expected profitability and growth. The majority of the fund is invested in the Nordic region and the remainder worldwide. The objective is to provide the best possible risk adjusted return. The fund is suitable for those with at least a 5 year investment horizon. Subscriptions are made in fund units and not directly in stocks or other securities. The fund has risk profile 6. The benchmark reflects the fund's investment mandate. Since the fund is actively managed, the portfolio will deviate from the composition of the benchmark.

Historical performance (net of fees)

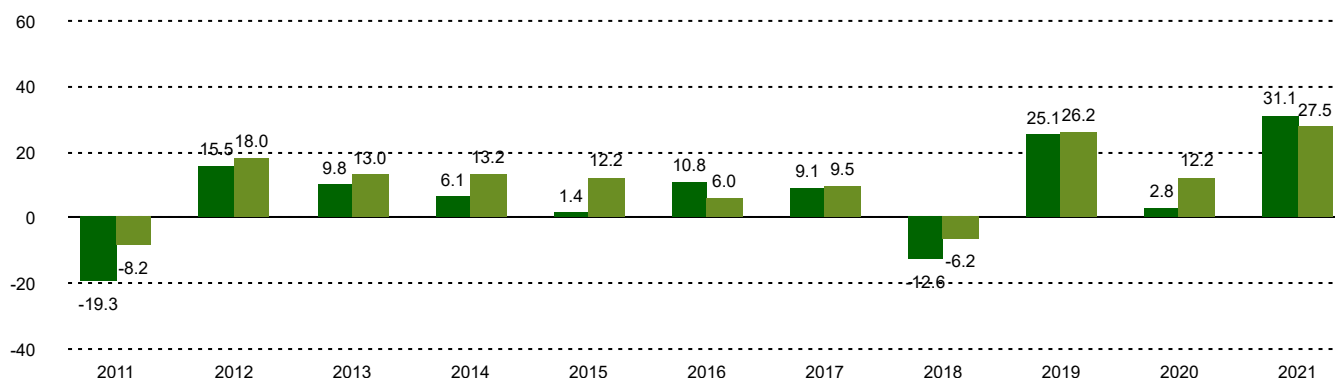
Period	SKAGEN Vekst A	Benchmark index
Last month	1.3%	3.7%
Quarter to date	-3.7%	-6.1%
Year to date	-3.7%	-6.1%
Last year	12.3%	9.9%
Last 3 years	13.2%	14.5%
Last 5 years	7.8%	10.5%
Last 10 years	7.6%	10.9%
Since start	12.7%	10.1%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	01.12.1993
Morningstar category	Global Large-Cap Blend Equity
ISIN	NO0008000445
NAV	353.79 EUR
Fixed management fee	1.00% + performance fee*
Total expense ratio (2021)	2.80%
Benchmark index	MSCI Nordic IMI + ACWI ex Nordic NR NOK
AUM (mill.)	863.67 EUR
Number of holdings	51
Portfolio manager	Søren Christensen

*10.00% performance fee calculated daily and charged annually if the fund's return exceeds 6% p.a. The unit class has a high watermark. The performance fee may only be charged if the unit value as of 31.12 exceeds the unit value at the previous charge. The performance fee may be charged even if the fund's units have depreciated in value if the value development is better than the benchmark.

Performance last ten years



■ SKAGEN Vekst A ■ MSCI Nordic IMI + ACWI ex Nordic NR NOK Effective 1/1/2014, the fund's investment mandate changed from investing a min. of 50% in Norway to a min. of 50% in the Nordics. Returns prior to this date were therefore achieved under different circumstances than today. Prior to 1/1/2014, the benchmark was an evenly composed index consisting of Oslo Stock Exchange Benchmark Index (OSEBX) and MSCI All Country World. The benchmark prior to 1/1/2010 was OSEBX.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and management fees. The return may become negative as a result of negative price developments. There is a risk associated with investing in the fund due to market movements, currency developments, interest rate levels, economic, sector and company-specific conditions.

Contributors in the quarter



Largest contributors

Holding	Weight (%)	Contribution (%)
CNOOC Ltd	2.74	0.69
Shell PLC	2.86	0.61
Boliden AB	1.67	0.46
FLEX LNG Ltd	1.35	0.39
China Mobile Ltd	2.85	0.32



Largest detractors

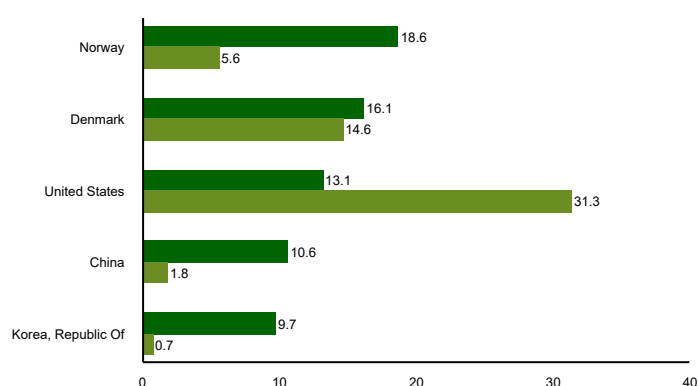
Holding	Weight (%)	Contribution (%)
Sberbank of Russia PJSC	1.43	-2.54
Gazprom PJSC	0.92	-1.62
Essity AB	2.86	-0.86
Carlsberg AS	2.42	-0.75
Segezha Group PJSC	0.44	-0.75

Weights shown are the average for the period. Absolute contribution based on NOK returns at fund level.

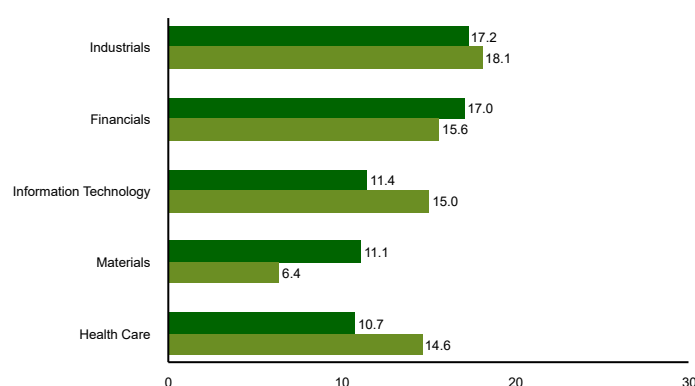
Top ten investments

Holding	Sector	Country	%
Novo Nordisk A/S	Health Care	Denmark	8.8
Bonheur ASA	Industrials	Norway	5.4
Yara International ASA	Materials	Brazil	4.5
Broadcom Inc	Information Technology	United States	3.9
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	3.8
Nordea Bank Abp	Financials	Finland	3.4
Telenor ASA	Communication Services	Norway	3.3
Ping An Insurance Group Co of China Ltd	Financials	China	3.3
Shell PLC	Energy	Netherlands	3.1
Cnooc Ltd	Energy	China	3.0
Combined weight of top 10 holdings			42.4

Country exposure (top five)



Sector exposure (top five)



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Important information

All information is based on the most up-to-date data available. Unless otherwise stated, performance data relates to class A units and is net of fees. AUM data as per the end of the previous month. Except otherwise stated, the source of all information is SKAGEN AS. 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.



+47 51 80 37 09



contact@skagenfunds.com



SKAGEN AS, Post Box 160, 4001, Stavanger, Norway