

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.

An eventful start to the year

Signs of lower inflation combined with China re-opening resulted in a strong start to the new year for global stock markets. As the quarter progressed, stubbornly high inflation and concerns over the health of the banking sector gradually changed the mood in the market. Despite these headwinds, most markets delivered a positive return for the first three months of the year. For Norway-based investors, the return was amplified by a significant weakening of the currency. SKAGEN Vekst benefitted from the same factors and delivered a return in-line with the overall market.

Contributors

The Danish pharma giant Novo Nordisk was once again the largest positive contributor to the fund's absolute return. The company delivered a solid earnings report for the fourth quarter, reflecting the very strong progress in its diabetes and obesity franchise. While analysts are catching on to the substantial opportunity in obesity, we still see the market significantly underestimating both the short and long-term earnings potential for Novo.

The Norwegian telecoms operator Telenor was another strong performer. Its fourth quarter earnings report was solid and provided support for the sustainability of the attractive dividend policy. The company also continued to realise synergies in its consolidated Asian operations, paving the way for a future exit from the region. Telenor is also rumoured to be in merger talks about the Danish operations. Even after strong performance, the stock remains attractively priced, and we see more upside ahead.

The weakest contributor in the first quarter was Norwegian wind energy holding company Bonheur. The company delivered solid results in its



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We also added to the Korean bank KB Financial as the stock fell back on the general weakness in global banks. There is currently a massive disconnect between the structural profitability of the bank and the current valuation. We have seen the same situation in several other regions before. These discrepancies can last a lot longer than most people expect, but the trigger for revaluation is always higher direct shareholder return – particularly if done via buy-backs. We have been hard at work trying to pressure management to go down this path, with some early success. After the involvement of a local activist investor, the likelihood of improved capital allocation in KB Financial has increased significantly.

Finally, we sold our A-shares in the Danish pharma company Lundbeck in exchange for the more liquid B-shares to improve the overall liquidity of the fund.

main business segments, but the share price has been under pressure since the second half of last year when both Norway and the UK proposed large tax increases for the energy sector. The proposals have yet to be finalised, so there continues to be heightened uncertainty around the tax framework going forward. The stock is very attractively priced, however, and we believe that once there is clarity around the new taxes, the market should be able to return its focus to the solid company fundamentals.

The global insurance company AIG also had a difficult start to the year. The stock was hit along with the broader financial industry on the back of concerns around US regional banks. The market is also placing more focus on margins in the insurance industry, as reinsurance rates are rumoured to be up strongly this year. We see the above headwinds as cyclical in nature. The company is on a clear path towards higher and more stable profitability. A full spin-off of its life insurance business will only accelerate this progress, while also providing financial flexibility to accelerate their current buy-back program.

Portfolio activity

We sold the remainder of our position in the Norwegian shipping company Golden Ocean in the quarter. Since we last added to the position during the pandemic, the stock has more than doubled while also paying a substantial dividend. We used the money to increase our position in the Danish facility services company ISS. The latest financial report showed continued progress on margin improvements as well as strong organic growth. Given its lower financial leverage combined with a more robust process around bidding for new contracts, we struggle to see why the stock should continue to trade at a large discount to its international peers.



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Outlook

It is important to remember that the strong performance in stocks over the past decade has been very unevenly distributed. Even after the correction last year, quality growth stocks generally continue to trade at an elevated valuation, while more capital-intensive industries trade at more reasonable prices. We think the odds of sustainably higher inflation and higher interest rates have risen significantly over the past 18 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 market stocks trading at very attractive levels following ten years of underperformance. This is particularly compelling as several Asian economies have not reaped the full benefits of China's reopening.

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)

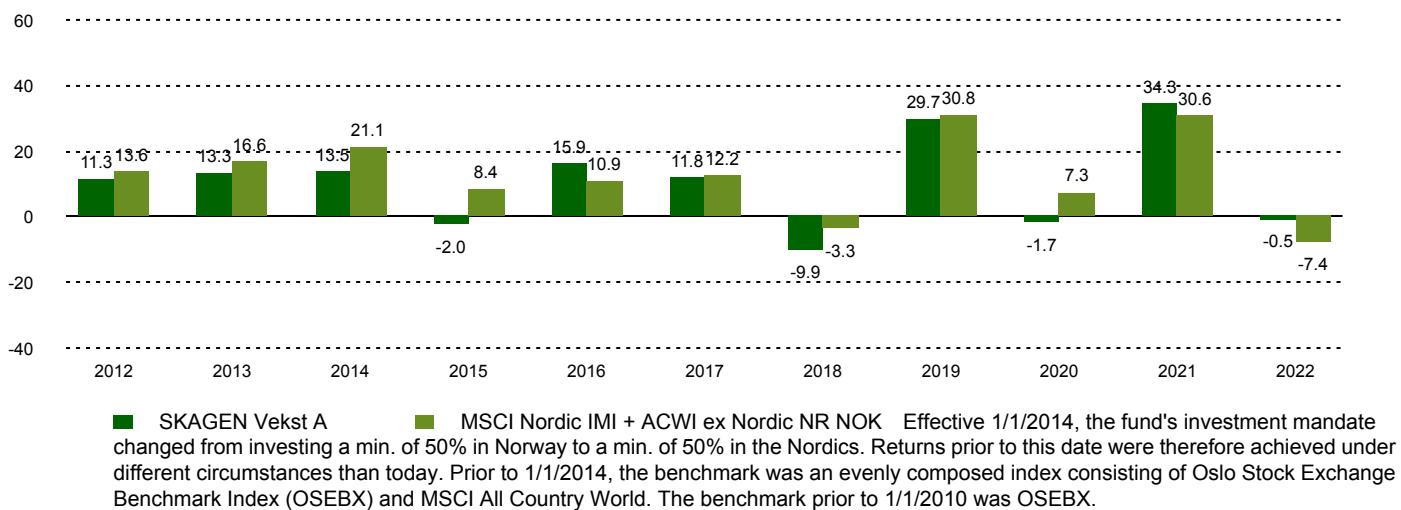
Period	SKAGEN Vekst A	Benchmark index
Last month	-0.3%	1.7%
Quarter to date	6.8%	7.0%
Year to date	6.8%	7.0%
Last 12 months	9.7%	4.8%
Last 3 years	22.9%	18.2%
Last 5 years	10.8%	11.9%
Last 10 years	10.5%	12.5%
Since start	12.9%	10.2%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	01.12.1993
Morningstar category	Global Large-Cap Value Equity
ISIN	NO0008000445
NAV	4023.79 SEK
Fixed management fee	1.00% + performance fee*
Total expense ratio (2022)	1.00%
Benchmark index	MSCI Nordic IMI + ACWI ex Nordic NR NOK
AUM (mill.)	9707.81 SEK
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



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 (%)
Novo Nordisk	8.46	1.99
Telenor ASA	4.09	1.17
DSV A/S	2.93	0.80
Millicom International	1.76	0.77
Broadcom Inc	3.52	0.71



Largest detractors

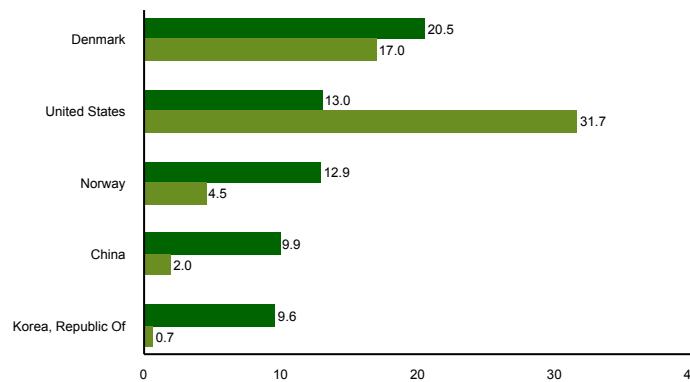
Holding	Weight (%)	Contribution (%)
Bonheur ASA	3.29	-0.67
American International Group	2.07	-0.30
UPM-Kymmene Oyj	2.86	-0.11
Var Energi ASA	0.41	-0.10
Elopak ASA	0.53	-0.07

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

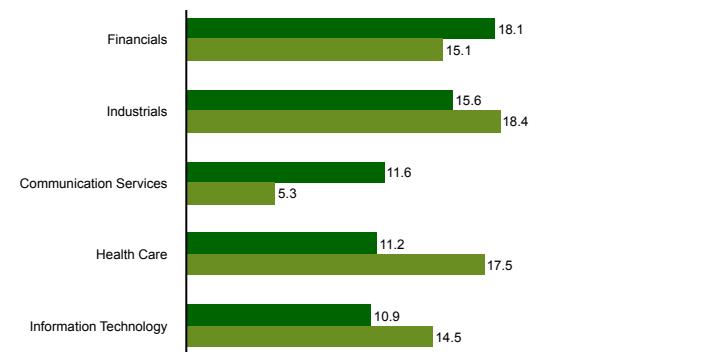
Top ten investments

Holding	Sector	Country	%
Novo Nordisk A/S	Health Care	Denmark	9.1
Telenor ASA	Communication Services	Norway	4.4
Yara International ASA	Materials	Brazil	4.0
Nordea Bank Abp	Financials	Finland	3.9
Broadcom Inc	Information Technology	United States	3.8
Essity AB	Consumer Staples	Sweden	3.7
Ping An Insurance Group Co of China Ltd	Financials	China	3.3
DSV A/S	Industrials	Denmark	3.2
Samsung Electronics Co Ltd	Information Technology	Korea, Republic Of	3.1
Shell PLC	Energy	Netherlands	3.1
Combined weight of top 10 holdings			41.5

Country exposure (top five)



Sector exposure (top five)



SKAGEN Vekst A

MSCI Nordic IMI + ACWI ex Nordic NR NOK



SKAGEN Vekst A

MSCI Nordic IMI + ACWI ex Nordic NR NOK

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.



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