

## Performance Commentary

It was a roller coaster start to the year for global equities, and real estate was no exception. Higher rates were the topic of the month, mainly driven by a hawkish US central bank. This led to higher bond rates and a further rotation from growth to value. Inflation continues to be a theme, something that has historically been beneficial for real estate with inflation-linked rents. Geopolitical tensions and Omicron also contributed to sluggish markets. Last year's laggards in the real estate market, Asia and Europe, were the best performers in January. SKAGEN m2 ended the month in negative territory but ahead of the market. The best performer in January was Brazilian logistics operator LOG. After last year's macro-related turmoil, the Brazilian real estate sector came out as a winner in January. The second-best contributor was the Japanese conglomerate Mitsui Fudosan. The largest detractor was the US manufactured home operator UMH Properties. We bought Sun Communities during the correction, a US company that mainly operates in manufactured housing. We exited Healthcare Trust of America. SKAGEN m2 continues to focus on investing in resilient companies in trend-driven subsegments, which are mispriced, driven by economic recovery or are well positioned for inflation.

The fund gives access to a normally inaccessible global real estate market. The fund selects low-priced, high-quality real estate companies from around the world. 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.

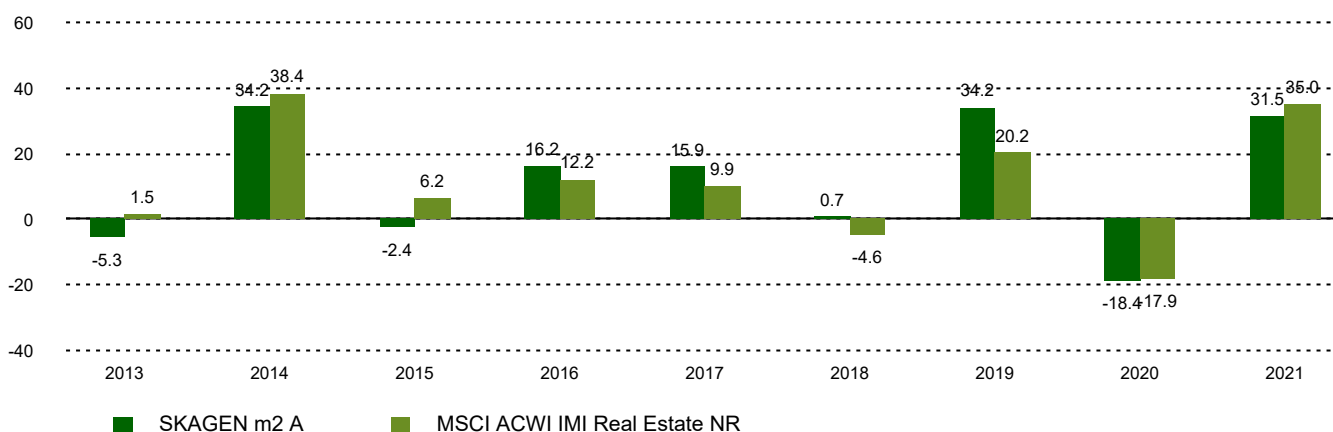
## Historical performance (net of fees)

| Period        | SKAGEN m2 A | Benchmark index |
|---------------|-------------|-----------------|
| Last month    | -2.0%       | -3.1%           |
| Year to date  | -2.0%       | -3.1%           |
| Last year     | 29.3%       | 29.5%           |
| Last 3 years  | 8.3%        | 4.8%            |
| Last 5 years  | 10.7%       | 6.7%            |
| Last 10 years | n/a         | n/a             |
| Since start   | 10.0%       | 9.6%            |

## Fund Facts

|                            |                              |
|----------------------------|------------------------------|
| Type                       | Equity                       |
| Domicile                   | Norway                       |
| Launch date                | 31.10.2012                   |
| Morningstar category       | Property - Indirect Global   |
| ISIN                       | NO0010657356                 |
| NAV                        | 281.29 SEK                   |
| Fixed management fee       | 1.50%                        |
| Total expense ratio (2021) | 1.19%                        |
| Benchmark index            | MSCI ACWI IMI Real Estate NR |
| AUM (mill.)                | 1952.30 SEK                  |
| Number of holdings         | 35                           |
| Portfolio manager          | Michael Gobitschek           |

## Performance last ten years



In the period from 11 July 2017 to 30 September 2019, the benchmark was the MSCI ACWI Real Estate IMI ex REITS

## Contributors in the month



### Largest contributors

| Holding                   | Weight (%) | Contribution (%) |
|---------------------------|------------|------------------|
| LOG Commercial Properties | 2.83       | 0.53             |
| Mitsui Fudosan Co Ltd     | 2.70       | 0.23             |
| CK Asset Holdings Ltd     | 2.46       | 0.18             |
| Vonovia SE                | 3.83       | 0.15             |
| Paramount Group Inc       | 3.14       | 0.14             |



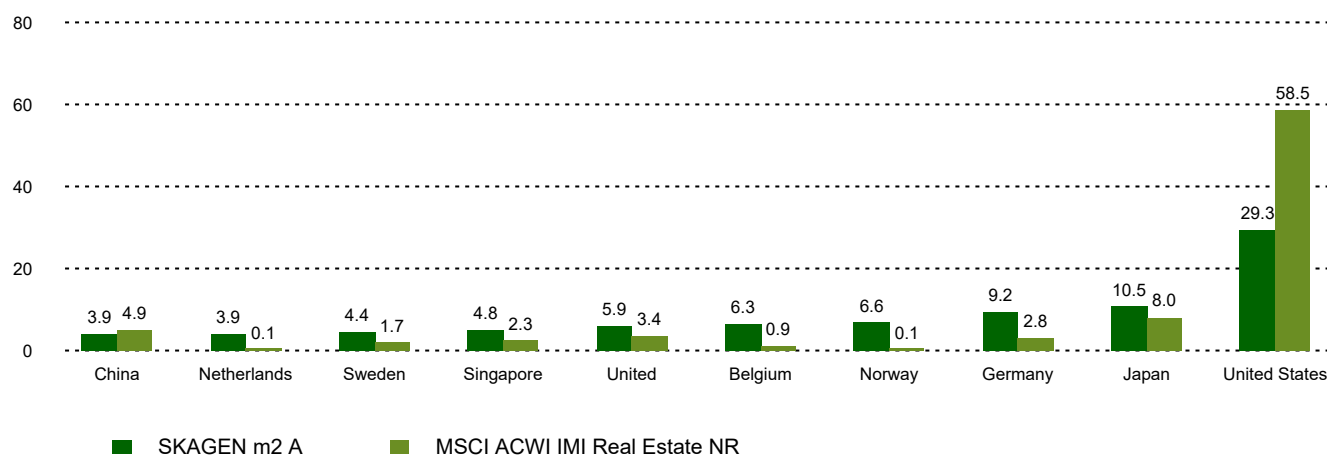
### Largest detractors

| Holding                  | Weight (%) | Contribution (%) |
|--------------------------|------------|------------------|
| UMH Properties Inc       | 4.72       | -0.65            |
| Shurgard Self Storage SA | 4.21       | -0.52            |
| Keihanshin Building Co   | 2.78       | -0.42            |
| Catena AB                | 4.51       | -0.40            |
| Self Storage Group ASA   | 6.93       | -0.39            |

## Top ten investments

| Holding                            | Sector                 | Country        | %    |
|------------------------------------|------------------------|----------------|------|
| Self Storage Group ASA             | Industrials            | Norway         | 6.6  |
| UMH Properties Inc                 | Real Estate            | United States  | 4.6  |
| Catena AB                          | Real Estate            | Sweden         | 4.4  |
| Prologis Inc                       | Real Estate            | United States  | 4.3  |
| Vonovia SE                         | Real Estate            | Germany        | 4.1  |
| Grainger PLC                       | Real Estate            | United Kingdom | 4.1  |
| Switch Inc                         | Information Technology | United States  | 4.1  |
| Shurgard Self Storage SA           | Real Estate            | Belgium        | 4.1  |
| CTP NV                             | Real Estate            | Netherlands    | 3.9  |
| ESR Cayman Ltd                     | Real Estate            | China          | 3.9  |
| Combined weight of top 10 holdings |                        |                | 44.2 |

## Country Exposure (top ten)



In the period from 11 July 2017 to 30 September 2019, the benchmark was the MSCI ACWI Real Estate IMI ex REITS

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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.