

FUND INFORMATION

Strategy launch date	18/04/2016 ³
Fund launch date	04/12/2019
Strategy AuM	£3.2bn ⁴
No. of holdings	724
Benchmark	MSCI World Index
Morningstar Category	Global Large-Cap Blend Equity
Morningstar Sustainability Rating	 Percent Rank Relative to Global Category: Above Average
Bloomberg	STGEAAE:LX
ISIN	LU1932671149
UCITS	Yes
Management Fee	0.3%
Portfolio Manager	Henrik Wold Nilsen



Henrik Wold Nilsen, Senior Portfolio Manager

- ❖ Joined Storebrand Asset Management in 2010
- ❖ Masters in theoretical high energy physics (University of Bergen, 2005)
- ❖ Doctorate in experimental high energy physics (University of Freiburg, Germany, 2009)
- ❖ Post-doctoral position in Freiburg in connection with research lab CERN, Geneva (2009-2010)

ABOUT STOREBRAND

Storebrand Asset Management is Norway’s largest private asset manager with £81bn¹ AuM and a specialist in sustainable investing.

Rather than only applying ESG criteria to a proportion of assets, Storebrand believes sustainability must be implemented across entire portfolios. All assets are managed according to the industry-leading [Storebrand Standard](#) sustainability criteria.

Climate change poses a growing threat to our future, including the stability of our financial system². Global equity markets contain high carbon risk and fossil fuel exposures, meaning that traditional passive investments represent increasing unmanaged climate risks.

To address this problem, we have been managing sustainable index funds since 2005, successfully optimising portfolios to minimise climate risk and tracking error. Our funds’ performance demonstrates that incorporating sustainability has not diminished returns.

INVESTMENT STRATEGY

[Storebrand Global ESG Plus](#) is a unique fossil-free global equity strategy which aims to provide long-term capital growth through a model-based portfolio of developed market equities. The fund is managed systematically and seeks to reproduce the risk and return profile of the MSCI World Index whilst excluding companies within fossil fuel related industries and with additional ESG criteria and sustainability focus.

The strategy seeks to provide a low-cost investment solution for the global climate emergency by using five key components:



ENGAGEMENT

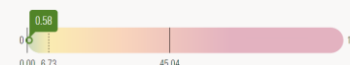
We are active owners and engage on behalf of all assets we manage, both individually and via collective forums such as Climate Action 100+



DIVESTMENT

We exclude fossil fuels (>5% of sales) and companies with climate negative exposures (e.g. plastics and meat)

Morningstar Fossil Fuel Involvement: **0.50**



GREEN SOLUTIONS

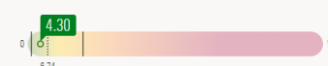
We allocate <10% of the portfolio to climate solutions companies, such as renewable energy, green transport, recycling, water and energy efficiency



LOW CARBON FOOTPRINT

We optimise the portfolio, using full lifecycle emissions where possible, to minimise carbon exposure

Morningstar Carbon Risk Score: **4.50**



ESG SCORE

We have developed a proprietary ESG rating system to analyse over 4,500 companies, using qualitative and quantitative assessment of sustainability risks and opportunities

Since inception over three years ago, the Norwegian-domiciled fund has provided index relative returns of +1.7% with low tracking error, low carbon risk, low stranded asset risk, high exposure to green revenues and a stronger ESG score³.

All information as at 31/03/2021 unless stated.

¹ As at 31/12/2020

² Source: [Bank of England](#).

³ Inception date: 27/04/2017. Gross of fees and in GBP. Other metrics based on Morningstar and internal analysis of fund vs. competitors and low carbon index strategies.

⁴ Includes NOK and SEK funds.

FUND PERFORMANCE

	Q1 2021	1-Year	Since Launch
Storebrand Global ESG Plus Lux B GBP	3.62%	40.01%	17.21%
MSCI World Index	3.85%	38.37%	14.60%
<i>Relative Return</i>	<i>-0.23%</i>	<i>1.64%</i>	<i>2.61%</i>

Performance figures in GBP, net of fees

INVESTMENT STRATEGY COMMENTARY¹

- Following a year when most things went the right way for the strategy, 2021 has so far provided some headwinds. The Brent oil price rose from USD 51.8 to USD 63.5, boosted by growing optimism about economies reopening post COVID; the contribution to relative performance of the fund being fossil free was -0.4%.
- Companies in the renewable energy segment have seen a reversal of their strong 2019-20 performance this year. The fund allocates 10% weight to climate solutions companies, with around one third invested in renewable energy which detracted 0.5% on a relative basis during Q1. However, the other climate solution categories delivered mostly positive contributions, with low-carbon transportation, recycling, energy efficiency and access to clean water delivering +0.2% in aggregate. Overall, the climate solutions portfolio detracted 0.3% in relative terms during Q1.
- Ninety percent of the fund is invested in companies which are neither fossil nor pure-play climate solution providers. Within this main part of the fund we apply several filters to overweight companies which are well-positioned for the low-carbon transition. For instance, the strategy prefers those with low greenhouse-gas emissions; with emissions mitigation plans certified by the third-party Science Based Targets Initiative; with significant revenue contributions from climate mitigation products (though not pure play and therefore not part of the ten percent allocation mentioned above). Portfolio weights within this part of the strategy are also influenced by the tracking-error minimizing portfolio construction technique. During Q1, this part of the portfolio delivered +0.8% to relative returns, with positive contributions coming from a broad range of companies and no single holding contributing more than +0.04%.
- The best performing positions relative to benchmark during Q1 were not owning Tesla (screened due to labour union rights issues) with +0.11% contribution; being overweight the hydrogen company Plug Power with +0.05% contribution; and not owning Wal-Mart (same screen criteria as Tesla) with +0.05% contribution. The largest detractors meanwhile were not owning Exxon (-0.10%); being overweight Brookfield Renewable Corp (-0.08%) and being underweight the chip producer ASML (-0.06%).

¹ Attribution figures based on the NOR fund but expected to be similar for the LUX fund

PORTFOLIO INFORMATION

Top 10 Holdings:

Apple Inc	3.8%
Microsoft Corp	3.2%
Amazon Inc	2.5%
Alphabet Inc C	1.2%
Facebook Inc A	1.2%
JP Morgan Chase & Co	1.0%
Mastercard Inc	1.0%
Alphabet Inc A	0.9%
UnitedHealth Group	0.8%
Tokyo Electron	0.8%
TOTAL	16.4%

Sector breakdown:

Information Technology	21.8%
Financial Services	11.6%
Industrials	13.1%
Health Care	12.3%
Consumer Discretionary	10.8%
Telecoms	10.0%
Consumer Staples	7.7%
Real Estate	4.1%
Utilities	3.3%
Materials	2.8%
Energy	0.0%

Country breakdown:

United States	64.1%
Japan	8.1%
United Kingdom	4.3%
France	4.2%
Canada	3.8%
Switzerland	3.0%
Germany	2.9%
Australia	1.7%
Sweden	1.1%
Netherlands	1.1%

WHY INVEST IN STOREBRAND GLOBAL ESG PLUS?

- ❖ Core-holding strategy with broad and consistent climate adjustments
- ❖ Reduces climate risk by not investing in the fossil fuel value chain
- ❖ Increases exposure to climate solutions via 10% dedicated allocation
- ❖ Low carbon footprint
- ❖ High ESG score
- ❖ Systematic, risk-minimising portfolio construction, expected tracking error below 1%

Important Information

This report is intended for investment professionals only. The content is not to be viewed by or used with retail investors. Except otherwise stated, the source of all information is Storebrand AS as at 31 March 2020 unless stated.

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. Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice.

SKAGEN AS is part of Storebrand Group. Storebrand Asset Management AS owns SKAGEN 100%. The Luxembourg domiciled Storebrand SICAV (10, rue du Château d'Eau, L-3364 Leudelange, Grand Duchy of Luxembourg) has appointed the SKAGEN AS UK Branch as Facility Agent for the distribution of its sub-funds in the UK. SKAGEN Fund's London Office is located at 48 Dover Street, London W1S 4FF, United Kingdom. The SKAGEN UK Branch is authorised by Finanstilsynet and subject to limited regulation by the Financial Conduct Authority. Details about the extent of the authorisation and regulation by the Financial Conduct Authority are available on request.

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