

Performance Commentary

There was a great deal of volatility in July, although the large real estate markets ended the month flatish. As expected, economies shrank at record levels both in the US and Europe. The Federal Reserve extended most of its emergency lending programs and the EU reached a historic deal on a pandemic recovery package. Q2 reports were fairly positive as the market focused on rent collection. Logistics, data centres and residential subsegments once again drove the performance in the portfolio in July due to their resilience to the pandemic. The Finnish residential operator Kojamo was the best performer followed by the US data centre holding Equinix. Brazilian LOG did well after a very strong report. The worst performer was the Japanese conglomerate Mitsui Fudosan after a resurgence of Covid-19 cases in Tokyo that could hurt earnings. Real estate continues to be a laggard, despite massive stimulus and very low interest rates. The pandemic continues to eat into the real economy which is bad for all sectors. Polarisation will continue among the different real estate segments, and SKAGEN m2 continues to focus on companies that we consider to be resilient in trend-driven subsegments. The long-term prospects are positive, although real estate will not be immune to challenges caused by the deteriorating macroeconomic environment.

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.

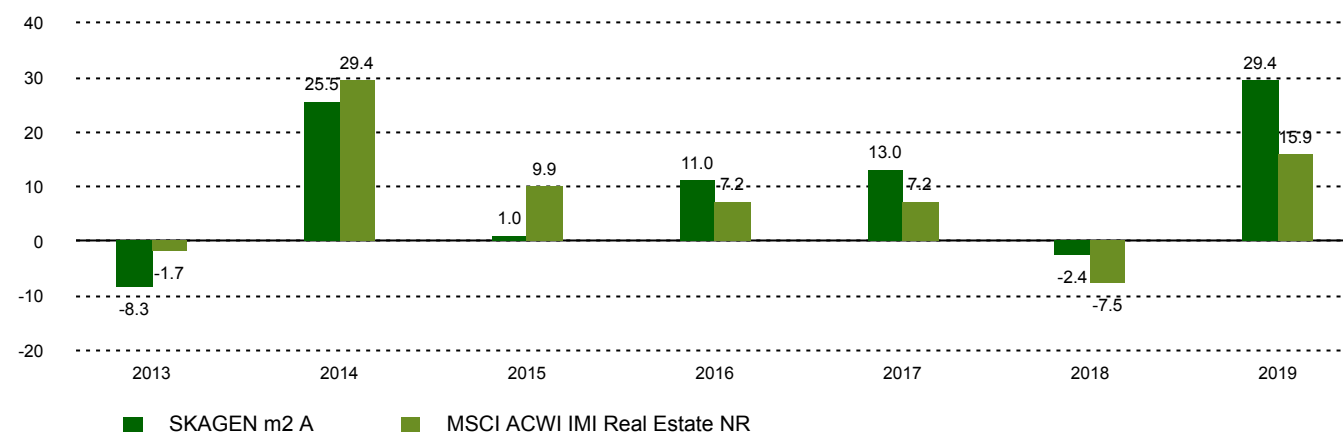
Historical performance (net of fees)

Period	SKAGEN m2 A	Benchmark index
Last month	-2.0%	-2.0%
Year to date	-20.8%	-19.7%
Last year	-12.1%	-19.0%
Last 3 years	2.1%	-3.0%
Last 5 years	3.7%	-0.3%
Last 10 years	n/a	n/a
Since start	5.3%	4.7%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	31.10.2012
Morningstar category	Property - Indirect Global
ISIN	NO0010657356
NAV	20.18 EUR
Fixed management fee	1.50%
Total expense ratio (2019)	2.68%
Benchmark index	MSCI ACWI IMI Real Estate NR
AUM (mill.)	172.11 EUR
Number of holdings	31
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 (%)
Kojamo Oyj	5.28	0.58
Equinix Inc	6.57	0.32
LOG Commercial Properties	2.29	0.24
LEG Immobilien AG	4.86	0.18
Entra ASA	2.30	0.09



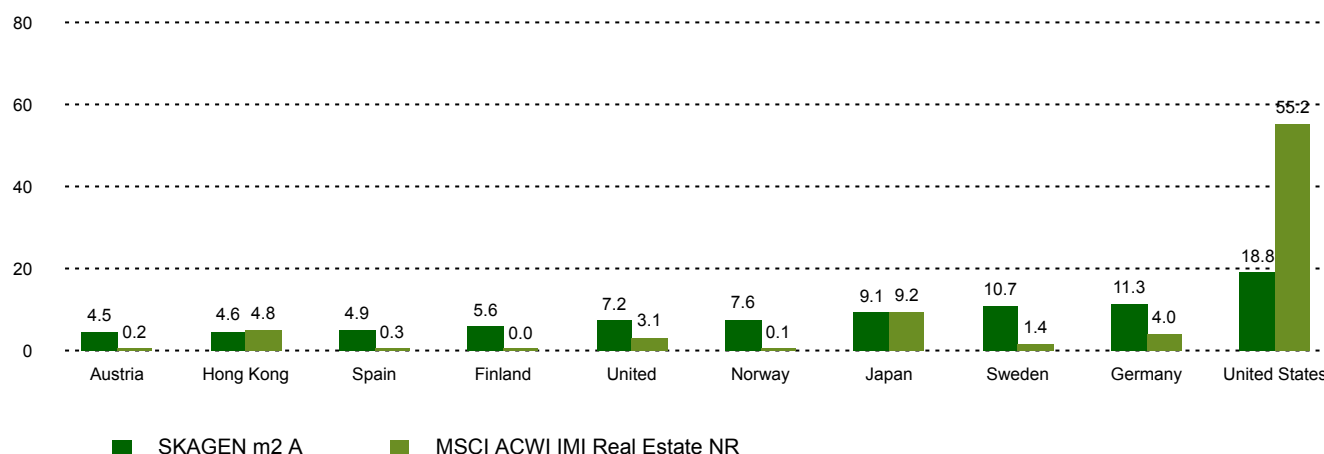
Largest detractors

Holding	Weight (%)	Contribution (%)
Mitsui Fudosan Co Ltd	4.04	-0.74
CA Immobilien Anlagen AG	4.62	-0.55
Keihanshin Building Co Ltd	3.94	-0.42
Equity Residential	2.70	-0.41
CK Asset Holdings Ltd	2.92	-0.38

Top ten investments

Holding	Sector	Country	%
EQUINIX INC	Real Estate	United States	6.3
KOJAMO OYJ	Real Estate	Finland	5.6
Catena AB	Real Estate	Sweden	5.6
Self Storage Group ASA	Industrials	Norway	5.2
LEG Immobilien AG	Real Estate	Germany	5.1
CA Immobilien Anlagen AG	Real Estate	Austria	4.5
Shurgard Self Storage SA	Real Estate	Belgium	4.1
Keihanshin Building Co Ltd	Real Estate	Japan	3.9
Grainger PLC	Real Estate	United Kingdom	3.8
Healthcare Trust of America Inc	Real Estate	United States	3.8
Combined weight of top 10 holdings			48.0

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

Contact



+47 51 80 37 09



contact@skagenfunds.com



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

Important information

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