

Storebrand Global Multifactor

Commentary for Q3 2024



Note: This is a marketing communication for professional investors only.

This is a report on the Q3 2024 performance of the Norwegian-registered equity fund; Storebrand Global Multifactor, as provided by the fund manager, Andreas Poole.

Important Information

Except otherwise stated, the source of all information is Storebrand Asset Management AS as at 30th of June 2024. 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. Future fund performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future.

No offer to purchase shares can be made or accepted prior to receipt by the offeree of the fund's prospectus and KIID and the completion of all appropriate documentation. You can download more information including Investor Rights information, full prospectus, Key Information Documents, General Commercial Terms and Annual Reports in Norwegian [here](#). The fund is classified in risk profile 5 out of 7 (SRRI score). The value of a fund with risk class 5-7 may increase or decrease significantly due to its composition and the fund company's portfolio management practices.

Storebrand Asset Management AS may terminate arrangements for marketing under the Cross-border Distribution Directive denotification process.

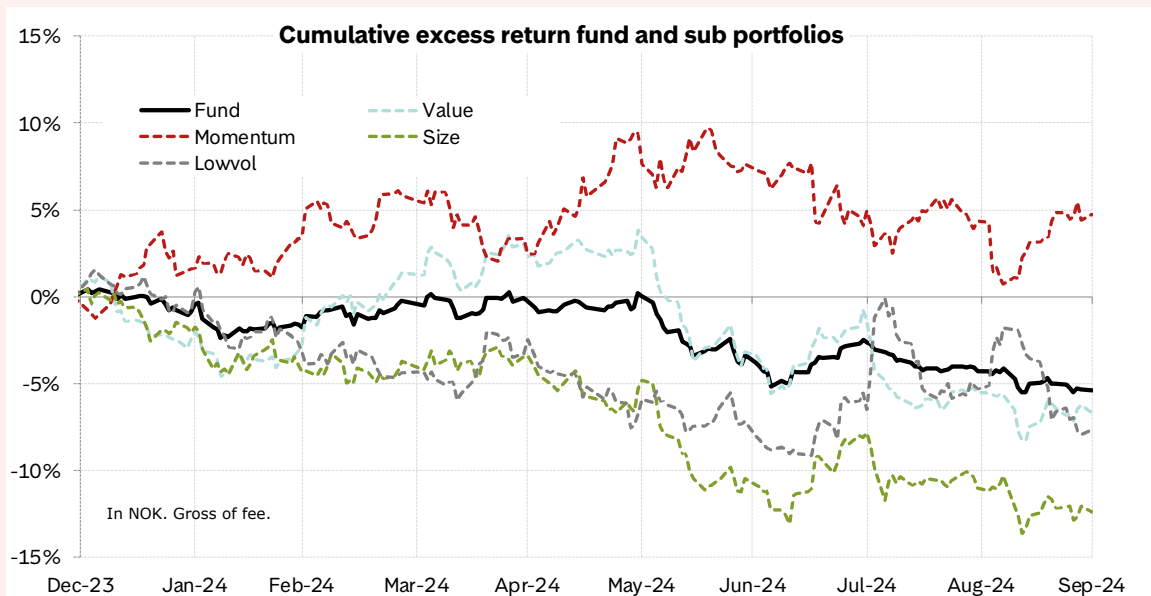
Throughout the quarter, the Fund produced a gross return of 3.6 %, while its benchmark, the MSCI World NTR, achieved a return of 5.2 %. Both returns are denominated in Norwegian Krone (NOK). In local currency terms, the MSCI World showed an increase of 4.7 %, meaning that NOK depreciated relative to foreign currencies. The table below summarizes the returns and relative performance of the Fund, along with the relevant factor portfolios:

	Return		Relative Return				
	Stb Global Multifactor	MSCI World	Diff.	Value	Momentum	Size	Low Vol
Jul. 24	5,3%	4,5%	0,8%	1,7%	-2,4%	2,9%	0,9%
Aug. 24	-2,0%	-0,6%	-1,4%	-3,4%	-0,5%	-2,8%	1,0%
Sep. 24	0,3%	1,3%	-0,9%	-0,9%	0,3%	-1,1%	-2,0%
Q3	3,6%	5,2%	-1,6%	-2,9%	-2,7%	-1,2%	-0,1%
YTD 2024	17,9%	23,3%	-5,4%	-6,7%	4,7%	-12,4%	-7,7%

In NOK. Gross of fee.

For longer term risk and returns, please click [here](#).

The graph below illustrates the progression of relative returns throughout the year, with all returns presented gross of management fees. In Q3, the Low Volatility factor showed the strongest performance, primarily due to its outperformance during the market downturn in August. In contrast, the Value factor delivered the weakest performance, driven by expectations of lower interest rates compared to earlier forecasts.



As the graph shows, the Fund's performance remained flat from the start of the year until the end of May, with two factor portfolios outperforming the benchmark and two underperforming. However, in June, all factor portfolios underperformed, some significantly, leading to a significant decline that month. The Fund had a rebound in July, but not enough to reverse the negative effect from June. Since then, the Fund's performance has remained relatively flat, although showing a slight downward trend.

Adaptation of Fund Strategy

During the quarter, a decision was made to adjust the Fund's strategy in response to recent developments in its benchmark, the MSCI World Index. These changes are primarily driven by the significant increase in the weight of certain stocks in the benchmark, particularly the so-called "Magnificent 7" stocks. These underweight positions have heavily impacted the Fund's relative performance. Contributions from the Fund's long positions, around 1 %, have been overshadowed by this dominance and have been insufficient to counterbalance the underweight positions.

The strategic adjustment was made to neutralize this effect and to allow the Fund's long exposures to play a more prominent role in its relative performance. This shift is more in line with the Fund's original strategy, as established in 2013. At that time, the total underweight positions exceeding 1 % amounted to less than 1 %. The need for this change has arisen due to conditions that were not present at the Fund's inception but have emerged as a result of subsequent developments.

The tables below illustrate the largest over- and underweight positions in the Fund before and after the adaptation was implemented.

Largest relative weights end of Q2

Top 10 Overweights	Rel. Weight
Dell Technologies, Inc.	1,7%
Netapp, Inc.	1,3%
United Therapeutics Corp.	1,2%
Pultegroup, Inc.	1,2%
Amphenol Corporation A	1,1%
Waste Connections, Inc.	1,1%
Republic Services, Inc.	1,1%
AmerisourceBergen Corporation	1,1%
Electronic Arts Inc.	1,1%
Kimberly-Clark Corporation	1,1%

Largest relative weights end of Q3

Top 10 Overweights	Rel. Weight
SPX Corporation	1,1%
United Therapeutics Corp.	1,1%
Colgate-Palmolive Company	1,1%
Kimberly-Clark Corporation	1,0%
AXA Equitable Holdings, Inc.	1,0%
AmerisourceBergen Corporation	1,0%
Dell Technologies, Inc.	0,9%
Republic Services, Inc.	0,9%
Pultegroup, Inc.	0,9%
Swisscom AG	0,9%

Top 10 Underweights	Rel. Weight
Microsoft Corporation	-4,8%
Apple Inc.	-4,7%
NVIDIA Corporation	-4,7%
Amazon.Com, Inc.	-2,8%
Facebook, Inc. A	-1,7%
Alphabet Inc. A	-1,6%
Alphabet Inc. Class C	-1,4%
Eli Lilly and Company	-1,1%
JPMorgan Chase & Co.	-0,9%
Tesla, Inc.	-0,9%

Top 10 Underweights	Rel. Weight
Amazon.Com, Inc.	-1,1%
Broadcom, Inc.	-1,1%
Tesla, Inc.	-1,1%
NVIDIA Corporation	-1,1%
Facebook, Inc. A	-1,0%
Microsoft Corporation	-1,0%
Eli Lilly and Company	-0,9%
Apple Inc.	-0,9%
Berkshire Hathaway Inc. B	-0,9%
JPMorgan Chase & Co.	-0,9%

As the table shows, the Fund's underweights were significantly larger than its largest overweight positions at the end of Q2. However, by the end of Q3, the over- and underweights have become more balanced.

Factor Performance

Below is a brief summary of the performance of the four factor portfolios in the Fund.

Low Volatility

The Low Volatility portfolio underperformed by 0.1 % in Q3. While it performed well during the market turbulence at the end of July and early August, the overall rising markets throughout the quarter led to a slight negative performance for the factor.

Value

The Value portfolio underperformed by 2.9 % for the quarter. The Value portfolio performed well during the tech stock mini-crash in July. However, increased market optimism for lower interest rates later in the quarter drove its performance downward.

Size

The Small Cap portfolio underperformed by 1.2 % for the quarter. Small caps experienced a brief rebound relative to large caps during the tech crash in July. However, since then, the previous trend of small caps being out of favor compared to large caps has resumed.

Momentum

The Momentum portfolio underperformed in Q3, recording a loss of 2.7 %. The underperformance was primarily driven by events in July. The rapid shift in market sentiment, where preference swung from one type of stock to another, is typically detrimental to momentum strategies. This resulted in very poor performance for the momentum factor in July. Although this trend persisted into August, it did so to a lesser extent, and by September, the factor had outperformed once again.

Going forward

As we exit another eventful quarter, what can we expect from the next one? In honesty, it's difficult to identify any major short-term triggers. However, the Fund's long-term convictions remain unchanged. The rapid recovery of momentum following the tech crash in July provides a solid foundation for continued outperformance of this factor. While there is always speculation about lower interest rates, the fact remains that rates are still high, and we are far from the zero-interest rate environment of a few years ago—giving value stocks a potential advantage.

Low Volatility continues to serve as the Fund's "insurance premium," meant to cushion any potential market downturns. As for small caps, they are long overdue for a comeback, though the key challenge is determining when that might happen.

Factor score definitions:

Value: Intrinsic value per share divided by stock price combined with EBIT/EV. Intrinsic value is net present value of cashflows to equity, calculated by an in house developed model.

Momentum: Total return over last 12 month, except the most recent month.

Size: Market Cap.

Low volatility: Inverse of volatility over the last 12 months.