

Storebrand Global Multifactor

Commentary for Q1 2024



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

This is a report on the Q1 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 2023. 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.

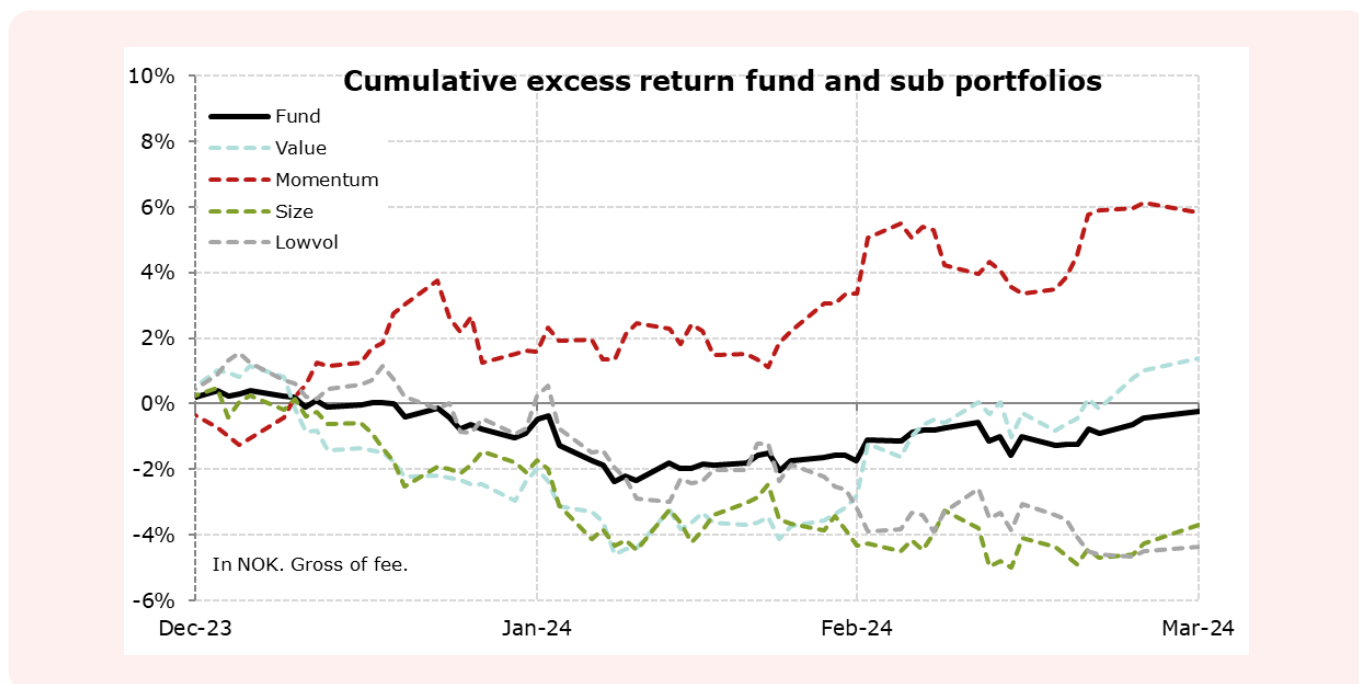
Throughout the quarter, the fund yielded a gross return of 15.4 %, while its benchmark, the MSCI World NTR, recorded a return of 15.6 %. Both returns are denominated in Norwegian Krone (NOK). When measured in the local currency, the MSCI World exhibited an increase of 10.1%. This means that a significant part of the fund's and benchmark's return measured in NOK can be attributed to the strengthening of foreign currencies against the NOK. The table below summarizes the returns and relative returns of the fund along with the relevant factor portfolios:

	Return		Relative Return				
	Stb Global Multifactor	MSCI World	Diff.	Value	Momentum	Size	Low Vol
Jan. 24	3,7%	4,2%	-0,5%	-2,0%	1,6%	-1,7%	0,3%
Feb. 24	4,4%	5,7%	-1,2%	-0,7%	1,6%	-2,4%	-3,3%
Mar. 24	6,5%	5,0%	1,5%	4,0%	2,0%	0,8%	-1,0%
Q1 2024	15,4%	15,6%	-0,2%	1,4%	5,8%	-3,7%	-4,4%

In NOK. Gross of fee.

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

The graph below illustrates the progression of relative returns over the course of this year, with all returns presented gross of management fee. In Q1, the Momentum and Value factor exhibited the strongest performance, both outperforming the benchmark.



The fund started the year with a small underperformance of 0.2 %. February was a particularly weak month, but this was offset by strong performance in March. Below is a brief summary for each of the four factor portfolios in the fund.

Low Volatility

The Low Volatility portfolio encountered a 4.4 % underperformance in Q1. In relative terms, Low Volatility suffers in the continued bull market. Typical low volatility sectors like Consumer Staples, Communication Services, and especially Real Estate have all underperformed the benchmark as a whole, contributing to the underperformance. However, in absolute terms, the Low Volatility portfolio posted positive returns.

Value

The Value portfolio of the fund showed an outperformance of 1.4 % for the quarter. Value stocks continue to perform well in the new higher interest rate regime, despite increasing hope of an earlier decrease in interest rates compared to earlier expectations. Following Value's outperformance, there is an increase in overlap between Value and Momentum stocks in the fund, i.e., stocks that are bought into both the Value and Momentum portfolio. Stocks like Dell and homebuilders Pulte Group and Dr. Horton, which have had a nice development in their stock prices, still remain cheap.

Size

The fund's Small Cap portfolio experienced an underperformance of 3.7 % relative to the MSCI World. Small Caps remain out of favor while the market focuses on large caps. However, small caps remain looking cheap compared to large caps, and I believe there is still room for small caps to outperform large caps, as their inherent potential justifies a higher P/E level.

Momentum

The fund's Momentum portfolio demonstrated strong outperformance during Q1, recording a gain of 5.8 %. This is a continuation of the development from last year, and in some way, Momentum has started working again as the sentiment seems to prefer the same type of stocks for longer periods. This is a shift from the previous years, where the sentiment shifted frequently and stopped momentum from gaining any momentum.

Going forward

After a rough 2023 where the fund struggled with keeping up with stocks affected by the AI hype, things seem to be back to normal. Even if the AI flagship stock Nvidia keeps performing strong and also posts earnings to support it, the other so-called Magnificent Seven are not outperforming to the same degree, making it possible to keep up. Value and Momentum are in good shape and keep delivering. Low Volatility is underperforming, but this is expected and does not affect the fund as a whole, as this loss is offset by gains in the higher beta factor portfolios. Size is weak, but looks attractive from a pricing perspective and long overdue for a comeback, a comeback we might see this year?

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 months, except the most recent month.

Size: Market Cap.

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