

Performance Commentary

SKAGEN Tellus ended the month slightly behind its benchmark index in October. The underperformance was mainly due to a stronger US dollar. Our local bond investment in the Dominican Republic was the largest contributor in October. The interest rate on our local bond fell sharply, leading to a bond price appreciation of 4 percent. The Dominican Republic is attractive to investors due to the high local interest rates (9 percent on a 10 year bond) in combination with solid macro and fiscal performance. Our Mexican investment was the worst performer in October. This was due to the uncertainty related to the NAFTA renegotiations. Both higher interest rates and a weaker peso contributed to the weak performance. In October the fund exited its position in Croatia due to the uncertainty related to the large retailer Agrokor. Towards the end of the month, the fund reentered Greece, just in time to gain from the rally after the government stated that it will take measures to improve the liquidity in the government bond market.

SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

The fund is suitable for those with at least a three year investment horizon. Investors must be able to tolerate currency fluctuations.

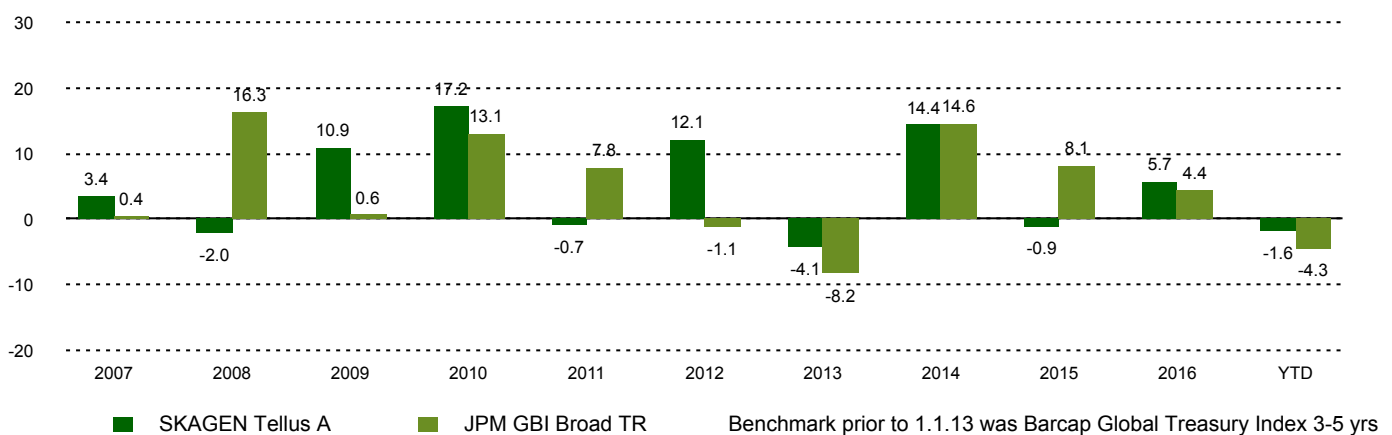
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last Month	0.0%	0.9%
Year to date	-1.6%	-4.3%
Last year	-0.2%	-5.6%
Last 3 years	1.7%	3.5%
Last 5 years	2.8%	2.0%
Last 10 years	4.5%	5.0%
Since start	4.8%	4.2%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	12.63 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR
AUM (mill.)	95.73 EUR
Duration	4.55
WAL	6.11
Yield	3.48%
Number of holdings	15
Lead manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
Dominican Republic	7.20	0.27
Portugese Government	8.15	0.16
US Government	9.05	0.12
Republic of Chile	5.78	0.11
Peru Government	5.35	0.09



Largest detractors

Holding	Weight (%)	Contribution (%)
Mexican Government	6.63	-0.38
New Zealand Government	6.02	-0.19
Norwegian Government	10.90	-0.14
Canadian Government	5.83	-0.10
Republic of Uruguay	6.10	-0.05

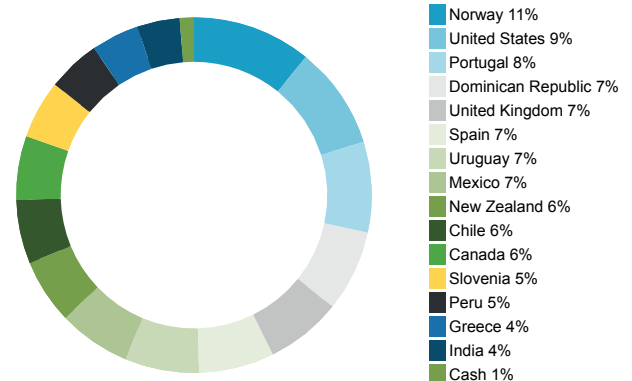
Absolute contribution based on NOK returns at fund level

All data in EUR as of 31.10.2017 unless otherwise stated.

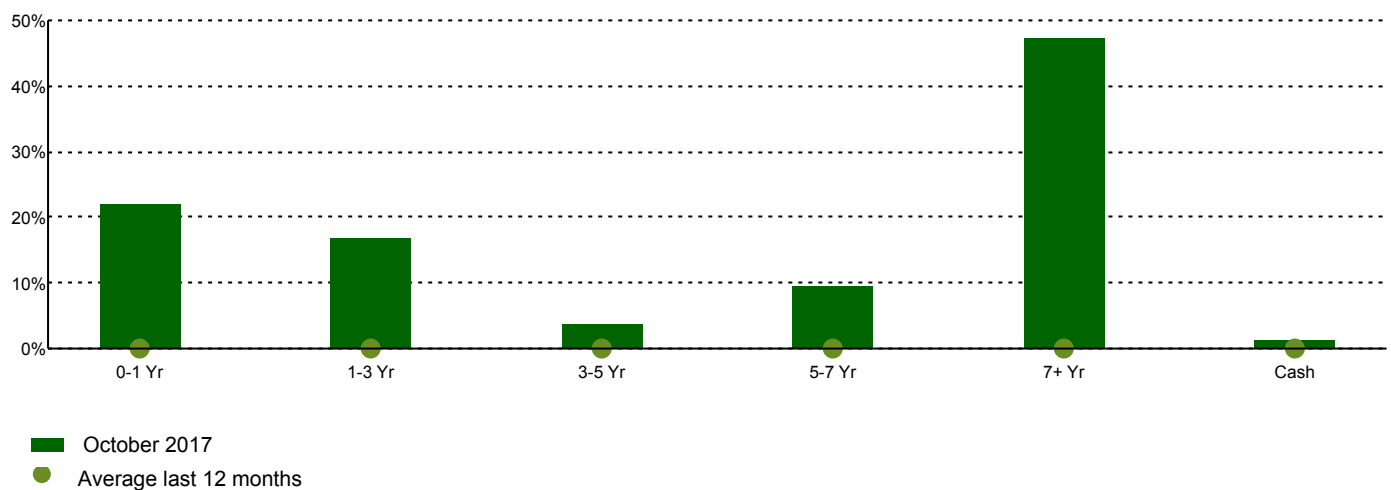
Top 10 investments

Holding	Percentage of Fund
Norwegian Government	10.8
US Treasury N/B	9.3
Portugese Government	8.2
Dominican Republic	7.4
UK Government	6.9
Spanish Government	6.9
Uruguay Government	6.8
Mexican Government	6.6
NEW ZEALAND GOVERNMENT	5.9
REPUBLIC OF CHILE	5.8
Total	74.6

Country exposure



Maturity structure



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Important information

Unless otherwise stated, performance data relates to class A units and is net of fees. 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.