

Performance Commentary

There were no big surprises from the major central banks in October which more or less reiterated their dovish paths. Brazil and Iceland cut interest rates. The IMF lifted the global GDP forecast to 3.7% for 2018 and US and Japanese unemployment rates came in at 17 and 23 year lows respectively. These are all positive indicators for real estate demand but also potentially tighter interest rate policies. The most influential factor was Catalonia's bid for independence, triggering a roller-coaster ride for our Spanish holdings, Colonial and Melia Hotels. The best contributor was IRSA after the favourable mid-term election in Argentina. The company also carried out positive refinancing. Japanese Mitsui Fudosan rebounded on the positive Japanese sentiment in the month. The largest detractor was Brazilian MRV, on speculation that low-income housing subsidies would go to debt repayment. Uncertainties will be removed in November.

The fund bought into Far East Consortium which is based in Hong Kong, but is geographically spread. Business includes investment properties, mainly hotels, and development. It trades at a deep discount. The reporting season has started positively as expected, with good rental and capital value growth. The portfolio still trades at a good discount to substance.

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	2.5%	2.6%
Year to date	10.7%	6.8%
Last year	17.0%	10.4%
Last 3 years	8.6%	9.5%
Last 5 years	7.9%	10.6%
Last 10 years	n/a	n/a
Since start	7.9%	10.6%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	31.10.2012
Morningstar category	Property - Indirect Global
ISIN	NO0010657356
NAV	19.76 EUR
Fixed management fee	1.50%
Total expense ratio (2016)	1.85%
Benchmark index	MSCI ACWI IMI/Real Estate NR
AUM (mill.)	112.30 EUR
Number of holdings	31
Lead manager	Michael Gobitschek

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
IRSA	3.81	0.68
Mitsui Fudosan Co	5.70	0.49
DIC Asset AG	3.68	0.32
Sekisui House Ltd	1.96	0.24
Shangri-La Asia Ltd	2.50	0.23

Absolute contribution based on NOK returns at fund level



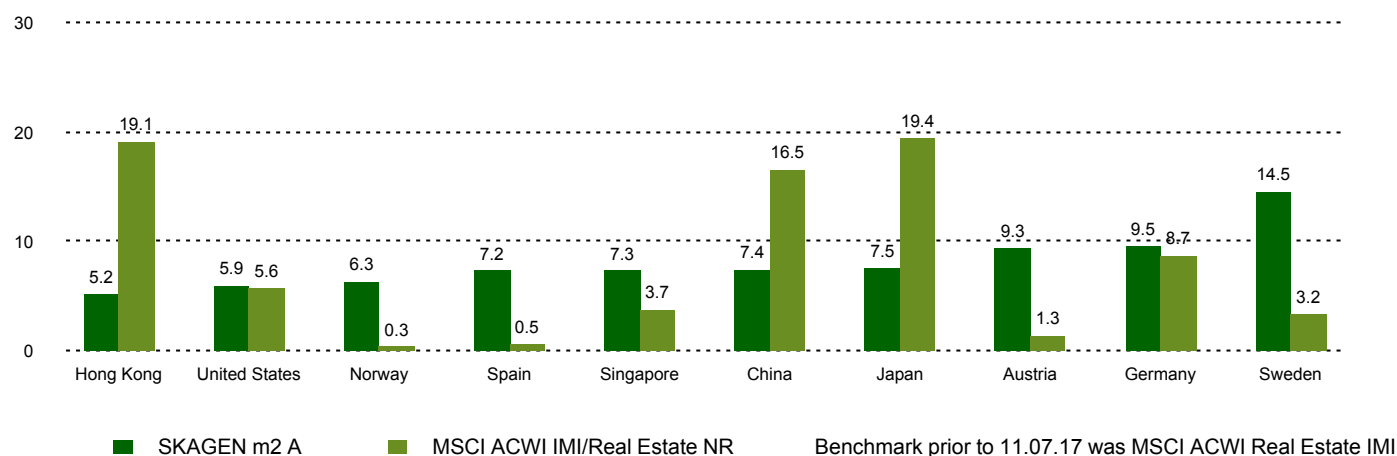
Largest detractors

Holding	Weight (%)	Contribution (%)
MRV Engenharia	1.93	-0.11
SL Green Realty	3.55	-0.09
Inmobiliaria Colonial	5.26	-0.07
Olav Thon	4.74	-0.06
Atrium Ljungberg AB	3.09	-0.04

Top ten investments

Holding	Sector	Country	%
Deutsche Wohnen	Real Estate	Germany	5.9
D Carnegie & Co	Real Estate	Sweden	5.9
Catena	Real Estate	Sweden	5.9
Mitsui Fudosan Co	Real Estate	Japan	5.5
Inmobiliaria Colonial	Real Estate	Spain	5.1
Olav Thon Eiendomsselskap	Real Estate	Norway	4.3
IRSA	Real Estate	Argentina	4.1
Global Logistic Properties	Real Estate	Singapore	4.0
CK Asset Holdings	Real Estate	Hong Kong	3.9
CA Immobilien Anlagen	Real Estate	Austria	3.6
Combined weight of top 10 holdings			48.2

Country Exposure (top ten)



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Important information

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