

## Performance Commentary

After a strong 2017, real estate faced headwinds in January. The sector came under pressure mainly in the US and Europe with surging yield curves, reflecting a rotation away from perceived 'bond proxies' as investors anticipate quicker rate rises. Conversely, Asian real estate markets had a very strong start to the year with China, Japan and Hong Kong leading the way. SKAGEN m2 took advantage of this through its global presence. The best contributor in January was Japanese Mitsui Fudosan after strong performance of the Japanese real estate sector. The Spanish office operator Colonial held firm despite headwinds for the European real estate sector. Singapore-based CapitaLand also performed well after selling Chinese assets at a premium but also benefiting from the Asian real estate momentum. The largest detractor was Argentina-based IRSA due to a postponed decision around project development. Looking ahead, rising government bond yields may hurt the real estate sector further. SKAGEN m2 continues to focus on fundamentals in companies' ability to increase rents and grow cash flows independent of the direction of yields. After the latest rotation, real estate stocks looks more attractive on valuation in some parts of the world.

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.

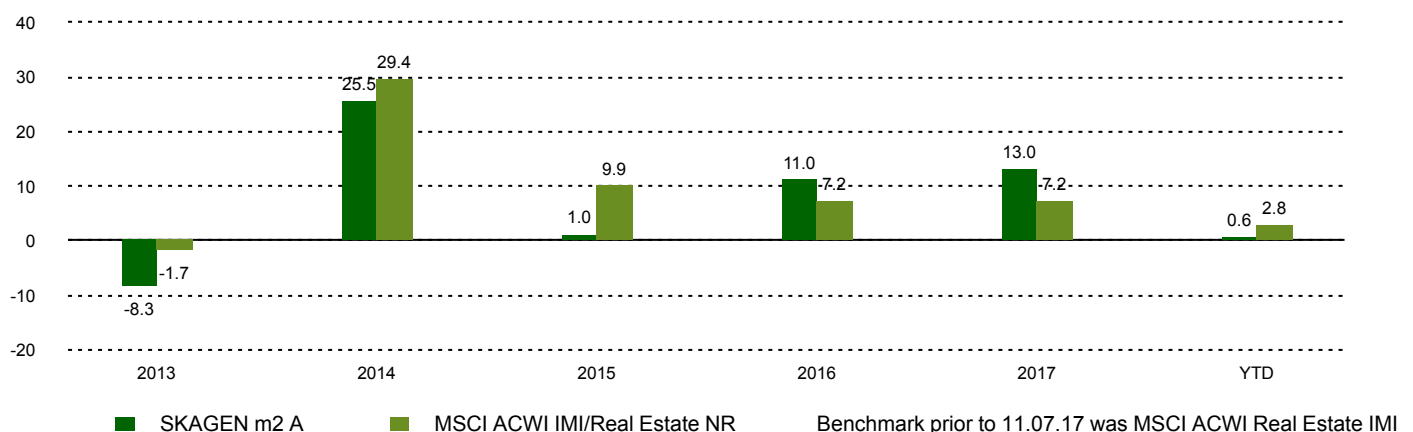
## Historical performance (net of fees)

Period	SKAGEN m2 A	Benchmark index
Last month	0.6%	2.8%
Year to date	0.6%	2.8%
Last year	13.3%	11.1%
Last 3 years	4.5%	5.0%
Last 5 years	7.5%	10.3%
Last 10 years	n/a	n/a
Since start	8.0%	10.7%

## Fund Facts

Type	Equity
Domicile	Norway
Launch date	31.10.2012
Morningstar category	Property - Indirect Global
ISIN	NO0010657356
NAV	20.28 EUR
Fixed management fee	1.50%
Total expense ratio (2017)	2.05%
Benchmark index	MSCI ACWI IMI/Real Estate NR
AUM (mill.)	128.22 EUR
Number of holdings	30
Lead manager	Michael Gobitschek

## Performance last ten years



## Contributors in the month

### Largest contributors

Holding	Weight (%)	Contribution (%)
Mitsui Fudosan	5.92	0.51
Inmobiliaria Colonial	5.07	0.24
CapitaLand Ltd	3.27	0.13
Shangri-La Asia	2.05	0.11
CK Asset Holdings	3.83	0.09

### Largest detractors

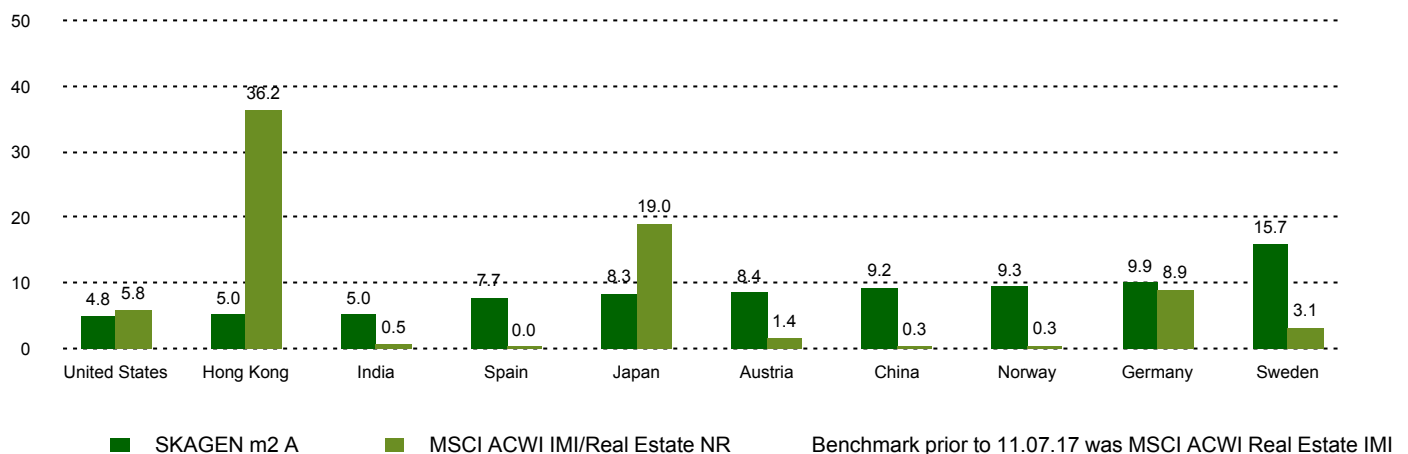
Holding	Weight (%)	Contribution (%)
IRSA	3.67	-0.36
Columbia Property Trust	2.45	-0.27
CA Immobilien Anlagen	3.81	-0.26
FE CONSORT INTL	2.32	-0.23
Deutsche Wohnen	6.02	-0.20

Absolute contribution based on NOK returns at fund level

## Top ten investments

Holding	Sector	Country	%
Catena	Real Estate	Sweden	7.1
Deutsche Wohnen	Real Estate	Germany	6.5
Mitsui Fudosan Co	Real Estate	Japan	6.1
D Carnegie & Co	Real Estate	Sweden	5.9
Inmobiliaria Colonial	Real Estate	Spain	5.1
CA Immobilien Anlagen	Real Estate	Austria	3.9
CK Asset Holdings	Real Estate	Hong Kong	3.9
Olav Thon Eiendomsselskap	Real Estate	Norway	3.9
Sun Hung Kai Properties	Real Estate	China	3.5
IRSA	Real Estate	Argentina	3.5
Combined weight of top 10 holdings			49.4

## Country Exposure (top ten)



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## Important information

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