

Performance Commentary

SKAGEN m2 had a very good month both in relative and absolute terms, adding to the relative surplus built up over the year. During the month, no surprises came from the central banks to unnerve the market. Volatility continued in Asia, especially in the Chinese and HK real estate space. The main reasons for this in mainland China – in addition to trade war and currency depreciation – were credit tightening and some negative policy decisions affecting demand. Hong Kong real estate names have been affected by new tightening with the aim of curbing the price appreciation in the residential segment, in addition to fears of an interest rate hike cycle. Companies in these markets now trade at a very deep discount. The best contributor in July was again Swedish D Carnegie, announcing a surprisingly strong uplift in valuation. Swedish Catena came in second on a strong report. Brazilian MRV came back after the Brazilian RE space rebounded. The worst contributors were all Hong Kong names, namely Shangri-La, Far East Consortium and CK Asset Holdings. They all suffered from the general downturn in the Hong Kong real estate space, despite a strong report from Far East Consortium during the month.

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.

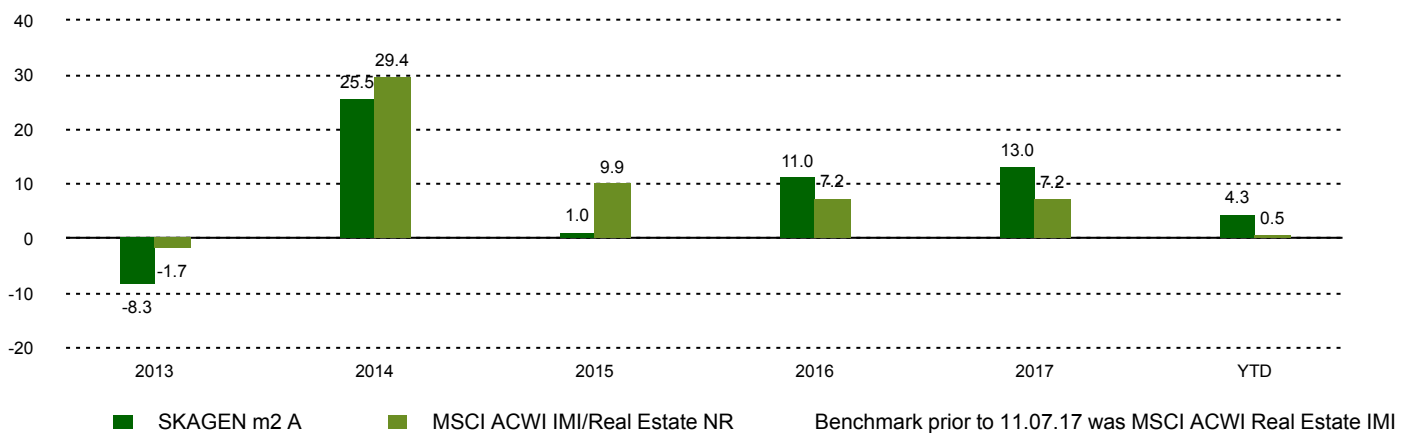
Historical performance (net of fees)

Period	SKAGEN m2 A	Benchmark index
Last month	2.4%	0.9%
Year to date	4.3%	0.5%
Last year	11.1%	6.6%
Last 3 years	7.8%	4.8%
Last 5 years	8.9%	9.7%
Last 10 years	n/a	n/a
Since start	8.0%	9.3%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	31.10.2012
Morningstar category	Property - Indirect Global
ISIN	NO0010657356
NAV	21.05 EUR
Fixed management fee	1.50%
Total expense ratio (2017)	2.05%
Benchmark index	MSCI ACWI IMI/Real Estate NR
AUM (mill.)	141.01 EUR
Number of holdings	30
Portfolio manager	Michael Gobitschek

Performance last ten years



Contributors in the month

Largest contributors

Holding	Weight (%)	Contribution (%)
D Carnegie & Co AB	6.92	1.08
Catena AB	7.50	0.73
MRV Engenharia e Participacoes	2.04	0.27
IMMOFINANZ AG	2.60	0.27
CA Immobilien Anlagen AG	4.67	0.26

Largest detractors

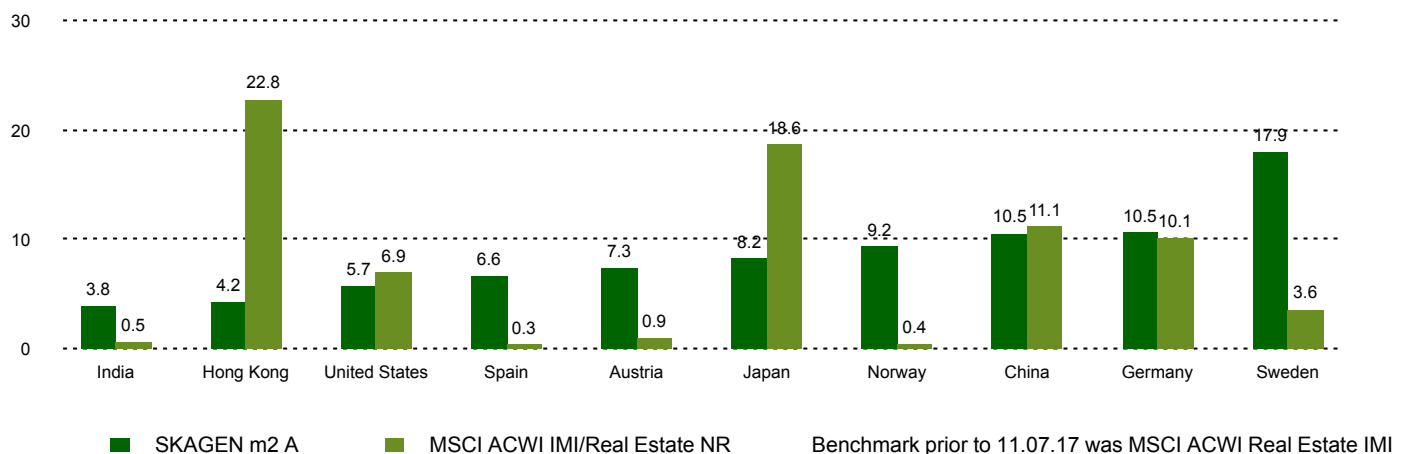
Holding	Weight (%)	Contribution (%)
Shangri-La Asia Ltd	2.41	-0.35
FE CONSORT INTL	2.82	-0.18
CK Asset Holdings Ltd	3.26	-0.13
Phoenix Mills Ltd/The	2.00	-0.13
Melia Hotels International SA	2.79	-0.11

Absolute contribution based on NOK returns at fund level

Top ten investments

Holding	Sector	Country	%
Catena	Real Estate	Sweden	7.5
D Carnegie & Co	Real Estate	Sweden	7.4
Deutsche Wohnen	Real Estate	Germany	6.3
Mitsui Fudosan Co	Real Estate	Japan	6.0
CA Immobilien Anlagen	Real Estate	Austria	4.7
Aroundtown SA	Real Estate	Germany	4.3
Inmobiliaria Colonial	Real Estate	Spain	3.8
Olav Thon Eiendomsselskap	Real Estate	Norway	3.5
CapitaLand	Real Estate	Singapore	3.4
Sun Hung Kai Properties	Real Estate	China	3.4
Combined weight of top 10 holdings			50.3

Country Exposure (top ten)



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Important information

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