

All data in EUR as of 31/07/2018 unless otherwise stated.

Performance Commentary

July was a relatively calm month in the bond and currency markets. Tellus had a good month in both absolute and relative terms. An increase in the long-term interest rates in the US, Germany and Japan and a weaker JPY put a drag on the index.

Mexico was the strongest performer due the rally in the peso. The currency appreciated by 6.3 percent versus the EUR. In the second quarter, the Mexican peso was hit by the general EM volatility, NAFTA uncertainty and fears around the outcome of the Presidential election. The leftist Andrés Manuel López Obrador won the election at the end of June by a large majority. The fact that the peso strengthened after the election is somewhat surprising given that this was the outcome the market feared. The new President may not be so bad after all.

Uruguay also performed well in July. Both the currency and falling long-term rates contributed.

The Dominican Republic was the worst performer in July due to higher long-term rates. Long-term rates increased along with a hike in the policy rate.

Historical performance (net of fees)

| Period | SKAGEN Tellus A | Benchmark index |
|---------------|-----------------|-----------------|
| Last month | 0.5% | -0.7% |
| Year to date | 0.3% | 1.1% |
| Last year | 0.5% | 0.3% |
| Last 3 years | 0.6% | 0.5% |
| Last 5 years | 2.7% | 3.6% |
| Last 10 years | 4.9% | 4.9% |
| Since start | 4.5% | 3.9% |

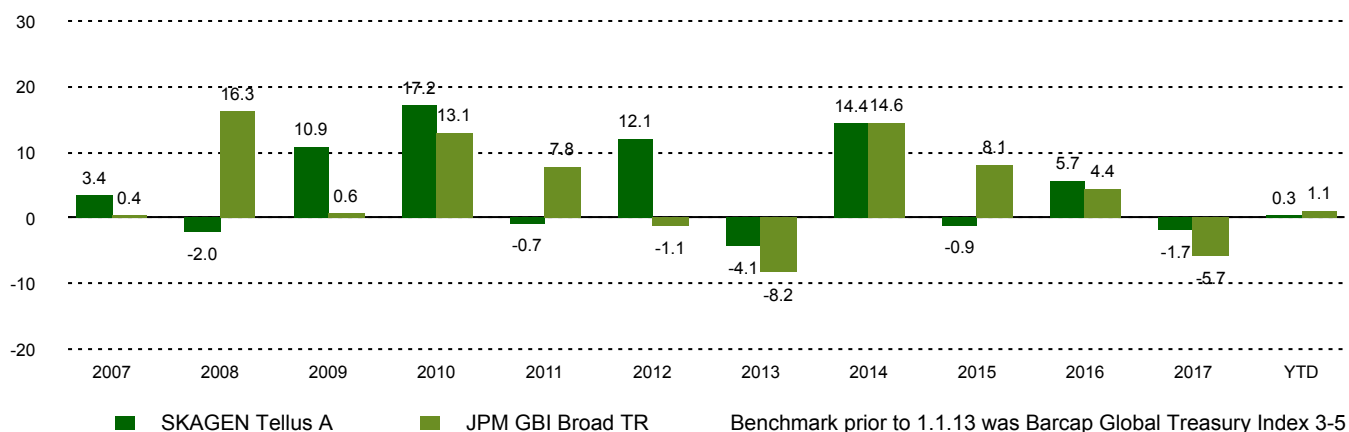
SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

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

Fund Facts

| | |
|----------------------|--------------------------|
| Type | Fixed income |
| Domicile | Norway |
| Launch date | 29.09.2006 |
| Morningstar category | Global Bond - EUR Biased |
| ISIN | NO0010327786 |
| NAV | 12.15 EUR |
| Fixed management fee | 0.80% |
| Benchmark index | JPM GBI Broad TR |
| AUM (mill.) | 72.88 EUR |
| Duration | 3.90 |
| WAL | 5.37 |
| Yield | 4.12% |
| Number of holdings | 14 |
| Portfolio manager | Jane Tvedt |

Performance last ten years



Contributors in the month

Largest contributors

| Holding | Weight (%) | Contribution (%) |
|------------------------|------------|------------------|
| Mexican Government | 7.36 | 0.29 |
| Uruguay Government | 6.63 | 0.26 |
| Republic of Chile | 6.64 | 0.09 |
| Czech Republic | 3.63 | 0.07 |
| Asian Development Bank | 3.95 | 0.06 |

Largest detractors

| Holding | Weight (%) | Contribution (%) |
|----------------------|------------|------------------|
| Dominican Republic | 6.07 | -0.11 |
| UK Government | 8.56 | -0.11 |
| US Treasury | 13.50 | -0.05 |
| Hellenic Republic | 6.21 | -0.02 |
| Norwegian Government | 9.54 | -0.01 |

Absolute contribution based on NOK returns at fund level

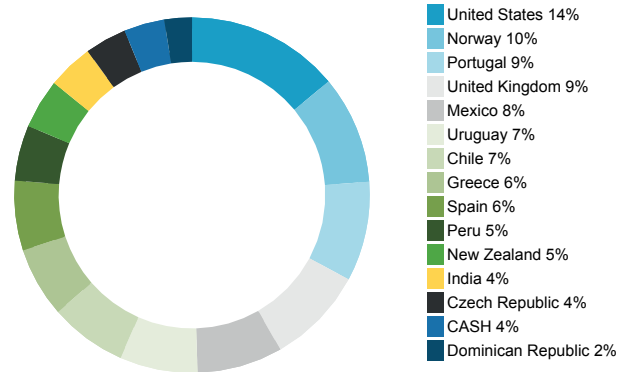
The art of common sense

All data in EUR as of 31/07/2018 unless otherwise stated.

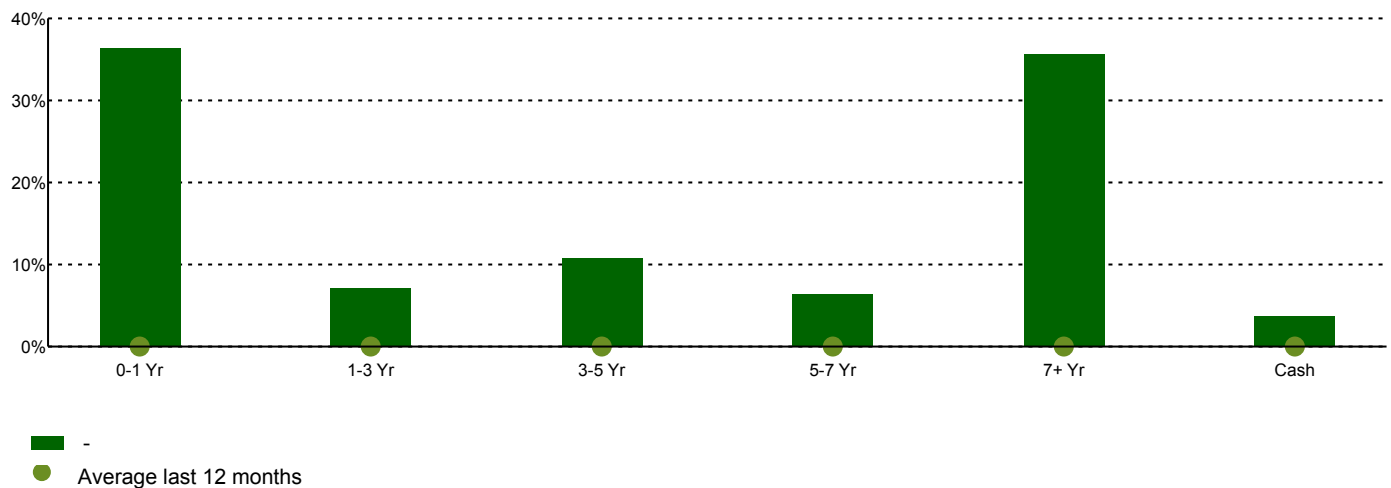
Top 10 investments

| Holding | Percentage of Fund |
|----------------------|--------------------|
| US TREASURY N/B | 13.9 |
| Norwegian Government | 9.8 |
| Portugese Government | 9.1 |
| UK Government | 8.9 |
| Mexican Government | 7.8 |
| Uruguay Government | 7.1 |
| REPUBLIC OF CHILE | 7.0 |
| HELLENIC REPUBLIC | 6.4 |
| Spanish Government | 6.3 |
| REPUBLIC OF PERU | 5.0 |
| Total | 81.4 |

Country exposure



Maturity structure



Contact



+47 51 80 37 09



contact@skagenfunds.com



SKAGEN AS, Post Box 160, 4001, Stavanger, Norway

Important information

This report is intended for investment professionals only. The content is not to be viewed by or used with retail investors. 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. CACEIS Ireland Limited, One Custom House Plaza, International Financial Services Centre, Dublin is the Paying Agent in Ireland.