

Performance Commentary

In October financial markets focused on trade war optimism and central bank stimuli. On the macro side, we witnessed a weak manufacturing sector, a robust service sector and a strong labour market. Brexit was once again postponed. SKAGEN Tellus outperformed its index in the month. US long-term interest rates rose by only a couple of basis points during the month, while the German 10-year yield was up about 20 basis points. USD and JPY both depreciated versus EUR. As expected, the US central bank lowered interest rates at the October meeting and at the same time signalled they might be finished cutting for now. The ECB and Norges Bank kept interest rates unchanged, but the ECB will restart quantitative easing in November. Our short-dated investment in the UK was the best performer in October. The GBP rallied as there was some progress in the Brexit process and the market deems that a hard Brexit is less likely. Our short-dated investments in Norway and Chile were the weakest performers. The krone depreciated for reasons that are hard to explain while the Chilean peso depreciated due to the current social unrest. Both movements are in our opinion temporary and we expect the currencies to appreciate going forward.

Historical performance (net of fees)

| Period | SKAGEN Tellus A | Benchmark index |
|---------------|-----------------|-----------------|
| Last month | -1.1% | -1.5% |
| Year to date | 6.9% | 9.5% |
| Last year | 6.9% | 11.8% |
| Last 3 years | 1.9% | 2.0% |
| Last 5 years | 2.2% | 4.5% |
| Last 10 years | 4.7% | 4.6% |
| Since start | 4.5% | 4.5% |

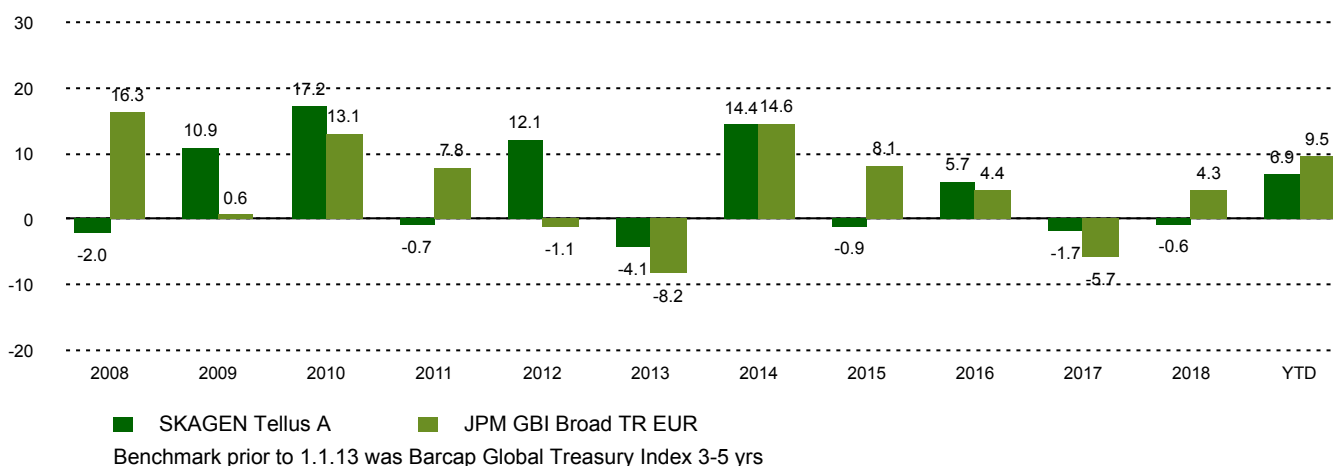
SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

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 | 12.30 EUR |
| Fixed management fee | 0.80% |
| Benchmark index | JPM GBI Broad TR EUR |
| AUM (mill.) | 65.81 EUR |
| Duration | 3.41 |
| WAL | 4.65 |
| Yield | 4.16% |
| Number of holdings | 13 |
| Portfolio manager | Jane Tvedt |

Performance last ten years



Contributors in the month



Largest contributors

| Holding | Weight (%) | Contribution (%) |
|------------------------|------------|------------------|
| United Kingdom Gilt | 8.22 | 0.26 |
| Mexican Bonos | 7.71 | 0.16 |
| Czech Republic | 5.54 | 0.08 |
| Hellenic Republic | 3.60 | 0.06 |
| Sweden Government Bond | 4.34 | 0.02 |



Largest detractors

| Holding | Weight (%) | Contribution (%) |
|------------------------|------------|------------------|
| United States Treasury | 18.62 | -0.38 |
| Norway Government | 9.40 | -0.32 |
| Uruguay Government | 5.27 | -0.25 |
| Chile Government | 6.97 | -0.23 |
| Dominican Republic | 2.38 | -0.12 |

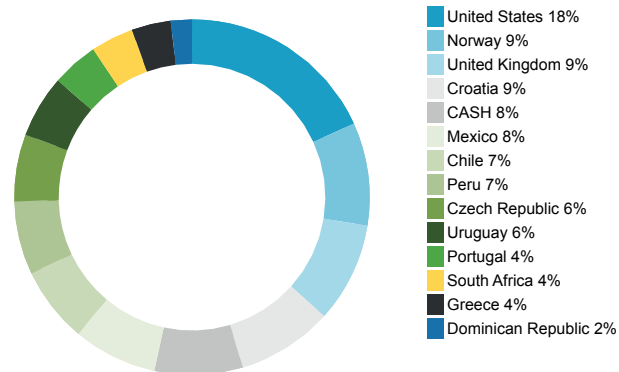
Absolute contribution based on NOK returns at fund level

The art of common sense

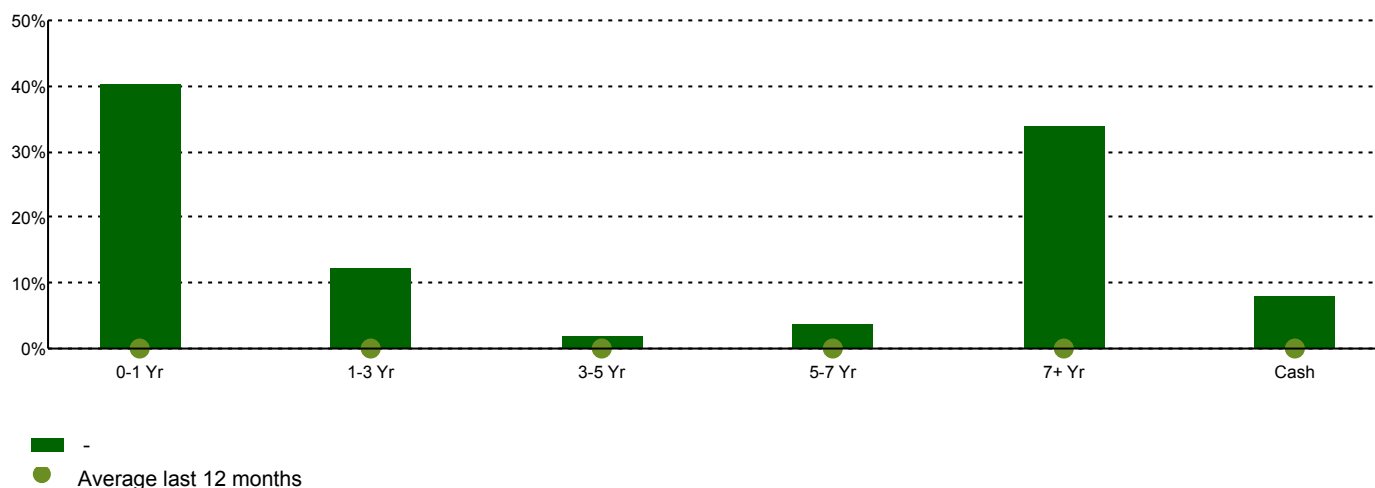
Top 10 investments

| Holding | Percentage of Fund |
|------------------------------|--------------------|
| US Government | 18.2 |
| Kongeriket Norge | 9.4 |
| UK Government | 9.1 |
| Republic of Croatia | 8.7 |
| Mexico | 7.6 |
| Republic of Chile | 6.9 |
| Republic of Peru | 6.7 |
| Czech Republic Government | 6.1 |
| Oriental Republic of Uruguay | 5.7 |
| Portuguese Government | 4.2 |
| Total | 82.6 |

Country exposure



Maturity structure



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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. AUM data as of the end of the previous month. 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.