



Apple trees, 1973. Detail. By Michael Archer, one of the Skagen Painters. This image belongs to the Art Museums of Skagen.

SKAGEN Credit EUR

Status report February 2017

The art of common sense



SKAGEN Credit EUR A – Key numbers

Key numbers as of 28 February	SKAGEN Credit EUR A	Index (EURIBOR 3M)
Return last month	0,3 %	0,0 %
Return year to date	0,6 %	0,0 %
Return since inception (annualized)	0,8 %	-0,1 %
Current yield*	1,0 %	-0,3 %
Duration	0,9	0,25
Time to maturity	2,4	N/A
Average credit spread (OAS)**	268 bps	N/A

* Current yield changes from day to day and is no guarantee for future return. For bonds that trade at a significant discount and where the likelihood of recovering the entire principal, yield can be misleading as it assumes full repayment.

** Average option adjusted spread on the investments, cash excluded

The SKAGEN Credit investment universe



SKAGEN Credit picks bonds both from the investment grade and the high yield spectrum with a high risk adjusted return potential. Minimum 50% investment grade.

Portfolio commentary

- Global corporate bond spreads were largely unchanged in February, with only a small reduction in the High Yield segment.
- Today's levels are rather low, as illustrated in the graphs below. This, combined with the uncertain situation, in both the US and Europe, makes corporate bonds in general rather expensive. Bond picking is more important now than it has been for a long time.
- The level of risk in the fund has been reduced over the last few months as the risk-reward relationship is not as lucrative as it has previously been.

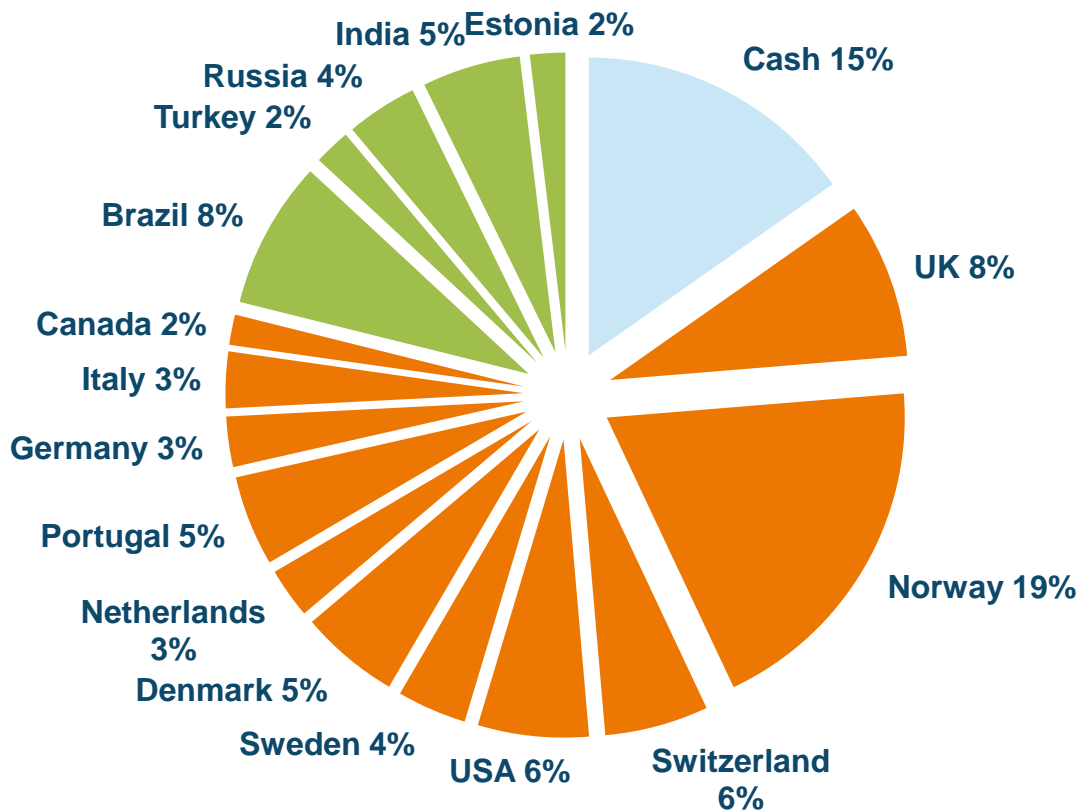


Global High Yield (Bloomberg Global High Yield Corporate Bond Index)



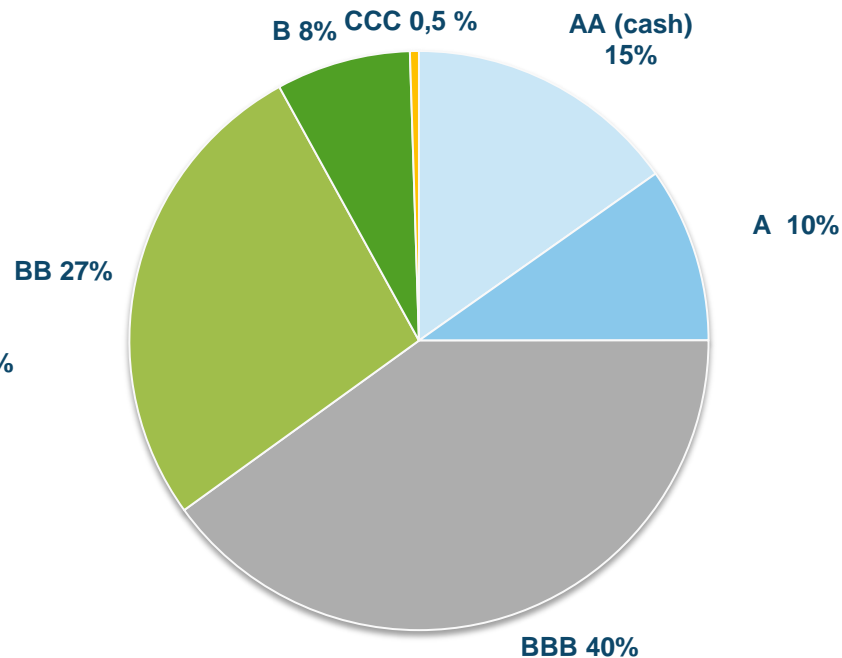
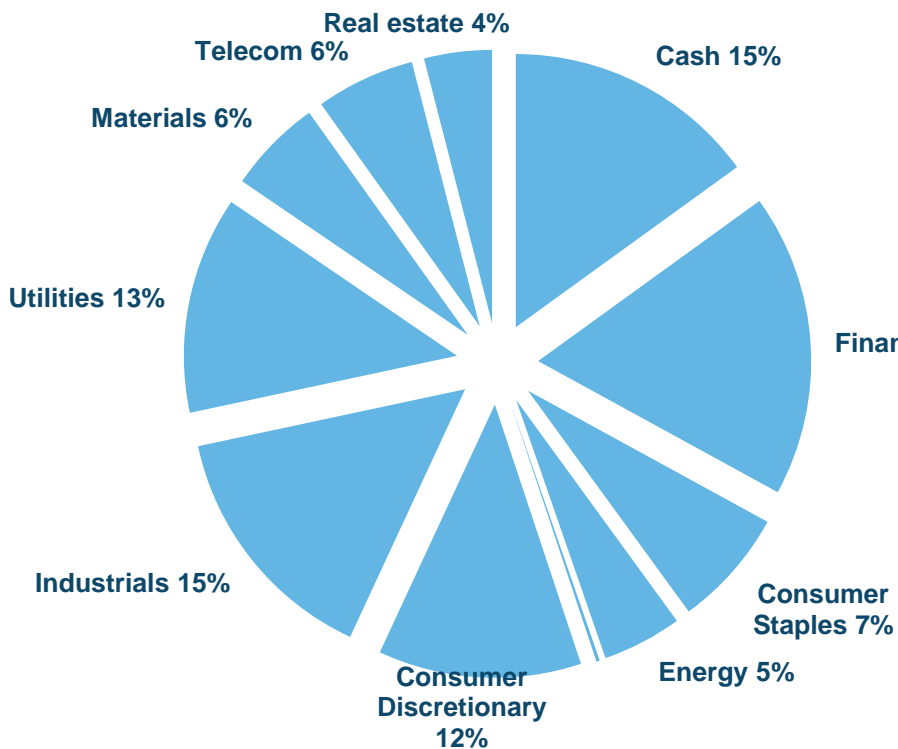
Global Investment Grade (Bloomberg Global Investment Grade Corporate Bond Index)

Country diversification



Developed markets:	64 %
Emerging Markets:	21 %
Cash:	15 %

Sector and credit rating distribution



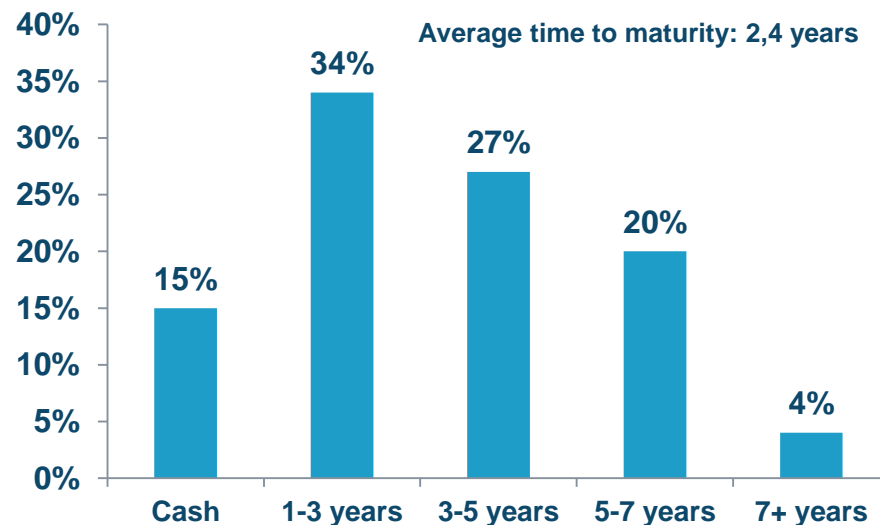
Investment grade:	65 %
High Yield:	35 %
Average rating:	BBB

Interest rate duration and time to maturity

Interest rate exposure and denominated currency (before currency hedge)

Currency	Bond denominated	Interest rate duration
USD	46%	1,0 year
EUR	8%	0,5 year
GBP	19%	1,4 year
NOK	21%	0,2 year
SEK	3 %	0,1 year
DEK	3 %	0,2 year
Sum Fund	100%	1,0 year

Credit exposure - time to maturity profile



Top 10 investments

Company	Country of risk	Credit rating*	Percent of fund
Glencore**	Switzerland	BBB-	5,6 %
BKK	Norway	BBB	4,9 %
Energias de Portugal	Portugal	BBB-	4,9 %
Sparebanken Telemark	Norway	A	4,6 %
Heathrow	United Kingdom	BBB	3,7 %
Agder Energi	Norway	BBB	3,1 %
Bharti	India	BBB-	3,1 %
Entra	Norway	A-	3,1 %
Cosan	Brazil	BB	3,1 %
DSV	Denmark	BBB+	3,0 %
Sum top 10			39,1 %

Average bond rating.

** Represent bonds from several legal units within the Glencore group

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Unless otherwise stated, all performance data in this report relates to class A units and is net of fees.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. KIIDs and prospectuses for all funds can be found on our website.

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