

Performance Commentary

There was a great deal of volatility in the global markets in October and the real estate sector was no exception. The IMF lowered its global growth forecast and the US 10yr government bond reached its highest level since 2011. In Europe, the Italy crisis continued as did the uncertainty around Brexit and German politics. It is worth highlighting that the underlying asset values are not as volatile as the stock market. SKAGEN m2 lost in absolute terms but gained relative to its benchmark. SKAGEN m2 added a position in the self-storage company Shurgard, which is the largest pan European operator, running 228 stores in seven countries. We find this sub segment interesting due to its high cash flow generation and resilient earnings profile. The best performer for the month was Brazilian MRV after announcing the spin-off of its logistical leg. Shurgard also did well after the IPO. Swedish names Catena and D. Carnegie took a breather after solid performance and contributed least to the portfolio. The SKAGEN m2 portfolio continues to trade at attractive levels, even more so after the correction. The sector remains attractive due to its stable and rising top-line, low cost financing and solid cash flows.

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.

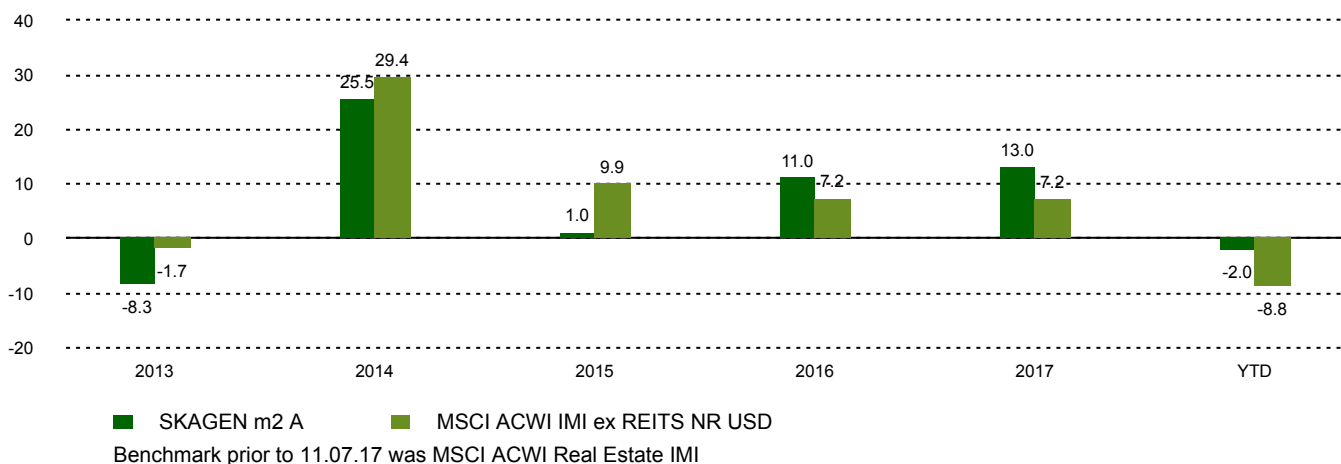
Historical performance (net of fees)

Period	SKAGEN m2 A	Benchmark index
Last month	-4.7%	-5.1%
Year to date	-2.0%	-8.8%
Last year	0.0%	-8.5%
Last 3 years	6.2%	1.6%
Last 5 years	7.4%	7.3%
Last 10 years	n/a	n/a
Since start	6.5%	7.2%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	31.10.2012
Morningstar category	Property - Indirect Global
ISIN	NO0010657356
NAV	19.77 EUR
Fixed management fee	1.50%
Total expense ratio (2017)	2.05%
Benchmark index	MSCI ACWI IMI ex REITS NR USD
AUM (mill.)	138.64 EUR
Number of holdings	32
Portfolio manager	Michael Gobitschek

Performance last ten years



Contributors in the month

Largest contributors

Holding	Weight (%)	Contribution (%)
MRV Engenharia e Participacoes	2.23	0.33
Hembla AB	1.71	0.06
Phoenix Mills Ltd/The	1.73	0.05
Shurgard Self Storage Europe S	0.25	0.04
Ascendas India Trust	2.07	0.03

Largest detractors

Holding	Weight (%)	Contribution (%)
D Carnegie & Co AB	6.09	-0.75
Catena AB	7.74	-0.52
CK Asset Holdings Ltd	3.26	-0.36
IRSA Inversiones y Representac	1.26	-0.30
CA Immobilien Anlagen AG	4.66	-0.29

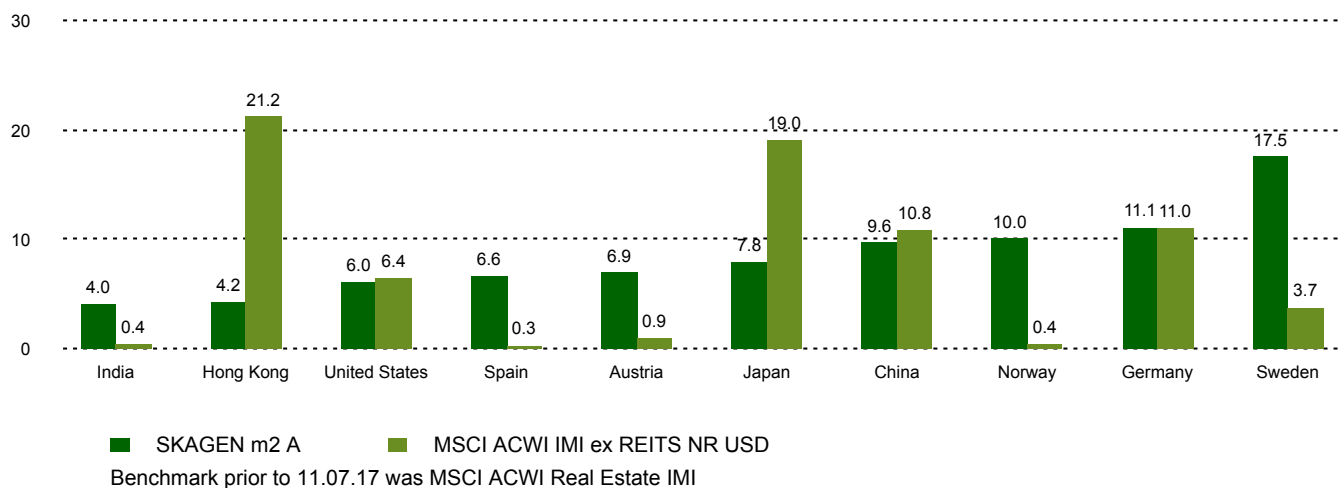
Absolute contribution based on NOK returns at fund level

All data in EUR as of 31/10/2018 unless otherwise stated.

Top ten investments

Holding	Sector	Country	%
Catena	Real Estate	Sweden	7.6
Hembla AB	Real Estate	Sweden	7.6
Deutsche Wohnen	Real Estate	Germany	6.1
Mitsui Fudosan Co	Real Estate	Japan	5.4
Aroundtown SA	Real Estate	Germany	4.9
CA Immobilien Anlagen	Real Estate	Austria	4.4
CapitaLand	Real Estate	Singapore	3.8
Olav Thon Eiendomsselskap	Real Estate	Norway	3.7
Kojamo Oyj	Real Estate	Finland	3.7
Entra	Real Estate	Norway	3.3
Combined weight of top 10 holdings			50.5

Country Exposure (top ten)



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Important information

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. 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 find 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 branch office. 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.

Don't take any unnecessary risks.

← Lower risk (Typically lower rewards) Higher risk (Typically higher rewards) →

1	2	3	4	5	6	7
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risk indicator

Read the Key Investor Information Document.

THIS IS A MANDATORY ANNOUNCEMENT