

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%

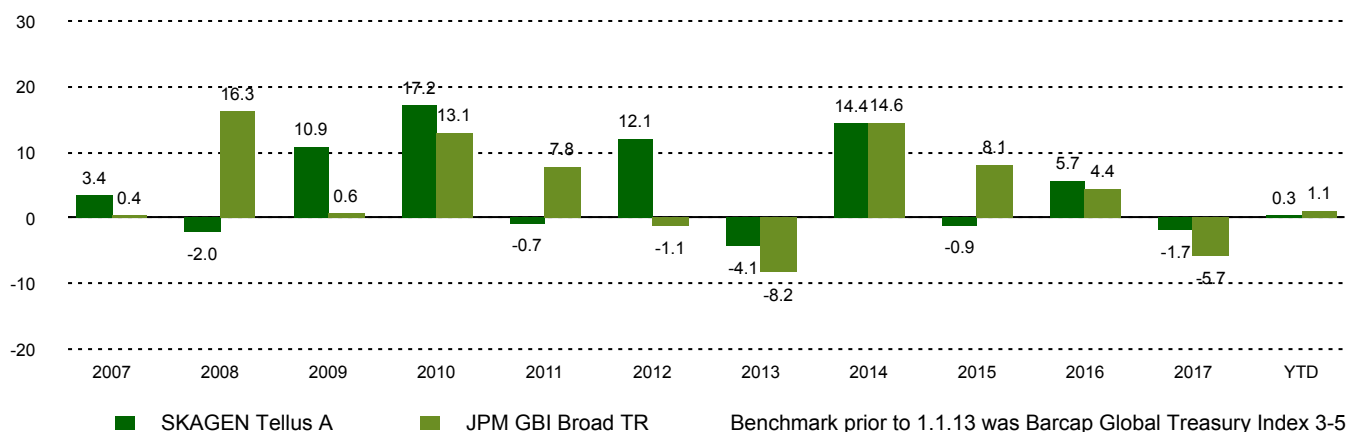
SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

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

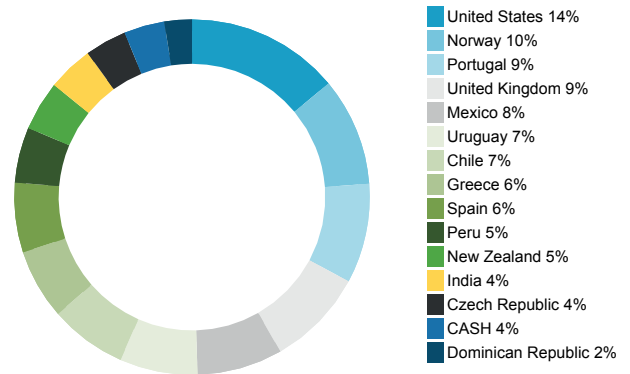
The art of common sense

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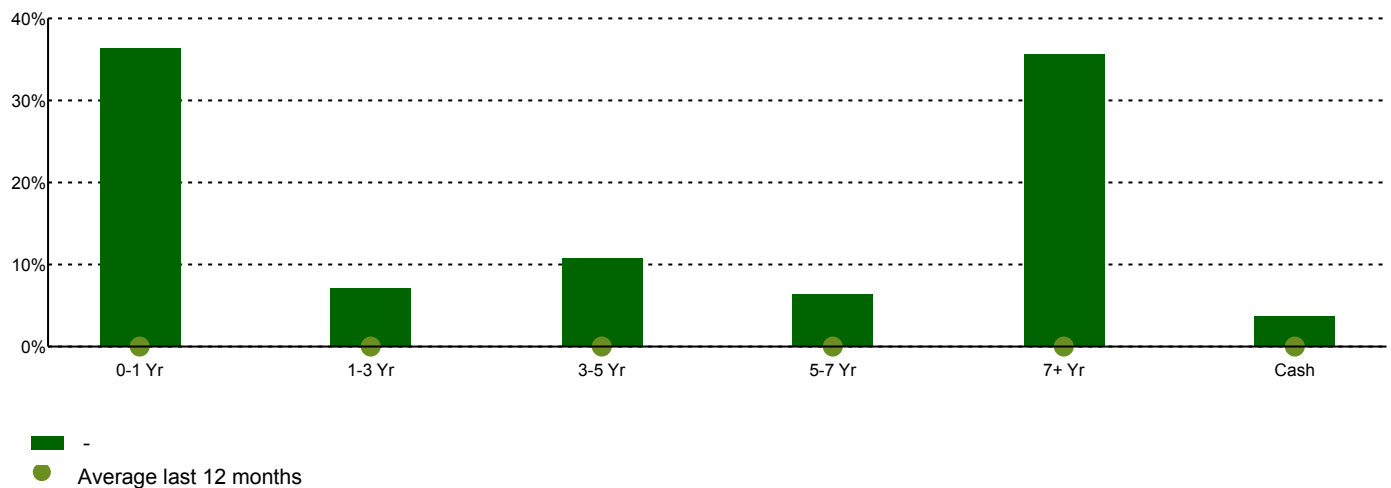
Top 10 investments

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



020 799 74 34



info@skagenfunds.nl



SKAGEN AS, Gustav Mahlerplein 2, 1082 MA Amsterdam

Important information

Unless otherwise stated, performance data 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 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)

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Read the Key Investor Information Document.

THIS IS A MANDATORY ANNOUNCEMENT