

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

Performance Commentary

October was a volatile month in financial markets. Fear of the consequences of tighter financial conditions and an escalation in trade war led to the largest correction in equity markets since 2012.

The volatility led to an appreciation of the US dollar and Japanese yen, which was the main reason for the underperformance of Tellus in October. Long-term rates also increased in the large economies, except the US. In the US, rates increased substantially at the beginning of the month, but fell back somewhat with the increased market volatility and flight to safety.

The fund's weakest performer was Mexico. The bond yields increased and the peso plummeted after the incoming president Mr Lopez Obrador declared that he will abandon the building of a new airport after a referendum on the issue. This caused markets to fear that this could be the start of less market friendly policies. Furthermore, by the end of the month Fitch adjusted the rating outlook for Mexico from stable to negative.

The largest contribution came from the fund's short-term treasury bonds. The fund gained on the appreciation of the USD relative to EUR.

We increased our holdings of short-dated US treasuries which we see as a good alternative in this volatile environment.

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.

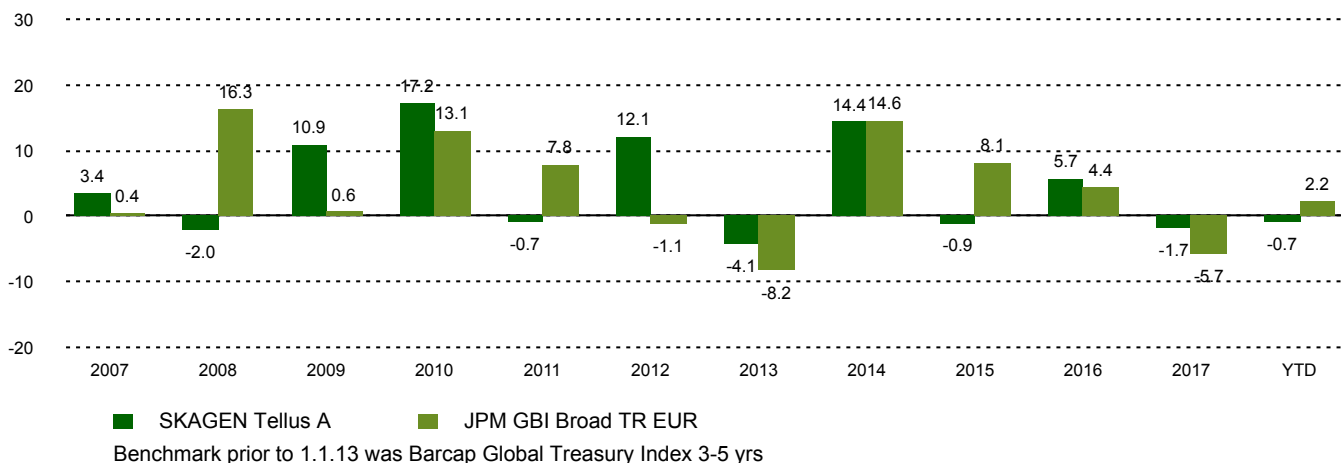
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-0.2%	1.4%
Year to date	-0.7%	2.2%
Last year	-0.8%	0.7%
Last 3 years	0.9%	0.4%
Last 5 years	2.8%	3.8%
Last 10 years	5.3%	3.2%
Since start	4.3%	3.9%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	12.04 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	62.84 EUR
Duration	3.07
WAL	4.39
Yield	4.91%
Number of holdings	13
Portfolio manager	Jane Tvedt

Performance last ten years



Contributors in the month

Largest contributors

Holding	Weight (%)	Contribution (%)
US Treasury	17.85	0.48
Uruguay Government	6.51	0.24
Dominican Republic	4.19	0.13
Asian Development Bank	4.48	0.05
Portugese Government	7.15	0.03

Largest detractors

Holding	Weight (%)	Contribution (%)
Mexican Government	7.44	-0.77
Republic of Chile	7.72	-0.21
Norwegian Government	14.48	-0.13
Peruvian Government	5.63	-0.08
Czech Republic	7.24	-0.01

Absolute contribution based on NOK returns at fund level

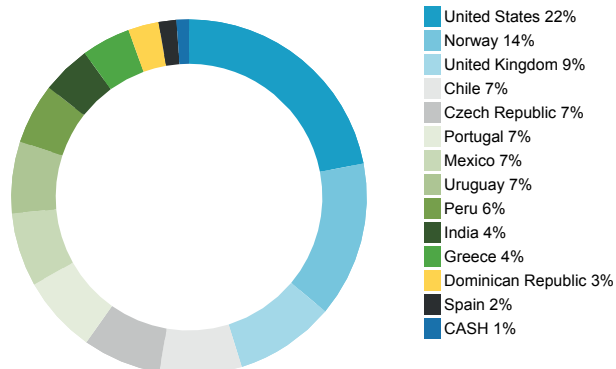
The art of common sense

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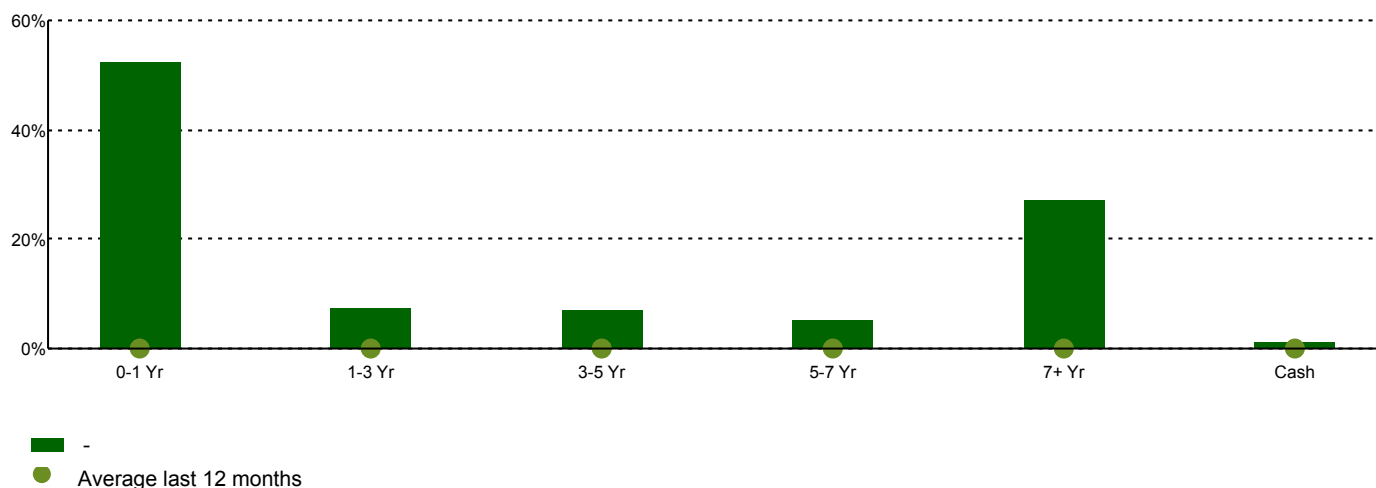
Top 10 investments

Holding	Percentage of Fund
US TREASURY N/B	22.0
Norwegian Government	14.1
UK Government	9.1
REPUBLIC OF CHILE	7.5
CZECH REPUBLIC	7.1
Portugese Government	7.0
Mexican Government	6.7
Uruguay Government	6.5
REPUBLIC OF PERU	5.5
Asian Development Bank	4.5
Total	90.0

Country exposure



Maturity structure



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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.