

Performance Commentary

May was a turbulent month, due to volatility in emerging markets and political uncertainty in Italy. The uncertainty led to a massive flight to safety, leading to a fall in US and German interest rates and a sharp appreciation of the USD and JPY. The index rallied on the back on this and Tellus underperformed its benchmark.

The general strengthening of the USD since mid-April is said to be the trigger of the general sell off in EM. The countries with a large dollarization of the economy have been the hardest hit; namely Argentina, Turkey and Indonesia.

The worst performer in the fund was our investment in Uruguay. The interest rate on our holdings increased by about 80 basis points and the Uruguayan peso depreciated by 6 percent versus EUR. This is due to the fact that the country neighbours Argentina. However, Uruguay differs from Argentina when it comes to the strengths and weaknesses of the economy. We therefore see this as an overreaction and expect the interest rates to fall and currency to appreciate going forward.

Our investments in short-dated US Treasuries contributed the most. This was due to the appreciation of the USD relative to the euro in May.

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.

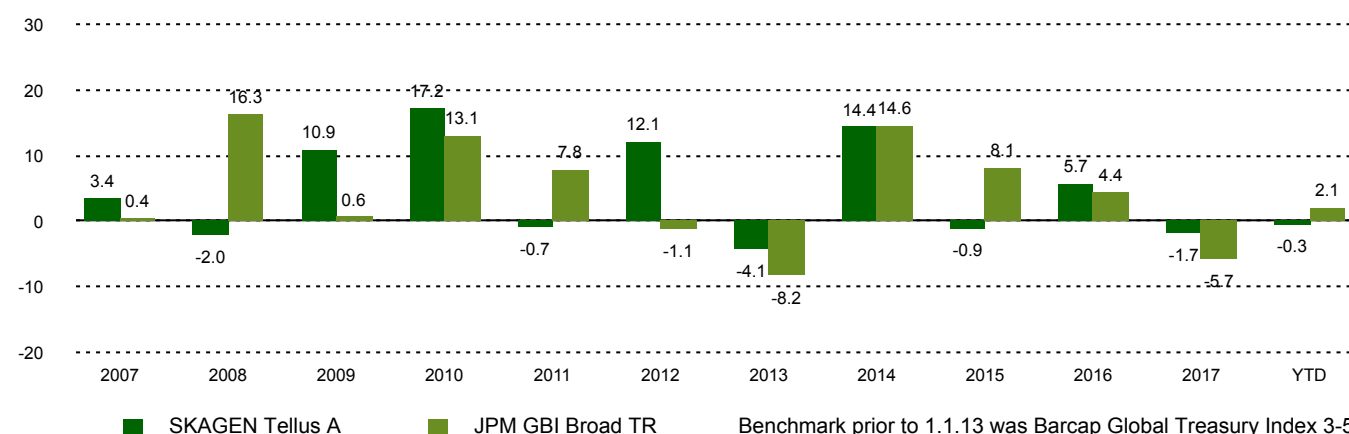
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-0.5%	2.4%
Year to date	-0.3%	2.1%
Last year	-0.7%	-1.8%
Last 3 years	-1.0%	0.6%
Last 5 years	2.0%	3.4%
Last 10 years	4.9%	5.0%
Since start	4.5%	4.0%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	12.08 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR
AUM (mill.)	75.40 EUR
Duration	4.03
WAL	5.55
Yield	4.13%
Number of holdings	14
Lead manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
US Treasury	10.43	0.30
New Zealand Government	6.39	0.20
Dominican Republic	5.68	0.17
Norwegian Government	9.80	0.16
Republic of Chile	6.85	0.05



Largest detractors

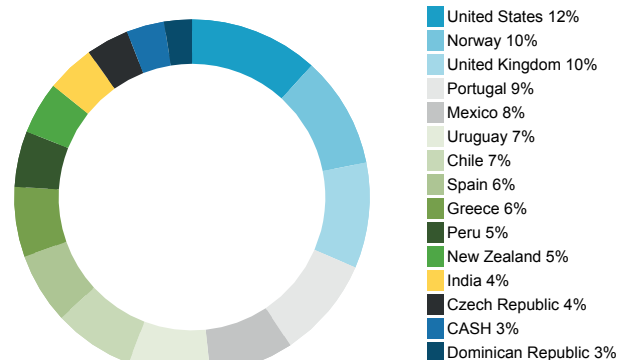
Holding	Weight (%)	Contribution (%)
Uruguay Government	7.22	-0.59
Mexican Government	7.37	-0.30
Hellenic Republic	6.08	-0.26
Portuguese Government	8.77	-0.15
Spanish Government	6.63	-0.08

Absolute contribution based on NOK returns at fund level

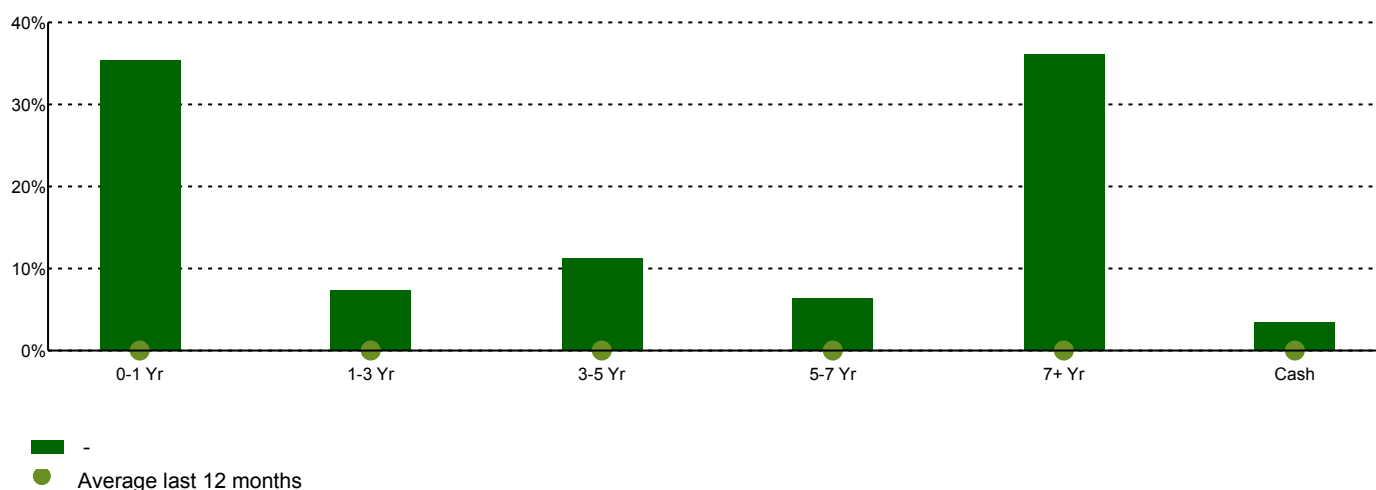
Top 10 investments

Holding	Percentage of Fund
US TREASURY N/B	11.7
Norwegian Government	10.1
UK Government	9.6
Portugese Government	9.2
Mexican Government	7.7
Uruguay Government	7.5
REPUBLIC OF CHILE	7.3
Spanish Government	6.4
HELLENIC REPUBLIC	6.4
REPUBLIC OF PERU	5.1
Total	81.0

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. 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.