

Performance Commentary

Emerging market volatility returned in August, mainly as a result of the situation in Turkey. The currency dropped 32 percent versus the EUR due to uncertainty surrounding the country's economic future and lack of confidence in the government and central bank.

At the end of the month, the turmoil in Argentina increased. It was triggered by the country's president asking the IMF to speed up the release of the USD 50bn bailout package to shore up next year's budget. The peso dropped sharply on the news. SKAGEN Tellus was also affected by the EM volatility and had a weak month.

Uruguay was the weakest performer as, once again, the investment was hit by contagion from Argentina. Low liquidity led to a sharp increase in interest rates and a drop in the currency. This is not based on fundamentals but is a result of the risk off-sentiment in the region. Furthermore, the lower copper price and risk-off sentiment led to a sharp depreciation of the Chilean peso, which was negative for our Chilean investment.

We sold out of New Zealand and added to our positions in Norway and the UK in August.

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.

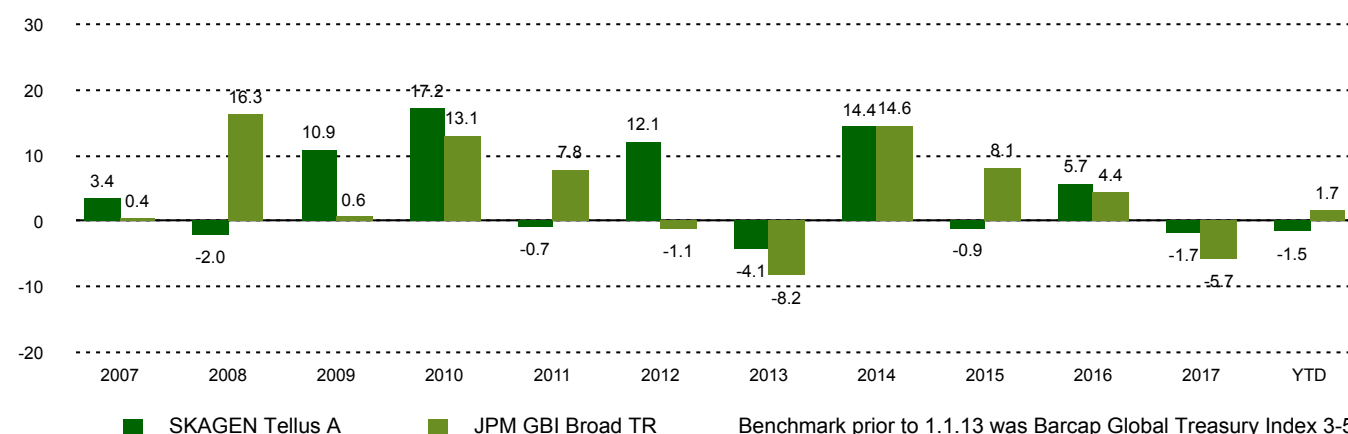
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-1.8%	0.6%
Year to date	-1.5%	1.7%
Last year	-1.2%	0.6%
Last 3 years	0.9%	1.0%
Last 5 years	2.4%	3.7%
Last 10 years	4.5%	4.6%
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	11.93 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR
AUM (mill.)	75.29 EUR
Duration	3.32
WAL	4.65
Yield	4.74%
Number of holdings	13
Portfolio manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
US Treasury	13.87	0.08
Peru Government	4.91	-0.01
Spanish Government	4.22	-0.01
New Zealand Government	4.13	-0.02
Dominican Republic	6.07	-0.03



Largest detractors

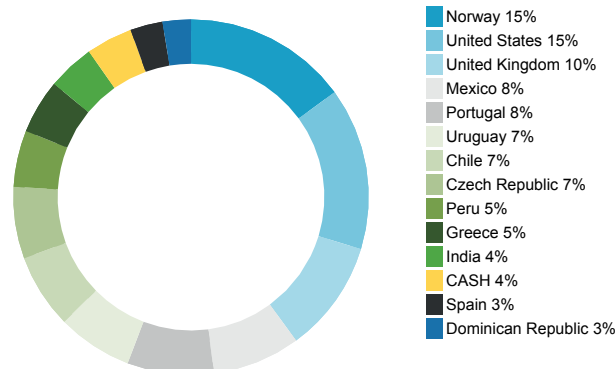
Holding	Weight (%)	Contribution (%)
Uruguay Government	6.92	-0.59
Republic of Chile	6.63	-0.36
Hellenic Republic	6.07	-0.24
Mexican Government	7.65	-0.15
Norwegian Government	10.01	-0.14

Absolute contribution based on NOK returns at fund level

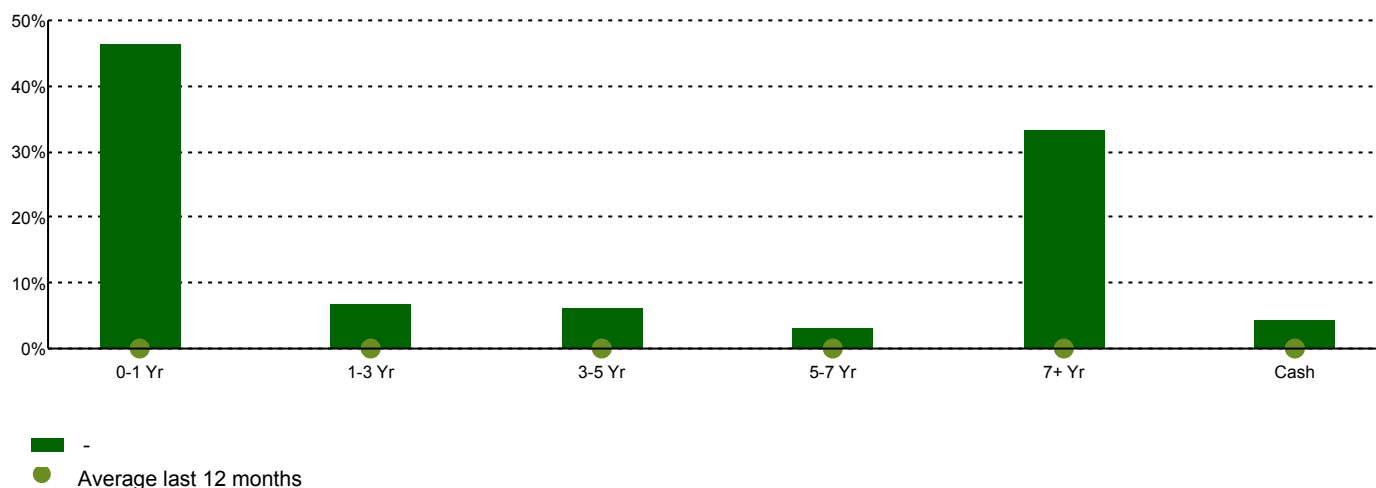
Top 10 investments

Holding	Percentage of Fund
Norwegian Government	15.0
US TREASURY N/B	14.8
UK Government	10.2
Mexican Government	8.0
Portugese Government	7.9
Uruguay Government	6.8
REPUBLIC OF CHILE	6.8
CZECH REPUBLIC	6.5
REPUBLIC OF PERU	5.1
HELLENIC REPUBLIC	4.9
Total	86.0

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.