

Performance Commentary

Fear returned to the markets in May. The escalation of the trade war led to a massive flight to safety. The US 10-year yield fell by 40 basis points in May, mostly towards the end of the month. The German 10-year yield fell by 23 basis points and is now back in negative territory. The Japanese yen appreciated by 3.25 percent.

May was a difficult month for Tellus, in particular on a relative basis. Both the fund's underweight in JPY and duration in large developed economies led to a significant underperformance relative to the index.

Greece was the best performer in May. After a turbulent start to the month, the rates fell sharply after the conservative New Democracy party won the European Parliament elections. The election defeat of the government party Syriza meant that Prime Minister Tsipras called for early elections. The market believes and hopes that the conservative party will win the election.

Chile was the weakest performer due to a fall in the copper price.

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.

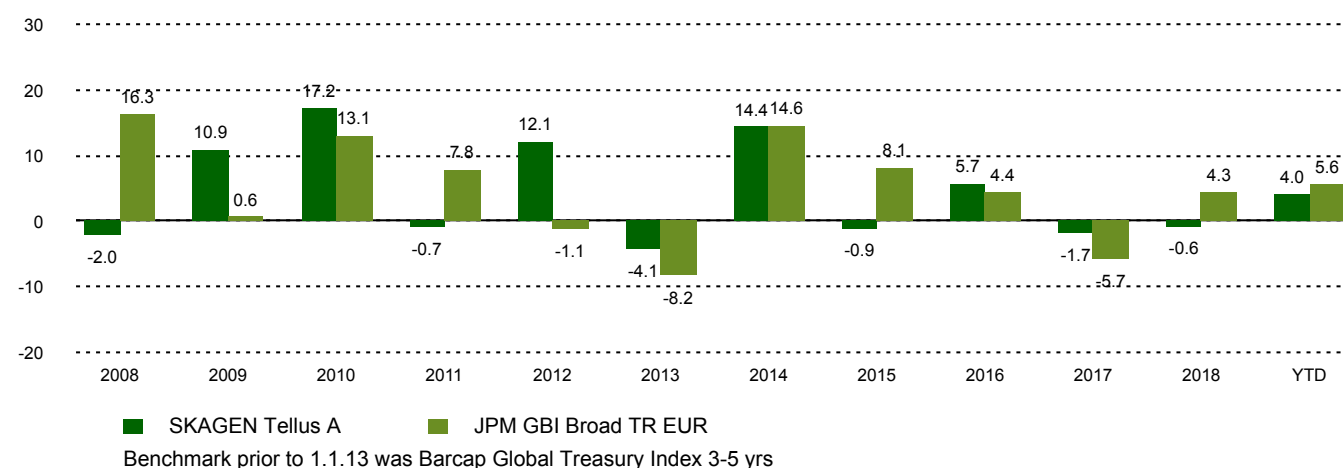
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-0.4%	2.3%
Year to date	4.0%	5.6%
Last year	3.6%	7.9%
Last 3 years	1.7%	1.5%
Last 5 years	2.5%	5.0%
Last 10 years	5.1%	4.3%
Since start	4.5%	4.3%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	11.97 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	66.10 EUR
Duration	3.41
WAL	4.82
Yield	3.99%
Number of holdings	14
Portfolio manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
Government of Greece	4.81	0.16
US Treasury	20.72	0.14
Portugese Government	3.93	0.11
Dominican Republic	4.26	0.08
Croatian Government	6.79	0.05



Largest detractors

Holding	Weight (%)	Contribution (%)
Republic of Chile	7.62	-0.26
UK Government	6.73	-0.19
Mexican Government	7.59	-0.14
Republic of Uruguay	4.56	-0.08
Republic of South Africa	4.19	-0.06

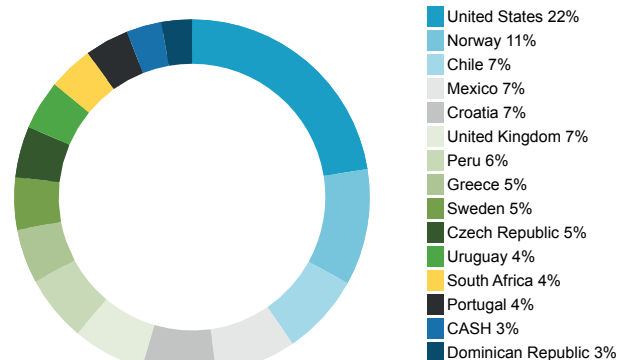
Absolute contribution based on NOK returns at fund level

The art of common sense

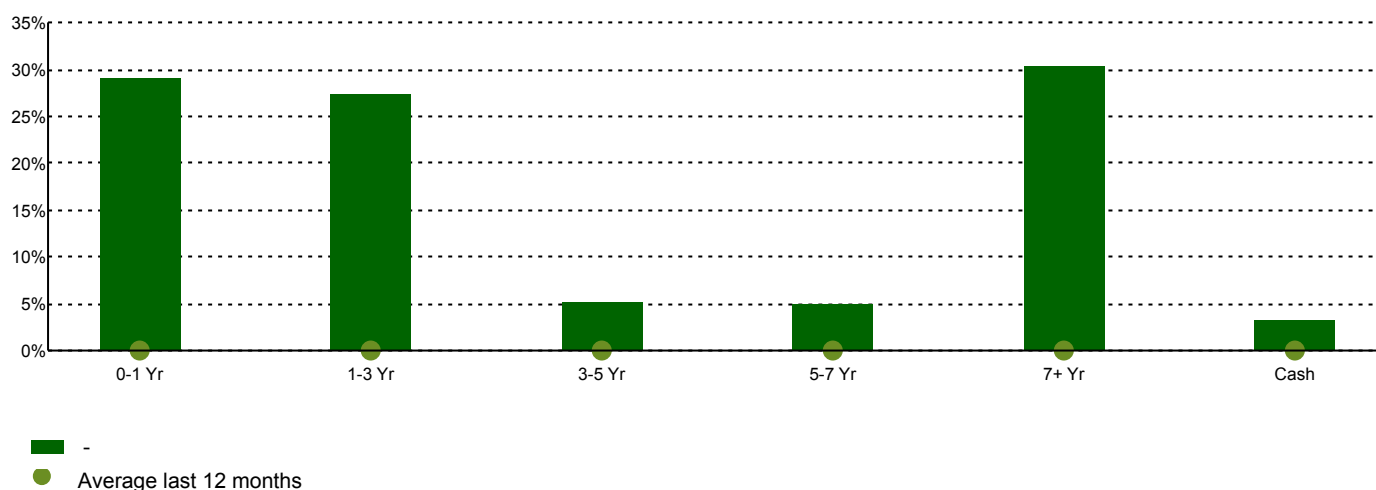
Top 10 investments

Holding	Percentage of Fund
US TREASURY N/B	22.5
Norwegian Government	10.6
REPUBLIC OF CHILE	7.4
Mexican Government	7.4
Croatia Government International Bond	6.8
UK Government	6.6
REPUBLIC OF PERU	6.0
HELLENIC REPUBLIC	4.9
Sweden Government	4.7
CZECH REPUBLIC	4.6
Total	81.5

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. 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.