

Performance Commentary

In August, markets focused on the escalation of the trade war and concerns around the outlook for the global economy, resulting in a massive flight to safe havens. Long rates fell sharply globally. The US 10-year yield was down to just below 1.5%. The German 10-year yield fell to -0.7%, the lowest level ever. Currently, around 30% of all investment grade debt has a negative running yield. August was a poor relative month for SKAGEN Tellus. This is due to the fund being underweight duration in the large economies and Japanese yen. It is almost impossible for the fund to beat the index during times of flight to safety with the high index concentration of both duration and currency risk in the traditional safe haven countries. The fund's best performers in August were Portugal and Croatia. Rates in both countries fell along with the long-term rates in Europe. Uruguay was the weakest performer in the fund. Interest rates increased and the currency depreciated when the Argentinian president Marci suffered a defeat in the primary elections. Uruguay is Argentina's neighbour, but does not have the same economic problems so we expect the market spillover to be temporary.

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.

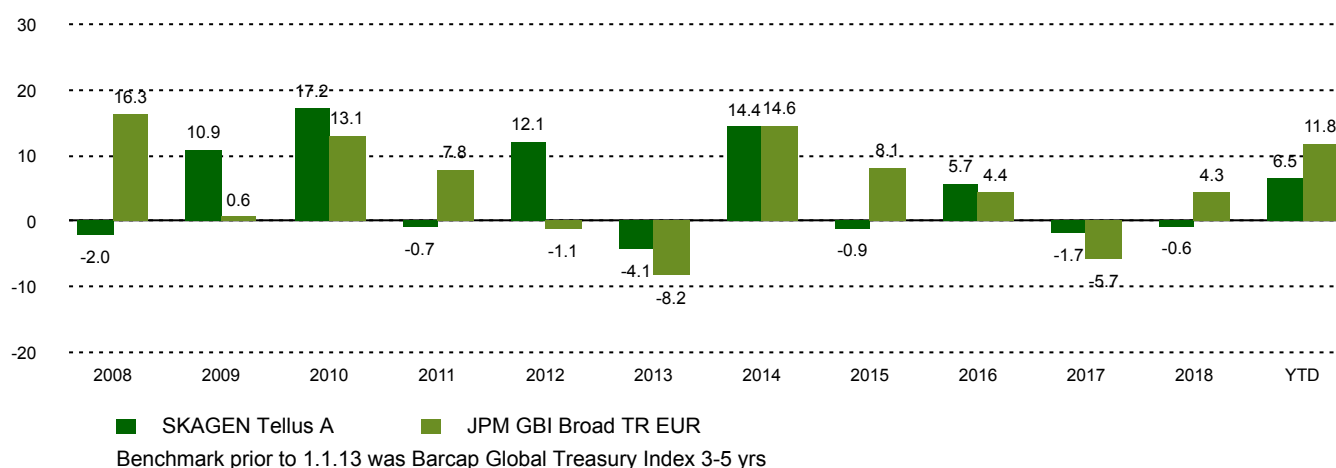
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-0.7%	3.9%
Year to date	6.5%	11.8%
Last year	7.5%	14.7%
Last 3 years	1.8%	2.3%
Last 5 years	2.3%	5.3%
Last 10 years	4.9%	4.8%
Since start	4.6%	4.7%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	12.26 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	67.38 EUR
Duration	3.43
WAL	4.67
Yield	4.14%
Number of holdings	14
Portfolio manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
Croatia Government	7.26	0.24
Portugal Obrigacoes do Tesouro OT	4.17	0.09
Hellenic Republic Government Bond	4.80	0.05
Dominican Republic	4.20	0.05
United Kingdom Gilt	6.47	0.04



Largest detractors

Holding	Weight (%)	Contribution (%)
Uruguay Government	4.49	-0.43
Republic of South Africa	3.96	-0.20
Chile Government	7.21	-0.08
Sweden Government Bond	4.63	-0.05
Czech Republic Government Bond	4.52	-0.04

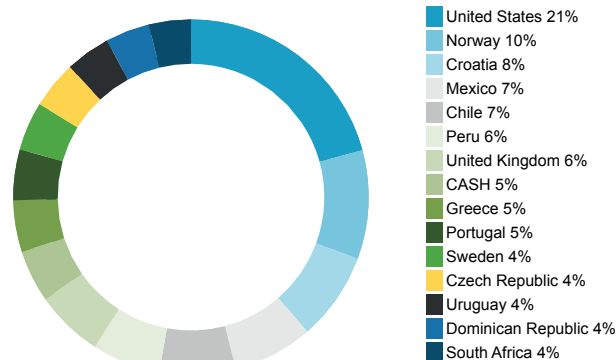
Absolute contribution based on NOK returns at fund level

The art of common sense

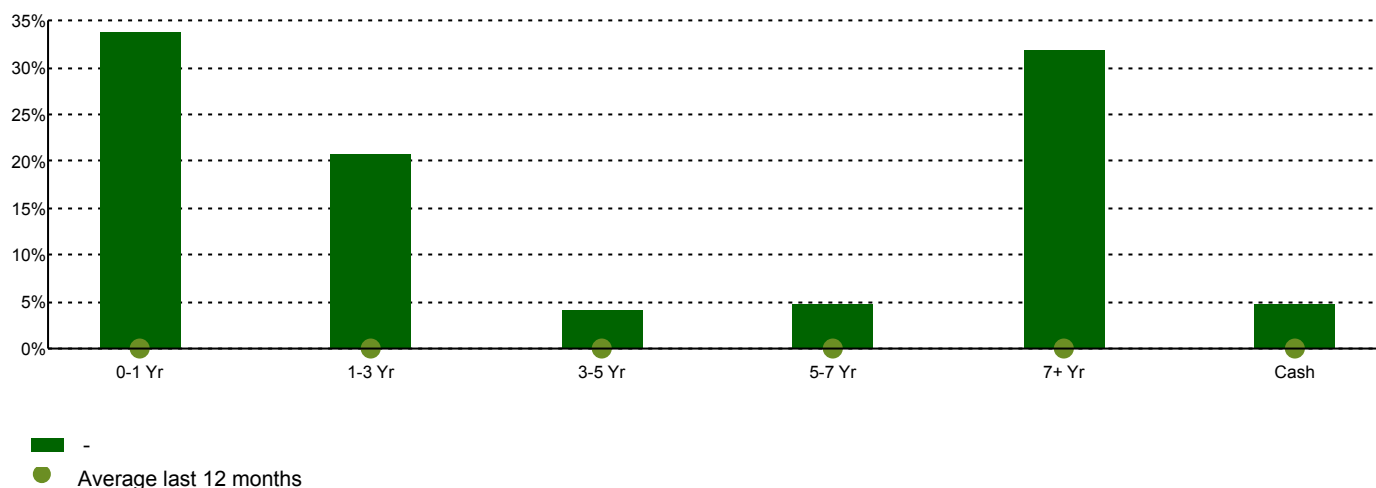
Top 10 investments

Holding	Percentage of Fund
US Government	20.7
Kongeriket Norge	9.9
Republic of Croatia	8.0
Mexico	7.3
Republic of Chile	7.0
Republic of Peru	6.2
UK Government	6.2
Hellenic Republic	4.7
Portuguese Government	4.6
Kingdom of Sweden	4.4
Total	79.0

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. 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.