

Performance Commentary

Long-term interest rates rose significantly in large parts of the world in February. The US led the way with the 10-year yield rising around 50 basis points, the largest one-month increase in five years. The move also spread to emerging markets, which had previously seemed immune to the ongoing increase in developed market interest rates seen since last summer. The drivers behind the rise in yields were increased inflation expectations and higher real rates. The developments intensified towards the end of the month and the market became slightly panic stricken as inflation fears and concerns that monetary policy would tighten took hold. The major central banks tried to calm markets, referencing the still challenging economic outlook and subdued inflation numbers, and the Australian central bank took firm action with increased bond purchases. So far this seems to have cooled the market, but we still expect long-term interest rates to drift higher going forward. SKAGEN Tellus outperformed its benchmark in February. The largest positive contributors were the Dominican Republic and the UK thanks to a high running yield and appreciating currency respectively. The main laggards were Peru and the Czech Republic driven by a rise in long-term interest rates.

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.

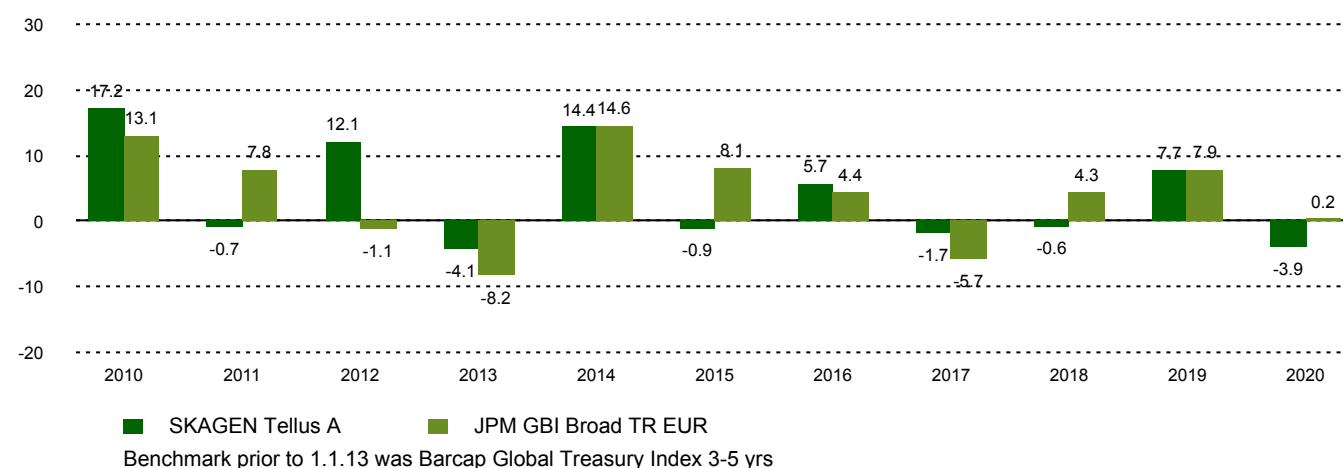
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-1.4%	-2.8%
Year to date	-1.1%	-2.9%
Last year	-3.9%	-7.4%
Last 3 years	0.8%	3.4%
Last 5 years	0.9%	0.7%
Last 10 years	2.8%	3.0%
Since start	3.8%	3.7%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	10.17 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	51.43 EUR
Duration	4.43
WAL	5.75
Yield	3.19%
Number of holdings	16
Portfolio manager	Sondre Solvoll Bakketun

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
United States Treasury	28.87	0.23
Dominican Republic	4.41	0.13
United Kingdom Gilt	4.12	0.09
Canadian Government Bond	3.62	0.06
Croatia Government	0.41	0.03



Largest detractors

Holding	Weight (%)	Contribution (%)
Mexican Bonos	5.71	-0.33
Peruvian Government	7.55	-0.30
Czech Republic	7.77	-0.27
International Finance Corp	1.18	-0.22
European Bank for Recon & Dev	5.59	-0.12

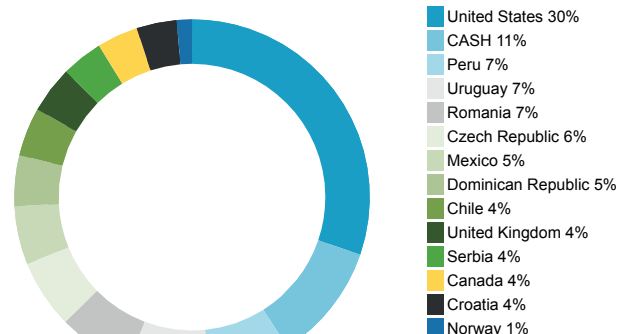
Absolute contribution based on NOK returns at fund level

The art of common sense

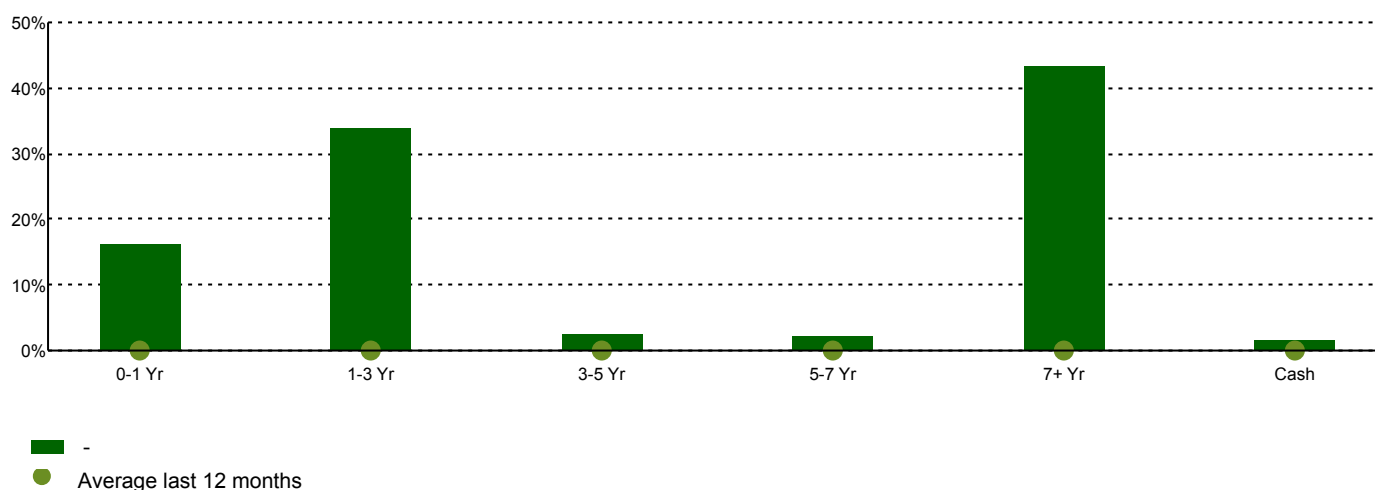
Top 10 investments

Holding	Percentage of Fund
US Government	30.2
Republic of Peru	7.4
Oriental Republic of Uruguay	7.4
Romanian Government	6.8
Czech Republic Government	6.3
European Bank for Reconstruction & Development	5.6
Mexico	5.3
Dominican Republic	4.6
Republic of Chile	4.4
UK Government	4.3
Total	82.3

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.