MARKET REPORT
SKAGEN

STAYING
THE COURSE

... AND DARING TO BE CONTRARIAN

APRIL 2015 | www.skagenfunds.com

MOST PROFITABLE

Take the long view

Sometimes it is wise to put things into perspective.

The beginning of 2015 can be characterised by more of what we saw last year. The stock markets performed very well in the first quarter of the year. Share prices have been steadily on the rise for a long period of time, and the euphoria is setting in as a permanent condition. It is precisely in these situations that one should free one's inner sceptic. In 2014 and so far in 2015, it is the large and often expensive companies that have been popular. In SKAGEN we believe that it is more important than ever to find really good companies, and avoid buying those whose share price has increased the most.

We will not win any popularity contests with our views, and do not wish to either. We know from experience that in the long run it pays off to buy good companies cheaply, and remain invested in them until the rest of the world catches on. A number of researchers have taken the same view, most recently Professor Roger Ibbotson at Yale University (http://som.yale.edu/roger-g-ibbotson), who through his studies has found that unpopular value stocks, such as the ones SKAGEN invests in, perform better than growth stocks over time. For the time being so-called growth stocks are in favour, but the trend will turn. We just don't know when.

In order to perform better than the benchmark index, an active manager like SKAGEN must invest in different companies than those listed in the index. When passive management is doing well, it can be tempting to follow the index slightly too closely. That is why it has been particularly interesting to see authorities in Norway and other countries keeping a close eye on so-called 'closet indexers', which claim to be active managers, but which are in practice very similar to the index. In SKAGEN we guarantee that we will stay true to our active investment philosophy.

Those who look ahead enjoy a number of advantages. First, these are often talented investors who manage to stick to their targets. The longer you are invested, the more chance there is to attain good returns. We recommend all long-term investors to spread their capital over several funds, preferably between equity and fixed income funds. It is well known that it is a risky tactic to put all your eggs in one basket.

In SKAGEN it has been gratifying to see the positive response we have received on the announcement of our new high concentration equity fund. Although the fund has not yet been launched, the feedback on the concept behind the fund has been very good. We look forward to the upcoming launch!

Professor Roger G. Ibbotson of Yale University has written a number of books and academic articles. He has, amongst other things, researched the various criteria that are taken into account when investing in stocks, such as liquidity and company size, during the period from 1996 to 2014. One of his findings has been that smaller companies have done better than larger ones; not because the risk has been higher, but rather due to their lack of popularity. Larger companies with high liquidity are popular among institutional investors; a trend that has intensified as investors have become more short sighted. Ibbotson's research demonstrates, among other things, that unpopular companies have made for better investments than their popular counterparts.

Read more at www.som.yale.edu/roger-g-ibbotson

– Leif Ola Rød
CEO

CONTENT

Photo: Bloomberg

SKAGEN Kon-Tiki believes in the outlook for Petrobras. The scandal-ridden Brazilian oil company has now been brought back into the portfolio.

Photo: Bloomberg

The pan-Nordic bank Nordea boosted dividends more than expected, sending the share up 22 percent and making it one of SKAGEN Global´s best contributors in the first quarter. Pictured: CEO Christian Clausen.

Returns

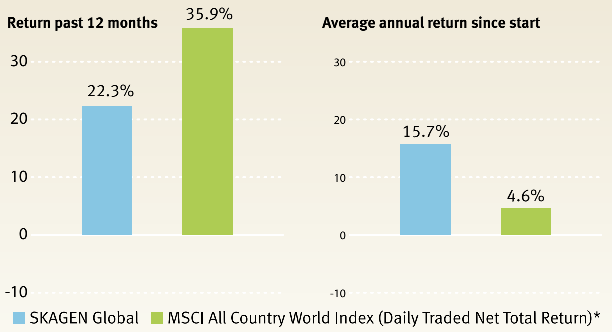
The following tables show the returns for SKAGEN's funds versus their respective benchmarks in euro. The figures are updated as of 31.03.2015

Unless otherwise stated, all performance data in this report is in euro, relates to class A units and is net of fees.

Equity Fund   Fixed Income Fund

SKAGEN GLOBAL

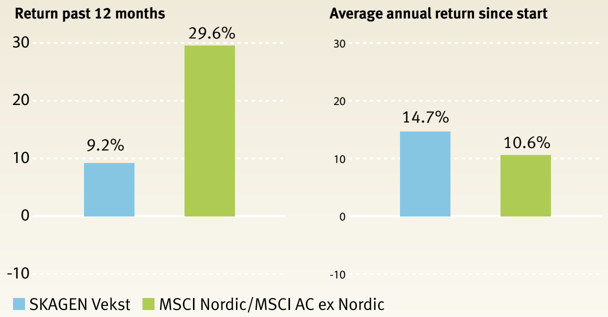
Manager: Knut Gezelius **Start:** 7 August 1997



* The benchmark index prior to 1/1/2010 was the MSCI World Index

SKAGEN VEKST

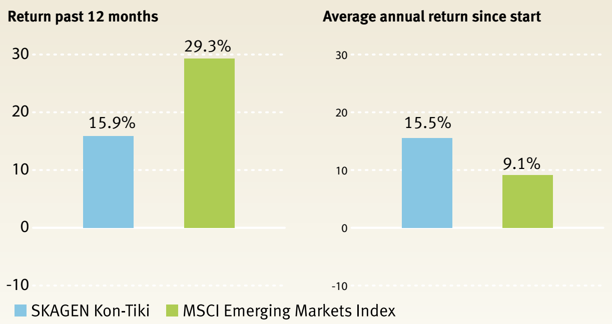
Managers: Ole Søeberg and Geir Tjetland **Start:** 1 December 1993



* Effective 1/1/2014, the fund's investment mandate changed. Read more on page 9. The benchmark index prior to 1/1/2010 was the Oslo Stock Exchange Benchmark Index (OSEBX).

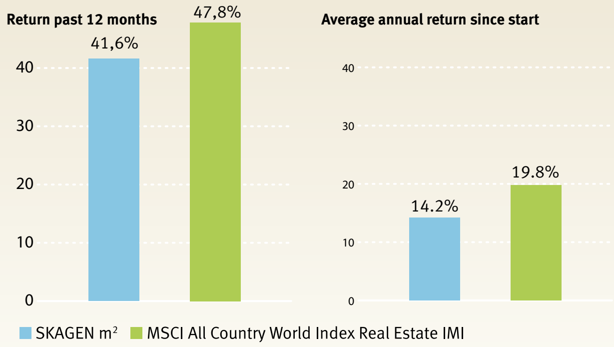
SKAGEN KON-TIKI

Manager: Kristoffer Stensrud and Knut Harald Nilsson **Start:** 5 April 2002



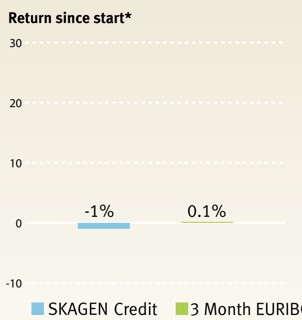
SKAGEN m²

Managers: Michael Gobitscheck and Harald Haukås **Start:** 31 October 2012



SKAGEN CREDIT EUR

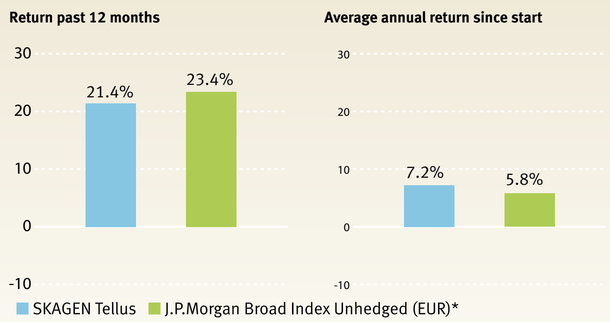
Manager: Ola Sjöstrand **Start:** 30 May 2014



*Since inception on 30 May 2014

SKAGEN TELLUS

Manager: Torgeir Høien **Start:** 29 September 2006



* The benchmark index prior to 1/1/2013 was Barclay's Capital Global Treasury Index 3-5 years.

After a few tough quarters we believe there are several triggers for surprises on the upside for Samsung – among them the launch of the Galaxy S6.

Portfolio managers´ report

Introduction

- Our funds all delivered good absolute returns, although active value based managers continued to struggle in the first quarter
- Significant currency fluctuations have led to unpredictable corporate performance updates – SKAGEN is well placed to take advantage of this
- Macro drivers continued to be stimulatory in 1Q 2015 as energy prices remained low and interest rates declined further
- Volume growth and productivity gains will continue in 2015, hence the key drivers for a sustained positive stock market remain in place

Energy prices are unchanged, but overall commodity prices are down 6 percent – a positive for economic activity.

Thomas Jordan of the Swiss National Bank unexpectedly announced that the bank would abandon the peg of the Swiss franc to the euro, strengthening the franc against the euro by 13 percent.

Nailing our colours to the mast

Good companies are like good ships – they sail steadily in most weather conditions.

Our funds have delivered good absolute returns so far in 2015. Nevertheless, the equity funds have underperformed their respective benchmark indexes, as they did in the second half of 2014. Most active value biased investors struggle when passive funds and smart beta funds chase expensive companies. Nonetheless, we have no intention of changing our investment philosophy which has proven to work well over the past 22 years.

For specific details about the performance and prospects for the future of each fund, please read the individual fund's performance update.

Currency fluctuations reduce shorter term corporate visibility

The world can be viewed from many viewpoints. Depending on where you stand, your subsequent actions should be carefully considered.

2015 has started as 2014 ended, namely with significant currency movements, a strong US dollar and various levels of weakness in other currencies. Of the major currencies, the euro weakened 11 percent versus the US dollar and 12 percent versus the Japanese yen. Currency movements of this magnitude affect reported corporate performance significantly, so we have seen US companies announcing that the value of their earnings coming from outside the US will be lower.

When there are substantial currency movements in the shorter term, you should not take irreversible long-term decisions. During the first quarter of this year we have seen several companies update their guidance for 2015 based solely on currency movements and a change in assumptions. Stocks have reacted almost mechanically on the news. However, the risk rises if management teams try to change course due to adverse currency movements in the shorter term. We have not seen evidence of such decisions yet. Companies are in general not good short to mid-term currency forecasters, so the most pragmatic companies just position themselves where they are likely to create the most value over time i.e. with production and distribution close to their profitable customers.

By way of illustration the Swiss pharmaceutical company, Roche, has grown the company and value for shareholders significantly over decades despite constant currency headwinds from an ever-strengthening Swiss franc. The Roche case shows how management teams can navigate a currency situation over the longer term via independent thinking and clever and prudent use of company resources. Had the management team of Roche not cleverly expanded their business with a local presence and global view, then Roche would probably still be a local chemist in Switzerland. Roche is currently one of the top ten holdings in SKAGEN Global and a two percent position in SKAGEN Vekst.

It is our quest to find reasonably priced companies that have a culture of understanding their market well and navigating the best possible course, whilst producing significant shareholder returns over time. Our Korean export champions, Samsung Electronics and the Hyundai Motor Group, have demonstrated this ability. Had the people running those businesses not had a grand global vision then Samsung would probably still be an electronics component manufacturer and Hyundai a construction company.

"Companies are managed via budgets and plans, so when big currency changes occur, the corporate navigation instruments tend to be imprecise."

Companies plan budgets for the next year or rolling seven quarters in order to optimise the allocation of their resources. From experience this system works well, but when you get into a period of significant currency fluctuations or external financial turbulence, all the budgets and plans suddenly turn into imprecise navigation instruments. What to do then? History has shown that if you are prepared and manage your assets well, then the currency movements have a limited long-term effect. The key driver for good performance is good management of resources.

The stock market in general likes companies with high visibility and when perceived visibility is high, this often results in a higher valuation of businesses or stocks. In extreme cases the visibility turns out to be a mirage, however, like the IT bubble in 1999–2000.

When visibility is low, then valuations tend to be low as investors are nervous and uncertain of the size and direction of future cash flows.

The significant currency fluctuations in the recent past will make the first quarter 2015 corporate performance updates slightly more volatile and unpredictable. This could in turn result in a more volatile period for stock prices ahead. For active value-oriented investment managers, like SKAGEN, this is an opportunity we are ready to make the most of. At SKAGEN we look three to four years ahead with companies to see if we can identify value creation not yet seen by the market. In periods of increased uncertainty, the market only looks two to three quarters ahead, which gives us a good pool of investment candidates. As a consequence we like the occasional correction in the stock market.

FIRST QUARTER PIT STOP

Macro drivers continued to be stimulatory in 1Q 2015 as energy prices remained low and interest rates declined further.

The macro drivers of importance in the first quarter have been:

- Long-term interest rates have declined 20–30 basis points in Europe and North America, been flat in Japan and risen in Brazil – positive for housing and consumption.
- Energy prices are unchanged, but overall commodity prices are down 6% – positive for economic activity.
- Economic momentum has picked up in Europe, but started to show slower momentum in North America, China and Latin America. The expected global growth rate is 3.5 percent for 2015.

The combined wisdom of all investors – the global stock market – has rewarded the developments in the first quarter with a two percent gain measured in US dollars. However, the underlying regional performance is much more diverse as Europe is up 17 percent in local currency (7 percent in USD), the US is unchanged and at the bottom of the heap is Latin America down 11 percent in USD. The message from the market is quite clear; the weak euro will boost European competiveness and economic activity, while the strong dollar has the opposite effect on the other side of the pond. All the corruption squabbles in Latin American should not come as a surprise, but it appears as though investors are tiring of them. It could potentially be time for contrarian investors to investigate the region.

Global stock market valuations are neutral at 16.6x earnings for 2015. This equals a 6.0 percent earnings yield, which is competitive vis-à-vis 10-year bond yields of 0–2% in developed markets. Emerging markets are valued at only 12.2x earnings or 8.2% earnings yield, though the 10-year bond rates in EM vary from 2–13%.

WHAT COULD ROCK THE BOAT FURTHER DOWN THE LINE IN 2015?

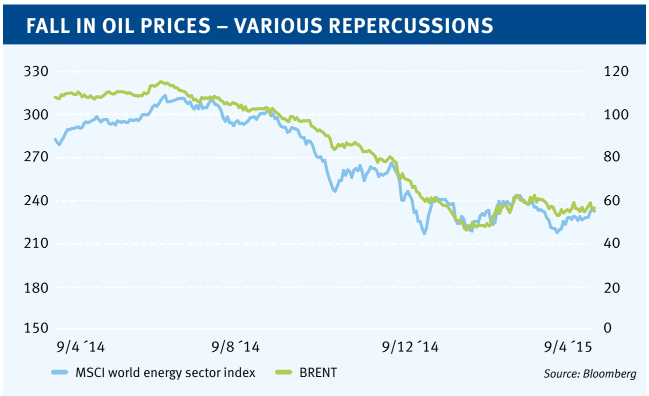
Since the financial crisis, the number of smartphones in circulation has grown by more than 500 million units per year. Consequently more than two billion people are able to express their views to a very wide audience. For traditionally repressive political systems, the spread of smartphone democracy could be a game changer, but so far the revolts and disruptions have been minor. This needs to be monitored from a broad perspective as serious upheavals could impact the value of financial assets. The 50 percent decline in oil price has had several repercussions.

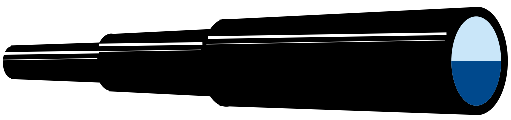
For consumers, it releases cash for other expenditure, but for oil companies and their service providers, it is a headache. The headache could even spill over into the banking system in the event that large energy projects or oil service providers default. For consumers in emerging markets who spend a large proportion of their disposable income on energy, the lower oil price is a strong boost for expenditure on other items.

Energy stocks have been by far the worst performing sector over the past one and five years, so if energy prices improve in a sustainable way, the value of this pocket of the stock market would stand out as very positive. That is not the case at this point in time, however.

Photo: Bloomberg

Smartphone democracy – a game changer?





WHAT'S IN STORE FOR REST OF 2015?

Companies are currently preparing their first quarter 2015 reports while CFOs and financial controllers are busy consolidating revenue streams, costs and financial exposure before release to the public.

Investors will likely get some surprises from unforeseen currency impacts, but putting that to one side, it looks as if volume growth and productivity gains will continue and hence the key drivers for a sustained positive stock market remain in place. There are no valuation mirages at present and the few pockets of overpriced assets, such as new business models on smartphone apps, should not be big enough to rock the boat.

Consequently, we remain positive. If we see signs of the traditional 'sell in May and go away' behaviour, we will regard this more as an opportunity than a prolonged negative period for the financial markets. The negative ingredients are simply not there in volume.

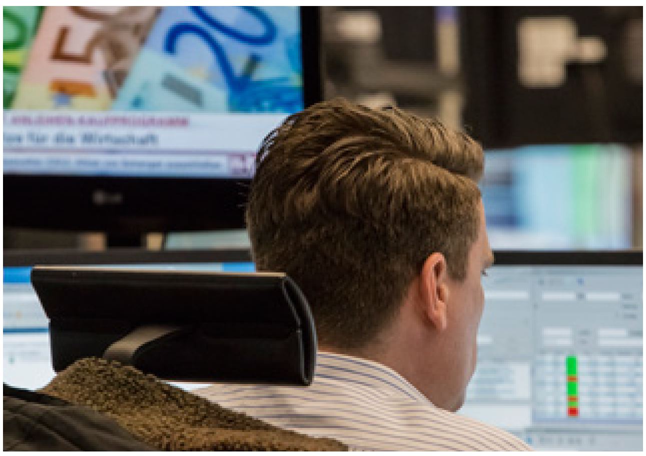


Photo: Bloomberg

Investors will likely get some surprises from unforeseen currency impacts, but it looks as if volume growth and productivity gains will continue.

SKAGEN Vekst

- Hard times in the oil industry affected performance
- Positive contributions from newcomers
- Continental once again best contributor

PERFORMANCE IN EUR	1Q 2015*	12 M*
SKAGEN Vekst	9.2%	9.2%
MSCI Nordic/MSCI AC ex. Nordic	17.7%	29.6%

** As of 31 March 2015.*




Portfolio Managers

Geir Tjetland, Ole Søeberg, Erik Bergöö and Alexander Stensrud*

** Junior Manager*

* Effective 1/1/2014, the fund's investment mandate changed from investing a minimum of 50% of its assets in Norway to investing a minimum of 50% of its assets in the Nordic countries. This means that returns prior to the change were achieved under different circumstances than they are today. The fund's benchmark index prior to 1/1/2014 was an evenly composed benchmark index consisting of the Oslo Stock Exchange Benchmark Index (OSEBX) and the MSCI All Country World. The benchmark index prior to 1/1/2010 was the Oslo Stock Exchange Benchmark Index (OSEBX).

Photo: Bloomberg

Norwegian oil service companies have for a long time made up a large part of the portfolio. Even after reducing our exposure last year, however, the hard times in the sector continue to have a negative impact on the fund's result.

Headwind from the oil industry

Hard times in the oil industry affected the fund's performance in the first quarter.

It has now been five quarters since SKAGEN Vekst changed its mandate from being a Norwegian/global to a Nordic/global fund. Norwegian oil service companies have for many years been a large part of the portfolio, and although we significantly reduced our exposure to the sector last year, it still cost us relatively dearly in the first quarter. Two other factors characterised the period and resulted in the fund's underperformance vis-à-vis the benchmark index. First, the Norwegian krone continued to weaken against the US dollar in the first quarter. Second, companies that we considered to be overpriced continued to do well in the quarter.

In our view, this was primarily due to short-term macro factors, and unrelated to company fundamentals. We continue to believe that our companies, which have lower valuations than the market in general and a growth and profitability profile in line with the market, will provide excess returns in the long term. SKAGEN's investment philosophy (picking undervalued, unpopular and under-researched companies) can mean there are periods of short-term underperformance before fundamental value is recognised, especially at times when markets are being driven by macroeconomic rather than company specific news.

SKAGEN VEKST KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31.03.2015)

Company	Holding size %	Price	P/E 2015E	P/E 2016E	P/B last	Target price
Samsung Electronics	7,8	1 104 000	7,9	7,4	1,0	1 500 000
Norsk Hydro	6,9	42	12,1	10,6	1,2	58
Continental AG	5,8	219	15	13,2	4,1	240
Teliasonera AB	5,1	55	13,7	13,4	2,1	70
Citigroup	4,6	52	8,9	7,5	0,8	75
Norwegian Air Shuttle	4,3	240	7,7	6,3	4,0	340
Danske Bank A/S	4,1	184	11,7	11,0	1,2	205
Philips	4,0	26	17,6	15,5	2,2	33
ABB	4,0	183	15,1	13,1	3,3	250
SAP	3,7	68	21,4	19,5	4,2	75
Weighted average 10	**50,2**		**11,4**	**10,2**	**1,58**	
Weighted average 35	**87,3**		**11**	**9,4**	**1,34**	
Benchmark index (MSCI Nordic/MSCI AC ex. Nordic)			**15,2**	**13,7**	**2,15**	

P/E may deviate from other sources when based on SKAGEN estimates.

Photo: Bloomberg


Photo: Bloomberg


Photo: Bloomberg

BENEFICIAL NEWCOMERS

Three of the portfolio's relatively new Nordic investments made positive contributions in the first quarter, namely Volvo, Carlsberg and TeliaSonera. Carlsberg is the eleventh largest investment in the fund with a 3.5 percent weighting. The stock market has long been negative about Carlsberg, mainly due to the company's exposure to Russia. We view Carlsberg as the world's fourth largest brewery, with a strong position in Europe, good strategic positions in Asia and now with well below a fifth of its earnings coming from Russia. We see little reason why the company should trade at a 30 percent discount to other large breweries.

TeliaSonera is the fund's fourth largest investment at just over 5 percent. The company is doing well operationally but there has been a lot of uncertainty around the stakes in Megafon and Turkcell. These two investments account for around 13 percent of the market value. News recently came that the Turkcell owners have finally agreed to pay dividends for the period 2010-2014. TeliaSonera owns 38 percent of Turkcell directly and indirectly and may therefore receive SEK 4.5 billion in dividends. We believe that this provides some assurance that TeliaSonera will maintain its generous dividend of 5.5 percent in the coming years.

WHAT WORKED IN THE FIRST QUARTER?

As has been the case many times before, Continental was the best contributor to the fund. When we first invested in Continental in 2011, sales were EUR 30 billion with a margin of 8.6 percent while net debt was EUR 7 billion. The profitability has increased substantially and it looks as though the company may be debt-free within the next two years. The auto industry is of course cyclical, but given the company's growth and low financial risk, we continue to see significant upside. We expect that clearer signals about dividends and share buybacks will contribute to pushing the share price up further.

Samsung also made a positive contribution in the quarter. Value creation in the company is coming increasingly from the semi-conductor division and demonstrates that Samsung is not as dependent on earnings from the mobile/tablet division as has been the perception up to now.

WHAT DIDN'T WORK?

Once again we find Norwegian supply/subsea companies at the bottom of the pile; Solstad Offshore and DOF were the fund's largest detractors. Although both companies have good contract coverage for this year and earnings are therefore on a par with last year, the share prices have fallen around 40 percent year to date. This is because the stock market is focusing on the risk of little activity in 2016-2017, and that this, in combination with high debt levels, could be disastrous. Combined, the companies in the above-mentioned sector constitute less than two percent of the portfolio. We also see that there may be a high price to pay after the huge contracting party. On the other hand, only a slight improvement in the expected activity level is needed over the next few years to trigger a repricing of the sector and we believe being patient should pay off.

Norwegian was a large detractor from the fund's performance in the quarter. This was mainly due to a weak fourth quarter 2014 report, but also to the prolonged strike in March. It is still unclear how much the strike has cost the company, but we do not believe that the effects on Norwegian will be long-lasting. We see a significant upside in the investment and continue to believe that the long-distance routes are the main cause of uncertainty around the company.

Photo: Kemira

Finnish Kemira is a newcomer in the portfolio. The company specialises in chemicals for use in industries such as paper manufacturing and oil extraction.

BUYS IN THE QUARTER

We have added three new companies to the portfolio: Italian Danieli, Finnish Kemira and Fredriksen's shipping company Frontline 2012. We added to our positions in Japanese Toshiba and SBI Holding in the period.

At the end of March, the fund's 35 largest positions constituted 87 percent of the total portfolio. The fund is priced at 11x 2015 earnings versus 15x earnings for the benchmark index. There is also a clear difference between price/book value of our portfolio at 1.35x book value and that of the general market at 2.15x book value. The portfolio is therefore well positioned to deliver good risk adjusted returns going forward.

SKAGEN VEKST 1Q 2015 (MILL NOK)

5 largest contributors	
Continental AG	90
Samsung Electronics Co Ltd Pref	83
Volvo AB	42
SAP SE	33
Novo Nordisk A/S-B	32

5 largest detractors	
Solstad Offshore ASA	-62
Norwegian Air Shuttle ASA	-56
DOF ASA	-38
Kia Motors Corporation	-23
Siem Offshore Inc	-17

5 largest purchases	
Roche Holding AG-Genusschein	167
Carlsberg AS-B	111
SBI Holdings Inc	51
Kemira OYJ	47
FLSmidth & Co A/S	46

5 largest sales	
Teva Pharmaceutical-Sp ADR	-328
Kongsberg Gruppen ASA	-135
Samsung Electronics Co Ltd Pref	-75
Royal Unibrew A/S	-70
Continental AG	-59

SALES IN THE QUARTER

During the quarter we exited the Israeli-US pharmaceutical company, Teva and the Norwegian defence company, Kongsberg Gruppen. In Teva's case, the share price had reached our price target of USD 60. We chose to take the significant profit in the company, which is still very dependent on one product, namely the multiple sclerosis drug, Copaxone. The company has been very clear in its wish to expand within other areas in order to reduce its dependency on Copaxone. This will mean a change in share price for the company which will likely succeed, but which at the same time increases the risk profile of the investment as it moves into more unchartered waters. As the company is priced at 12x 2016 earnings, the discount to the pharma industry in general has been substantially reduced. We chose to use a large proportion of the sales proceeds to invest in Swiss pharma giant, Roche, which is well positioned to capitalise on its unique competencies within various cancer drugs. Roche is currently priced at almost 17x 2016 earnings, which can be deemed to be high. However, we believe that given its position within the cancer segment, Roche more than justifies the pricing.

Kongsberg Gruppen has been an important investment in SKAGEN Vekst for over a decade. We have spent a long time reducing the position, and have now sold out the remainder. The company has developed very positively over the past ten years, and is in our view a leading Norwegian industrial company. However, we believe that most of the potential has been realised following the recent upturn in the share price.

Two minor Norwegian investments were also sold out of the fund during the quarter, namely, shipping and tank terminal company, Odfjell, and technology company, Qfree. We also reduced our positions in Royal Unibrew, Novo Nordisk, Bank Norwegian, Sparebanken Øst, Continental and Samsung.

SKAGEN Global

- The magnitude of the fund's underperformance was significantly reduced in the quarter
- A more concentrated portfolio combined with our investment philosophy will deliver significant value to unit holders over time
- The portfolio is priced at a large discount to the index

PERFORMANCE IN EUR	1Q 2015*	12 M.*
SKAGEN Global	14.4%	22.3%
MSCI ACWI	15.8%	35.9%

** As of 31 March 2015.*

Portfolio Managers

Knut Gezelius, Søren Milo Christensen and Chris-Tommy Simonsen

Photo: Roche

Roche, the Swiss pharma giant, recovered swiftly after the strengthening of the Swiss franc.

On the road to recovery

SKAGEN Global returned 14.5 percent in the quarter while its benchmark index, MSCI World AC, was 1.3 percentage points ahead with a gain of 15.8 percent.

This quarter, Europe dominated the news flow on a macro level. First, the European Central Bank launched a EUR one trillion quantitative easing program, driving a rally in European equities which returned 17 percent in the quarter. Second, the Swiss National Bank (SNB) unexpectedly decided to abandon the peg of the Swiss franc to the euro. The Swiss franc has since appreciated by 13 percent against the euro, a currency move which is clearly disadvantageous for companies with a large cost base in Swiss francs. SKAGEN Global owns a position in Roche, a Swiss pharma company, which initially pulled back on the news. Considering that Roche only has around 15 percent of its cost base in Switzerland, we did not believe that the SNB's actions would put Roche at a substantial disadvantage. The stock has since recovered from the temporary sell-off and remains one of our top 10 positions.

In the US, the Federal Reserve's much anticipated rate hike did not materialise although the language in the guidance was altered to prepare the market for an eventual uptick in rates. Nevertheless, recent US economic data has been weaker than expected, dialling back consensus expectations for when the first rate hike will be announced. The yield on the US 10-year government bond fell 24 basis points and closed at 1.92 percent. Meanwhile, the S&P 500 posted a 1.0 percent total return in the quarter and set a new all-time-high at 2,110 in February. The appreciation of the US dollar continued and affected the fund negatively given our underweight in the US market.

SKAGEN GLOBAL 1Q 2015 (MILL NOK)

5 largest contributors	
Samsung Electronics Co Ltd Pref	316
Renault SA	289
Nordea Bank AB	214
CK Hutchison Holdings Ltd	190
China Unicom Hong Kong Ltd	167

5 largest detractors	
Afren Plc	-140
Banco Do Estado Rio Grande Do Sul SA Pref	-93
State Bank of India	-68
Hyundai Motor Co Pref	-53
Lundin Mining Corp	-45

5 largest purchases	
General Electric Co	1 540
Lundin Petroleum AB	274
Columbia Property Trust Inc	255
American International Group Inc	211
Lundin Mining Corp	130

5 largest sales	
Renault SA	-1 389
Baker Hughes Inc	-746
Gazprom Oao ADR	-674
Akzo Nobel NV	-670
Samsung Electronics Co Ltd Pref	-439

NEWCOMERS IN THE FUND

SKAGEN Global initiated four new positions during the quarter: Columbia Property Trust, General Electric, Lundin Petroleum and Carlsberg.

COMPELLING VALUATION ASYMMETRY

Columbia Property Trust (0.7% of the fund) is the seventh largest office real-estate investment trust in the US with a USD three billion market cap. Having listed on the New York Stock Exchange as recently as 2013, the company is a newcomer to capital markets and retail investors still constitute the majority of the investor base. Consequently, the market has not fully bought into Columbia's strategy of streamlining the asset portfolio by focusing on central business districts rather than suburban areas. We see significant scope for Columbia to beat low expectations and build credibility by prudently executing the asset recycling program with minimal cash flow dilution. With Columbia trading at a sizeable discount to net asset value in spite of its strong balance sheet and high share of blue chip multi tenant contracts, the valuation asymmetry is compelling for long term investors.


Photo: Bloomberg

OPPORTUNITY TO RECOVER FORMER GLORY

General Electric (GE) (4.0% of the fund) has underperformed US peers, the S&P500, and the MSCI World Index virtually every year over the past 10 years. In the first part of the last decade, most US stocks were relative underperformers. In the second part, GE was hit as the financial crisis slammed its (overly risky) investment arm, GE Capital. In recent years, GE has derived approximately 50 percent of earnings from its financial arm which has taken focus away from the core strength (GE Industrials) and lowered the quality of earnings. To rebuild investor confidence, GE plans to reshape the group by downsizing GE Capital and by 2017 derive 75 percent of group earnings from GE Industrial. Investor sentiment is poor and the market remains sceptical given the sheer size of GE and management's failure to create shareholder value in the multi-year US bull market.

Our differentiated view focuses on the opportunity for GE to recover its former glory and successfully execute the portfolio transformation program. Several metrics indicate that industrial margins are slowly beginning to rise (cost cutting, divestments of low-margin business). Fuelled by a global recovery, GE should be able to capitalise on its brand (number 6 in the world) and experience as industrial and infrastructure growth across the world picks up. On top of this, a new incentive program has recently been launched to reinforce the self-help story and 'persuade' executives across the group to reach targets driving the share price. Finally, with US financials in recovery mode, GE may be able to generate higher-than-anticipated prices for any financial assets that are spun-off. GE's valuation at 13.9x 2016 P/E and 3.7 percent dividend yield looks attractive with a slight defensive tilt given the strong balance sheet.

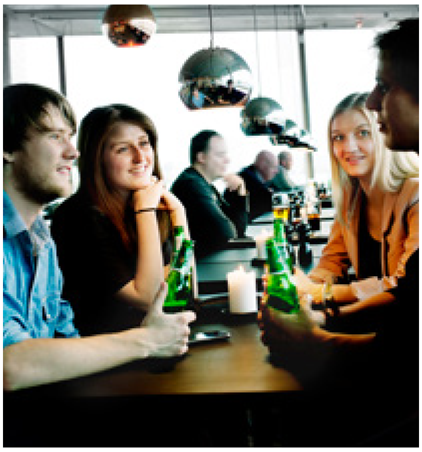


Photo: Carlsberg

ABILITY TO GROW CASH FLOW

Over the past seven years, the Danish beer company Carlsberg (0.3% of the fund) has delivered only 3 percent total shareholder return annually versus 20 percent for the two largest peers. The situation in Ukraine has further shaken market confidence given Carlsberg's significant exposure to the Russian consumer. However, we argue the market has overlooked the fact that after all the earnings downgrades, Russia will comprise 20 rather than 40 percent of earnings on depressed demand, a weak rouble and low utilisation rates. Thus, we are buying the stock on an attractive free cash flow yield of 7–8 percent. We think cash flow will grow due to a more efficient cost structure in Western Europe and healthy growth in Asia, two factors the market has lost sight of in the wake of the geopolitical rumblings. Another catalyst is a new CEO with a solid operating track record and recent positive changes to the composition of the board. Carlsberg trades significantly below peers at 15x 2016 P/E.

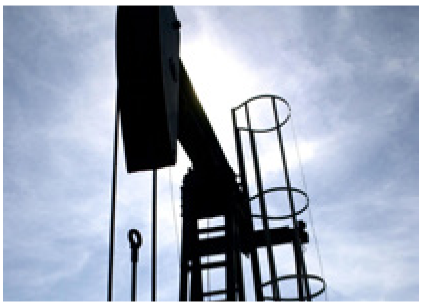


Photo: Bloomberg

ATTRACTIVE BACKDROP FOR ASSET SPIN-OFFS

Following the sharp fall in oil price, we see an opportunity emerging in Lundin Petroleum (0.7% of the fund). The Lundin family has been involved in oil exploration and production for more than 30 years. The family-controlled company owns exploration and production assets focused on two geographical areas, Norway and South East Asia, and can extend exploration successes to the production phase. It controls some 20 percent of the Johan Sverdrup and 50 percent of the Edvard Grieg fields in the North Sea. Our estimates indicate total discoveries with a core net asset value in the range of SEK 175–200 per share, providing an attractive backdrop for asset spin-offs and downside support in case the oil price remains depressed for an extended period of time.

Photo: Bloomberg

OUT OF ENERGY AND COMMODITY NAMES

We exited two positions in the oil services sector (Weatherford, Baker Hughes) which looks challenged given the current market environment. The energy and commodity names Afren, Gazprom, Mosaic and Petrobras also left the fund as we saw better opportunities elsewhere. We exited Renault and Yamaha Motor as the shares hit our target price after strong rallies. Finally, we divested our small remaining stakes in UIE and REC Silicon (convertible).

The fund boosted the weight of AIG to around 5 percent of the portfolio and increased exposure to NN Group on a placing by the majority owner, ING. We trimmed Technip and Unilever after strong share price performance.

WINNERS AND LOSERS

In absolute terms, the three best performers in the quarter were Renault, Samsung Electronics and Nordea. Renault's results significantly beat expectations as concerns over an emerging markets slowdown appeared overdone and the share returned 40 percent in the quarter. The pan-Nordic bank Nordea boosted dividends more than expected, sending the share up 22 percent. Our 6.5 percent position in Samsung benefited the fund as the company's preference share posted a 9 percent gain in the quarter.

The three largest detractors from absolute performance were Afren, Banrisul and State Bank of India. The combination of high financial leverage, reserve downgrades and a falling oil price punished Afren's share price. In Brazil, weak investor sentiment weighed on the bank Banrisul, although its quarterly results were decent. State Bank of India was somewhat weak, perhaps as a result of investors' redeploying capital into new markets after India's strong gains last year.

SKAGEN GLOBAL KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-03-2015)

Company	Holding size	Price	P/E 2015e	P/E 2016e	P/B last	Target price
CITIGROUP	7,1	51,5	9,6	8,8	0,8	75
SAMSUNG ELECTRONICS	6,8	1 104 000	7,2	7,0	1,0	1 300 000
AIG	4,9	54,8	11,1	9,9	0,7	80
GENERAL ELECTRIC	4,0	24,8	14,4	13,7	1,9	34
NORDEA	3,2	105,3	12,5	11,8	1,5	150
ROCHE	3,0	268,1	19,1	17,6	11,6	380
LG CORP	2,7	61 300	9,4	8,6	0,9	84 000
GENERAL MOTORS	2,7	37,5	8,1	7,3	1,7	50
DSM	2,5	52,0	19,7	17,1	1,6	65
STATE BANK OF INDIA	2,4	267,1	11,8	9,4	1,4	380
Weighted top 10	**39,2**		**10,4**	**9,6**	**1,1**	
Weighted top 35	**79,3**		**11,6**	**10,6**	**1,2**	
Benchmark index (MSCIAC)			**17,3**	**14,8**	**2,1**	

P/E may deviate from other sources when based on SKAGEN estimates.

FURTHER CONCENTRATION OF THE PORTFOLIO

SKAGEN Global further concentrated the portfolio during the quarter. The concentration of the top ten holdings rose from 37 to 39 percent and the concentration of the top 35 holdings rose from 78 to 79 percent. We ended the quarter with 60 holdings in the portfolio, down from 66 at year end.

Our portfolio remains attractively valued. The weighted average valuation of the top 35 positions is 11.6x 2015 P/E and 1.2x 2014 P/B; thus, the discount versus the index is 33 percent on P/E (index at 17.3x 2015 P/E) and 43 percent on P/B (index at 2.1x 2014 P/B). We see a 30 percent average upside across our largest 35 positions.

While the quarterly relative performance was negative 1.3 percentage points, the magnitude of the underperformance was significantly less than in the previous two quarters. We firmly believe that combining a concentrated, high-conviction portfolio with SKAGEN's proven value-based philosophy will deliver significant value to our unit holders over time. We will continue to pursue the investment philosophy in a disciplined manner with a long-term investment horizon.

SKAGEN Kon-Tiki

- Slight underperformance due to underweight in finance and China
- Still sceptical to finance in China
- After four years of poorer development in the global emerging markets than developed markets, there are now select opportunities to be found

PERFORMANCE IN EUR	1Q 2015*	12 M*
SKAGEN Kon-Tiki	11.3%	15.9%
MSCI Emerging Markets	15.4%	29.3%

** As of 31 March 2015.*

Portfolio Managers

Kristoffer Stensrud, Knut Harald Nilsson, Cathrine Gether, Erik Landgraff and Hilde Jenssen

Photo: Bloomberg

Chinese Great Wall Motor was the best contributor to the fund's performance in the quarter. There are high expectations around the company's high end SUV, Haval H8, due to be launched at the end of April 2015. Pictured here a man sits under an advertisement outside a Great Wall Motor dealership in Beijing, China.

Improvement in sight

Last year's weak capital return in emerging markets has increased the discount to developed markets. 2015 may be the year when this trend comes to an end, and maybe even turns around.

In the first quarter of 2015, global emerging and developed markets delivered identical returns of 15.4 percent each. As usual however, there were significant differences between the performances of individual countries' equity markets. The impact from foreign exchange rates was unusually large at both ends of the scale. In other words, in some cases the returns of share prices in local currencies were at huge variance with the returns attained by foreign investors.

In terms of sectors, the differences were less than usual. Only the energy and utilities sectors were slightly negative. In the short term, investors prefer companies with predictable earnings.

It is interesting to note that the return for last year's winning market, the US, has been flat for the first three months of this year, as measured in an increasingly strong dollar. Meanwhile, European stocks gained 19 percent, measured in an increasingly weak euro.

Global US companies are therefore facing tougher competition from abroad. Not just from Europe, but also from countries in emerging markets where currencies have weakened.

Weaker earnings are now expected from US companies in general. Chinese companies are not spared either.

Chinese festivity

For the first three months of the year, returns in SKAGEN Kon-Tiki have lagged those in the emerging markets index. Some of the explanation for this is the fund's relative underweight in finance and China where the currency has strengthened against most other currencies.

The domestic Chinese stock market, represented by the Shanghai and Shenzhen stock exchanges, is up 17 and 39 percent, respectively, in local currency. These are the highest levels in seven years.

While the door to foreign investors has opened, there are still local short-term gamblers making their mark on the domestic Chinese stock exchanges. Meanwhile, the liquid Hang Seng Index, to which foreigners have access, is up only four percent in local currency so far this year. These days the same company is typically priced 30 percent higher on the Shanghai exchange than in Hong Kong!

Just as Chinese economic growth is being adjusted downwards, commerce in China is still characterised by pessimism. In order to stimulate growth, interest rates have been cut along with banks' capital adequacy requirements. It is difficult to imagine that the transition from an investment-driven economy to a new and qualitatively better consumer-based one will be entirely without friction.

Although the afore-mentioned difference between the valuation of the same company listed locally in China (A shares) and that available to international investors (H shares) is starting to get high, we continue to proceed with caution. We are also sceptical of the highly weighted financial sector in China.

Finance is clearly the largest sector in the emerging markets index at almost 30 percent. SKAGEN Kon-Tiki's exposure to the sector is around ten percentage points lower.

Brazilian banking

In terms of companies, the Korean automobile manufacturer Hyundai Motor and the Brazilian savings bank, Banrisul, were the largest detractors from the fund's performance.

When it comes to Banrisul, the weak development of the Brazilian economy has kept investors at bay. Nevertheless, it has primarily been the weakening of the Brazilian real that has kept Banrisul on the loser's list so far this year.

Banrisul is an extremely solid bank, with a broad client portfolio. The lion's share of the loans is tied to clients' wage levels. A key trigger to lifting the bank's valuation is better return on equity through cost cutting and higher loan volumes.

Bumps in the road

Sales growth has ground to a halt for the fund's second largest investment, Hyundai Motor. However, with new car models coming out continuously we foresee both increased sales and earnings in 2015. Hyundai Motor has just been through a period when the distributors' inventories have been significantly reduced and this should clear the way for higher sales figures.

Our Hyundai Motor preference shares are priced at just over three times this year's expected earnings. The announced improvement in the treatment of shareholders, via share buybacks and increased dividends, should be a good driver of higher share prices going forward.

The best contributor in the quarter was another automobile manufacturer, the Chinese company Great Wall Motor. Like Hyundai Motor this is a company that has provided our unit holders with extremely good returns since it entered the portfolio after the financial crisis.

There are now high expectations for Great Wall Motor's high end SUV, Haval H8, which after several delays, will be launched at the Shanghai Auto Show at the end of April. The SUV is expected to be extremely price-competitive relative to the large SUVs from German competitors.

Still got a dial tone

The fund's largest investment, Samsung Electronics, contributed positively to performance in the quarter, against many odds. A number of analysts believed that the company would continue to lose mobile market share both in the high and low end segments.

Admittedly sales, market share and margins have been showing a downward trend for several quarters. We believe Samsung Electronics is ready to strike back, however. The launch of its new flagship mobile phone, Samsung Galaxy S6, has been well received by the media and analysts alike.

A more concentrated mobile phone portfolio which focuses on profitability combined with steadily better results from the memory chip business may lead to positive surprises on the bottom line. Preliminary results for the first quarter support our analysis.

Even after the recent price appreciation, our preference shares are still an attractive investment at seven times this year's expected earnings.

Approaching price targets

For all of our companies we set a price target based on the information available and our own analysis. If new information comes up that influences our view of the company, the price target is adjusted either upwards or downwards. During the first quarter several companies in the portfolio approached their price targets and we reduced our positions in Great Wall Motor, Bharti Airtel (third largest contributor in the quarter), AP Møller-Mærsk and the Spanish supermarket chain, DIA.

We exited Heineken, OCI NV, Rocket Internet and UIE as the price targets were reached.

We also divested of all our shares in the scandal-struck oil company, Afren (see status report) at a loss. We halved our position in the French multinational grocery giant, Casino, to buy into the company's subsidiary in Brazil, Pao de Acuar. The generally weak Brazilian stock market had pushed the Pao de Acuar share down to an attractive level.

SKAGEN Kon-Tiki's industry balance, relative valuation and geographical distribution have remained more or less unchanged since the start of the year. The discount to the emerging markets index remains comfortably large and the return on capital is more than satisfactory given today's low interest rate environment.

SKAGEN KON-TIKI KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-03-2015)

Company	Holding size	Price	P/E 2014	P/E 2015e	P/B last	Target price
Samsung Electronics	8,4	1 104 000	7,1	6,7	1	1 500 000
Hyundai Motor	7,3	111 000	3,9	3,6	0,5	250 000
Great Wall Motor	4,9	54,8	16,5	11,2	4,3	60
State Bank of India	3,7	267	10,7	8,1	1,2	450
Mahindra & Mahindra	3,4	1 188	14	11,9	3	1 500
Bharti Airtel	2,9	393	24,6	19,7	2,6	450
ABB	2,9	183	22	15,3	3,4	205
Sabanci Holding	2,7	9,18	9	7,7	1	14
AP Moller-Maersk	2,5	14 540	11,2	10	1,2	15 500
Naspers	2,4	1 859	53,1	37,2	9,8	2 100
Lenovo	2,2	11,3	17,4	12,6	3,9	14
Richter Gedeon	1,9	3 840	29	14	1,3	5 000
Weighted top 12	**45,3**		**9,2**	**7,8**	**1,2**	
Weighted top 35	**72,4**		**10,5**	**8,2**	**1,1**	
Benchmark index (MSCI EM)			**13,1**	**12**	**1,6**	

P/E may deviate from other sources when based on SKAGEN estimates.

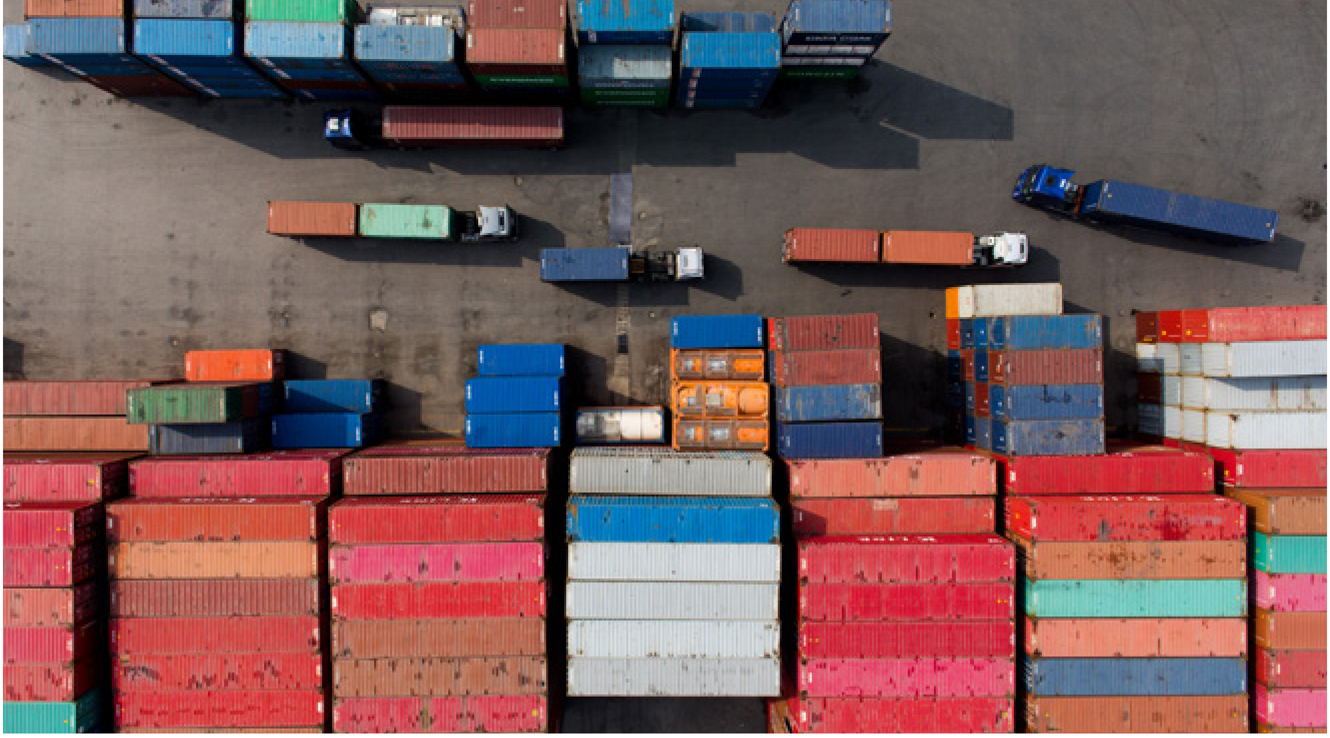


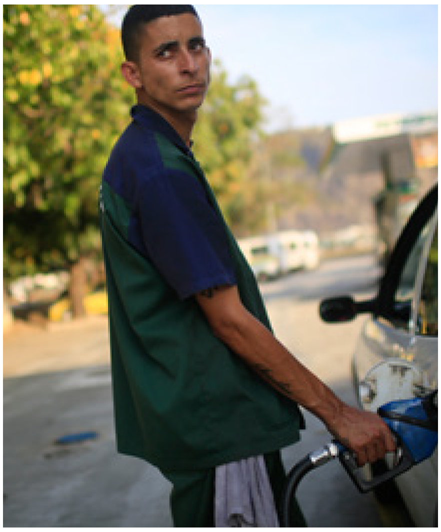
Photo: Bloomberg

Corporate governance is improving in countries such as South Korea and Japan. Pictured here trucks drive past stacked containers at the Uiwang Inland Container Depot (ICD) in Uiwang, South Korea.

SELECTIVE OPPORTUNITIES

After four years of poorer development in global emerging markets than developed markets, opportunities are now appearing selectively.

The positive economic developments in the decade following the Asian crisis meant that the searchlight was not put on sorely needed national reforms in several emerging markets countries until much too late. At the same time, it was revealed that there was a burning need for better corporate governance. The capital flow following the financial crisis led to inflated currencies for a number of countries, something that has only been corrected in the last couple of years. The substantial strengthening of the US dollar has also improved competitiveness, without affecting flows of capital or inflation.



CHEAP BRAZILIAN OIL

A newcomer in the portfolio in the first quarter is the Brazilian oil company, Petrobras. The company was previously one of SKAGEN Kon-Tiki's best contributors in the fund's early years.

A combination of the fall in oil prices, local corruption scandals and the fact that Petrobras has not delivered audited accounts since the second quarter of last year has made the company extremely unpopular. Petrobras risks breaching its loan terms, which is serious when you are one of the world's largest borrowers.

It is not all doom and gloom, however. The dramatic drop in oil price is – in the short term – actually positive for Petrobras. The company no longer needs to sell oil products locally in Brazil at prices well below what it could have got in the global markets. Going forward, a more sober and efficient investment process, a substantial drop in the price of oil services and the disappearance of expensive, discredited local suppliers should have a positive effect on cash flows, which is currently weighed down by large investments.

Based on current oil prices, the heralded sale of assets and more level-headedness when it comes to investments, we think that cash flows in 2015 and 2016 may breakeven. The substantial growth in oil production will come in the years between 2017 and 2020, increasing from 2.5 to 4.0 million barrels per day. It is worth noting that while spot prices for oil over the last nine months has fallen by USD 50 per barrel, the forward prices of oil with delivery in 2019 has only fallen from USD 92 to 74. So far we have made a slight profit on our Petrobras shares, measured in local currency. At the end of the quarter, the position constituted one percent of the portfolio.

SKAGEN KON-TIKI 1Q 2015 (MILL NOK)

5 largest contributors		**5 largest purchases**	
Great Wall Motor Co Ltd	752	Petroleo Brasileiro Pref ADR	507
Samsung Electronics Co Ltd Pref	498	Cia Brasileira de Distribuicao - Pref	274
Bharti Airtel Ltd	360	Hitachi Ltd	201
AP Moeller - Maersk A/S	311	Haci Omer Sabanci Holding AS	84
Naspers Ltd	255	Banco Do Estado Rio Grande Do Sul SA Pref	83
5 largest detractors		**5 largest sales**	
Hyundai Motor Co Pref	-346	Heineken NV	-1 239
Banco Do Estado Rio Grande Do Sul SA Pref	-269	Great Wall Motor Co Ltd	-806
Marfrig Global Foods SA	-238	OCI NV	-579
Vale SA-Pref A	-233	Bharti Airtel Ltd	-555
Haci Omer Sabanci Holding AS	-172	Distribuidora Internacional de Alimentacion	-490

SKAGEN m²

› Low interest rates continued to favour the quoted real estate sector in the first quarter

› Increased purchasing power, favourable demographics and low supply are driving real estate prices in e.g. Tokyo

› Real estate is an appreciating asset class, but SKAGEN m2's portfolio still has strong potential

PERFORMANCE IN EUR	1Q 2015*	12 M*
SKAGEN m²	17.2%	41.6%
MSCI ACWI Real Estate IMI	17.7%	47.8%

** As of 31 March 2015.*

Portfolio Managers

Michael Gobitschek and Harald Haukås

Photo: Bloomberg

Despite the improving US economic developments, our approach is that interest rate increases will come later than the market expects. We are most concerned that the development in interest rates is stable, in order to avoid interest rate shocks. Pictured her are pedestrians in Soho, New York.

Real estate is growing strongly – and has more to give

In the first quarter real estate equities continued to perform very well and SKAGEN m2 was no exception. The fund's return of 17.2 percent for the first quarter was in line with the market.

The real estate sector continues to be favoured by low interest rates in developed countries and lowered interest rates in many emerging countries. In the first quarter there was still some apprehension in the equities and credit markets awaiting news of higher interest rates in the US. This was reflected in the US real estate market, where there were mediocre yields in local currency during the quarter. Despite the improving US economic developments, our approach has long been that interest rate increases will come later than expected by the market, based on the low inflation pressure in the US. It now seems likely that there will be a gradual increase in rates, beginning in the second half of 2015. Despite the market view, we do not consider it impossible that this time frame may be further delayed.

As real estate investors we are most concerned that the development in interest rates is stable in order to avoid interest rate shocks. Interest rate increases generally come from sound economic development, which drives inflation. As a rule, such favourable developments also result in positive adjustments to our real estate companies' rent levels and reduced vacancy rates.

As was the case last year, the US dollar continued to strengthen, with some adjustment at the end of the quarter. In many euro member states we have seen how the markets, like Pavlov's dogs, have pushed up asset prices on the news of forthcoming stimulus measures, long before they actually begin. This was the case during the quarter, when the European Central Bank announced its long-awaited quantitative easing program, which was good news for equity markets in general, and for real estate companies in particular, as interest rate levels are expected to be kept down.

Best and worst

The French shopping mall operator Mercialys and the Spanish hotel chain Melia Hotels both rose by approximately 30 percent in euro terms during the quarter, making them the best-performing companies in percentage terms. On the closing days of the quarter the Chinese government presented a new economic stimulus package as an incentive for home buyers and to overcome stagnating economic growth. This is expected to give the housing market a boost and some improvement is apparent already. The quarter's worst-performing company, measured in local currency terms, was China South City, whose third quarter sales were lower than expected. The best performing market during the quarter was the Philippines, which gained 30 percent in euro terms, followed by France and Japan. At the other end of the spectrum was Brazilian real estate, which rose by only 2 percent in euro terms.

More transactions

The number of corporate transactions increased in the first three months of the year and we believe this trend will continue during the year. This is a logical development, due to inexpensive financing and companies' high net asset values, so that new shares are issued at good levels. At the same time, many companies have been refinanced and consolidated after the financial crisis and are now looking for growth. The quickest way to achieve this is through acquisitions. During the quarter, SKAGEN m2 was involved in a number of takeover situations, on both sides of the table. In Germany, the rental housing company Deutsche Wohnen made a bid for the Austrian company, Conwert. If the deal goes through, the company will acquire rental housing in Berlin, amongst other things. This also means that Deutsche Wohnen will be obliged to divest both housing units and commercial properties that are not part of the core activities.

We are also on the target company's side in Germany via Adler Real Estate's bid for the portfolio company, Westgrund. The takeover bid is supported by major shareholders and will create Germany's fifth largest player within rental housing. We would have preferred Westgrund to continue on its own, as the company is well-run and has made a number of positive acquisitions. During the quarter our Brazilian company BR Properties was also the target of a bid. The outcome is still uncertain, but the price does not match our expectations and we would also like to maintain our exposure, as BR Properties is the only listed company with high-quality assets in São Paolo. Our Singapore-listed company Keppel Land was also delisted when the largest owner, Keppel Corp, made a bid for the entire company, with a good bid at a premium.

TOKYO CONTINUES TO FLEX ITS MUSCLES

Prices for commercial land are increasing for the first time in many years in Japan, even though residential land is still in deflation. Large cities have shown positive development for some time, however, and are leading the price upswing. The favourable development in rent levels for commercial properties, combined with reduced vacancy rates, primarily in Tokyo, are the basis for the price increases. The most expensive area is still Ginza, with the equivalent of around EUR 270,000 per square metre. Prices for residential sites in big cities are also increasing – driven by high demand for flats in Tokyo, with resulting strong house price increases. The reason is that the number of flats being built and put up for sale is around half of the supply during the financial crisis.

Another strong contributing factor is increased purchasing power. In Japan, a fixed borrowing rate of approximately 1.6 percent for a 35-year loan is not unusual, which increases households' scope for consumption. In addition, Tokyo is expected to grow by approximately 75,000 households annually during the next five years – which in historical terms entails a need for around 30,000 new flats per year.

This is to the benefit of m2's portfolio company Mitsui Fudosan, which operates within commercial and residential properties. Since the turn of the year, this company has been the largest contributor to the portfolio. In contrast to many other investors, we have increased our exposure in Japan as the underlying factors have become more positive, while our companies are traded at very reasonable levels. We believe we will see steadily increasing rent levels and lower vacancy rates in the office market, as well as steadily increasing prices and volumes of residential units.

Tokyo's status as an expanding and attractive city for real estate investors was confirmed in March when the Government Pension Fund of Norway announced its plans to enter the Asian real estate investment market for the first time. Real estate is becoming an increasingly popular asset class and we view the Pension Fund's decision to start investing in real estate, primarily in Singapore and Tokyo, as a good endorsement of the positions m2 has held for some time.

SKAGEN m² 1Q 2015 (MILL NOK)

5 largest contributors	
Mitsui Fudosan Co Ltd	8
Olav Thon Eiendomsselskap ASA	7
Columbia Property Trust Inc	7
Melia Hotels International	6
Mercialys SA	5

5 largest purchases	
HCP Inc	30
Ashford Hospitality Trust	27
Soho China Ltd	22
Mitsui Fudosan Co Ltd	21
Shangri-La Asia Ltd	21

5 largest detractors	
Bekasi Fajar Industrial Estate Tbk PT	-4
China South City Holdings Ltd	-3
Ticon Industrial Connection Pcl-Nvdr	-2
BR Malls Participacoes SA	-1
General Shopping Brasil SA	-1

5 largest sales	
Keppel Land Ltd	-10
Lexington Realty Trust	-10
Unibail-Rodamco SE	-7
Citycon Oyj	-5
CSI Properties Ltd	-1

Photo: © The View from The Shard

London's highest hotel: Shangri-La Hotel is located on the 34th to the 52nd floors of Renzo Piano's iconic The Shard - Shangri-La's first property in the UK.

HOTELS IN ASIA

Shangri-La, which primarily owns and operates hotels, is a new company in the portfolio. Based on its assets, the company primarily operates in Asia, but also in Europe, in particular Paris. Today Shangri-La is traded at a large discount and the price is at around the same levels as in 2009. This is because the company has had an uphill struggle in its largest market, China, where the government's anti-corruption measures have led to reduced demand for luxury hotels, while the supply has remained high. The company has also had a lot of debt, which has now been brought down to a more manageable level after refinancing in 2014. We believe that Shangri-La is at the end of a financial repositioning phase and that the Chinese hotel market is bottoming out.

EXPENSIVE REAL ESTATE EQUITIES?

After the very favourable development in 2014 and the first quarter 2015, many will ask whether real estate equities are becoming overpriced. Real estate values are driven by local conditions, which are different globally, so it is hard to give a general answer to this question. Nonetheless prices are rising. The sector is still attractive from a cash flow perspective and the difference between net operating income (yield) and the low long-term market interest rates continues to expand and is at a record-high in many countries. Equity prices are rising in step with stronger, more stable profits, in combination with strong long-term balance sheets.

At the same time, many real estate companies, especially in Europe and the US, are trading at a premium to the net asset value, which in some cases gives grounds for concern. One explanation is that historical real estate transactions weigh heavily in the asset valuation, which means that there is a time-lag element. At the same time, today's declining direct returns are driven by the prevailing parameters, which are constantly changing, such as interest rate levels, vacancy rates, rent increases, etc., which all affect the companies' cash flow.

The question is thus whether the market has correctly assessed the situation, i.e. according to the transactions taking place, based on current income flows and interest rate levels in relation to historic valuations. Investors are continuing to focus on stable cash flows and dividends, however, rather than calculated net asset values – especially in companies of high quality. Real estate is much more than interest rates, the earnings part is not entirely unimportant. The sound growth and favourable economic climates in many parts of the world are driving up rent increases and occupation rates, in combination with lower financing costs.

SKAGEN m2's portfolio still has strong potential, since we invest in global real estate within all related segments. However, unexpectedly high interest rate increases or substantially downgraded growth may curtail the upswing. Increased interest in this asset class is also driving up global real estate prices. Listed properties are increasingly seen as a supplementary asset class to established fixed income securities and equities. As of next year, listed real estate equities will break out of the World Index as a separate sector, instead of the present inclusion in the financial sector. This will probably increase the focus on the real estate sector and lead to reduced volatility, since broad index investors will no longer need to invest in real estate via finance companies.

SKAGEN m2 KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-03-2015)

Company	Holding size	Price	P/NAV last	Dividend Yield 2015e	EBITDA 2015/EV
HCP Inc	4,0%	43,21	133%	5,3%	5,9%
General Growth Properties	3,7%	29,92	100%	2,3%	4,9%
Brandywine Realty Trust	3,7%	16,15	100%	3,9%	7,1%
Global Logistic Properties	3,7%	2,65	106%	2,3%	5,7%
Columbia Property Trust	3,6%	26,87	85%	4,5%	6,3%
Ashford Hospitality Trust	3,5%	9,69	85%	4,9%	4,9%
PS Business Parks	3,2%	83,51	100%	2,4%	6,0%
Mitsui Fudosan Co	3,2%	3529,5	111%	0,7%	5,0%
Apartment Investment & Man	3,2%	39,84	105%	2,9%	5,3%
Olav Thon	3,2%	159,5	100%	1,1%	5,9%
Weighted top 10	**34,6%**		**104%**	**3,0%**	**5,9%**
Weighted top 35	**81,6%**			**3,1%**	**6,1%**
Benchmark index (MSCI ACWI Real Estate IMI)				**3,2%**	

Low interest rates may fall yet further

There is little doubt that the first quarter was the quarter of the European Central Bank (ECB).

In January this year, the ECB announced that they would expand the quantitative easing program and initiate large-scale purchases of government bonds in order to stimulate the economy and push up inflation. In less than two months the program was well under way and they aim to buy no less than EUR 60 billion worth of bonds per month. This is set to continue until such time as inflation starts to reach the target of 2%. In February inflation in the Eurozone was -0.3%.

A success so far

So far the policy has been a success. Interest rates have fallen in all euro-countries except Greece, where it has been a different story. The interest rate on ten-year German bonds has fallen from 0.5 to 0.2% so far this year. Likewise, the interest rate on ten-year Portuguese bonds has fallen 100 basis points to 1.7%.

This drop in Portugal substantiates what we have said all along – that quantitative easing will lead to a general drop in the long-term interest rates. Not least in credit spreads, which represent the difference in interest rates between the various euro-countries and Germany, which is deemed as the risk-free interest rate in the Eurozone.

Scarcity enhances the effectiveness of the program

The fact that the Eurozone consists of numerous countries with varying credit spreads makes quantitative easing more effective there than in the US, Japan and the UK. In addition, the scarcity of government bonds means that the interest rate effect can be greater there than in the other countries.

According to The Wall Street Journal, Germany is set to issue EUR 147bn in government bonds with maturity up to 30 years in 2015, while EUR 132bn matures in the same period. This means that there is only net EUR 15bn in German government bonds available in the market in 2015. The ECB's targeted purchase is around EUR 12bn per month.

As a result, most of the government bonds are bought in the open market and not directly in new bond issues. Many of the market participants are also prevented from selling by regulations and/or mandates. To lure sellers, one must offer a price worth selling at. Subsequently, the interest rates must fall.

Many people therefore believe that Portugal will gain the most from the bond purchases. The country has relatively high debt as a percent of GDP but only a relatively small proportion of it is available in the market. This is because much of its debt is held by the International Monetary Fund and the EU after the country was bailed out in 2012.

Interest rates below zero

The fall in interest rates in the first quarter has prompted interest rates in several countries in the Eurozone to fall below zero at the short end of the yield curve. All of the northern Eurozone countries have negative interest rates for maturities up to two years and some for even longer periods. In Germany the yield curve is negative for maturities up to seven years. Negative rates have even infected the most secure corporate bonds.

Having already seen a substantial drop in interest rates, and with a large proportion of government debt having negative interest rates, it would be natural to ask whether we are close to the lower bound for interest rates.

These are new times in which zero no longer represents the bottom. At the same time, it does not take long before interest rates become so negative that it is more attractive to keep your money under a mattress rather than in the market.

What is the floor on the long-term interest rates?

The ECB has said that it will buy government bonds as long as the effective interest rate is higher than the deposit rate – i.e. the financing cost for bond purchases – which is -0.2% at present. In other words, they will buy as long as they have positive net interest income.

What will this mean for the longer term interest rates?

We believe that the floor on the long-term interest rates will be in the region of the level of the deposit rate in the ECB. Time will tell whether the long-term interest rates fall that far. Ultimately this depends on far more things that just quantitative easing. If it turns out that easing does not have the desired effect, it is not unthinkable that the ECB will cut the deposit rate even further. The bottom would then move down accordingly.

Although the long-term interest rates are very low in Germany and other northern Eurozone countries, there are many countries in the south whose interest rates are still far higher than zero. We think that this is where the greatest effects of the European quantitative easing are going to be felt.

As we wrote in our annual report, we believe that 2015 will be a year of 'exflation', namely growth without inflation. This means that the long-term interest rates will remain low globally. Although we believe that there is still room for a further drop in interest rates, the bottom is approaching.

Can turn in time

What will we do on the day that the long-term interest rates turn?

It is important to bear in mind that SKAGEN has flexible mandates. SKAGEN Tellus can take interest rate risk of 0-10 years. This means that we can take high interest rate risk when we expect a drop in the long-term interest rates. It also means that we can have very low interest rate risk when we expect the long-term interest rate to rise, as was the case in May 2013. At that time SKAGEN Tellus sold out of bonds with long duration and thereby avoided large losses as a result of a global lift in long-term interest rates. The bond fund can change its portfolio rapidly and we are prepared to turn in time.

Exflation and quantitative easing will make 2015 an exciting year for bonds. Low interest rates can go lower – as the first quarter has proved.

– Jane Tvedt
Portfolio Manager

SKAGEN Credit EUR

› Sound development in Q1 2015

› A number of new bonds were added to the portfolio, and several more are interesting

› Greater price variation in the bond markets gives opportunities to find underpriced bonds with upgrade potential

PERFORMANCE IN EUR	1Q 2015*	12 M*
SKAGEN Credit EUR A	1.5%	n/a
3 Month EURIBOR	0.0%	n/a

** As of 31 March 2015.*

Portfolio Managers

Ola Sjöstrand and Tomas Nordbø Middelthon

Photo: Bloomberg

Mexico's largest construction company, Empresas is one of the newcomers in the portfolio. Pictured here building workers on site at an apartment building in Mexico City.

Quick recovery

With several interesting new additions to the portfolio since the turn of the year, SKAGEN Credit achieved a good return in the first quarter.

The continuing market unrest affected several of the fund's investments negatively in January. This was followed by an upturn, with returns soon making up for the less than favourable start to the year. Early in the quarter, the European Central Bank (ECB) announced its quantitative easing programme, which generally brought about a significant narrowing of credit spreads for European bonds.* To some extent the fund was affected positively by this narrowing, even though the investments' long-term perspective disqualifies many euro-denominated bond issues. This is because we generally consider the levels to be too low relative to the risk. In many cases the issues are also completely dependent on the ECB's continued bond purchase programmes.

Compared to the fund's start ten months ago, there is now a greater price variation in the bond markets, which increases opportunities to find underpriced bonds with upgrade potential. Since the turn of the year we have invested in several interesting newcomers, including the Mexican infrastructure company Empresa ICA, the Indian IT company Rolta, the airline Norwegian Air and the Estonian cruise line Tallink Group. We continue to closely monitor several other interesting bond opportunities.

**Credit spreads: price difference between government bonds and corporate bonds.*

Photo: Bombardier

Bombardier Inc. Global 6000 jet is pictured during a flight display in China in November last year. The Canadian plane and train manufacturer, Bombardier, is one of SKAGEN Credit's larger investments.

Photo: Bloomberg

LARGE MOVEMENTS

One of the fund's major investments, the Canadian aircraft and train manufacturer, Bombardier, issued a profit warning in January and decided to discontinue one of its aircraft projects. As a consequence, Bombardier was downgraded from BB to B and its bonds initially plummeted in value. Subsequently, the company has received a capital injection and the bonds have rallied significantly. The initial reaction and effect on the bond price was apparently exaggerated, but such large price drops often follow in the wake of negative events. When the company starts doing well again and there is a return to business as usual, the bond price gradually climbs back; a gradual improvement that rarely makes the headlines.

Another fund investment that fell sharply and then recovered is the Brazilian chemical company, Braskem. After accusations of involvement in an ongoing corruption investigation the bond fell by around 15 percent, but then rose by around 8 percent. These are very significant fluctuations for corporate bonds with investment grade rating and demonstrate how irrationally bond prices can develop when investors are uncertain of a company's future prospects.

PORTUGUESE POWER

The fund's Portuguese power supplier, EDP, was upgraded by Moody's to investment grade status. The upgrade from high yield to investment grade rating was a major factor contributing to our investment in the company's bonds. Now all we need is for S&P to update them a notch too.

Fortunately, major fluctuations like these are exceptional, but they do show why we recommend a time horizon of at least two years for investment in the fund. The fund invests in corporate bonds globally and spreads its investments across many countries and several sectors. This means that external factors outside the company do not affect all of the fund's investments at the same time, and not necessarily in the same way either. The fund thus achieves sound diversification, while each investment is made on the basis of the individual company, as well as each individual bond.

SKAGEN Tellus

PERFORMANCE IN EUR	1Q 2015*	12 M*
SKAGEN Tellus	10.4%	21.4%
J.P. Morgan GBI Broad Index Unhedged	10.5%	23.4%

** As of 31 March 2015.*

Portfolio Managers

Torgeir Høien and Jane Tvedt

Tempting Greek Bonds

SKAGEN Tellus performed very well in the first quarter, and we have high expectations for the fund for the rest of 2015.

The past quarter saw solid gains for most of our bonds. The fund benefitted in particular from its long-dated peripheral Eurozone investments. Interest rates fell markedly in Italy, Portugal, Slovenia and Spain. SKAGEN Tellus also gained on most of its holdings outside of the common currency area. The laggards were Brazil and Turkey, where currencies depreciated faster than bonds appreciated. There were no significant shifts in the fund's portfolio in the first three months of the year.

No part in Greek tragedy

SKAGEN Tellus has not had any investments in Greece as of late. However, we continue to monitor the situation in the country closely, as sovereign bonds can be bought at 50 percent below parity. The yield on the 10-year bond is currently more than 11 percent. That is tempting, but there is also a risk. And the risk-reward trade-off currently suggests that SKAGEN Tellus should remain on the side-lines.

The Greek situation is becoming precarious. The European Central Bank's quantitative easing program, which was announced in February and came into effect in March, has been effective in bringing down yield spreads relative to Germany in all the common currency countries except Greece.

Reduced concerns regarding the spillover effects of a Greek sovereign default and an exit from the Eurozone, have given the European Commission, the European Central Bank and the International Monetary Fund leverage in their ongoing negotiations with Athens.

With Greece running a primary surplus – meaning that its budget would be in surplus if it did not have to pay interest on its sovereign debt – the risk of a negotiation failure has increased.

At the time of writing it cannot be ruled out that Greece leaves the Eurozone. The cash-strapped government led by Alexis Tsipras might not be able to service its debt. A default could trigger a bank run, capital controls, the conversion of Bank of Greece liabilities from euro to a new currency unit, and a default on all euro debt held by foreigners.

The signals coming out of Athens are mixed when it comes to how much cash there is in the Bank of Greece. It may well be that if the negotiations fail, a Grexit could be postponed until mid-May.

Who will yield first?

At the end of the day, Greece's Eurozone partners, and the greater powers that fund the International Monetary Fund, may yield and sign a deal that is politically acceptable for Prime Minister Tsipras. The main reason for doing so is that this is not just about public finances and the economic consequences of a Grexit, which will be calamitous for Greece and cooling for the Eurozone. A Grexit will reveal that a common currency without a common fiscal policy is really no more than a system of multilateral fixed exchange rates.

Also, the political repercussions of a Greek "rapture", to use the Greek finance minister's term, might be seen as too risky. Greece is a European outpost of the Muslim world, previously in conflict with its neighbour, and NATO-partner, Turkey over ethnically divided Cyprus. The left-wing government might muddy political waters with respect to the already troubled European-Russian relationship. At the time of writing Alexis Tsipras has just visited Moscow.

Berlin, Paris and Washington DC do not want EU and NATO member Greece becoming a loose cannon on their south-eastern flank.

When the dust settles, however, it might very well be that SKAGEN Tellus invests in Greek sovereign bonds. For the time being though, the fund is content to sit on the side-lines, observing Greek sovereign bonds depreciate further. Adjusted for risk, they are still too expensive.

Return and risk measurements

Returns in euro (all return figures beyond 12 months are annualised)

As of 31.03.2015	YTD %	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Since Start
SKAGEN Vekst A	9,2%	9,2%	11,7%	9,4%	5,6%	4,3%	8,9%	14,7%
MSCI Nordic/MSCI AC ex. Nordic*	17,7%	29,6%	18,7%	17,0%	13,4%	8,4%	11,2%	10,6%
SKAGEN Global A	14,4%	22,3%	14,6%	14,0%	11,8%	9,0%	10,9%	15,7%
MSCI World AC**	15,8%	35,9%	21,5%	19,3%	14,2%	10,3%	8,0%	4,6%
SKAGEN Kon-Tiki A	11,3%	15,9%	7,7%	6,9%	6,3%	8,5%	13,1%	15,5%
MSCI Emerging Markets	15,4%	29,3%	8,9%	7,9%	6,6%	6,4%	10,6%	9,1%
SKAGEN m2 A	17,2%	41,6%	10,5%					14,2%
MSCI All Country World Index Real Estate IMI	17,7%	47,8%	16,4%					19,8%
SKAGEN Tellus A	10,4%	21,4%	8,8%	9,8%	7,9%	8,9%		7,2%
J.P. Morgan GBI Broad Index Unhedged in EUR***	10,5%	23,4%	7,8%	5,8%	5,9%	7,1%		5,8%
SKAGEN Credit EUR A	1,5%							-1,0%
3 Month EURIBOR	0,0%							0,1%

* Effective 1/1/2014, the fund's investment mandate changed. Read more on page 9.
The benchmark index prior to 1/1/2010 was OSEBX and prior to 1/1/2014 it was OSEBX / MSCI AC (50/50).
** The benchmark index prior to 1/1/2010 was the MSCI World Index.
*** The benchmark index prior to 1/1/2013 was Barclay's Capital Global Treasury Index 3-5 years.

Risk and performance measurements

As of 31.03.2015	SKAGEN Vekst	SKAGEN Global	SKAGEN Kon-Tiki	SKAGEN Tellus
MEAN VARIANCE ANALYSIS LAST 5 YEARS				
Standard Deviation Fund	14,1%	11,7%	13,6%	6,4%
Standard Deviation Benchmark	13,0%	9,3%	13,3%	8,7%
Sharpe Ratio Fund	0,35	0,90	0,41	1,12
Sharpe Ratio Benchmark	0,92	1,37	0,44	0,60
Tracking Error	5,6%	4,9%	4,8%	5,6%
Information Ratio	-1,28	-0,45	-0,06	0,33
Correlation	0,92	0,92	0,94	0,76
Alpha	-7,0%	-4,2%	0,0%	4,4%
Beta	1,00	1,15	0,96	0,56
R2	84%	84%	88%	57%
GAIN LOSS ANALYSIS LAST 5 YEARS				
Relative Gain	91%	104%	100%	94%
Relative Loss	134%	129%	101%	65%
Relative Gain Loss Ratio	0,67	0,81	0,99	1,45
Positive Index Divergence	4,8	5,9	6,4	8,6
Negative Index Divergence	11,7	7,9	6,6	6,5
Index divergence ratio	0,41	0,75	0,97	1,33
Percentage Positive Index Divergence	29%	43%	49%	57%
Percentage Positive Index Divergence Market Up	32%	50%	38%	29%
Percentage Positive Index Divergence Market Down	22%	31%	60%	89%
Consistency	37%	45%	48%	57%
Consistency when market is up	34%	49%	39%	36%
Consistency when market is down	41%	37%	59%	81%
VALUE AT RISK LAST 5 YEAR				
Value at risk: observed, NAV	-7,1%	-5,8%	-7,7%	-1,9%
Value at risk: observed, Benchmark	-6,1%	-3,1%	-6,9%	-3,1%
Relative Value at Risk, observed	-2,9%	-3,3%	-2,6%	-3,3%

RIGHT OF CANCELLATION

When you buy fund units, according to the Right of Cancellation Act (Act no. 105 of 2001-12-12, ref. §22b, litra a), clients have no right of cancellation. However, when subscriptions are sent to us by mail/fax or are carried out via the Investor client at VPS (My Account), you are entitled to information about the fund and the management company immediately after the purchase. The information is available in the fund's product sheet (simplified prospectus) and the general commercial terms. Statutory information is sent to unit holders in the welcome letter immediately after the first subscription. Subsequently, unit holders can find all information on our website www.skagenfunds.com as well as in the annual report.

NOTICE

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. There are no subscription costs for our funds.

SKAGEN Vekst has a fixed management fee of 1% per annum. Returns exceeding 6 % p.a. are shared 90/10 between the unitholders and the management company. A charge of the variable management fee may solely be made if the unit value as at December 31st exceeds the unit value at the previous charge/settlement of the variable management fee (the high watermark).

SKAGEN Global has a fixed management fee of 1% per annum. Better value development measured in percent in the fund's net asset value compared with the MSCI AC World Index (in NOK) is shared 90/10 between the unitholders and the management company.

SKAGEN Kon-Tiki has a fixed management fee of 2% per annum. Better value development measured in percent in the fund's net asset value compared with the MSCI Emerging Markets Index (in NOK) is shared 90/10 between the unit holders and the management company. However, the total annual management fee charged may not exceed 4% of the fund's average annual asset value.

SKAGEN m^2 has a fixed management fee of 1.5% per annum. Better/worse value development measured in percent in the fund's asset value compared with the MSCI ACWI Real Estate IMI (in NOK) is shared 90/10 between the unit holders and the management company. The total management fee charged constitutes a maximum of 3 % and a minimum of 0.75 % per year.

SKAGEN Global, SKAGEN Kon-Tiki and SKAGEN m2 may be charged a variable management fee even if the fund's return has been negative, as long as the fund has outperformed the benchmark. Conversely, the fund may have a positive return without being charged a variable management fee, as long as there is no outperformance of the benchmark. The fixed management fees are calculated daily and charged quarterly. The variable management fees are calculated daily and charged annually.

The annual management fee is 0.8% for SKAGEN Tellus. The management fee is calculated daily and charged quarterly.

Please refer to the product sheets and prospectuses for a detailed description of the cost, etc. They are available upon request from SKAGEN Funds or at www.skagenfunds.com

SECURITIES PORTFOLIO SKAGEN VEKST AS OF 31-03-2015

SKAGEN VEKST

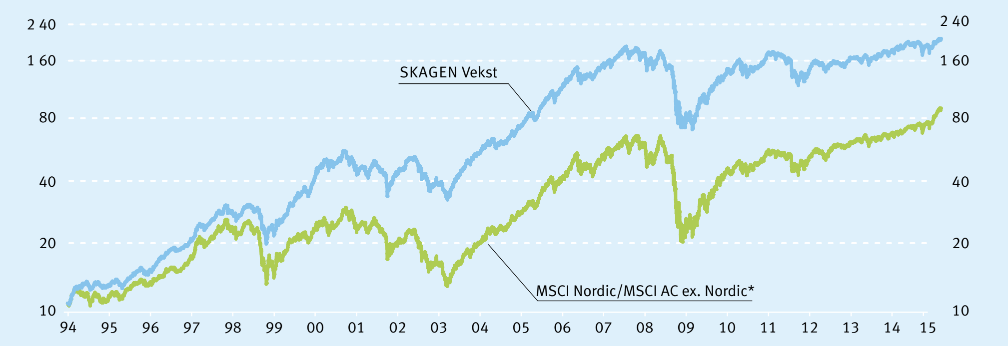
*Exploring the narrow path to prosperity**

A minimum of 50 percent of the assets of the SKAGEN Vekst equity fund will at all times be invested in the Nordics. The rest will be invested in the global equity market. SKAGEN Vekst is suitable for investors who want an equity fund with a good balance between Nordic and global companies. The fund has a broad mandate which gives it the freedom to invest in a number of companies, industries and regions.

Risk: 1 2 3 4 **5** **6** 7

Morningstar quantitative rating	★★★
Fund start date	1 December 1993
Return since start	1758,53%
Average annual return	14,6 %
Assets under management	EUR 996 million
Number of unitholders	72 417
Subscription fee	0%
Redemption fee	0%
Management fee	1.0% per year + 10% of return exceeding 6% per year
Minimum subscription amount	One-time subscription EUR 50
Authorised for marketing in	Norway, Sweden, Denmark, Finland, Netherlands, Luxembourg, Iceland, UK, Switzerland, Belgium, Ireland and Germany
Benchmark index	MSCI Nordic/ MSCI AC ex Nordic
UCITS	Yes
Portfolio managers	Ole Søeberg Geir Tjetland Erik Bergöö Alexander Stensrud (Junior portfolio manager)

HISTORICAL PRICE DEVELOPMENT SKAGEN VEKST (EUR)



* Effective 1/1/2014, the fund's investment mandate changed. Read more on page 9.
The benchmark index prior to 1/1/2010 was OSEBX and prior to 1/1/2014 it was OSEBX / MSCI AC (50/50).

Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
ENERGY						
Lundin Petroleum AB	1 820 000	177 567	202 335	24 768	2,34 %	Stockholm
Solstad Offshore ASA	1 982 746	99 498	94 974	-4 524	1,10 %	Oslo Børs
Ganger Rolf ASA	1 213 817	124 262	71 615	-52 647	0,83 %	Oslo Børs
Bonheur ASA	1 192 594	88 117	70 959	-17 158	0,82 %	Oslo Børs
Rec Silicon ASA	29 162 486	42 190	68 532	26 342	0,79 %	Oslo Børs
GCL-Poly Energy Holdings Ltd	30 000 000	59 320	64 095	4 775	0,74 %	Hong Kong
DOF ASA	5 762 213	110 022	47 826	-62 195	0,55 %	Oslo Børs
Minor items		256 220	54 045	-202 175	0,63 %	
Total Energy		**957 196**	**674 381**	**-282 815**	**7,80 %**	
RAW MATERIALS						
Norsk Hydro ASA	14 042 679	355 936	595 269	239 334	6,89 %	Oslo Børs
Kemira OYJ	462 500	46 621	46 132	-489	0,53 %	Helsinki
OCI Co Ltd	39 000	33 003	29 435	-3 568	0,34 %	Seoul
Minor items		44 274	19 204	-25 070	0,22 %	
Total Raw materials		**479 834**	**690 040**	**210 206**	**7,98 %**	
INDUSTRIALS						
Norwegian Air Shuttle ASA	1 551 707	110 583	372 410	261 827	4,31 %	Oslo Børs
Koninklijke Philips NV	1 518 075	304 812	347 321	42 509	4,02 %	Amsterdam
ABB Ltd	2 000 000	286 086	343 626	57 540	3,98 %	Stockholm
Wilh. Wilhelmsen Holding ASA	875 275	62 508	138 293	75 785	1,60 %	Oslo Børs
AirAsia Bhd	24 244 100	125 235	125 805	570	1,46 %	Kuala Lumpur
FLSmidth & Co A/S	301 000	100 575	109 529	8 955	1,27 %	København
Golar LNG Ltd	190 000	58 722	50 733	-7 989	0,59 %	NASDAQ
Frontline 2012 Ltd	1 000 000	41 502	42 900	1 398	0,50 %	Unotert
Stolt-Nielsen Ltd	323 341	40 097	40 094	-2	0,46 %	Oslo Børs
Danieli & Officine Meccaniche SpA	197 000	26 382	26 200	-182	0,30 %	Brsaltaliana
Minor items		125 435	56 870	-68 565	0,66 %	
Total Industrials		**1 281 937**	**1 653 782**	**371 845**	**19,13 %**	
CONSUMER DISCRETIONARY						
Continental AG	260 000	132 209	497 462	365 253	5,75 %	Frankfurt
Kia Motors Corporation	800 000	240 727	263 682	22 955	3,05 %	Seoul
Volvo AB	2 500 000	209 578	244 478	34 899	2,83 %	Stockholm
Toshiba Corp	6 500 000	177 812	220 890	43 078	2,56 %	Tokyo
Nokian Renkaat OYJ	315 898	70 959	76 402	5 443	0,88 %	Helsinki
Toto Ltd	550 000	43 403	66 170	22 767	0,77 %	Tokyo
Nippon Seiki Co Ltd	273 000	28 148	43 572	15 424	0,50 %	Tokyo
Minor items		33 138	9 057	-24 080	0,10 %	
Total Consumer Discretionary		**935 973**	**1 421 713**	**485 739**	**16,45 %**	

Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
CONSUMER STAPLES						
Carlsberg AS-B	446 000	273 495	297 269	23 773	3,44 %	København
Casino Guichard Perrachon SA	330 000	225 751	235 312	9 561	2,72 %	Paris
Oriflame Cosmetics SA-SDR	800 912	103 916	85 967	-17 949	0,99 %	Stockholm
Royal Unibrew A/S	45 000	13 935	61 190	47 255	0,71 %	København
Sodastream International Ltd	365 000	82 946	58 689	-24 257	0,68 %	NASDAQ
Yazicilar Holding AS	689 169	23 544	46 282	22 738	0,54 %	Istanbul
Minor items		11 591	140	-11 451	0,00 %	
Total Consumer Staples		**735 179**	**784 849**	**49 670**	**9,08 %**	
HEALTH CARE						
Teva Pharmaceutical-Sp ADR	1,400,000	370,318	485,417	115,100	5.83%	NASDAQ
Novo Nordisk A/S-B	290,250	62,218	89,099	26,882	1.07%	København
Medi-Stim ASA	1,465,625	18,313	35,028	16,715	0.42%	Oslo Børs
Minor items		43,235	12,604	-30,631	0.15%	
Total Health Care		**243 567**	**316 701**	**73 134**	**3,66 %**	
FINANCIALS						
Citigroup Inc	950 000	337 847	395 206	57 359	4,57 %	New York
Danske Bank A/S	1 650 000	184 737	352 077	167 340	4,07 %	København
SBI Holdings Inc	1 100 000	92 245	107 948	15 703	1,25 %	Tokyo
Tribona AB	2 803 335	92 589	99 950	7 361	1,16 %	Stockholm
Sberbank of Russia Pref	11 120 000	160 944	69 926	-91 018	0,81 %	Moscow
Korean Reinsurance Co	900 000	30 701	66 941	36 240	0,77 %	Seoul
Hitecvision AS	793 668	7 193	51 588	44 395	0,60 %	Unotert
Norwegian Finans Holding ASA	1 600 000	3 137	44 800	41 663	0,52 %	Unotert
Raiffeisen Bank International AG	306 524	69 052	34 992	-34 061	0,40 %	Wien
Minor items		6 801	8 894	2 093	0,10 %	
Total Financials		**985 246**	**1 232 322**	**247 076**	**14,26 %**	
INFORMATION TECHNOLOGY						
Samsung Electronics Co Ltd Pref	84 000	497 221	676 240	179 019	7,82 %	Seoul
SAP SE	545 000	230 275	320 491	90 216	3,71 %	Frankfurt
PSI Group ASA	3 796 612	43 431	32 651	-10 780	0,38 %	Oslo Børs
Bang & Olufsen A/S	291 332	22 046	21 670	-377	0,25 %	København
Minor items		6 980	26	-6 954	0,00 %	
Total Information Technology		**799 953**	**1 051 078**	**251 125**	**12,16 %**	
TELECOM						
Teliasonera AB	8 600 000	394 451	441 829	47 377	5,11 %	Stockholm
Kinnevik Investment AB-B	463 583	103 529	125 027	21 498	1,45 %	Stockholm
Total Telecom		**497 981**	**566 856**	**68 875**	**6,56 %**	
Total equity portfolio		**6 916 867**	**8 391 721**	**1 474 854**	**97,08 %**	
Disposable liquidity			252 315		2,92 %	
Total share capital			**8 644 036**		**100,00 %**	
Base price as of 31.03.2015		1 978,8713				

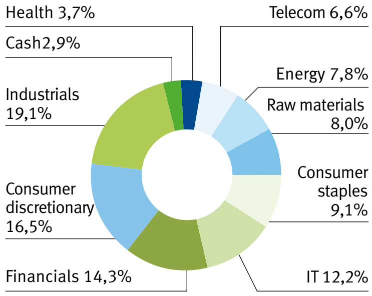
* Figures in 1 000 NOK.

SKAGEN VEKST

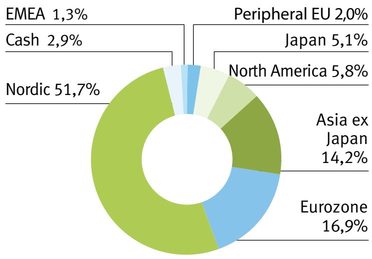
*Exploring the narrow path to prosperity**

** Beach cyclists. 1894. Detail. By Einar Hein, one of the Skagen painters. This image belongs to the Skagens Museum.*

SECTOR DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



TOP TEN INVESTMENTS

Samsung Electronics Co Ltd	7,82
Norsk Hydro ASA	6,89
Continental AG	5,75
Teliasonera AB	5,11
Citigroup Inc	4,57
Norwegian Air Shuttle AS	4,31
Danske Bank A/S	4,07
Koninklijke Philips NV	4,02
ABB Ltd	3,98
SAP SE	3,71
TOTAL 10 LARGEST HOLDINGS (%)	50,23

SECURITIES PORTFOLIO SKAGEN GLOBAL AS OF 31-03-2015

SKAGEN GLOBAL

*A world of opportunities**

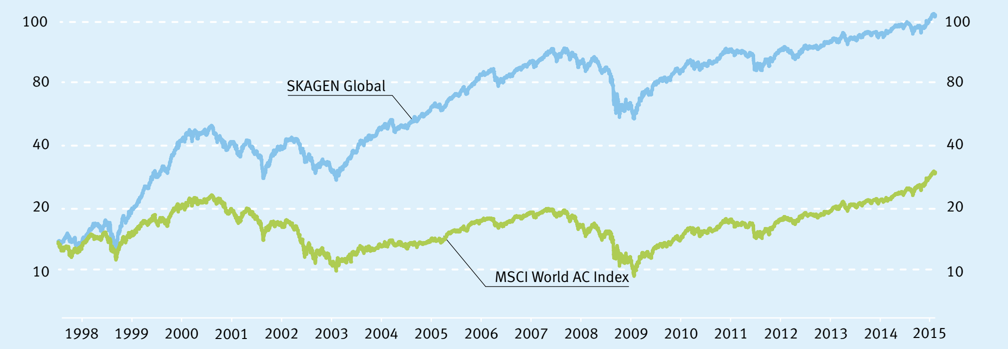
The SKAGEN Global equity fund invests in stocks worldwide. The fund seeks to maintain a balanced industry exposure. SKAGEN Global is suitable for investors who want an equity fund which invests over the whole world and is therefore diversified both geographically and by industry. The fund is also suitable for those who already have exposure towards the Norwegian equity market, but who wish to strengthen their portfolio and reduce risk.

Risk

1 2 3 4 5 **6** 7

Morningstar quantitative rating	★★★
Lipper Europe 2014 Best Fund 10 Years Equity Global	
Fund start date	7 August 1997
Return since start	1202,9 %
Average annual return	15,7 %
Assets under management	EUR 4 532 million
Number of unitholders	86 780
Subscription fee	0%
Redemption fee	0%
Management fee	1.0% per year + 10% of return exceeding the benchmark index
Minimum subscription amount	One-time subscription EUR 50
Authorised for marketing in	Norway, Sweden, Denmark, Finland, Netherlands, Luxembourg, Iceland, UK, Switzerland, Belgium, Ireland and Germany
Benchmark index	MSCI World AC
UCITS	Yes
Portfolio managers	Knut Gezelius Søren Milo Christensen Chris-Tommy Simonsen

HISTORICAL PRICE DEVELOPMENT SKAGEN GLOBAL (EUR)



Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
ENERGY						
Kazmunaigas Exploration GDR	3 038 139	372 416	302 589	-69 827	0,77 %	London International
Lundin Petroleum AB	2 535 490	274 446	281 129	6 683	0,72 %	Stockholm
Technip SA	482 540	266 436	235 162	-31 275	0,60 %	Paris
BP Plc	4 331 863	216 164	227 227	11 063	0,58 %	London
BP Plc ADR	606 673	177 095	191 738	14 643	0,49 %	New York
Total Energy		**1 306 556**	**1 237 845**	**-68 712**	**3,16 %**	
RAW MATERIALS						
Koninklijke DSM NV	2 160 701	894 313	968 893	74 580	2,47 %	Amsterdam
Heidelbergcement AG	1 210 994	400 738	775 053	374 315	1,98 %	Frankfurt
Norsk Hydro ASA	15 180 710	410 319	643 510	233 191	1,64 %	Oslo Børs
Akzo Nobel NV	989 421	320 688	602 946	282 258	1,54 %	Amsterdam
Lundin Mining Corp	13 568 535	387 661	447 139	59 479	1,14 %	Toronto
OCI Co Ltd	513 288	455 208	386 704	-68 504	0,99 %	Seoul
Ternium SA ADR	2 503 889	374 217	361 448	-12 769	0,92 %	New York
UPM-Kymmene Oyj	2 133 683	156 328	333 506	177 178	0,85 %	Helsinki
Mayr-Melnhof Karton AG	325 987	151 000	270 700	119 700	0,69 %	Wien
Lundin Mining Corp SDR	7 179 429	194 019	236 330	42 311	0,60 %	Stockholm
Total Raw Materials		**3 744 491**	**5 026 230**	**1 281 739**	**12,82 %**	
INDUSTRIALS						
General Electric Co	7 806 240	1 539 786	1 565 655	25 869	3,99 %	New York
LG Corp	2 391 893	669 940	1 067 284	397 344	2,72 %	Seoul
Tyco International Plc	2 435 862	262 451	848 623	586 172	2,16 %	New York
Koninklijke Philips NV	2 812 437	521 941	642 491	120 551	1,64 %	Amsterdam
Valmet Corp	3 202 627	219 542	308 054	88 512	0,79 %	Helsinki
Prosegur Cia de Seguridad Sa	6 360 714	206 436	289 956	83 520	0,74 %	Madrid
China Communications Services Corp Ltd	74 754 294	269 564	267 261	-2 303	0,68 %	Hong Kong
Autoliv Inc	276 314	94 600	264 214	169 614	0,67 %	New York
Autoliv Inc SDR	141 095	48 972	134 696	85 725	0,34 %	Stockholm
China Communications Services Corp Ltd	76,087,294	274,371	227,211	-47,159	0.49%	Hong Kong
Autoliv Inc	290,814	99,564	172,863	73,299	0.37%	New York
Total Industrials		**3 833 232**	**5 388 235**	**1 555 003**	**13,74 %**	
CONSUMER DISCRETIONARY						
General Motors Co	3 410 380	486 975	1 039 891	552 916	2,65 %	New York
Volvo AB	7 530 159	583 952	733 638	149 686	1,87 %	Stockholm
Comcast Corp	1 578 793	215 654	716 314	500 659	1,83 %	NASDAQ
Gap Inc/The	1 826 497	448 102	643 546	195 444	1,64 %	New York
Kingfisher Plc	12 076 432	397 075	549 842	152 767	1,40 %	London
Toyota Industries Corp	1 038 702	185 388	480 008	294 619	1,22 %	Tokyo
Hyundai Motor Co Pref (2pb)	518 537	146 240	430 291	284 051	1,10 %	Seoul
Tata Motors Ltd-A- DVR	8 181 421	114 603	350 002	235 399	0,89 %	Bombay
Global Mediacom Tbk PT	233 957 000	218 554	252 615	34 061	0,64 %	Jakarta
Minor items		34 943	81 149	46 206	0,21 %	
Total Consumer Discretionary		**2 831 488**	**5 277 296**	**2 445 808**	**13,46 %**	

Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
CONSUMER STAPLES						
Unilever NV-Cva	932 574	195 357	315 169	119 811	0,80 %	Amsterdam
Yazicilar Holding AS	3 849 265	93 229	258 236	165 006	0,66 %	Istanbul
Carlsberg AS-B	172 838	115 605	114 959	-645	0,29 %	København
Total Consumer Staples		**404 191**	**688 363**	**284 172**	**1,76 %**	
HEALTH CARE						
Roche Holding AG-Genusschein	525 108	633 837	1 172 154	538 317	2,99 %	Zürich
Sanofi	992 732	618 471	791 218	172 747	2,02 %	Paris
Varian Medical Systems Inc	649 382	332 011	496 411	164 399	1,27 %	New York
Teva Pharmaceutical-Sp ADR	853 631	188 205	434 870	246 665	1,11 %	NASDAQ
Total Health Care		**1 772 525**	**2 894 653**	**1 122 127**	**7,38 %**	
FINANCIALS						
Citigroup Inc	6 663 367	1 525 830	2 766 372	1 240 542	7,06 %	New York
American International Group Inc	4 478 321	1 189 560	1 975 879	786 318	5,04 %	New York
Nordea Bank AB	12 756 133	896 126	1 254 703	358 576	3,20 %	Stockholm
Goldman Sachs Group Inc	522 136	464 857	799 121	334 264	2,04 %	New York
CK Hutchison Holdings Ltd	4 476 098	358 396	738 739	380 343	1,88 %	Hong Kong
State Bank of India	21 001 330	523 353	723 656	200 303	1,85 %	National India
NN Group NV	3 140 161	565 781	715 729	149 948	1,83 %	Amsterdam
Storebrand ASA	14 209 744	488 470	416 914	-71 556	1,06 %	Oslo Børs
Irsa Sa ADR	1 819 371	151 248	287 725	136 477	0,73 %	New York
Columbia Property Trust Inc	1 297 237	254 746	281 103	26 357	0,72 %	New York
EFG-Hermes Holding SAE	16 691 224	206 618	278 648	72 030	0,71 %	Cairo
Banco Do Estado Rio Grande Do Sul SA Pref	7 443 113	174 662	208 679	34 016	0,53 %	Sao Paulo
State Bank Of India GDR	593 476	108 798	202 452	93 654	0,52 %	National India
Minor items		71 422	93 079	21 657	0,24 %	
Total Financials		**6 979 869**	**10 742 797**	**3 762 928**	**27,40 %**	
INFORMATION TECHNOLOGY						
Samsung Electronics Co Ltd Pref	316 852	767 445	2 546 263	1 778 817	6,49 %	Seoul
Microsoft Corp	2 628 646	451 906	864 252	412 346	2,20 %	NASDAQ
Lenovo Group Ltd	49 790 000	374 239	585 773	211 534	1,49 %	Hong Kong
Google Inc CLASS C	50 875	88 965	226 615	137 650	0,58 %	NASDAQ
Google Inc CLASS A	45 315	79 242	204 795	125 552	0,52 %	NASDAQ
Samsung Electronics Co Ltd Pref GDR	27 312	27 601	108 940	81 338	0,28 %	London International
Total Information Technology		**1 789 399**	**4 536 638**	**2 747 239**	**11,57 %**	
TELECOM						
China Unicom Hong Kong Ltd	46 395 472	405 552	568 982	163 430	1,45 %	Hong Kong
First Pacific Co Ltd	44 528 923	281 364	358 199	76 835	0,91 %	Hong Kong
Vimpelcom Ltd-Spon ADR	7 888 234	578 095	338 113	-239 983	0,86 %	New York
China Unicom Hong Kong Ltd ADR	1 998 875	184 319	246 474	62 155	0,63 %	New York
Indosat Tbk PT	65 422 055	226 138	172 158	-53 979	0,44 %	Indonesia
Global Telecom Holding	38 328 039	100 420	133 641	33 221	0,34 %	Cairo
Minor items		48 958	62 090	13 132	0,16 %	
TotalTtelecom		**1 824 846**	**1 879 657**	**54 811**	**4,79 %**	
Total equity portfolio		**24 486 597**	**37 671 713**	**13 185 116**	**96,08 %**	
Disposable liquidity			1 535 821		3,92 %	
Total share capital			**39 207 534**		**100,00 %**	
Base price as of 31.03.2015		1 405,5074				

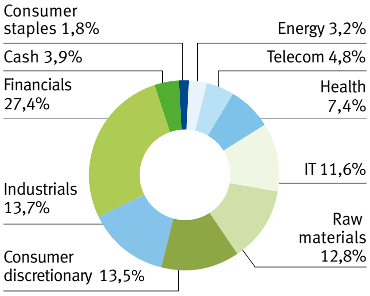
* Figures in 1 000 NOK.

SKAGEN GLOBAL

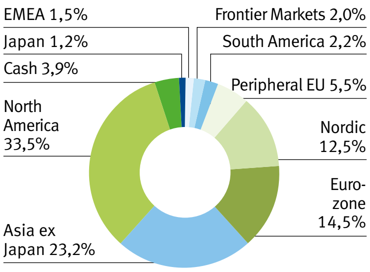
*A world of opportunities**

* From the moor north of Skagen, 1885. Detail. By P.S. Krøyer, one of the Skagen painters.

SECTOR DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



TOP TEN INVESTMENTS

Citigroup Inc	7,06
Samsung Electronics Co Ltd	6,77
American International Group	4,95
General Electric Co	3,99
Nordea Bank AB	3,20
Roche Holding AG	2,99
LG Corp	2,72
General Motors Co	2,65
Koninklijke DSM NV	2,47
State Bank of India	2,36
TOTAL 10 LARGEST HOLDINGS (%)	39,17

SECURITIES PORTFOLIO SKAGEN KON-TIKI AS OF 31-03-2015

SKAGEN KON-TIKI

*Leading the way in new waters**

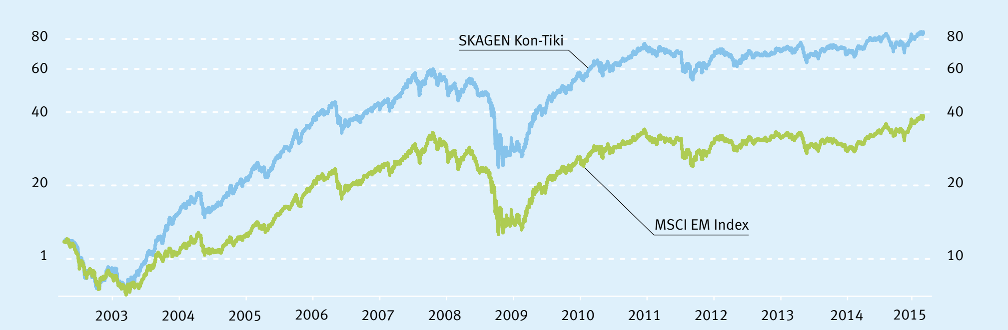
The SKAGEN Kon-Tiki equity fund will invest at least 50 percent of its assets in emerging markets. These are markets that are not included in the MSCI World Index. Nevertheless, following on from our requirement to have a reasonable industry balance, 50 percent of the fund's assets may be invested in markets that are included in the MSCI World Index. SKAGEN Kon-Tiki is suitable for an investor who wants to benefit from the value creation taking place in the world's emerging markets. The fund offers the opportunity of extraordinary returns, but at a higher risk than with a global/ Norwegian equity fund.

Risk

1 2 3 4 5 **6** 7

Morningstar quantitative rating	★★★★
Lipper Europe 2014, Best Fund 10 years Equity Emerging markets	
Fund start date	5 April 2002
Return since start	551%
Average annual return	15.5%
Assets under management	EUR 5 922 million
Number of unitholders	70 676
Subscription fee	0%
Redemption fee	0%
Management fee	2% per year plus/ minus variable management fee
Minimum subscription amount	One-time subscription EUR 50
Authorised for marketing in	Norway, Sweden, Denmark, Finland, Netherlands, Luxembourg, Iceland, UK, Switzerland, Belgium, Ireland and Germany
Benchmark index	MSCI Emerging Markets Index
UCITS	Yes
Portfolio managers	J. Kristoffer Stensrud Knut Harald Nilsson Cathrine Gether Erik Landgraff Hilde Jenssen

HISTORICAL PRICE DEVELOPMENT SKAGEN KON-TIKI (EUR)



Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
ENERGY						
Petroleo Brasileiro Pref ADR	9 864 888	506 969	480 516	-26 453	0,94 %	New York
GCL-Poly Energy Holdings Ltd	224 088 000	368 096	477 710	109 613	0,93 %	Hong Kong
Tullow Oil Plc	8 461 624	793 317	285 564	-507 752	0,56 %	London
Rec Silicon ASA	83 201 594	133 426	195 524	62 097	0,38 %	Oslo Børs
Minor items		670 843	143 336	-527 507	0,28 %	
Total Energy		**2 472 651**	**1 582 649**	**-890 002**	**3,09 %**	
RAW MATERIALS						
UPL Ltd	10 294 488	191 091	587 007	395 916	1,15 %	National India
Vale Sa Spons pref ADR	14 322 805	1 356 658	561 939	-794 719	1,10 %	New York
Hindalco Industries Ltd	30 031 830	504 565	499 620	-4 945	0,97 %	National India
OCI Co Ltd	600 000	455 623	451 945	-3 678	0,88 %	Seoul
LG Chem Ltd Pref	259 179	178 915	286 707	107 792	0,56 %	Seoul
Asia Cement China Holdings	48 551 500	178 471	211 043	32 571	0,41 %	Hong Kong
Minor items		493 174	136 899	-356 275	0,27 %	
Total Raw materials		**3 358 498**	**2 735 160**	**-623 338**	**5,34 %**	
INDUSTRIALS						
ABB Ltd	8 530 512	808 037	1 460 912	652 874	2,85 %	Stockholm
AP Moeller - Maersk A/S	74 718	601 715	1 258 051	656 336	2,45 %	København
Hitachi Ltd	16 195 000	791 993	895 759	103 766	1,75 %	Tokyo
CNH Industrial NV	9 338 348	567 834	613 770	45 936	1,20 %	New York
Bidvest Group Ltd	2 800 000	326 110	612 168	286 058	1,19 %	Johannesburg
AirAsia Bhd	108 497 800	414 918	561 742	146 824	1,10 %	Kuala Lumpur
Frontline 2012 Ltd	12 706 335	327 355	545 102	217 746	1,06 %	Unotert
Golar LNG Ltd	1 298 301	471 325	347 505	-123 820	0,68 %	NASDAQ
Enka Insaat Ve Sanayi AS	20 782 815	217 528	335 581	118 054	0,65 %	Istanbul
Harbin Electric Company Ltd	60 656 000	548 015	304 027	-243 988	0,59 %	Hong Kong
Norwegian Air Shuttle ASA	1 048 248	98 311	251 580	153 269	0,49 %	Oslo Børs
Empresas ICA S.A.B	32 729 853	448 729	215 360	-233 369	0,42 %	Mexico
LG Corp Pref	808 430	118 266	206 217	87 951	0,40 %	Seoul
Kerry Logistics Network Ltd	16 905 000	170 210	200 758	30 548	0,39 %	Hong Kong
Aveng Ltd	21 017 094	617 358	157 281	-460 077	0,31 %	Johannesburg
Minor items		437 815	429 510	-8 305	0,84 %	
Total Industrials		**6 965 520**	**8 395 322**	**1 429 802**	**16,38 %**	
CONSUMER DISCRETIONARY						
Great Wall Motor Co Ltd	43 877 936	79 592	2 500 451	2 420 858	4,88 %	Hong Kong
Hyundai Motor Co Pref (2pb)	2 351 443	375 434	1 950 893	1 575 459	3,81 %	Seoul
Hyundai Motor Co Pref (1p)	2 234 715	358 958	1 805 258	1 446 300	3,52 %	Seoul
Mahindra & Mahindra Ltd GDR	8 161 588	190 149	1 260 439	1 070 289	2,46 %	London International
Naspers Ltd	1 000 919	292 956	1 237 737	944 780	2,41 %	Johannesburg
LG Electronics Inc Pref	3 050 000	823 954	617 076	-206 878	1,20 %	Seoul
Mahindra & Mahindra Ltd	3 103 503	250 706	475 405	224 700	0,93 %	National India
DRB-Hicom Bhd	88 408 800	365 449	378 879	13 430	0,74 %	Kuala Lumpur
Apollo Tyres Ltd	12 357 560	96 010	268 137	172 127	0,52 %	National India
Hengdeli Holdings Ltd	162 184 800	256 019	242 865	-13 155	0,47 %	Hong Kong
MRV Engenharia	8 095 400	172 461	166 467	-5 993	0,32 %	Sao Paulo
Total Consumer Discretionary		**3 261 688**	**10 903 607**	**7 641 918**	**21,27 %**	

Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
CONSUMER STAPLES						
Cosan Ltd	13 091 033	791 870	676 722	-115 148	1,32 %	New York
X 5 Retail Group NV GDR	4 990 306	506 266	617 752	111 486	1,21 %	London International
Shiseido Co Ltd	4 166 700	448 244	597 156	148 912	1,16 %	Tokyo
Yazicilar Holding AS	8 837 139	222 040	592 728	370 689	1,16 %	Istanbul
Distribuidora Internacional de Alimentacion SA	8 706 469	324 648	546 375	221 728	1,07 %	Madrid
Casino Guichard Perrachon SA	681 741	539 422	487 277	-52 145	0,95 %	Paris
Familymart Co Ltd	1 407 900	389 252	476 768	87 516	0,93 %	Tokyo
Massmart Holdings Ltd	3 739 366	285 120	371 547	86 427	0,72 %	Johannesburg
Marfrig Global Foods SA	33 457 200	525 979	338 092	-187 887	0,66 %	Sao Paulo
PZ Cussons Plc	7 625 746	127 931	311 727	183 796	0,61 %	London
Kulim Malaysia BHD	50 827 600	160 451	302 963	142 512	0,59 %	Kuala Lumpur
Cia Brasileira de Distribuicao - Pref	1 128 000	274 289	272 999	-1 289	0,53 %	Sao Paulo
Cia Cervecerias Unidas SA ADR	1 538 270	280 090	254 601	-25 489	0,50 %	New York
East African Breweries Ltd	5 774 866	88 566	156 106	67 540	0,30 %	Nairobi
Podravka Prehrambena Ind DD	406 584	111 935	133 412	21 477	0,26 %	Zagreb
Minor items		138 712	98 508	-40 204	0,19 %	
Total Consumer Staples		**5 214 813**	**6 234 733**	**1 019 919**	**12,16 %**	
HEALTH CARE						
Richter Gedeon Nyrt	8 936 510	970 296	991 361	21 064	1,93 %	Budapest
China Shineway Pharmaceutical	36 934 000	280 298	452 442	172 145	0,88 %	Hong Kong
Eis Eczacibasi Ilac Ve Sanayi	19 410 554	133 038	148 876	15 838	0,29 %	Istanbul
Supermax Corp BHD	30 573 600	117 548	139 671	22 123	0,27 %	Kuala Lumpur
Småposter		**1 541 111**	**1 819 018**	**277 907**	**3,55 %**	
FINANCIALS						
State Bank of India	55 690 910	1 265 479	1 917 986	652 507	3,74 %	National India
Haci Omer Sabanci Holding AS	48 791 436	1 011 304	1 390 838	379 533	2,71 %	Istanbul
SBI Holdings Inc	7 759 600	603 587	759 111	155 524	1,48 %	Tokyo
Banco Do Estado Rio Grande Do Sul SA Pref	22 815 700	565 560	638 201	72 641	1,24 %	Sao Paulo
Moscow Exchange MICEX-RTS OAO	54 263 060	578 348	510 312	-68 037	1,00 %	Moscow
JSE Ltd	5 864 519	226 705	482 836	256 131	0,94 %	Johannesburg
Raiffeisen Bank International AG	4 062 472	797 113	455 653	-341 460	0,89 %	Wien
Kiatnakin Bank Pcl	37 429 463	334 353	361 434	27 081	0,71 %	Bangkok
Korean Reinsurance Co	4 860 366	182 225	360 797	178 572	0,70 %	Seoul
EFG-Hermes Holding SAE	17 939 257	353 507	299 455	-54 052	0,58 %	Cairo
Value Partners Group Ltd	28 597 000	109 613	217 385	107 772	0,42 %	Hong Kong
Ghana Commercial Bank Ltd	18 001 604	88 821	206 252	117 431	0,40 %	Ghana
Dragon Capital - Vietnam Enterprise Investments Ltd	9 000 000	111 229	200 323	89 094	0,39 %	Dublin
Nordnet AB	5 007 907	69 539	153 468	83 929	0,30 %	Stockholm
Kiwoom Securities Co Ltd	263 000	48 064	135 322	87 259	0,26 %	Seoul
Minor items		328 629	296 575	-32 054	0,58 %	
Total Financials		**6 674 075**	**8 385 947**	**1 711 872**	**16,36 %**	
INFORMATION TECHNOLOGY						
Samsung Electronics Co Ltd Pref	344 632	851 440	2 768 974	1 917 533	5,40 %	Seoul
Samsung Electronics Co Ltd Pref GDR	388 277	382 056	1 548 724	1 166 668	3,02 %	London International
Lenovo Group Ltd	97 150 000	557 355	1 143 618	586 263	2,23 %	Hong Kong
Tech Mahindra Ltd	8 784 608	354 450	713 386	358 936	1,39 %	National India
Skyworth Digital Holdings Ltd	32 870 181	95 990	208 508	112 519	0,41 %	Hong Kong
Total Information Technology		**2 241 291**	**6 383 210**	**4 141 919**	**12,45 %**	
TELECOM						
Bharti Airtel Ltd	29 648 206	1 130 346	1 503 803	373 457	2,93 %	National India
Kinnevik Investment AB-B	2 624 324	458 112	706 149	248 037	1,38 %	Stockholm
Indosat Tbk PT	206 683 750	557 401	543 889	-13 511	1,06 %	Indonesia
Sistema Jsfc	71 610 460	487 565	175 197	-312 368	0,34 %	Moscow
Småposter		79 436	59 381	-20 055	0,12 %	
Total Telecom		**2 712 860**	**2 988 419**	**275 559**	**5,83 %**	
Total equity portfolio		**34 442 507**	**49 428 064**	**14 985 557**	**96,42 %**	
Disposable liquidity			1 834 871		3,58 %	
Total share capital			**51 262 936**		**100,00 %**	
Base price as of 30.09.2014						
		745,2006				

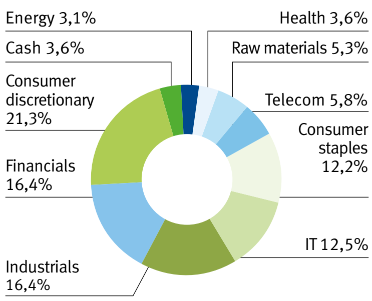
* Figures in 1 000 NOK.

SKAGEN KON-TIKI

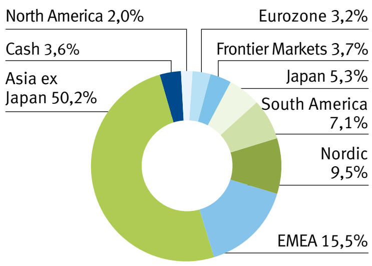
*Leading the way in new waters**

* Skagen reef's lightship, 1892. Detail.
By Carl Locher, one of the Skagen painters.
The picture is owned by the Skagens Museum.

SECTOR DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



TOP TEN INVESTMENTS

Samsung Electronics Co Ltd	8,42
Hyundai Motor Co	7,33
Great Wall Motor Co Ltd	4,88
State Bank of India	3,74
Mahindra & Mahindra Ltd	3,39
Bharti Airtel Ltd	2,93
ABB Ltd	2,85
Haci Omer Sabanci Holding AS	2,71
AP Moeller - Maersk A/S	2,50
Naspers Ltd	2,41
TOTAL 10 LARGEST HOLDINGS (%)	41,16

* Figures in 1000 NOK

SECURITIES PORTFOLIO SKAGEN M2 AS OF 31-03-2015

SKAGEN m²

*A doorway to global interest rates**

*Architect Ulrik Plesner`s first extension to Brøndum`s hotel. 1892. Detail. By Johan Peter von Wildenradt, one of the Skagen painters. The picture belongs to the Skagens Museum.

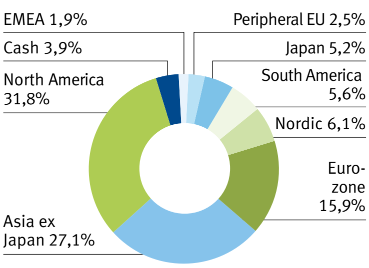
EQUITY FUND SKAGEN m²

Risk

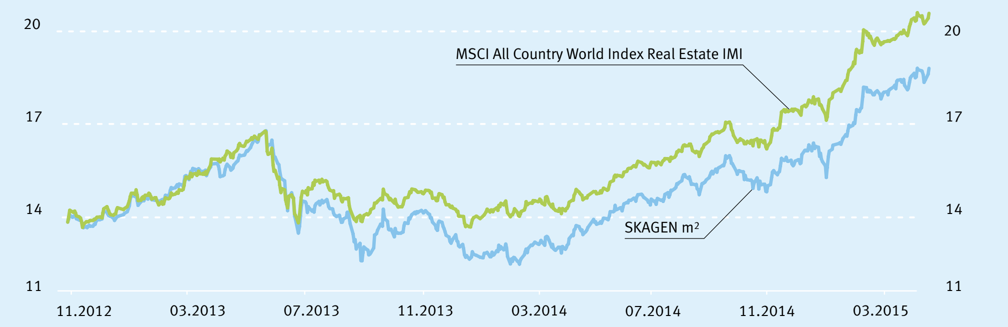
1 2 3 4 5 **6** 7

Fund start date	31 October 2012
Return since start	37,8%
Average annual return	14,2%
Assets under management	EUR 168 million
Number of unitholders	8 286
Subscription fee	0%
Redemption fee	0 %
Management fee	1.5 % per year plus/ minus variable management fee
Minimum subscription amount	One-time subscription EUR 50
Authorised for marketing in	Norway, Sweden, Denmark, Finland, Netherlands, Luxembourg, Iceland, UK, Switzerland and Ireland
Benchmark index	MSCI All Country World Index Real Estate IMI
UCITS	Yes
Portfolio managers	Michael Gobitschek, Harald Haukås,

GEOGRAPHICAL DISTRIBUTION



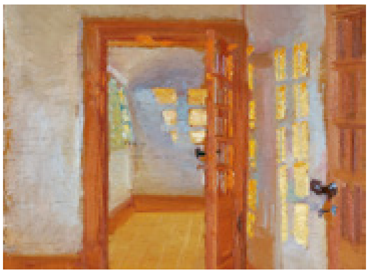
HISTORICAL PRICE DEVELOPMENT SKAGEN M2 (EUR)



Security	Number	Acquistion value NOK *	Market-value NOK*	Unrealised gain/loss *	Share of fund	Stock-exchange
FINANCIALS						
HCP Inc	162 100	47 508	44,01	9 978	3,97 %	New York
General Growth Properties Inc	220 000	36 690	29,92	16 346	3,66 %	New York
Brandywine Realty Trust	407 000	41 408	16,15	11 558	3,66 %	New York
Global Logistic Properties Ltd	3 347 000	45 748	2,65	6 379	3,60 %	Singapore
Columbia Property Trust Inc	240 000	42 150	26,87	9 815	3,59 %	New York
Ashford Hospitality Trust	641 000	41 106	9,69	8 945	3,46 %	New York
PS Business Parks Inc	69 000	36 927	83,51	9 505	3,21 %	New York
Mitsui Fudosan Co Ltd	194 000	38 281	3 529,50	7 728	3,18 %	Tokyo
Apartment Investment & Management Co	143 000	33 202	39,84	12 705	3,17 %	New York
Olav Thon Eiendomsselskap ASA	286 156	34 782	159,50	10 860	3,15 %	Oslo Børs
Soho China Ltd	8 258 500	42 370	5,28	2 975	3,13 %	Hong Kong
SL Green Realty Corp	40 500	30 040	129,56	12 242	2,92 %	New York
CBL & Associates Properties Inc	234 000	31 567	19,88	5 919	2,59 %	New York
Melia Hotels International	372 462	30 189	11,45	6 712	2,55 %	Madrid
British Land Co Plc	365 000	25 741	8,36	10 769	2,52 %	London
Deutsche Wohnen AG	155 000	19 427	23,91	12 641	2,21 %	Frankfurt
Mercialys SA	148 471	20 839	23,70	9 615	2,10 %	Paris
CA Immobilien Anlagen AG	193 000	25 326	17,51	3 924	2,02 %	Wien
Nomura Real Estate Office Fund Inc	735	24 198	583 000,00	4 595	1,99 %	Tokyo
Mapletree Logistics Trust	3 895 242	24 331	1,24	4 170	1,97 %	Singapore
Dic Asset AG	353 000	23 701	9,31	4 745	1,96 %	Xetra
SM Prime Holdings Inc	7 850 000	21 196	19,98	7 082	1,95 %	Philippines
BR Malls Participacoes SA	548 200	27 269	17,15	-3 567	1,64 %	Sao Paulo
Ticon Industrial Connection Pcl-Nvdr	6 048 920	22 865	15,10	-259	1,56 %	Bangkok
Shangri-La Asia Ltd	2 010 000	20 953	10,66	1 329	1,54 %	Hong Kong
First Real Estate Investment Trust	2 692 706	17 566	1,40	4 589	1,53 %	Singapore
Westgrund AG	502 106	16 278	5,08	5 801	1,52 %	Xetra
Phoenix Mills Ltd	478 945	16 935	356,95	5 107	1,52 %	National India
BR Properties SA	661 700	25 341	13,17	-3 371	1,52 %	Sao Paulo
Affine SA	129 051	15 331	18,65	5 495	1,44 %	Paris
Emlak Konut Gayrimenkul Yatirim Ortakligi AS	2 260 000	18 718	2,95	1 970	1,43 %	Istanbul
Bekasi Fajar Industrial Estate Tbk PT	57 806 900	19 828	580,00	826	1,43 %	Indonesia
Irsa Sa ADR	125 319	11 432	19,54	8 305	1,36 %	New York
Gecina SA	18 000	15 809	125,75	3 777	1,35 %	Paris
Entra ASA	216 410	14 974	83,75	3 151	1,25 %	Oslo Børs
Vista Land & Lifescapes Inc	11 163 400	10 435	8,59	6 854	1,19 %	Philippines
Ashford Inc	15 957	10 639	122,50	5 112	1,09 %	New York
Oberoi Realty Ltd	398 152	10 967	284,35	3 630	1,01 %	National India
Shimao Property Holdings Ltd	844 500	12 312	16,30	2 003	0,99 %	Hong Kong
Ananda Development PCL-Nvdr	14 915 800	8 824	3,76	5 056	0,96 %	Bangkok
CapitaLand Ltd	650 000	10 803	3,58	2 873	0,94 %	Singapore
Atrium Ljungberg AB	105 280	10 366	132,00	2 618	0,90 %	Stockholm
Ascendas India Trust	2 324 000	9 588	0,90	2 704	0,85 %	Singapore
Bumi Serpong Damai PT	9 186 500	8 925	2 135,00	3 156	0,83 %	Indonesia
Citycon Oyj	451 000	10 310	3,01	1 437	0,81 %	Helsinki
Unibail-Rodamco SE	4 975	7 980	252,30	2 881	0,75 %	Amsterdam
China South City Holdings Ltd	3 870 000	11 834	2,54	-1 612	0,71 %	Hong Kong
Summarecon Agung Tbk PT	9 019 400	6 494	1 720,00	3 062	0,66 %	Indonesia
Minor items		3 306		126	2,32 %	New York
Total Financials		**1 129 451**	**1 385 707**	**256 256**	**95,66 %**	
INTEREST INSTRUMENTS						
General Shopping Finance	1,000,000	5 429	6 653	1 224	0,46 %	Euroclear
Total Interest Instruments		**5 429**	**6 653**	**1 224**	**0,46 %**	
Total equity portfolio		**1 134 880**	**1 392 360**	**257 480**	**96,12 %**	
Disposable liquidity			56 157		3,88 %	
Total share capital			**1 448 517**		**100,00 %**	
Base price as of 31.03.2015		163,7462				

* Figures in 1 000 NOK.

SECURITIES PORTFOLIO SKAGEN TELLUS AS OF 31-03-2015



SKAGEN TELLUS

*A doorway to global interest rates**

SKAGEN Tellus is an actively managed global bond fund investing in bonds issued by governments, regional authorities and financial institutions all over the world. SKAGEN Tellus is a good option for investors who wish to invest in global bonds and who have an investment horizon of at least 3 years. Investors must be tolerant of exchange rate fluctuations

* *Interior. Brøndum's annex,* ca 1920. Detail. By Anna Ancher, one of the Skagen painters. The picture is owned by the Skagens Museum.

Risk

1 2 3 **4** 5 6 7

Morningstar	★★★★★
Fund start date	29 September 2006
Return since start	80,32 %
Average annual return	7,18%
Assets under management	EUR 167 million
Number of unitholders	2 859
Subscription fee	0 %
Redemption fee	0 %
Management fee	0,8 % per year
Minimum subscription amount	One-time subscription EUR 50
Authorised for marketing in	Norway, Sweden, Denmark, Finland, Netherlands, Luxem-bourg, Iceland, UK and Switzerland
Benchmark index	J.P. Morgan GBI Broad Index Unhedged in EUR
UCITs	Yes
Portfolio managers	Torgeir Høien Jane Tvedt

Security	Maturity	Coupon	Face value ***	Cost price ***	Market Price	Accrued interest ***	Market value ***	Market value incl. accrued interest ***	Unrealised gain/loss ***	Share of fund
GOVERNMENT BONDS										
Brazilian Government	10.01.2028	10,25	20 400	58 683	269,53	1 184	54 985	56 168	-3 699	3,88 %
Chilean Government	05.08.2020	5,50	4 410 000	54 659	1,37	487	60 536	61 022	5 876	4,21 %
European Bank Recon & Dev	17.06.2015	0,50	43 000	41 462	130,94	221	56 303	56 524	14 841	3,90 %
Colombian Government	14.04.2021	7,75	13 400 000	48 232	0,35	3 106	46 481	49 587	-1 751	3,42 %
Italian Government	02.02.2037	4,00	10 065	89 559	1 174,18	560	118 182	118 742	28 623	8,20 %
Croatia Government International Bond	30.05.2022	3,87	6 700	60 280	914,97	1 890	61 303	63 193	1 023	4,36 %
Portugese Government	15.10.2025	2,87	14 000	130 953	965,97	670	135 236	135 906	4 283	9,39 %
Slovenia Government	30.03.2026	5,12	7 200	59 705	1 214,99	9	87 479	87 488	27 774	6,04 %
Spanish Government	30.04.2025	1,60	6 000	53 355	898,49	144	53 909	54 053	555	3,73 %
European Bank Recon & Dev	03.03.2016	6,00	270 000	31 395	12,93	160	34 904	35 064	3 508	2,42 %
European Bank Recon & Dev	28.05.2015	5,00	445 000	46 285	12,91	2 423	57 469	59 892	11 184	4,14 %
Mexican Government	20.11.2036	10,00	40 000	24 368	74,59	593	29 837	30 430	5 469	2,10 %
New Zealand Government	17.04.2023	5,50	8 000	54 358	700,73	1 219	56 058	57 278	1 701	3,96 %
Peruvian Government	12.08.2037	6,90	18 000	41 063	267,94	421	48 229	48 650	7 166	3,36 %
Turkish Government	08.03.2023	7,10	26 250	71 311	288,81	204	75 813	76 017	4 501	5,25 %
Lithuanian Government	01.02.2022	6,62	5 500	42 570	1 009,47	491	55 521	56 012	12 951	3,87 %
US Government	01.06.2015	0,25	21 800	140 994	809,31	147	176 431	176 577	35 437	12,20 %
US Government	31.08.2016	0,50	22 650	146 169	810,04	81	183 474	183 555	37 306	12,68 %
Total Bond Portfolio				**1 195 403**		**14 009**	**1 392 150**	**1 406 159**	**196 747**	**97,12 %**
Disposable liquidity				40 374			41 700	41 700	1 325	2,88 %
TOTAL				**1 235 777**		**14 009**	**1 433 849**	**1 447 858**	**198 072**	**100,00 %**

Effective underlying return	3,36 %
Effective yield to clients*	2,56 %
Duration**	5,35

* Effective underlying return adjusted for managment fee.
** Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.
*** Figures in 1000 NOK

Effective interest is the average annual return of an interest bearing security until maturity.
Securities are valued at market price as of 31.03.2015
Bonds and notes for which there are no market maker prices are at all times valued against the applicable yield curve.

Unit price as of 31.03.2015	138,6816

SECURITIES PORTFOLIO SKAGEN CREDIT AS OF 31-03-2015

SKAGEN CREDIT EUR

*Picking the best bonds from the global orchard**

SKAGEN Credit invests in debt issued by companies in different industries around the world. The objective is to provide clients with the best possible risk adjusted return.

* *Apple trees,* 1907. By Michael Ancher, one of the Skagen painters. The picture is owned by the Skagens Museum (cropped).

Risk

1 2 **3** 4 5 6 7

SKAGEN Credit EUR

Fund start date	30 May2014
Return since start	-1,02%
Average annual return	–
Assets under management	EUR 4 million
Number of unitholders	26
Management fee	0,8% per year
Effective underlying return	3,64%
Effective return to clients	2,84%
Duration	1,21
Benchmark index	EURIBOR 3M
UCITs	Yes
Master fund SKAGEN Credit authorised for marketing in	Norway, Sweden, Denmark, Finland, Netherlands, Luxembourg, Iceland, UK and Switzerland

SKAGEN CREDIT EUR	Number of units	EUR	%
SKAGEN Credit	312 663	4 116 954	99,16
Liquidity		35 004	0,84
Total share capital		**4 151 958**	**100,00**

Degree of currency hedging 96.21%, Share of SKAGEN Credit 21,19%

SKAGEN Credit SEK/ NOK/EUR/GBP are feeder funds or collection funds that feed into the master fund, which oversees all portfolio investments. The following is an overview of the portfolio of the SKAGEN Credit master fund.

SKAGEN CREDIT MASTER FUND Security	Currency	Maturity	Face value	Coupon	Market value EUR	Share of fundw
Talisman Energy Inc	GBP	05.12.2017	500 000	6,63	6 845 191	4,06
Gazprom OAO Via Gaz Capital SA	USD	11.04.2018	700 000	8,15	6 132 476	3,63
Noble Group Ltd	USD	29.01.2020	650 000	6,75	5 549 073	3,29
Petrobras International Finance Co	USD	01.03.2018	700 000	5,88	5 468 712	3,24
Seadrill Ltd	USD	15.09.2017	700 000	6,13	4 821 531	2,86
Total Energy					**28 816 983**	**17,07**
SSAB AB	EUR	10.04.2019	700 000	3,88	6 448 885	3,82
Braskem Finance Ltd	USD	15.04.2021	775 000	5,75	6 117 078	3,62
Lafarge SA	EUR	13.04.2018	400 000	6,25	4 152 188	2,46
Glencore Funding LLC	USD	29.04.2019	475 000	3,13	3 984 761	2,36
Glencore Canada Financial Corp	GBP	27.05.2020	200 000	7,38	3 073 734	1,82
Total Raw materials					**23 776 646**	**14,09**
Color Group AS	NOK	18.09.2019	6 000 000	6,54	5 959 180	3,53
Stena AB	EUR	01.02.2019	620 000	5,88	5 868 510	3,48
Norwegian Air Shuttle AS	NOK	03.07.2017	5 000 000	5,23	4 894 915	2,90
Bombardier Inc	EUR	17.05.2021	500 000	6,13	4 735 651	2,81
PostNL NV	GBP	14.08.2018	250 000	7,50	3 682 555	2,18
Heathrow Funding Ltd	GBP	10.09.2018	250 000	6,25	3 523 429	2,09
Frigoglass Finance BV	EUR	15.05.2018	375 000	8,25	2 994 146	1,77
Tallink Group AS	NOK	18.10.2018	2 000 000	6,41	2 048 764	1,21
Bombardier Inc	USD	16.03.2020	200 000	7,75	1 700 839	1,01
Empresas ICA SAB de CV	USD	04.02.2021	100 000	8,90	714 735	0,42
Total Industrials					**36 122 724**	**21,40**
Fiat Finance & Trade SA	EUR	15.03.2018	500 000	6,63	4 910 141	2,91
Levi Strauss & Co	USD	15.05.2020	250 000	7,63	2 169 111	1,29
Total Consumer Discretionary					**7 079 251**	**4,19**
Safeway Ltd	GBP	10.01.2017	400 000	6,00	5 198 770	3,08
Avon Products Inc	USD	01.03.2019	400 000	6,50	3 244 125	1,92
Cosan Luxembourg SA	USD	14.03.2023	300 000	5,00	2 153 460	1,28
Total Consumer staples					**10 596 355**	**6,28**
Bank of Baroda - London	USD	23.07.2019	750 000	4,88	6 602 958	3,91
Amlin Plc	GBP	18.12.2026	450 000	6,50	5 736 332	3,40
Danske Bank AS	GBP	29.09.2021	400 000	5,38	5 259 385	3,12
Tyrkiye Halk Bankasi AS	USD	19.07.2017	550 000	4,88	4 616 313	2,74
Akbank TAS	USD	24.10.2017	400 000	3,88	3 317 235	1,97
Diamond Bank Plc	USD	21.05.2019	400 000	8,75	2 735 355	1,62
Akbank TAS	USD	09.03.2018	300 000	6,50	2 613 240	1,55
American Tower Corp	USD	15.02.2019	200 000	3,40	1 684 248	1,00
Total Financials					**32 565 066**	**19,30**
Nokia OYJ	EUR	04.02.2019	300 000	6,75	3 157 694	1,87
Rolta Americas LLC	USD	24.07.2019	200 000	8,88	1 582 887	0,94
Total IT					**4 740 581**	**2,81**
VimpelCom Holdings BV	USD	01.03.2022	550 000	7,50	4 291 193	2,54
Bharti Airtel International Netherlands BV	EUR	10.12.2018	400 000	4,00	3 827 983	2,27
Total Telecom					**8 119 176**	**4,81**
EP Energy AS	EUR	01.11.2019	575 000	5,88	5 843 747	3,46
EDP Finance BV	USD	01.10.2019	550 000	4,90	4 860 481	2,88
EDP Finance BV	EUR	21.09.2017	175 000	5,75	1 746 395	1,03
Total Utilities					**12 450 622**	**7,38**
TOTAL SECURITIES PORTFOLIO					**164 267 404**	**97,33**
Derivatives*						
IRS USD 20190820	USD	20.08.2019	2 000 000		-233 290	-0,13
IRS USD 20180620	USD	20.06.2018	3 500 000		-372 525	-0,22
IRS GBP 20180129	GBP	29.01.2018	1 200 000		-375 850	-0,22
IRS EUR 20180620	EUR	20.06.2018	3 000 000		-419 955	-0,24
Total Derivatives					**-1 401 620**	**-0,83**
Liquidity					5 907 103	3,50
TOTAL SHARE CAPITAL					**168 772 888**	**100,00**
Unit price as of 31-03-2015		9,8981				

SKAGEN Funds' investment philosophy

SKAGEN's objective is to provide our clients with the best possible risk-adjusted returns by pursuing a value-based, bottom-up investment approach with broad mandates – a philosophy based on common sense.

We search for companies that are priced significantly lower than our estimation of the value of the underlying operations. Our ideal investment is a company which is Undervalued, Under-researched and Unpopular, and that has potential triggers which could make hidden values visible and therefore create excess returns for our clients.

Value-based
We rely on our own research and understanding of how value is created and maintained in order to price company shares. We prefer well-proven business models which generate good cash flow, and we believe that unpopular and under-researched or misunderstood companies are often attractive.

Bottom-up
Our portfolio managers make their own valuations, regardless of short-term trends. We look at a company's potential and believe in the advantage of being generalists i.e. valuing conglomerates and identifying when entire industries are about to be re-evaluated. The portfolio managers from all the funds work together and share ideas about the best investments.

Active management
We invest in companies based on their own merits; not because the company is represented in an index. We use common sense and long-term thinking to try and avoid bubbles that arise when popular shares and industries are overpriced in relation to a company's fundamental value and earnings.

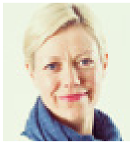
Long-term
SKAGEN seeks to be patient with its investments. Excessive changes in the portfolio can be detrimental to results. Our funds hold on to their investments for 3-5 years on average. Results in companies are created over time, as are the funds' results.

Broad mandates
SKAGEN's specialty is global investments. Where a company carries out its activities is more important than where it is listed. Our portfolio managers have the freedom to invest in industries and countries around the world, although a sensible distribution between sectors and regions is ensured in order to diversify investment risk.

The investment philosophy, combined with our focus on values, common sense, hard work and well developed intuition, have historically provided good returns.

Portfolio Manager Team


Erik Bergöö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Harald Haukås


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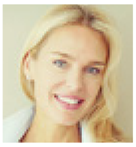
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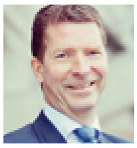
Ola Sjöstrand


Alexander Steensrud


Kristoffer Stensrud


Ole Søeberg


Jane Tvedt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Michael Metzler
Anna S Marcus
Vevika Søberg

Front page: Two Danish warships off Hornbæk, 1889, By Carl Locher, one of the Skagen painters. The picture is owned by the Skagens museum. Manipulated.