



*Interior, Brøddums annex, 1916/17, Detail, By Anna Ancher, one of the Skagen Painters. This image belongs to the Art Museums of Skagen*

# SKAGEN Tellus

## Status Report May 2017

The art of common sense



# Key numbers as of 31 May 2017

EUR, net of fees



	May	QTD	YTD	1 years	3 years	5 years	Since inception*
<b>SKAGEN Tellus</b>	-1,1%	-1,9%	-1,3%	2,1%	3,1%	4,0%	5,0%
<b>JPM Broad GBI Unhedged *</b>	-1,6%	-2,1%	-1,9%	-1,4%	6,4%	2,0%	4,6%
<b>Excess return</b>	0,5%	0,2%	0,6%	3,5%	-3,3%	2,0%	0,4%

\*Inception date: 29/09/2006

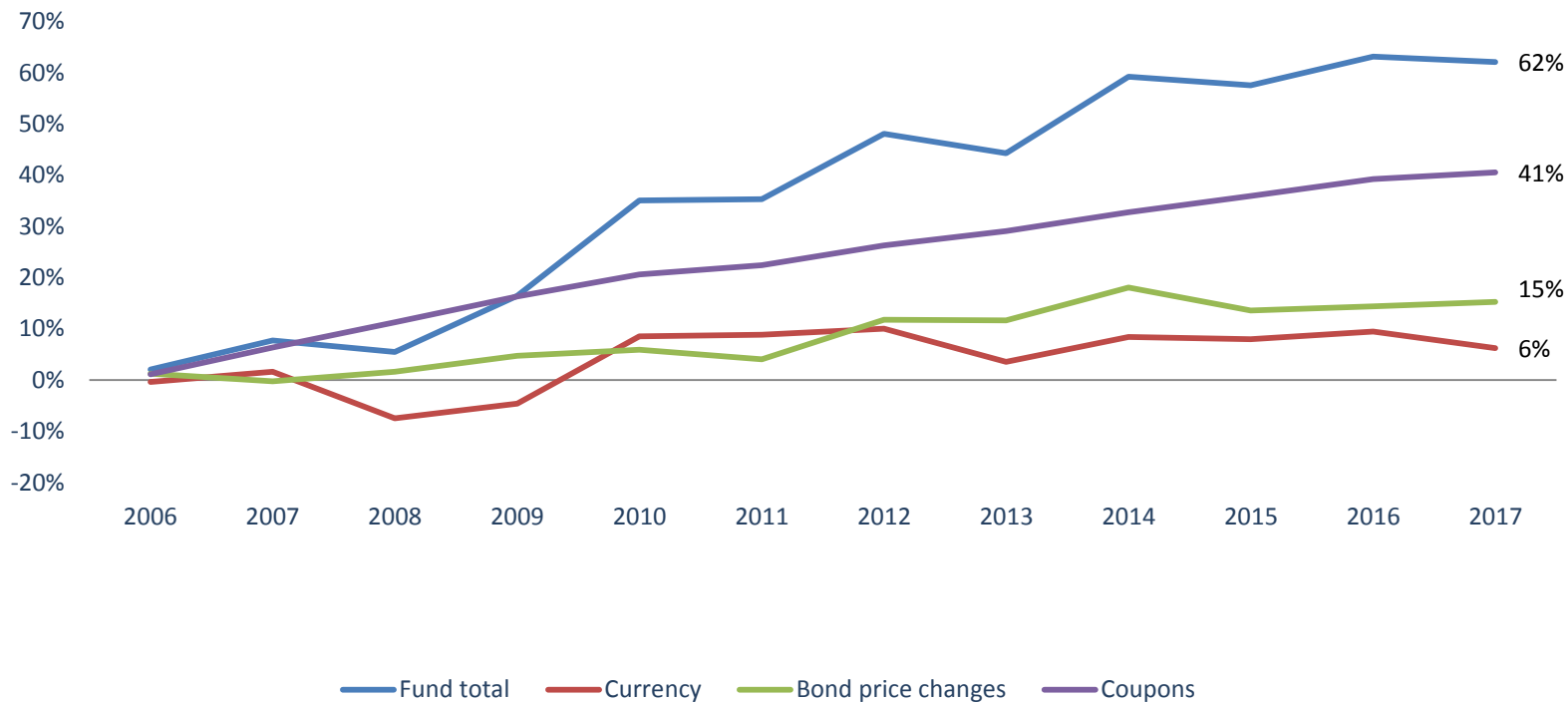
\*\*Benchmark index before 01/01/2013 was *Barclay's Capital Global Treasury Index 3-5 years*

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

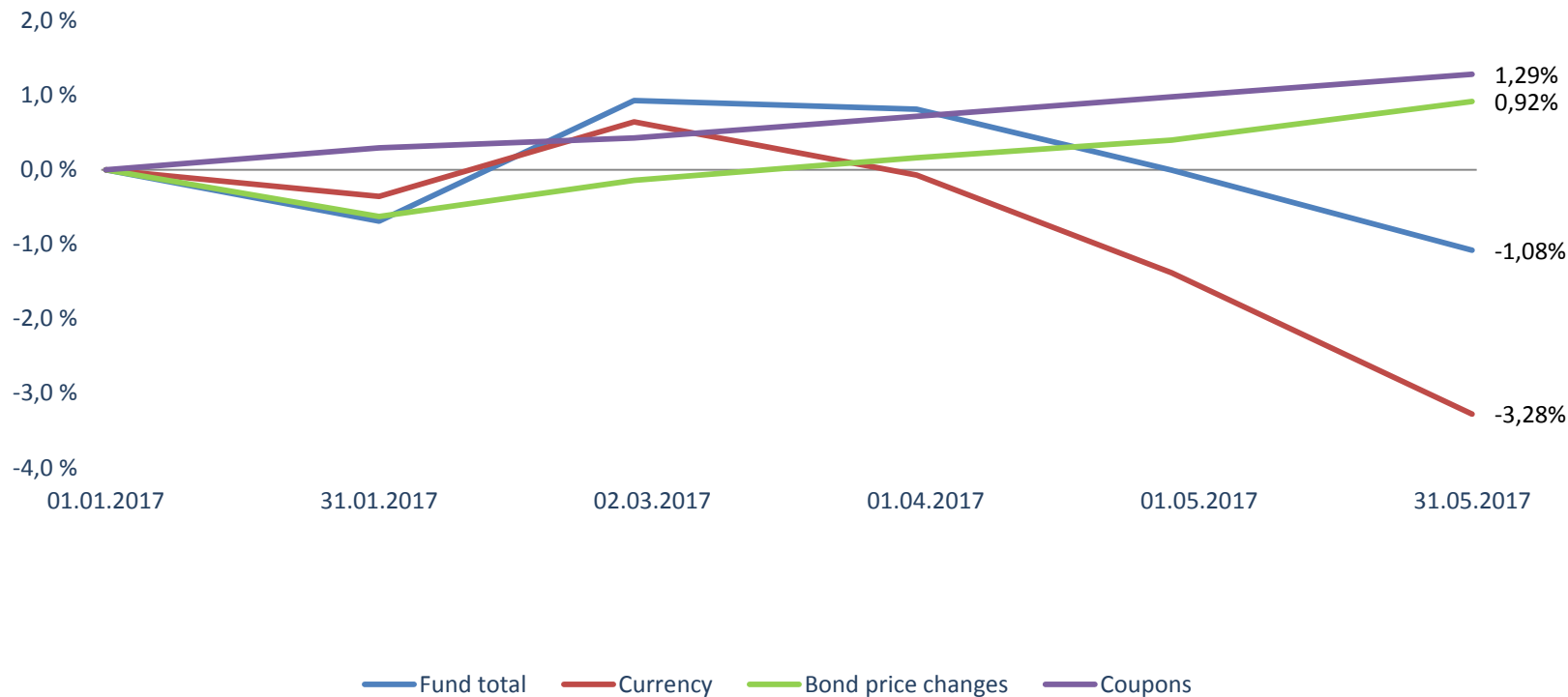
## Stronger euro

- The fund performance in May was -1.1% measured in EUR. The index was down 1.6 percentage points in the same period.
- The weak absolute performance was due to depreciating currencies relative to EUR. The euro appreciated as a result of further proof of strong European growth and lower political risk after Macron's victory in the French presidential election. It was the depreciation of the USD relative to the EUR that contributed most to the weak performance. The dollar depreciated by 3.2 percent relative to the euro in May. The depreciation of the sterling and the Peruvian and Chilean peso also had a sizable impact.
- Our Portuguese bond was the best performer in May. The fall in the credit spread lifted the bond price by 3.9 percent. The positive development is mainly due to stronger economic growth. Annual GDP growth was 2.8 percent in the first quarter 2017, up from 2.0 percent in the fourth quarter of 2016. Exports were the main contributor to stronger GDP, driven by stronger growth in Europe. In addition, Portugal reached an important milestone in May when the EU declared that Portugal is no longer in breach of the terms of the Growth and Stability Pact, which states that a country may not have a larger budget deficit than 3 percent of GDP. The budget deficit for Portugal is currently 2 percent of GDP.
- The duration of SKAGEN Tellus is currently 3.2 years, which is substantially lower than the index's duration of 7.8 years. Given the current state of the business cycle, we only take interest rate risk in countries where there is still a solid case for a fall in the interest rate going forward and/or the yield is attractive.
- We have longer duration in countries where we expect the credit premium to fall, such as Portugal and Croatia, or where there is a high running yield, e.g. Peru and Chile. We have very low duration on our investments in the US, the UK, Canada, Mexico and Norway. These holdings are based on an expectation of an appreciation of the currency.

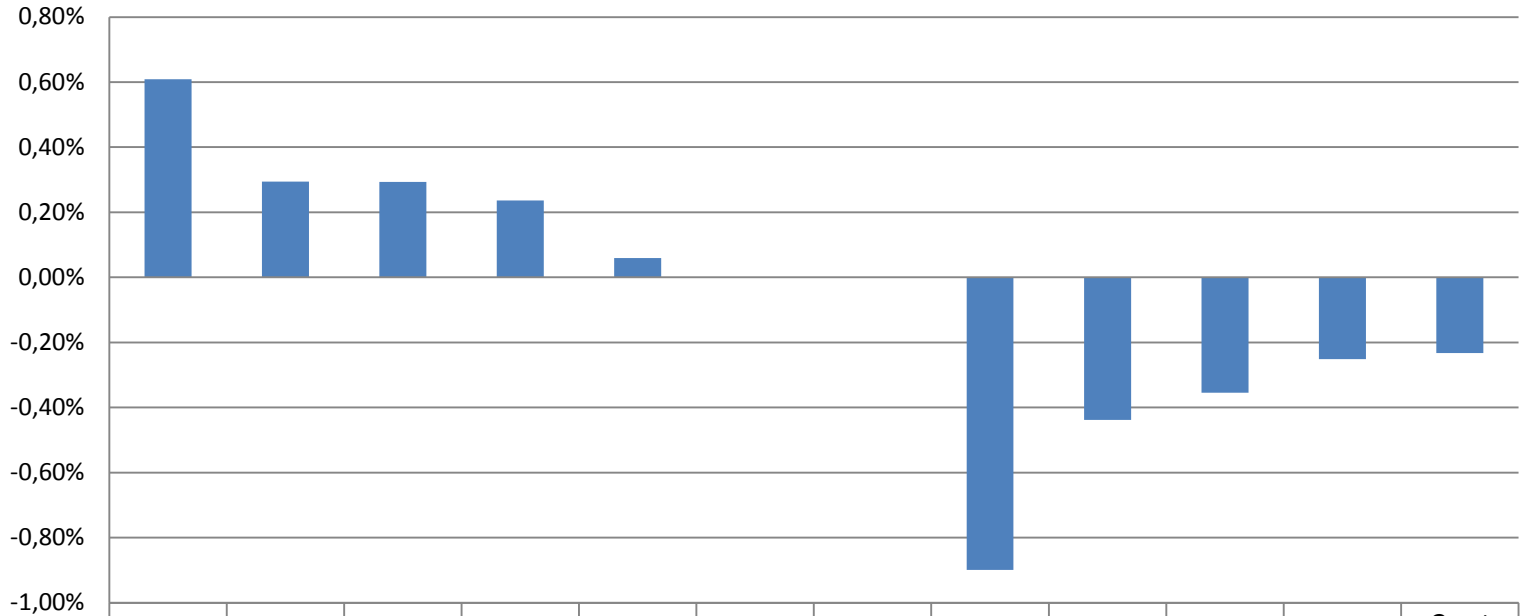
# Accumulated gain since inception of fund from currency fluctuations, bond price changes and coupons



# Accumulated gain YTD from currency fluctuations, bond price changes and coupons

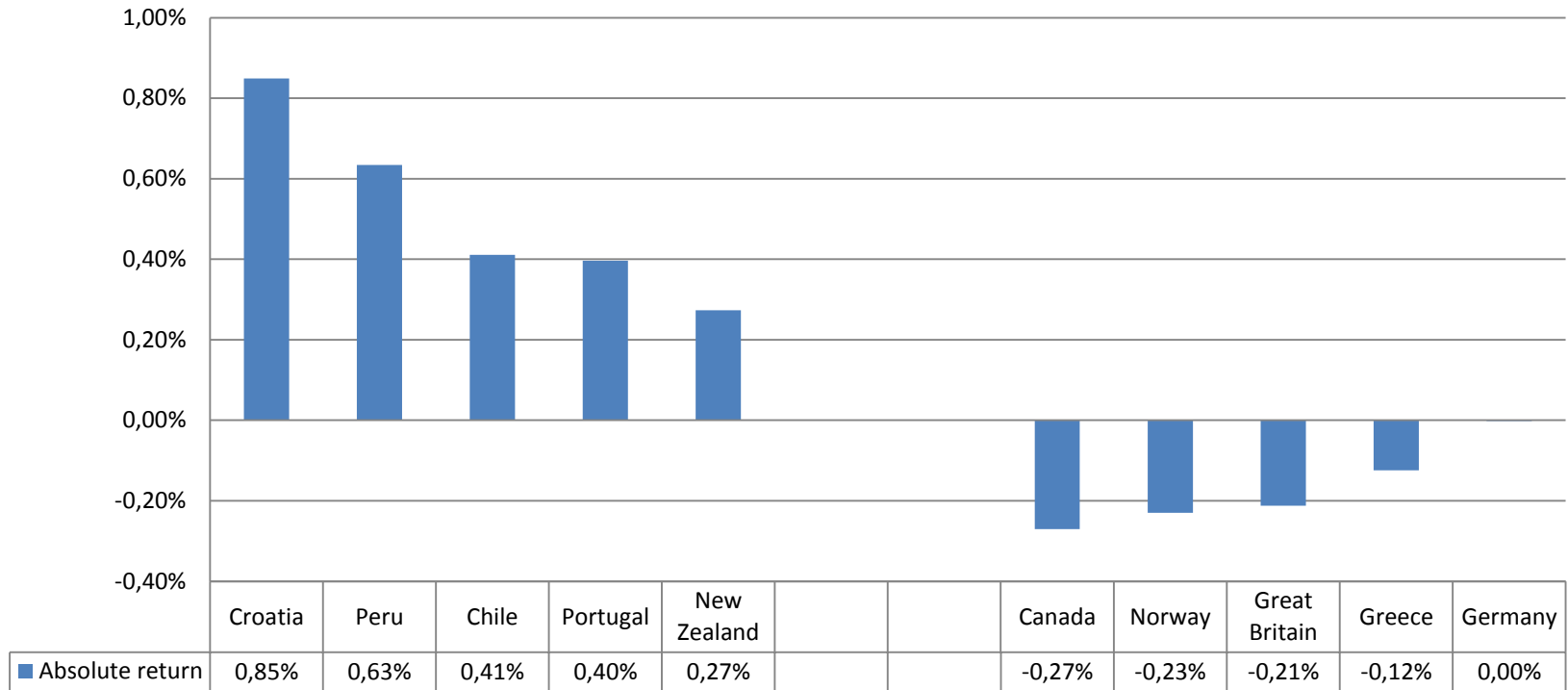


# Top and bottom 5 contributors to absolute return YTD



■ Absolute return	0,61%	0,29%	0,29%	0,24%	0,06%			-0,90%	-0,44%	-0,35%	-0,25%	-0,23%
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# Top and bottom 5 contributors to absolute return past 12 months

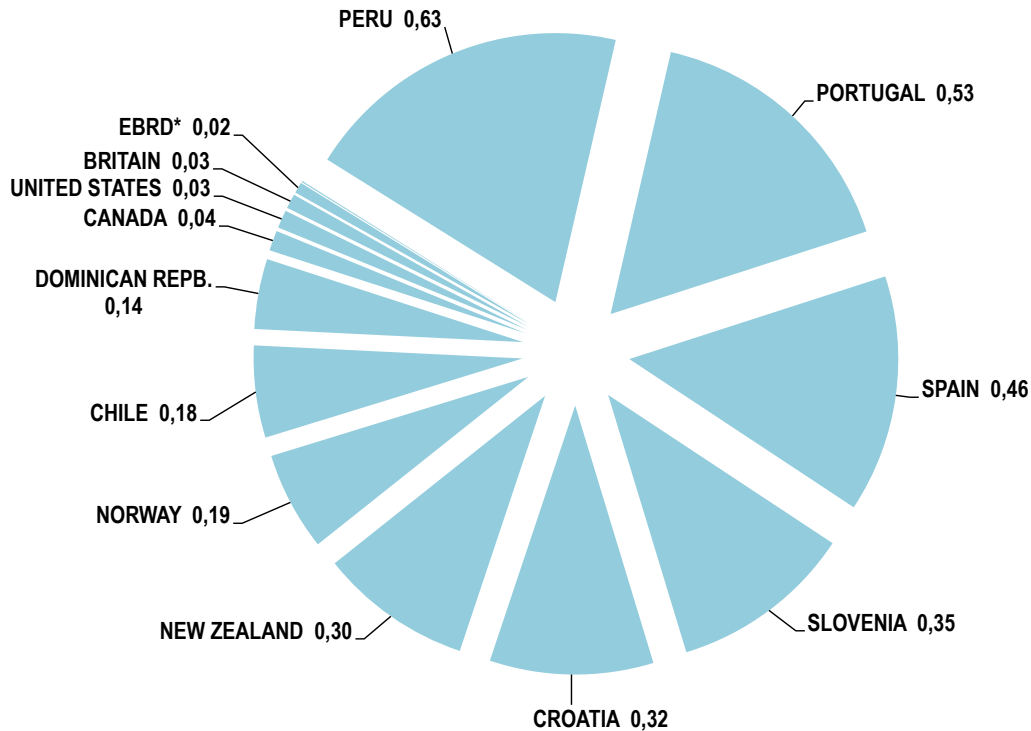


# Portfolio as of 31 May 2017

<b>Holding Name</b>	<b>Currency</b>	<b>Numbers of Bonds</b>	<b>Percent</b>	<b>Maturity Date</b>	<b>Coupon</b>
Norwegian Government	NOK	88000	10	22.05.2019	4,5
US Government	USD	10000	8,9	30.09.2017	0,62
Portugese Government	EUR	7000	7,3	15.10.2025	2,87
Croatia Government International Bond	EUR	6300	6,9	30.05.2022	3,87
US Government	USD	7800	6,9	30.06.2017	0,62
Chilean Government	CLP	4410000	6,3	05.08.2020	5,5
Spanish Government	EUR	6000	6,2	30.04.2025	1,6
Peruvian Government	PEN	20000	6	12.08.2037	6,9
New Zealand Government	NZD	8000	5,9	17.04.2023	5,5
Mexican Government	MXN	120000	5,8	15.06.2017	5
UK Government	GBP	5000	5,7	07.09.2017	1
UK Government	GBP	4500	5,3	25.08.2017	8,75
Canadian Government	CAD	8000	5,3	01.03.2018	1,25
Slovenia Government	EUR	3500	4,8	30.03.2026	5,12
Dominican Republic	DOP	150000	3	10.05.2024	11,5
European Bank Recon & Dev	INR	200000	2,8	19.03.2018	5,75



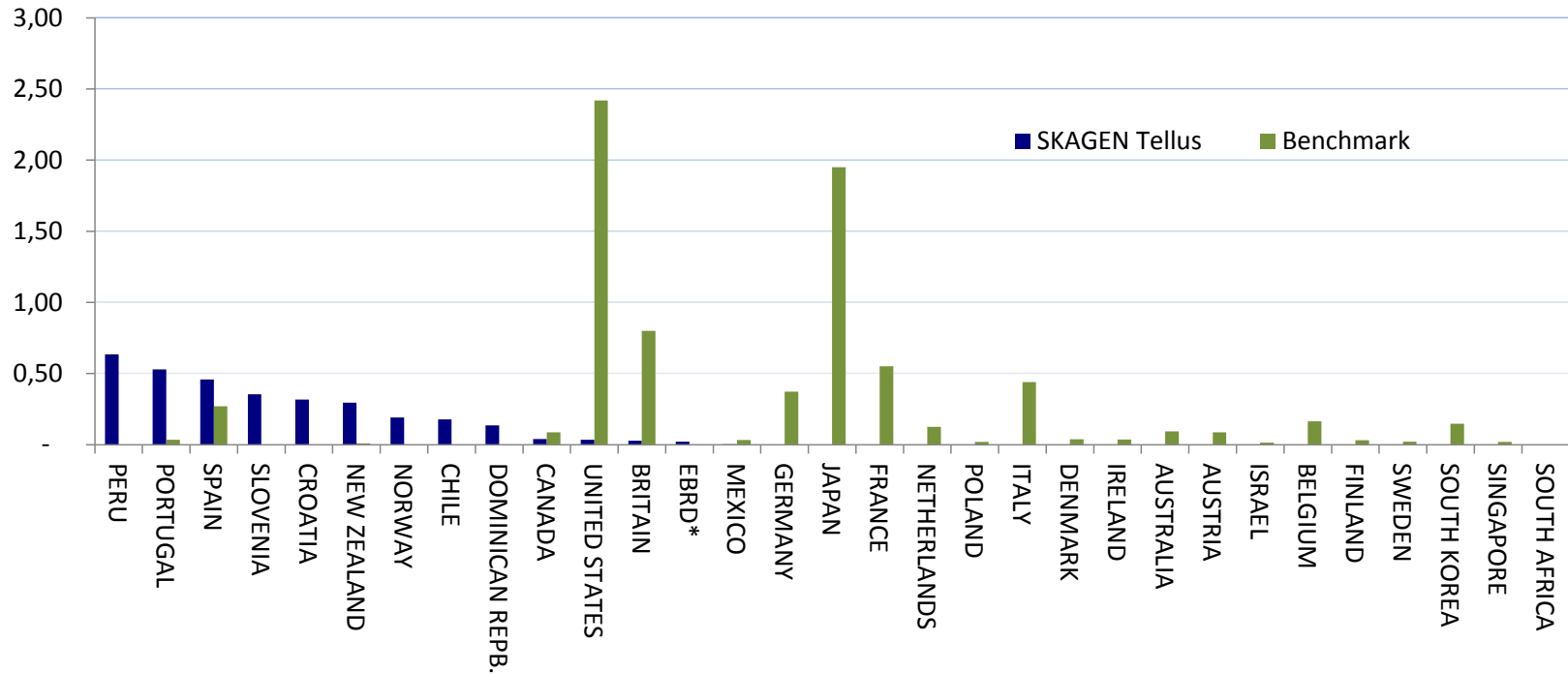
# Distribution of the fund duration of 3.1 years



As of 31 May 2017

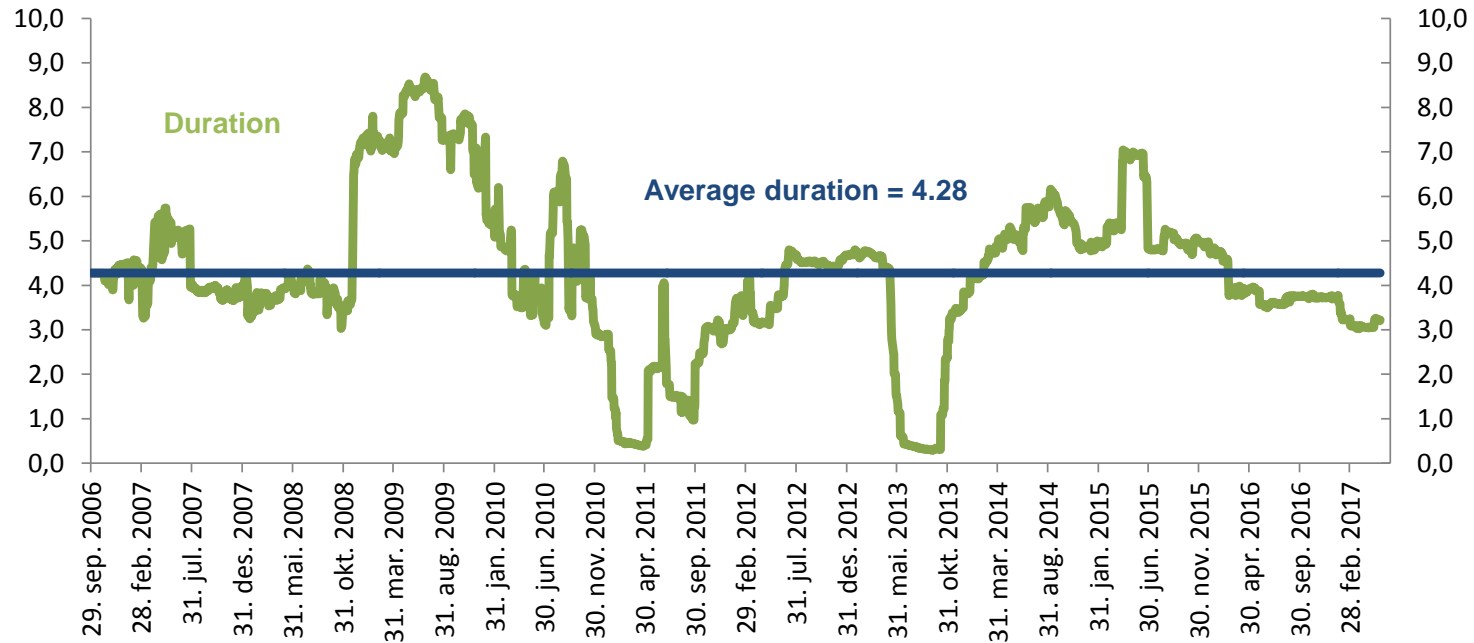
EBRD\* : European Bank of Reconstruction & Development

# Distribution of duration relative to benchmark

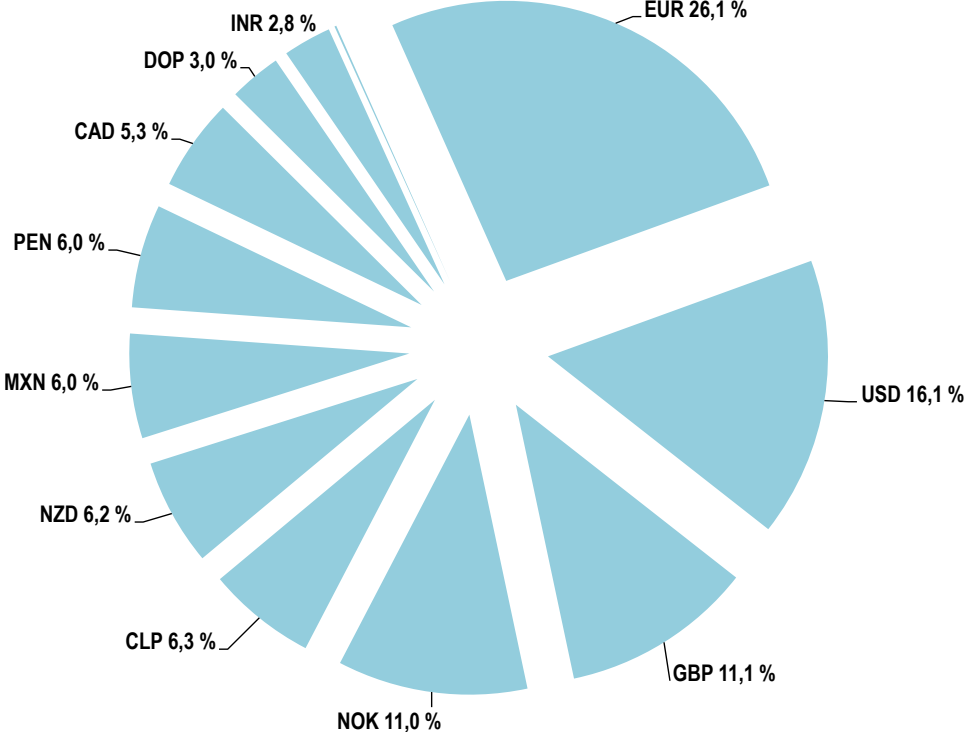


As of 31 May 2017

# Interest duration since the fund's inception

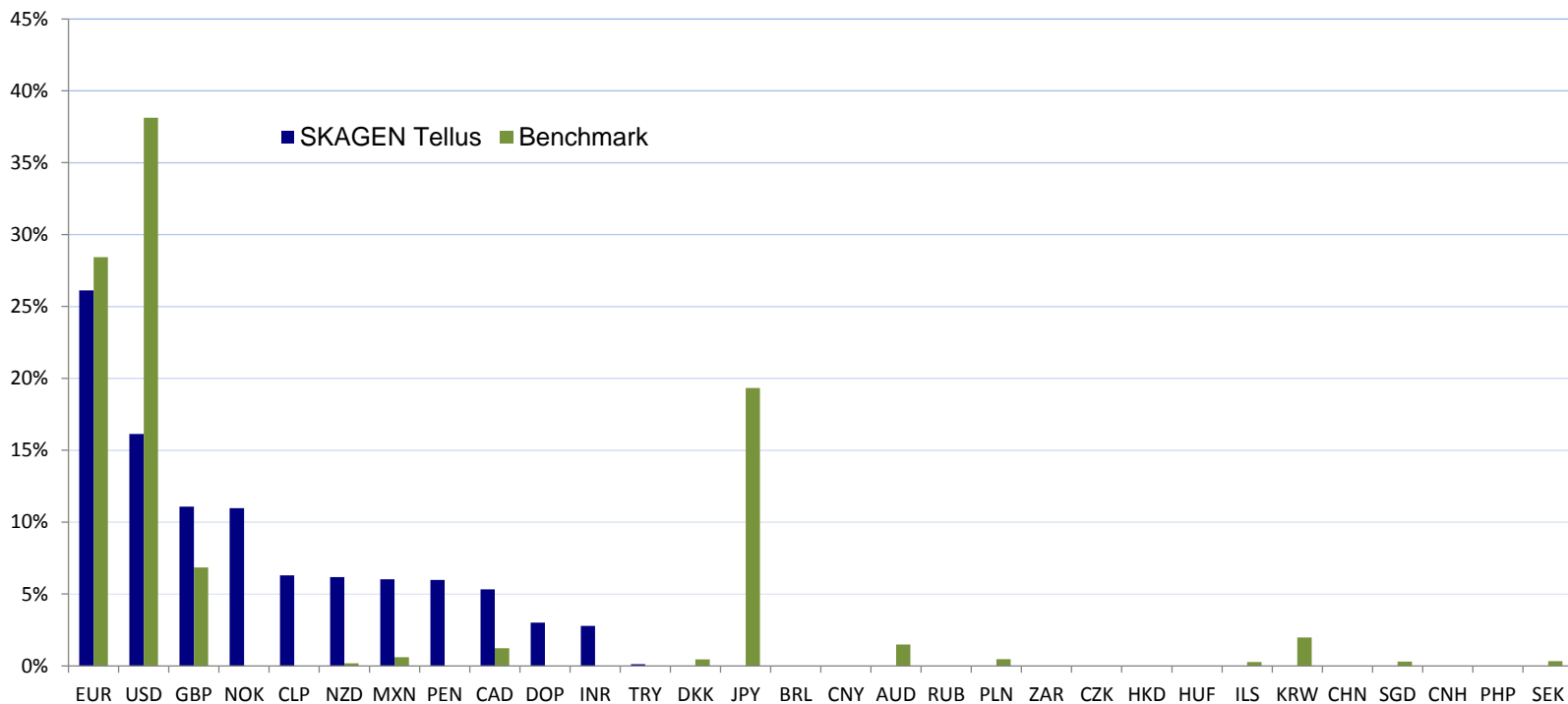


# Currency exposure



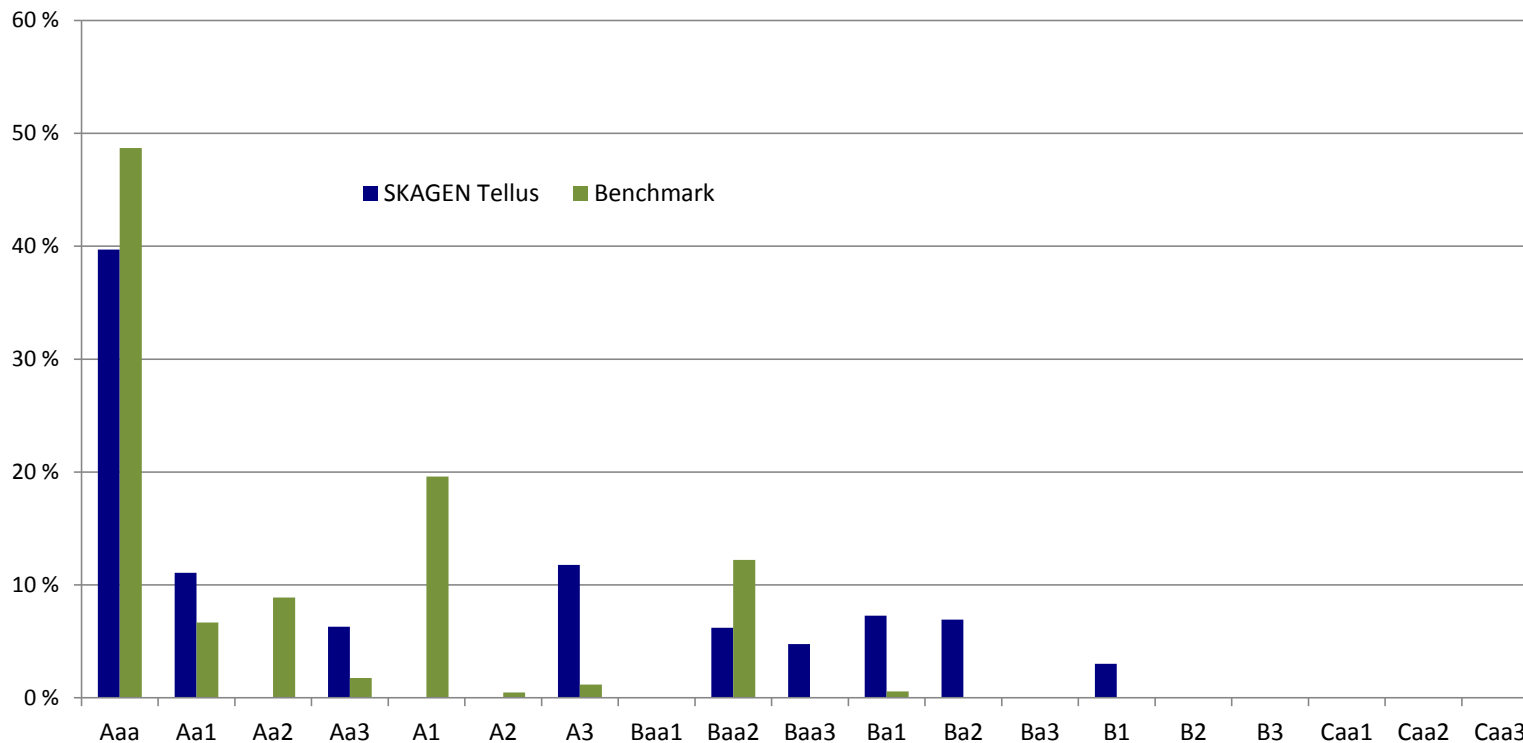
As of 31 May 2017

# Currency exposure relative to benchmark



As of 31 May 2017

# Moody's rating on Tellus' portfolio relative to benchmark



As of 31 May 2017

For more information please see:

[SKAGEN Tellus A on our web pages](#)  
[SKAGEN's Market report](#)

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

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.

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