

Performance Commentary

EM stocks continued to rise along with global markets in February, supported by signs of progress towards a China-US trade agreement. After taking the reins of Kon-Tiki in 2H18, we spent time repositioning the portfolio by adjusting position sizing and adding new holdings. These changes are now yielding results, at the same time as we see some tailwind from our value philosophy. Kon-Tiki outperformed its benchmark in February and over the past six-month period.

Some of our newest positions were amongst the top contributors in February. Ping An Insurance, China's largest listed financial conglomerate, is quickly approaching our price target after steady delivery. In 2H18, we substantially added to our position in UPL, an Indian integrated crop solutions company, and solid execution has led to strength since then. Wuliangye Yibin, a Chinese white liquor producer, issued a positive profit alert in February. We entered the position at the end of 2018, and it has since gained more than 50%. Our copper miner Ivanhoe, bought in 2H18, has shown unprecedented exploration success leading to reduced operational and political risk. EM equities are attractively valued compared to DM. At 8.3x 20e P/E and 1x P/B, Kon-Tiki's value based philosophy is reflected in a more than 20% and 37% discount to EM.

Historical performance (net of fees)

| Period | SKAGEN Kon-Tiki A | Benchmark index |
|---------------|-------------------|-----------------|
| Last month | 1.7% | 1.1% |
| Year to date | 11.0% | 9.7% |
| Last year | -6.6% | -3.4% |
| Last 3 years | 10.2% | 13.3% |
| Last 5 years | 3.8% | 8.3% |
| Last 10 years | 11.6% | 11.6% |
| Since start | 11.8% | 7.6% |

The fund selects low-priced, high-quality companies, mainly in emerging economies.

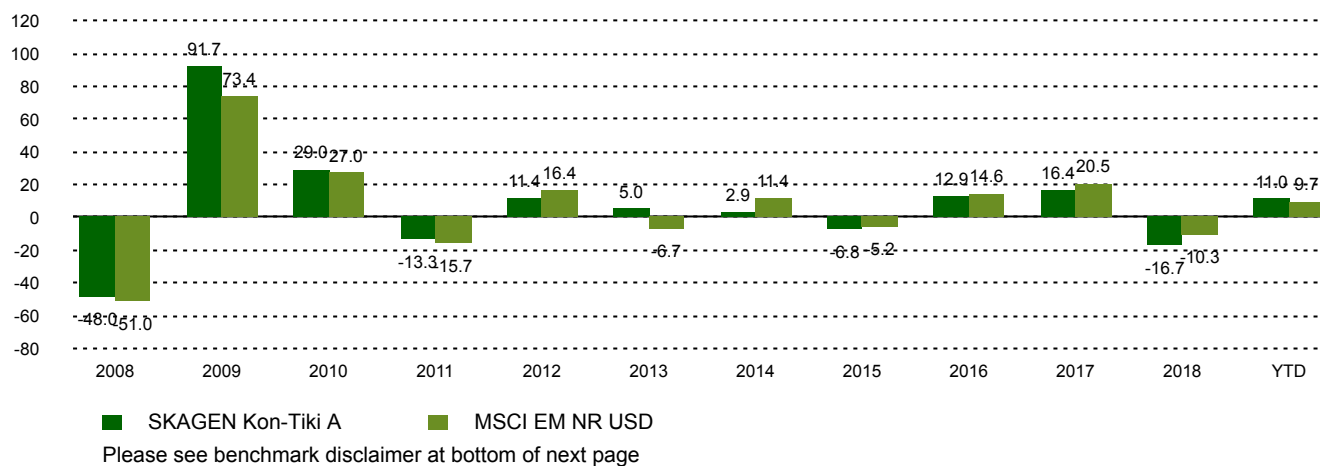
The objective is to provide the best possible risk adjusted return.

The fund is suitable for those with at least a five year investment horizon.

Fund Facts

| | |
|----------------------------|-------------------------------------|
| Type | Equity |
| Domicile | Norway |
| Launch date | 05.04.2002 |
| Morningstar category | Global Emerging Markets Equity |
| ISIN | NO0010140502 |
| NAV | 86.54 EUR |
| Fixed management fee | 2.00% |
| Total expense ratio (2018) | 1.16% |
| Benchmark index | MSCI EM NR USD |
| AUM (mill.) | 1962.25 EUR |
| Number of holdings | 51 |
| Portfolio manager | Cathrine Gether Fredrik Bjelland |

Performance last ten years



Contributors in the month



Largest contributors

| Holding | Weight (%) | Contribution (%) |
|--------------------------------|------------|------------------|
| PING AN | 4.70 | 0.55 |
| UPL Ltd | 2.56 | 0.34 |
| Wuliangye Yibin Co Ltd | 1.71 | 0.33 |
| Ivanhoe Mines Ltd | 1.23 | 0.31 |
| Hollysys Automation Technologi | 2.35 | 0.26 |



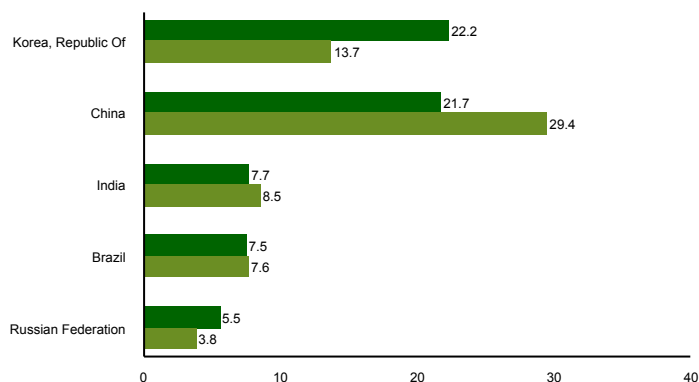
Largest detractors

| Holding | Weight (%) | Contribution (%) |
|----------------------------|------------|------------------|
| Samsung Electronics Co Ltd | 7.83 | -0.28 |
| State Bank of India | 2.87 | -0.19 |
| Naspers Ltd | 5.28 | -0.17 |
| Richter Gedeon Nyrt | 1.99 | -0.17 |
| Hyundai Motor Co | 4.28 | -0.17 |

Top ten investments

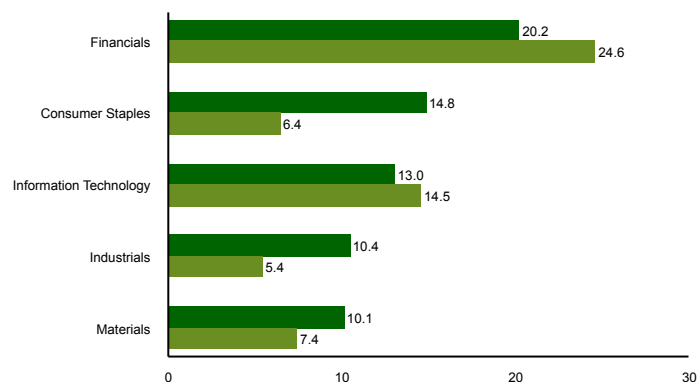
| Holding | Sector | Country | % |
|------------------------------------|------------------------|--------------------|------|
| Samsung Electronics | Information Technology | Korea, Republic Of | 7.6 |
| Naspers | Communication Services | South Africa | 5.0 |
| Hyundai Motor | Consumer Discretionary | Korea, Republic Of | 4.2 |
| Bank of China | Financials | China | 3.5 |
| LG Electronics | Consumer Discretionary | Korea, Republic Of | 3.2 |
| X5 Retail Group | Consumer Staples | Russian Federation | 3.2 |
| China Unicom Hong Kong Ltd | Communication Services | China | 3.0 |
| State Bank of India | Financials | India | 2.8 |
| UPL | Materials | India | 2.8 |
| PING AN | Financials | China | 2.7 |
| Combined weight of top 10 holdings | | | 38.1 |

Country exposure (top five)



■ SKAGEN Kon-Tiki A ■ MSCI EM NR USD

Sector exposure (top five)



■ SKAGEN Kon-Tiki A ■ MSCI EM NR USD

Contact



+47 51 80 37 09



contact@skagenfunds.com



SKAGEN AS, Post Box 160, 4001, Stavanger, Norway

Important information

This report is intended for investment professionals only. The content is not to be viewed by or used with retail investors. Unless otherwise stated, performance data relates to class A units and is net of fees. AUM data as of the end of the previous month. Except otherwise stated, the source of all information is SKAGEN AS. Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. You can download more information including subscription/redemption forms, full prospectus, Key Investor Information Documents (KIID), General Commercial Terms, Annual Reports and Monthly Reports from our local websites or our local representatives. Statements reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. This report should not be perceived as an offer or recommendation to buy or sell financial instruments. SKAGEN AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of this report. Employees of SKAGEN AS may be owners of securities issued by companies that are either referred to in this report or are part of a fund's portfolio. Svenska Handelsbanken AB (publ), Luxembourg Branch, 15, Rue Bender, L-1229 Luxembourg (org.no. B0039099) is the Paying Agent in Luxembourg.

The benchmark index is the MSCI EM Index (net total return), this index did not exist at the inception of the fund and consequently the benchmark index prior to 1/1/2004 was the MSCI World AC Index. This is not reflected in the table/graph above which shows the MSCI EM Index since the funds inception.