

Performance Commentary

We continued to see strong performance in financial markets in February, fuelled by a more dovish Fed and hopes of a trade deal between the US and China.

The long-term yields in large developed markets were relatively stable in February. In contrast, yields in emerging markets and peripheral Europe decreased, which contributed to the fund's outperformance. Appreciation of emerging market currencies and Tellus' underweight in JPY also contributed to outperformance.

The strongest performers in January were our investments in the US, Peru, the UK, Mexico and Chile. Our holdings in short-dated Treasury Bonds contributed most to performance thanks to a USD appreciation of 0.7 percent versus the euro. The holding makes up 20% of the fund, hence relatively small movements in the USDEUR have a noticeable impact on performance. Our Peruvian and UK investments gained from appreciating currencies. The GBP appreciated on hopes that the Brexit date will be extended and reduced fears of a hard Brexit.

Our Norwegian krone investment was the laggard in the portfolio. The NOK unexpectedly depreciated versus EUR in February. We sold out of Spain in the month after good returns and limited further upside.

Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	1.3%	-0.1%
Year to date	3.1%	0.8%
Last year	3.1%	6.2%
Last 3 years	1.8%	-0.2%
Last 5 years	3.5%	4.6%
Last 10 years	5.6%	3.4%
Since start	4.5%	4.0%

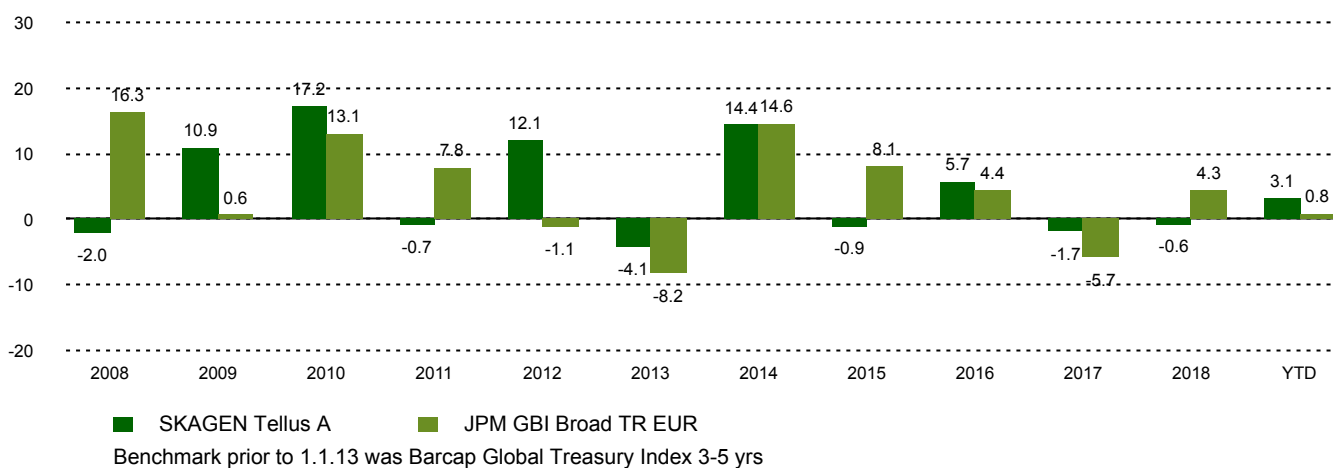
SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

The fund is suitable for those with at least a three year investment horizon. Investors must be able to tolerate currency fluctuations.

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	11.87 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	67.94 EUR
Duration	2.90
WAL	3.99
Yield	4.07%
Number of holdings	13
Portfolio manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
Republic of Chile	7.33	0.39
Mexican Government	6.61	0.38
Norwegian Government	13.14	0.32
Republic of Uruguay	6.19	0.16
Portuguese Government	6.84	0.13



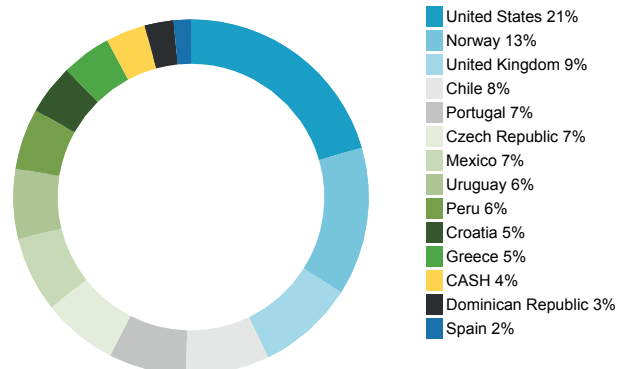
Largest detractors

Holding	Weight (%)	Contribution (%)
Asian Development Bank	2.21	-0.09
US Government	21.22	-0.04
Czech Republic	6.81	0.00
Spanish Government	1.55	0.02
Dominican Republic	3.91	0.06

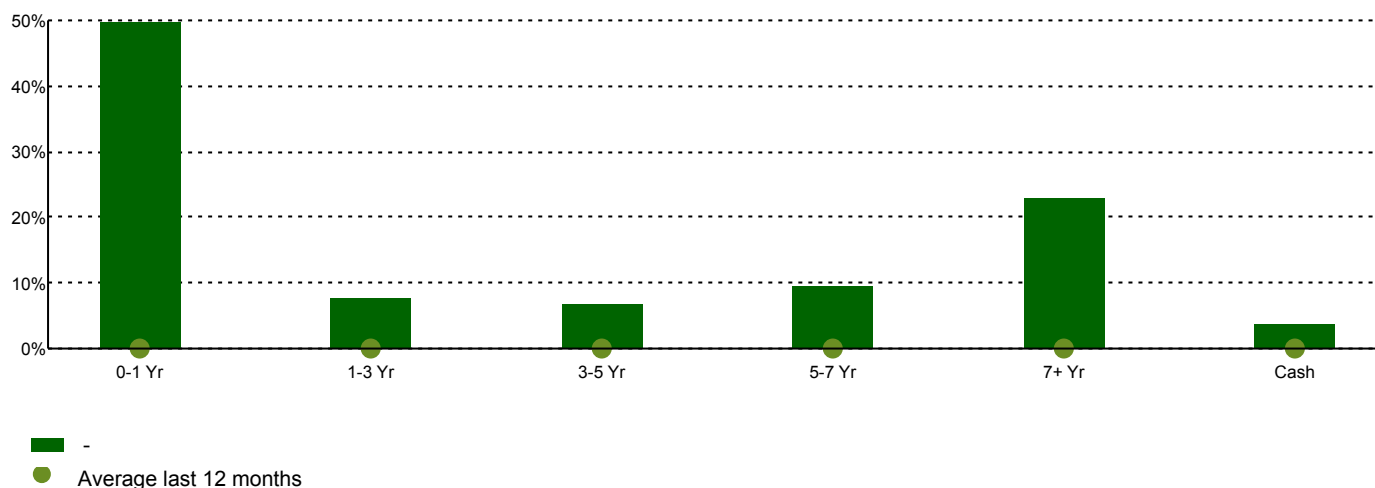
Top 10 investments

Holding	Percentage of Fund
US TREASURY N/B	20.5
Norwegian Government	13.5
UK Government	8.9
REPUBLIC OF CHILE	7.6
Portugese Government	7.0
CZECH REPUBLIC	6.9
Mexican Government	6.8
Uruguay Government	6.3
REPUBLIC OF PERU	5.6
Croatia Government International Bond	4.5
Total	87.7

Country exposure



Maturity structure



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.