

Performance Commentary

SKAGEN Focus was marginally behind its benchmark in July. That said, we saw a substantial rebound in the share price of Brazilian food company JBS, which managed to refinance its debt. In addition, market reports also confirm our investment case of margin expansion in beef as input costs fall. Our position in Gold Fields also performed well on a stabilization of the gold price and smaller than expected settlement with workers. The South African miner continues to trade at a distinctive discount to global gold miners, especially when taking into the account the major asset base in Australia. Telecom Italia delivered solid earnings, which confirmed the positive business trends. Vivendi, the French media house and main owner, firmed its grip and ousted the CEO. They are also reportedly pushing for a spin-off of the fixed line network. Shares are up and our stake is now the second largest position in the fund. Fila Korea and Omega Protein lost ground in July with no company-specific news. We sold out of FFP, the main owner of Peugeot, as the stock hit our target. We have also reduced our position in Fourlis and E-Mart as the stocks are trading in our price-target range.

The fund is a concentrated global equity fund with a mandate to invest in all cap-sizes, geographies and sectors globally. With our concentrated portfolio of 30-35 core positions, we aim to generate absolute returns at a controlled level of absolute risk.

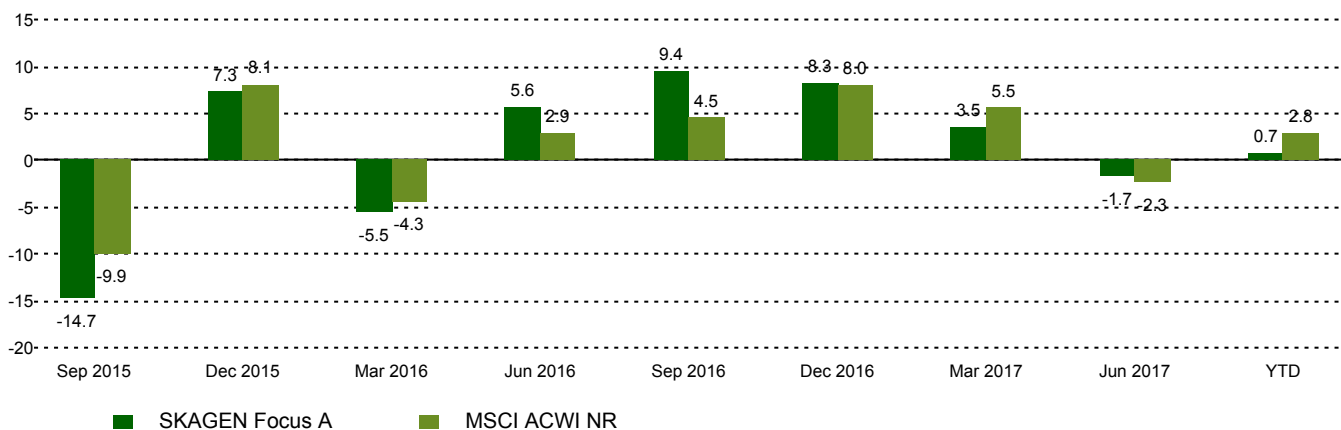
Historical performance (net of fees)

| Period | SKAGEN Focus A | Benchmark index |
|---------------|----------------|-----------------|
| Last Month | -1.0% | -0.3% |
| Year to date | 0.7% | 2.8% |
| Last year | 13.0% | 11.5% |
| Last 3 years | n/a | n/a |
| Last 5 years | n/a | n/a |
| Last 10 years | n/a | n/a |
| Since start | 0.3% | 2.7% |

Fund Facts

| | |
|----------------------------|------------------------|
| Type | Equity |
| Domicile | Norway |
| Launch date | 26.05.2015 |
| Morningstar category | Global Flex-Cap Equity |
| ISIN | NO0010735129 |
| NAV | 11.95 EUR |
| Fixed management fee | 1.60% |
| Total expense ratio (2016) | 2.24% |
| Benchmark index | MSCI ACWI NR |
| AUM (mill.) | 246.60 EUR |
| Number of holdings | 33 |
| Lead manager | Filip Weintraub |

Quarterly Performance



Contributors



Largest contributors

| Holding | Weight (%) | Contribution (%) |
|--------------------|------------|------------------|
| Jbs | 2.70 | 0.50 |
| Gold Fields Ltd | 2.92 | 0.26 |
| Telecom Italia Spa | 5.14 | 0.14 |
| E-MART | 1.99 | 0.06 |
| Teikoku Sen-I Co | 0.42 | 0.00 |



Largest detractors

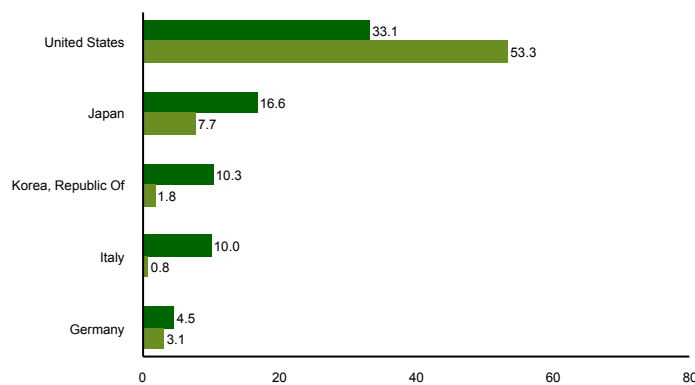
| Holding | Weight (%) | Contribution (%) |
|---------------------|------------|------------------|
| Fila Korea | 3.08 | -0.52 |
| Omega Protein | 2.45 | -0.44 |
| Hyundai Motors | 3.14 | -0.37 |
| Teva Pharmaceutical | 4.10 | -0.27 |
| Taiheiyo Cement | 5.08 | -0.24 |

Absolute contribution based on NOK returns at fund level

Top ten investments

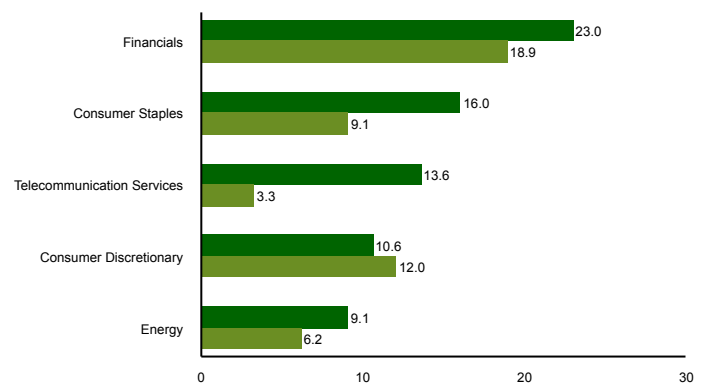
| Holding | Sector | Country | % |
|------------------------------------|----------------------------|---------------|-------|
| AIG | Financials | United States | 7.11 |
| Telecom Italia Spa | Telecommunication Services | Italy | 5.58 |
| Tesoro | Energy | United States | 5.09 |
| Taiheiyo Cement | Materials | Japan | 5.06 |
| Teva Pharmaceutical | Health Care | United States | 4.06 |
| Softbank Group | Telecommunication Services | Japan | 4.00 |
| China Telecom | Telecommunication Services | China | 3.98 |
| Carlsberg | Consumer Staples | Denmark | 3.70 |
| SBI Holdings | Financials | Japan | 3.59 |
| Bank of Kyoto | Financials | Japan | 3.49 |
| Combined weight of top 10 holdings | | | 45.65 |

Country exposure (top five)



■ SKAGEN Focus A ■ MSCI ACWI NR

Sector exposure (top five)



■ SKAGEN Focus A ■ MSCI ACWI NR

Contact



+46 8 555 979 00



kundservice@skagenfonder.se



SKAGEN AS, Box 11, 101 20
Stockholm

Important information

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