

Performance Commentary

July was a relatively quiet month in the fixed income markets, with the market focusing on the important Central Bank monetary policy meetings at the end of the month.

The European Central Bank left the policy rate unchanged as expected. However, they signalled that they are ready to cut interest rates to make sure inflation moves in the right direction. The market is fully pricing in a cut from -0.4% to -0.5% at the September meeting and a 50% likelihood of a further cut to -0.6% before year end. A new round of QE is also expected. As expected, the Federal Reserve cut its key rate by 25 basis points. The market was somewhat disappointed by Powell's statement that this is not necessarily the start of an easing cycle, but more a mid-cycle adjustment. Our investment in short-dated US treasuries was the biggest contributor to the performance in July due to an appreciation of USD versus EUR. Our holdings in Latin America also performed strongly due to a fall in yields and to currency appreciation.

Our holding in the UK was the weakest performer due to a sharp depreciation of the pound after Boris Johnson became Prime Minister, which in turn led to increased fear of a hard Brexit.

Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	2.8%	2.9%
Year to date	13.0%	13.3%
Last year	10.5%	15.4%
Last 3 years	6.1%	4.7%
Last 5 years	5.9%	8.1%
Last 10 years	5.3%	4.7%
Since start	5.8%	5.6%

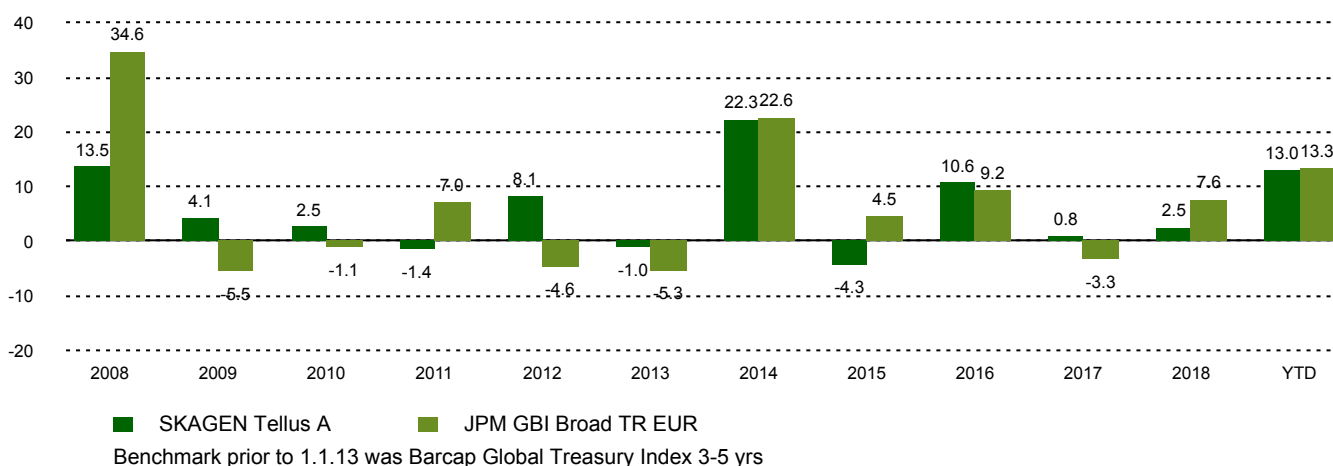
SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

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	131.78 SEK
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	732.98 SEK
Duration	3.51
WAL	5.46
Yield	4.33%
Number of holdings	14
Portfolio manager	Jane Tvedt

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
United States Treasury	21.78	0.52
Peruvian Government	6.38	0.39
Uruguay Government	4.51	0.36
Mexican Bonos	7.42	0.32
Dominican Republic	4.13	0.15



Largest detractors

Holding	Weight (%)	Contribution (%)
United Kingdom	7.28	-0.11
Norway Government	10.42	-0.07
Chile Government	7.47	-0.05
Sweden Government	4.65	-0.05
Czech Republic	4.58	-0.02

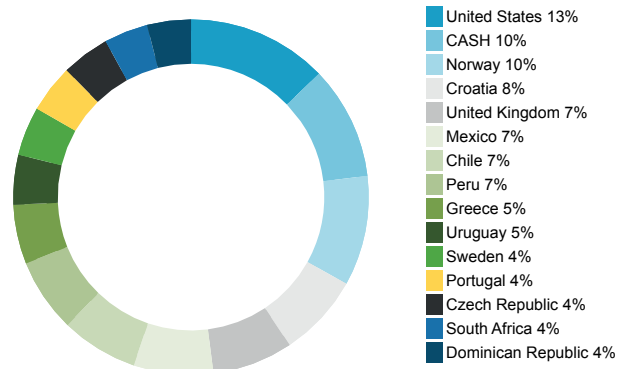
Absolute contribution based on NOK returns at fund level

The art of common sense

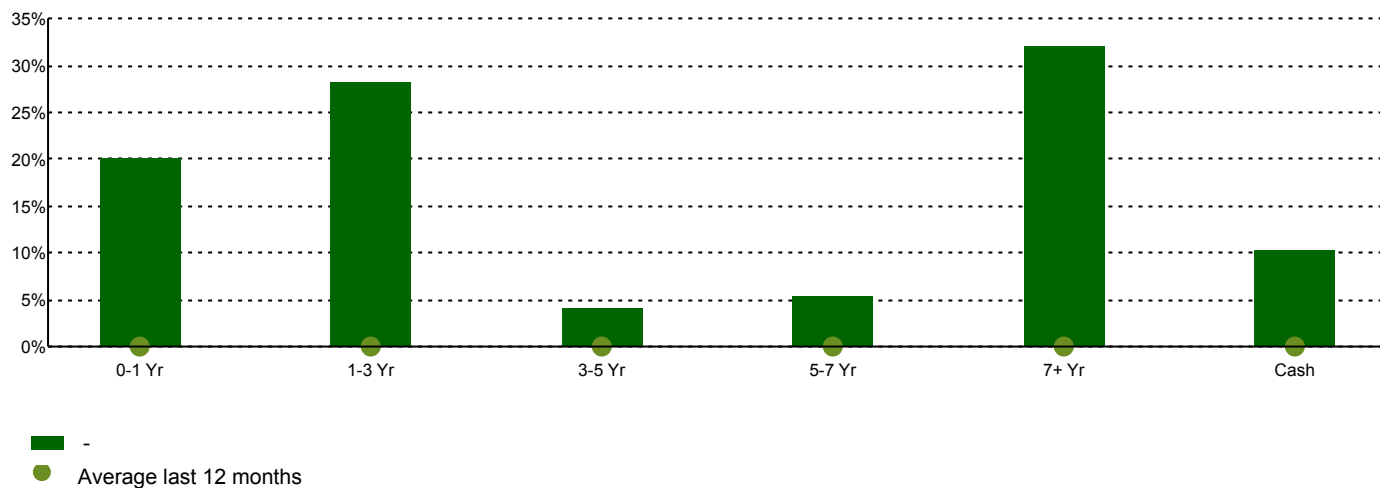
Top 10 investments

Holding	Percentage of Fund
US Government	12.8
Kongeriket Norge	10.0
Republic of Croatia	7.5
UK Government	7.3
Mexico	7.3
Republic of Chile	7.0
Republic of Peru	6.7
Hellenic Republic	5.4
Oriental Republic of Uruguay	4.5
Kingdom of Sweden	4.5
Total	73.0

Country exposure



Maturity structure



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Important information

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.