

All data in SEK as of 31.01.2018 unless otherwise stated.

Performance Commentary

Global corporate bond spreads fell in January. Global investment grade bond spreads decreased by around 10 basis points and global high yield bonds by some 25 bps. At the same time long risk-free rates went up in the largest markets. The yield on the US 10 year government bond increased by around 30 bps. For many corporate bond funds, this yield increase more than offset the spread decrease, but SKAGEN Credit is not one of them. The fund is set up in such a way to have exposure to pure credit risk and hence changes in risk-free rates or currencies have little effect on the fund. Corporate bond spreads and changes in these spreads are what matters to SKAGEN Credit. The largest positive contributor was Frontier Communications whose bond price increased, thereby reversing last month's fall. The company announced changed terms in its existing credit facilities, which was interpreted positively as this improves its ability to refinance upcoming bond maturities. Bombardier had another good month after the US International Trade Council rejected the Commerce Department's 292% tariff ruling. This latest ruling further reduces the risks with Bombardier's CSeries program.

SKAGEN Credit is our global corporate bond fund.

The fund is suitable for investors who have at least a two year investment horizon.

SKAGEN Credit SEK A is a currency-hedged feeder fund that invests its assets in the master fund SKAGEN Credit.

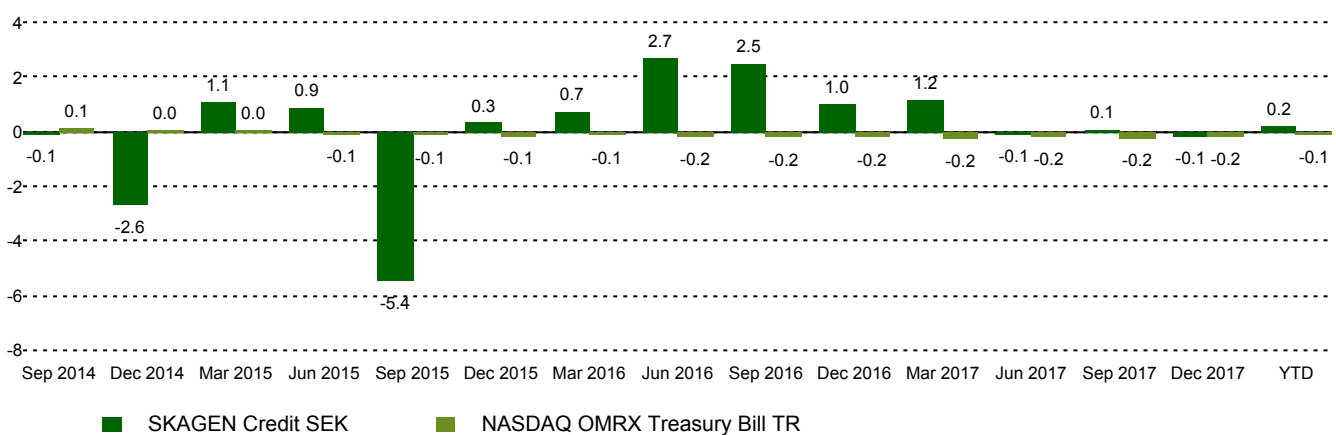
Historical performance (net of fees)

Period	SKAGEN Credit SEK	Benchmark index
Last month	0.2%	-0.1%
Year to date	0.2%	-0.1%
Last year	0.4%	-0.8%
Last 3 years	1.8%	-0.6%
Last 5 years	n/a	n/a
Last 10 years	n/a	n/a
Since start	0.6%	-0.4%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	30.05.2014
Morningstar category	Other Bond
ISIN	NO0010710726
NAV	89.99 SEK
Fixed management fee	0.80%
Benchmark index	NASDAQ OMRX Treasury Bill TR
AUM (mill.)	13.44 SEK
Duration	1.11
WAL	2.20
Yield	-0.18%
Number of holdings	33
Lead manager	Ola Sjöstrand

Quarterly Performance



Contributors in the month

Largest contributors

Holding	Weight (%)	Contribution (%)
Frontier Communications	0.90	0.08
Bombardier Inc	2.54	0.04
JBS Investments	2.53	0.03
Turkiye Halk Bankasi	2.11	0.02
Rolta Americas	0.28	0.02

Largest detractors

Holding	Weight (%)	Contribution (%)
Samvardhana Motherson	3.37	-0.03
Bharti Airtel	3.50	-0.02
Schaeffler Finance	3.62	-0.02
Glencore Funding	3.36	-0.02
EDP Finance	4.52	-0.01

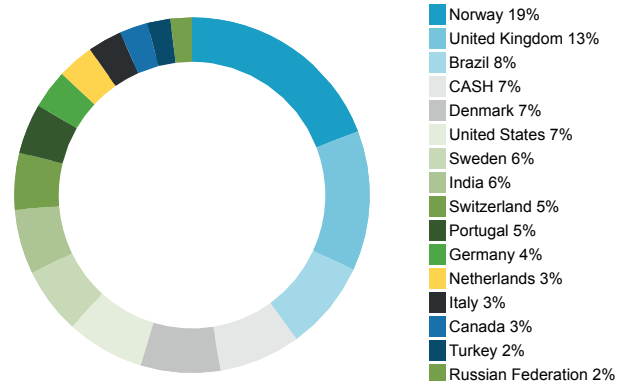
Absolute contribution based on NOK returns at fund level

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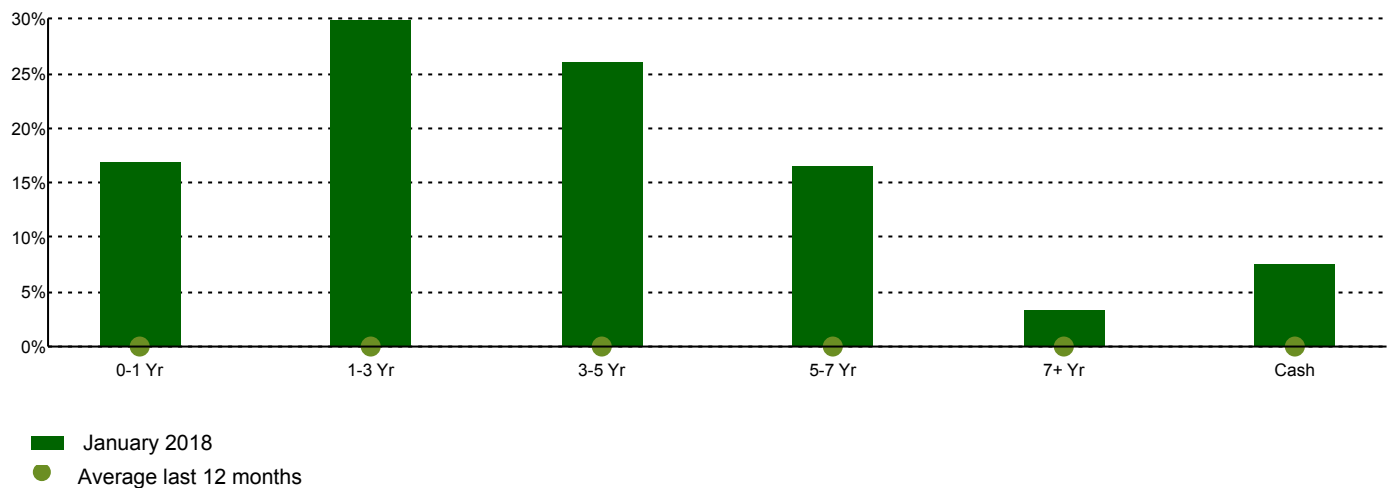
Top 10 investments

Holding	Percentage of Fund
BKK	5.7
Heathrow Funding Ltd	5.5
Glencore Canada Financial Corp	5.2
Olav Thon Eiendomsselskap ASA	4.6
EDP Finance BV	4.5
Jacob Holm & Sonner Holding AS	4.4
Jaguar Land Rover Automotive Plc	4.0
Schaeffler Finance BV	3.7
Entra ASA	3.5
Agder Energi AS	3.5
Total	44.7

Country exposure



Maturity structure



Contact



0200-11 22 60



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.