

Performance Commentary

Despite October ending in a rally, it was a brutal month for both EM and developed market equities. Kon-Tiki fared better than both as our value philosophy finally seems to be coming back into fashion. Brazilian equities and the currency gained on optimism around the victory of market friendly Bolsonaro in the presidential election. Our Brazilian holdings were also the top contributors in October. While we continue to like the recovery story of Banrisul, we reduced the position on strength. The Brazilian conglomerate Cosan announced a group simplification exercise which lifted the stock. The Brazilian meat processor Marfrig benefited from the transition towards better capital allocation discipline and lower indebtedness. On the negative side, Naspers was weak on the back of regulatory uncertainty for Tencent. Our South Korean holdings also struggled. Hyundai, which we continued to trim over the summer, reported weak results yet again. We are encouraged by signs of a shift in market dynamics with value stocks once again outperforming in an environment more conducive to our investment philosophy. With a portfolio trading at around 8x 2019e P/E, and EM equities at 10x, we believe equity valuations have now fallen to levels which give rise to good buying opportunities for long-term investors.

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.

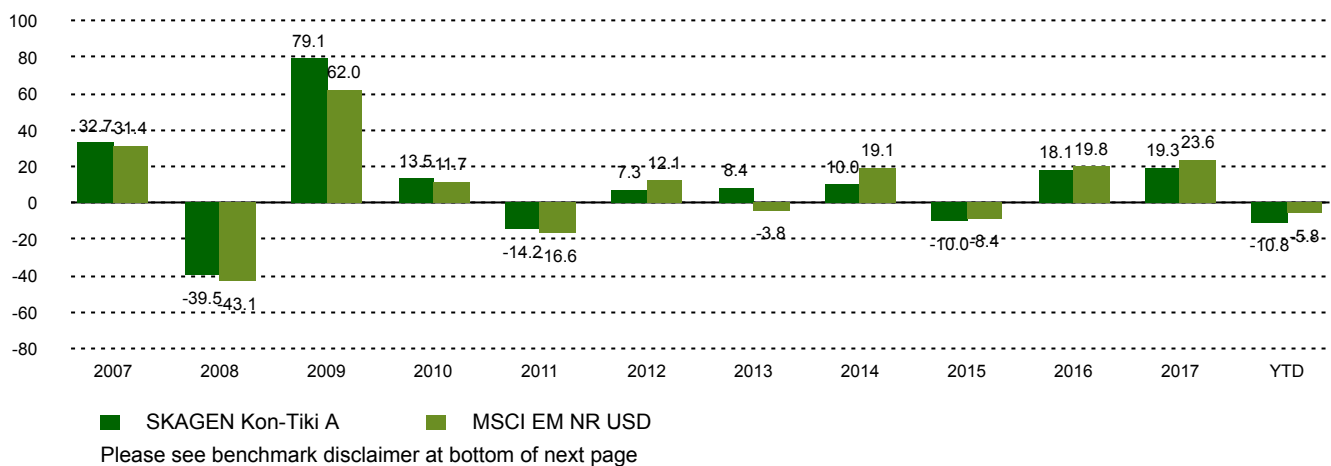
Historical performance (net of fees)

Period	SKAGEN Kon-Tiki A	Benchmark index
Last month	-3.1%	-6.2%
Year to date	-10.8%	-5.8%
Last year	-9.5%	-4.4%
Last 3 years	5.8%	9.2%
Last 5 years	4.5%	8.1%
Last 10 years	10.1%	9.6%
Since start	12.4%	8.0%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	05.04.2002
Morningstar category	Global Emerging Markets Equity
ISIN	NO0010140502
NAV	819.56 SEK
Fixed management fee	2.00%
Total expense ratio (2017)	1.59%
Benchmark index	MSCI EM NR USD
AUM (mill.)	20579.67 SEK
Number of holdings	48
Portfolio manager	Cathrine Gether Fredrik Bjelland

Performance last ten years



Contributors in the month

Largest contributors

Holding	Weight (%)	Contribution (%)
Banrisul	2.92	1.05
Cosan Ltd	2.50	0.59
Marfrig Global Foods SA	1.03	0.30
Rumo SA	1.26	0.24
X5 Retail Group NV	2.97	0.22

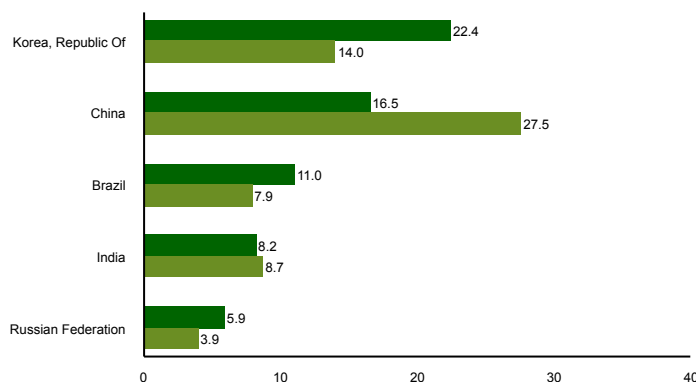
Largest detractors

Holding	Weight (%)	Contribution (%)
Naspers Ltd	4.80	-0.84
Hyundai Motor Co	4.04	-0.69
LG Electronics Inc	3.10	-0.45
Samsung Electronics Co Ltd	7.61	-0.38
Borr Drilling Ltd	3.04	-0.35

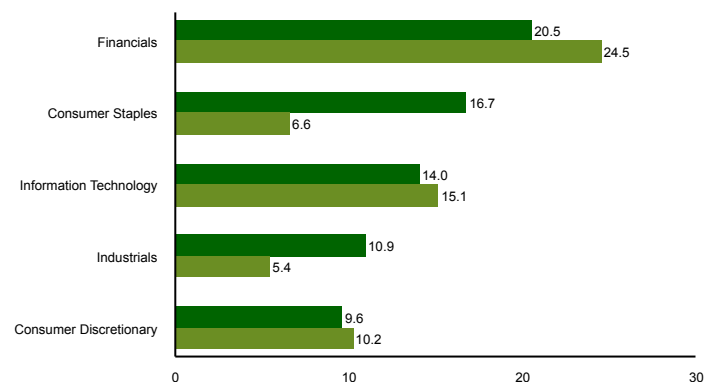
Top ten investments

Holding	Sector	Country	%
Samsung Electronics	Information Technology	Korea, Republic Of	7.8
Naspers	Communication Services	South Africa	4.5
Hyundai Motor	Consumer Discretionary	Korea, Republic Of	3.9
Bank of China	Financials	China	3.4
X5 Retail Group	Consumer Staples	Russian Federation	3.3
Banrisul	Financials	Brazil	3.1
State Bank of India	Financials	India	3.0
LG Electronics	Consumer Discretionary	Korea, Republic Of	3.0
Cosan Ltd	Consumer Staples	Brazil	2.8
China Unicom Hong Kong Ltd	Communication Services	China	2.8
Combined weight of top 10 holdings			37.6

Country exposure (top five)



Sector exposure (top five)



■ SKAGEN Kon-Tiki A ■ MSCI EM NR USD

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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.

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.