



Interior, Brørdums annex, 1916/17, Detail, By Anna Ancher, one of the Skagen Painters. This image belongs to the Art Museums of Skagen

SKAGEN Tellus

Status Report February 2017

The art of common sense



Key numbers as of 28 February 2017

SEK, net of fees



| | February | QTD | 12 months | 2 years | 3 years | 5 years | Since inception* |
|--------------------------|----------|--------|-----------|---------|---------|---------|------------------|
| SKAGEN Tellus | 3,01% | 0,59% | 8,43% | -0,07% | 8,67% | 6,53% | 5,68% |
| JPM Broad GBI Unhedged * | 3,65% | 0,66% | 3,87% | 4,45% | 11,19% | 5,73% | 5,29% |
| Excess return | -0,64% | -0,07% | 4,56% | -4,52% | -2,52% | 0,80% | 0,39% |

*Inception date: 29/09/2006

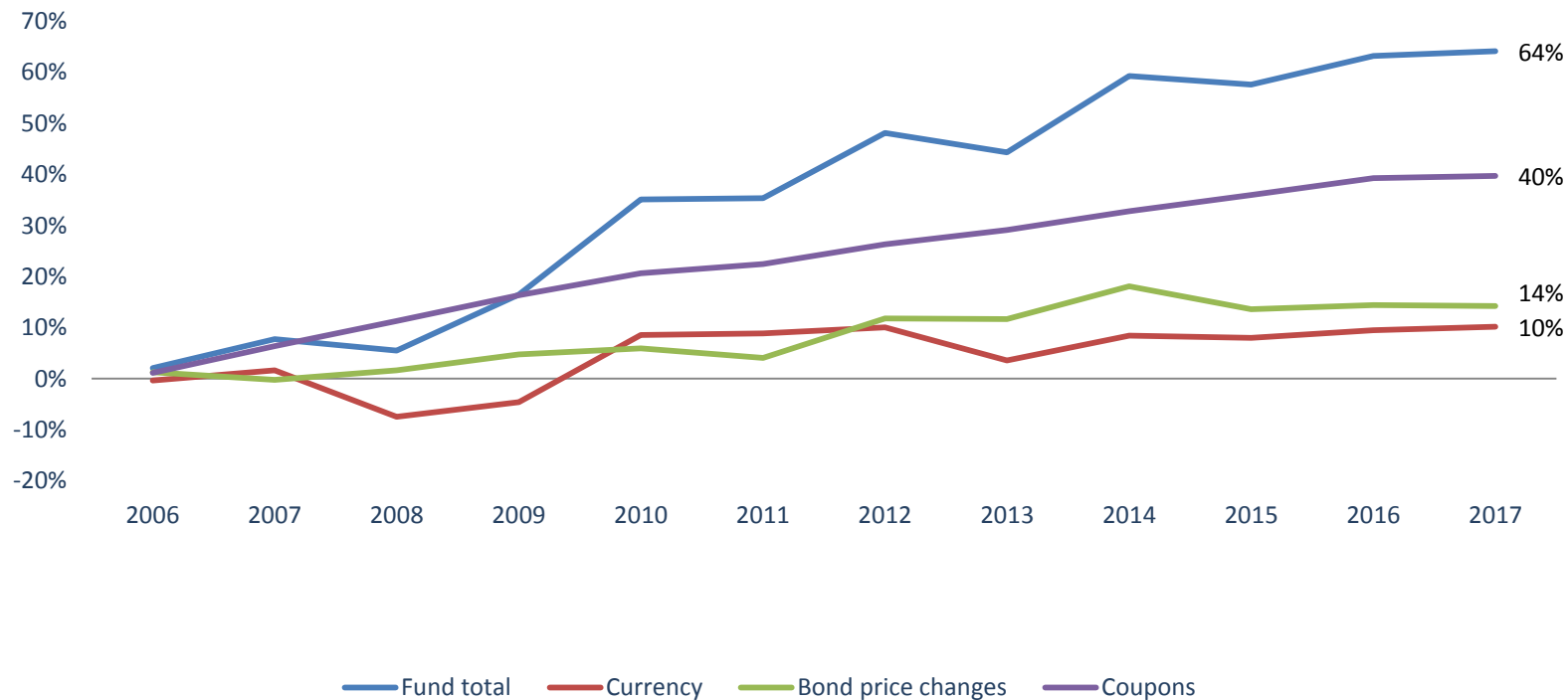
**Benchmark index before 01/01/2013 was *Barclay's Capital Global Treasury Index 3-5 years*

Unless otherwise stated, all performance data in this report relates to class A units, measured in EUR and is net of fees.

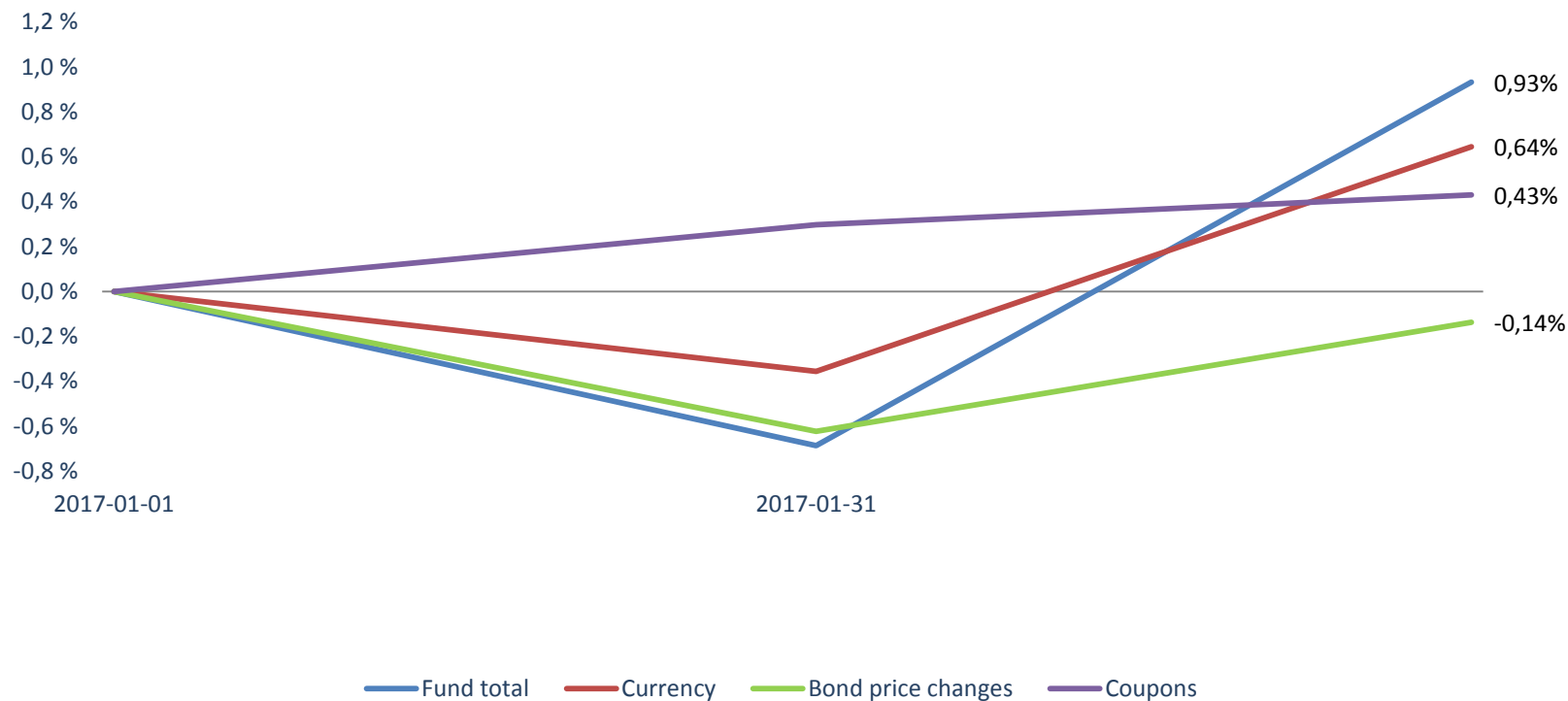
The return of the Mexican peso

- The global economy is starting the year on a strong footing. Both soft and hard numbers have been higher than expected. This supports our view of stable or somewhat higher long-term interest rates in the US and central Europe.
- The duration of SKAGEN Tellus is currently 3.3 years, which is substantially lower than the index's duration of 7.7 years. Given the current state of the business cycle, we only take interest rate risk in countries where there is still a solid case for a fall in the interest rate going forward and/or the yield is attractive. We have longer duration in countries where we expect the credit premium to fall, such as Portugal and Croatia, or where there is a high interest rate, e.g. Peru and Chile. We have very low duration on our investments in the US, UK, Canada, Mexico and Norway. These holdings are based on an expectation of an appreciation of the currency.
- Currency appreciation contributed most to the fund performance in February. The Mexican peso appreciated by 5.5 percent, implying that our short dated Mexican bond was the largest contributor to the fund. The appreciation is partly due to measures introduced by the central bank to stabilise the peso. The peso is now at its strongest level since before the US presidential election. A stronger USD and appreciating emerging market currencies also contributed positively to the return in February.
- The interest rates in peripheral Europe decreased after the Eurogroup Finance Ministers agreed there was enough common ground for the creditors to return to Athens. This led to increased hopes of a final agreement and release of the last tranche of the bailout funds to Greece.
- The fund underperformed its index in February. This was mainly due to an underweight in JPY and USD.

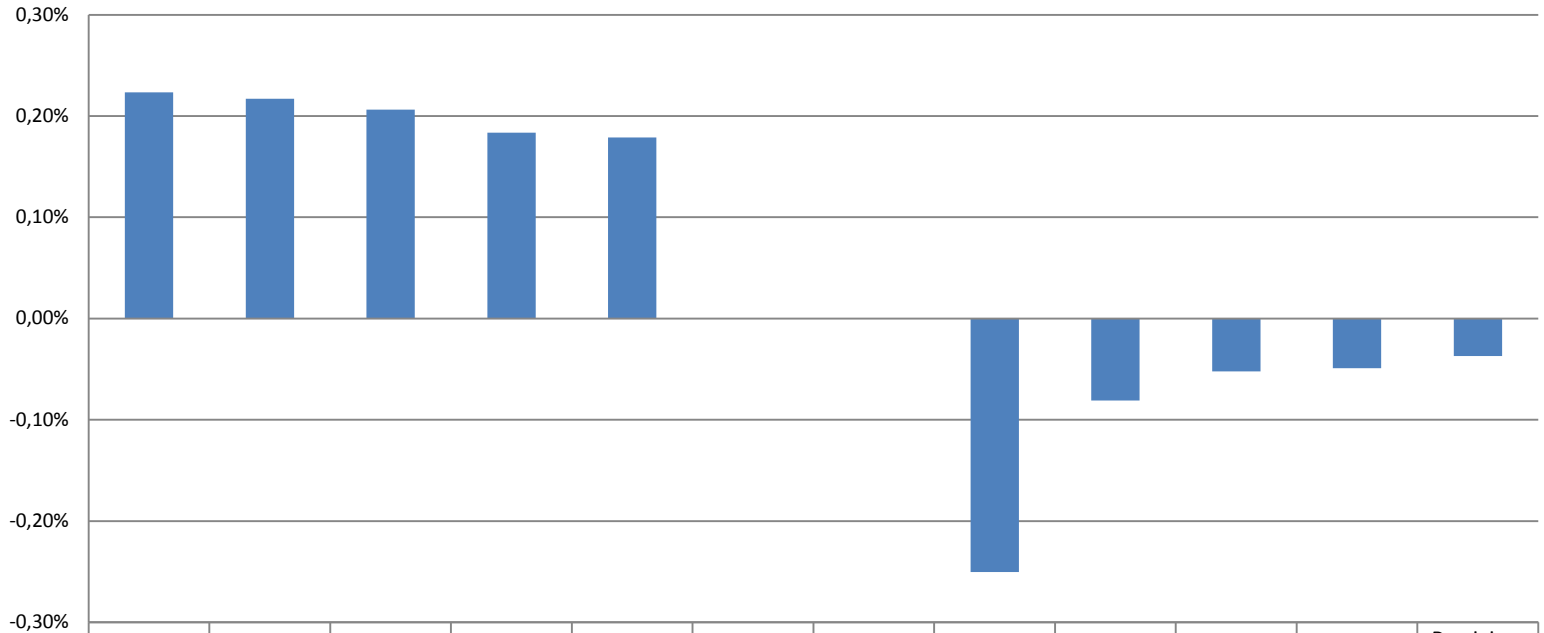
Accumulated gain since inception of fund from currency fluctuations, bond price changes and coupons



Accumulated gain YTD from currency fluctuations, bond price changes and coupons

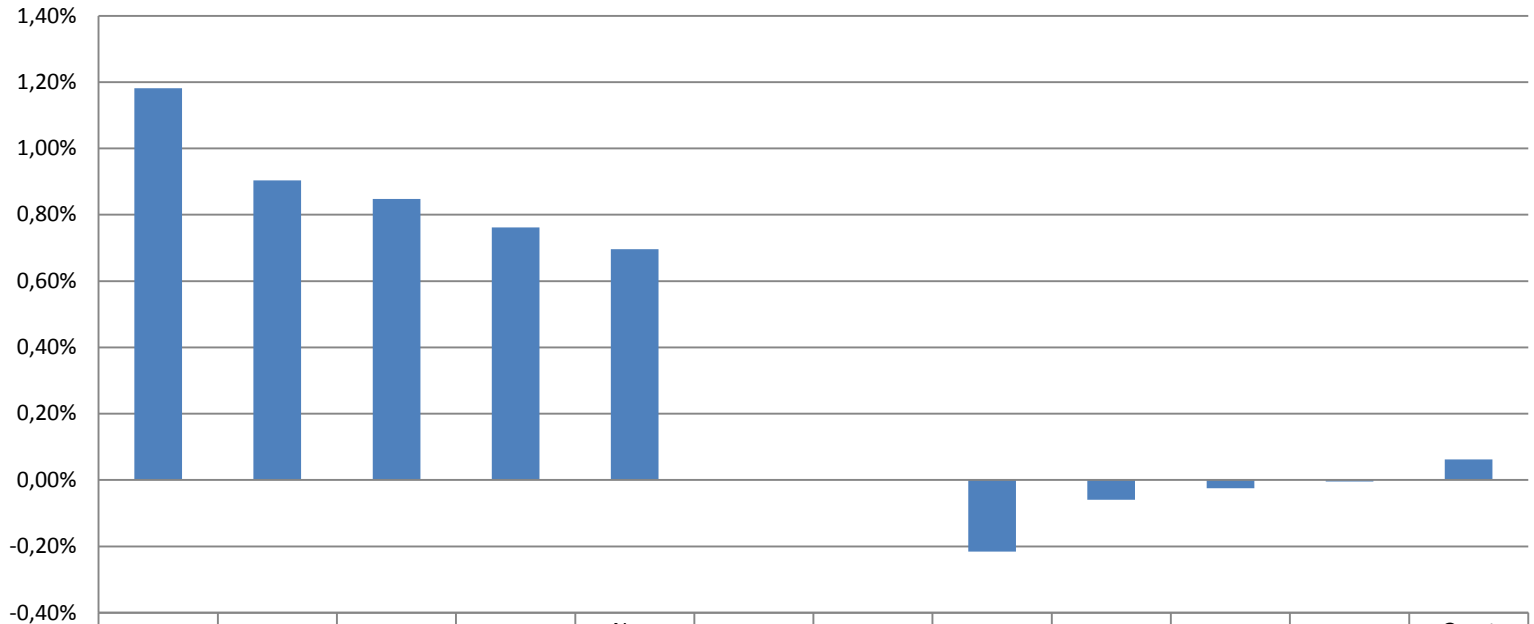


Top and bottom 5 contributors to absolute return YTD



| | New Zealand | Peru | Chile | Norway | Mexico | | | Greece | USA | Spain | Slovenia | Dominican Republic |
|-------------------|-------------|-------|-------|--------|--------|--|--|--------|--------|--------|----------|--------------------|
| ■ Absolute return | 0,22% | 0,22% | 0,21% | 0,18% | 0,18% | | | -0,25% | -0,08% | -0,05% | -0,05% | -0,04% |

Top and bottom 5 contributors to absolute return (1 year)

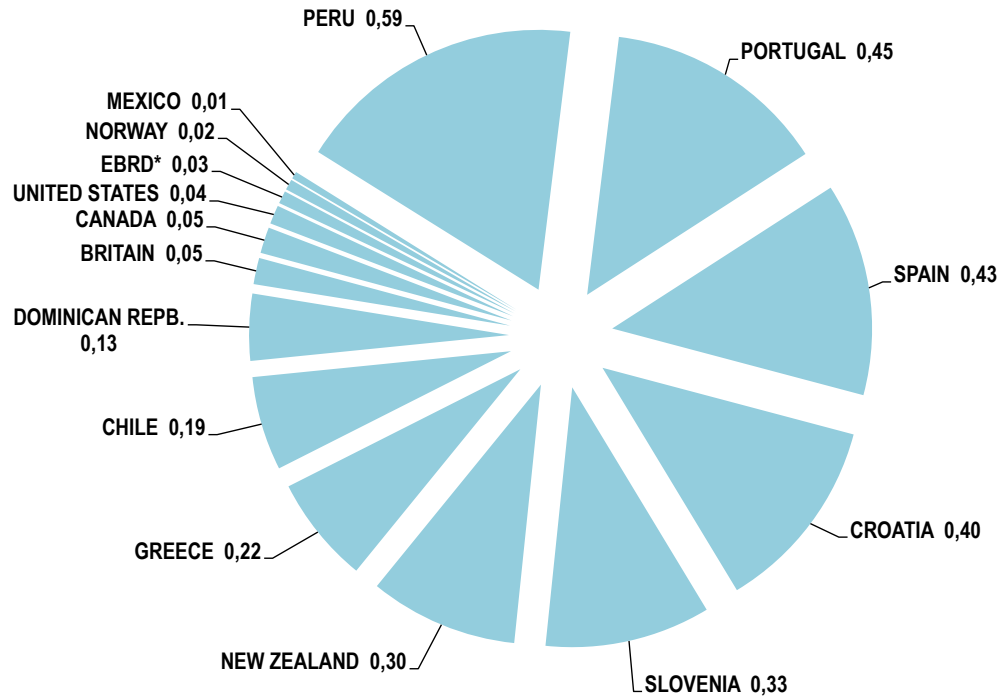


| | | | | | | | | | | | | |
|-------------------|-------|-------|-------|-------|-------|--|--|--------|--------|--------|-------|-------|
| ■ Absolute return | 1,18% | 0,90% | 0,85% | 0,76% | 0,70% | | | -0,22% | -0,06% | -0,02% | 0,00% | 0,06% |
|-------------------|-------|-------|-------|-------|-------|--|--|--------|--------|--------|-------|-------|

Portfolio as of 28 February 2017

| Holding Name | Currency | Numbers of Bonds | Percent | Maturity Date | Coupon |
|---------------------------------------|----------|------------------|---------|---------------|--------|
| Norwegian Government | NOK | 95 000 | 10,2 | 19.05.2017 | 4,3 |
| US Government | USD | 10 800 | 9,4 | 30.06.2017 | 0,6 |
| US Government | USD | 10 000 | 8,7 | 31.03.2017 | 0,5 |
| Croatia Government International Bond | EUR | 8 300 | 8,5 | 30.05.2022 | 3,9 |
| Chilean Government | CLP | 4 410 000 | 6,2 | 05.08.2020 | 5,5 |
| Portugese Government | EUR | 7 000 | 6,1 | 15.10.2025 | 2,9 |
| New Zealand Government | NZD | 8 000 | 5,9 | 17.04.2023 | 5,5 |
| Spanish Government | EUR | 6 000 | 5,7 | 30.04.2025 | 1,6 |
| Peruvian Government | PEN | 20 000 | 5,5 | 12.08.2037 | 6,9 |
| UK Government | GBP | 5 000 | 5,4 | 07.09.2017 | 1,0 |
| Canadian Government | CAD | 8 000 | 5,3 | 01.03.2018 | 1,3 |
| Mexican Government | MXN | 120 000 | 5,2 | 15.06.2017 | 5,0 |
| UK Government | GBP | 4 500 | 5,1 | 25.08.2017 | 8,8 |
| Slovenia Government | EUR | 3 500 | 4,5 | 30.03.2026 | 5,1 |
| Dominican Republic | DOP | 150 000 | 3,0 | 10.05.2024 | 11,5 |
| European Bank Recon & Dev | INR | 200 000 | 2,7 | 19.03.2018 | 5,8 |

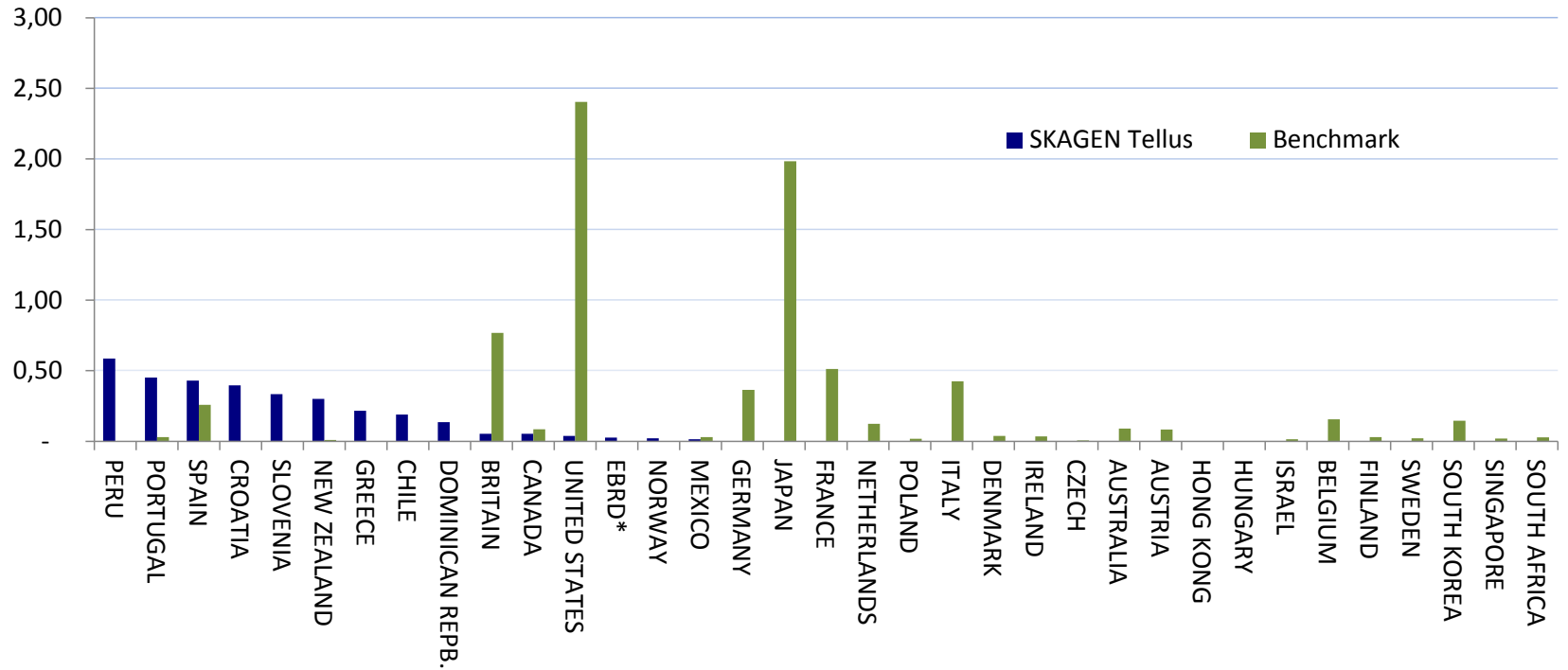
Interest rate risk exposure



As of 28 February 2017

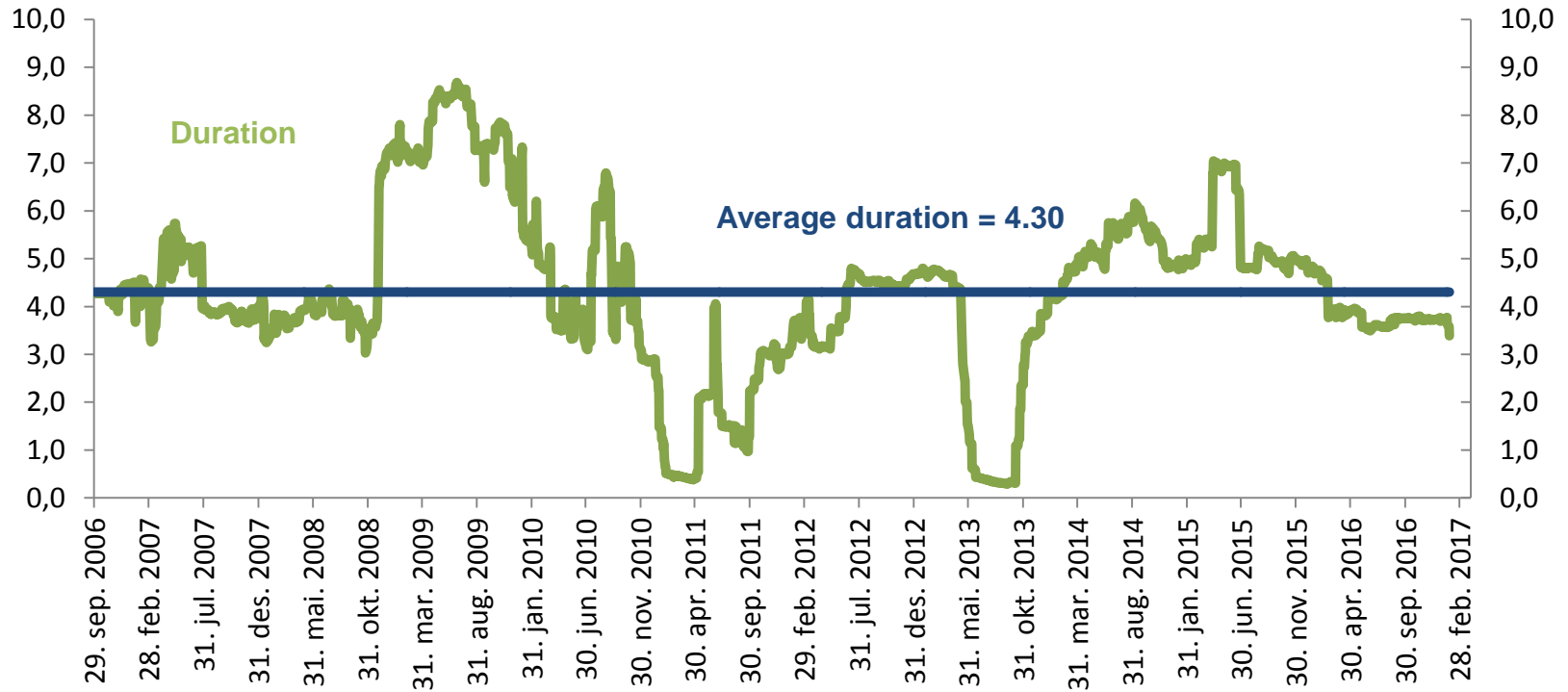
EBRD* : European Bank of Reconstruction & Development

Interest rate exposure relative to benchmark

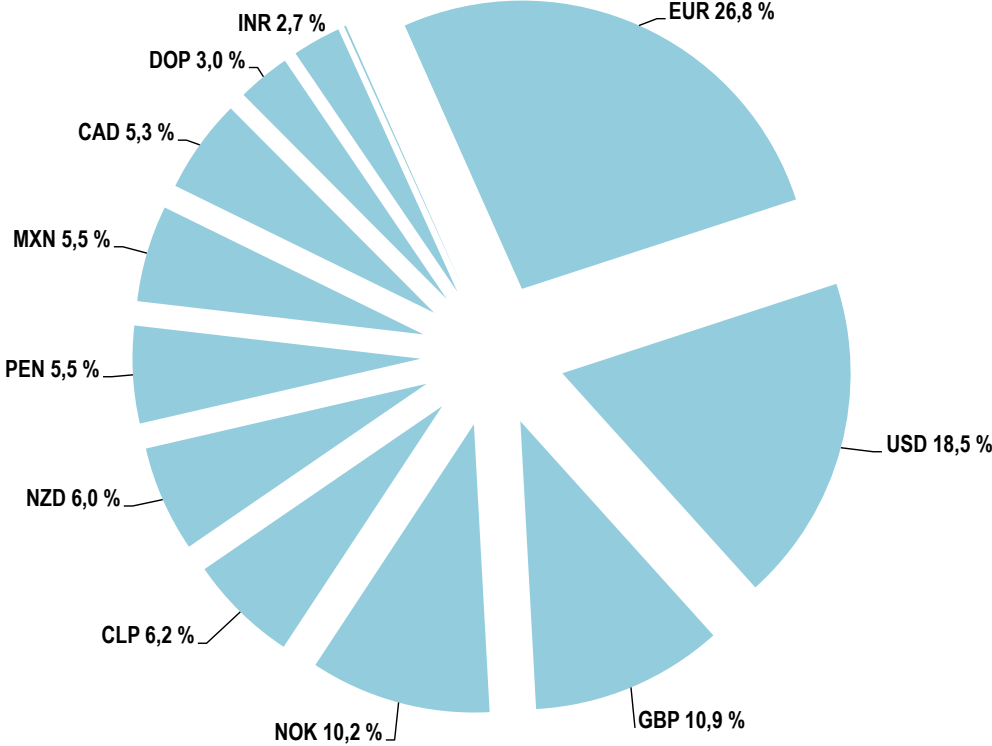


As of 28 February 2017

Interest duration since the fund's inception

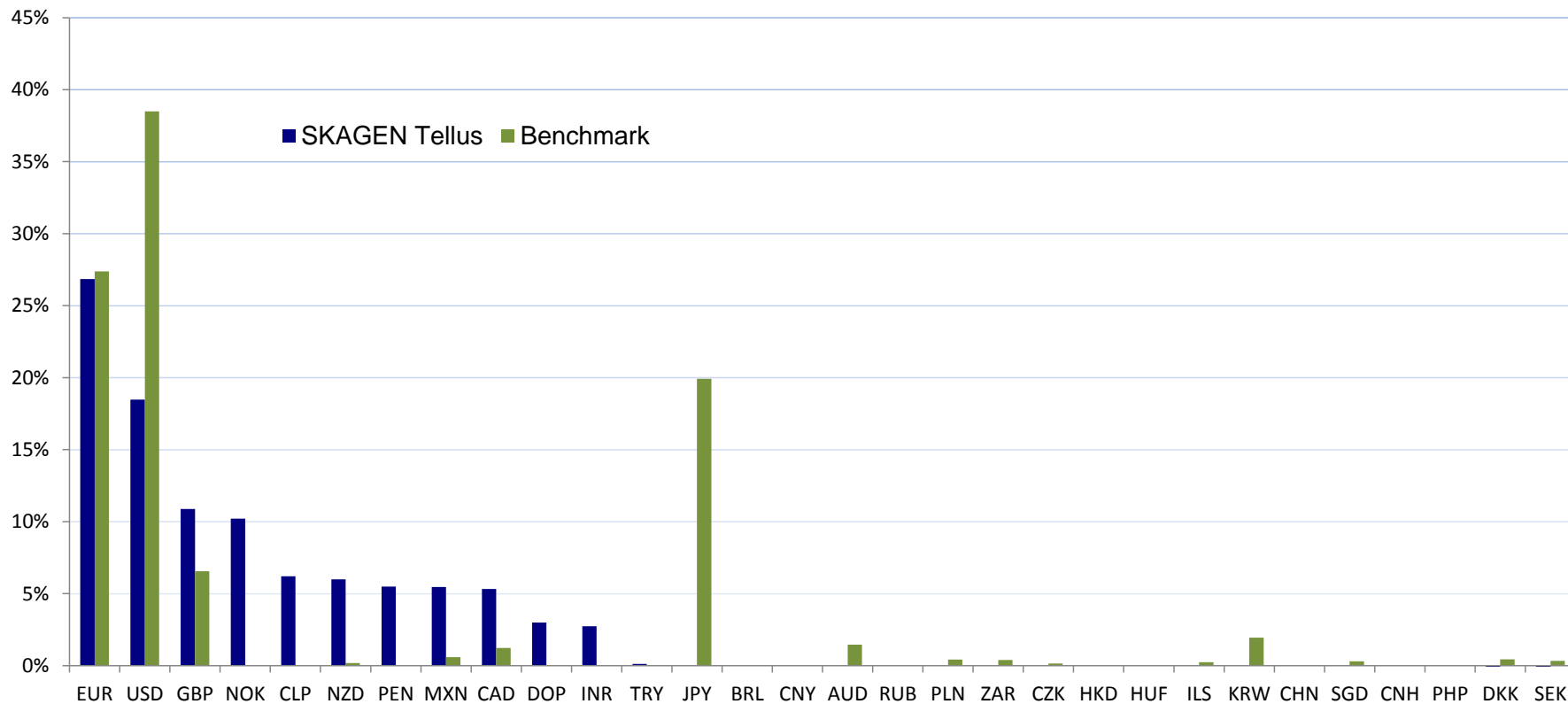


Currency exposure



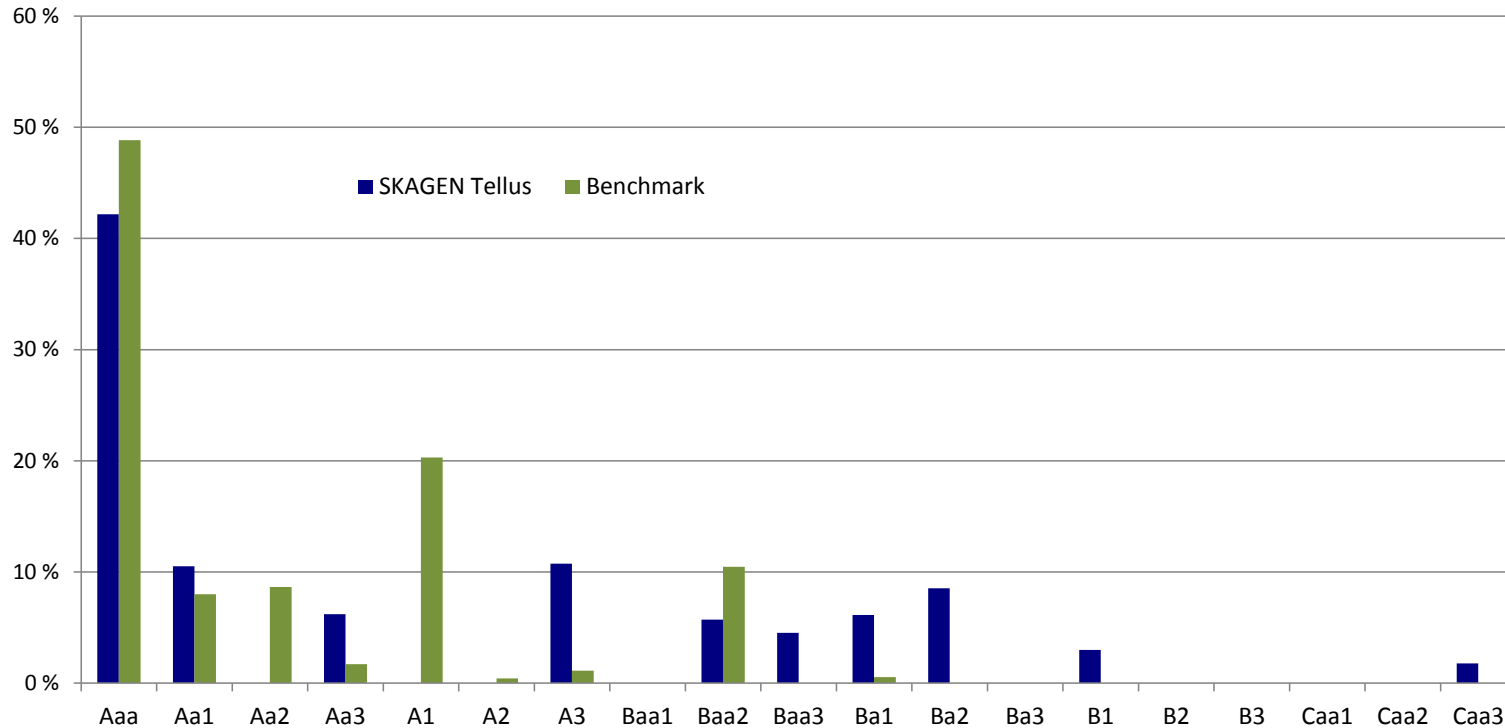
As of 28 February 2017

Currency exposure relative to benchmark



As of 28 February 2017

Moody's rating on Tellus' portfolio relative to benchmark



As of 28 February 2017

For more information please see:

[SKAGEN Tellus A on our web pages](#)
[SKAGEN's Market report](#)

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

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments.

SKAGEN seeks to the best of its ability to ensure that all information given in this report is correct, however, makes reservations regarding possible errors and omissions. statements in the report reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice.

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Employees of SKAGEN AS may be owners of securities issued by companies or governments that are either referred to in this report or are part of the fund's portfolio.