

Performance Commentary

October was another strong month for emerging markets and SKAGEN Kon-Tiki outperformed its benchmark. 2017 has been characterised by steady inflow into EM equity funds (USD 72bn YTD) and a continuous catch-up with developed markets. It was gratifying to see some of the fund's larger positions in Korea (Samsung Electronics, Hyundai Motor and LG Electronics) make significant positive contributions in October as a result of strong or improving earnings. The fund also benefited from the proposed recapitalisation of the Indian banking system through our holding in State Bank of India. Naspers continued to do well on the back of its holding in Tencent and our newly initiated position in Gree Electronics also contributed positively. The biggest detractors in October were Banrisul and X5 Retail though these have been positive contributors for the year as a whole. We initiated two new positions (Hollysys and Lenta) in October while we continued to consolidate the portfolio by exiting a handful of smaller positions. Our 35 largest positions account for 86% of the fund and are currently valued at 12.2x 2017 earnings and 1.1x book value versus 14.1x and 1.8x respectively for MSCI EM. Despite the recent performance, we see a 27% weighted upside to our portfolio.

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.

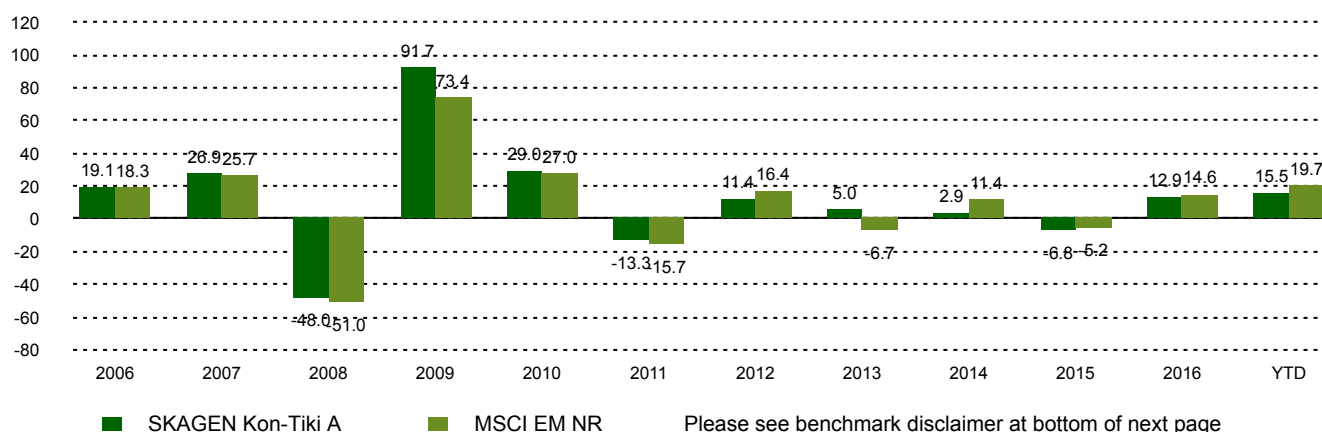
Historical performance (net of fees)

Period	SKAGEN Kon-Tiki A	Benchmark index
Last Month	5.5%	4.8%
Year to date	15.5%	19.7%
Last year	17.0%	19.0%
Last 3 years	6.2%	8.3%
Last 5 years	6.0%	7.1%
Last 10 years	4.3%	2.8%
Since start	13.4%	8.3%

Fund Facts

Type	Equity
Domicile	Norway
Launch date	05.04.2002
Morningstar category	Global Emerging Markets Equity
ISIN	NO0010140502
NAV	92.85 EUR
Fixed management fee	2.00%
Total expense ratio (2016)	1.81%
Benchmark index	MSCI EM NR
AUM (mill.)	3439.74 EUR
Number of holdings	51
Lead manager	Knut Harald Nilsson

Performance last ten years



Contributors in the month



Largest contributors

Holding	Weight (%)	Contribution (%)
Samsung Electronics	8.19	1.03
Hyundai Motor Co	6.86	0.99
State Bank of India	2.85	0.68
Naspers Ltd	4.84	0.65
LG Electronics	2.99	0.39



Largest detractors

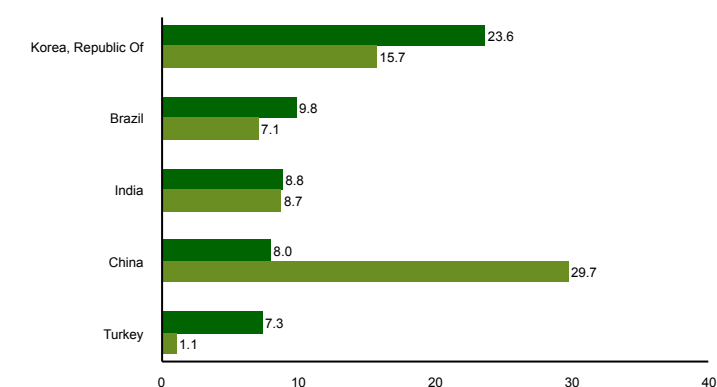
Holding	Weight (%)	Contribution (%)
Banrisul	2.74	-0.35
X5 Retail Group	4.34	-0.25
Golar LNG Ltd	2.24	-0.13
Indosat Tbk	1.44	-0.03
Massmart Holdings	0.40	-0.02

Absolute contribution based on NOK returns at fund level

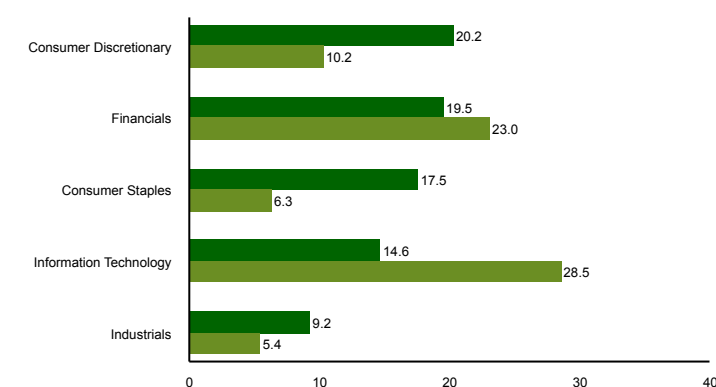
Top ten investments

Holding	Sector	Country	%
Samsung Electronics	Information Technology	Korea, Republic Of	8.2
Hyundai Motor	Consumer Discretionary	Korea, Republic Of	7.1
Naspers	Consumer Discretionary	South Africa	4.6
X5 Retail Group	Consumer Staples	Russian Federation	4.0
Haci Omer Sabanci Holding	Financials	Turkey	3.8
Mahindra & Mahindra	Consumer Discretionary	India	3.5
Richter Gedeon	Health Care	Hungary	3.1
LG Electronics	Consumer Discretionary	Korea, Republic Of	2.9
Kinnevik	Financials	Sweden	2.8
Cosan Ltd	Consumer Staples	Brazil	2.7
Combined weight of top 10 holdings			42.8

Country exposure (top five)


■ SKAGEN Kon-Tiki A
■ MSCI EM NR

Sector exposure (top five)


■ SKAGEN Kon-Tiki A
■ MSCI EM NR

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Important information

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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.