

Performance Commentary

January's increased market volatility continued into February with most broad global indices registering negative returns for the month as a whole. EM equities were supported by strong inflows and performed ahead of their developed market peers.

Kon-Tiki performed broadly in line with its benchmark driven by strong reported 2017 results at Brazilian bank Banrisul, a rebound in traditional Chinese medicine producer China Shineway, which is coming back onto investors' radar, and good performance at Swedish telecom equipment company Ericsson, which recovered on the back of further stake-building by activist investor Cevian. In terms of portfolio headwinds, the biggest detractors were State Bank of India, Brazilian food retailer CBD and Mahindra & Mahindra.

We did not initiate or fully exit any positions in February but continued to increase our exposure to recent purchases such as Aeroflot, Sinotrans and Bank of China. We also trimmed a number of strong performers including Gree, Banrisul and Johannesburg Stock Exchange. The portfolio remains attractively valued at 9.5x 2018 earnings and 1.0x book value compared with 11.5x and 1.8x respectively for MSCI EM. Conviction remains high with 88% of the portfolio in our 35 largest positions, which have a weighted upside of 33%.

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.

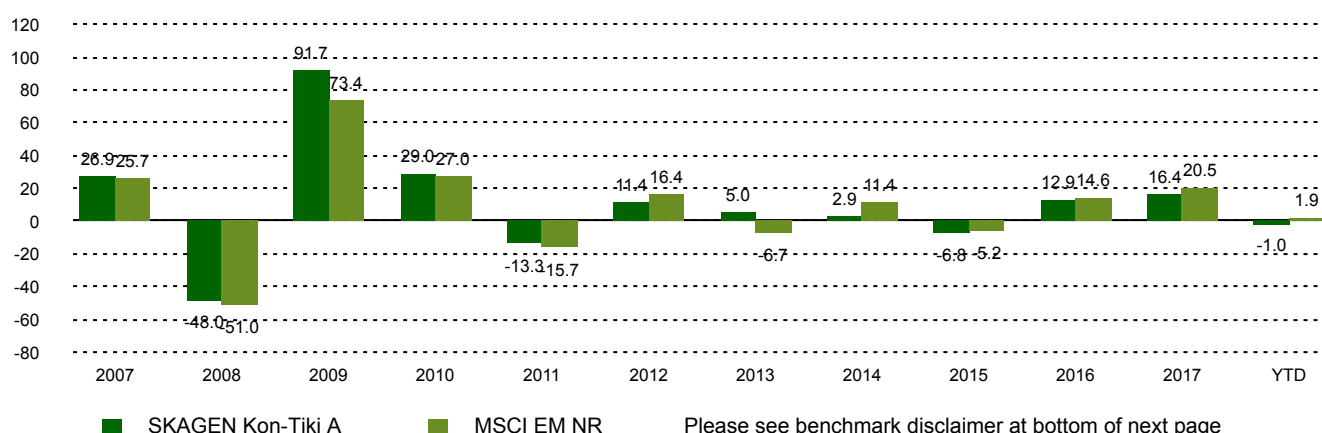
Fund Facts

| | |
|----------------------------|--------------------------------|
| Type | Equity |
| Domicile | Norway |
| Launch date | 05.04.2002 |
| Morningstar category | Global Emerging Markets Equity |
| ISIN | NO0010140502 |
| NAV | 92.63 EUR |
| Fixed management fee | 2.00% |
| Total expense ratio (2017) | 1.59% |
| Benchmark index | MSCI EM NR |
| AUM (mill.) | 2871.17 EUR |
| Number of holdings | 47 |
| Lead manager | Knut Harald Nilsson |

Historical performance (net of fees)

| Period | SKAGEN Kon-Tiki A | Benchmark index |
|---------------|-------------------|-----------------|
| Last month | -2.8% | -2.6% |
| Year to date | -1.0% | 1.9% |
| Last year | 5.2% | 13.6% |
| Last 3 years | 3.6% | 6.0% |
| Last 5 years | 4.8% | 6.5% |
| Last 10 years | 5.9% | 4.9% |
| Since start | 13.1% | 8.3% |

Performance last ten years



Contributors in the month



Largest contributors

| Holding | Weight (%) | Contribution (%) |
|----------------|------------|------------------|
| Banrisul | 3.33 | 0.33 |
| SHINEWAY PHARM | 1.48 | 0.22 |
| Ericsson | 2.57 | 0.17 |
| JSE Ltd | 1.02 | 0.12 |
| Golar LNG Ltd | 3.33 | 0.12 |



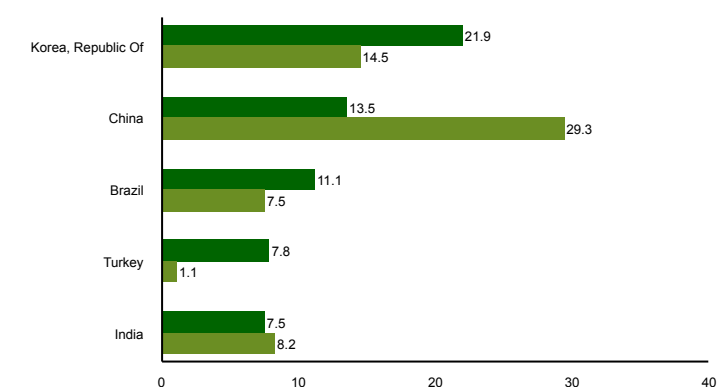
Largest detractors

| Holding | Weight (%) | Contribution (%) |
|--------------------------------|------------|------------------|
| State Bank of India | 2.57 | -0.39 |
| Cia Brasileira de Distribuicao | 2.94 | -0.32 |
| Mahindra & Mahindra Ltd | 4.14 | -0.28 |
| China Unicom Hong Kong Ltd | 2.29 | -0.28 |
| Richter Gedeon Nyrt | 2.11 | -0.27 |

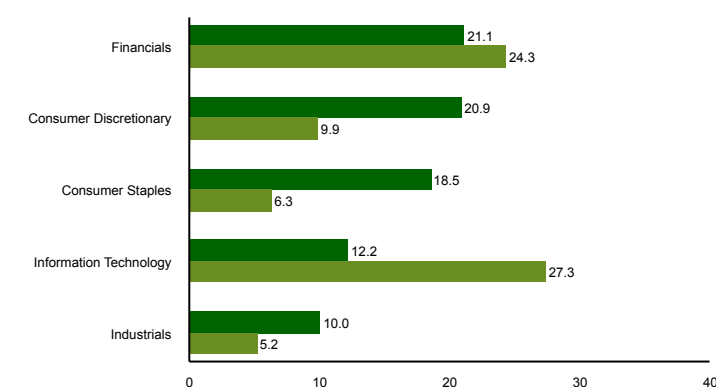
Top ten investments

| Holding | Sector | Country | % |
|------------------------------------|------------------------|--------------------|------|
| Hyundai Motor | Consumer Discretionary | Korea, Republic Of | 6.6 |
| Samsung Electronics | Information Technology | Korea, Republic Of | 6.3 |
| Naspers | Consumer Discretionary | South Africa | 4.8 |
| Haci Omer Sabanci Holding | Financials | Turkey | 4.0 |
| Mahindra & Mahindra | Consumer Discretionary | India | 4.0 |
| Golar LNG | Industrials | United States | 3.4 |
| Banrisul | Financials | Brazil | 3.4 |
| LG Electronics | Consumer Discretionary | Korea, Republic Of | 3.2 |
| X5 Retail Group | Consumer Staples | Russian Federation | 3.0 |
| Cia Brasileira de Distribuicao | Consumer Staples | Brazil | 2.9 |
| Combined weight of top 10 holdings | | | 41.4 |

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.