

Performance Commentary

July was a relatively quiet month in the fixed income markets, with the market focusing on the important Central Bank monetary policy meetings at the end of the month.

The European Central Bank left the policy rate unchanged as expected. However, they signalled that they are ready to cut interest rates to make sure inflation moves in the right direction. The market is fully pricing in a cut from -0.4% to -0.5% at the September meeting and a 50% likelihood of a further cut to -0.6% before year end. A new round of QE is also expected. As expected, the Federal Reserve cut its key rate by 25 basis points. The market was somewhat disappointed by Powell's statement that this is not necessarily the start of an easing cycle, but more a mid-cycle adjustment. Our investment in short-dated US treasuries was the biggest contributor to the performance in July due to an appreciation of USD versus EUR. Our holdings in Latin America also performed strongly due to a fall in yields and to currency appreciation.

Our holding in the UK was the weakest performer due to a sharp depreciation of the pound after Boris Johnson became Prime Minister, which in turn led to increased fear of a hard Brexit.

Historical performance (net of fees)

| Period | SKAGEN Tellus A | Benchmark index |
|---------------|-----------------|-----------------|
| Last month | 1.7% | 1.8% |
| Year to date | 7.3% | 7.7% |
| Last year | 6.3% | 11.1% |
| Last 3 years | 2.3% | 0.9% |
| Last 5 years | 2.9% | 5.0% |
| Last 10 years | 5.0% | 4.4% |
| Since start | 4.7% | 4.4% |

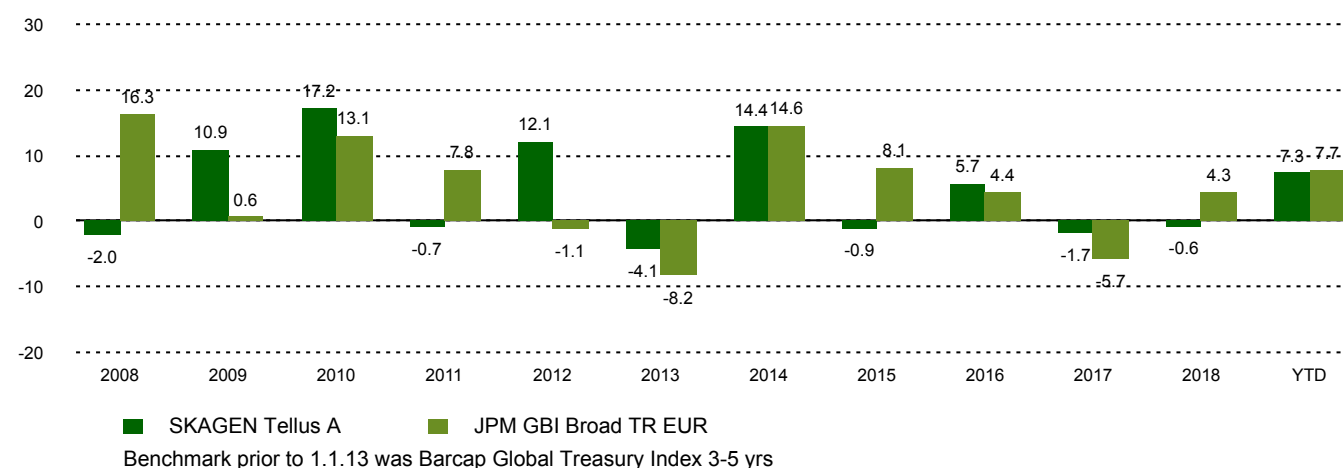
SKAGEN Tellus invests primarily in bonds and certificates issued or guaranteed by governments from around the world.

The fund is suitable for those with at least a three year investment horizon. Investors must be able to tolerate currency fluctuations.

Fund Facts

| | |
|----------------------|--------------------------|
| Type | Fixed income |
| Domicile | Norway |
| Launch date | 29.09.2006 |
| Morningstar category | Global Bond - EUR Biased |
| ISIN | NO0010327786 |
| NAV | 12.35 EUR |
| Fixed management fee | 0.80% |
| Benchmark index | JPM GBI Broad TR EUR |
| AUM (mill.) | 69.37 EUR |
| Duration | 3.51 |
| WAL | 5.46 |
| Yield | 4.33% |
| Number of holdings | 14 |
| Portfolio manager | Jane Tvedt |

Performance last ten years



Contributors in the month



Largest contributors

| Holding | Weight (%) | Contribution (%) |
|------------------------|------------|------------------|
| United States Treasury | 21.78 | 0.52 |
| Peruvian Government | 6.38 | 0.39 |
| Uruguay Government | 4.51 | 0.36 |
| Mexican Bonos | 7.42 | 0.32 |
| Dominican Republic | 4.13 | 0.15 |



Largest detractors

| Holding | Weight (%) | Contribution (%) |
|-------------------|------------|------------------|
| United Kingdom | 7.28 | -0.11 |
| Norway Government | 10.42 | -0.07 |
| Chile Government | 7.47 | -0.05 |
| Sweden Government | 4.65 | -0.05 |
| Czech Republic | 4.58 | -0.02 |

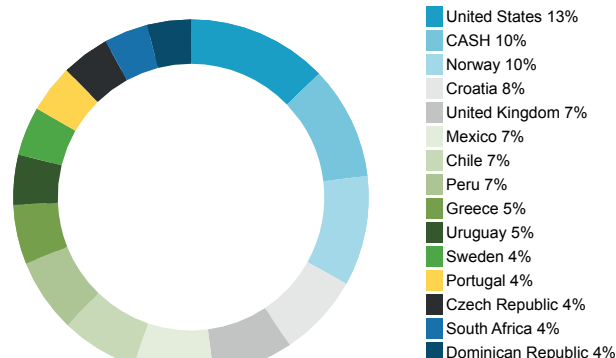
Absolute contribution based on NOK returns at fund level

The art of common sense

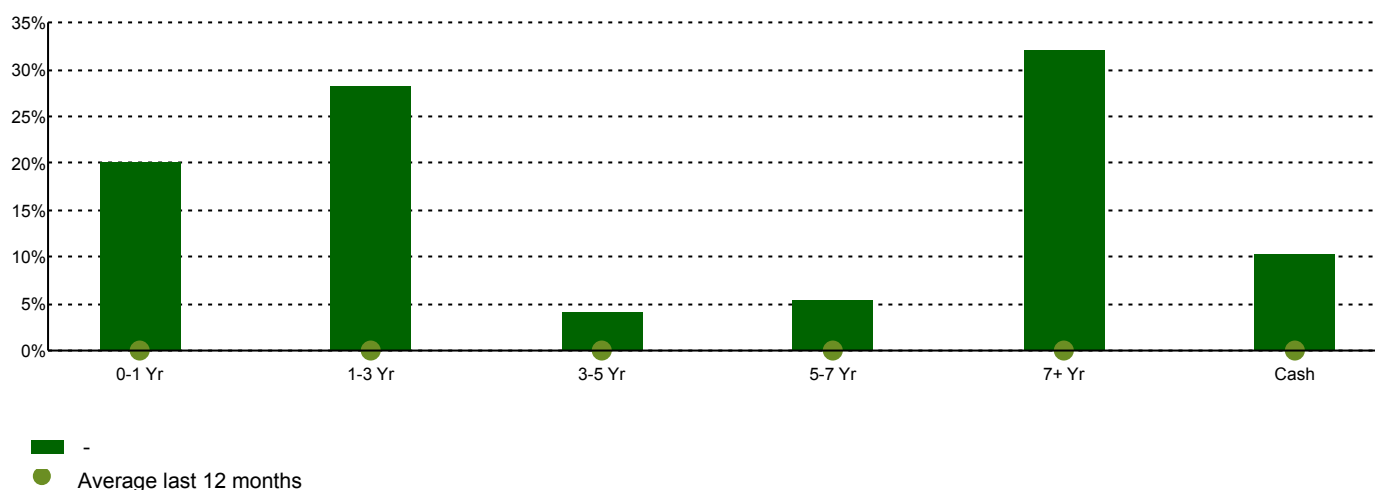
Top 10 investments

| Holding | Percentage of Fund |
|------------------------------|--------------------|
| US Government | 12.8 |
| Kongeriket Norge | 10.0 |
| Republic of Croatia | 7.5 |
| UK Government | 7.3 |
| Mexico | 7.3 |
| Republic of Chile | 7.0 |
| Republic of Peru | 6.7 |
| Hellenic Republic | 5.4 |
| Oriental Republic of Uruguay | 4.5 |
| Kingdom of Sweden | 4.5 |
| Total | 73.0 |

Country exposure



Maturity structure



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Important information

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