

IMPORTANT INFORMATION: This is marketing communication. The report should not be perceived as a recommendation to buy or sell fund units. Prior to subscription, we encourage you to read the fund's prospectus and key investor information document which are available at www.skagenfunds.com, from our local representatives and from our distributors.

Performance Commentary

After a sharp increase in April, sovereign credit spreads levelled off in May and fell towards the end of the month. The credit spreads on the lower-rated positions in SKAGEN Tellus are still quite high and we see good upside potential in our credit exposures. Inflation continues to be the main concern for most central banks these days and the latest consumer price updates show that price growth is still quite high in most regions. It is, however, worth noting that there are some signs that price growth is peaking in certain areas. Given the high consumer price growth, central banks are prepared to continue their monetary policy tightening for some time. Tighter monetary policies together with higher prices have started to affect both consumer and business expectations where we have seen weakness lately. Central banks have a tough balancing act trying to curb inflation without reducing demand too much and hence creating unnecessarily weak economic performance. SKAGEN Tellus ended the month ahead of its benchmark index. The largest positive contributors were our positions denominated in Brazilian real and Mexican pesos, driven by falling interest rates and appreciating currencies. The main laggards were our US and UK holdings driven by depreciating currencies.

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. The fund is suitable for those with at least a five year investment horizon. Subscriptions are made in fund units and not directly in stocks or other securities. The fund has risk profile 4. The benchmark reflects the fund's investment mandate. Since the fund is actively managed, the portfolio will deviate from the composition of the benchmark.

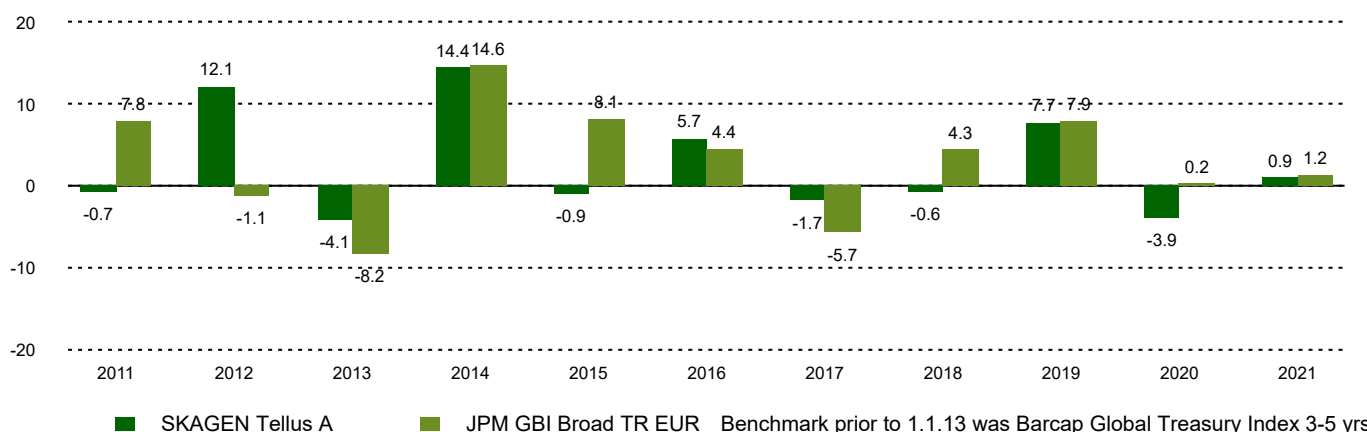
Historical performance (net of fees)

Period	SKAGEN Tellus A	Benchmark index
Last month	-0.3%	-1.5%
Year to date	-1.5%	-5.7%
Last year	1.6%	-1.4%
Last 3 years	-0.4%	-0.8%
Last 5 years	0.4%	0.7%
Last 10 years	2.2%	1.4%
Since start	3.5%	3.3%

Fund Facts

Type	Fixed income
Domicile	Norway
Launch date	29.09.2006
Morningstar category	Global Bond - EUR Biased
ISIN	NO0010327786
NAV	10.21 EUR
Fixed management fee	0.80%
Benchmark index	JPM GBI Broad TR EUR
AUM (mill.)	39.79 EUR
Duration	5.10
WAL	7.03
Yield	4.22%
Number of holdings	20
Portfolio manager	Sondre Solvoll Bakketun

Performance last ten years

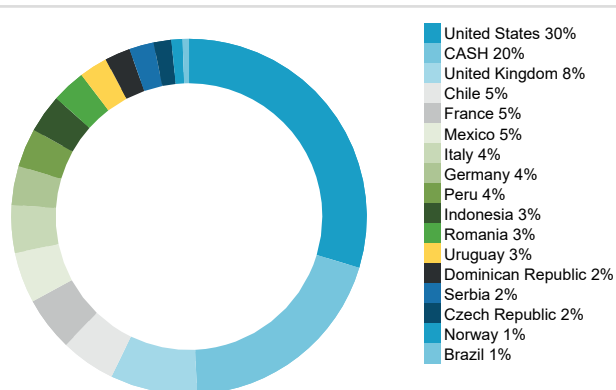


Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and management fees. The return may become negative as a result of negative price developments. There is a risk associated with investing in the fund due to market movements, currency developments, interest rate levels, economic, sector and company-specific conditions.

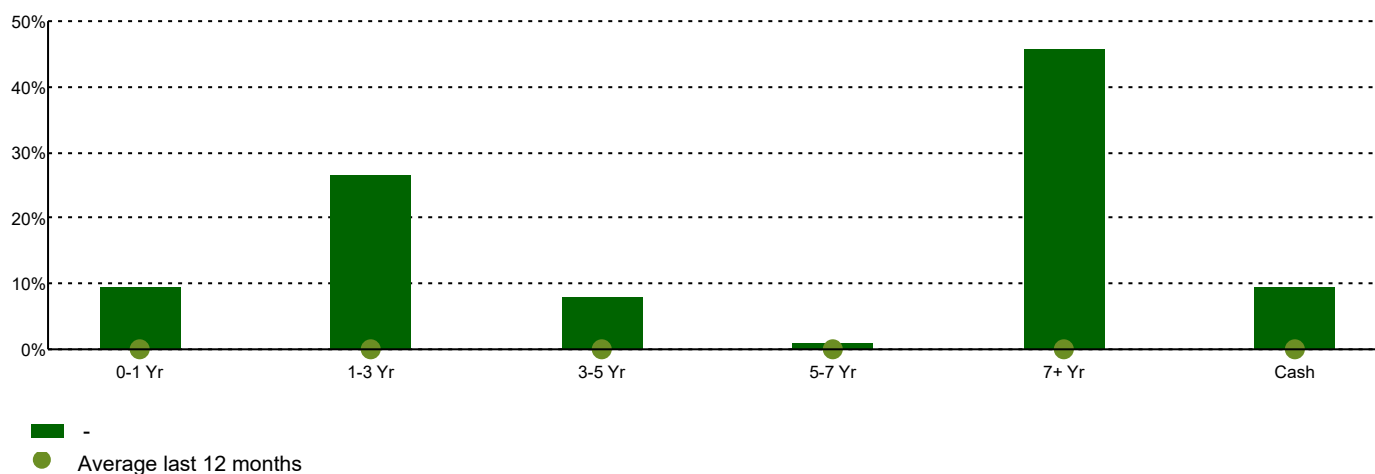
Top 10 investments

Holding	Percentage of Fund
US Government	29.6
UK Government	5.3
International Finance Corp	5.1
Republic of Chile	5.0
French Government	4.9
European Bank for Reconstruction & Development	4.8
Mexico	4.6
Italian Government	4.3
German Government	3.5
Republic of Peru	3.5
Total	70.8

Country exposure



Maturity structure



Important information

This report is intended for investment professionals only. All information is based on the most up-to-date data available. Unless otherwise stated, performance data relates to class A units and is net of fees. AUM data as per the end of the previous month. Except otherwise stated, the source of all information is SKAGEN AS. 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.



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