

ANNUAL REPORT 2015

# SKAGEN



## A YEAR OF TWO HALVES

WE FOCUS ON FINDING VALUE,  
NO MATTER WHAT THE MARKET MAY SERVE US

ANNUAL REPORT | [www.skagenfunds.com](http://www.skagenfunds.com)

# Dear Readers,

If I had to sum up the global events of 2015 adhering to Twitter's 140 character limit, it would probably read something like this: "Greece. Refugee crisis. Putin. Low interest rates. ISIS. Oil. Chinese market dip. Iran deal. Paris. Weak EM. Climate deal. Fed rate hike."

In contrast it would be nearly impossible for us to sum up the past year in SKAGEN in Twitter format. That is why we share this Annual Report with you, containing thousands of carefully selected words in order to hopefully provide a deeper understanding of our performance in 2015, how we respond to the trust our clients have placed in us – and a look towards 2016.

In May 2015 we reached a corporate milestone when we welcomed the concentrated global fund, SKAGEN Focus, into our family of funds. This was only the fifth time in our 22 years of operations that we have launched a new equity fund.

Our team of portfolio managers has been strengthened in the year and enhancements have been made to how the team generates and executes investment ideas. There has also been a further fine-tuning of how experience and insight are shared across the teams.

## A mixed picture

Performance in 2015 was a mixed picture. Happily SKAGEN Global beat its benchmark index under the leadership of Knut Gezelius who took over the reins of the fund in November 2014. After improved performance in the second half of 2015, we had hopes that SKAGEN Kon-Tiki would also beat its benchmark, but it didn't quite make it. Our money market funds continued to provide steady outperformance. We will work hard to make 2016 a better year than 2015 in terms of performance.

We continued to see markets moving in a herd-like manner with passive investing, growth stocks and developed markets continuing to be in vogue. It may seem as though we are waiting for our style of active investing to make a comeback. However, if our way of investing was always in fashion we would find it difficult, if not impossible, to find unpopular investment ideas. I would argue that over time active investors such as SKAGEN will actually benefit from an increasing number of passive investors in the market.

## A common sense approach

Despite the fact that most of our funds have beaten their respective benchmark indexes in an impressive number of calendar years, our goal is to achieve long-term returns and not necessarily to beat a specific benchmark over each and every 12-month period. This brings to mind the well-known saying of Benjamin Graham – considered by many to be the father of value investing – that the stock market is a voting machine in the short term and a weighing machine in the long run. Simply put, Graham meant that in the long run the markets will measure the true value of a company rather than merely reflecting which companies are popular or unpopular in the short term.

In sum, we are not waiting for our investment philosophy to return to favour, rather, the merits of our common sense approach to investing have never disappeared. We thrive in the long term thanks to the market's failure to price assets correctly from time to time. As our CIO Ole Sjøberg wrote in last year's Annual Report, sooner or later the laws of financial gravity will ensure that companies are rewarded for the value they create and thereby also reward us for our contrarian approach and choice not to follow the herd.

## A course for the future

SKAGEN's ownership situation was an important theme during the year and we have now arrived at a solution that will ensure the long-term independence, continuity and alignment of interests that form the bedrock of SKAGEN. We have also seen some changes at Board level. After more than 17 years at the helm, Chairman of the Board Martin Gjelsvik stepped down in December. He oversaw the development of SKAGEN from a local fund provider in Norway to a European asset management company. On behalf of everyone at SKAGEN I would like to take this opportunity to thank him for his dedication to SKAGEN throughout so much of the company's journey.

Meanwhile, SKAGEN's Board of Directors has been expanded from five to six members, and we welcome the appointment of two new members, Henrik Lisaeth, our new Chairman, and Leiv Askvig. They both bring extensive experience from the financial industry. We also have continuity on our Board with the appointment of Anne Sophie Stensrud as Board member, having been Deputy Board member for 12 years.

With the renewed commitment from our owners, a new Board in place, along with our mutual solid grounding in SKAGEN's vision, values and culture, we stand strong. Looking around me at SKAGEN's employees, I firmly believe we have all the pieces in place to ensure continued success with a firm focus on our clients in 2016 and beyond.



– Leif Ola Rød  
CEO

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**If we are to avoid an extra dose inflation**, Norwegian Prime Minister Erna Solberg (pictured) and other commodity-dependent politicians may be forced to "detox" if commodity prices continue downwards.



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**Two Russian companies**, the food chain X5 (pictured) and the Moscow Stock Exchange, were among the six best contributors to SKAGEN Kon-Tiki in 2015.



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**Peter Hancock, CEO of American International Group Inc. (AIG)**, right, is interviewed at the New York Stock Exchange. AIG plans to return \$25 billion to shareholders over the next two years as Hancock divests assets and seeks to boost returns to protect his job amid criticism from activist investor Carl Icahn. AIG is one of the top 2015 contributors to both SKAGEN Focus and SKAGEN Global.

Photos: Bloomberg

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Leif Ola Rød

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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.

The report should not be perceived as an offer or recommendation to buy or sell financial instruments. SKAGEN does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. SKAGEN recommends that anyone wishing to invest in our funds contacts a qualified customer adviser by telephone on +47 51 80 37 09 or by email at [contact@skagenfunds.com](mailto:contact@skagenfunds.com).

Unless otherwise stated, all performance data in this report relates to class A units and is net of fees. Unless otherwise stated all figures quoted in this report are in euro, except for the Financial Statement and Notes, which are in Norwegian kroner. SKAGEN Funds only has authorisation to market its money market funds SKAGEN Høyrente and SKAGEN Høyrente Institusjon and combination fund SKAGEN Balanse 60/40 in Norway and SKAGEN Krona in Sweden. Information regarding these funds is included in the official accounts and audited information hereto. Other information regarding these funds from the Norwegian version of the report has been excluded from this English language publication. The Annual Report 2015 was originally prepared in Norwegian. This is a translated version that is published with reservations regarding possible errors and omissions as well as erroneous translation. In case of conflict between the Norwegian and the English versions, the Norwegian version shall prevail. The Norwegian version of the Annual Report 2015 is available at [www.skagenfondene.no](http://www.skagenfondene.no).

# SKAGEN FUNDS' RETURNS IN EURO IN 2015

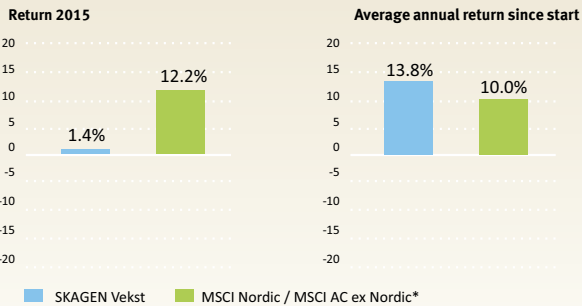
As of 31.12.2015

Equity Fund

Fixed Income Fund

## SKAGEN VEKST

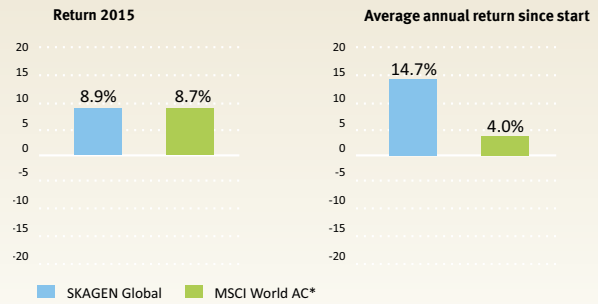
Manager: Ole Søbærg and Geir Tjetland Start: 1 December 1993



\* Effective 1/1/2014, the fund's investment mandate changed. Read more on page 34. The benchmark index prior to 1/1/2010 was the Oslo Stock Exchange Benchmark Index (OSEBX).

## SKAGEN GLOBAL

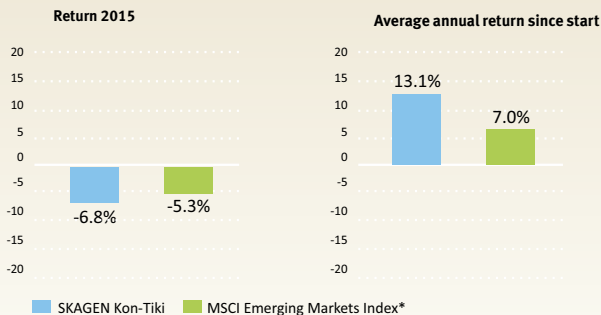
Manager: Knut Gezelius Start: 7 August 1997



\* The benchmark index prior to 1/1/2010 was the MSCI World Index.

## SKAGEN KON-TIKI

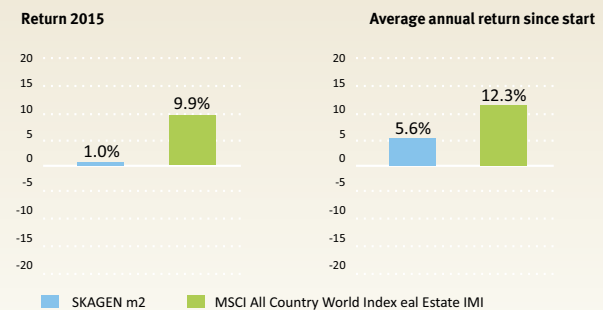
Manager: Kristoffer Stensrud and Knut Harald Nilsson Start: 5 April 2002



\* The benchmark index prior to 1/1/2004 was the MSCI World Index.

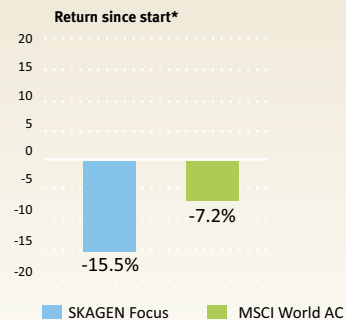
## SKAGEN m²

Manager: Michael Gobitschek and Harald Haukås Start: 31 October 2012



## SKAGEN FOCUS

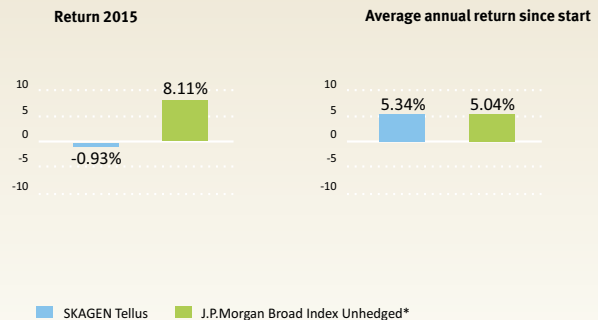
Manager: Filip Weintraub Start: 26 May 2015



\* Since inception on 26 May 2015

## SKAGEN TELLUS

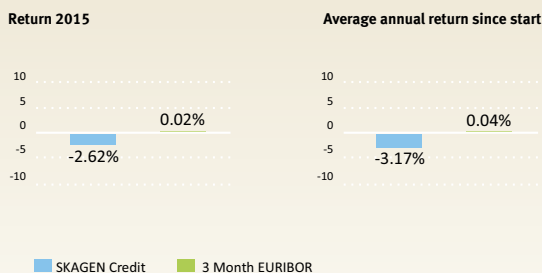
Manager: Torgeir Høien Start: 29 September 2006



\* The benchmark index prior to 1/1/2013 was Barclay's Capital Global Treasury Index 3-5 years.

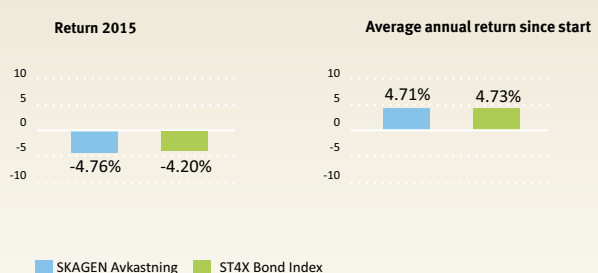
## SKAGEN CREDIT EUR

Manager: Ola Sjöstrand Start: 30 May 2014



## SKAGEN AVKASTNING

Manager: Jane Tvedt Start: 16 September 1994



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.





**Lower energy prices in 2015** will likely trigger higher consumption and contributes to higher global GDP in 2016



Photo: Bloomberg

**US Fed, led by chairman Janet Yellen.** Despite the rate-hike in December, the SKAGEN Tellus team does not believe in higher long-term policy rates due to caution around continued low inflation.



Photo: Bloomberg

**India and China** are expected to be the main contributors to global GDP growth in the year to come. Pictured: Raghuram Rajan, governor of the Reserve Bank of India.

## Investment director's report

# Introduction

- › 2015 continued where 2014 left off with a stronger USD, low interest rates and lower energy and commodity prices.
- › Equity investment returns for 2015 were volatile and with significant regional differences. US investors saw returns of minus 1.8% including dividends on their global portfolios and a meagre 1.4% on their US stocks. Meanwhile, EUR-based investors enjoyed returns of 9.4% on their global portfolios.
- › Although our key funds delivered excess returns in the second half of 2015, only SKAGEN Global outperformed for the year. In recent years our funds have suffered due to our low exposure to the US dollar and high exposure to emerging markets.
- › Despite all the media gloom, global prosperity has never been higher, health has never been better and, relatively speaking, crime and war have never been lower. There is also a strong focus on improving the sustainability of global resources.
- › Global growth is expected to be slightly higher in 2016 than 2015, so the foundations for continued low interest rates and good earnings development are in place.

# A year of two halves

2015 was characterised by large currency movements and a decline in energy and commodity prices. This had both positive and negative effects, depending on the region companies were active in. For some of our funds, the outperformance in the latter part of the year was not enough to make up for a disappointing first half.

## Events in 2015

Global stock markets continued upwards for most investors in 2015, in line with the consensus at the beginning of the year. However, there were substantial currency movements in 2015 which meant forecast returns did not materialise for USD-based investors. 2015 was more positive for European investors. The decline in energy and commodity prices is obviously not good for regions active in that space.

Nevertheless, for the vast majority of the global population, lower input prices are a net benefit; lower petrol, material and food prices leave consumers and corporates with more to spend elsewhere.

To illustrate just how much currency influenced returns, global stocks including dividends rose 15.3% in NOK in 2015, 8.7% in EUR and fell 2.4% in USD. The growth rate was roughly ten percentage points lower than in 2014 and in line

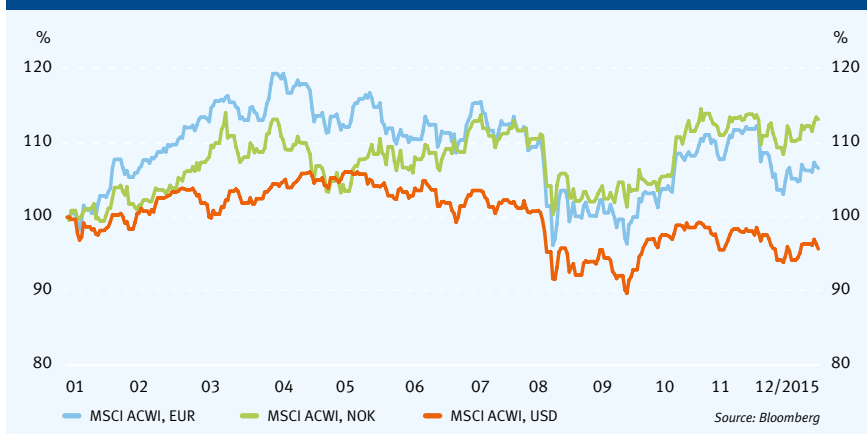
with the underlying earnings growth of 8%. Asian and European earnings met or slightly exceeded estimates, while American earnings, including Latin American earnings, disappointed.

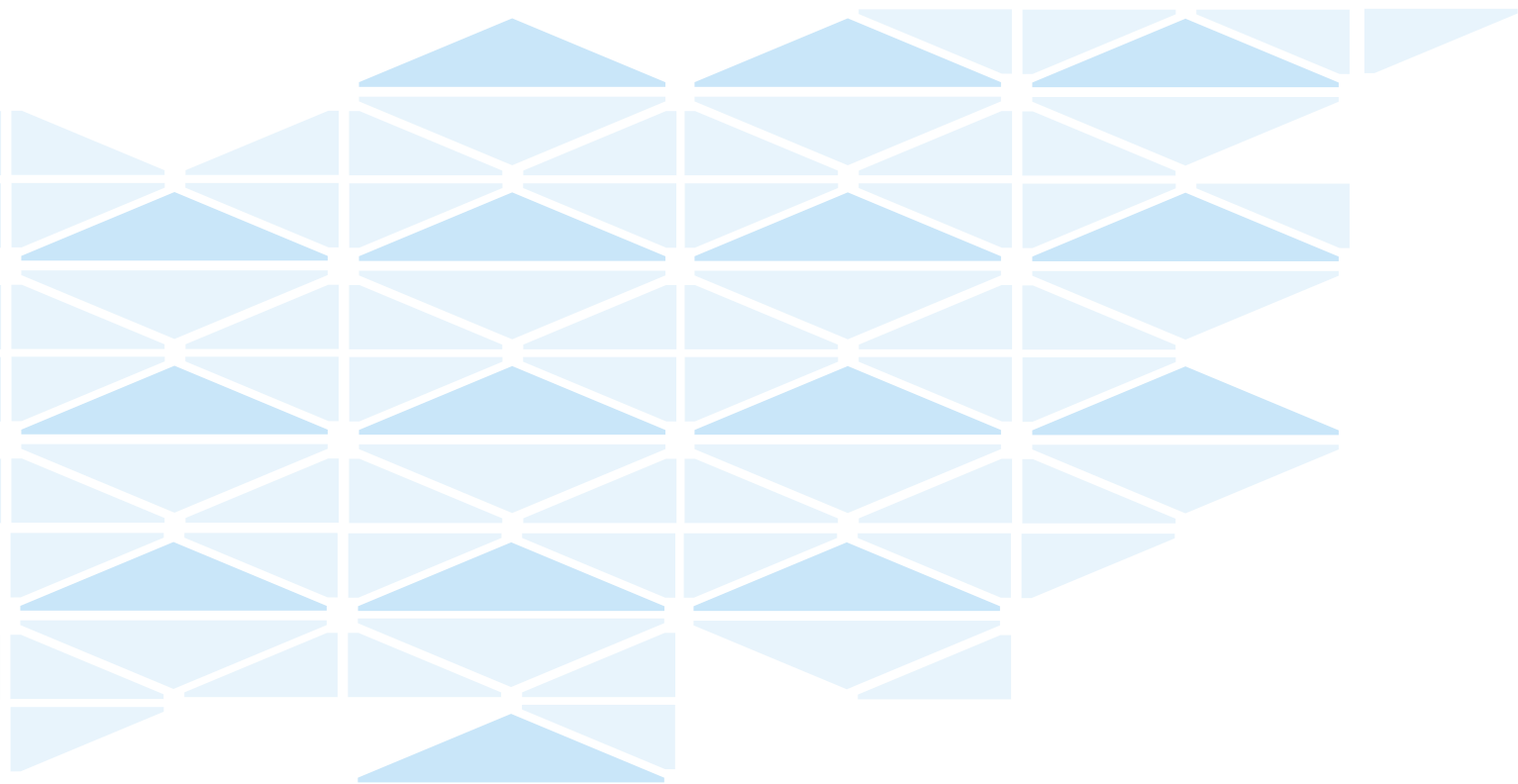
Emerging markets fell 15% in USD and 0.5% in NOK reflecting weak commodity and energy prices – a key driver for many emerging markets.

There were fewer surprises in 2015 than in 2014, but we saw a repetition of certain themes including geopolitical unrest and climate oddities. The Ukraine crisis and Ebola in West Africa faded from media focus, to be replaced by the Syrian refugee crisis and Chinese expansion in the South China Sea.

One of the major events of the year was the Paris Climate Conference, COP21, and the ensuing agreement to reduce global CO2 emissions. The successful fusion energy test was another highlight, indicating that fusion energy may be a commercial way forward. But it will take until 2050 to get the process into production mode, so until then we need to rely on other sources of energy.

MSCI ACWI EUR VS NOK VS USD 2015





### **SKAGEN funds' performance**

Although our key funds outperformed their respective benchmark indexes in the second half of 2015, the funds did not achieve the outperformance that we have seen from them in past years. 2015 is the second consecutive year that the majority of our funds delivered returns below that of their respective benchmarks. For a more detailed review of each fund please refer to the individual fund reports.

The performance of all our funds has been impacted by currency movements, the strong performance of USD assets, and the disappointing performance of emerging markets. When it comes to the equity funds, value-based investing underperformed growth-based investing by 7.5% percentage points.

### **We stand firm by our investment philosophy**

One may well ask whether SKAGEN's value based investment philosophy or investment execution is at fault for our poor relative return over the calendar year. The answer is neither. We continue to pick individual companies with a good business model when the market price tells us that other investors do not correctly factor in the potential returns and risks. Nonetheless, the funds' benchmark indexes include many large growth companies, which benefit in a world with QE (Quantitative Easing or very low interest rates provided by the central banks) as the net present value of future earnings is very highly valued. SKAGEN is

not opposed to investing in growth companies, as long as the valuation is attractive. We do not, however, find value and hence a solid risk buffer, in many of the most popular companies at present.

### **Turning over all the stones**

During 2015 the portfolio management team dedicated time to re-examining our analytical process, decision making and the risk factors in the funds and individual investments. The conclusion is that our investment philosophy, working methods and the exposure in our portfolios are solid. We continuously test all our equity investments for a 50% upside potential over a 2-3 year horizon and against a 20% downside risk. Obviously, some of our investment cases have not turned out as planned. All the learning points from investments, both good and bad, are taken to form a retrospective investment case library – a key source for ensuring good working practice and outperformance going forward.

### **Standing out from the crowd**

If our portfolios looked just like everyone else's, we would not excel. Being different – or contrarian – is vital to achieving exceptional returns. This is a signature profile for SKAGEN; we are and will continue to be different.

One might then ask – when will we next deliver world class performance? The very low level of interest rates has created superior returns for true growth companies – and in many cases this has translated into very high – and more risky – valua-

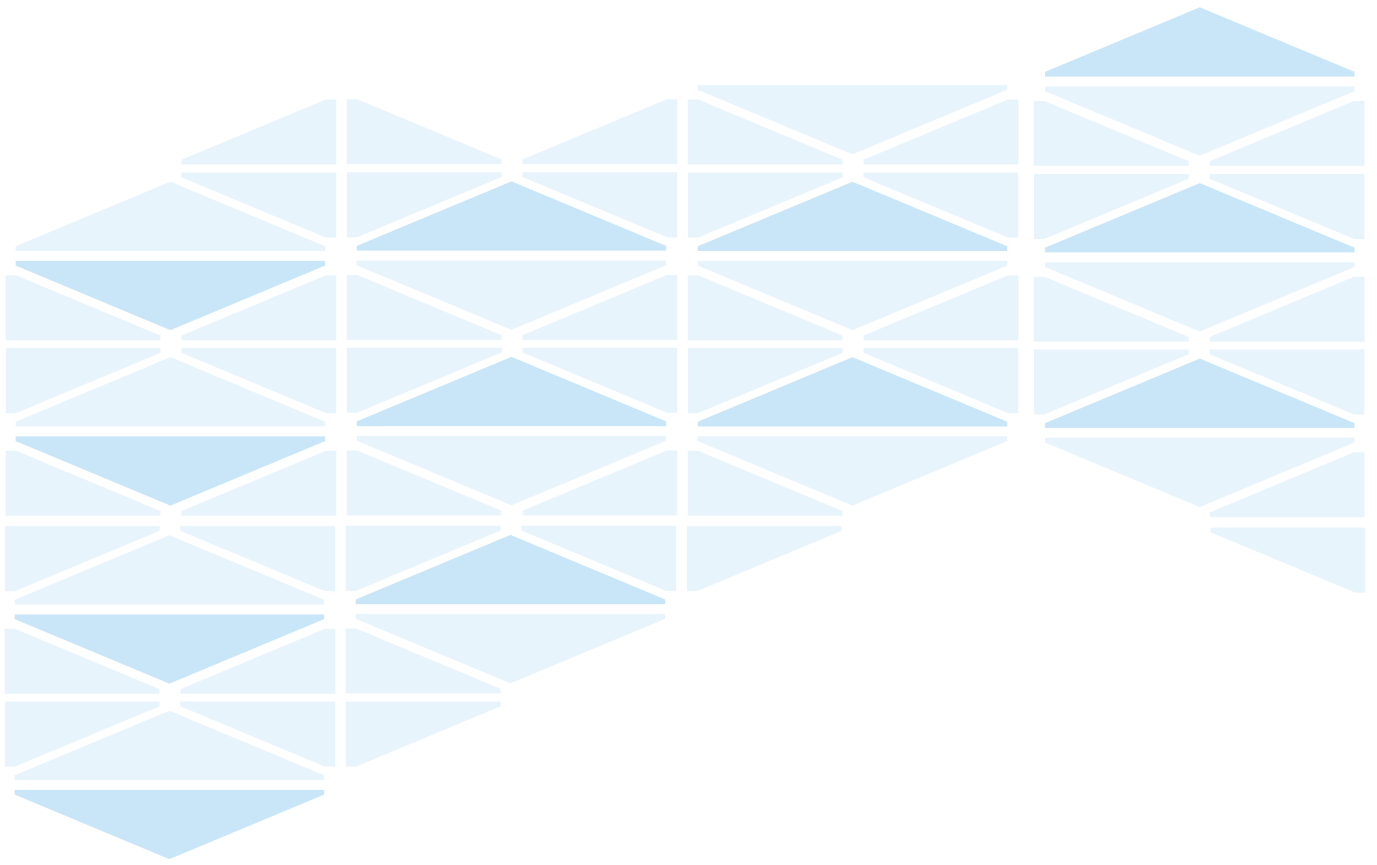
tions. Based on our value based philosophy, we have assessed the investments in our bond and equity funds and concluded that most of them are in good shape to be able to deliver. We have trimmed exposure in a number of investments and by the end of 2015 the funds are more concentrated and with updated return profiles, triggers to release value, and risk factors to be monitored.

There is a saying that “a smooth sea never made a skilful sailor”. The past five to six years in the financial markets have seen a steady upwards movement, so all investors have made decent returns. The question now is how investors will behave once we get into choppy waters, as we inevitably will.

### **A livelier year ahead**

2015 in the Chinese zodiac was the year of the sheep – a calm animal which walks in flocks. As we reached the end of 2015 it became clear that some sheep flocks ended more or less where they had started.

Early on in 2016 the year of the monkey will begin. The monkey is a lively, intelligent and creative animal. In the past, the year of the monkey has often turned out to be a good investment return year even if the period was perceived as somewhat difficult as the monkey likes to tease. In 2016 we will likely see reduced correlation between financial assets classes and this provides a good backdrop for active and value based investors like SKAGEN.



## 2016 OUTLOOK

There are an overwhelming number of media and investment outlook reports for 2016 and they provide a solid sense of where consensus lies. While consensus is rarely correct, it is a valuable source of what the average investor has factored into asset prices.

According to the International Monetary Fund (IMF), global GDP growth in 2016 is about 3.4% and with China and India delivering most of the absolute growth. The US is expected to grow 2-3% and Europe and Japan should see positive but unimpressive growth of 1-2%. Brazil is the only major economy to be in recession as Russia is back on firmer ground.

The consensus view of interest rates is that they will move up a tad driven by tighter monetary conditions in the US. Europe and Japan will continue with low rates.

Company earnings are expected to increase 8-10% in local currencies with dividends of 2-3% in addition. Valuations for 2016 are at 15-16 times earnings and with continued low interest rates, this looks likely to remain. However, higher US rates will likely create some turmoil.

Earnings growth and valuation consist of many moving parts and the outcome is never certain, so history tells us investors should be prepared for 15-20% fluctuations over the year.

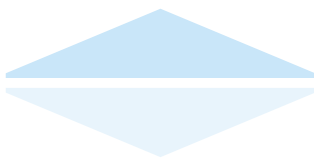
It is one thing to have a consensus base case roadmap for 2016, but what makes investing interesting is all the moving parts that can alter the way forward. For investors who carry out prudent preparations, solid analysis, scenario testing and use pattern recognition from past experience, the potential changes can work to their advantage. While some investors mistakenly view increased volatility as a risk, we see it as an opportunity as financial assets get pushed down to attractive valuation levels.





Photo: Bloomberg

While 2016 promises its fair share of uphill struggles, there are some opportunities on the horizon. We will continue to pick individual companies with good business models and where we see clear triggers for revaluation. Pictured here, Marian Croak, the vice president of access strategy and emerging markets at Google Inc speaks at an event in New Delhi, India. Google was one of the top three contributors to SKAGEN Global in 2015.



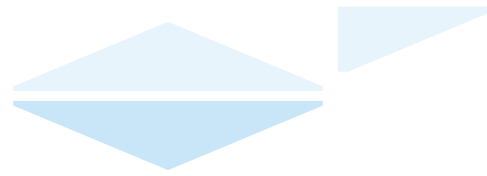
## OPPORTUNITIES

1. China's new 5 year plan focuses on further urbanisation, encourages the expansion of the private and service economy and motivates increased innovation.
2. Low energy prices trigger higher consumption and push world GDP to above 4% - a trigger for better utilisation of capacity in cyclical businesses and hence improved profitability.
3. The change in demographics is slowly creating a lack of skilled labour in some developed markets, which will create upward pressure on wages.
4. Commodity prices fell in 2015, however this could turn out to be an opportunity in 2016 as financial strains in the industry improve the supply and demand balance



## DEVELOPMENTS WITH MULTIPLE EFFECTS ON MANY BUSINESSES

1. Car and traffic safety improve as cars get cameras and sensors that enable them to avoid collision. This would impact insurance, healthcare and automotive companies' high-margin revenues from spare parts.
2. Further steps to cure cancer and other previously dangerous and difficult to cure illnesses. This would impact pension, work force participation and hospital needs.
3. Consumption in DM is replacement driven and new consumption is often intangible and difficult to grasp in a globally scalable business model. Consumption in EM is tangible so easier to grasp in listed companies, but also fragmented in many aspects.

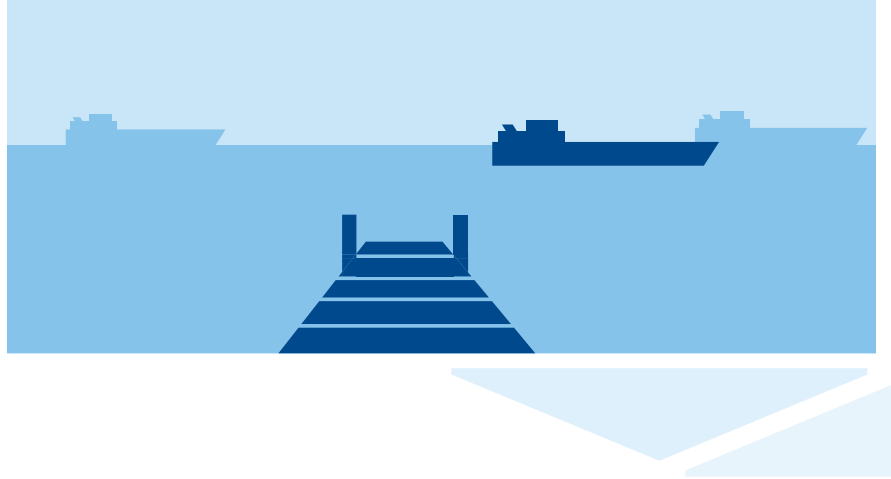


## RISKS

1. Poor trading and liquidity conditions in some segments of the capital markets could set off a domino effect of investment losses.
2. US investors did not get any returns in 2015, so if there is a move towards lower risk appetite, then corporate bonds, equities, ETFs, etc. could suddenly enter a downward spiral. Higher short-term rates in the US could accelerate this move.
3. Low oil and commodity prices create a funding problem in countries dependent on these assets as well as financial institutions with too much exposure to these sectors.
4. The geopolitical turmoil in the Middle East, the South China Sea and elsewhere will likely create several periods of volatility in 2016. The situation needs to be monitored closely for potential opportunities that may arise.
5. Low interest rates lead to the misallocation of capital and poor return on investments which in turn lead to decline of unsustainable asset values.



– Ole Sjøberg  
Investment director



## SKAGEN Vekst

Exploring the narrow path to prosperity

- › Low US exposure meant dollar loss
- › The financial sector was the best contributor
- › More concentrated portfolio in 2015

1	2	3	4	5	RISK	7
Fund start date	1 December 1993					
Return since start	1 625%					
Average annual return	13.8%					
AUM	EUR 851 million					
Number of unitholders	71 248					

PERFORMANCE IN EUR	2015*	Since start
SKAGEN Vekst	1.4 %	13.8%
MSCI Nordic/MSCI AC ex. Nordic	12.2 %	10.0%

\* As of 31 December 2015



### PORTFOLIO MANAGERS

Geir Tjetland, Ole Sjøberg, Erik Bergöö and Alexander Stensrud\*

\* Junior manager

## Good opportunities

The equity fund SKAGEN Vekst ended 2015 with a return of 1.4% measured in EUR. We are not satisfied with this result in a year where the opportunities for far higher returns were certainly present.

Falling commodity prices and low energy prices were not enough to boost the return. While the fund performed better than the Oslo Stock Exchange, it underperformed its index due to its low exposure to the US. While the overall US stock market was virtually flat over the year, we lost out on the value increase that came with the increasingly strong dollar. In addition, the fund suffered from its relatively low exposure to the Danish companies within medicine and renewable energy that performed well during the year.

Generally speaking the global equity markets in 2015 felt the effects of falling commodity prices, while the expected positive effects from the drop in oil price failed to materialise. One explanation for this may of course be that countries in emerging economies took the opportunity to cut subsidies, but all else being equal, we should start to see the effects during 2016. Most countries should continue to benefit from low energy prices, not least emerging economies that are net importers of oil.

### SKAGEN VEKST 2015 (MILL EUR)\*

#### 5 largest contributors

Continental AG	17
SAP	12
Carlsberg A/S	11
Norwegian Air Shuttle	10
Samsung Electronics	10

#### 5 largest detractors

Norsk Hydro ASA	-12
Solstad Offshore	-12
Casino Guichard Perrachon	-9
AirAsia	-8
DOF ASA	-6

#### 5 largest purchases

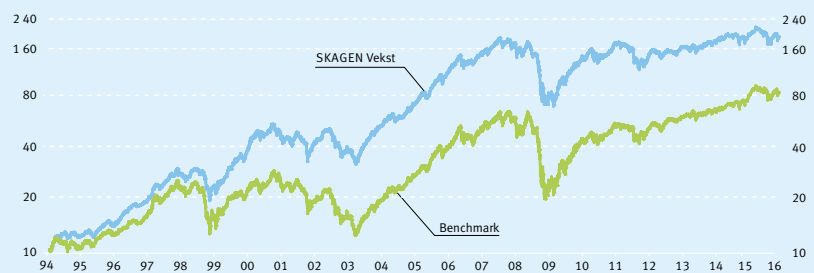
Credit Suisse Group AG	27
Ericsson LM-B SHS	26
Carlsberg A/S	22
Roche Holding AG	19
SKF AB	13

#### 5 largest sales

Teva Pharmaceutical Industries	-34
Danske Bank A/S	-23
Norwegian Air Shuttle AS	-18
Samsung Electronics Co Ltd	-14
Kongsberg Gruppen AS	-14

\* Figures shown are indicative, based on a conversion of the NOK values to EUR at the exchange rate of NOK 9.6167 / EUR 1.

### HISTORICAL PRICE DEVELOPMENT SKAGEN VEKST



\* Effective 1/1/2014, the fund's investment mandate changed. Read more on page 34. The benchmark index prior to 1/1/2010 was the Oslo Stock Exchange Benchmark Index (OSEBX).

Beach cyclists. 1894. Detail. By Einar Hein, one of the Skagen painters. This image belongs to the Skagens Museum (cropped).



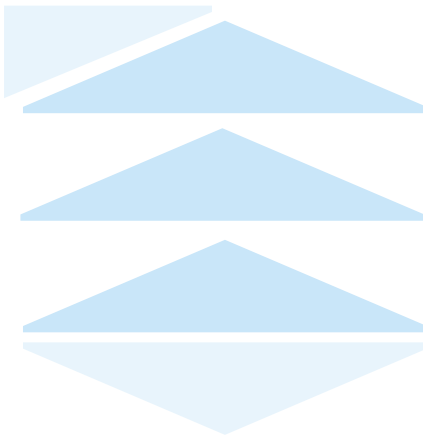
Photo: Bloomberg

## FEW LARGE CONTRIBUTORS

If we look at the absolute return in the fund, there were too few contributors among the fund's largest investments in the year as a whole. The sector that delivered the best absolute return was the finance sector, where companies like Danske Bank, Citigroup and Russian Sberbank were positive contributors. Companies in the consumer goods and technology sectors also had positive performance.

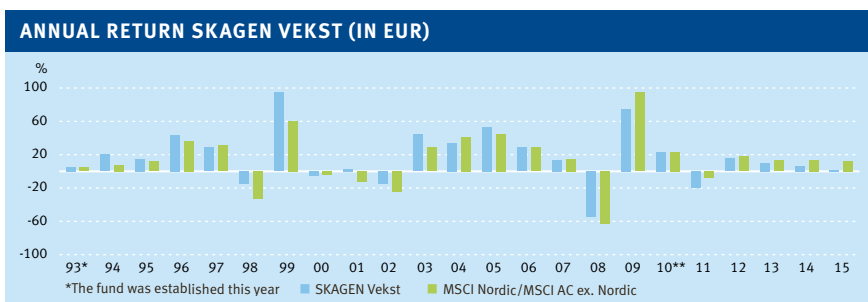
On the negative side, our Norwegian supply ship-owners once again pulled down the fund's return. At the end of the year these companies (Solstad Offshore and DOF) only accounted for 0.8% of the portfolio, but the fall in share price throughout the year detracted by as much as 2 percentage points. We did not anticipate how much these companies would be affected by the drop in oil price. The commodities sector (namely Norsk Hydro) performed extremely weakly and industrial stocks in the fund, particularly within transport, also had a bad year.

Carlsberg was able to demonstrate a strong share price performance after the new CEO presented the restructuring plans and new strategy for the next few years.



## IN A CLASS OF ITS OWN

In Scandinavia, Denmark was in a performance class of its own last year, up around 40% measured in euro. Sweden ended the year up 5% in euro, while the Oslo Stock Exchange was slightly negative. The situation in Norway in 2015 was not unlike in 2014 when the market was down 3% despite a further drop in the oil price of 25%. The oil part of the Oslo Stock Exchange was down about 10% while the non-oil part was up accordingly.



Effective 1/1/2014, the fund's investment mandate changed. Read more on page 34. \*\*The benchmark index prior to 1/1/2010 was the Oslo Stock Exchange Benchmark Index (OSEBX).



Photo: Bloomberg

## GOOD GERMANS

Our two German companies, Continental and SAP, delivered good results throughout the year and were rewarded by an increase in share price of around 30% each. Continental recently increased its own revenue expectations to over EUR 39 billion for the full year 2015, while they stated that the margin will be over 11%. The company continues to deliver a return on equity of around 25%, together with a strong cash flow. We expect them to continue to perform well.

## BIG DATA

SAP is benefiting from its unique position in handling large amounts of data. The company is growing 10% per year, increasing its focus on what it does best, and profitability is good. We believe that SAP will strengthen its position further, since utilisation, optimisation and productivity in handling large amounts of data is becoming increasingly important in all major businesses.

## FALLING PRICES

Norsk Hydro was the stock that detracted the most from the fund's performance in monetary terms. The share price fell over 20%, mainly due to the drop in aluminium prices. Production in China is steadily increasing which has created overcapacity globally and production cuts among western producers could not make up for this. Demand for aluminium is stable and good and we expect that the aluminium market will become more balanced towards the end of the year. This is because we anticipate that several Chinese producers will eventually have to implement production cuts as they are far from being profitable given the current aluminium price.

## RAPID IMPROVEMENT

The Danish company Lundbeck entered the portfolio in the spring, and we have already witnessed an almost 60% increase in share price. In this case too, management changes have been a central factor. Kåre Schultz, former COO for Novo Nordisk, took over the reins of the company and quickly introduced much needed and substantial changes in the company. Lundbeck, which produces neurology drugs, has a pipeline of exciting new products which are approaching market launch. We also have high expectations regarding the new management's ability to implement cost cutting.

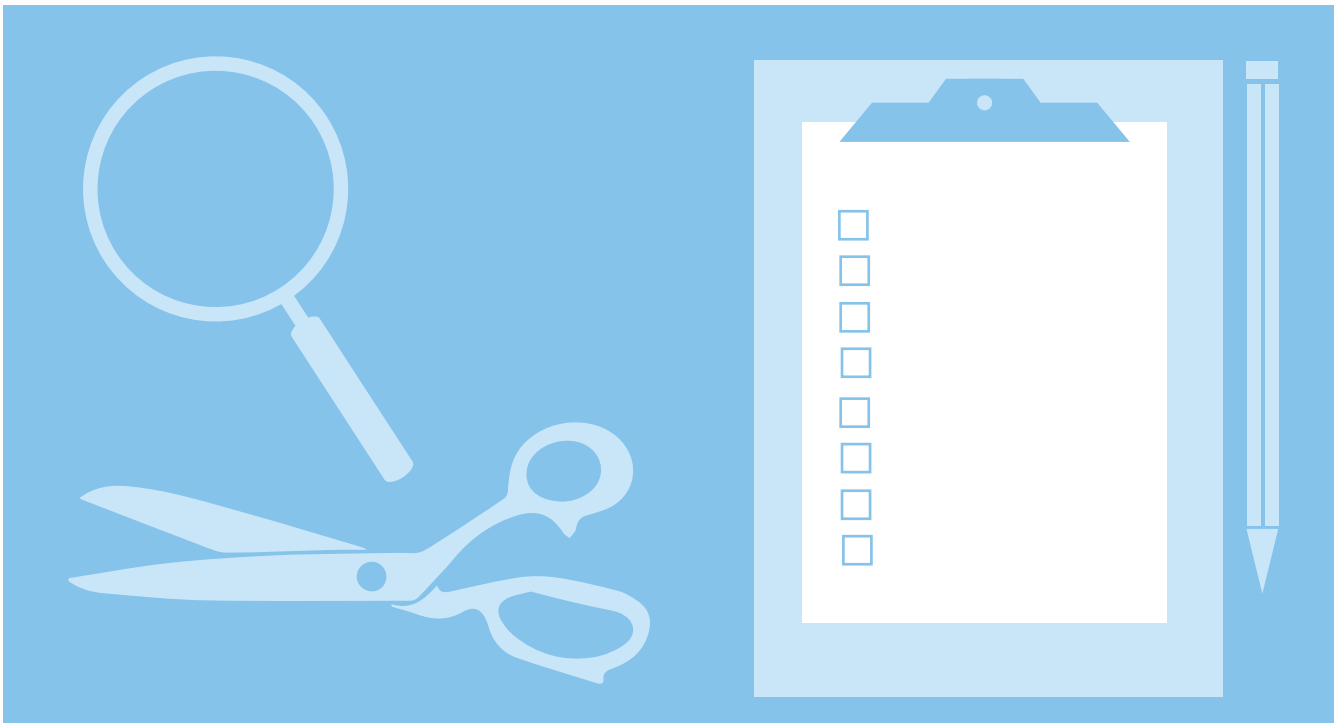
## POSITIVE CHANGES

Carlsberg was able to demonstrate a strong share price performance after the new CEO presented the restructuring plans and new strategy for the next few years. Carlsberg has long been plagued by weak management and an overly high cost level. We look forward to the positive changes that the new management is in the process of implementing.

## HEADWIND AND CORRUPTION ALLEGATIONS

There was renewed turbulence around Swedish Teliasonera related to potential bribery in former Soviet states. The company is in the process of reducing its exposure to Eurasia. Operations in Nepal were sold at the end of the year and more is expected to come in 2016. We expect that the company will manage to maintain an attractive dividend in a zero interest rate environment over the next few years, even without sales growth.





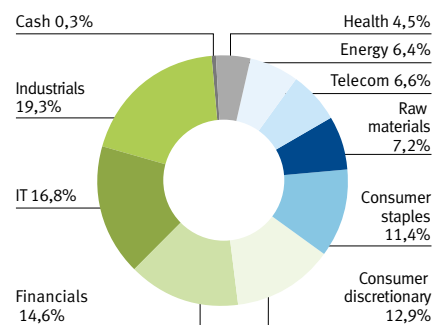
### Concentrating the portfolio

Stock picking is something that needs to become even better going forward, something we clearly saw the outline of in the second half of 2015. We have also improved our decision-making process, in particular when it comes to companies that do not live up to the original investment thesis. We have spent the year continuing the process of concentrating the portfolio.

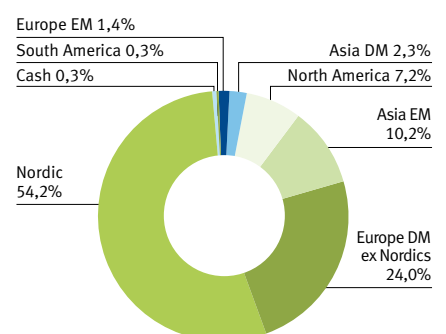
As usual, there are things to be concerned about at the start of a new equity year, such as developments in China, currency movements, commodity prices, increasing inflation and geopolitical events. As always these concerns will change shape throughout the year and new uncertainties will emerge. We do not speculate about these types of events but remain prepared to increase our exposure to good companies that come on sale as a result of general market turbulence. Our primary task is to invest in high quality companies that generate good cash flow and whose current valuation does not reflect this.

As portfolio managers we believe that a more concentrated high quality portfolio offers better opportunities for good risk adjusted returns thanks to closer monitoring of the companies and greater manoeuvrability. At the end of the year the portfolio consists of 57 companies of which the 35 largest investments account for 93% of the portfolio while the top 10 account for 53%. At the start of the new year the portfolio (top 35) is priced at 1.34 times book value and around 10 times 2016 expected earnings. For the same companies we anticipate a combined share price increase of 47% in the next 2-3 years. In other words we are optimistic entering the new year.

### SECTOR DISTRIBUTION



### GEOGRAPHICAL DISTRIBUTION



### SKAGEN VEKST KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-12-2015)

Company	Holding size %	Price	P/E	P/E	P/E	P/B last	Price target
			2015E	2016E	2017E		
Samsung Electronics	7,5	1 091 000	6,9	6,6	6,2	1,0	1 500 000
Continental AG	7,0	225	15,5	12,3	10,8	3,7	298
Norsk Hydro	5,9	33	16,6	13,3	9,5	0,9	45
Carlsberg	5,7	613	17,6	14	12,2	2,1	822
Citigroup	5,0	52	9,2	8,6	8	0,7	78
SAP	5,0	73	19,8	17,9	16,9	4,1	92
Norwegian Air Shuttle	4,4	324	16,2	8,5	6,5	3,6	500
ABB	4,1	153	19,5	14,1	12,2	2,7	230
TeliaSonera	4,0	42	10,5	10,5	10,8	1,8	50
Philips	4,0	24	19	16,8	13,7	1,9	30
<b>Weighted top 10</b>	<b>52,5</b>		<b>12,8</b>	<b>10,8</b>	<b>9,5</b>	<b>1,6</b>	<b>37%</b>
<b>Weighted top 35</b>	<b>92,5</b>		<b>12,6</b>	<b>10,3</b>	<b>9,0</b>	<b>1,3</b>	<b>47%</b>
<b>Benchmark index</b>			<b>17,2</b>	<b>15,7</b>	<b>14,3</b>	<b>2,1</b>	

P/E may deviate from other sources when based on SKAGEN estimates.

## SKAGEN Global

*A world of opportunities*

- › The fund beat the benchmark in 2015 and has outperformed its index in 15 out of 19 years.
- › The portfolio has been concentrated, the quality of the companies improved and risk analysis enhanced.
- › Well positioned to deliver attractive returns in 2016.

1	2	3	4	5	RISK	7
Fund start date	7 August 1997					
Return since start	1139.2%					
Average annual return	14.7%					
AUM	EUR 3 696 million					
Number of unitholders	90 776					

PERFORMANCE IN EUR	2015*	Since start
SKAGEN Global	8.9 %	14.7%
MSCI ACWI	8.7 %	4.0%

\* As of 31 December 2015



### PORTFOLIO MANAGERS

Knut Gezelius, Søren Milo Christensen,  
Chris-Tommy Simonsen and  
Tomas Johansson

*From the moor north of Skagen, 1885. Detail. By P.S. Krøyer, one of the Skagen painters (cropped).*

# Increased concentration and strong US stocks

In 2015, the fund generated 8.9% absolute return while the benchmark MSCI All Country World Index returned 8.7% (measured in EUR and rounded to the nearest decimal). SKAGEN Global thus beat its benchmark by approximately 0.2% in the calendar year 2015. SKAGEN Global has now outperformed its benchmark index in 15 out of 19 years since its inception in 1997.

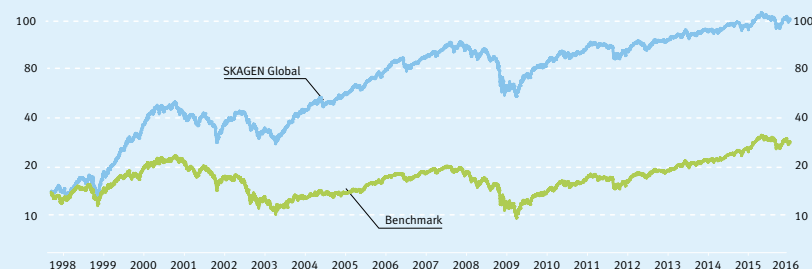
2015 was a transitional year during which the portfolio team completed the changes introduced at the end of 2014. Our overall goal has been to increase the portfolio concentration, improve the quality of companies in the portfolio and deepen the risk analysis, without sacrificing the investment philosophy. The above-mentioned changes have now been implemented while the fund remains characterised by its distinctive, value-based investment philosophy.

### SKAGEN GLOBAL 2015 (MILL EUR)\*

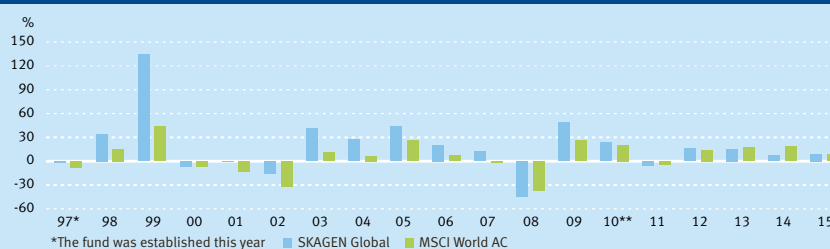
5 largest contributors		5 largest purchases	
General Electric	60	Merck & Co Inc	124
American International Group	60	Dollar General Corp	102
Alphabet Inc	49	G4S Plc	99
Microsoft Corp	37	General Electric Co	96
Citigroup	36	China Mobile Ltd	65
5 largest detractors		5 largest sales	
Banrisul	-20	Renault SA	-144
State Bank of India	-19	Samsung Electronics Co Ltd	-116
KazMunaiGas	-18	LG Corp	-107
Lundin Mining Corp	-18	Citigroup Inc	-106
Norsk Hydro ASA	-17	China Unicom Hong Kong Ltd	-89

\* Figures shown are indicative, based on a conversion of the NOK values to EUR at the exchange rate of NOK 9.6167 / EUR 1.

### HISTORICAL PRICE DEVELOPMENT SKAGEN GLOBAL



### ANNUAL RETURN SKAGEN GLOBAL (IN EUR)



\*\*The benchmark index prior to 1/1/2010 was the MSCI World Index.



Photo: Bloomberg

### Sharper focus and enhanced risk analysis

The result is a concentrated portfolio in which the number of holdings has been halved from over 100 positions in the autumn of 2014 to around 50 positions at the end of December 2015. Meanwhile, the concentration ratio of the fund's ten largest positions increased from 33% to 41% during the year. We implemented these changes because we believe that a clear focus is essential to consistently generate excess returns.

We have also enhanced risk analysis in the investment process. Downside risk in particular has, in our view, become increasingly relevant given that there is now further to fall after nearly seven years of steady stock market gains. We have therefore worked with SKAGEN's risk department to develop a multifaceted risk report to assist the team in portfolio construction.

**A nurse is seen through a General Electric scanner** in Hong Kong Integrated Oncology Centre in China. General Electric has during the year implemented its strategy to become a pure shareholder-friendly industrial conglomerate and the stock price has risen by almost 28 percent in dollar terms



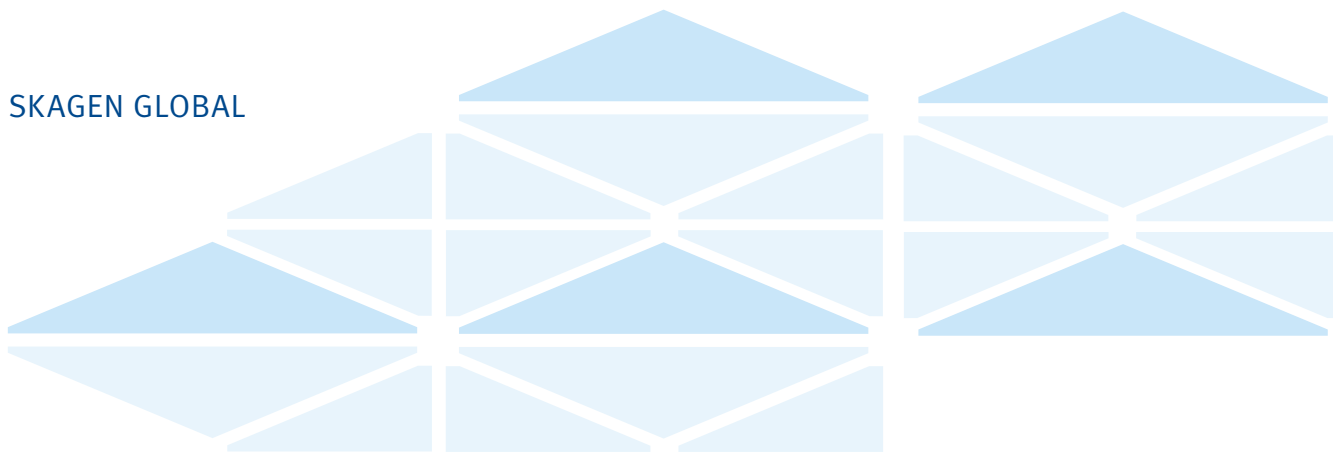
### Avoiding value traps

Within the framework of risk management, we have also increased our focus on environmental, social and corporate governance (ESG). Two oil-related portfolio holdings, BP and Lundin Petroleum, previously attracted attention for ESG breaches: BP for the Macondo incident in 2010 and Lundin Petroleum for alleged controversies associated with oil exploration in Sudan in the early 2000s. We believe that both companies have significantly improved their ESG profile recently and our investment in these shares is therefore in line with SKAGEN's ethical guidelines.

Our tolerance for companies with weak corporate governance, high debt levels and exposure to political risk is lower today than it has been in the past. This is to avoid get-

ting caught in so-called value traps, whereby shares may trade at low multiples and appear cheap but are in fact value destructive without the ability to generate shareholder value over time.

During the year SKAGEN Global has resolutely adhered to SKAGEN's characteristic value based investment philosophy. The fund's 35 largest holdings trade at 12.7x 2016 P/E and 1.3x P/B while the fund's benchmark index is priced at 14.9x 2016 P/E and 1.9x P/B. SKAGEN Global is thus valued at a significant discount to the index. The portfolio management team will continue to be guided by SKAGEN's investment philosophy in running the fund.



**2015 SCOREBOARD**

The largest positive contributors to the fund in 2015 were three US holdings: General Electric (GE), AIG and Alphabet (Google). The three largest detractors from fund performance in absolute terms were Bannrisul, Kazmunaigas and State Bank of India.



**GE**

We invested in industry conglomerate GE during the first quarter. Our investment thesis was that the company could release a huge amount of hidden value by selling the majority of the banking business that it had, somewhat inexplicably, built up during the previous 15 years. Our analysis also showed that the market had underestimated the company’s willingness and ability to create value by improving its industrial division and capital allocation. During the year GE impressively realised its strategy to become a pure shareholder-friendly industrial conglomerate and the share price has increased by almost 28 percent measured in dollars.



**AIG**

The US insurance conglomerate AIG continued its restructuring journey during 2015 and delivered over 12 percent total return in dollar terms. We have been a long-term shareholder in AIG for several years and have watched the share price rise from USD 30 in 2012 to over USD 60 in 2015. With a price target of USD 90, we continue to view AIG as a very attractive investment. AIG is the fund’s largest position, accounting for seven percent of the portfolio.



**GOOGLE**

The search engine giant Google changed its name to Alphabet in 2015 and delivered a total return of around 45 percent in dollar terms to its shareholders, one of which is SKAGEN. We have long argued that the market greatly underestimates Alphabet’s earnings potential and capital allocation discipline. Over the past year part of our investment thesis has been fulfilled as the market has started to attribute to Alphabet a market value that is closer to our estimation of the price that the company deserves.



**BANRISUL**

The Brazilian regional bank was not able to withstand the painful economic crisis that swept through Brazil as a result of weak commodity prices, lack of market reform and political bribery scandals. Although the bank trades at a low 0.4x 2016 P/B, we see better risk-reward in other companies in the portfolio and therefore chose to sell our holding in the autumn.



**KAZMUNAIGAS**

Kazmunaigas, an oil company based in Kazakhstan, has been in the fund’s portfolio for several years but has consistently performed below expectations. The oil price collapse was obviously a contributing factor to the 50 percent fall in share price in dollar terms in 2015. At the same time, we feel that despite numerous requests from investors, the state-controlled company still has shortcomings in corporate governance which ultimately puts minority owners at a disadvantage. We have therefore divested of our shares during the year and have instead opted for Lundin Petroleum and BP in the oil sector.



**STATE BANK OF INDIA**

State Bank of India (SBIN) fell by 27 percent in local currency during 2015. This can largely be explained by the fact that Prime Minister Modi did not live up to high expectations when it came to the pace of reform in India. Disappointed investors therefore chose to sell their Indian holdings, including SBIN. As long-term investors, we continue to believe in SBIN which at year-end represented around 2.5 percent of the fund and is our largest Indian holding.





Photo: Lundin / Statoil

Lundin Petroleum is one of the largest shareholders in the giant oil field Johan Sverdrup on Utsirahöjden in the North Sea. The field will account for a quarter of Norwegian oil production when it reaches its plateau production of 550,000 to 650,000 barrels of oil per day. It is expected to produce oil for 50 years.

## WELL EQUIPPED FOR 2016

SKAGEN Global is well prepared for 2016. Our portfolio of around 50 holdings is well diversified in terms of both geography and sector. We have maintained a significant underweight in US equities as we think that the US stock exchanges appear to be relatively fully valued after several years of good returns. This is exemplified by the profit margins of US companies which are at record high levels, leaving the companies with limited ability to further increase profitability.

We have more confidence in the European market. Here the profit margins are around the historical average, and we therefore believe that there is clear potential for improvement, especially if Europe manages to speed up the economic recovery. The promised quantitative easing from the European Central Bank is also likely to provide some tailwind during the year. As a result, we are overweight in Europe.

## Selective stock picks

Following the negative developments in 2015 many companies in emerging markets are starting to look increasingly attractive from a valuation standpoint. Nevertheless, the commodity rally that lifted many of these economies during the last decade slowed significantly as global demand slowed, while

the supply of raw materials has gradually increased. Countries like Brazil, South Africa and Russia consequently face significant challenges. The strained economic circumstances should not be underestimated and it is imperative to be extremely selective when selecting stocks in emerging markets at present.

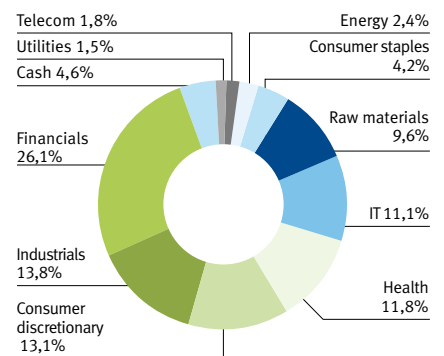
At sector level, the fund is overweight mainly in banking and finance. Several companies in the financial sector have been put through the wringer since the financial crisis and as a result have cleaned up their balance sheets and built up their solvency ratio. Many investors who had their fingers burned during the financial crisis have hesitated to return to banking and financial companies. In this regard SKAGEN Global swims against the tide. Our analysis indicates that this clean-up process has led to a number of well-capitalised finance companies now being in a position to either return the free cash directly to shareholders or reinvest profits in the business to drive future earnings growth. Two examples are the US bank Citigroup and the Dutch insurance company NN Group, which together account for around eight percent of the fund.

We are more sceptical towards companies in the consumer goods sector, which has been flourishing for a number of years and

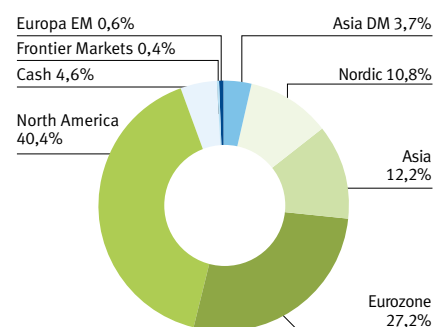
has therefore witnessed a significant multiple expansion. As value investors our motto is to buy low and sell high, which is why we currently see relatively few companies in this sector that are trading at attractive multiples. As a result, we are six percent underweight in the sector vis-à-vis the index, but we have a couple of very interesting names in the portfolio, such as the US chicken producer Tyson Foods and the Danish brewery giant Carlsberg. In both cases, we believe that there is much greater upside in the shares.

Overall, we believe that the changes implemented in the fund portfolio during the past 15 months will result in attractive returns in both absolute and relative terms in 2016. The fund's 35 largest positions have a 37% average upside potential to our target price and limited downside - this bodes well for the coming year.

## SECTOR DISTRIBUTION



## GEOGRAPHICAL DISTRIBUTION



## SKAGEN GLOBAL KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-12-2015)

Company	Holding size %	Price	P/E 2015E	P/E 2016E	P/B last	Price target
AlG	7,4	62,0	14,5	12,1	0,8	90
Citigroup	5,8	51,8	9,5	9,0	0,7	75
Samsung Electronics	5,5	1 091 000	7,8	7,8	0,9	1 500 000
Roche	4,2	276,4	19,6	18,0	13,8	380
General Electric	4,1	31,2	24,1	20,6	2,8	34
Merck	3,4	52,8	14,8	14,1	3,2	76
Dollar General	3,1	71,9	18,3	16,0	3,9	94
CK Hutchison	2,7	104,6	11,5	10,6	1,0	140
Kingfisher	2,7	329,5	15,5	14,1	1,3	450
G4S	2,5	225,5	15,2	13,8	4,7	403
<b>Weighted top 10</b>	<b>41,4</b>		<b>13,0</b>	<b>12,0</b>	<b>1,3</b>	<b>39%</b>
<b>Weighted top 35</b>	<b>84,4</b>		<b>13,8</b>	<b>12,7</b>	<b>1,3</b>	<b>37%</b>
<b>Benchmark index</b>			<b>16,5</b>	<b>14,9</b>	<b>1,9</b>	

P/E may deviate from other sources when based on SKAGEN estimates.



## SKAGEN Kon-Tiki

Leading the way in new waters

- › 2015 was a disappointing year for the fund, in absolute return terms
- › It was a year of two halves – the relative performance improved significantly after the summer
- › China and commodities dominate the headlines going into 2016. We are not particularly worried

	1	2	3	4	5	RISK	7	
Fund start date	5 April 2002							
Return since start	444.9%							
Average annual return	13.1%							
AUM	EUR 3 763 million							
Number of unitholders	71 354							
<b>PERFORMANCE IN EUR</b>	<b>2015*</b>	<b>Since start</b>						
SKAGEN Kon-Tiki	-6.8 %	13.1%						
MSCI Emerging Markets	-5.3 %	7.0%						

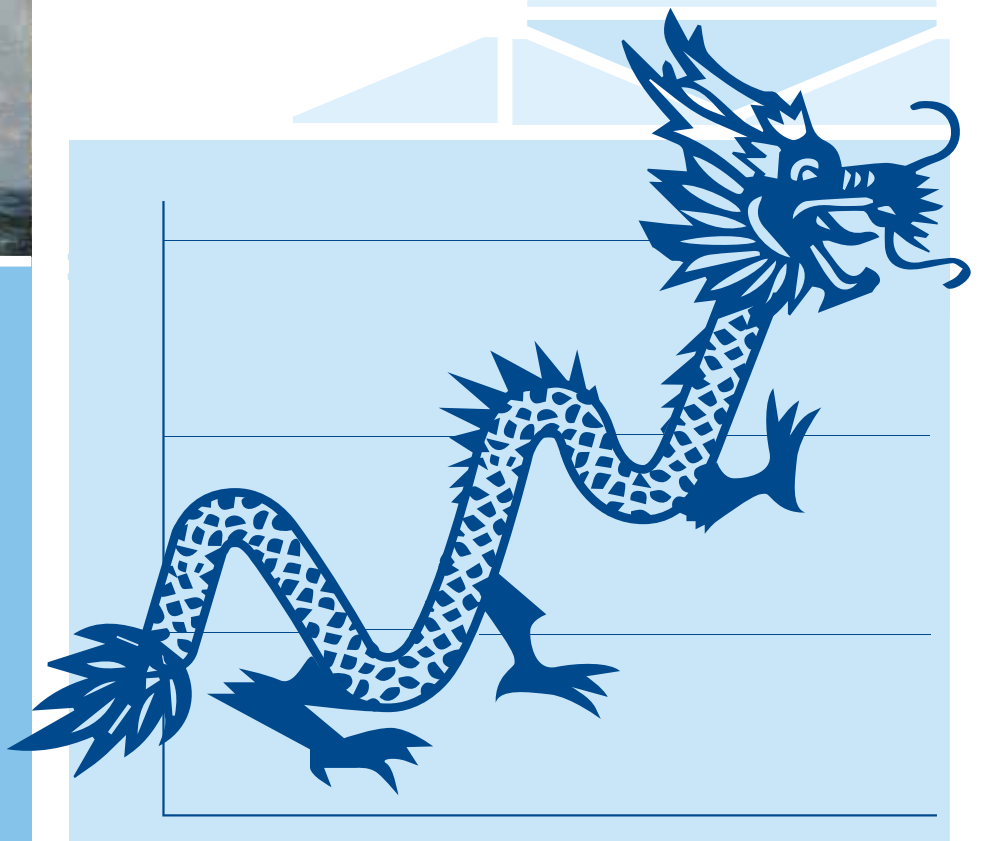
\*As of 31 December 2015



### PORTFOLIO MANAGERS

Kristoffer Stensrud, Knut Harald Nilsson, Cathrine Gether, Erik Landgraff and Hilde Jensen

Skagen reef's lightship, 1892. Detail. By Carl Locher, one of the Skagen painters. The picture is owned by the Skagens Museum. (Cropped)



## New growth

Developments in China once again affected the other global emerging markets in 2015. Instead of industrial growth, we are now seeing growth in consumption and services.

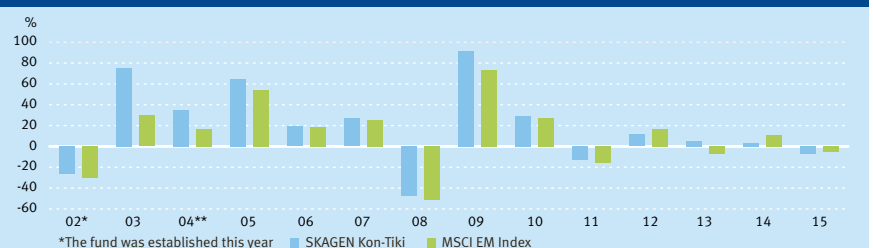
SKAGEN Kon-Tiki had a disappointing year in terms of absolute return, which was -6.8% as measured in euro. However, the relative performance improved substantially through the year, from -6% at the end of the first half to -1.6% at year end.

In recent years, we have seen the start of the year continuing as the previous one ended. At the start of 2015, the recovery in the Chinese market continued on from 2014 and this peaked in April. SKAGEN Kon-Tiki performed more weakly than its benchmark index during this period as the fund was underweight the Chinese stock market. Our Korean investments, Hyundai Motor and Samsung Electronics, also struggled during the period.

The general optimism in the first half year gave way to uncertainty in the second half, particularly regarding economic developments in China. This has continued in 2016.

Currency movements were another influencing factor in 2015. The early, negative impact of the continued fall in commodity prices affected individual stocks significantly, and had a major impact on the currency developments of many commodity-dependent countries. As was the case in 2014, the relative currency movements in global emerging markets were a significant contributor to their underperformance vis-à-vis developed markets. The important exception was Chinese companies listed in Hong Kong, which has its currency linked to the US dollar.

### ANNUAL RETURN SKAGEN KON-TIKI (IN EUR)



\*\* The benchmark index prior to 1/1/2004 was the MSCI World Index.



Photo: Bloomberg

As usual at the start of a New Year there are a number of things to be concerned about, including developments in China. It may be a positive sign that employment in China has so far been immune to falling stock prices, declining foreign exchange rates and lower industrial production.

## CHINA

Developments in China have characterised the past year and a half and will continue to be decisive for some time to come. At the time of writing, it appears that developments in emerging markets in 2016 will also be inextricably linked to China. The country's weighting in the MSCI Emerging Markets Index is high and rising, and the country is a dominant customer, supplier and competitor to other emerging market countries.

We took the opportunity in 2015 to take profit in several of our Chinese companies, and we continue to have a low proportion of Chinese stocks in the portfolio. This is because access to safe, undervalued companies is limited, and the Chinese stock markets face significant structural adjustments ahead. In addition, the majority of those Hong-Kong-listed shares available to us are in industries that may be negatively affected by the structural changes we envisage in the Chinese economy.

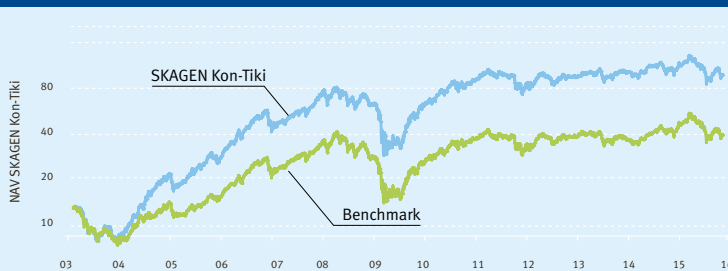
In the absence of a large stimulus package from the authorities, we still anticipate low industrial growth in China. However, it seems that the strong growth in the consumption and services sector will

continue, and perhaps accelerate, which is in line with the country's political and social targets. The framework for this seems to be in place as savings are high, household debt is low and wages are rising. Many worry that the weak momentum in manufacturing production will prompt the country to devalue its currency. This does not seem to be logical view in our opinion. The country has the world's largest balance of trade surplus, and the terms of trade are already improving substantially as a result of the decline in global commodity prices. Besides this approach would be at odds with their targets of increased productivity and improved purchasing power.

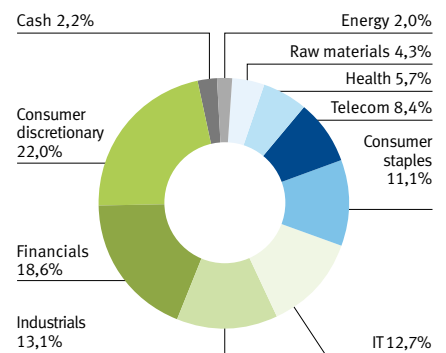
What we have seen is that the Chinese currency now follows a basket of more currencies than the USD, in order to prevent the exchange rate developing unfavourably relative to the majority of its competitors.

Developments in China still make us cautious about having large positions in energy or raw material companies, and the portfolio is currently more geared towards consumer companies. However, conditions can change rapidly and we will act accordingly.

### HISTORICAL PRICE DEVELOPMENT SKAGEN KON-TIKI



### SECTOR DISTRIBUTION

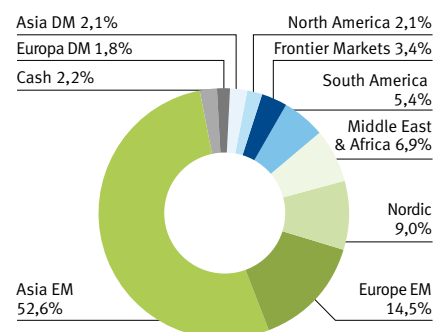


### SKAGEN KON-TIKI KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-12-2015)

Company	Holding size %	Price	P/E 2015E	P/E 2016E	P/B last	Price target
Samsung Electronics	8,4	1 091 000	6,6	6,6	0,9	1 600 000
Hyundai Motor	8,3	103 000	4,0	4,0	0,4	200 000
Mahindra & Mahindra	5,2	1 272	17,0	13,4	2,9	2 000
State Bank of India	4,6	224	6,8	6,4	1,0	450
Sabancı Holding	4,0	8,3	6,9	5,7	0,8	14
Richter Gedeon	3,8	5 498	20,0	18,3	1,7	7 500
Bharti Airtel	3,7	340	17,0	11,3	2,2	400
ABB	3,1	153	15,3	12,7	2,7	250
Naspers	3,1	2 120	42,4	28,3	11,0	2 500
Frontline	2,3	3,0	6,4	7,5	1,6	4
X5 Retail Group	2,3	19,0	14,6	12,6	3,2	25
Great Wall Motor	2,3	9,0	7,2	7,1	2	13
<b>Weighted top 12</b>	<b>51,0</b>		<b>7,9</b>	<b>7,4</b>	<b>1,0</b>	
<b>Weighted top 35</b>	<b>83,0</b>		<b>8,8</b>	<b>8,0</b>	<b>1,0</b>	
<b>Benchmark index</b>			<b>12,2</b>	<b>10,8</b>	<b>1,3</b>	

P/E may deviate from other sources when based on SKAGEN estimates.

### GEOGRAPHICAL DISTRIBUTION





## THE FUND'S INNER LIFE

After the weak investment performance in 2014, we started a process to re-evaluate our risk processes, review our buying and selling discipline and better formulate investment cases. This does not mean that our time-tested investment philosophy has changed, but we have evaluated and adjusted the processes for putting it into practice.

As a result of the review, we bade farewell to over 30 companies in 2015. The portfolio now has a concentration ratio that is similar to what it was in the fund's infancy.

In 2015, SKAGEN also increased its focus on environmental,

social and governance-related factors (ESG). By increasing the focus on these factors in our analysis of investments, we have also reduced the business risk. We are already seeing the positive effects of this.

For the first time since 1988, more global money flowed out of emerging markets in 2015 than was invested. Investors have also taken money out of SKAGEN Kon-Tiki, but the process has been a smooth one. As a result of redemptions, the fund has more room to manoeuvre going forward.

## SHIFTING SANDS

The premise that commodities and global emerging markets are correlated has proven to be an extremely tenacious one. In good old colonial tradition, emerging markets are considered to be commodity suppliers, while 'established' markets are categorised as commodity consumers.

Over the past decade, however, many global emerging markets have gone from being commodity exporters to becoming commodity importers. Nevertheless, the aforementioned perception has meant that falling commodity prices have contributed to make emerging markets even more unpopular than before.

### Playing leapfrog

If we look at individual emerging markets, it is striking how many of them appear to be leapfrogging over industrialisation and heading straight into service sector dominance.

We may be at a crossroads globally. The general perception these days is that cupboards in the west are full and that environ-

mental friendliness is in focus. Emerging markets, on the other hand, just want more and better food. They also want access to personal freedom by means of private transport, but not necessarily like we have it.

Which brings us back to commodity prices.

We are now facing a world in which the use of commodities is falling relative to global growth. To a large extent, growth is now about when we will reach a time of "peak stuff"; When is the cupboard full? When is the living room so full of furniture that you trip over no matter which way you turn?

### Lid on prices

After 25 years of drought, the super-boom years from 2003 to 2011 provided manufacturers with the money and ambition to massively expand global capacity for the production of commodities. Physical expansion is now putting a lid on price increases and contrary to what analysts told us a year ago, it is not historical costs which determine what commodity prices should be, but rather future costs.

The oil price has fallen at almost the same rate as the costs. The lifting costs, which reflect the price of extracting a barrel or a kilo of a raw material, have fallen even more rapidly.

While we previously operated with more or less fixed foreign exchange rates and countries devalued or revalued a currency as required, we have now entered a new era. Commodity producers such as Russia, Canada, Australia, Brazil and Norway are allowing their currencies to fall in order to give indebted producers some respite from the ironclad rule that lower prices lead to better productivity.

### Exceptions

All these supply and demand challenges make it difficult to be optimistic about commodity prices in the near future. The sole exception is agricultural commodities. Four years of falling prices have meant that capacity here has not increased substantially. Demand for fertilisers and pesticides has not increased much either. We have already seen better prices for palm oil and sugar, despite the fact that they are oil substitutes. This gives an indication of what will happen in the commodities short cycle.

We do not have a precise estimate of what the oil price will be in 2016. We accept the fact that Saudi Arabia is content with USD 30 or 25 a barrel, however. The day they change their mind, we will change ours. According to SKAGEN's investment philosophy, we will be pragmatic, but not dogmatic. We therefore cannot ignore the fact that in 2016 we will have access to super assets at a decent price.

### SKAGEN KON-TIKI 2015 (MILL EUR)\*

5 largest contributors		5 largest purchases	
Samsung Electronics	65	Cia Brasileira de Distribuicao	67
Richter Gedeon Nyrt	61	China Shipping Development	48
Frontline 2012 Ltd	44	Samsung SDI Co Ltd	45
X5 Retail Group	40	Haci Omer Sabanci Holding AS	32
Mahindra & Mahindra	28	Petroleo Brasileiro SA	21
5 largest detractors		5 largest sales	
Banrisul	-60	Great Wall Motor Co Ltd	-169
Vale	-50	Samsung Electronics Co Ltd	-147
AirAsia	-45	AP Moeller - Maersk A/S	-138
Hyundai Motor Co	-45	Heineken NV	-129
State Bank of India	-38	Casino Guichard Perrachon SA	-86

\* Figures shown are indicative, based on a conversion of the NOK values to EUR at the exchange rate of NOK 9.6167 / EUR 1.





An employee, left, speaks with an attendee as she tries out a Samsung Electronics Co. Galaxy S6 smartphone at an event in South Korea in April 2015. Samsung expects the Galaxy S6 smartphones that debut Friday to set a sales record for the company's high-end devices as it tries to win back customers flocking to Apple's iPhones.

## CONTRIBUTORS

The best contributors in 2015 were Samsung Electronics, Frontline and Gedeon Richter.

Samsung Electronics experienced a negative earnings trend in 2014, although earnings are still at a high level. This trend levelled off in 2015. The big change for the company last year was improved shareholder policy, with a doubling of the dividend ratio and significant share buybacks, which was particularly advantageous for our preference shares. The outlook for 2016 indicates stable earnings, but we can already see early signs of the company's new initiatives in electric vehicle technology and medicine.

Frontline and Frontline 2012 were merged and Frontline continued as the surviving company. In addition to a good tank market, newly established future ambitions and dividend levels were declared. This led to a revaluation of the company. The coming year looks promising in terms of valuation, cash flow and stressed asset markets.

Gedeon Richter's share price increased in 2015 on the back of new product launches, which overshadowed the market's traditional concerns over the company's large proportion of sales to Eastern Europe. The company's valuation still has a way to go before it reaches the level of similar companies in developed markets.

It is worth noting that our two Rus-

sian companies, X5 and Moscow Stock Exchange, were among the six best contributors last year. This demonstrates that it is possible to find good companies in troubled markets. It is important to remember is that the weak trend in a number of emerging markets is to a great extent due to foreign exchange more than falling stock prices. A number of emerging markets have therefore not seen their valuation fall substantially. We have also seen many earnings disappointments in companies. This is to a large part due to weaker economic growth than expected, but the companies themselves have also over-invested and lacked financial discipline. In several of our companies, we are pleased to see a change for the better, while weak returns to investors have increased pressure on company management and the main owners to improve corporate governance.

Not entirely surprisingly, two of the fund's three largest detractors from performance are Brazilian companies. The savings bank Banrisul fell 60% in local currency, but the figures have not yet been noticeably affected by rising loan loss provisions. The principal shareholder, the state of Rio Grande do Sul has payment problems and the market's concern is the extent to which this will eventually affect the many public employees who are customers of the bank.

## OUTLOOK

The conditions for 2016 being a better year than 2015 are definitely in place.

Global emerging markets currently trade at a significant and increased discount to industrialised markets. The discount is 40% on earnings and half price versus book equity, something that has not been seen since the late 1990s. SKAGEN Kon-Tiki's portfolio trades at an even greater discount; and it is still at a reassuring discount to global emerging markets.

The fund trades at 8x expected earnings in 2016, and 0.8x book equity. In our view

On top of all this, the credit rating agencies have downgraded Brazil's public debt to junk status. However, with mainly private customers and strong margins, the valuation is at a record low 3 times earnings and 34 cents per euro in equity. This is lower than during the financial crisis of 2008-09. The dividend yield is 17.5% and can give the aforementioned junk bonds a run for their money. We therefore added to the position at the end of the year.

Iron ore producer Vale used the competitive advantage of falling exchange rates to undercut global iron ore prices, which led to a free fall in prices, earnings, dividends and consequently the share price. We made a loss on this investment and exited the company, partly also as a result of our increased ESG focus after a terrible mining accident in late autumn.

We also sold out of AirAsia after it became clear that financing opportunities for the company's significant investment program would be compromised as a result of its large claims on affiliates with questionable ability to repay in the short term. Although the share price has recovered somewhat after we sold out, we maintain that in such cases it is better to be safe than sorry.

this gives a potential upside in our securities portfolio of 56%, which is not far off financial crisis valuation. Several markets with distressed and low valuation lack catalysts for a rerating, however. Nevertheless, history has shown that these triggers can materialise more quickly than expected.

While we wait for a revaluation of the markets in general, we continue to work on increasing the focus on company quality. In addition, it is more important for us to look at company-specific criteria for revaluation, and this has been our focus during 2015.





## SKAGEN m<sup>2</sup>

*A doorway to global interest rates*

- › Emerging markets and currency fluctuations influenced performance
- › US investments were affected by hiked interest rates
- › Germany and Spain were positive contributors
- › Property remains attractive for dividend-focused investors

1 2 3 4 5 **RISK** 7

Fund start date	31 October 2012
Return since start	18.9%
Average annual return	5.6%
AUM	EUR 106 million
Number of unitholders	8 654

PERFORMANCE IN EUR	2015*	Since start
SKAGEN m <sup>2</sup>	1.0 %	5.6%
MSCI ACWI Real Estate IMI	9.9%	12.3%

\*As of 31 December 2015



### PORTFOLIO MANAGERS

Michael Gobitschek and Harald Haukås

*Architect Ulrik Plesner's first extension to Brøndum's hotel. 1892. Detail. By Johan Peter von Wildenradt, one of the Skagen painters. The picture belongs to the Skagens Museum*



Photo: Bloomberg

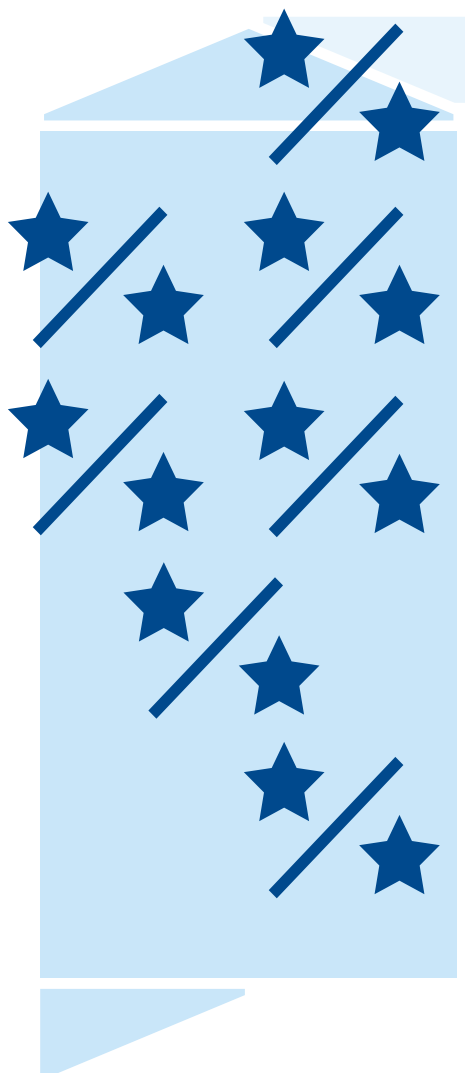
A new apartment complex, next to a brick building in Madrid. Europe contributed positively in both absolute and relative terms in 2015. Our investments in Germany and Spain in particular contributed substantially to the fund's returns.

# Weak emerging markets and volatile currencies

Emerging markets weighed on the fund in 2015 – in part due to weak currencies. As the fund enters a new year we see a risk of corrections as well as opportunities in to be found in volatility.

### PERFORMANCE

The reason for the underperformance relative to the benchmark index is the poor performance of emerging markets, where both share prices and currencies measured against the USD, have fallen significantly. This is due in part to the fall in commodity prices, but also to the disappointing developments with regard to corruption and democratic reforms in Russia and China which seem to be moving in the wrong direction. Brazil, China and Indonesia were detractors from the fund's absolute and relative return. The US was a positive absolute contributor, but negative in relative terms. Europe contributed positively at stock and country level.



## USA

Despite the fact that the US was the best contributor to absolute return, we made the wrong choice in terms of sectors. We had too much exposure to hotels, a sector that was down 30% in USD terms, and the health sector, which is often considered an alternative to bonds, and is therefore interest rate-sensitive.

At the start of the year there were clear expectations that interest rates would be hiked in the US. The US central bank, the Federal Reserve, increased interest rates towards the end of the year. The US ten-year Treasury bond hit bottom at the end of January 2015 at 1.64% and ended the year at 2.27%.

While the expectations about both the Federal Reserve and the US ten-year Treasury bond were to some extent met, the credit spreads were substantially higher at the end of the year. This was particularly the case for companies with the highest debt ratios, but less indebted companies – like the ones we typically invest in – were also affected.

With regard to the results from our US investments, these were as expected with an interest rate hike. What does that mean? When an interest rate hike is expected, typically companies with relatively high debt ratios perform more poorly than others. And that is precisely what happened.

Our best US contributor was PS Business Parks, which has almost no interest rate-sensitive debt, while our worst was Ashford Hospitality Trust with a debt ratio of 55-60%. The hotel company was extremely successful in the period from 2007 to 2010, and is in our opinion misunderstood. Last year developments in the hotel sector were influenced by overly optimistic expectations about a further recovery in room rates, although they did actually end up on target. There was also the AirBnB factor which weighed down the sector.

When the US interest rate level increases, it also makes financing more difficult in emerging markets. If US investors can get a risk premium of 2 to 4 percentage points extra by investing in relatively safe domestic industrial bonds, the risk premium for companies in emerging markets becomes significant. The big losers are then companies with loans in US dollars and investments in domestic currencies.



Photo: Deutsche Wohnen

The Germany property company Deutsche Wohnen was the best contributor to SKAGEN m2 last year. Pictured here is one of the company's properties, a hospital complex in Berlin.

## EUROPE

Europe was a positive contributor in both absolute and relative terms throughout the year. Investments in Germany and Spain were large positive contributors to both the absolute and relative performance of the fund.

In Spain there were clear positive trends in the autumn of 2013. However, parts of the market became overheated and we were sceptical about investing there given that many property companies were set up as blind pools where you had little idea about what you were buying. During 2014, new opportunities arose in the Spanish market, however, and we chose to invest in Melia Hotels and Axia, which focus on hotels and offices respectively. Both companies have internal management and Axia has delivered solid results in the just under 2 years that the company has been in operation.

Our German apartment investments in Deutsche Wohnen, the year's best contributor, and Westgrund have been extremely successful. We have sold out of the latter.

Our investment in the dysfunctional German office company DiC Asset has also been positive. This is a typical SKAGEN investment where everything looks wrong to start with and where there is great potential for improvement. The management has been replaced and they have reduced the debt ratio throughout the year to an acceptable level. It looks as though they will continue to improve their operations. The company is increasing its revenues from the management of real estate funds. This requires less equity and ensures a stable cash flow.





Photo: Meliá

Spain's leading hotel group Meliá Hotels International was founded in 1956 in Mallorca. Today the company has more than 350 hotels spread over 35 countries. Pictured here is the view from one of Meliá's hotels in Athens.

## EMERGING MARKETS

The biggest negative surprise in 2015 came from Brazil. In addition to a sharp fall in oil price, the ongoing corruption scandal in Petrobras has had a negative impact on the country's performance.

There were hopes that Brazil would develop in a more democratic fashion more quickly than has been the case. Investors are justifiably sceptical and it may take a long time to carry out the subsequent clean-up among business leaders and politicians.

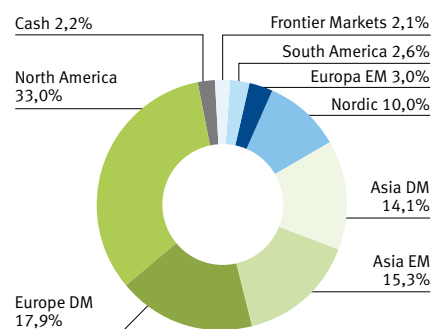
Brazil was also the country where the effects of the exchange rate movements were worst in 2015. General Shopping, which we have now exited, borrowed money in US dollars at an exchange rate of 1.6 against the reais. The exchange rate then rose to 4, which caused the original loan to more than double in size in local currency. To top this off, the property values nosedived, which meant that the company had to sell property in order to maintain the debt ratio at a sensible level and be able to service the debt. This was an extremely destructive process for the shareholders in the company. We have, however, retained a small position in a perpetual bond in the company. This bond has a price of 50 and a yield of 20%. This is attractive from a

risk versus potential reward perspective.

A lot has been written about China's slowing economic growth and fluctuations on the stock market over the past few years. One of the big disappointments in 2015 had nothing to do with economic growth, but rather with how the country has handled stock market developments. Instead of allowing a lofty market to adapt to reality, the Chinese authorities have introduced measures that have significantly increased the uncertainty and prevented the market from carrying out a real valuation. These measures have ranged from bans on sales to other interesting fabrications such as measures against those who are considered "guilty" of causing the country's stock market to crash. SKAGEN m2 has chosen to sit on the sidelines and monitor the developments.

The fund has only one purely Chinese investment, namely Soho China. The fund also has exposure to China via GLP, Shangri-La, CapitalLand and SM Prime. Soho China, GLP and Shangri-La performed poorly in 2015 but are nevertheless a natural fit in a long-term portfolio.

## GEOGRAPHICAL DISTRIBUTION



## SKAGEN M2 KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-12-2015)

Company	Holding size	Price	P/NAV last	Div. Yield 2015e	EBITDA 2015e/EV
Mitsui Fudosan Co Ltd	5.0%	3056.00	96%	0.9%	5.7%
Columbia Property Trust Inc	4.9%	23.48	80%	5.1%	6.2%
Global Logistic Properties	4.8%	2.15	79%	2.7%	4.4%
Olav Thon Eiendomselskap	4.4%	142	70%	1.3%	6.8%
HCP Inc	4.3%	38.24	103%	6.1%	6.2%
SL Green Realty Corp	4.0%	112.98	90%	2.5%	4.6%
Deutsche Wohnen	3.6%	25.61	123%	2.5%	4.6%
General Growth Properties	3.4%	27.21	85%	2.8%	5.3%
Ashford Hospitality Trust	3.4%	6.31	60%	7.6%	8.8%
Mercialys SA	3.3%	18.63	96%	6.4%	4.9%
<b>Weighted top 10</b>	<b>41.1%</b>		<b>88%</b>	<b>3.6%</b>	<b>5.5%</b>
<b>Weighted top 35</b>	<b>88%</b>			<b>3.6%</b>	<b>6.4%</b>
<b>Benchmark index</b>				<b>3.4%</b>	



## OUTLOOK

The US president Thomas Jefferson wrote a letter in 1816 saying that he preferred dreams about the future to stories about the past. Of course, very few people can say anything concrete about the future, but one thing is certain: property will continue to be an attractive investment for dividend-focused investors.

In 2015 a lot of attention was focused on the upcoming rate hikes in the US. Although this has just started to materialise in industrial bonds (including property), it is difficult to imagine that there will be significant rate hikes of several percentage points on government bonds in the foreseeable future. Inflation will also bring about rental price increases and net cash flow after debt payments will continue to increase since most property companies have considerably better balance sheets now than before the financial crisis.

At the time of writing, a number of our companies are providing a direct yield of over 4%. Even though there is the risk of reduced dividends in some of our companies, the cash flow is a healthy basis for handling the uncertainty. In other words, it is important to observe how the management in the various companies handle capital structure because it has great significance for long-term value creation. By this we mean focus on priorities between growth in real estate stock, payment of dividends and repayment of debt or repurchase of shares. It is often the case that the best investments one can make in bad times is to buy one's own property by means of share buybacks rather than new property purchases.

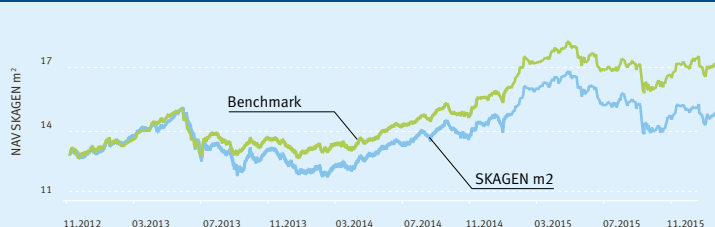
The markets have got off to a bad start in 2016. It is therefore important to be aware that investors have only to a limited extent been too optimistic in their company valuations during the recovery. There has at all times been a healthy portion of scepticism and balanced risk taking. This involves less risk for sharp downturns. However, at the same time, we have to be prepared that there may be moderate corrections in 2016 – it could be a good year to find opportunities in substantial volatility.

### SKAGEN M2 2015 (MILL EUR)\*

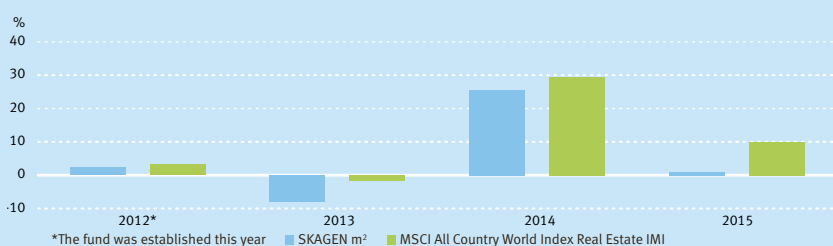
5 largest contributors		5 largest purchases	
Deutsche Wohnen AG	1,25	Mitsui Fudosan Co Ltd	3,02
Melia Hotels International	1,04	CBL & Associates Properties Inc	2,70
PS Business Parks	0,83	Ashford Hospitality Trust Inc	2,60
Apartment Investment & Management	0,83	Olav Thon Eindom A/S	2,50
SM Prime Holdings	0,83	Shangri-La Asia Ltd	2,50
5 largest detractors		5 largest sales	
Bekasi Fajar Industrial Estate	-1,35	British Land Co PLC	-2,60
Ashford Hospitality Trust	-1,14	Westgrund AG	-1,77
CBL	-0,94	Citycon Oyj	-1,66
BR Malls Participacoes	-0,73	Mapletree Logistics Trust	-1,46
Ashford Inc	-0,52	Affine SA	-1,46

\* Figures shown are indicative, based on a conversion of the NOK values to EUR at the exchange rate of NOK 9.6167 / EUR 1.

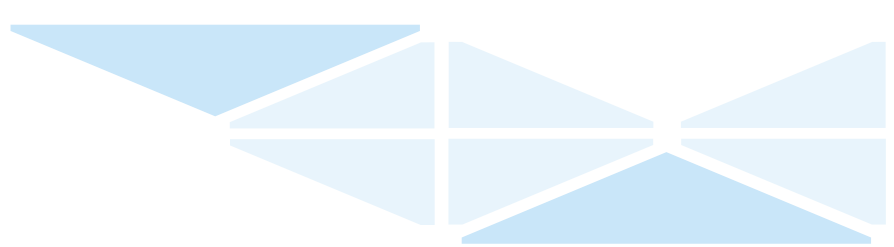
### HISTORICAL PRICE DEVELOPMENT SKAGEN m<sup>2</sup>



### ANNUAL RETURN SKAGEN m<sup>2</sup> (IN EUR)



\*The fund was established this year ■ SKAGEN m<sup>2</sup> ■ MSCI All Country World Index Real Estate IMI



## SKAGEN Focus

Hunting for exceptional investments

- › After its first seven months, the fund has built up a portfolio with a highly attractive risk/reward profile
- › In a volatile year there were a few positive contributors, including Omega Protein which gained over 100% in the period
- › We continue to look for undervalued securities with major potential catalysts for releasing value over 2-3 years

1	2	3	4	5	RISK	7
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Fund start date	26 May 2015
Return since start	-15.5%
Average annual return	n/a
AUM	EUR 108 million
Number of unitholders	3 983

PERFORMANCE IN EUR	2015	Since start*
SKAGEN Focus	n/a	-15.5%
MSCI World AC TR Index	n/a	-7.2%

\* The fund was launched on 26 May 2015



### PORTFOLIO MANAGERS

Filip Weintraub and Jonas Edholm

# A few bright spots in a turbulent first year

The fund was launched on 26 May 2015 in what turned out to be a most volatile year. This environment has allowed us as long-term value investors to build up a portfolio which, in our view, has a highly attractive risk/reward profile.

In many ways, 2015 turned out to be a continuation of the environment we witnessed in 2014. This included continued elevated levels of global quantitative easing (QE), especially in Europe, a horrible climate for oil prices as OPEC and other producers showed minimal interest in reducing supply and another devastating year for commodities which almost indiscriminately fell across the board despite quite different fundamental properties. The weaker Chinese economy, or perception of such, was the main explanation for the fall in commodities in combination with pure financial speculation. Chinese equities were exceptionally weak in the second half of the year together with a substantial devaluation of the Chinese renminbi. All in all, for the above-mentioned sectors and geographies, 2015 was truly an Annus Horribilis, to quote Queen Elizabeth II's classic speech from 1992.

To add insult to injury, the historically unique environment in which we saw ultra-low interest rates and the subsequent collapse in specific sectors such as energy and commodities almost mindlessly pushed the momentum-driven money-flow into a few so called safer "growth" stocks, mainly large caps. This category of stocks acts as a bond proxy in a zero-interest rate world and we think there is very little risk priced into the future profit generation curve to justify current valuations. We may look less clever now, as the fund has had very little exposure to these kind of – in our opinion – grossly overvalued growth stocks, and this has had a negative effect on our relative performance.

We have had marginal exposure to oil prices, primarily through US exploration company Whiting Petroleum. While we have held stocks that are the main beneficiaries of the lower oil price, such as Malaysia-based budget airline Air Asia and air-leasing company AerCap, we have not yet been rewarded in these company-specific situations.

Since launch the fund has only held two companies in the commodities space, namely Canada-based silver producer Pan America Silver and Australian based BHP-spinoff South32. Both have exceptionally strong balance sheets allowing them to withstand a prolonged period of lower commodity prices. While the five above-mentioned companies are all on the list of the main sinners in the fund in 2015, we think their overall business models are sound and offer substantial value in a world of more normalised commodity prices. We also added Canadian copper producer First Quantum during the year, which in a very short period of time doubled in price, allowing us to take a healthy profit.

### SKAGEN FOCUS 2015 (MILL EUR)\*

5 largest contributors		5 largest purchases	
Omega Protein Corp	3,02	American International Group I	8,32
Jenoptik AG	1,25	SK Hynix Inc	7,49
American International Group	1,25	SBI Holdings Inc	6,03
Sandisk Corp	0,62	Carlsberg A/S	5,51
Infineon Technologies	0,62	China Telecom Corp Ltd	5,10
5 largest detractors		5 largest sales	
South32 Ltd	-2,08	Omega Protein Corp	-0,21
Whiting Petroleum Corp	-1,56		
Rentech Inc	-1,46		
SK Hynix Inc	-1,46		
AirAsia	-1,04		

\* Figures shown are indicative, based on a conversion of the NOK values to EUR at the exchange rate of NOK 9.6167 / EUR 1.



Photo: Stocksnap

**US-based Omega Protein specialises in Omega 3** derived from fish oils. The company's share price rose over 100% measured in the fund's base currency in 2015.



Photo: Bloomberg

**Flash memory manufacturer SanDisk** contributed nicely to fund performance in 2015 following a takeover bid from rival Western Digital, reflecting a premium of 40%.

### BRIGHT SPOTS

While the Queen in her above-mentioned speech said she was unable to look back on 1992 with “undiluted pleasure”, 2015 has offered a few bright spots for SKAGEN Focus.

The fund was launched on 26 May 2015 and passed the NOK 1bn (approx. EUR 100m) assets under management mark just before year end. There were several positive performers in absolute terms in the fund in the year, including the US based protein-producer Omega Protein. The company rose over 70% measured in USD in the year after it delivered strong results in its human-nutrition business and launched plans for strategic actions to deliver shareholder value. We scaled down the position during the year to reflect the adjusted risk/

reward profile in the investment case. This is a good example of how the upside to our price target affects position sizes in our portfolio.

Our largest position (weight 8.5%) in US multi-line insurer AIG delivered a return of 5.5% measured in USD in 2015. The company has been pressured by activist investors – led by the well-known Carl Icahn – to consider splitting its operations into three parts. Another of the fund's holdings, the US-based flash-memory producer SanDisk, also contributed nicely to fund performance in 2015. The company received a USD 86.50 per share bid from competitor Western Digital, reflecting a more than 40% premium.



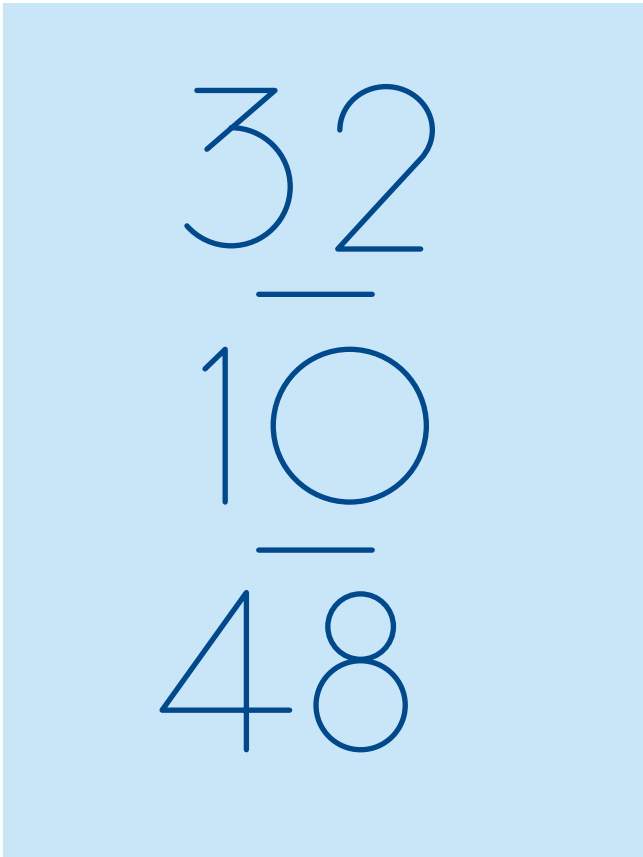
Photo: Bloomberg

### DIESELGATE

One particular event during the year allowed us to enter two investment cases, namely the Volkswagen diesel-scandal. We saw most auto-related stocks fall sharply on the news, irrespective of their exposure to the Volkswagen situation. In this environment we added the German semiconductor-producer Infineon to the portfolio, after the company experienced a massive unwarranted fall in stock price. With exceptionally poor timing, the German based auto-parts maker Schaeffler made its debut on the stock exchange the week of the Volkswagen scandal, and was forced to cut its IPO by 50% (both price and size to reflect a 30-40% discount to its peers). We took advantage of this great opportunity and the stock quickly rose 30% measured in euros in the year from our inception price.

Other newcomers to the portfolio included Swiss baker Aryzta, essentially a rare turn-around situation in the Consumer Staples sector, and US-based private label card provider Synchrony Financial, which was spun off from GE late in the year at very attractive valuation levels. Finally, we also established our first position in Brazil, after a massive fall in the country's currency, in major beef exporter, JBS.





**NOT SATISFIED**

In this environment, following only seven months of active fund life, the fund posted a return of -15.45% as measured in euro. At the same time, the fund’s benchmark index, the MSCI All Country World lost 7.2% in EUR. This is a rather short timeframe for any serious evaluation of fund performance, but we are obviously not satisfied with the results so far.

Nevertheless, we enter the New Year with a concentrated portfolio of a select 32 holdings where the top 10 positions constitute 48% of the fund. We will continue to apply our core philosophy with regard to finding undervalued securities (cheapness) and have major potential catalysts for releasing this value (change) over a 2-3 year horizon. A more than 50% upside in the fair price of the equity is required for us to consider a position, but importantly this needs to be accessed with a controlled level of risk.

The largest risk factors in the fund are yield curve, reflecting the rather high weighting in financial services and price competition, essentially companies operating in what is unjustifiably perceived to be a commoditised market. Our weighting in financials is substantial, but represented in the portfolio by companies of many shapes and forms for diversification purposes. Investment cases like US regional bank Citizens Financial, CIT and AIG are all undervalued without the help of higher interest rates, but are clearly well-positioned if interest rates continue to rise in 2016, following the first Fed rate-hike in late 2015.

We thank you for your trust and support for the fund and look forward to a prosperous 2016.



Photo: First Quantum



Photo: Bloomberg



Photo: iStockphoto



Photo: Bloomberg

**First Quantum**

First Quantum is a Canada-based mining and metals company. It has seven mines across the world. It produces copper (70%), nickel (20%), gold, zinc and platinum. It mainly operates mines in Zambia, Spain, Finland, Australia and Turkey. In 2014, First Quantum produced 420k tonnes of copper, 46k tonnes of nickel, 230k ounces of gold, 56k tonnes of zinc and 60k ounces of platinum.

**Schaeffler**

Schaeffler AG is an integrated automotive and industrial supplier with more than EUR 12bn in sales and 84k employees. Founded and mainly owned by the Schaeffler family (who also holds a majority stake in Continental, CON GY). The company was listed on the market on 9 October 2015 after cutting the IPO size by 50% due to the VW scandal (VW is Schaeffler’s largest client).

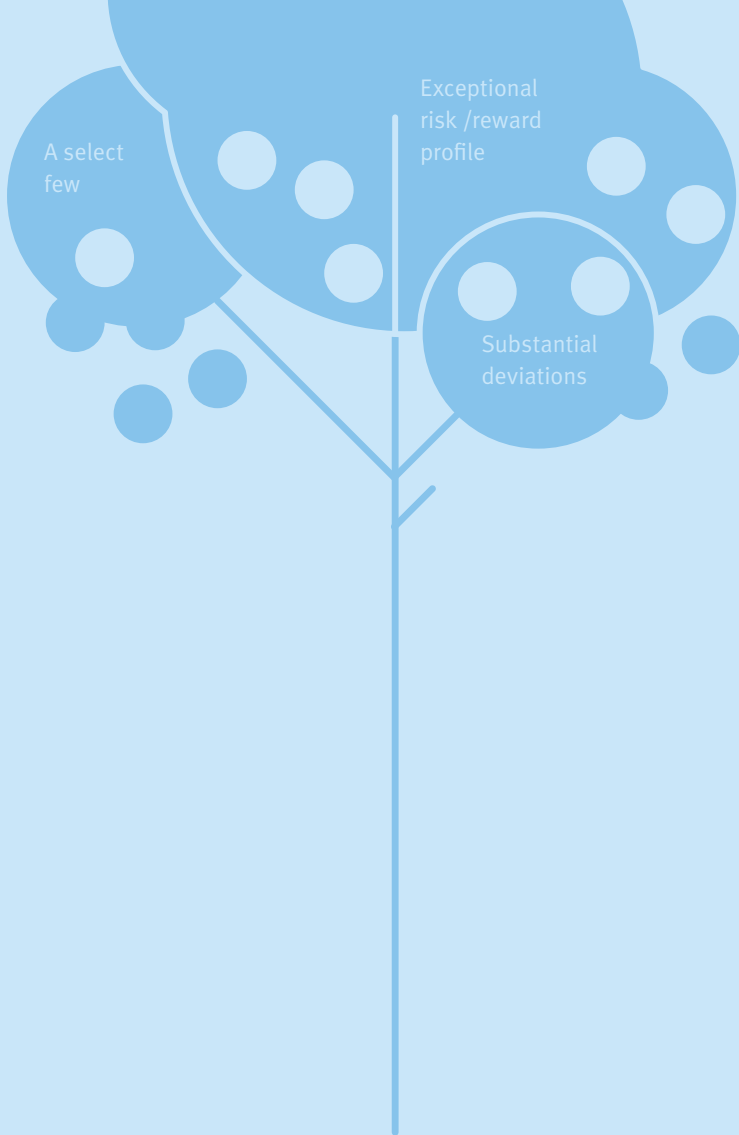
**Synchrony Financial**

The company is the leading US provider of private label credit cards with a 42% market share in the US. 75% of the total loan book (USD 61bn) is related to Retail cards and 25% to Installment loans/Payment solutions. The company has been a publicly listed company since August 2014, and was then partly separated from its parent GE after 80 years of operation within GE Capital. GE finalised the separation of the company in November 2015 at which point the fund initiated a position.

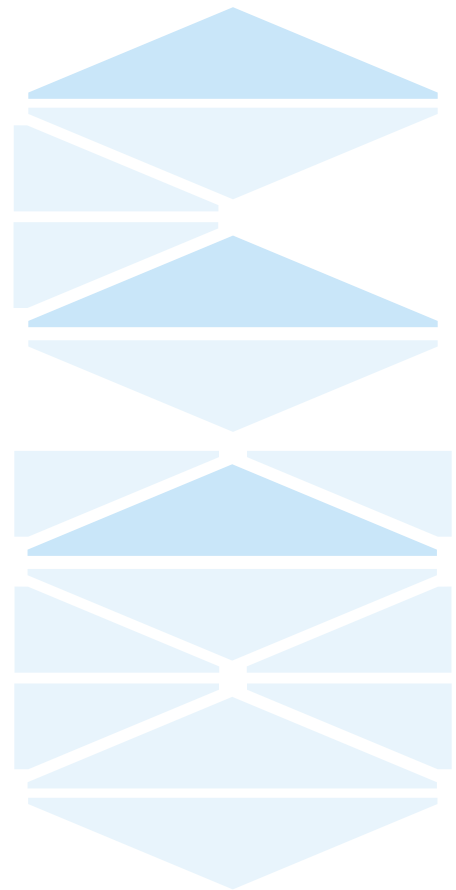
**JBS**

Brazil-based JBS transformed itself from a mid-sized local beef producer to the world’s largest animal protein processor in just a few years since its IPO in 2007. It is now the world’s #1 beef, #2 poultry and #3 pork producer by sales. 85% of revenues are derived from outside of Brazil.

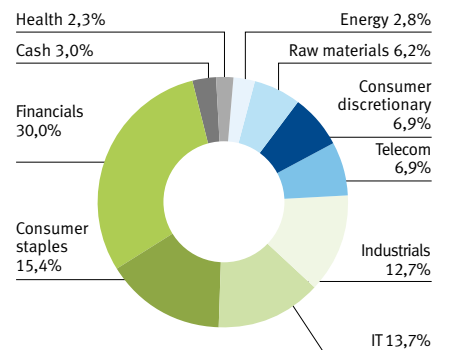




- SKAGEN Focus is a highly concentrated equity fund with a broad mandate to invest globally in all geographies, sectors and market-cap sizes.
- The overall objective for the fund is to find and invest in a select few investments with exceptional risk/reward profile from an absolute return perspective.
- The fund is exposed to a combination of unique company specific factors, which over time should result in substantial deviations versus the underlying market.



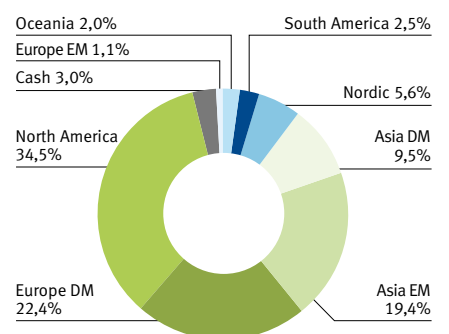
### SECTOR DISTRIBUTION



### SKAGEN FOCUS KEY NUMBERS FOR THE LARGEST HOLDINGS (AS OF 31-12-2015)

Company	Holding size %	Price	P/E 2015E	P/E 2016E	P/B last	Price target
American International Group Inc	8,8	62	14,5	12,1	0,8	90
Carlsberg AS-B	5,6	612,5	20,5	18,8	2,1	822
SK Hynix Inc	5,5	30 750	5,1	6,3	1,1	65 000
SBI Holdings Inc	5,1	1 321	10,3	9,1	0,8	3 000
Citizens Financial Group Inc	4,9	26,2	16,6	13,8	0,7	35
China Telecom Corp Ltd	3,9	3,6	15,2	14,3	1,0	8
Jenoptik AG	3,9	14,4	17,2	15,9	2,0	20
Aercap Holdings NV	3,8	43,2	6,9	7,9	1,1	70
Aryzta AG	3,2	51	13,7	12,2	1,4	90
Pan American Silver Corp	3,1	6,5	NM	NM	0,7	12
<b>Weighted top 10</b>	<b>47,7</b>		<b>12,5</b>	<b>12,0</b>	<b>1,0</b>	
<b>Benchmark index</b>						

### GEOGRAPHICAL DISTRIBUTION



P/E may deviate from other sources when based on SKAGEN estimates.

# Why do the effects of currency depreciation vary so widely?

Many commodity-producing countries have experienced a significant weakening in their terms of trade over recent years. Exports pay for far fewer imports. Some countries, such as Russia and Brazil, have subsequently experienced significantly higher inflation. Others, such as Norway and Chile, have only seen a moderate rise in inflation. What is the cause of this discrepancy? And what lies in store for 2016?

Given that the fall in commodity prices, particularly oil, can mainly be attributed to new technology, this should have an overall positive effect on the global economy. However, there is also a distribution effect.

The effect of the price drop differs depending on which side of the commodity market a country is on. Some countries, like India and Japan, have seen benefits for their terms of trade while others, like Norway and Russia, have lost out. Inflation typically rises when a country's terms of trade are substantially impaired because the exchange rate weakens. However, the outcome can vary significantly.

In Russia consumer prices have risen 19% since the oil price began to plummet in June 2014. In Brazil, the effect has been almost identical. In the same period, that is, up until November 2015, consumer prices in Norway have risen only 4% – only 1 percentage point more than before the oil price drop. In Canada the consumer price increase has been even more modest.

## Norway as an example

Why do the effects of inflation vary so much? It is probably due to monetary policy and the fiscal conditions. This can be illustrated by looking at what is happening in Norway now versus the situation in the mid-1980s. Countries like Norway and Chile would likely be experiencing the same thing now that Norway did in the 1980s – if they had the same political framework that Norway had back then.

In percentage terms, the oil price from 1985 until the spring of 1986 sank by the same amount that it has fallen now since the summer of 2014. From May 1986 until May 1987, consumer prices in Norway increased 10%.

Why was the outcome so different then? In the 1980s, Norway did not have an inflation target. The central bank was under orders to keep the FX value of the Norwegian krone stable – at the level that

the government thought appropriate. Since the government was in the habit of adjusting the FXpeg, inflationary expectations were not anchored. As a result, when the government devalued the krone by 12% in May 1986, it was not many weeks before inflation went from an annual rate of around 5% to around 10%.

Since June 2014 the krone has weakened by around 24%. One reason why inflation has not taken off now is that there has been a credible inflation target since 1999. With a reasonably clear view of how much prices will rise in future, price setters are less vulnerable to movements in the foreign exchange rate.

However, the inflation target is not the only reason for the difference in inflationary outcomes between commodity exporters. Colombia, for example, has had an inflation target as long as Norway has, but this did not stop inflation there from rising to 6.4% in November 2015.

The other explanation as to why a noticeable weakening in terms of trade may have so little impact on inflation is the solidity of a government's finances. In 1986 it was not clear whether the Norwegian government would be able to adapt its finances to a protracted low oil price level. The prospect of weaker government finances typically results in higher inflation – and a further weakening of the exchange rate. The Norwegian government has now accumulated substantial financial wealth so concerns about government finances have not contributed to higher inflation.

The effect on inflation has been minimal in Chile also, where the terms of trade have weakened as much as in Norway due to the fall in copper prices. The Chilean government has net assets however, and its expenditure remains low. This, combined with an inflation target, means that people's faith in the government's finances remains intact.

## What is behind the discrepancy?

Neither Russia nor Brazil has a credible inflation target or the prospect of healthy government finances. As a result, when the terms of trade in these countries received a blow, inflation soared.

Could it be that Norway, and other commodity-producing countries, have not yet seen the full effects of the weakened terms of trade? As for Norway, both the Norwegian Central Bureau of Statistics (SSB) and the central bank believe there will be a short-term mild increase in inflation – they estimate that it will be around 2% in two years. Could they be mistaken?

Two things could cause an unexpected leap in Norwegian inflation. The price of imported goods, which fell steadily between 1996 and 2004, increased 4.3% last year, and there is likely more to come. If this pulls inflation up enough for people to lose faith in the inflation target, prices could accelerate.

The second influencing factor would be if the oil price were to fall further. If this happens, the Norwegian government would quickly need to balance the budget by eating into the sovereign wealth fund. Although there is a lot to draw on, Norway's oil-dependent politicians would likely need to detox quickly in order to prevent an extra dose of inflation.

If commodity prices in general fall further, other countries' governments, like that of Chile, would have to plot a more temperate expenditure policy path in order to avoid uncomfortably high inflation.



– Torgeir Høien  
Portfolio Manager SKAGEN Tellus

# Weighed down by emerging markets

## SKAGEN Tellus

*A doorway to global interest rates*

- › Risk-taking in emerging markets and the Eurozone periphery did not pay off
- › The fund is now positioned to deal with commodity prices generally remaining low
- › Around 30% of the fund is invested in USD-denominated government bonds.

	1	2	3	RISK	5	6	7
Fund start date	29 September 2006						
Return since start	61.82%						
Average annual return	5.34%						
AUM	EUR 134 million						
Number of unitholders	3135						
<b>PERFORMANCE IN EUR</b>	<b>2015*</b>	<b>Since start</b>					
SKAGEN Tellus	-0.93%	5.34%					
JP Morgan GBI Broad Index	8.11%	5.04%					

\* As of 31 December 2015.



### PORTFOLIO MANAGERS

Torgeir Høien and Jane Tvedt

*Interior. Brøndum's annex, ca 1920. Detail.*  
By Anna Ancher, one of the Skagen painters.  
The picture is owned by the Skagens Museum (cropped).

SKAGEN Tellus' investments in emerging markets and peripheral Eurozone countries that did not pay off as we had expected. In addition, the fund performed more poorly than the benchmark index as it had less exposure to Japanese government bonds.

The fall in commodity prices in 2015 had a negative impact on bonds and exchange rates for most commodity-producing countries. We waited too long to trim our investments in countries like Brazil and Colombia. Meanwhile, contrary to our expectations, the fall in commodity prices did not have a positive effect on bond prices and currencies in emerging market countries which import commodities.

Looking ahead to 2016, the fund is now positioned for commodity prices generally to remain low. Some commodity market countries with strong government finances and inflation targets have likely experienced a sharper fall in currency price than the fundamentals would otherwise indicate. In Chile, for example, where the currency has depreciated in line with the slightly lower copper price, we think the conditions are in place for the currency to appreciate. Canada is another good example. A combination of a credible inflation target and solid government finances indicate that the currency will appreciate. The fund is therefore invested in both these commodity-producing countries.

We sold out of Turkey and do not plan to reinvest there for the time being. Even though the country will profit from continued low commodity prices, the political uncertainty is too great. India, on the other hand, has good political leadership and the country should be able to benefit from low commodity prices this year. We believe in lower inflation and a stronger rupee, and the fund is therefore invested in a security issued by the supranational bank, the European Bank of Reconstruction and Development (EBRD).

We had problems navigating the Eurozone periphery last year. The negotiations around a new debt package for Greece were more drawn out than expected and this had a greater impact on interest rate spreads in the Eurozone than we had anticipated. Last summer we believed that there was a 50-50 chance of Greece exiting the Eurozone. Since we are investors, not gamblers, we therefore sold out of our positions in the other peripheral Eurozone countries.

During the autumn, we entered into positions in the Eurozone periphery that we believe will deliver good returns this year. The positions are relatively small and divided between Slovenia, Portugal, Spain and Greece. We do not believe that the European Central Bank will hike interest rates – further rate cuts and a more unconventional monetary policy are more likely. With continued economic growth and better government finances, the conditions are favourable for lower interest rates in the Eurozone periphery.

Around 30% of the fund is invested in USD-denominated government bonds. Most, but not all the bonds have low duration. Although the Federal Reserve hiked the interest rate by 25 basis points in December, we do not believe in higher long-term policy rates. We think there is a greater chance of slightly lower long-term rates. Low inflation is making the Fed cautious. Nevertheless, relative to the European Central Bank, the Federal Reserve will appear to have tightened with this monetary policy, which will likely in turn strengthen the dollar. We therefore expect to make bond and foreign exchange profits on our exposure to the dollar.

# Spreading unrest

SKAGEN Avkastning delivered a moderate return in 2015. The year was a challenging one for both the Norwegian and the international part of the fund.

The Norwegian part of the fund, which currently constitutes 80% of the portfolio, is invested in Norwegian banks. We invest the fund's assets in bank deposits with particularly favourable terms and in bank bonds with floating interest rates. This part of the portfolio has a low duration. However, even though the interest rate risk is low, the fund price is influenced by changes in the interest rate – both the policy rate of the Norwegian central bank and the credit spread. Turbulence in the international credit markets also infected bonds issued by Norwegian banks and caused an increase in the credit spreads from September. This development more than outweighed the fall in the policy rate and resulted in a loss on banking bonds. Although higher credit spreads result in a loss in the short term, they do lift the fund's yield, which is positive for the expected return in 2016.

In 2015, the foreign part of the portfolio was based on our view that the long-term safe interest rates would remain low at the same time as credit premiums would fall in individual countries, particularly in the previously crisis-ridden countries of Southern Europe. We therefore had significant exposure to countries in the euro area periphery for large parts of the year.

## Good start

The year got off to a very good start for our foreign investments along with the sharp drop in interest rates up until the beginning of March. Quantitative Easing from the European Central Bank was one of the things that contributed to the fall in long-term interest rates. From the end of April, the interest rates rose sharply, primarily as a result of higher inflation and growth expectations and then due to the crisis in Greece. This had an impact on our investments. Since the uncertainty around Greece's future in the Eurozone was greatest at the end of June, we decided to sell our bonds in Portugal and Slovenia. We believed that there was a high risk of Greece leaving the Eurozone and that this would affect our investments in Southern Europe.

## Faith in euro bonds

We re-invested in the European periphery in the autumn. We believe that the structural reforms and internal devaluation will improve growth and strengthen government finances. Furthermore, Quantitative Easing will likely contribute to pushing interest rates in the peripheral countries down further and decreasing the interest rate spread to Germany. We invested in Slovenia, Portugal, Spain and, at the end of the year, a small position in Greece. We also have a euro bond in Croatia which we believe will benefit from a fall in interest rates in the euro area periphery.

We were invested in a Mexican bond throughout 2015. The country is undertaking reforms that we believe will improve the country's growth potential and lay the foundations for a fall in the credit premium going forward. Furthermore, we think that the relatively high real interest rate will converge towards the level in mature economies over time. The foreign investments in the fund are currency hedged, so changes in the exchange rate of the Norwegian krone do not affect the fund's return.

At the end of 2015 the yield was 2.2%, the duration was 1.7 years and the average time to maturity 3.6 years.

## SKAGEN Avkastning

Active interest rate management

- › Turbulence in the international credit markets also infected bonds issued by Norwegian banks
- › We had significant exposure to countries in the Euro area periphery for large parts of the year
- › Mexico is undertaking reforms that should improve the country's growth potential.

	1	2	3	RISK	5	6	7
Fund start date	16 Sept 1994						
Return since start	166.42%						
Average annual return	4.71%						
AUM	EUR 177 mill						
Number of unitholders	11 140						

PERFORMANCE IN EUR	2015*	Since start
SKAGEN Avkastning	-4.76%	4.71%
ST4X	-4.20%	4.73%

\*As of 31 December 2015



### PORTFOLIO MANAGERS

Jane Tvedt and Torgeir Hølen

Launching the boat. Skagen, 1884. By Oscar Björck, one of the Skagen painters. Detail. The picture belongs to the Skagens Museum.

\* SKAGEN Avkastning is a NOK fund. Most of the capital in the fund is invested in NOK-denominated bonds, and the investments abroad are hedged against the NOK.



# A difficult year for corporate bonds

2015 was the first year since the financial crisis year of 2008 in which the global bond market for corporate bonds delivered negative returns. What were the reasons for this?

## Problems in China and Brazil

The first half of 2015 was extremely favourable for the credit market and SKAGEN Credit. The unrest surrounding Russia's annexation of Crimea quietened down at the start of the year. The European market, Russia included, reacted positively to this and to the resolution of the euro-crisis caused by Greek public debt concerns in the summer of 2015. The Russian companies Vimpelcom and Gazprom, as well as the Greek company Frigoglass were among the biggest positive contributors to the fund in 2015.

The second half year was much gloomier, however. Uncertain economic growth in China led to a dramatic fall in the price of commodities such as copper, steel, iron ore and aluminium. China's economic growth has brought about large infrastructure investments, which have turned the country into a major commodity consumer.

As a result of all this, any company associated with commodities has been punished by the market. SKAGEN Credit's investments in commodity-related companies, such as mining company Glencore, commodity trader Noble Group and oil service company Seadrill, therefore detracted from the fund's performance in 2015.

As a result of the commodity price drop and after several years of economic decline, in late summer, the Brazilian state's credit rating was downgraded from Investment Grade to High Yield. Brazilian companies have therefore also been automatically downgraded, regardless of whether they have a direct link to the state or not. Companies that are doing well, delivering a profit and servicing their debt have seen the price of their bonds fall as a result of a poorly governed state. Our Brazilian holdings, including Cosan, JBS, Bannisul and Braskem, therefore detracted from performance despite the fact that the companies' performance was good overall.

## Outlook for 2016

The credit spread in the fund has never been as high as it is now. The bonds in the portfolio are mostly the same, but the price of the bonds has fallen. This has resulted in a negative return at the same time as the potential future return has risen. There are two main reasons for the increase in credit spreads:

- Companies that have problems with earnings or high debt can encounter payment problems and the likelihood of debt negotiations or bankruptcy thereby increases. This type of risk is priced in immediately. We have a few of these examples in the fund, including Noble Group and Seadrill.
- A general sales pressure on unpopular bonds pushes down prices. This is a temporary fluctuation and does not reflect the company's actual capacity to service its debt. We invest in unpopular and undervalued companies and have numerous investments in this category.

It is highly likely that 2016 will be a year when the difference between good and bad companies will become more apparent. During the year it will become clearer which companies will survive and which will not. This will contribute to lowering overcapacity in the market and there will be winners and losers, making it even more important to invest in the right companies. We believe that we have good companies in the portfolio capable of manoeuvring safely through 2016.

## SKAGEN Credit EUR

Picking the best bonds from the global orchard

- › Falling commodity prices and structural problems in China and Brazil
- › Attractive pricing of credit towards the end of 2015
- › Expect greater differences in the performance of individual companies in 2016

	1	2	RISK	4	5	6	7
Fund start date	30 May 2014						
Return since start	-5.0%						
Average annual return	-3.17%						
AUM	EUR 49 million						
Number of unitholders	56						

PERFORMANCE IN EUR	2015*	Since start
SKAGEN Credit EUR	-2.62%	-3.17%
3 Month EURIBOR	-0.02%	0.04%

\*As of 31 December 2015



### PORTFOLIO MANAGERS

Ola Sjöstrand and Tomas Nordbø Middlethon

Apple trees, 1907. By Michael Ancher, one of the Skagen painters. The picture is owned by the Skagens Museum (cropped).

# Return and risk measurements

## Returns in euro (all return figures beyond 12 months are annualised)

As of 31.12.2015	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Since Start
SKAGEN Vekst A*	1,4%	3,7%	5,7%	1,9%	13,1%	4,7%	13,8%
MSCI Nordic/MSCI AC ex. Nordic	12,2%	12,7%	12,8%	9,2%	20,7%	7,5%	10,0%
SKAGEN Global A	8,9%	7,8%	10,2%	7,9%	15,2%	7,3%	14,7%
MSCI World AC**	8,7%	13,6%	14,9%	10,7%	14,1%	5,2%	4,0%
SKAGEN Kon-Tiki A	-6,8%	-2,1%	0,2%	-0,5%	13,4%	6,6%	13,1%
MSCI Emerging Markets***	-5,3%	2,7%	-0,5%	-0,7%	11,4%	4,5%	7,0%
SKAGEN m2 A	1,0%	12,6%	5,2%				5,6%
MSCI All Country World Index Real Estate IMI	9,9%	19,3%	11,8%				12,3%
SKAGEN Focus A							-15,5%
MSCI World AC							-7,2%
SKAGEN Avkastning	-4,76%	-3,96%	-5,96%	-0,57%	4,26%	1,58%	4,71%
Statsobligasjonsind. 3.00	-4,20%	-3,65%	-6,29%	-1,07%	3,62%	1,84%	4,73%
SKAGEN Tellus A	-0,93%	6,44%	2,80%	3,88%	6,68%		5,34%
J.P. Morgan GBI Broad Index Unhedged in EUR****	8,11%	11,31%	4,39%	3,94%	4,71%		5,04%
SKAGEN Credit EUR A	-2,62%						-3,17%
3 Month EURIBOR	-0,02%						0,04%

## Risk measurements

As of 31.12.2015	SKAGEN Vekst A	SKAGEN Global A	SKAGEN Kon-Tiki A	SKAGEN Tellus A	SKAGEN Avkastning
<b>MEAN VARIANCE ANALYSIS LAST 5 YEARS</b>					
Standard Deviation NAV	13,9%	13,5%	15,5%	6,3%	7,7%
Standard Deviation Benchmark	13,0%	11,2%	15,1%	8,0%	7,1%
Tracking Error	5,9%	4,9%	5,1%	5,7%	2,5%
Beta	1,0	1,1	1,0	0,6	1,0
Active share	92%	92%	96%	-	-

## Risk adjusted return

As of 31.12.2015	SKAGEN Vekst A	SKAGEN Global A	SKAGEN Kon-Tiki A	SKAGEN Tellus A	SKAGEN Avkastning
<b>MEAN VARIANCE ANALYSIS LAST 5 YEARS</b>					
Jensen's Alfa	-6,7%	-3,7%	0,1%	1,4%	0,5%
Sharpe Arithmetic	0,11	0,53	-0,06	0,53	-0,13
Sharpe Ratio Benchmark	0,65	0,86	-0,08	0,43	-0,21
Information Ratio Arithmetic	-1,2	-0,5	0,0	0,0	0,2

\* Effective 1/1/2014, the fund's investment mandate changed from investing a minimum of 50% of its assets in Norway to investing a minimum of 50% of its assets in the Nordic countries. This means that returns prior to the change were achieved under different circumstances than they are today. The fund's benchmark index prior to 1/1/2014 was an evenly composed benchmark index consisting of the Oslo Stock Exchange Benchmark Index (OSEBX) and the MSCI All Country World. The benchmark index prior to 1/1/2010 was the Oslo Stock Exchange Benchmark Index (OSEBX). The benchmark index prior to 1/1/2010 was OSEBX and prior to 1/1/2014 it was OSEBX / MSCI AC (50/50).

\*\* The benchmark index prior to 1/1/2010 was the MSCI World Index.

\*\*\* The benchmark index prior to 1/1/2004 was the MSCI World Index.

\*\*\*\* The benchmark index prior to 1/1/2013 was Barclay's Capital Global Treasury Index 3-5 years.

## NOTICE

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. There are no subscription costs for our funds.

SKAGEN Vekst has a fixed management fee of 1% per annum. Returns exceeding 6 % p.a. are shared 90/10 between the unitholders and the management company. A charge of the variable management fee may solely be made if the unit value as at December 31st exceeds the unit value at the previous charge/settlement of the variable management fee (the high watermark).

SKAGEN Global has a fixed management fee of 1% per annum. Better value development measured in percent in the fund's net asset value compared with the MSCI AC World Index (in NOK) is shared 90/10 between the unitholders and the management company.

SKAGEN Kon-Tiki has a fixed management fee of 2% per annum. Better value development measured in percent in the fund's net asset value compared with the MSCI Emerging Markets Index (in NOK) is shared 90/10 between the unit holders and the management company. However, the total annual management fee charged may not exceed 4% of the fund's average annual asset value.

SKAGEN m<sup>2</sup> has a fixed management fee of 1.5% per annum. Better/worse value development measured in percent in the fund's asset value compared with the MSCI ACWI Real Estate IMI (in NOK) is shared 90/10 between the unit holders and the management company. The total management fee charged constitutes a maximum of 3 % and a minimum of 0.75% per year.

SKAGEN Focus has a fixed management fee of 1.6% per annum. Better/worse value development measured in percent in the fund's asset value compared with the MSCI World AC TR Index (in NOK) is shared 90/10 between the unit holders and the management company. The total management fee charged constitutes a maximum of 3.2% and a minimum of 0.80 % per year.

SKAGEN Global, SKAGEN Kon-Tiki, SKAGEN Focus and SKAGEN m2 may be charged a variable management fee even if the fund's return has been negative, as long as the fund has outperformed the benchmark. Conversely, the fund may have a positive return without being charged a variable management fee, as long as there is no outperformance of the benchmark. The fixed management fees are calculated daily and charged quarterly. The variable management fees are calculated daily and charged annually.

The annual management fee is 0.8% for SKAGEN Tellus and SKAGEN Credit EUR and 0.5% for SKAGEN Avkastning. The management fee is calculated daily and charged quarterly.

Please refer to the product sheets and prospectuses for a detailed description of the cost, etc. They are available upon request from SKAGEN Funds or at [www.skagenfunds.com](http://www.skagenfunds.com)



## NOTICE OF ELECTORAL MEETING

We would like to invite unit holders in SKAGEN Funds to our electoral meeting which will be held at the Clarion Hotel Energy in Madla, Stavanger on Wednesday 9 March 2016 at 6pm.

### Agenda for the electoral meeting:

1. Election of chairperson and two unit holders to sign the minutes
2. Board of directors' annual report
3. Auditor's report
4. Election of one board member and one deputy board member to the board of directors of SKAGEN AS
5. The election committee proposes that the current board member Per Gustav Blom be re-elected as unit holder-elected board member for a term up to 2018
6. The election committee proposes that the current deputy board member Aina Haug be re-elected as unit holder-elected deputy board member for a term up to 2018
7. Election to the nomination committee
8. The board proposes that Trude Marit Risnes be elected for a term up to 2019
9. Questions sent in by unit holders

### Advance voting on My Page

Unit holders may cast advance votes via My Page (log in from [www.skagenfunds.com](http://www.skagenfunds.com)). Alternatively you may send in your votes by email to [legal@skagenfunds.com](mailto:legal@skagenfunds.com) or by post to SKAGEN, P.O. Box 160, 4001 Stavanger, Norway. Advance votes must reach SKAGEN by 4 March 2016 at the latest. Your units as of 4 March 2016 will constitute the basis for the calculation of the number of votes. If you have voted in advance, you do not need to register on arrival at the meeting.

Each unit is entitled to one vote at the unit holders meeting. Unit holders may vote by proxy. Approved proxy forms are available by contacting Customer Services on +47 51 80 37 09. Please remember to bring a proof of identity and, where relevant, a certificate of incorporation.

Unit holders are entitled to discuss questions which are submitted in writing to the board of directors of the management company up to one week prior to the meeting. With the exception of the elections, the election meeting may not make any resolutions that bind the funds or the asset management company.

### Funds discussion

After the formal part of the electoral meeting, Head of Wealth Management in Norway, Pål Bergskaug, will talk about the market outlook. There will then be a discussion about the funds with some of the portfolio managers.

You can find further information on our website [www.skagenfunds.com](http://www.skagenfunds.com) or by contacting Customer Services on +47 51 80 37 09. Light refreshments will be served and the meeting is open to everyone.

Best regards  
The Board of Directors of SKAGEN AS

Henrik Lisaeth  
Chairman of the Board of Directors



# 2015 from the Board's perspective

2015 was a challenging year for active managers like SKAGEN. After a weak first half, the second half of the year showed signs of improvement, which gives inspiration for future efforts.

## The last year

Over the past few years, investors' preference has moved from active management to passive management, also known as index funds. As active managers, SKAGEN has felt the effects of this in the form of reduced assets under management. At the same time, we have maintained a good client base. For our clients, the returns in 2015 for most of the funds were lower than the benchmark indexes the funds measure themselves against. There are several reasons for this, which are covered thoroughly in the portfolio managers' report. A few important explanations that should be highlighted however are:

- The equity market has favoured large, established and relatively expensive companies, preferably in the US. SKAGEN is and has been underweight US companies, given our investment philosophy. SKAGEN is a value manager, but the majority of 2015 was favourable for growth stocks. Towards the end of the year, there were signs that this trend was changing.
- Investors withdrew substantial amounts of money out of global emerging markets in 2015, and this had a negative impact on several of SKAGEN's investments. It is too early to conclude whether this development will stop and reverse.

Unit holders in SKAGEN have historically been able to enjoy good absolute and relative returns. The returns in 2015 have not been on a par with what clients have been used to and that we in SKAGEN are satisfied with. Our clients should know that SKAGEN is using last year's adversity as inspiration to strengthen SKAGEN's organisation in the future, and we stand firm by our overall value philosophy with a focus on reasonably-priced companies.

## Improved processes

During the year the portfolio team has focused on how we apply the investment philosophy. The equity fund portfolios have become more concentrated and with a greater focus on the companies that the managers believe have the best potential to provide clients with excess return. This has already yielded results in the second half of the year. Even stronger demands are now placed on the companies being invested in. Our processes to evaluate the likelihood of an investment yielding excess return have been further improved. In addition we have improved the process and discipline around companies that do not deliver relative to the original investment thesis.

## Stable ownership

SKAGEN is owned by the company's founders and key personnel. The main owners are Kristoffer Stensrud, who is active in the company as portfolio manager, and Tor Dagfinn Veen and Åge Westbø, who manage their ownership via their joint company Nansen Capital Partners. The ownership model ensures the long-term independence and alignment of interests that is the bedrock of SKAGEN.

In 2015 changes were made to the Board of the company. After 17 years at the helm, Chairman of the Board Martin Gjelsvik, stepped down at the same time as the Board was expanded from five to six members. The new Board members Henrik Lisaeth and Leiv Askvig were elected by the company's shareholders. Lisaeth is the new Chairman of the Board. Anne Sophie Stensrud was elected a Board member, having been deputy board member for 12 years.

## International presence

SKAGEN has for more than ten years been expanding its activities beyond Norwegian borders. Markets outside Norway now account for over half the assets under management. Work with international clients has given us valuable insight and new perspectives regarding how we can best provide all our unit holders with better service. We were among the first in Norway to remove subscription and redemption fees as a result of strong price competition in Sweden and we were quick to establish unit classes due to stricter regulations in the UK and the Netherlands. Further adaptation to international regulations will be an important part of SKAGEN's work going forward.

## The year ahead

As unit holders, you are well aware that SKAGEN has a limited number of funds and that it can be wise to combine several funds in a savings portfolio. Clients who combine equity, bond and money market funds are better equipped to endure the fluctuations in the market, at the same time as a savings portfolio can be tailor-made to suit an individual client's risk profile and preferences. SKAGEN is now working to be able to offer more complete savings solutions, in addition to individual funds. There are many competent advisors in SKAGEN's organisation who can assist unit holders in finding the optimal savings portfolio.

The fund industry is undergoing continuous development, both technological and regulatory. In 2015 we launched new web pages and we are in the process of implementing our new trading solution in all the markets we operate in. This will make



it easier for clients to have an overview of their investments and enable us to provide competitive solutions.

An exciting development over the past year has been the increasing popularity of combination funds. This type of fund, together with so-called factor funds and multi-asset funds, are among the savings forms that have grown most in Europe in 2015.

Operating in an international market means that we must follow the regulatory requirements that apply in the various countries. In 2016 a Common Reporting Standard (CRS) will be introduced, which is an OECD-initiated international framework for sharing tax information beyond country borders. As unit holders this means that you will have to fill in relevant information when purchasing units.

### Responsible investing

SKAGEN has since start been open and transparent about the companies in the portfolios. In an increasingly globalised world we see an increased need for information demonstrating that our investments are sustainable and in line with the principles for responsible investment. Responsible investment is an integral part of our in-house investment process. We assess sustainability issues related to all investments in the same way as we evaluate other key figures in companies, since sustainability

issues can impact both the risk and the return of an investment. In order to facilitate the evaluation we have established a policy for responsible investing, also known as ESG (Environmental, Social and Corporate Governance). The policy is available on our website.

### Clients in focus

One of SKAGEN's values is to be "Unique", a quality we have valued since the company was established in 1993. We believe it is crucial to listen to clients at the same time as we strive to deliver the best possible risk-adjusted returns. Our clients are key in determining how SKAGEN shall develop. We value dialogue with our clients, whether it is face to face or digitally. In 2016 we will enhance analysis of clients' user behaviour in order to be able to provide even better services in future.

SKAGEN is not better than the people who work here. That is why in 2016 we will further develop our competence development program for employees, so that we can in future continue to deliver the best risk-adjusted returns, service and communication to our clients.



## OWNERSHIP STRUCTURE

### SKAGEN AS is owned by:

T.D Veen AS	25,69%
Solbakken AS	18,40%
Stafonds AS	13,68%
MCM Westbø AS	9,84%
Månebakken AS	7,29%
Westbø Finans AS	7,29%
SKAGEN AS	3,01%
Espedal & Co AS	1,46%
Kristian Falnes AS	1,46%
Weintraub AS	1,46%
Others	10,42



## UNITS IN THE FUNDS CONTROLLED BY BOARD MEMBERS

Name	Number of units	Function
Henrik Lisaeth	0	Chairman of the Board, elected by shareholders
Leiv Askvig	0	Board member, elected by shareholders
Åge K. Westbø	1 185 806	Board member, elected by shareholders
Anne Sophie K. Stensrud	191 708	Board member, elected by shareholders
Simen Vier Simensen	0	Deputy member, elected by shareholders
Jesper Rangvid	224	Deputy member, elected by shareholders
Per Gustav Blom	32 522	Board member, elected by unit holders
Martin Petersson	6 009	Board member, elected by unit holders
Aina Haug	226	Deputy member, elected by unit holders



## THE ELECTION COMMITTEE

The election committee consists of Barbro Johanson (Chair), Per Olof Högglund and Terje Vareberg.

The election committee proposes candidates for unit holder representatives for the Board of Directors of SKAGEN AS.



Photo: SOS Children's Villages

# Targeting our efforts in social responsibility

In SKAGEN we have worked with social responsibility (CSR) and sponsorship of various charitable organisations for many years, focusing in particular on Kolibri, Doctors Without Borders and SOS Children's Villages.

Starting in 2016 we have decided to increase our focus and concentrate our efforts around one organisation. As a result, we are expanding and stepping up our cooperation with SOS Children's Villages while we phase out our sponsorship of Doctors Without Borders and Kolibri, which will end at the end of this year.

By better targeting our CRS activities, we wish, in cooperation with SOS Children's Villages, to maximise the potential of the sponsorship by increasing our joint activities and promoting the wonderful work that SOS Children's Villages carry out to the benefit of millions of children around the world.

## Scandinavian agreement

SKAGEN has chosen to enter into a Scandinavian corporate agreement with SOS Children's Villages with global reach, rather than have local agreements with different organisations as was the case previously. In this way we will achieve a uniform profile across markets.

In concrete terms, we have Main Partner status in Norway, Sponsor Partner status in Sweden and Social Partner status in Denmark. In other market areas we refer to the Scandinavian agreement.

## Why SOS Children's Villages?

We chose SOS Children's Villages because the organisation is well-known, is reputable and stands for strong values that reflect

those of SKAGEN. The organisation has existed for more than 60 years and is represented in 134 different countries.

In addition to fostering children in children's villages, they carry out a great deal of preventive work through their family programs whereby they provide support and assistance to vulnerable families. They also set up health clinics and schools that are open to all and benefit the entire local community.

All in all, they have a tried and tested business model that has proven to be successful. Their work results in well-functioning and well-educated young people, some of whom return to put their skills to work to support their local community after they have completed their education. It is a positive cycle which has far-reaching consequences.

## The project that SKAGEN supports

SKAGEN has chosen to support a school situated in an SOS Children's Village in the centre of Viet Tri, the capital of the Phu Tho province in Vietnam. Viet Tri City lies approximately 80 km north-west of Hanoi and is home to an estimated 260,000 people.

In spite of various government initiatives, many families in the Phu Tho Province continue to live in poverty. Many families have difficulty meeting basic needs like food and for many people education is but a distant dream.

The SOS Children's Village in Viet Tri currently provides a loving home for up to 150 children, and one of the many things that this SOS Children's Villages program offers is the SOS Hermann Gmeiner School that SKAGEN supports. (Hermann Gmeiner is the founder of SOS Children's Villages). The financial support for the SOS school goes towards materials, books, the education of qualified teachers, teachers' salaries, running and operational costs, as well as maintenance costs. The school caters for up to 1,250 children aged 1-12. There is also a canteen where children can eat, thus ensuring they have at least one nutritious meal a day. Most pupils perform well at school, increasing their chances of going on to further education, enabling them to work and be able to support themselves and their dependents.

For SKAGEN, this sponsorship is an investment in education and therefore the future. The sponsorship contributes to providing children with knowledge and skills through education. This not only changes the children's future prospects, but also contributes to building up the community and creating sustainable development. It is social responsibility which leaves lasting traces.



# SKAGEN boosts focus on sustainability

During 2015, and as part of our long-standing commitment to the UN supported Principles for Responsible Investment, we have established a new and improved long-term direction for our sustainability efforts. This has been done to boost our focus on Environment, Social and Corporate Governance (ESG) issues.

Over the past year we have updated our ethical guidelines and voting policy and combined them to create a comprehensive, Board-approved policy for how we will invest responsibly. The policy is available on our website and covers all funds and asset classes in SKAGEN.

SKAGEN believes that investing in sustainable companies pays off in the long term. Since 2002 we have focused on integrating ESG into the investment process to make better-informed investment decisions. All investments are screened and evaluated against our updated policy and reviewed in terms of their sustainability.

## Voting

SKAGEN has in 2015 taken an even more active role than previously on ESG issues. During the year, there were 232 votable general shareholder meetings, with 2359 votable items, and SKAGEN voted at 86% of these meetings. Where we voted, in 7.6% of the cases, we voted against the company's management on one or more items on the agenda. A general meeting voting percentage of 86 represents a 15 percentage point increase from the year before and is in line with our increased ESG focus.

Category	Number	Percentage
Number of votable meetings	232	
Number of meetings voted	200	86%
Number of meetings with at least 1 vote Against, Withhold or Abstain	69	30%
Number of votable items	2359	
Number of votes Against Management Recommendation	156	7.6%

Typically, SKAGEN has voted against items related to the issuance of equity without preemptive rights for existing shareholders, excessive management remuneration without links to results, election of board members that are not deemed sufficiently independent and transactions with related companies. Our voting records are available on SKAGEN's web pages.

## Engagement

During the year, SKAGEN has also engaged with the companies in our portfolios. Our portfolio managers regularly speak with management in the companies where we are invested. In terms of ESG, we count the cases where we have had direct contact on a specific issue – regardless of how big or small the issue.

In 2015, SKAGEN conducted a total of 18 company engagements on various issues and of various magnitude. The largest engagement we had during the year was with the UK-based security company G4S to promote improvements and better disclosure of their conduct in light of controversies over the past decade. Based on our engagement with G4S, it is our view that they take the issues seriously and are working on improvements. The work with G4S is still ongoing at the start of 2016.

We continuously strive to improve the implementation of our ESG policy and the UN supported Principles of Responsible Investment. New issues may arise and improvements in processes are implemented on an ongoing basis. We have taken a big step during 2015 and are focused on further enhancements this year.

# Board of Director's Report for SKAGEN's security funds 2015

At the end of 2015, SKAGEN AS (SKAGEN) managed combined assets of around NOK 100 million divided between five equity funds, six fixed income funds, one combination fund in addition to mirror funds and feeder funds. No changes have been made to the funds' mandates in 2015. The 2015 returns for the individual securities funds/unit classes are set out in the table below.

## SKAGEN's equity funds in 2015

At the end of 2015, SKAGEN managed the equity funds SKAGEN Vekst, SKAGEN Global, SKAGEN Kon-Tiki, SKAGEN m2 and SKAGEN Focus. Our largest equity fund, SKAGEN Global, had assets under management of around NOK 45 billion (mirror funds included) at the end of the year. The Board is satisfied with the performance of SKAGEN Global in 2015. The other equity funds delivered weaker returns than targeted. This is due, amongst other things, to relatively low exposure to the US dollar, which appreciated during 2015, as well as SKAGEN's exposure to emerging markets which performed poorly in 2015 overall (more on this in the market risk section below). Brazil and Turkey were particularly decisive in this regard.

In 2015 SKAGEN's investment process was reviewed with a view to improvement. The result of this work is expected to yield results going forward. It was therefore gratifying to observe improved relative returns in the second half of 2015 for SKAGEN Kon-Tiki and SKAGEN Global.

SKAGEN launched a new equity fund, SKAGEN Focus, in 2015. At the end of the year the fund had assets under management of around NOK 1 billion. Institutional unit classes were also launched for our equity funds and one of our bond funds in 2015.

## SKAGEN's fixed income funds in 2015

At the end of the year SKAGEN managed the money market funds SKAGEN Høyrente, SKAGEN Høyrente Institusjon and SKAGEN Krona, and the bond funds SKAGEN Avkast-

ning, SKAGEN Tellus and SKAGEN Credit. The latter is a so-called master-feeder fund and consists of a number of independent securities funds associated with one another. The Board is satisfied that SKAGEN's money market funds continue to deliver good returns. The bond funds, however, delivered weaker returns. This was again due to their relatively high exposure to emerging markets.

## Outlook for 2016

Global GDP growth in 2016 is expected to remain at around 3–4 percent. The general interest rate level will also likely remain low. The biggest challenges are elaborated on in the market risk section below. It is the Board's assessment that 2016 may turn out to be a relatively good investment year. It is, however, important to note that there is always significant uncertainty attached to the assessments of future conditions.

## Risk management in SKAGEN's securities funds

SKAGEN monitors and measures risk in the securities funds in accordance with Norwegian laws and regulations. Each of the securities funds has a risk profile that is approved by the Board and reviewed at least once a year. The Board and the managing director regularly receive risk reports drawn up by the company's independent risk management function, which highlight relevant risk factors including market risk, credit risk, liquidity risk, operational risk, reputation risk and legal risk. Risk is therefore dealt with in a holistic manner.

## RETURNS 2015

Fund	Return (NOK)
SKAGEN Global A	15,43 %
SKAGEN Global B	15,49 %
SKAGEN Global C	15,48 %
SKAGEN Global D	15,55 %
SKAGEN Kon-Tiki A	-1,21 %
SKAGEN Kon-Tiki B	-0,75 %
SKAGEN Kon-Tiki C	-1,19 %
SKAGEN Kon-Tiki D	-0,96 %
SKAGEN Kon-Tiki E	-0,70 %
SKAGEN Focus A*	-3,51 %
SKAGEN Focus B*	-3,30 %
SKAGEN Focus C*	-3,69 %
SKAGEN m2 A	7,12 %
SKAGEN m2 B	7,39 %
SKAGEN m2 C	5,63 %
SKAGEN Vekst A	7,48 %
SKAGEN Vekst B	7,67 %
SKAGEN Vekst C	7,40 %
SKAGEN Tellus A	5,06 %
SKAGEN Tellus B	5,43 %
SKAGEN Tellus C	4,66 %
SKAGEN Credit NOK	-1,73 %
SKAGEN Credit SEK**	-3,28 %
SKAGEN Credit EUR A***	-2,62 %
SKAGEN Credit EUR B***	-2,27 %
SKAGEN Avkastning	0,99 %
SKAGEN Høyrente	1,06 %
SKAGEN Høyrente Institusjon	1,39 %
SKAGEN Krona**	0,19 %
SKAGEN Balanse 60/40	6,14 %

\* Return since start 26.5.2015

\*\* Return in SEK

\*\*\* Return in EUR





*Henrik Lisaeth  
Chairman of the Board*



*Åge Westbø  
Board member, elected by  
shareholders*



*Anne Sophie K. Stensrud  
Board member, elected by  
shareholders*



*Leiv Askvig  
Board member, elected by  
shareholders*



*Simen Vier Simensen  
Deputy member, elected by  
shareholders*



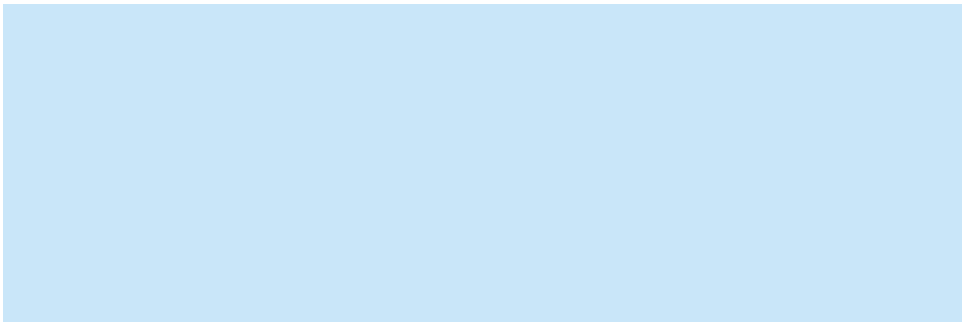
*Jesper Rangvid  
Deputy member, elected by  
shareholders*



*Per Gustav Blom  
Board member, elected by  
unitholders*



*Martin Petersson  
Board member, elected by  
unit holders*



*Aina Haug  
Deputy member, elected by  
unit holders*

The value development of all of SKAGEN's securities funds was in line with the normal annual fluctuations and their respective risk profiles. Over time, the highest return is expected to come from the equity funds, somewhat lower return is expected from the bond funds and the lowest return from the money market funds. The equity fund SKAGEN m<sup>2</sup> is expected to deliver a return between that delivered by the other equity funds and the bond funds over time.

**Market risk**

The securities funds' values are influenced on a daily basis by changes in industry and company-specific circumstances, foreign exchange rate developments, interest rate levels and the general economic conditions. This is known as market risk. Heightened political risk and potential changes in trade agreements, climate agreements and security measures in the global fight against terror make it more important to

use scenarios and be able to adapt quickly. SKAGEN must be prepared for a range of future outcomes. The combined risk in our portfolios is mainly driven by common factors such as general market developments and the currency situation, and currency risk in particular has been more important over the past year. Individual companies in the portfolio are further characterised by company-specific risk factors, but these are diversified away to a large extent by SKAGEN investing in companies operating within different sectors and different regions. We observe that it is most often the case that a stock or bond's contribution to risk in the portfolio is around the same as their weight in the portfolio.

For 2016 the Board expects continued high volatility from political unrest and structural problems in larger markets such as Brazil and China. Companies in emerging markets deliver and are expected to deliver lower earnings than a couple of years ago,

with risk being at least as high as before. The risk picture is supported by a number of factors, such as sluggishness in market improvements and reforms in emerging markets, observed and expected waning growth in China, a weak and volatile oil price, as well as heightened concerns around renewed unrest in financial markets. Financial market unrest can be triggered directly by central banks and/or falling creditworthiness in emerging markets.

On the other hand, emerging markets have greater potential for a performance increase, largely driven by higher expected earnings. Emerging markets are also usually less exposed to challenges in Europe and the US. Problems in Europe lingering from the financial crisis, including Greece's debt problems and the flow of refugees from Syria, are expected to have a greater impact on European markets than on emerging markets.

For SKAGEN's securities funds, the risk

## BOARD OF DIRECTORS' REPORT

related to the funds' valuations measured in Norwegian krone has increased through 2015, mainly due to increasing currency risk. Some of the increase stems from the other market factors described above, and we expect a further risk increase for 2016.

For our fixed income funds, we expect increased credit spread volatility, i.e. increased fluctuations in a regime characterized by low interest rates due to varying liquidity. We also expect that a number of investors will switch investments between government and corporate bonds as well as between countries and regions at the same time as the different interest rate and company developments take place. The effect of such reallocation is expected to result in reduced liquidity for credit bonds issued by companies in certain sectors. The major credit rating agencies expect an increase in defaults in all regions, in Latin America in particular.

### Credit risk

The fixed income funds' investments are based on analyses of each issuer's creditworthiness and the economic, macro political and institutional circumstances of the country in which the bond is issued. Credit risk is reduced by increasing demands in terms of credit worthiness and type of issuer. Counterparty risk is reduced by seeking delivery on payment and by keeping a close eye on brokers'

credit ratings, market credit premium and accounts.

### Liquidity risk

The equity funds' liquidity risk is limited by monitoring reported traded volumes, an extensive counterparty network and the possibility of trading directly with counterparties outside the market. In addition, a certain cash position is maintained. A potential sharp fall in liquidity is tested and compared with historical data for the largest observed and expected redemptions over various time periods.

### Operational risk

SKAGEN strives to have a good risk culture in the organisation where the attention to controls and risk lie with those responsible for the relevant tasks. Operational risk is managed by updating and learning from the incident register, amongst other things. Twice a year, undesirable events are evaluated by the company's compliance function in an internal control process involving the managers responsible for the various areas of activity. Risk is also assessed by the CEO on an overall level, and an assessment is made on a continuous basis about whether new measures shall be introduced and internal routines changed. The compliance function also discusses with the internal auditor and reports the internal control process to the Board. Several internal con-

trol related projects are carried out annually with the approval of the Board whereby the goal is to make operations more efficient and implement goal-oriented measures to reduce operational risk. The external auditor performs annual financial controls and issues an independent statement pursuant to the ISAE3402 standard.

### Redemptions

There were substantial redemptions from some of the equity funds in 2015. Liquidity in the funds has remained unchanged, however, and the redemptions have been handled in a routine manner. The funds' liquidity was generally better at the end of the year than at the beginning of the year.

### Administrative conditions

The securities funds have no employees. The company does not pollute the environment. All the securities funds are managed by SKAGEN. SKAGEN is located in Stavanger. All the securities funds have Handelsbanken as custodian.

### Going concern

The Board confirms that the premise of the funds and the management company as going concerns continues to be fulfilled.

## Proposal for the allocation of funds' income:

INCOME STATEMENT 2015 (ALL FIGURES IN NOK 1000)	SKAGEN VEKST 2015	SKAGEN GLOBAL 2015	SKAGEN KON-TIKI 2015	SKAGEN m <sup>2</sup> 2015	SKAGEN FOCUS 26.05.2015- 31.12.2015	SKAGEN BALANSE 60/40 2015	SKAGEN TELLUS 2015	SKAGEN AVKASTNING 2015
INCOME STATEMENT	595 588	5 212 754	42 175	48 297	-27 818	17 691	53 350	15 689
<b>Allocation of net income</b>								
Transfer to/from retained earnings	595 588	5 212 754	42 175	48 297	-27 818	17 691	-61 061	-52 638
Allocated for distribution to unit holders	-	-	-	-	-	-	114 411	68 328
Net distributed to unit holders during the year	-	-	-	-	-	-	-	-
<b>Total</b>	<b>595 588</b>	<b>5 212 754</b>	<b>42 175</b>	<b>48 297</b>	<b>-27 818</b>	<b>17 691</b>	<b>53 350</b>	<b>15 689</b>


INCOME STATEMENT 2015 (ALL FIGURES IN NOK 1000)	SKAGEN HØYRENTE 2015	SKAGEN HØYRENTE INSTITUSJON 2015	SKAGEN KRONA (IN 1000 SEK) 2015	SKAGEN CREDIT 2015	SKAGEN CREDIT NOK 2015	SKAGEN CREDIT SEK (IN 1000 SEK) 2015	SKAGEN CREDIT EUR (IN 1000 EUR) 2015
INCOME STATEMENT	32 240	10 527	1 083	18 665	-3 667	-708	-180,1
<b>Allocation of net income</b>							
Transfer to/from retained earnings	-21 674	1 069	1 083	2 283	-3 667	-1 065	-349,2
Allocated for distribution to unit holders	53 914	9 458	-	16 381	-	-	169,1
Net distributed to unit holders during the year	-	-	-	-	-	357	-
<b>Total</b>	<b>32 240</b>	<b>10 527</b>	<b>1 083</b>	<b>18 665</b>	<b>-3 667</b>	<b>-708</b>	<b>-180,1</b>


Board of SKAGEN AS, Stavanger 10 February 2016

  
Henrik Lisaeth

  
Leiv Askvig

  
Age K. Westbø

  
Anne S.K. Stensrud

  
Per Gustav Blom

  
Martin Petersson

# Annual Financial Statement 2015

INCOME STATEMENT		SKAGEN Vekst		SKAGEN Global		SKAGEN Kon-Tiki		SKAGEN m <sup>2</sup>		SKAGEN Focus	
(all figures in 1,000NOK)		Notes	2015	2014	2015	2014	2015	2014	2015	2014	26.05.2015 - 31.12.2015
<b>Portfolio revenue and costs</b>											
Interest income and costs			-1642	3412	-20253	4688	-44055	-11631	847	939	234
Dividends			177934	178274	759302	1046550	1249620	1009933	49062	19261	6943
Realised capital gain/loss			757060	1591972	6535553	4466021	3937582	3530101	95424	-18383	12406
Change unrealised gain/loss	7		-283834	-514656	-1924864	658868	-4506367	1090280	-83975	194870	-44522
Guarantee commission			-	-	-	1101	-	-	-	-	-
Brokers' fees			-7162	-7576	-74573	-52862	-44335	-47563	-1778	-1020	-1628
Currency gain/loss			43326	88509	398870	682795	218342	426444	5608	2826	2837
<b>PORTFOLIO RESULT</b>			<b>685682</b>	<b>1339935</b>	<b>5674035</b>	<b>6807161</b>	<b>810787</b>	<b>5997562</b>	<b>65187</b>	<b>198493</b>	<b>-23730</b>
<b>Management revenue and costs</b>											
Management fee - fixed	8		-81807	-84323	-360499	-450245	-783647	-1008148	-17861	-8442	-7201
Management fee - variable	8		-11750	-76246	-370	-	130520	463770	8863	2193	5617
<b>ASSET MANAGEMENT RESULT</b>			<b>-93557</b>	<b>-160570</b>	<b>-360869</b>	<b>-450245</b>	<b>-653127</b>	<b>-544378</b>	<b>-8997</b>	<b>-6249</b>	<b>-1584</b>
<b>RESULT BEFORE TAX</b>			<b>592125</b>	<b>1179366</b>	<b>5313165</b>	<b>6356916</b>	<b>157660</b>	<b>5453184</b>	<b>56190</b>	<b>192244</b>	<b>-25314</b>
Tax cost	10		3464	-6543	-100411	-182000	-115485	-99307	-7893	-7715	-2504
<b>NET INCOME</b>			<b>595588</b>	<b>1172823</b>	<b>5212754</b>	<b>6174916</b>	<b>42175</b>	<b>5353876</b>	<b>48297</b>	<b>184529</b>	<b>-27818</b>
<b>Allocation of net income</b>											
Transfer to/from retained earnings	9		595588	1172823	5212754	6174916	42175	5353876	48297	184529	-27818
Allocated for distribution to unit holders	9		-	-	-	-	-	-	-	-	-
Net distributed to unit holders during the year	9		-	-	-	-	-	-	-	-	-
<b>TOTAL</b>			<b>595588</b>	<b>1172823</b>	<b>5212754</b>	<b>6174916</b>	<b>42175</b>	<b>5353876</b>	<b>48297</b>	<b>184529</b>	<b>-27818</b>
<b>BALANCE SHEET</b>											
			31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015
<b>Assets</b>											
Norwegian securities at cost price	3,7		1404369	1777193	-	652468	1389093	1397187	51073	25535	-
Foreign securities at cost price	3,7		5522299	5025309	24408235	26716927	24308029	35107835	881796	609305	1055313
Unrealised capital gain/loss	7		1230110	1514202	9489191	11416598	9684462	14191065	66993	150971	-44522
Accrued interest securities	7		-	-	-	216	-	-	128	108	-
<b>TOTAL SECURITIES PORTFOLIO</b>			<b>8156778</b>	<b>8316704</b>	<b>33897425</b>	<b>38786209</b>	<b>35381584</b>	<b>50696087</b>	<b>999990</b>	<b>785918</b>	<b>1010791</b>
Dividend receivable			19940	18510	69029	81277	224073	183062	1787	1754	3158
Accrued interest bank			-	-	-	-	-	-	-	-	-
<b>TOTAL ACCRUED INCOME</b>			<b>19940</b>	<b>18510</b>	<b>69029</b>	<b>81277</b>	<b>224073</b>	<b>183062</b>	<b>1787</b>	<b>1754</b>	<b>3158</b>
Deferred tax asset	10		-	-	-	-	-	-	-	-	-
Accounts receivable - brokers			10	16446	240021	45555	11175	53598	13053	-	-
Accounts receivable - management company			4	4	18	17	52	211632	4852	4	2382
Tax receivable on dividends			5961	2280	42813	38213	29206	4530	1077	653	-
Other receivables			-	-	705	-	-	-	769	294	-
<b>TOTAL OTHER RECEIVABLES</b>			<b>5974</b>	<b>18730</b>	<b>283556</b>	<b>83785</b>	<b>40433</b>	<b>269761</b>	<b>19751</b>	<b>951</b>	<b>2382</b>
Bank deposits	11		37228	386083	1429076	659001	618335	613624	12668	77592	27641
<b>TOTAL ASSETS</b>			<b>8219921</b>	<b>8740027</b>	<b>35679086</b>	<b>39610272</b>	<b>36264425</b>	<b>51762534</b>	<b>1034196</b>	<b>866216</b>	<b>1043971</b>
<b>Equity Capital</b>											
Unit capital at par value	9		411969	467604	2427276	3103280	5269900	7458488	661261	580240	1080198
Premium	9		4082398	4190110	19475362	22724548	25743393	31493522	235702	103871	-22972
<b>TOTAL PAID-IN EQUITY CAPITAL</b>			<b>4494366</b>	<b>4657714</b>	<b>21902638</b>	<b>25827828</b>	<b>31013293</b>	<b>38952010</b>	<b>896963</b>	<b>684111</b>	<b>1057226</b>
Retained earnings	9		3688791	3981864	13651911	13550032	5176404	12774021	125036	153014	-15401
Allocated to unit holders for reinvestment in new units	9		-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY CAPITAL</b>			<b>8183157</b>	<b>8639578</b>	<b>35554550</b>	<b>39377859</b>	<b>36189697</b>	<b>51726031</b>	<b>1021999</b>	<b>837125</b>	<b>1041825</b>
<b>Debt</b>											
Deferred tax	10		-	-	-	1134	-	-	668	1840	-
Accounts payable - brokers			-	-	558	9786	-	4462	742	23968	-
Accounts payable - management company			31798	97242	87337	107551	39017	-	-	400	-
Other debt	10		4965	3208	36642	113941	35711	32041	10787	2882	2146
<b>TOTAL OTHER DEBT</b>			<b>36763</b>	<b>100450</b>	<b>124537</b>	<b>232412</b>	<b>74728</b>	<b>36503</b>	<b>12197</b>	<b>29091</b>	<b>2146</b>
<b>TOTAL DEBT AND EQUITY CAPITAL</b>			<b>8219921</b>	<b>8740027</b>	<b>35679086</b>	<b>39610272</b>	<b>36264425</b>	<b>51762534</b>	<b>1034196</b>	<b>866216</b>	<b>1043971</b>


Stavanger 10 February 2016  
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# FINANCIAL STATEMENT

INCOME STATEMENT		SKAGEN Tellus		SKAGEN Avkastning		SKAGEN Høyrente		SKAGEN Høyrente Institusjon		SKAGEN Krona*	
(all figures in 1,000 NOK)		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Notes											
<b>Portfolio revenue and costs</b>											
Interest income and costs		44 774	27 338	47 438	47 175	69 331	91 795	16 482	27 689	2 155	12 951
Dividends		-	-	-	-	-	-	-	-	-	-
Realised capital gain/loss		95 548	-2 335	56 039	-3 662	-4 170	139	-2 107	711	-	-
Change unrealised gain/loss	7	-74 503	161 416	-60 098	61 478	-25 251	-7 228	-2 678	-1 900	-201	-2 075
Guarantee commission		-	-	-	-	-	-	-	-	-	-
Brokers' fees		-42	-34	-24	-17	-5	-3	-5	-3	-19	-14
Currency gain/loss		-2 724	751	-18 441	-29 535	-	-	-	-	-	-
<b>PORTFOLIO RESULT</b>		<b>63 053</b>	<b>187 137</b>	<b>24 913</b>	<b>75 439</b>	<b>39 904</b>	<b>84 703</b>	<b>11 692</b>	<b>26 498</b>	<b>1 934</b>	<b>10 861</b>
<b>Management revenue and costs</b>											
Management fee - fixed	8	-9 702	-5 717	-9 224	-7 447	-7 664	-8 489	-1 165	-1 594	-852	-1 479
Management fee - variable	8	-	-	-	-	-	-	-	-	-	-
<b>ASSET MANAGEMENT RESULT</b>		<b>-9 702</b>	<b>-5 717</b>	<b>-9 224</b>	<b>-7 447</b>	<b>-7 664</b>	<b>-8 489</b>	<b>-1 165</b>	<b>-1 594</b>	<b>-852</b>	<b>-1 479</b>
<b>RESULT BEFORE TAX</b>		<b>53 350</b>	<b>181 420</b>	<b>15 689</b>	<b>67 991</b>	<b>32 240</b>	<b>76 214</b>	<b>10 527</b>	<b>24 904</b>	<b>1 083</b>	<b>9 382</b>
Tax cost	10	-	-450	-	-	-	-	-	-	-	-
<b>NET INCOME</b>		<b>53 350</b>	<b>180 969</b>	<b>15 689</b>	<b>67 991</b>	<b>32 240</b>	<b>76 214</b>	<b>10 527</b>	<b>24 904</b>	<b>1 083</b>	<b>9 382</b>
<b>Allocation of net income</b>											
Transfer to/from retained earnings	9	-61 061	154 554	-52 638	55 280	-21 674	-5 199	1 069	4 006	1 083	-4 435
Allocated for distribution to unit holders	9	114 411	26 415	68 328	12 711	53 914	81 414	9 458	20 898	-	-
Net distributed to unit holders during the year	9	-	-	-	-	-	-	-	-	-	13 817
<b>TOTAL</b>		<b>53 350</b>	<b>180 969</b>	<b>15 689</b>	<b>67 991</b>	<b>32 240</b>	<b>76 214</b>	<b>10 527</b>	<b>24 904</b>	<b>1 083</b>	<b>9 382</b>
<b>BALANCE SHEET</b>											
		31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
<b>Assets</b>											
Norwegian securities at cost price	3,7	63 360	-	1 238 681	969 570	2 278 741	2 362 404	404 444	354 978	-	-
Foreign securities at cost price	3,7	1 122 673	938 585	296 999	265 604	-	-	-	-	500 573	620 961
Unrealised capital gain/loss	7	81 193	155 696	6 559	66 657	-22 571	2 680	-2 950	-272	-472	-271
Accrued interest securities	7	18 162	18 674	7 631	11 084	5 994	8 198	1 032	1 138	278	1 204
<b>TOTAL SECURITIES PORTFOLIO</b>		<b>1 285 388</b>	<b>1 112 954</b>	<b>1 549 869</b>	<b>1 312 915</b>	<b>2 262 163</b>	<b>2 373 282</b>	<b>402 526</b>	<b>355 845</b>	<b>500 379</b>	<b>621 895</b>
Dividend receivable		-	-	-	-	-	-	-	-	-	-
Accrued interest bank		-	-	-	-	-	-	-	-	-	-
<b>TOTAL ACCRUED INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred tax asset	10	-	-	-	-	-	-	-	-	-	-
Accounts receivable - brokers		-	-	-	-	-	-	-	66 953	-	-
Accounts receivable - management company	5	4	3	2	-	-	-	-	-	-	-
Tax receivable on dividends		-	-	-	-	-	-	-	-	-	-
Other receivables		-	-	-	951	-	-	-	-	-	-
<b>TOTAL OTHER RECEIVABLES</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>951</b>	<b>-</b>	<b>-</b>	<b>66 953</b>	<b>-</b>	<b>-</b>
Bank deposits	11	10 503	34 871	130 698	434 828	642 182	966 763	186 931	409 271	113 072	12 916
<b>TOTAL ASSETS</b>		<b>1 295 895</b>	<b>1 147 830</b>	<b>1 680 570</b>	<b>1 747 745</b>	<b>2 905 297</b>	<b>3 340 045</b>	<b>589 457</b>	<b>832 069</b>	<b>613 452</b>	<b>634 811</b>
<b>Equity Capital</b>											
Unit capital at par value	9	935 568	851 683	1 170 679	1 219 380	2 845 658	3 224 938	583 133	813 619	611 277	633 263
Premium	9	250 517	146 464	461 438	457 581	197 010	206 401	95 299	53 401	6 967	13 283
<b>TOTAL PAID-IN EQUITY CAPITAL</b>		<b>1 186 085</b>	<b>998 147</b>	<b>1 632 116</b>	<b>1 676 961</b>	<b>3 042 668</b>	<b>3 431 339</b>	<b>678 432</b>	<b>867 021</b>	<b>618 245</b>	<b>646 547</b>
Retained earnings	9	-8 426	120 010	-22 242	53 708	-192 606	-175 256	-98 921	-56 415	-5 596	-13 069
Allocated to unitholders for reinvestment in new units	9	114 373	26 355	67 683	12 103	53 305	81 213	9 697	21 136	-	-
<b>TOTAL EQUITY CAPITAL</b>		<b>1 292 032</b>	<b>1 144 512</b>	<b>1 677 557</b>	<b>1 742 772</b>	<b>2 903 367</b>	<b>3 337 296</b>	<b>589 207</b>	<b>831 742</b>	<b>612 648</b>	<b>633 478</b>
<b>Debt</b>											
Deferred tax	10	-	-	-	-	-	-	-	-	-	-
Accounts payable - brokers		-	-	-	-	-	-	-	-	-	-
Accounts payable - management company		2 331	1 983	2 178	2 155	1 930	2 163	250	327	148	349
Other debt	10	1 533	1 334	835	2 818	-	586	-	-	655	984
<b>TOTAL OTHER DEBT</b>		<b>3 864</b>	<b>3 317</b>	<b>3 013</b>	<b>4 973</b>	<b>1 930</b>	<b>2 749</b>	<b>250</b>	<b>327</b>	<b>803</b>	<b>1 333</b>
<b>TOTAL DEBT AND EQUITY CAPITAL</b>		<b>1 295 895</b>	<b>1 147 830</b>	<b>1 680 570</b>	<b>1 747 745</b>	<b>2 905 297</b>	<b>3 340 045</b>	<b>589 457</b>	<b>832 069</b>	<b>613 452</b>	<b>634 811</b>

\* In 1,000 SEK

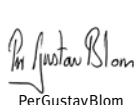
Stavanger 10 February 2016  
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INCOME STATEMENT		SKAGEN Credit		SKAGEN Credit NOK		SKAGEN Credit SEK*		SKAGEN Credit EUR**		SKAGEN Balance60/40	
(all figures in 1,000 NOK)		2015	30.05.2014- 31.12.2014	2015	30.05.2014- 31.12.2014	2015	30.05.2014- 31.12.2014	2015	30.05.2014- 31.12.2014	2015	2014
	Notes										
<b>Portfolio revenue and costs</b>											
Interest income and costs		10962	4956	10696	5997	1635	1286	322,5	141,1	3307	1998
Dividends		-	-	-	-	-	-	-	-	-	-
Realised capital gain/loss		2902	2441	7790	3144	727	157	21,3	-3,3	18055	11042
Change unrealised gain/loss	7	3473	13752	-5415	6065	-2205	415	-348,5	-35,4	-3227	12848
Guarantee commission		-	-	-	-	-	-	-	-	-	-
Brokers' fees		-38	-26	-32	-11	-24	-12	-2,2	-0,6	-	-
Currency gain/loss		1367	1184	-15723	-16709	-645	-2498	-140,2	-163,8	-	-
<b>PORTFOLIO RESULT</b>		<b>18665</b>	<b>22306</b>	<b>-2683</b>	<b>-1515</b>	<b>-512</b>	<b>-652</b>	<b>-147,1</b>	<b>-62,0</b>	<b>18135</b>	<b>25888</b>
<b>Management revenue and costs</b>											
Management fee - fixed	8	-	-	-984	-493	-195	-115	-33,0	-12,1	-	-
Management fee - variable	8	-	-	-	-	-	-	-	-	-	-
<b>ASSET MANAGEMENT RESULT</b>		<b>-</b>	<b>-</b>	<b>-984</b>	<b>-493</b>	<b>-195</b>	<b>-115</b>	<b>-33,0</b>	<b>-12,1</b>	<b>-</b>	<b>-</b>
<b>RESULT BEFORE TAX</b>		<b>18665</b>	<b>22306</b>	<b>-3667</b>	<b>-2007</b>	<b>-708</b>	<b>-767</b>	<b>-180,1</b>	<b>-74,1</b>	<b>18135</b>	<b>25888</b>
Tax cost	10	-	-	-	-	-	-	-	-	-445	-780
<b>NET INCOME</b>		<b>18665</b>	<b>22306</b>	<b>-3667</b>	<b>-2007</b>	<b>-708</b>	<b>-767</b>	<b>-180,1</b>	<b>-74,1</b>	<b>17691</b>	<b>25108</b>
<b>Allocation of net income</b>											
Transfer to/from retained earnings	9	2283	14902	-3667	-2007	-1065	-767	-349,2	-74,1	17691	25108
Allocated for distribution to unit holders	9	16381	7404	-	-	-	-	169,1	-	-	-
Net distributed to unit holders during the year	9	-	-	-	-	357	-	-	-	-	-
<b>TOTAL</b>		<b>18665</b>	<b>22306</b>	<b>-3667</b>	<b>-2007</b>	<b>-708</b>	<b>-767</b>	<b>-180,1</b>	<b>-74,1</b>	<b>17691</b>	<b>25108</b>
<b>BALANCE SHEET</b>											
		31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
<b>Assets</b>											
Norwegian securities at cost price	3,7	15338	5089	143674	83030	20690	26634	5409,0	3049,1	303147	269501
Foreign securities at cost price	3,7	171344	121506	-	-	-	-	-	-	-	-
Unrealised capital gain/loss	7	17224	13752	650	6065	-1790	415	-383,9	-35,4	24869	28095
Accrued interest securities	7	4162	2676	100	-	-8	-	-	-	-	-
<b>TOTAL SECURITIES PORTFOLIO</b>		<b>208068</b>	<b>143022</b>	<b>144424</b>	<b>89094</b>	<b>18892</b>	<b>27050</b>	<b>5025,0</b>	<b>3013,7</b>	<b>328016</b>	<b>297596</b>
Dividend receivable		-	-	-	-	-	-	-	-	-	-
Accrued interest bank		-	-	-	-	-	-	-	-	-	-
<b>TOTAL ACCRUED INCOME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred tax asset	10	-	-	-	-	-	-	-	-	220	-
Accounts receivable - brokers		-	-	-	191	100	-	-	-	-	-
Accounts receivable - management company		-	-	-	-	-	-	0,1	0,1	-	-
Tax receivable on dividends		-	-	-	-	-	-	-	-	-	-
Other receivables		-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER RECEIVABLES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>191</b>	<b>100</b>	<b>-</b>	<b>0,1</b>	<b>0,1</b>	<b>220</b>	<b>-</b>
Bank deposits	11	3220	4676	1637	314	121	196	47,1	15,9	2151	3555
<b>TOTAL ASSETS</b>		<b>211287</b>	<b>147698</b>	<b>146061</b>	<b>89600</b>	<b>19114</b>	<b>27245</b>	<b>5072,1</b>	<b>3029,6</b>	<b>330386</b>	<b>301151</b>
<b>Equity Capital</b>											
Unit capital at par value	9	175824	127866	147989	90978	20617	27479	5321,1	3098,4	238370	230571
Premium	9	24889	3767	-638	-41	-58	-15	-18,6	-1,7	54827	34776
<b>TOTAL PAID-IN EQUITY CAPITAL</b>		<b>200714</b>	<b>131633</b>	<b>147351</b>	<b>90937</b>	<b>20558</b>	<b>27464</b>	<b>5302,5</b>	<b>3096,7</b>	<b>293198</b>	<b>265347</b>
Retained earnings	9	-5798	8661	-4343	-1544	-1489	-676	-408,4	-72,8	36295	34987
Allocated to unitholders for reinvestment in new units	9	16372	7404	-	-	-	-	169,1	-	-	-
<b>TOTAL EQUITY CAPITAL</b>		<b>211287</b>	<b>147698</b>	<b>143008</b>	<b>89393</b>	<b>19070</b>	<b>26788</b>	<b>5063,1</b>	<b>3023,9</b>	<b>329492</b>	<b>300334</b>
<b>Debt</b>											
Deferred tax	10	-	-	-	-	-	-	-	-	-	202
Accounts payable - brokers		-	-	1306	-	-	-	-	-	-	-
Accounts payable - management company		-	-	287	206	43	401	9,0	-	-	-
Other debt	10	-	-	1460	-	1	57	-	5,6	894	615
<b>TOTAL OTHER DEBT</b>		<b>-</b>	<b>-</b>	<b>3053</b>	<b>206</b>	<b>44</b>	<b>458</b>	<b>9,0</b>	<b>5,6</b>	<b>894</b>	<b>817</b>
<b>TOTAL DEBT AND EQUITY CAPITAL</b>		<b>211287</b>	<b>147698</b>	<b>146061</b>	<b>89600</b>	<b>19114</b>	<b>27245</b>	<b>5072,1</b>	<b>3029,6</b>	<b>330386</b>	<b>301151</b>

\* In 1,000 SEK


\*\* In 1,000 EUR

Stavanger 10 February 2016  
Board of SKAGEN AS
  
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Martin Petersson

# General notes 2015

## NOTE 1: ACCOUNTING PRINCIPLES

All figures in NOK 1,000 unless otherwise stated.

The accounts for 2015 are prepared in accordance with the Norwegian accounting law and regulation for annual financial statements for securities funds.

### Financial instruments:

All financial instruments, such as shares, bonds, certificates and interest rate swaps, are valued at fair value (market value).

### Determination of fair value:

Securities are valued at market prices as of 31.12.2015.

Bonds and notes, for which there are no "marketmaker" prices, are at all times valued against the applicable credit spreads and yield curve.

Unlisted equities are valued according to the latest trading price, value adjustments made by brokers and/or internal valuations.

### Currency exchange rates:

Securities and bank deposits/overdrafts in foreign currency are valued at the prevailing exchange rate at the time of pricing 31.12.2015.

### Treatment of transaction costs:

Transaction costs in the form of commission to brokers is charged to expenses at the time of the transaction.

### Allocated to unitholders for reinvestment:

Net taxable income in the fixed income funds, comprised of interest income, realised capital gain/loss and other income with deduction of management fee and transaction- related custodian costs, is distributed to the unit holders as the issue of new units as of 31.12.2015. For SKAGEN Krona and SKAGEN Credit SEK the distribution to the unit holders as the issue of new units is done as of 18.12.2015.

All distribution to unit holders in fixed income funds are treated as allocations of profit in accordance with the regulation for annual financial statements for securities funds. Distribution from fixed income funds are accounted for by entering reinvestments as new units in the fund in the financial year.

## NOTE 2: FINANCIAL DERIVATIVES

SKAGEN Credit holds interest rate derivatives. A more detailed description is given in the SKAGEN Credit notes.

The other funds have not held financial derivatives during the year.

## NOTE 3: FINANCIAL MARKET RISK

Through investment in Norwegian and foreign businesses, the equity funds are exposed to share price, currency exchange and liquidity risks. The fixed income funds are exposed to interest and credit risks and liquidity risks. Furthermore, the fixed income funds are exposed to currency risks in those cases where the funds invest in currencies other than the fund's functional currency.

### Overview of funds which have functional currency other than NOK:

	Functional currency
SKAGEN Krona	SEK
SKAGEN Credit SEK	SEK
SKAGEN Credit EUR	EUR

In addition to laws, regulations and articles of association regulating the risks in the funds, the funds are managed with a conscious focus on company-specific risks related to the companies constituting the funds' portfolios.

## NOTE 4: CUSTODIAN COST

The funds are only charged transaction-related custodian costs.

## NOTE 5: TURNOVER RATE

The turnover rate is a measure related to the average duration of the investments in the fund.

The turnover rate is calculated as whichever is the smaller amount of either purchases and sales of securities in the portfolio during the year, divided by average assets under management during the year. The formula is an approach for calculating the funds' turnover rate.

### The funds' turnover rate for the year 2015 was:

SKAGEN Vekst	30 %
SKAGEN Global	48 %
SKAGEN Kon Tiki	10 %
SKAGEN m <sup>2</sup>	45 %
SKAGEN Focus	20 %
SKAGEN Balanse 60/40	33 %
SKAGEN Avkastning	61 %
SKAGEN Høyrente	52 %
SKAGEN Høyrente Institusjon	91 %
SKAGEN Tellus	114 %
SKAGEN Krona	295 %
SKAGEN Credit	15 %

### For the feederfunds:

SKAGEN Credit NOK	For all feederfunds it is the turnover rate in the masterfund SKAGEN Credit which applies.
SKAGEN Credit SEK	
SKAGEN Credit EUR	

## NOTE 6: SUBSCRIPTION FEE

There are no subscription or redemption fees for any of the funds.

## NOTE 7: REFER TO PAGES 53 TO 65

## SKAGEN Vekst Note 8, 9, 10 & 11

## NOTE 8. MANAGEMENT FEE

The fixed management fee is calculated for all classes in percent p.a. of the daily assets under management in the class as follows:

Unit class	Fixed management fee percent p.a.
A	1,0%
B	0,8%
C	0,6%

In addition, unit classes A and B are charged a variable management fee of 1/10 of the return above 6 percent p.a. measured in Norwegian kroner, as long as the unit value on 31.12 is more than the unit value the last time the fund was charged a variable management fee (high watermark). Unit class C is charged a variable management fee of 1/10 of the better value development in the unit value than the balanced and continually rebalanced index composed of the MSCI Nordic Countries IMI Index and the MSCI All Country World Index ex Nordic Countries (Daily Total Return Net \$ measured in Norwegian kroner). The variable management fee in class C is charged/calculated only if the accumulated relative value development from the previous charge/calculation up to and including 31 December is greater than zero.

Management fee allocated to the respective unit classes:

	2015			Total
	Unit class A	Unit class B	Unit class C	
Management fee - fixed	79 598	84	2 126	81 807
Management fee - variable	11 733	16	-	11 750
<b>Total management fee</b>	<b>91 331</b>	<b>100</b>	<b>2 126</b>	<b>93 557</b>

Unit class C was launched on 01.01.2015.

## NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	8 639 578
Issue of units 2015	586 068
Redemption of units 2015	-1 638 077
Distribution to unit holders 2015	-
Net income 2015	595 588
<b>Equity capital as of 31.12.2015</b>	<b>8 183 157</b>

	Class	31.12.2015	31.12.2014	31.12.2013
Number of units issued	A	3 972 933	4 671 239	5 008 679
Number of units issued	B	5 753	4 801	-
Number of units issued	C	141 003	-	-
Base price per unit (in NOK)*	A	1 986,0307	1 847,7680	1 605,2264
Base price per unit (in NOK)*	B	1 992,0727	1 882,5363	-
Base price per unit (in NOK)*	C	1 994,7290	-	-

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between unit class A, unit class B and unit class C is related to the management fee, see note 8.

## NOTE 10. TAX NOTE

Equity funds are, in principle, exempt from tax on gains and do not have the right to deduct losses on realisation of equities when calculating taxable income. Furthermore, dividends received from companies within the EU/EEA are, in principle, tax-exempt. However, 3 percent of dividends received from these companies are treated as taxable to Norway.

Dividends received from companies outside the EU/EEA are taxable. The funds may in addition be charged withholding tax on dividends received from all foreign companies.

The tax cost for the years 2015 and 2014 in SKAGEN Vekst is associated with withholding tax on foreign dividends.

## NOTE 11. RISK AMOUNT (IN NOK)

RISK amount determined as of 01.01:

1994	1995	1996	1997	1998	1999	2000
-0,35	-0,37	3,28	-0,50	1,73	1,26	3,62
2001	2002	2003	2004	2005	2006	
3,77	0,51	2,03	3,06	-7,03	-9,44	

## SKAGEN Focus Note 8, 9 &amp; 10

## NOTE 8. MANAGEMENT FEE

The fixed management fee is calculated for all classes in percent p.a. of the daily assets under management in the class as follows:

Unit class	Fixed management fee percent p.a.
A	1,6%
B	1,3%
C	1,0%

In addition the three unit classes are charged a variable management fee of 1/10 better value development in the unit value than the benchmark index MSCI All Country World Daily Total Return Net \$ measured in Norwegian kroner. The variable management fee is calculated daily and charged yearly on 31 December for all three unit classes. In the event of poorer value development in the unit value than the benchmark index, 10 percent of the underperformance is deducted from the fixed management fee. The total management fee therefore has an upper and a lower limit, so the combined fee may not exceed 3.2 percent p.a. and may not be less than 0.8 percent p.a. of the average assets under management in unit classes A and C. In unit class B the corresponding upper limit is 2.9 percent p.a. and lower limit is 0.5 percent p.a.

Management fee allocated to the respective unit classes:

	2015			Total
	Unit class A	Unit class B	Unit class C	
Management fee - fixed	6500	17	684	7201
Management fee - variable	-5373	-17	-227	-5617
<b>Total management fee</b>	<b>1127</b>	<b>0</b>	<b>457</b>	<b>1584</b>

SKAGEN Focus was launched on 26.05.2015.

## NOTE 9. EQUITY RECONCILIATION

Equity capital as of 26.05.2015	-
Issue of units 2015	1 274 969
Redemption of units 2015	-205 326
Distribution to unit holders 2015	-
Net income 2015	-27 818
<b>Equity capital as of 31.12.2015</b>	<b>1 041 825</b>

	Class	31.12.15
Number of units issued	A	9 577 105
Number of units issued	B	24 875
Number of units issued	C	1 200 000
Base price per unit (in NOK)*	A	96,4892
Base price per unit (in NOK)*	B	96,6965
Base price per unit (in NOK)*	C	96,3062

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between the three unit classes is related to the management fee, see note 8.

## NOTE 10. TAX NOTE

Equity funds are, in principle, exempt from tax on gains and do not have the right to deduct losses on realisation of equities when calculating taxable income. Furthermore, dividends received from companies within the EU/EEA are, in principle, tax-exempt. However, 3 percent of dividends received from these companies are treated as taxable to Norway.

Dividends received from companies outside the EU/EEA are taxable. The funds may in addition be charged withholding tax on dividends received from all foreign companies.

Calculation basis - tax payable	26.05.2015 - 31.12.2015
Net interest income	234
Taxable dividend	6827
3% of tax-exempt dividend	3
Taxable gain/loss outside the Norwegian tax exemption rule "Fritaksmetoden"	-
Currency gain/loss	2837
<b>Total taxable income</b>	<b>9902</b>
Management fee - fixed	-7201
Management fee - variable	5617
<b>Total tax deductible costs</b>	<b>-1584</b>
<b>Net taxable income</b>	<b>8318</b>
<b>Calculation basis - tax payable (A)</b>	<b>8318</b>
<b>Tax payable in the income statement</b>	
Tax payable (Ax 27%)	2246
Credit allowance for withholding tax paid outside EU/EEA	-449
<b>Tax payable</b>	<b>1796</b>
<b>Tax cost in the income statement</b>	
Tax payable, not assessed	1796
Withholding tax on foreign dividends	708
Change deferred tax	-
<b>Total tax cost</b>	<b>2504</b>

Tax payable is incorporated in other debt.

## SKAGEN Global Note 8, 9 &amp; 10

## NOTE 8. MANAGEMENT FEE

The fixed management fee is calculated for all classes in percent p.a. of the daily assets under management in the class as follows:

Unit class	Fixed management fee percent p.a.
A	1,0%
B	0,8%
C	0,6%
D	0,5%

In addition all four unit classes are charged a variable management fee of 1/10 better value development in the unit value than the benchmark index MSCI All Country World Daily Total Return Net \$ measured in Norwegian kroner. The variable management fee is calculated daily and charged yearly on 31 December for unit classes A and B. For unit classes C and D, the variable management fee is calculated daily and charged quarterly, but the variable management fee for a given quarter may only be charged provided that the accumulated relative value development between the fund and the MSCI All Country World Daily Total Return Net \$ measured in Norwegian kroner from the previous charge up to and including the given quarter is greater than zero (high watermark).

Management fee allocated to the respective unit classes:

	2015				Total
	Unit class A	Unit class B	Unit class C	Unit class D	
Management fee - fixed	342 388	16 753	1 352	5	360 499
Management fee - variable	-	157	212	1	370
<b>Total management fee</b>	<b>342 388</b>	<b>16 910</b>	<b>1 565</b>	<b>6</b>	<b>360 869</b>

Unit class C and D was launched on 01.01.2015.

## NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	39 377 859
Issue of units 2015	3 900 626
Redemption of units 2015	-12 936 690
Distribution to unit holders 2015	-
Net income 2015	5 212 754
<b>Equity capital as of 31.12.2015</b>	<b>35 554 550</b>

	Klasse	31.12.2015	31.12.2014	31.12.2013
Number of units issued	A	22 776 656	29 345 494	42 622 543
Number of units issued	B	1 330 076	1 687 304	
Number of units issued	C	165 245		
Number of units issued	D	787		
Base price per unit (in NOK)*	A	1 464,5507	1 268,7961	1 095,2810
Base price per unit (in NOK)*	B	1 462,4149	1 266,2486	
Base price per unit (in NOK)*	C	1 466,7888		
Base price per unit (in NOK)*	D	1 467,7476		

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between the unit classes is related to the management fee, see note 8.

## NOTE 10. TAX NOTE

Equity funds are, in principle, exempt from tax on gains and do not have the right to deduct losses on realisation of equities when calculating taxable income. Furthermore, dividends received from companies within the EU/EEA are, in principle, tax-exempt. However, 3 percent of dividends received from these companies are treated as taxable to Norway.

Dividends received from companies outside the EU/EEA are taxable. The funds may in addition be charged withholding tax on dividends received from all foreign companies.

Calculation basis - tax payable	2015	2014
Net interest income and guarantee commission	-20 253	5 790
Taxable dividend	415 277	700 470
3% of tax-exempt dividend	10 321	10 382
Taxable gain/loss outside the the Norwegian tax exempt rule "Fritaksmetoden"	3 682	3 723
Currency gain/loss	398 870	682 795
<b>Total taxable income</b>	<b>807 897</b>	<b>1 403 161</b>
Management fee - fixed	-360 499	-450 245
Management fee - variable	-370	-
<b>Total tax deductible costs</b>	<b>-360 869</b>	<b>-450 245</b>
<b>Net taxable income</b>	<b>447 028</b>	<b>952 915</b>
Carry forward losses	-	-
<b>Calculation basis - tax payable (A)</b>	<b>447 028</b>	<b>952 915</b>
<b>Tax payable in the income statement</b>		
Tax payable (Ax 27%)	120 697	257 287
Taxes payable from previous years	30 523	-
Use of carried forward credit allowance	-44 581	-99 409
Credit allowance for withholding tax paid	-53 558	-80 945
<b>Tax payable</b>	<b>53 082</b>	<b>76 933</b>
<b>Basis deferred tax/deferred tax asset in the balance sheet</b>		
Unrealised gain/loss outside the Norwegian tax exempt rule "Fritaksmetoden"	-	-4 200
Carry forward credit allowance for withholding tax paid	242 096	
<b>Basis deferred tax/deferred tax asset (B)</b>	<b>242 096</b>	<b>-4 200</b>
<b>Deferred tax asset/deferred tax (B x 25%)</b>	<b>60 524</b>	<b>-1 134</b>
Deferred tax asset is not booked in the balance sheet		
<b>Tax cost in the income statement</b>		
Tax payable, not assessed	53 082	76 933
Withholding tax on foreign dividends	48 463	103 934
Change deferred tax	-1 134	-1 134
<b>Total tax cost</b>	<b>104 411</b>	<b>182 000</b>

Tax payable is incorporated in other debt.

# FINANCIAL STATEMENT

## SKAGEN Kon-Tiki Note 8, 9, 10 & 11

### NOTE 8. MANAGEMENT FEE

The fixed management fee is calculated for all classes in percent p.a. of the daily assets under management in the class as follows:

Unit class	Fixed management fee percent p.a.
A	2,00%
B	1,50%
C	1,75%
D	1,50%
E	1,25%

In addition all five classes are charged a variable management fee of 1/10 better value development in unit value than the benchmark index, MSCI Emerging Markets Index Daily Traded Net Total Return \$ measured in Norwegian kroner. In the event of poorer value development in unit value than the benchmark index, 10 percent of the under performance is deducted from the fixed management fee. The total management fee therefore has an upper and a lower limit such that the combined fee may not exceed 4 percent p.a. and may not be lower than 1 percent p.a. of the average assets under management in unit classes A, C, D and E. In unit class B, the corresponding upper limit is 3.5 percent p.a. and the lower limit is 0.5 percent p.a.

Management fee allocated to the respective unit classes:

	2015					Total
	Unit class A	Unit class B	Unit class C	Unit class D	Unit class E	
Management fee - fixed	546 478	82 682	11 915	27 312	115 260	783 647
Management fee - variable	-91 335	-20 446	-1 646	-5 738	-11 356	-130 520
<b>Total management fee</b>	<b>455 143</b>	<b>62 236</b>	<b>10 269</b>	<b>21 574</b>	<b>103 904</b>	<b>653 127</b>

Unit class C, D and E was launched on 01.01.2015.

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	51 726 031
Issue of units 2015	4 553 764
Redemption of units 2015	-20 132 273
Distribution to unit holders 2015	
Net income 2015	42 175
<b>Equity capital as of 31.12.2015</b>	<b>36 189 697</b>

	Class	31.12.2015	31.12.2014	31.12.2013
Number of units issued	A	31 948 647	64 178 326	80 561 992
Number of units issued	B	6 016 062	10 406 552	
Number of units issued	C	843 882		
Number of units issued	D	2 000 282		
Number of units issued	E	11 890 124		
Base price per unit (in NOK)*	A	684,8898	693,2737	621,4137
Base price per unit (in NOK)*	B	689,6829	694,9191	
Base price per unit (in NOK)*	C	686,5286		
Base price per unit (in NOK)*	D	688,1148		
Base price per unit (in NOK)*	E	689,9052		

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between the five unit classes is related to the management fee, see note 8.

### NOTE 10. TAX NOTE

Equity funds are, in principle, exempt from tax on gains and do not have the right to deduct losses on realisation of equities when calculating taxable income. Furthermore, dividends received from companies within the EU/EEA are, in principle, tax-exempt. However, 3 percent of dividends received from these companies are treated as taxable to Norway.

Dividends received from companies outside the EU/EEA are taxable. The funds may in addition be charged withholding tax on dividends received from all foreign companies.

The tax cost for the years 2015 and 2014 in SKAGEN Kon-Tiki is associated with withholding tax on foreign dividends.

### NOTE 11. RISK AMOUNT (IN NOK)

RISK amount determined as of 01.01:

	2003	2004	2005	2006
	3,26	1,80	-0,11	0,00

## SKAGEN m<sup>2</sup> Note 8, 9 & 10

### NOTE 8. MANAGEMENT FEE

The fixed management fee is calculated for all classes in percent p.a. of the daily assets under management in the class as follows:

Unit class	Fixed management fee percent p.a.
A	1,5%
B	1,2%
C	1,0%

In addition all three classes are charged a variable management fee of 1/10 better value development in the unit value than the benchmark index, MSCI ACWI Real Estate IMI Net Total Return Index USD measured in Norwegian kroner. In the event of poorer value development in the unit value than the benchmark index, 10 percent of the underperformance is deducted from the fixed management fee. The total management fee therefore has an upper and a lower limit such that the combined fee may not exceed 3 percent p.a. and may not be lower than 0.75 percent p.a. of the average assets under management in unit classes A and C. In unit class B, the corresponding upper limit is 2.7 percent p.a. and the lower limit is 0.45 percent p.a.

Management fee allocated to the respective unit classes:

	2015			Total
	Unit class A	Unit class B	Unit class C	
Management fee - fixed	17 831	19	10	17 861
Management fee - variable	-8 849	-12	-3	-8 863
<b>Total management fee</b>	<b>8 983</b>	<b>7</b>	<b>8</b>	<b>8 997</b>

Unit class C was launched on 01.01.2015

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	837 125
Issue of units 2015	1 108 313
Redemption of units 2015	-971 735
Distribution to unit holders 2015	
Net income 2015	48 297
<b>Equity capital as of 31.12.2015</b>	<b>1 021 999</b>

	Class	31.12.2015	31.12.2014	31.12.2013
Number of units issued	A	6 595 853	5 791 763	4 783 203
Number of units issued	B	9917	10 634	
Number of units issued	C	6 837		
Base price per unit (in NOK)*	A	154,5390	144,2631	105,9746
Base price per unit (in NOK)*	B	154,7885	144,1397	
Base price per unit (in NOK)*	C	154,5053		

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between the three unit classes is related to the management fee, see note 8.

### NOTE 10. TAX NOTE

Equity funds are, in principle, exempt from tax on gains and do not have the right to deduct losses on realisation of equities when calculating taxable income. Furthermore, dividends received from companies within the EU/EEA are, in principle, tax-exempt. However, 3 percent of dividends received from these companies are treated as taxable to Norway.

Dividends received from companies outside the EU/EEA are taxable. The funds may in addition be charged withholding tax on dividends received from all foreign companies.

Calculation basis - tax payable	2015	2014
Net interest income	847	947
Taxable dividend	28 960	15 669
3% of tax-exempt dividend	603	108
Taxable gain/loss outside the Norwegian tax exemption rule "Fritaksmetoden"	2 823	-4 056
Currency gain/loss	5 608	2 826
<b>Total taxable income</b>	<b>38 842</b>	<b>15 495</b>

Management fee - fixed	-17 861	-8 442
Management fee - variable	8 863	2 193
<b>Total tax deductible costs</b>	<b>-8 997</b>	<b>-6 249</b>

<b>Net taxable income</b>	<b>29 844</b>	<b>9 246</b>
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<b>Calculation basis - tax payable (A)</b>	<b>29 844</b>	<b>9 246</b>
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Tax payable in the income statement		
Tax payable (A x 27%)	8 058	2 496
Taxes payable from previous years	48	25
Tax payable 2012/2013 due to changed income tax return*		259
Credit allowance for withholding tax paid outside EU/EEA	-2 410	-1 037
Use of carried forward credit allowance		
<b>Tax payable</b>	<b>5 696</b>	<b>1 744</b>

Basis deferred tax/deferred tax asset in the balance sheet		
Unrealised gain/loss outside the Norwegian tax exemption rule "Fritaksmetoden"	2 670	6 813
Carry forward losses		
<b>Basis deferred tax/deferred tax asset (B)</b>	<b>2 670</b>	<b>6 813</b>

<b>Net deferred tax/deferred tax asset in the balance sheet (B x 25%)</b>	<b>668</b>	<b>1 840</b>
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Tax cost in the income statement		
Tax payable, not assessed	5 696	1 744
Change deferred tax/deferred tax asset	-1 172	3 704
Withholding tax on foreign dividends	3 370	2 267
<b>Total tax cost</b>	<b>7 893</b>	<b>7 715</b>

Tax payable is incorporated in other debt.

\*Withholding tax on dividends received from companies within the EU/EEA was deducted in accordance with the decision made by Asker og Bærum District Court on 19.11.2012 for the income years 2012 and 2013. The Supreme Court later decided there would be no tax deduction for this withholding tax.



## SKAGEN Balanse 60/40 Note 8, 9 &amp; 10

## NOTE 8. MANAGEMENT FEE

SKAGEN Balanse 60/40 is not charged a management fee but the underlying funds are charged management fees in accordance with the prospectus for each fund.

The applicable management fee in the underlying funds is as follows:

	Fixed fee in percent p.a. of the daily assets under management	Variable management fee
SKAGEN Avkastning	0,5%	-
SKAGEN Tellus, unit class A	0,8%	-
SKAGEN Høyrente	0,25%	-
SKAGEN Høyrente Institusjon	0,15%	-
SKAGEN Vekst, unit class A	1,0%	1/10 av avkastning utover 6 prosent p.a.
SKAGEN Global, unit class A	1,0%	*
SKAGEN Kon-Tiki, unit class A	2,0%	**

\* 1/10 of better value development measured in percent in the fund's asset value compared with the benchmark index MSCI All Country World Daily Total Return Net \$, measured in Norwegian kroner.

\*\* 1/10 of better value development in percent in the fund's asset value compared with the benchmark index MSCI Emerging Markets Index Daily Traded Net Total Return \$, measured in Norwegian kroner. In case of poorer value development in the fund's net asset value relative to the benchmark, 10 percent of the difference will be deducted from the fixed management fee. However the total management fee may not exceed 4 percent p.a. and may not be lower than 1 percent p.a. of average assets under management.

## NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	300 334
Issue of units 2015	215 894
Redemption of units 2015	-204 426
Distribution to unit holders 2015	-
Net income 2015	17 691
<b>Equity capital as of 31.12.2015</b>	<b>329 492</b>

	31.12.2015	31.12.2014	31.12.2013
Number of units issued	2 383 705	2 305 707	1 623 820
Base price per unit (in NOK)*	138,2503	130,2580	118,5793

\* Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

## NOTE 10. TAX NOTE

SKAGEN Balanse 60/40 is exempt from tax on gains and does not have the right to deduct losses on realisation of units in equity funds domiciled within the EU/EEA area. The fund is charged tax on gains and has the right to deduct losses on realisation of units in fixed income funds. Finally, accrued interests are included in the tax basis.

Calculation basis - tax payable	2015	2014
Net interest income	3 316	1 999
Realised gain/loss from sale of units in fixed income funds	-105	75
<b>Total taxable income</b>	<b>3 212</b>	<b>2 074</b>

Total tax deductible costs	-	-
Net taxable income	3 212	2 074
<b>Calculation basis - tax payable (A)</b>	<b>3 212</b>	<b>2 074</b>

Tax payable in the income statement		
Tax payable (Ax 27 %)	867	560
Taxes payable from previous years	-	-
<b>Payable tax</b>	<b>867</b>	<b>560</b>

Basis deferred tax/deferred tax asset in the balance sheet		
Unrealised gain/loss on units in fixed income funds (B)	-880	749
<b>Deferred tax/deferred tax asset in the balance sheet (B x 25 %)</b>	<b>-220</b>	<b>202</b>

Tax cost in the income statement		
Tax payable, not assessed	867	560
Change deferred tax/deferred tax asset	-422	220
<b>Total tax cost</b>	<b>445</b>	<b>780</b>

Tax payable is incorporated in other debt.

## SKAGEN Høyrente Note 8, 9 &amp; 10

## NOTE 8. MANAGEMENT FEE

The management fee constitutes 0.25 percent p.a. of daily assets under management.

## NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	3 337 296
Issue of units 2015	2 745 387
Redemption of units 2015	-3 211 556
Net income 2015	32 240
Allocated to unit holders for reinvestment	-53 914
Expected reinvestment related to allocation for reinvestment	53 914
<b>Equity capital as of 31.12.2015</b>	<b>2 903 367</b>

	31.12.2015	31.12.2014	31.12.2013
Number of units issued	28 456 578	32 249 376	33 095 242
Base price per unit (in NOK)*	102,0299	103,4846	103,7847

\* Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

## NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

## SKAGEN Høyrente Institusjon Note 8, 9 &amp; 10

## NOTE 8. MANAGEMENT FEE

The management fee constitutes 0.15 percent p.a. of daily assets under management.

## NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	831 742
Issue of units 2015	547 465
Redemption of units 2015	-800 527
Net income 2015	10 527
Allocated to unit holders for reinvestment	-9 458
Expected reinvestment related to allocation for reinvestment	9 458
<b>Equity capital as of 31.12.2015</b>	<b>589 207</b>

	31.12.2015	31.12.2014	31.12.2013
Number of units issued	5 831 328	8 136 195	12 350 572
Base price per unit (in NOK)*	101,0422	102,2277	102,4937

\* Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

## NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

## SKAGEN Avkastning Note 8, 9, 10 & 11

### NOTE 8. MANAGEMENT FEE

The management fee constitutes 0.5 percent p.a. of daily assets under management.

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	1 742 772
Issue of units 2015	995 963
Redemption of units 2015	-1 076 868
Net income 2015	15 689
Allocated to unit holders for reinvestment	-68 328
Expected reinvestment related to allocation for reinvestment	68 328
<b>Equity capital as of 31.12.2015</b>	<b>1 677 557</b>

	31.12.2015	31.12.2014	31.12.2013
Number of units issued	11 706 786	12 193 797	8 526 677
Base price per unit (in NOK)*	143,2900	142,9234	140,4571

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

### NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

### NOTE 11. CURRENCY RISK

SKAGEN Avkastning does not use currency hedging instruments against the Norwegian krone, but has as of 31.12.2015 overdrafts in EUR and MXN bank accounts in order to reduce the currency exposure of the investments in the Croatia Government International Bond, Portuguese Government, Slovenia Government, Spanish Government, Hellenic Republic Government og Mexican Government.

## SKAGEN Krona Note 8, 9 & 10 (in 1,000 SEK)

### NOTE 8. MANAGEMENT FEE

The management fee constitutes 0.2 percent p.a. of daily assets under management.

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	633 478
Issue of units 2015	560 407
Redemption of units 2015	-582 319
Net income 2015	1 083
Of which is allocated to unit holders	-
Reinvested for unit holders applicable to income year	-
<b>Equity capital as of 31.12.2015</b>	<b>612 648</b>

	31.12.2015	31.12.2014	31.12.2013
Number of units issued	6 112 774	6 332 632	8 481 594
Base price per unit (in SEK)*	100,2245	100,0338	100,9781

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

### NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

## SKAGEN Tellus Note 8, 9 & 10

### NOTE 8. MANAGEMENT FEE

The fixed management fee is calculated for all classes in percent p.a. of the daily assets under management in the class as follows:

Unit class	Fixed management fee percent p.a.
A	0,80%
B	0,45%
C	0,40%

Management fee allocated to the respective unit classes:

	2015			Total
	Unit class A	Unit class B	Unit class C	
Management fee - fixed	8 517	329	856	9 702
<b>Total management fee</b>	<b>8 517</b>	<b>329</b>	<b>856</b>	<b>9 702</b>

Unit class C was launched on 01.01.2015.

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	1 144 512
Issue of units 2015	863 932
Redemption of units 2015	-769 763
Net income 2015	53 350
Allocated to unit holders for reinvestment	114 411
Expected reinvestment related to allocation for reinvestment	-114 411
<b>Equity capital as of 31.12.2015</b>	<b>1 292 032</b>

	Class	31.12.2015	31.12.2014	31.12.2013
Number of units issued	A	6 963 959	8 213 082	4 168 548
Number of units issued	B	556 217	303 749	
Number of units issued	C	1 835 503		
Base price per unit (in NOK)*	A	137,8480	134,3725	121,4385
Base price per unit (in NOK)*	B	140,5395	134,6566	
Base price per unit (in NOK)*	C	138,4037		

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between the three unit classes is related to the management fee, see note 8.

### NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

SKAGEN Tellus was charged with a tax cost in 2014. The cost was related to withholding tax paid in Switzerland.

**SKAGEN Credit Note 8, 9, 10, 11 & 12****NOTE 8. MANAGEMENT FEE**

SKAGEN Credit is part of a master-feeder structure and SKAGEN Credit is the master fund. No management fee is charged in SKAGEN Credit. The management fee is charged directly in the respective feeder funds: SKAGEN Credit NOK, SKAGEN Credit SEK, SKAGEN Credit EUR and SKAGEN Credit GBP.

**NOTE 9. EQUITY RECONCILIATION**

Equity capital as of 01.01.2015	147 698
Issue of units 2015	219 907
Redemption of units 2015	-174 982
Net income 2015	18 665
Allocated to unit holders for reinvestment	16 381
Expected reinvestment related to allocation for reinvestment	-16 381
<b>Equity capital as of 31.12.2015</b>	<b>211 287</b>

SKAGEN Credit was launched on 30.05.2014

	31.12.2015	31.12.2014
Number of units issued	1 758 242	1 278 662
Base price per unit (in NOK)*	120,1695	115,5046

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

**NOTE 10. TAX NOTE**

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities and financial contracts, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include accrued interest costs. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

**NOTE 11. CURRENCY RISK**

SKAGEN Credit does not use any kind of instruments to reduce currency risk.

**NOTE 12. INTEREST RATE RISK**

SKAGEN Credit holds interest rate swaps to reduce the interest rate risk in the fund. The risk is reduced by reducing the duration. The fund enters into contracts where the fixed interest rate is swapped by floating interest rate. The principal amount in the contracts will not be settled and consequently they are not booked in the fund's balance sheet. It is only the net receivable/obligation which is booked in the accounts. Note 7 gives an overview of the interest rate swaps entered into as of end of year. Those contracts are representative of the contracts held by the fund during the year.

**SKAGEN Credit EUR Note 8, 9, 10, 11 & 12 (in 1,000 EUR)****NOTE 8. MANAGEMENT FEE**

SKAGEN Credit EUR is part of a master-feeder structure and SKAGEN Credit EUR is a feeder fund. SKAGEN Credit is the master fund. The management fee in SKAGEN Credit EUR constitutes 0.8 percent p.a. of daily assets under management in unit class A and 0.45 percent p.a. in unit class B.

Management fee allocated to the respective unit classes:

	2015		Total
	Unit class A	Unit class B	
Management fee - fixed	28,2	4,8	33,0
<b>Total management fee</b>	<b>28,2</b>	<b>4,8</b>	<b>33,0</b>

**NOTE 9. EQUITY RECONCILIATION**

Equity capital as of 01.01.2015	3 024
Issue of units 2015	3 368
Redemption of units 2015	-1 149
Net income 2015	-180
Allocated to unit holders for reinvestment	169
Expected reinvestment related to allocation for reinvestment	-169
<b>Equity capital as of 31.12.2015</b>	<b>5 063</b>

SKAGEN Credit EUR was launched on 30.05.2014

	Class	31.12.2015	31.12.2014
Number of units issued	A	382 870	248 305
Number of units issued	B	149 240	61 540
Base price per unit (in EUR)*	A	9,5003	9,7557
Base price per unit (in EUR)*	B	9,5533	9,7755

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

The sole difference between the share class A and share class B is related to the management fee, see note 8.

**NOTE 10. TAX NOTE**

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

**NOTE 11. CURRENCY RISK**

SKAGEN Credit EUR does not use currency hedging instruments against the euro, but has as of 31.12.2015 overdrafts in USD, GBP and NOK bank accounts in order to reduce the currency exposure in their share of the underlying US dollar, British pound sterling and Norwegian krone investments in the master fund SKAGEN Credit.

**NOTE 12. CUSTODIAN COSTS**

The fund is only charged transaction-related custodian costs; some are charged directly and some indirectly through the master fund.

## SKAGEN Credit NOK Note 8, 9, 10, 11 & 12

### NOTE 8. MANAGEMENT FEE

SKAGEN Credit NOK is part of a master-feeder structure and SKAGEN Credit NOK is a feeder fund. SKAGEN Credit is the master fund. The management fee in SKAGEN Credit NOK constitutes 0.8 percent p.a. of daily assets under management.

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	89 393
Issue of units 2015	132 568
Redemption of units 2015	-75 286
Net income 2015	-3 667
Allocated to unit holders for reinvestment	-
Expected reinvestment related to allocation for reinvestment	-
<b>Equity capital as of 31.12.2015</b>	<b>143 008</b>

SKAGEN Credit NOK was launched on 30.05.2014

	31.12.2015	31.12.2014
Number of units issued	1 479 894	909 784
Base price per unit (in NOK)*	96,5472	98,2463

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

### NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

### NOTE 11. CURRENCY RISK

SKAGEN Credit NOK does not use currency hedging instruments against the Norwegian krone, but has as of 31.12.2015 overdrafts in USD, EUR and GBP bank accounts in order to reduce the currency exposure in their share of the underlying US dollar, euro and British pound sterling investments in the master fund SKAGEN Credit.

### NOTE 12. CUSTODIAN COSTS

The fund is only charged transaction-related custodian costs; some are charged directly and some indirectly through the master fund.

## SKAGEN Credit SEK Note 8, 9, 10, 11 & 12 (in 1,000 SEK)

### NOTE 8. MANAGEMENT FEE

SKAGEN Credit SEK is part of a master-feeder structure and SKAGEN Credit SEK is a feeder fund. SKAGEN Credit is the master fund. The management fee in SKAGEN Credit SEK constitutes 0.8 percent p.a. of daily assets under management.

### NOTE 9. EQUITY RECONCILIATION

Equity capital as of 01.01.2015	26 788
Issue of units 2015	9 219
Redemption of units 2015	-16 229
Net income 2015	-708
Allocated to unit holders for reinvestment	-357
Expected reinvestment related to allocation for reinvestment	357
<b>Equity capital as of 31.12.2015</b>	<b>19 070</b>

SKAGEN Credit SEK was launched on 30.05.2014

	31.12.2015	31.12.2014
Number of units issued	206 165	274 786
Base price per unit (in SEK)*	92,5348	97,4753

\*Base price is set at the end of the last working day of the year and is based on the best prevailing estimate. Finalised figures as of 31.12 are used in the annual financial statement. Consequently minor timing differences may occur.

### NOTE 10. TAX NOTE

The fixed income funds are taxable with 27 percent of net realised capital gain on interest-bearing securities, interest income accrued, currency gain/loss, minus tax-deductible costs, which, amongst other things, include the management fee. The taxable net profit is in principle distributed among unitholders so that the fund is in a non-taxpaying position.

### NOTE 11. CURRENCY RISK

SKAGEN Credit SEK does not use currency hedging instruments against the Swedish krone, but has as of 31.12.2015 overdrafts in USD, EUR, GBP and NOK bank accounts in order to reduce the currency exposure in their share of the underlying US dollar, euro, British pounds sterling and Norwegian krone investments in the master fund SKAGEN Credit.

### NOTE 12. CUSTODIAN COSTS

The fund is only charged transaction-related custodian costs; some are charged directly and some indirectly through the master fund.



# SKAGEN Vekst

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Sector	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/loss	Share of fund	Share in company/ share class	Stock exchange
Samsung Electronics Co Ltd Pref	Information Technology	75 000	448 079	KRW	616 355	168 276	7,53 %	0,33 %	Seoul
ContinentalAG	Consumer Discretionary	265 595	147 251	EUR	573 534	426 283	7,01 %	0,13 %	Frankfurt
NorskHydroASA	Raw Materials	14 542 679	373 563	NOK	481 799	108 236	5,89 %	0,70 %	Oslo
CarlsbergAS-B	Consumer Staples	590 000	369 513	DKK	465 704	96 191	5,69 %	0,50 %	Copenhagen
CitigroupInc	Financials	900 000	322 245	USD	412 168	89 923	5,04 %	0,03 %	New York
SAPSE	Information Technology	575 000	260 225	EUR	405 762	145 537	4,96 %	0,05 %	Frankfurt
NorwegianAirShuttleASA	Industrials	1 100 000	110 418	NOK	356 070	245 652	4,35 %	3,08 %	Oslo
ABBLtd	Industrials	2 070 000	286 184	SEK	332 016	45 832	4,06 %	0,09 %	Stockholm
TelasoneraAB	Telecom	7 450 000	341 922	SEK	329 937	-11 985	4,03 %	0,17 %	Stockholm
KoninklijkePhilipsNV	Industrials	1 429 643	290 366	EUR	323 913	33 547	3,96 %	0,15 %	Amsterdam
EricssonLM-BSHS	Information Technology	3 050 000	251 435	SEK	263 490	12 055	3,22 %	0,10 %	Stockholm
CreditSuisseGroupAG	Financials	1 240 384	253 167	CHF	237 957	-15 210	2,91 %	0,06 %	Zürich
VolvoAB	Consumer Discretionary	2 690 000	227 300	SEK	223 354	-3 946	2,73 %	0,17 %	Stockholm
KinnevikInvestmentAB-B	Telecom	776 009	180 052	SEK	213 419	33 367	2,61 %	0,33 %	Stockholm
RocheHoldingAG-Genusschein	Healthcare	86 000	186 943	CHF	210 242	23 299	2,57 %	0,01 %	Zürich
LundinPetroleumAB	Energy	1 630 000	160 588	SEK	209 770	49 182	2,56 %	0,52 %	Stockholm
KiaMotorsCorporation	Consumer Discretionary	450 000	138 015	KRW	178 297	40 282	2,18 %	0,11 %	Seoul
DanskeBankA/S	Financials	678 622	78 788	DKK	161 965	83 176	1,98 %	0,07 %	Copenhagen
CasinoGuichardPerrachonSA	Consumer Staples	352 100	240 762	EUR	143 619	-97 143	1,76 %	0,31 %	Paris
OriflameCosmeticsAG	Consumer Staples	1 000 000	128 352	SEK	142 759	14 407	1,74 %	1,80 %	Stockholm
TribonaAB	Financials	2 851 004	94 342	SEK	128 387	34 045	1,57 %	5,86 %	Stockholm
SKFAB-BShares	Industrials	800 000	126 863	SEK	115 215	-11 648	1,41 %	0,19 %	Stockholm
SBIHoldingsInc	Financials	1 139 000	96 634	JPY	110 719	14 085	1,35 %	0,51 %	Tokyo
Cal-MaineFoodsInc	Consumer Staples	245 000	114 318	USD	100 472	-13 846	1,23 %	0,56 %	New York
Wilh. WilhelmsenHoldingASA	Industrials	744 081	53 139	NOK	99 335	46 196	1,21 %	2,15 %	Oslo
KemiraOyj	Raw Materials	910 000	88 050	EUR	95 213	7 163	1,16 %	0,59 %	Helsinki
SberbankofRussiaPref	Financials	9 620 000	139 234	RUB	89 048	-50 186	1,09 %	0,96 %	Moscow
NipponSeikiCoLtd	Consumer Discretionary	393 000	49 364	JPY	80 280	30 916	0,98 %	0,65 %	Tokyo
BonheurASA	Energy	1 492 594	107 317	NOK	79 107	-28 210	0,97 %	3,66 %	Oslo
HLundbeckA/S	Healthcare	235 000	44 996	DKK	71 290	26 294	0,87 %	0,12 %	Copenhagen
Danieli&OfficineMeccanicheSpA	Industrials	536 683	69 194	EUR	67 869	-1 325	0,83 %	1,33 %	Borsa Italiana
FrontlineLtd	Industrials	2 550 000	41 502	NOK	65 331	23 829	0,80 %	0,33 %	Oslo
RecSiliconASA	Energy	35 182 178	52 331	NOK	63 082	10 751	0,77 %	1,38 %	Oslo
Medi-StimASA	Healthcare	1 165 625	14 565	NOK	62 652	48 088	0,77 %	6,36 %	Oslo
SolarAS-BShs	Industrials	104 000	40 099	DKK	58 167	18 068	0,71 %	1,48 %	Copenhagen
GangerRolfASA	Energy	1 213 817	124 262	NOK	56 442	-67 820	0,69 %	3,59 %	Oslo
StrongpointASA	Information Technology	3 788 362	43 336	NOK	53 605	10 269	0,66 %	8,54 %	Oslo
SodastreamInternationalLtd	Consumer Staples	365 000	82 946	USD	52 683	-30 263	0,64 %	1,74 %	NASDAQ
HitecvisionAS	Financials	793 668	7 193	NOK	52 382	45 189	0,64 %	4,18 %	Unlisted
SolstadOffshoreASA	Energy	2 052 746	102 753	NOK	42 081	-60 672	0,51 %	5,31 %	Oslo
GCL-PolyEnergyHoldingsLtd	Energy	30 000 000	59 320	HKD	39 582	-19 739	0,48 %	0,16 %	Hong Kong
FLSmidth&CoA/S	Industrials	123 229	41 394	DKK	38 113	-3 281	0,47 %	0,24 %	Copenhagen
Bang&OlufsenA/S	Information Technology	300 000	22 682	DKK	31 895	9 213	0,39 %	0,69 %	Copenhagen
YITOyj	Industrials	568 875	33 128	EUR	28 639	-4 488	0,35 %	0,45 %	Helsinki
YazicilarHoldingAS	Consumer Staples	689 169	23 544	TRY	26 649	3 105	0,33 %	0,43 %	Istanbul
GolarLNGLtd	Industrials	190 000	58 722	USD	26 550	-32 173	0,32 %	0,20 %	NASDAQ
FotocureASA	Healthcare	626 466	25 235	NOK	26 249	1 014	0,32 %	2,92 %	Oslo
DOFASA	Energy	5 762 213	110 022	NOK	25 815	-84 207	0,32 %	5,19 %	Oslo
LocalizaRentACarSA	Industrials	450 000	23 150	BRL	24 963	1 812	0,31 %	0,21 %	Sao Paulo
GoodtechASA	Industrials	2 055 949	46 750	NOK	22 101	-24 649	0,27 %	8,99 %	Oslo
NordicMiningASA	Raw Materials	18 416 432	20 776	NOK	11 602	-9 174	0,14 %	4,78 %	Oslo Axess
TTSGroupASA	Industrials	3 035 946	30 312	NOK	8 470	-21 842	0,10 %	3,51 %	Oslo
GoldenOceanGroupLtd	Industrials	794 685	21 524	NOK	7 605	-13 918	0,09 %	0,46 %	Oslo
EidesvikOffshoreASA	Energy	687 970	25 569	NOK	6 598	-18 972	0,08 %	2,28 %	Oslo
I.M.SkaugenSE	Industrials	1 639 152	19 918	NOK	3 196	-16 721	0,04 %	6,05 %	Oslo
SevanDrillingASA	Energy	586 580	73 884	NOK	2 041	-71 843	0,02 %	1,97 %	Oslo
GoldenOceanGroupLtd	Industrials	100 000	3 132	USD	947	-2 185	0,01 %	0,06 %	NASDAQ
GCL-PolyEnergyHoldingsLtdrights	Energy	6 000 000		HKD	273		0,00 %	0,16 %	Hong Kong

TOTAL SECURITIES PORTFOLIO <sup>1)</sup>

6 926 668

8 156 778

1 230 110

99,68 %

<sup>1)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

### Allocation of the acquisition cost:

For SKAGEN Vekst the average acquisition value is applied when calculating the realised capital gain/loss when selling shares.

# SKAGEN Global

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Sector	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/loss	Share of fund	Share in company/share class	Stock exchange
American International Group Inc	Financials	4 803 721	1 531 841	USD	2 634 395	1 102 554	7,41 %	0,39 %	New York
CitigroupInc	Financials	4 489 467	1 055 720	USD	2 056 017	1 000 297	5,79 %	0,15 %	New York
RocheHoldingAG-Genusschein	Healthcare	616 238	874 169	CHF	1 506 502	632 333	4,24 %	0,09 %	Zürich
General Electric Co	Industrials	5 296 940	1 047 624	USD	1 460 174	412 551	4,11 %	0,06 %	New York
Merck & Co Inc	Healthcare	2 585 610	1 192 033	USD	1 208 601	16 569	3,40 %	0,09 %	New York
DollarGeneralCorp	Consumer Discretionary	1 731 089	976 544	USD	1 101 003	124 459	3,10 %	0,60 %	New York
SamsungElectronicsCoLtdPref	Information Technology	131 747	319 104	KRW	1 082 706	763 602	3,05 %	0,58 %	Seoul
CKHutchisonHoldingsLtd	Industrials	8 025 098	668 673	HKD	954 762	286 090	2,69 %	0,21 %	Hong Kong
KingfisherPlc	Consumer Discretionary	22 108 056	845 804	GBP	950 095	104 291	2,67 %	0,96 %	London
G4SPlc	Industrials	30 377 096	953 556	GBP	893 416	-60 140	2,51 %	1,96 %	London
SamsungElectronicsCoLtd	Information Technology	90 415	771 861	KRW	858 136	86 274	2,41 %	0,06 %	Seoul
MicrosoftCorp	Information Technology	1 737 070	303 222	USD	852 855	549 633	2,40 %	0,02 %	NASDAQ
NNGroupNV	Financials	2 642 496	488 569	EUR	827 164	338 595	2,33 %	0,79 %	Amsterdam
AlphabetIncClassC	Information Technology	120 516	452 121	USD	809 356	357 234	2,28 %	0,03 %	NASDAQ
Sanofi	Healthcare	1 050 189	699 459	EUR	793 809	94 351	2,23 %	0,08 %	Paris
NordeaBankAB	Financials	7 809 446	548 619	SEK	764 834	216 215	2,15 %	0,19 %	Stockholm
KoninklijkeDSMNv	Raw Materials	1 631 124	677 604	EUR	725 949	48 345	2,04 %	0,90 %	Amsterdam
StateBankofIndia	Financials	23 546 330	604 795	INR	706 982	102 187	1,99 %	0,30 %	National India
TevaPharmaceutical-SpADR	Healthcare	1 157 182	428 703	USD	672 190	243 487	1,89 %	0,11 %	NASDAQ
CarlsbergAS-B	Consumer Staples	850 127	582 856	DKK	671 030	88 173	1,89 %	0,72 %	Copenhagen
KoninklijkePhillipsNV	Industrials	2 825 548	526 915	EUR	640 183	113 267	1,80 %	0,30 %	Amsterdam
HeidelbergcementAG	Raw Materials	783 828	259 382	EUR	570 011	310 630	1,60 %	0,42 %	Frankfurt
VolvoAB	Consumer Discretionary	6 613 655	521 093	SEK	549 140	28 047	1,55 %	0,41 %	Stockholm
XcelEnergyInc	Energy	1 724 088	529 241	USD	547 894	18 653	1,54 %	0,34 %	New York
AkzoNobelNV	Raw Materials	897 430	295 721	EUR	532 318	236 597	1,50 %	0,36 %	Amsterdam
TycoInternationalPlc	Industrials	1 865 162	230 483	USD	526 372	295 889	1,48 %	0,44 %	New York
UPM-KymmeneOyj	Raw Materials	3 099 638	291 644	EUR	513 597	221 953	1,45 %	0,58 %	Helsinki
TysonFoodsInc	Consumer Staples	1 040 220	332 346	USD	490 929	158 582	1,38 %	0,35 %	New York
LundinMiningCorp	Raw Materials	20 176 926	565 408	CAD	488 372	-77 036	1,37 %	2,80 %	Toronto
LundinPetroleumAB	Energy	3 690 855	410 288	SEK	474 988	64 700	1,34 %	1,19 %	Stockholm
GoldmanSachsGroupInc	Financials	285 836	254 479	USD	455 896	201 416	1,28 %	0,07 %	New York
ChinaMobileLtd	Telecom	4 330 490	433 785	HKD	430 981	-2 804	1,21 %	0,02 %	Hong Kong
GeneralMotorsCo	Consumer Discretionary	1 334 480	190 553	USD	401 643	211 090	1,13 %	0,09 %	New York
CreditSuisseGroupAG	Financials	1 973 980	395 778	CHF	378 691	-17 087	1,07 %	0,10 %	Zürich
ToyotaIndustriesCorp	Consumer Discretionary	785 972	140 281	JPY	377 673	237 392	1,06 %	0,24 %	Tokyo
BarclaysPLC	Financials	12 469 573	401 009	GBP	356 007	-45 002	1,00 %	0,07 %	London
ComcastCorp	Consumer Discretionary	701 905	129 257	USD	350 518	221 261	0,99 %	0,03 %	NASDAQ
Mayr-MelnhofKartonAG	Raw Materials	317 983	153 946	EUR	350 135	196 189	0,99 %	1,59 %	Vienna
LenovoGroupLtd	Information Technology	37 539 484	279 268	HKD	336 029	56 761	0,95 %	0,34 %	Hong Kong
ColumbiaPropertyTrustInc	Financials	1 561 194	301 224	USD	324 397	23 173	0,91 %	1,26 %	New York
UnileverNV-Cva	Consumer Staples	813 284	201 991	EUR	313 666	111 675	0,88 %	0,05 %	Amsterdam
AutolivInc	Industrials	258 314	88 438	USD	285 220	196 782	0,80 %	0,29 %	New York
TataMotorsLtd-A-DVR	Consumer Discretionary	6 163 913	123 309	INR	238 586	115 277	0,67 %	1,21 %	Bombay
WMMorrisonSupermarketsPLC	Consumer Discretionary	12 232 929	262 666	GBP	236 450	-26 216	0,67 %	0,52 %	London
Ageas	Financials	566 539	230 264	EUR	233 184	2 920	0,66 %	0,25 %	Brussels
LundinMiningCorpSDR	Raw Materials	9 382 168	248 488	SEK	228 583	-19 905	0,64 %	1,30 %	Stockholm
HaciOmerSabanciHoldingAS	Financials	8 669 696	237 283	TRY	217 709	-19 574	0,61 %	0,42 %	Istanbul
ChinaMobileLtdADR	Telecom	424 294	213 354	USD	211 509	-1 846	0,60 %	0,01 %	New York
BPPlc	Energy	4 269 875	213 135	GBP	197 142	-15 993	0,55 %	0,02 %	London
TataMotorsLtd	Consumer Discretionary	3 508 000	186 648	INR	183 626	-3 022	0,52 %	0,12 %	Bombay
StateBankOfIndiaGDR	Financials	593 476	108 798	USD	177 255	68 457	0,50 %	0,08 %	National India
ServiceMasterGlobalHoldingsInc	Consumer Discretionary	485 356	145 902	USD	168 543	22 641	0,47 %	0,36 %	New York
BPPlcADR	Energy	598 207	174 952	USD	165 486	-9 466	0,47 %	0,02 %	New York
IrsaSaADR	Financials	1 443 664	120 014	USD	157 142	37 128	0,44 %	2,49 %	New York
AutolivIncSDR	Industrials	130 595	45 327	SEK	147 093	101 766	0,41 %	0,15 %	Stockholm
GlobalMediacomTbkPT	Consumer Discretionary	156 939 563	142 689	IDR	110 485	-32 203	0,31 %	1,11 %	Jakarta
<b>TOTAL SECURITIES PORTFOLIO <sup>1)</sup></b>			<b>24 408 235</b>		<b>33 897 425</b>	<b>9 489 191</b>	<b>95,38 %</b>		

<sup>1)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

### Allocation of the acquisition cost:

For SKAGEN Global the average acquisition value is applied when calculating the realised capital gain/loss when selling shares.

# SKAGEN Kon-Tiki

Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Sector	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/loss	Share of fund	Share in company/share class	Stock exchange
State Bank of India	Financials	55 690 910	1 265 479	INR	1 672 128	406 649	4,62 %	0,72 %	National India
Samsung Electronics Co Ltd Pref	Information Technology	194 896	481 506	KRW	1 601 668	1 120 162	4,43 %	0,85 %	Seoul
Hyundai Motor Co Pref (2pb)	Consumer Discretionary	1 915 601	323 524	KRW	1 515 093	1 191 569	4,19 %	5,09 %	Seoul
Hyundai Motor Co Pref (1p)	Consumer Discretionary	1 874 258	301 058	KRW	1 454 158	1 153 100	4,02 %	7,46 %	Seoul
Samsung Electronics Co Ltd Pref GDR	Information Technology	354 120	348 446	USD	1 447 818	1 099 372	4,00 %	0,78 %	London Int.
Haci Omer Sabanci Holding AS	Financials	56 848 322	1 238 642	TRY	1 427 544	188 902	3,95 %	2,79 %	Istanbul
Richter Gedeon Nyrt	Healthcare	8 286 510	899 721	HUF	1 385 547	485 826	3,83 %	4,45 %	Budapest
Bharti Airtel Ltd	Telecom	29 483 133	1 124 053	INR	1 342 545	218 492	3,71 %	0,74 %	National India
Mahindra & Mahindra Ltd GDR	Consumer Discretionary	7 875 872	183 493	USD	1 338 201	1 154 709	3,70 %	1,27 %	London Int.
ABB Ltd	Industrials	7 025 000	623 724	SEK	1 126 769	503 045	3,11 %	0,30 %	Stockholm
Naspers Ltd	Consumer Discretionary	928 514	271 764	ZAR	1 119 851	848 087	3,09 %	0,21 %	Johannesburg
Frontline Ltd	Industrials	32 688 029	332 484	NOK	837 467	504 984	2,31 %	4,18 %	Oslo
X5 Retail Group NV GDR	Consumer Staples	4 990 306	506 266	USD	836 870	330 604	2,31 %	1,84 %	London Int.
Great Wall Motor Co Ltd	Consumer Discretionary	79 522 500	83 779	HKD	816 753	732 975	2,26 %	2,57 %	Hong Kong
SBI Holdings Inc	Financials	7 759 600	603 587	JPY	754 288	150 701	2,08 %	3,46 %	Tokyo
Kinnevik Investment AB-B	Telecom	2 717 167	481 930	SEK	747 279	265 350	2,07 %	1,15 %	Stockholm
Indosat Tbk PT	Telecom	206 683 750	557 401	IDR	727 527	170 128	2,01 %	3,80 %	Indonesia
LG Electronics Inc Pref	Consumer Discretionary	3 050 000	823 954	KRW	659 366	-164 588	1,82 %	17,75 %	Seoul
Tech Mahindra Ltd	Information Technology	8 784 608	354 450	INR	613 009	258 559	1,69 %	0,91 %	National India
UPL Ltd	Raw Materials	10 111 897	192 429	INR	592 613	400 185	1,64 %	2,36 %	National India
CNH Industrial NV	Industrials	9 138 348	555 673	USD	553 153	-2 520	1,53 %	0,67 %	New York
Cosan Ltd	Consumer Staples	16 220 419	906 323	USD	529 676	-376 647	1,46 %	9,30 %	New York
Mahindra & Mahindra Ltd	Consumer Discretionary	3 103 503	250 706	INR	528 232	277 526	1,46 %	0,50 %	National India
Korean Reinsurance Co	Financials	4 860 366	182 225	KRW	518 048	335 824	1,43 %	4,04 %	Seoul
Samsung SDI Co Ltd	Information Technology	600 000	434 382	KRW	515 230	80 848	1,42 %	0,87 %	Seoul
China Shipping Development	Industrials	83 220 000	460 891	HKD	487 470	26 580	1,35 %	6,42 %	Hong Kong
LG Chem Ltd Pref	Raw Materials	259 179	178 915	KRW	482 216	303 301	1,33 %	3,40 %	Seoul
Distribuidora Internacional de Alimentacion SA	Consumer Staples	8 706 469	310 738	EUR	455 813	145 074	1,26 %	1,40 %	Madrid
Lenovo Group Ltd	Information Technology	47 836 000	308 854	HKD	428 196	119 342	1,18 %	0,43 %	Hong Kong
Yazicilar Holding AS	Consumer Staples	10 837 139	312 847	TRY	419 051	106 203	1,16 %	6,77 %	Istanbul
JSEL Ltd	Financials	5 753 823	222 426	ZAR	418 989	196 563	1,16 %	6,62 %	Johannesburg
China Shineway Pharmaceutical	Healthcare	36 934 000	280 298	HKD	415 046	134 749	1,15 %	4,47 %	Hong Kong
Marfrig Global Foods SA	Consumer Staples	28 290 400	444 752	BRL	401 504	-43 247	1,11 %	5,43 %	Sao Paulo
Moscow Exchange MICEX-RTS OAO	Financials	35 939 200	384 267	RUB	397 466	13 199	1,10 %	1,58 %	Moscow
Cia Brasileira de Distribuicao - Pref	Consumer Staples	4 192 200	641 376	BRL	392 210	-249 166	1,08 %	2,53 %	Sao Paulo
Bidvest Group Ltd	Industrials	2 043 309	237 980	ZAR	381 524	143 544	1,05 %	0,61 %	Johannesburg
Banco Do Estado Rio Grande Do Sul SA Pref	Financials	25 985 500	606 935	BRL	340 335	-266 600	0,94 %	12,97 %	Sao Paulo
O CI Co Ltd	Raw Materials	600 000	455 623	KRW	338 967	-116 656	0,94 %	2,52 %	Seoul
Kiatnakin Bank Pcl	Financials	37 429 463	334 353	THB	333 235	-1 118	0,92 %	4,42 %	Bangkok
Enka Insaat Ve Sanayi AS	Industrials	23 092 016	217 528	TRY	316 550	99 022	0,87 %	0,58 %	Istanbul
GCL-Poly Energy Holdings Ltd	Energy	224 088 000	368 096	HKD	295 658	-72 438	0,82 %	1,21 %	Hong Kong
Cia Cervecerias Unidas SAADR	Consumer Staples	1 538 270	280 090	USD	294 858	14 768	0,81 %	0,83 %	New York
LG Corp Pref	Industrials	808 430	118 266	KRW	285 906	167 640	0,79 %	24,39 %	Seoul
Apollo Tyres Ltd	Consumer Discretionary	13 028 865	109 290	INR	272 241	162 951	0,75 %	2,56 %	National India
Norwegian Air Shuttle ASA	Industrials	800 000	75 029	NOK	258 960	183 931	0,72 %	2,24 %	Oslo
Dragon Capital - Vietnam Enterprise Investments Ltd	Financials	9 000 000	111 229	USD	234 159	122 930	0,65 %	5,18 %	Dublin
DRB-Hicom Bhd	Consumer Discretionary	88 408 800	365 449	MYR	225 656	-139 793	0,62 %	4,57 %	Kuala Lumpur
Podravka Prehrambena Ind DD	Consumer Staples	517 852	153 340	HRK	217 706	64 367	0,60 %	7,27 %	Zagreb
Massmart Holdings Ltd	Consumer Staples	3 739 366	285 120	ZAR	212 733	-72 387	0,59 %	1,72 %	Johannesburg
Sistema Jsc	Telecom	95 885 212	552 356	RUB	204 777	-347 579	0,57 %	0,99 %	Moscow
EFG-Hermes Holding SAE	Financials	20 558 388	353 506	EGP	203 129	-150 378	0,56 %	3,15 %	Cairo
Tullow Oil Plc	Energy	9 241 978	817 339	GBP	199 732	-617 607	0,55 %	1,01 %	London
Golar LNG Ltd	Industrials	1 298 301	471 325	USD	181 417	-289 907	0,50 %	1,39 %	NASDAQ
Rec Silicon ASA	Energy	93 675 416	149 265	NOK	167 960	18 695	0,46 %	3,68 %	Oslo
Euronav SA	Industrials	1 340 286	127 389	EUR	163 434	36 045	0,45 %	0,84 %	Brussel
Ghana Commercial Bank Ltd	Financials	18 001 604	88 821	GHS	158 260	69 439	0,44 %	6,79 %	Ghana
Eis Eczacibasi Ilac Ve Sanayi	Healthcare	19 410 554	133 038	TRY	156 000	22 962	0,43 %	3,54 %	Istanbul
East African Breweries Ltd	Consumer Staples	5 774 866	88 566	KES	136 371	47 804	0,38 %	0,73 %	Nairobi
Pivovarna Lasko	Consumer Staples	507 181	139 800	EUR	123 398	-16 402	0,34 %	5,80 %	Ljubljana
Eczacibasi Yatirim Holding	Healthcare	3 362 732	39 931	TRY	111 877	71 945	0,31 %	4,80 %	Istanbul
Asia Cement China Holdings	Raw Materials	47 970 500	176 336	HKD	100 939	-75 397	0,28 %	3,06 %	Hong Kong
Vina Capital Vietnam Opportunity Fund Ltd	Financials	4 392 100	50 772	USD	92 701	41 929	0,26 %	2,05 %	London
Diamond Bank Plc	Financials	718 971 941	153 449	NGN	73 421	-80 027	0,20 %	3,10 %	Lagos
Golden Ocean Group Ltd	Industrials	7 102 037	233 379	NOK	67 966	-165 413	0,19 %	4,11 %	Oslo
Norfinance AS	Financials	578 397	57 840	NOK	62 004	4 164	0,17 %	9,89 %	Unlisted
Drdgold Ltd ADR	Raw Materials	3 724 701	206 450	USD	52 739	-153 711	0,15 %	8,64 %	NASDAQ
Euronav SA	Industrials	247 965	21 283	USD	30 085	8 802	0,08 %	0,16 %	New York
Deep Sea Supply Plc	Energy	17 250 931	170 959	NOK	27 256	-143 703	0,08 %	6,60 %	Oslo
Aveng Ltd	Industrials	18 466 232	542 429	ZAR	23 742	-518 687	0,07 %	4,43 %	Johannesburg
Trimegah Securities Tbk PT	Financials	700 000 000	67 131	IDR	22 848	-44 283	0,06 %	9,85 %	Jakarta
Golden Ocean Group Ltd	Industrials	2 178 609	76 206	USD	20 629	-55 577	0,06 %	1,26 %	NASDAQ
Archer Ltd	Energy	2 311 566	370 138	NOK	14 332	-355 806	0,04 %	3,99 %	Oslo
Hyundai Motor Co GDR	Consumer Discretionary	35 011	10 536	USD	13 540	3 003	0,04 %	0,07 %	London
EFG-Hermes Holding GDR	Financials	232 480	8 188	USD	3 703	-4 485	0,01 %	0,07 %	London Int.
GCL-Poly Energy Holdings Ltd rights	Energy	44 817 600	-	HKD	2 039	2 039	0,01 %	1,21 %	Hong Kong
<b>TOTAL SECURITIES PORTFOLIO <sup>1)</sup></b>			<b>25 697 122</b>		<b>35 381 584</b>	<b>9 684 462</b>	<b>97,78 %</b>		

<sup>1)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

#### Allocation of the acquisition cost:

For SKAGEN Kon-Tiki the average acquisition value is applied when calculating the realised capital gain/loss when selling shares.

# SKAGEN m<sup>2</sup>

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Sector <sup>2)</sup>	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/los	Share of fund	Share in company/ share class	Stock exchange
MitsuiFudosan CoLtd	Property companies incl. REITs	228 000	46 416	JPY	51 272	4 856	5,01 %	0,02 %	Tokyo
ColumbiaPropertyTrustInc	Property companies incl. REITs	241 000	42 535	USD	50 077	7 542	4,90 %	0,19 %	New York
GlobalLogisticPropertiesLtd	Property companies incl. REITs	3 637 700	49 702	SGD	48 777	-925	4,77 %	0,08 %	Singapore
OlavThonEiendomsselskapASA	Property companies incl. REITs	318 000	41 214	NOK	45 156	3 942	4,42 %	0,30 %	Oslo
HCPInc	Property companies incl. REITs	130 100	40 327	USD	44 027	3 700	4,31 %	0,03 %	New York
SLGreenRealtyCorp	Property companies incl. REITs	41 000	31 780	USD	40 993	9 213	4,01 %	0,04 %	New York
DeutscheWohnenAG	Property companies incl. REITs	148 000	26 287	EUR	36 457	10 170	3,57 %	0,04 %	Frankfurt
GeneralGrowthPropertiesInc	Property companies incl. REITs	145 000	27 593	USD	34 915	7 322	3,41 %	0,02 %	New York
AshfordHospitalityTrust	Property companies incl. REITs	614 000	39 613	USD	34 286	-5 327	3,35 %	0,64 %	New York
MercialysSA	Property companies incl. REITs	189 191	28 313	EUR	33 904	5 592	3,32 %	0,21 %	Paris
CBL&AssociatesPropertiesInc	Property companies incl. REITs	290 000	38 901	USD	31 746	-7 155	3,10 %	0,17 %	New York
BrandywineRealtyTrust	Property companies incl. REITs	257 000	28 505	USD	31 067	2 562	3,04 %	0,15 %	New York
PSBusinessParksInc	Property companies incl. REITs	39 000	24 045	USD	30 175	6 130	2,95 %	0,14 %	New York
DicAssetAG	Property companies incl. REITs	289 850	19 924	EUR	25 981	6 057	2,54 %	0,42 %	Xetra
ApartmentInvestment&ManagementCo	Property companies incl. REITs	69 000	20 241	USD	24 443	4 202	2,39 %	0,04 %	New York
CAImmobilienAnlagenAG	Property companies incl. REITs	150 000	21 206	EUR	24 277	3 072	2,37 %	0,15 %	Wien
MeliaHotelsInternational	Property companies incl. REITs	204 000	17 843	EUR	23 895	6 051	2,34 %	0,10 %	Madrid
CatenaAB	Property companies incl. REITs	178 235	19 716	SEK	21 656	1 940	2,12 %	0,70 %	Stockholm
IrsaSaADR	Property companies incl. REITs	193 300	20 270	USD	21 041	771	2,06 %	0,33 %	New York
SohoChinaLtd	Property companies incl. REITs	4 768 500	25 558	HKD	20 393	-5 165	1,99 %	0,09 %	Hong Kong
NomuraRealEstateMasterFundInc	Property companies incl. REITs	1 833	17 958	JPY	20 152	2 193	1,97 %	0,05 %	Tokyo
Shangri-LaAsiaLtd	Property companies incl. REITs	2 300 000	24 121	HKD	19 803	-4 318	1,94 %	0,06 %	Hong Kong
PhoenixMillsLtd	Property companies incl. REITs	418 945	15 303	INR	18 814	3 511	1,84 %	0,27 %	National India
SMPrimeHoldingsInc	Property companies incl. REITs	4 511 800	12 595	PHP	18 485	5 890	1,81 %	0,02 %	Philippines
GecinaSA	Property companies incl. REITs	16 000	14 445	EUR	17 249	2 804	1,69 %	0,03 %	Paris
AtriumLjungbergAB	Property companies incl. REITs	120 621	12 052	SEK	16 840	4 788	1,65 %	0,09 %	Stockholm
AxiaRealEstateSOCIMISA	Property companies incl. REITs	124 947	12 203	EUR	15 861	3 657	1,55 %	0,17 %	Madrid
FirstRealEstateInvestmentTrust	Property companies incl. REITs	2 107 984	14 902	SGD	15 776	874	1,54 %	0,28 %	Singapore
GrivaliaPropertiesReicAE	Property companies incl. REITs	180 347	12 142	EUR	12 782	640	1,25 %	0,18 %	Athens
CapitaLandLtd	Property companies incl. REITs	600 000	10 553	SGD	12 536	1 983	1,23 %	0,01 %	Singapore
OberoRealtyLtd	Property companies incl. REITs	329 090	9 399	INR	11 825	2 426	1,16 %	0,10 %	National India
KeckSengInvestments	Property companies incl. REITs	1 600 000	12 162	HKD	11 647	-515	1,14 %	0,47 %	Hong Kong
AscendasIndiaTrust	Property companies incl. REITs	2 010 700	8 353	SGD	10 910	2 557	1,07 %	0,22 %	Singapore
EmlakKonutGayrimenkulYatirimOrtakligiAS	Property companies incl. REITs	1 360 000	12 406	TRY	10 724	-1 682	1,05 %	0,04 %	Istanbul
AnandaDevelopmentPCLNvdr	Property companies incl. REITs	10 139 800	7 949	THB	10 410	2 460	1,02 %	0,30 %	Bangkok
EntraASA	Property companies incl. REITs	134 500	9 859	NOK	9 583	-276	0,94 %	0,07 %	Oslo
BekasiFajarIndustrialEstateTbkPT	Property companies incl. REITs	47 167 300	17 529	IDR	8 875	-8 654	0,87 %	0,49 %	Indonesia
AshfordInc	Property companies incl. REITs	18 602	13 023	USD	8 766	-4 257	0,86 %	0,93 %	New York
BRMallsParticipacoesSA	Property companies incl. REITs	350 700	13 891	BRL	8 700	-5 190	0,85 %	0,08 %	Sao Paulo
BumiSerpongDamaiPT	Property companies incl. REITs	7 524 100	7 432	IDR	8 668	1 236	0,85 %	0,04 %	Indonesia
DCarnegie&CoAB	Property companies incl. REITs	121 166	8 105	SEK	8 553	448	0,84 %	0,19 %	Stockholm
BRPropertiesSA	Property companies incl. REITs	420 000	11 911	BRL	7 904	-4 007	0,77 %	0,14 %	Sao Paulo
EtalonGroupLtdGDR	Property companies incl. REITs	433 718	9 416	USD	6 870	-2 546	0,67 %	0,15 %	London Int.
VistaLand&LifescapesInc	Property companies incl. REITs	6 860 600	7 187	PHP	6 710	-478	0,66 %	0,05 %	Philippines
AshfordHospitalityPrimeInc	Property companies incl. REITs	50 468	5 340	USD	6 476	1 136	0,63 %	0,18 %	New York
Unibail-RodamcoSE	Property companies incl. REITs	2 475	5 051	EUR	5 579	528	0,55 %	0,00 %	Amsterdam
RockwellLandCorp	Property companies incl. REITs	20 000 000	8 187	PHP	5 286	-2 900	0,52 %	0,33 %	Philippines
ParqueAraucoSA	Property companies incl. REITs	349 321	3 977	CLP	4 873	896	0,48 %	0,04 %	Santiago
GeneralShoppingFinance(financialbond)	Property companies incl. REITs	1 000 000	5 429	USD	4 796	-761	0,47 %	0,40 %	Euroclear
<b>TOTAL SECURITIES PORTFOLIO<sup>3)</sup></b>			<b>932 869</b>		<b>999 990</b>	<b>66 993</b>	<b>97,79 %</b>		

<sup>1)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

<sup>2)</sup> REITs (Real Estate Investment Trusts) are listed, legal structures which are subject to favourable tax regulations in their country of origin. Conditional to receiving favourable tax treatment, the company must fulfil minimum requirements related to property exposure and a minimum share of the profits must be shared between owners.

#### Allocation of the acquisition cost:

For SKAGEN m<sup>2</sup> the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.



# SKAGEN Focus

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Sector	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/loss	Share of fund	Share in company/ share class	Stock exchange
AmericanInternationalGroupInc	Financials	167 000	80 303	USD	91 584	11 281	8,79 %	0,01 %	New York
CarlsbergAS-B	Consumer Staples	73 600	53 209	DKK	58 095	4 886	5,58 %	0,06 %	Copenhagen
SKHynixInc	Information Technology	248 000	71 949	KRW	57 444	-14 505	5,51 %	0,03 %	Seoul
SBIHoldingsInc	Financials	543 000	57 870	JPY	52 783	-5 087	5,07 %	0,24 %	Tokyo
CitizensFinancialGroupInc	Financials	218 000	46 575	USD	50 526	3 951	4,85 %	0,04 %	New York
ChinaTelecomCorpLtd	Telecom	9 914 000	49 021	HKD	41 045	-7 976	3,94 %	0,07 %	Hong Kong
JenoptikAG	Industrials	294 800	29 962	EUR	40 796	10 834	3,92 %	0,52 %	Xetra
AercapHoldingsNV	Financials	103 210	38 008	USD	39 421	1 413	3,78 %	0,05 %	New York
AryztaAG	Consumer Staples	72 707	30 553	CHF	32 797	2 244	3,15 %	0,08 %	Zürich
PanAmericanSilverCorp	Raw Materials	554 000	36 669	USD	31 867	-4 801	3,06 %	0,37 %	NASDAQ
SoftbankGroupCorp	Telecom	69 300	31 666	JPY	31 306	-360	3,00 %	0,01 %	Tokyo
FilaKoreaLtd	Consumer Discretionary	43 500	31 943	KRW	30 932	-1 011	2,97 %	0,38 %	Seoul
CITGroupInc	Financials	88 000	31 481	USD	30 917	-564	2,97 %	0,04 %	New York
InfineonTechnologiesAG	Information Technology	238 000	25 407	EUR	30 910	5 503	2,97 %	0,02 %	Frankfurt
UbiquitiNetworksInc	Information Technology	110 000	27 501	USD	30 849	3 348	2,96 %	0,13 %	NASDAQ
HyundaiMotorCoPref(2pb)	Consumer Discretionary	38 200	28 104	KRW	30 213	2 109	2,90 %	0,10 %	Seoul
SchaefflerAG	Industrials	178 033	23 499	EUR	27 821	4 323	2,67 %	0,11 %	Frankfurt
SynchronyFinancial	Financials	99 572	26 450	USD	26 796	346	2,57 %	0,01 %	New York
OmegaProteinCorp	Consumer Staples	135 800	17 508	USD	26 679	9 171	2,56 %	0,61 %	New York
JbsSA	Consumer Staples	930 000	26 374	BRL	25 670	-704	2,46 %	0,03 %	Sao Paulo
SandiskCorp	Information Technology	35 000	18 615	USD	23 537	4 921	2,26 %	0,02 %	NASDAQ
MagforceAG	Healthcare	445 989	23 535	EUR	23 529	-6	2,26 %	1,74 %	Xetra
GCL-PolyEnergyHoldingsLtd	Energy	16 500 000	31 896	HKD	21 770	-10 126	2,09 %	0,09 %	Hong Kong
South32Ltd	Raw Materials	3 110 000	41 462	AUD	21 326	-20 136	2,05 %	0,06 %	Sydney
AirAsiaBhd	Industrials	7 890 100	29 433	MYR	20 951	-8 482	2,01 %	0,28 %	Kuala Lumpur
UniqInsuranceGroupAG	Financials	287 082	20 835	EUR	20 775	-60	1,99 %	0,09 %	Wien
StockSpiritsGroupPlc	Consumer Staples	960 228	22 540	GBP	17 471	-5 069	1,68 %	0,48 %	London
SolazymeInc	Industrials	717 000	17 094	USD	15 736	-1 358	1,51 %	0,89 %	NASDAQ
KomatsuLtd	Industrials	100 000	16 340	JPY	14 658	-1 682	1,41 %	0,01 %	Tokyo
RentechInc	Industrials	399 500	26 491	USD	12 445	-14 046	1,19 %	1,74 %	New York
FirstQuantumMineralsLtdc	Raw Materials	360 000	11 683	CAD	11 855	172	1,14 %	0,05 %	Toronto
FourlisHoldingsSA	Consumer Discretionary	382 563	9 481	EUR	11 037	1 556	1,06 %	0,75 %	Athens
WhitingPetroleumCorp	Energy	85 000	21 857	USD	7 101	-14 756	0,68 %	0,04 %	New York
GCL-PolyEnergyHoldingsLtdrights	Energy	3 300 000		HKD	150	150	0,01 %	0,09 %	Hong Kong
<b>TOTAL SECURITIES PORTFOLIO<sup>1)</sup></b>			<b>1 055 313</b>		<b>1 010 791</b>	<b>-44 522</b>	<b>97,00 %</b>		

<sup>1)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

#### Allocation of the acquisition cost:

For SKAGEN Focus the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.

# SKAGEN Balance 60/40

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/loss	Share of fund
<b>Equity fund</b>						
SKAGENGlobal	68 317	82 164	NOK	100 053	17 890	30,37 %
SKAGENVekst	25 424	44 495	NOK	50 494	5 999	15,33 %
SKAGENKon-Tiki	73 330	48 363	NOK	50 223	1 860	15,25 %
<b>Total equity fund</b>		<b>175 021</b>		<b>200 770</b>	<b>25 749</b>	<b>60,95 %</b>
<b>Fixed income fund</b>						
SKAGENHøyrente	485 765	49 024	NOK	48 642	-382	14,76 %
SKAGENHøyrenteInstitusjon	472 908	47 159	NOK	47 017	-142	14,27 %
SKAGENAvkastning	229 799	31 942	NOK	32 587	-356	9,59 %
<b>Total fixed income fund</b>		<b>128 126</b>		<b>127 246</b>	<b>-880</b>	<b>38,62 %</b>
<b>TOTAL SECURITIES PORTFOLIO<sup>1)</sup></b>		<b>303 147</b>		<b>328 016</b>	<b>24 869</b>	<b>99,56 %</b>

<sup>1)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

The underlying funds are all priced on each ordinary opening day for Norwegian banks by the fund management company SKAGEN AS. Prices are available on our homepage, [www.skagenfondene.no](http://www.skagenfondene.no), and are published in relevant newspapers.

#### Allocation of the acquisition cost:

For SKAGEN Balance 60/40 the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.

# SKAGEN Høyrente

Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Maturity	Coupon	Interest adjustment point	Facevalue	Cost price (NOK)	Yield <sup>3)</sup>	Duration <sup>2)</sup>	Accrued interest	Market value	Market value in/accrued interest	Unrealised gain/loss	Share of fund	Risk class <sup>4)</sup>
<b>FLOATING RATE SECURITIES</b>													
<b>Financial bonds</b>													
SpareBank 1 BV	04.12.2017	1,50	04.03.2016	110 000	109 229	2,57	0,15	124	108 710	108 834	-519	3,76 %	5
Sparebank 1 SMN	15.03.2017	3,00	16.03.2016	101 500	104 805	2,12	0,20	127	102 895	103 022	-1 910	3,56 %	5
OBOS-banken AS	25.08.2017	1,55	25.02.2016	100 000	99 440	2,68	0,13	155	98 970	99 125	-470	3,42 %	5
Sparebank 1 Nord-Norge	15.01.2018	2,19	15.01.2016	92 000	93 536	2,80	0,02	431	92 173	92 604	-1 363	3,20 %	5
BN Bank ASA	15.03.2017	2,85	16.03.2016	80 000	82 389	2,25	0,20	95	80 872	80 967	-1 517	2,79 %	5
Sparebank 1 Østfold Akershus	18.01.2018	2,17	18.01.2016	78 000	79 378	2,97	0,03	343	77 931	78 274	-1 447	2,70 %	5
Sandnes Sparebank	19.03.2018	2,74	19.01.2016	60 000	62 023	3,02	0,04	333	60 638	60 972	-1 385	2,10 %	5
Sparebanken Sogn og Fjordane	06.06.2017	1,82	07.03.2016	60 000	60 456	2,33	0,17	73	59 874	59 947	-582	2,07 %	5
Sparebanken Sogn og Fjordane	21.08.2017	2,80	22.02.2016	55 000	56 537	2,50	0,14	163	55 681	55 844	-856	1,93 %	5
Helgeland Sparebank	16.08.2018	2,06	16.02.2016	55 000	55 699	2,87	0,09	142	54 699	54 841	-999	1,89 %	5
Sparebanken Møre	09.10.2018	2,18	11.01.2016	50 000	50 000	3,03	0,00	251	49 908	50 159	-92	1,73 %	5
Sparebank 1 Nordvest	30.05.2017	1,58	29.02.2016	50 000	50 015	2,50	0,15	68	49 658	49 726	-357	1,72 %	5
Sandnes Sparebank	06.11.2018	1,98	08.02.2016	50 000	49 560	3,09	0,05	151	49 460	49 611	-100	1,71 %	5
Helgeland Sparebank	15.03.2017	2,81	15.03.2016	42 000	42 875	2,13	0,20	52	42 476	42 529	-398	1,47 %	5
Totens Sparebank	20.02.2017	2,05	22.02.2016	40 000	40 094	2,31	0,14	93	40 034	40 128	-59	1,38 %	5
Sparebanken Øst	03.07.2017	1,50	04.01.2016	40 000	40 118	2,65	-0,01	145	39 728	39 873	-391	1,37 %	5
BN Bank ASA	22.05.2018	2,12	22.02.2016	40 000	39 914	2,96	0,11	90	39 782	39 872	-131	1,38 %	5
Helgeland Sparebank	05.09.2017	1,60	07.03.2016	40 000	40 026	2,47	0,16	43	39 707	39 750	-319	1,37 %	5
Sparebanken Vest	30.06.2017	1,53	30.03.2016	40 000	39 738	2,25	0,23	2	39 701	39 703	-37	1,37 %	5
Kredittforeningen for Sparebanker	10.02.2017	1,97	10.02.2016	30 000	30 125	2,35	0,10	84	30 010	30 093	-116	1,04 %	5
Sparebanken Sør	05.03.2018	2,07	07.03.2016	30 000	30 379	2,64	0,16	41	29 941	29 983	-437	1,03 %	5
Kredittforeningen for Sparebanker	18.04.2017	1,63	18.01.2016	30 000	30 036	2,59	0,04	99	29 861	29 960	-175	1,03 %	5
Kredittforeningen for Sparebanker	27.02.2018	2,10	29.02.2016	30 000	30 375	2,84	0,13	60	29 859	29 918	-516	1,03 %	5
Totens Sparebank	15.08.2017	1,59	15.02.2016	30 000	29 717	2,71	0,10	60	29 737	29 797	20	1,03 %	5
Kredittforeningen for Sparebanker	29.09.2017	1,46	04.01.2016	30 000	29 949	2,95	-0,02	111	29 664	29 774	-285	1,02 %	5
Sparebank 1 SMN	18.06.2018	1,40	18.03.2016	30 000	29 668	2,69	0,16	15	29 456	29 472	-211	1,02 %	5
Sparebank 1 Telemark	02.03.2017	2,88	02.03.2016	25 000	25 878	2,17	0,17	58	25 280	25 338	-597	0,87 %	5
Sparebank 1 Telemark	16.11.2017	2,44	16.02.2016	25 000	25 608	2,63	0,12	76	25 159	25 236	-448	0,87 %	5
SpareBank 1 BV	11.04.2017	1,91	11.01.2016	25 000	25 164	2,47	0,02	106	25 009	25 115	-155	0,87 %	5
Kredittforeningen for Sparebanker	03.10.2016	2,42	04.01.2016	24 000	24 463	2,21	0,01	140	24 103	24 243	-360	0,83 %	5
Sparebanken Sør	16.03.2017	3,00	16.03.2016	20 000	20 410	2,12	0,20	25	20 275	20 300	-134	0,70 %	5
Totens Sparebank	14.10.2016	2,94	14.01.2016	20 000	20 655	2,18	0,04	127	20 171	20 299	-484	0,70 %	5
Sparebanken Sør	30.11.2017	2,38	29.02.2016	19 000	19 461	2,58	0,15	39	19 099	19 138	-363	0,66 %	5
Sparebank 1 Nordvest	09.08.2016	2,32	09.02.2016	18 000	18 323	2,03	0,11	60	18 053	18 114	-269	0,63 %	5
Sparebank 1 Nord-Norge	17.08.2016	2,44	17.02.2016	16 000	16 277	1,92	0,13	48	16 063	16 111	-214	0,56 %	5
OBOS-banken AS	08.01.2018	1,48	08.01.2016	15 000	15 001	3,01	-0,01	52	14 787	14 839	-214	0,51 %	5
Kredittforeningen for Sparebanker	08.03.2016	1,97	08.03.2016	10 000	10 076	1,77	0,18	13	10 003	10 015	-73	0,35 %	5
<b>Industrial bonds</b>													
Entra Eiendom AS	10.04.2017	2,36	11.01.2016	70 000	70 445	2,49	0,02	367	70 227	70 594	-219	2,44 %	6
Felleskjøpet Agri SA	15.02.2016	2,86	15.02.2016	60 000	60 000	2,00	0,12	229	60 062	60 291	62	2,08 %	6
Scania CV AB	17.06.2016	1,93	17.03.2016	50 000	50 000	1,60	0,21	38	50 060	50 098	60	1,73 %	6
Entra Eiendom AS	20.09.2018	2,42	21.03.2016	8 000	8 067	2,50	0,20	5	8 021	8 027	-46	0,28 %	6
<b>Power generation bonds</b>													
Agder Energi AS	28.10.2016	1,79	28.01.2016	160 000	160 780	2,33	0,07	509	159 598	160 107	-1 182	5,53 %	6
BKKAS	22.05.2018	1,72	22.02.2016	110 000	110 131	2,63	0,10	200	108 474	108 674	-1 657	3,75 %	6
BKKAS	22.08.2017	2,45	22.02.2016	85 000	86 803	2,40	0,13	220	85 319	85 539	-1 484	2,95 %	6
Agder Energi AS	02.03.2016	2,08	02.03.2016	30 000	30 140	2,02	0,17	50	30 000	30 051	-140	1,04 %	6
<b>FIXED RATE SECURITIES</b>													
<b>Industrial certificates</b>													
Entra Eiendom AS	12.01.2016	1,84		50 000	50 000	2,13	0,03	202	49 995	50 197	-5	1,73 %	6
Olav Thon Eiendomsselskap ASA	27.04.2016	1,80		25 000	24 979	1,86	0,32	80	24 982	25 062	3	0,86 %	6
<b>TOTAL SECURITIES PORTFOLIO</b>					<b>2 278 741</b>			<b>5 994</b>	<b>2 256 170</b>	<b>2 262 163</b>	<b>-22 571</b>	<b>78,06 %</b>	
<b>Portfolio key figures</b>													
Yield	2,39 %												
Yield to clients <sup>1)</sup>	2,14 %												
Duration <sup>2)</sup>	0,09												
<sup>1)</sup> Yield adjusted for management fee.				All securities are traded in the Norwegian market.									
<sup>2)</sup> Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.				Unit price as of 31.12.2015 NOK 102,0299									
<sup>3)</sup> Yield is the average annual return of an interest bearing security until maturity.				TNOK 53,914 is allocated for distribution to unitholders.									
<sup>4)</sup> Securities are divided into six risk classes according to their credit risk. Class 1 has the lowest and class 6 the highest credit risk.				This will result in a reduction in the unit price equal to the distribution per unit at the time of distribution.									
Risk class 1: Supranational organisations													
Risk class 2: Government, and government guaranteed within the EEA													
Risk class 3: Government, and government guaranteed outside the EEA													
Risk class 4: County and local government													
Risk class 5: Bank and financial institutions													
Risk class 6: Industry													
<sup>5)</sup> For liquidity in the portfolio as of 31.12.15, please refer to the balance sheet.													
<b>Allocation of the acquisition cost:</b>													
For SKAGEN Høyrente the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.													

# SKAGEN Høyrente Institusjon

Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Maturity	Coupon	Interest adjustment point	Facevalue NOK	Cost price (NOK)	Yield <sup>3)</sup>	Duration <sup>2)</sup>	Accrued interest	Market value	Market value incl accrued interest	Unrealised gain/loss	Share of fund	Risk class <sup>4)</sup>
<b>FLOATING RATE SECURITIES</b>													
<b>Financial bonds</b>													
Kredittforeningen for Sparebanker	08.03.2016	1,97	08.03.2016	46 000	46 198	1,77	0,18	58	46 013	46 071	-185	7,82 %	5
Sparebank 1 SMN	16.03.2016	2,13	16.03.2016	40 000	40 284	1,66	0,20	36	40 033	40 069	-251	6,80 %	5
Sparebanken Sør	05.09.2016	2,55	07.03.2016	39 500	39 800	1,84	0,18	67	39 700	39 767	-100	6,75 %	5
OBOS-banken AS	25.08.2017	1,55	25.02.2016	40 000	40 010	2,68	0,13	62	39 588	39 650	-422	6,73 %	5
Helgeland Sparebank	17.01.2018	2,17	18.01.2016	30 000	30 573	2,79	0,03	132	30 043	30 175	-530	5,12 %	5
Santander Consumer Bank AS	18.11.2016	2,41	18.02.2016	25 000	25 091	2,33	0,13	72	25 066	25 138	-25	4,27 %	5
Sparebank 1 Nord-Norge	15.01.2018	2,19	15.01.2016	25 000	25 150	2,80	0,02	117	25 047	25 164	-103	4,27 %	5
Sparebanken Hedmark	05.10.2016	1,65	05.01.2016	25 000	24 973	2,13	0,01	100	24 975	25 074	2	4,24 %	5
Sparebank 1 Østfold Akershus	06.06.2016	1,33	07.03.2016	25 000	25 003	1,89	0,18	22	24 942	24 965	-60	4,24 %	5
SpareBank 1 BV	04.12.2017	1,50	04.03.2016	25 000	24 998	2,57	0,15	28	24 707	24 735	-291	4,20 %	5
Sparebank 1 Telemark	09.09.2016	2,53	09.03.2016	24 000	24 193	1,83	0,18	37	24 129	24 166	-65	4,10 %	5
Totens Sparebank	14.10.2016	2,94	14.01.2016	22 000	22 717	2,18	0,04	140	22 189	22 329	-528	3,79 %	5
Sparebanken Øst	15.01.2016	2,62	15.01.2016	15 000	15 143	1,84	0,04	84	15 005	15 089	-138	2,56 %	5
BN Bank ASA	14.11.2017	2,63	15.02.2016	10 000	10 287	2,80	0,11	33	10 079	10 112	-208	1,72 %	5
Kredittforeningen for Sparebanker	03.10.2016	2,42	04.01.2016	5 000	5 026	2,21	0,01	29	5 021	5 051	-4	0,85 %	5
BN Bank ASA	18.07.2017	1,51	18.01.2016	5 000	4 999	2,78	0,03	15	4 957	4 972	-42	0,84 %	5
<b>TOTAL SECURITIES PORTFOLIO <sup>5)</sup></b>				<b>404 444</b>				<b>1 032</b>	<b>401 494</b>	<b>402 526</b>	<b>-2 950</b>	<b>68,30 %</b>	

#### Portfolio key figures

Yield	2,05 %
Yield to clients <sup>1)</sup>	1,90 %
Duration <sup>2)</sup>	0,08

<sup>1)</sup> Yield adjusted for management fee.

<sup>2)</sup> Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.

<sup>3)</sup> Yield is the average annual return of an interest bearing security until maturity.

<sup>4)</sup> Securities are divided into six risk classes according to their credit risk.

Class 1 has the lowest and class 6 the highest credit risk.

Risk class 1: Supranational organisations

Risk class 2: Government, and government guaranteed within the EEA

Risk class 3: Government, and government guaranteed outside the EEA

Risk class 4: County and local government

Risk class 5: Bank and financial institutions

Risk class 6: Industry

<sup>5)</sup> For liquidity in the portfolio as of 31.12.15, please refer to the balance sheet.

All securities are traded in the Norwegian market.

Unit price as of 31.12.2015 NOK 101,0422

TNOK 9,458 is allocated for distribution to unit holders. This will result in a reduction in the unit price equal to the distribution per unit at the time of distribution.

#### Allocation of the acquisition cost:

For SKAGEN Høyrente Institusjon the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.

# SKAGEN Avkastning

Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Maturity	Coupon	Currency	Interest adjustment point	Facevalue NOK	Costprice NOK	Yield <sup>3)</sup>	Duration <sup>2)</sup>	Accrued interest NOK	Market value NOK	Marketvalue incl accrued interest NOK	Unrealised gain/loss	Share of fund	Risk class <sup>4)</sup>
<b>FLOATING RATE SECURITIES</b>														
<b>Financial bonds</b>														
Sparebanken Sør	20.02.2019	1,59	NOK	22.02.2016	70 000	70 006	2,87	0,07	127	68 357	68 484	-1 649	4,08 %	5
Sandnes Sparebank	06.11.2018	1,98	NOK	08.02.2016	55 000	55 891	3,09	0,05	166	54 406	54 572	-1 485	3,25 %	5
Sparebanken Vest	15.01.2018	2,22	NOK	15.01.2016	50 000	50 268	2,80	0,03	237	50 124	50 362	-143	3,00 %	5
Kredittforeningen for Sparebanker	29.09.2017	1,46	NOK	04.01.2016	50 000	49 910	2,95	-0,02	185	49 440	49 624	-471	2,94 %	5
Aurskog Sparebank	03.09.2018	2,15	NOK	03.03.2016	48 000	48 620	2,97	0,13	80	47 688	47 769	-932	2,85 %	5
Helgeland Sparebank	25.08.2016	2,58	NOK	25.02.2016	40 000	40 901	1,89	0,15	103	40 192	40 295	-709	2,40 %	5
Sparebank 1 SR Bank	13.12.2018	1,88	NOK	14.03.2016	40 000	39 804	2,75	0,15	36	39 564	39 600	-240	2,36 %	5
OBOS-banken AS	08.01.2018	1,48	NOK	08.01.2016	40 000	40 015	3,01	-0,01	138	39 433	39 571	-582	2,36 %	5
Sparebank 1 BV	24.04.2018	1,48	NOK	25.01.2016	40 000	39 464	2,89	0,03	109	39 373	39 482	-91	2,35 %	5
Sparebank 1 SMN	26.11.2018	2,03	NOK	26.02.2016	37 000	36 714	2,83	0,11	73	36 660	36 733	-54	2,19 %	5
Helgeland Sparebank	15.03.2017	2,81	NOK	15.03.2016	36 000	37 206	2,13	0,20	45	36 408	36 453	-798	2,17 %	5
Bank 1 Oslo Akershus AS	05.03.2018	2,25	NOK	07.03.2016	36 000	36 393	2,64	0,16	54	36 070	36 124	-323	2,15 %	5
BN Bank ASA	15.03.2017	2,85	NOK	16.03.2016	35 000	36 021	2,25	0,20	42	35 381	35 423	-639	2,11 %	5
Sparebank 1 Nord-Norge	17.08.2016	2,44	NOK	17.02.2016	35 000	35 623	1,92	0,13	104	35 138	35 242	-485	2,10 %	5
Bank 1 Oslo Akershus AS	15.03.2017	2,81	NOK	15.03.2016	32 000	32 707	2,13	0,20	40	32 363	32 403	-344	1,93 %	5
Sparebank 1 BV	11.03.2016	1,75	NOK	11.03.2016	30 000	30 057	1,68	0,19	29	30 000	30 030	-57	1,79 %	5
Sparebank 1 Østfold Akershus	27.06.2016	1,87	NOK	29.03.2016	30 000	29 997	1,79	0,24	5	29 997	30 002	0	1,79 %	5
Kredittforeningen for Sparebanker	27.02.2018	2,10	NOK	29.02.2016	30 000	30 363	2,84	0,13	60	29 859	29 918	-504	1,78 %	5
Fana Sparebank	09.05.2017	1,47	NOK	09.02.2016	30 000	30 093	2,55	0,09	64	29 792	29 855	-301	1,78 %	5
OBOS-banken AS	25.08.2017	1,55	NOK	25.02.2016	30 000	29 655	2,68	0,13	47	29 691	29 738	-36	1,77 %	5
Sparebanken Møre	02.03.2018	1,50	NOK	02.03.2016	30 000	29 958	2,67	0,13	36	29 556	29 592	-402	1,76 %	5
Kredittforeningen for Sparebanker	12.02.2019	1,97	NOK	12.02.2016	30 000	30 293	3,08	0,05	80	29 533	29 614	-759	1,76 %	5
Sparebank 1 Telemark	12.09.2018	1,94	NOK	14.03.2016	27 000	27 398	2,75	0,16	25	26 806	26 831	-592	1,60 %	5
Sparebank 1 Telemark	08.05.2018	1,97	NOK	08.02.2016	25 000	25 400	2,84	0,08	71	24 898	24 969	-502	1,49 %	5
BN Bank ASA	22.05.2018	2,12	NOK	22.02.2016	25 000	24 972	2,96	0,11	56	24 864	24 920	-108	1,48 %	5
Sparebank 1 SMN	15.03.2017	3,00	NOK	16.03.2016	20 000	20 787	2,12	0,20	25	20 275	20 300	-512	1,21 %	5
Sandnes Sparebank	19.03.2018	2,74	NOK	19.01.2016	20 000	20 702	3,02	0,04	111	20 213	20 324	-489	1,21 %	5
Kredittforeningen for Sparebanker	08.03.2016	1,97	NOK	08.03.2016	20 000	20 188	1,77	0,18	25	20 006	20 031	-182	1,19 %	5
Sparebank 1 Østfold Akershus	15.05.2017	2,02	NOK	15.02.2016	20 000	20 086	2,53	0,11	51	19 991	20 042	-95	1,19 %	5
Sparebank 1 Nordvest	30.05.2017	1,58	NOK	29.02.2016	20 000	20 006	2,50	0,15	27	19 863	19 891	-143	1,18 %	5
Totens Sparebank	27.09.2018	2,16	NOK	29.03.2016	20 000	20 328	2,85	0,20	4	19 828	19 831	-500	1,18 %	5
Sparebanken Sør	29.10.2018	1,94	NOK	29.01.2016	20 000	19 871	2,96	0,03	68	19 821	19 889	-50	1,18 %	5
Eiendomsrett AS	04.12.2017	1,78	NOK	04.03.2016	20 000	20 080	2,84	0,14	27	19 793	19 820	-287	1,18 %	5
Santander Consumer Bank AS	18.11.2016	2,41	NOK	18.02.2016	18 000	18 225	2,33	0,13	52	18 047	18 099	-178	1,08 %	5
Santander Consumer Bank AS	19.02.2018	1,93	NOK	19.02.2016	17 000	17 000	3,11	0,10	38	16 807	16 845	-193	1,00 %	5
Sparebank 1 Nord-Norge	25.01.2016	2,22	NOK	25.01.2016	16 000	16 213	1,82	0,07	65	16 005	16 070	-208	0,96 %	5
Sparebanken Sør	05.09.2016	2,55	NOK	07.03.2016	15 000	15 355	1,84	0,18	26	15 076	15 101	-279	0,90 %	5
Sparebank 1 Sør Sunnmøre	21.08.2017	2,91	NOK	22.02.2016	12 500	12 941	2,66	0,14	38	12 657	12 695	-284	0,76 %	5
Sparebanken Møre	05.12.2016	2,25	NOK	07.03.2016	12 000	12 022	1,96	0,18	18	12 046	12 064	-23	0,72 %	5
Pareto Bank ASA	09.01.2017	2,96	NOK	11.01.2016	10 000	10 129	2,81	0,02	68	10 068	10 136	-61	0,60 %	5
Sparebank 1 Østfold Akershus	20.09.2016	2,37	NOK	21.03.2016	10 000	10 152	1,86	0,22	7	10 034	10 041	-118	0,60 %	5
Jæren Sparebank	08.05.2018	2,08	NOK	08.02.2016	10 000	10 169	3,01	0,07	30	9 957	9 987	-212	0,59 %	5
Sparebank 1 Nordvest	29.06.2016	2,47	NOK	29.03.2016	6 500	6 590	1,79	0,24	1	6 519	6 520	-71	0,39 %	5
Sparebanken Sør	09.05.2016	2,12	NOK	09.02.2016	5 000	5 069	1,90	0,11	15	5 007	5 022	-62	0,30 %	5
Bolig- og Næringskreditt AS	03.11.2016	1,92	NOK	03.02.2016	5 000	5 039	2,09	0,09	15	5 003	5 019	-36	0,30 %	5
<b>FIXED RATE SECURITIES</b>														
<b>Foreign government bonds</b>														
Slovenia Government	30.03.2026	5,12	EUR		5 500	65 095	1,68	8,14	2 044	69 875	71 920	4 780	4,28 %	2
Mexican Government	20.11.2036	10,00	MXN		100 000	60 297	7,05	9,85	157	69 030	69 187	8733	4,12 %	3
Portugese Government	15.10.2025	2,87	EUR		6 000	57 522	2,52	8,43	349	59 528	59 877	2 006	3,57 %	2
Croatia Government International Bond	30.05.2022	3,87	EUR		6 000	54 067	3,81	5,47	1 313	57 785	59 098	3 718	3,52 %	2
Spanish Government	30.04.2025	1,60	EUR		5 400	48 257	1,67	8,50	556	51 707	52 263	3 450	3,11 %	2
Hellenic Republic Government	24.02.2032	3,00	EUR		2 000	11 761	7,16	10,72	490	11 703	12 193	(58)	0,73 %	2
<b>TOTAL SECURITIES PORTFOLIO<sup>5)</sup></b>					<b>1535680</b>				<b>7 631</b>	<b>1 542 238</b>	<b>1 549 869</b>	<b>6 559</b>	<b>92,32 %</b>	
<b>Portfolio key figures</b>														
Yield	2,73 %													
Yield to clients <sup>3)</sup>	2,23 %													
Duration <sup>2)</sup>	1,67													

<sup>1)</sup> Yield adjusted for management fee.

All securities are traded in a telephone-based international market.

<sup>2)</sup> Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.

Unit price as of 31.12.2015 NOK 143,29

<sup>3)</sup> Yield is the average annual return of an interest bearing security until maturity.

TNOK 68.328 is allocated for distribution to unit holders. This will result in a reduction in the unit price equal to the distribution per unit at the time of distribution.

<sup>4)</sup> Securities are divided into six risk classes according to their credit risk.

Class 1 has the lowest and class 6 the highest credit risk.

Risk class 1: Supranational organisations

Risk class 2: Government, and government guaranteed within the EEA

Risk class 3: Government, and government guaranteed outside the EEA

Risk class 4: County and local government

Risk class 5: Bank and financial institutions

Risk class 6: Industry

<sup>5)</sup> For liquidity in the portfolio as of 31.12.15, please refer to the balance sheet.

#### Allocation of the acquisition cost:

For SKAGEN Avkastning the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.



# SKAGEN Tellus

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Maturity	Coupon	Currency	Facevalue NOK	Cost price NOK	Yield <sup>3)</sup>	Duration <sup>2)</sup>	Accrued interest NOK	Market value NOK	Market value incl accrued interest NOK	Unrealised gain/loss NOK	Share of fund	Risk class <sup>4)</sup>
<b>FIXED RATE SECURITIES</b>													
<b>Bond issued by supranational organisation</b>													
European Bank Recon & Dev	19.03.2018	5,75	INR	200 000	25 846	6,91	1,92	1 206	26 168	27 375	322	2,12 %	1
<b>Foreign government bonds</b>													
US Government	15.02.2025	2,00	USD	16 600	135 145	2,32	8,12	1 102	143 643	144 745	8 499	11,19 %	3
French Government	25.05.2020	-	EUR	12 000	103 527	0,03	4,40	1 269	114 005	115 273	10 478	8,91 %	2
US Government	31.08.2016	0,50	USD	12 800	87 374	0,67	0,66	192	113 150	113 343	25 777	8,76 %	3
Croatia Government International Bond	30.05.2022	3,87	EUR	8 300	74 798	3,81	5,47	1 817	79 936	81 753	5 138	6,32 %	2
US Government	30.06.2017	0,62	USD	8 000	63 152	0,99	1,47	-	70 455	70 455	7 303	5,45 %	3
Japan Government	20.06.2016	1,90	JPY	900 000	62 398	0,03	0,47	38	66 808	66 846	4 410	5,17 %	3
Norwegian Government	19.05.2017	4,25	NOK	60 000	63 360	0,64	1,34	1 579	62 955	64 534	-405	4,99 %	2
Canadian Government	01.11.2016	1,00	CAD	10 000	65 014	0,49	0,83	105	63 974	64 079	-1 040	4,95 %	3
Lithuanian Government	01.02.2022	6,62	USD	5 500	42 570	3,07	4,94	1 344	58 261	59 605	15 691	4,61 %	2
Chilean Government	05.08.2020	5,50	CLP	4 410 000	54 659	4,58	3,87	1 229	57 007	58 236	2 348	4,50 %	3
New Zealand Government	17.04.2023	5,50	NZD	8 000	54 358	3,24	5,95	561	55 653	56 214	1 295	4,35 %	3
Hellenic Republic Government	24.02.2035	3,00	EUR	9 000	53 134	6,99	11,88	2 205	50 398	52 603	-2 736	4,07 %	2
Portuguese Government	15.10.2025	2,87	EUR	5 000	47 985	2,52	8,43	291	49 607	49 897	1 621	3,86 %	2
Spanish Government	30.04.2025	1,60	EUR	5 000	45 315	1,67	8,50	515	47 877	48 392	2 562	3,74 %	2
Slovenia Government	30.03.2026	5,12	EUR	3 500	41 766	1,68	8,14	1 301	44 466	45 767	2 700	3,54 %	2
Peruvian Government	12.08.2037	6,90	PEN	18 000	41 063	7,87	9,99	1 235	42 711	43 945	1 648	3,40 %	3
Mexican Government	20.11.2036	10,00	MXN	60 000	38 345	7,05	9,85	94	41 418	41 512	3 073	3,21 %	3
Japan Government	16.10.2017	0,10	JPY	550 000	37 991	-0,05	1,79	9	40 584	40 593	2 593	3,14 %	3
Colombian Government	14.04.2021	7,75	COP	13 400 000	48 232	7,26	4,03	2 072	38 150	40 222	-10 082	3,11 %	3
<b>TOTAL SECURITIES PORTFOLIO 5)</b>					<b>1 186 033</b>			<b>18 162</b>	<b>1 267 226</b>	<b>1 285 388</b>	<b>81 193</b>	<b>99,39 %</b>	
<b>Portfolio key figures</b>													
	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>										
Yield	2,53 %	2,53 %	2,53 %										
Yield to clients 1)	1,73 %	2,08 %	2,13 %										
Duration 2)	4,87	4,87	4,8701										

<sup>1)</sup> Yield adjusted for management fee.

<sup>2)</sup> Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.

<sup>3)</sup> Yield is the average annual return of an interest bearing security until maturity.

<sup>4)</sup> Securities are divided into six risk classes according to their credit risk. Class 1 has the lowest and class 6 the highest credit risk.

Risk class 1: Supranational organisations

Risk class 2: Government, and government guaranteed within the EEA

Risk class 3: Government, and government guaranteed outside the EEA

Risk class 4: County and local government

Risk class 5: Bank and financial institutions

Risk class 6: Industry

<sup>5)</sup> For liquidity in the portfolio as of 31.12.15, please refer to the balance sheet.

All securities are traded in a telephone-based international market.

Unit price as of 31.12.2015 unit class A NOK 137,848

Unit price as of 31.12.2015 unit class B NOK 140,5395

Unit price as of 31.12.2015 unit class C NOK 138,4037

TNOK 94,332 is allocated for distribution to unit holders in unit class A, TNOK

5,554 is allocated for distribution to unit holders in unit class B and TNOK

14,524 is allocated for distribution to unit holders in unit class C. This will result in a reduction in the unit price equal to the distribution per unit at the time of distribution.

### Allocation of the acquisition cost:

For SKAGEN Tellus the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.

# SKAGEN Krona

Note 7. Securities portfolio as of 31.12.2015 (in 1000 SEK)

Security	Maturity	Coupon	Interest adjustment point	Facevalue	CostpriceSEK	Yield <sup>3)</sup>	Duration <sup>2)</sup>	Market valueSEK	Total accrued interest and unrealised gain/lossSEK	Share of fund	Risk class <sup>4)</sup>
<b>FLOATING RATE SECURITIES</b>											
<b>Financial bonds</b>											
Ikano Bank SE	26.09.2016	0,73	29.03.2016	35 000	35 053	0,66	0,24	35 094	43	5,73 %	5
Sparebank 1 SMN	29.10.2018	0,58	29.01.2016	35 000	35 118	0,62	0,12	34 913	-170	5,70 %	5
Sparebanken Vest	10.09.2018	0,12	10.03.2016	22 000	21 851	0,78	0,20	21 740	-110	3,55 %	5
Länsförsäkringar Bank AB	15.05.2018	0,50	15.02.2016	20 000	20 077	0,36	0,12	20 073	8	3,28 %	5
Jyske Bank A/S	03.05.2016	0,68	03.02.2016	20 000	20 000	-	0,09	20 044	66	3,28 %	5
SBAB AB	25.02.2016	1,01	25.02.2016	13 000	13 075	-	0,15	13 022	-40	2,13 %	5
Danske Bank A/S	05.09.2016	1,51	07.03.2016	10 000	10 155	0,10	0,19	10 109	-35	1,65 %	5
<b>Industrial bonds</b>											
Volvo Treasury AB	26.02.2016	0,61	26.02.2016	28 000	28 111	0,23	0,16	28 021	-73	4,58 %	6
Fortum Värme	27.11.2017	0,26	29.02.2016	20 000	20 000	0,40	0,17	19 998	3	3,27 %	6
Skanska Financial Services AB	25.04.2016	1,44	25.01.2016	19 000	19 085	0,11	0,07	19 077	42	3,12 %	6
Volvo Treasury AB	19.09.2016	0,03	21.03.2016	15 000	15 000	0,40	0,22	14 987	-13	2,45 %	6
Arla Foods sambia	04.06.2018	1,27	04.03.2016	10 000	10 165	0,80	0,17	10 158	2	1,66 %	6
SBAB AB	03.10.2016	0,57	04.01.2016	6 000	6 024	0,31	0,26	6 019	4	0,98 %	6
Skanska Financial Services AB	22.11.2016	1,46	22.02.2016	4 000	4 051	0,29	0,15	4 045	1	0,66 %	6
<b>Industrial securities</b>											
Trelleborg Treasury AB	22.04.2016			24 000	23 989	0,32	0,31	23 987	1	3,92 %	6
Akelius	26.02.2016			23 000	22 971	0,21	0,16	22 976	24	3,75 %	6
Indutrade	29.03.2016			22 000	21 961	0,49	0,24	21 965	23	3,59 %	6
Vasakronan AB	15.01.2016			20 000	19 999	0,03	0,04	19 999	1	3,26 %	6
Hexagon AB	11.04.2016			20 000	19 985	0,38	0,28	19 982	3	3,26 %	6
Getinge AB	25.04.2016			19 000	18 973	0,43	0,32	18 977	13	3,10 %	6
Tele2 AB	15.03.2016			15 000	14 994	0,39	0,20	14 992	0	2,45 %	6
Fabege AB	22.04.2016			13 000	12 989	0,38	0,31	12 989	3	2,12 %	6
Castellum AB	18.05.2016			13 000	12 989	0,46	0,38	12 986	-1	2,12 %	6
Arla Foods sambia	14.03.2016			12 000	11 997	0,32	0,20	11 995	0	1,96 %	6
Hexagon AB	11.05.2016			10 000	9 994	0,34	0,36	9 994	1	1,63 %	6
Castellum AB	29.02.2016			10 000	9 991	0,19	0,16	9 993	7	1,63 %	6
Hexagon AB	21.04.2016			10 000	9 996	0,41	0,31	9 992	-3	1,63 %	6
Fabege AB	08.04.2016			9 000	8 994	0,32	0,27	8 995	2	1,47 %	6
Indutrade	26.01.2016			8 000	7 994	0,21	0,07	7 995	5	1,31 %	6
Intrum Justitia AB	22.02.2016			5 000	4 999	0,19	0,14	4 998	0	0,82 %	6
Intrum Justitia AB	07.03.2016			5 000	4 998	0,26	0,18	4 998	1	0,82 %	6
<b>Financial certificates</b>											
Ikano Bank SE	10.05.2016			5 000	4 994	0,74	0,36	4 988	-3	0,81 %	5
<b>TOTAL SECURITIES PORTFOLIO <sup>5)</sup></b>					<b>500 573</b>			<b>500 101</b>	<b>-194</b>	<b>81,67 %</b>	

#### Portfolio key figures

Yield	0,40 %
Yield to clients <sup>1)</sup>	0,20 %
Duration <sup>2)</sup>	0,16

<sup>1)</sup> Yield adjusted for management fee.

<sup>2)</sup> Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.

<sup>3)</sup> Yield is the average annual return of an interest bearing security until maturity.

<sup>4)</sup> Securities are divided into six risk classes according to their credit risk.

Class 1 has the lowest and class 6 the highest credit risk.

Risk class 1: Supranational organisations

Risk class 2: Government, and government guaranteed within the EEA

Risk class 3: Government, and government guaranteed outside the EEA

Risk class 4: County and local government

Risk class 5: Bank and financial institutions

Risk class 6: Industry

<sup>5)</sup> For liquidity in the portfolio as of 31.12.15, please refer to the balance sheet.

All securities are traded in the Swedish market.

Unit price as of 31.12.2015

SEK 100,2245

SEKO-, is issued to unit holders. In the event of distribution, this will result in a reduction in the unit price equal to the distribution per unit at the time of distribution.

# SKAGEN Credit

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Maturity	Coupon	Currency	Interest adjustment point	Facevalue NOK	Cost price NOK	Yield <sup>3)</sup>	Duration <sup>3)</sup>	Accrued interest	Market value	Market value incl accrued interest	Unrealised gain/loss	Share of fund	Risk class <sup>4)</sup>
<b>Energy</b>														
Gazprom OAO	11.04.2018	8,15	USD		800	5 642	4,38	2,01	128	7 658	7 786	2016	3,69%	6
Petrobras Global Finance BV	01.03.2018	5,87	USD		700	4 572	12,03	1,8	121	5 522	5 643	950	2,67%	6
Talisman Energy Inc	05.12.2017	6,62	GBP		300	3 604	2,74	1,82	18	4 194	4 213	590	1,99%	6
Seadrill Ltd	15.09.2017	6,12	USD		700	4 500	56,05	1,01	112	3 298	3 410	-1 202	1,61%	6
Petrobras Global Finance BV	20.01.2020	5,75	USD		100	782	12,95	3,1	23	698	721	-84	0,34%	6
<b>Total Energy</b>						<b>19 101</b>			<b>402</b>	<b>21 370</b>	<b>21 773</b>	<b>2 270</b>		
<b>Raw Materials</b>														
SSAB AB	10.04.2019	3,87	EUR		800	6 760	7,04	2,84	216	7 001	7 217	241	3,42%	6
Braskem Finance Ltd	15.04.2021	5,75	USD		775	4 937	8,79	4,16	83	6 028	6 111	1 091	2,89%	6
INEOS	01.05.2023	4,00	EUR		500	4 199	4,74	6,07	32	4 607	4 639	408	2,20%	6
Glencore Canada Financial Corp	27.05.2020	7,37	GBP		300	4 209	9,23	3,42	172	3 656	3 828	-553	1,81%	6
Glencore Funding LLC	29.04.2019	3,12	USD		475	2 879	9,29	2,88	23	3 498	3 521	619	1,67%	6
<b>Total Raw Materials</b>						<b>22 983</b>			<b>526</b>	<b>24 789</b>	<b>25 315</b>	<b>1 806</b>		
<b>Industrials</b>														
Color Group AS	18.09.2019	6,31	NOK	18.03.2016	7 000	7 088	6,32	0,09	16	7 035	7 051	-53	3,34%	6
Stena AB	01.02.2019	5,87	EUR		620	5 619	4,54	2,69	146	6 196	6 342	577	3,00%	6
PostNL NV	14.08.2018	7,50	GBP		400	5 332	2,22	2,38	149	5 910	6 058	578	2,87%	6
Noble Group Ltd	29.01.2020	6,75	USD		750	5 534	20,77	2,78	189	4 287	4 477	-1 247	2,12%	6
Heathrow Funding Ltd	10.09.2018	6,25	GBP		300	3 548	2,48	2,47	75	4 292	4 367	745	2,07%	6
Norwegian Air Shuttle AS	03.07.2017	4,87	NOK	04.01.2016	4 000	3 902	6,55	-0,06	47	3 930	3 977	28	1,86%	6
Norwegian Air Shuttle AS	11.12.2019	7,25	EUR		400	3 664	7,23	3,25	15	3 865	3 881	201	1,84%	6
Tallink Group AS	18.10.2018	6,12	NOK	18.01.2016	3 000	3 060	5,4	0,01	37	3 083	3 120	23	1,48%	6
Bombardier Inc	16.03.2020	7,75	USD		400	2 878	13,85	3,08	81	2 911	2 992	34	1,42%	6
Heathrow Funding Ltd	20.03.2020	6,00	GBP		100	1 462	2,89	3,62	61	1 463	1 524	1	0,72%	6
Solstad Offshore ASA	24.06.2019	4,73	NOK	29.03.2016	2 000	1 288	17,93	-0,76	1	1 360	1 361	73	0,64%	6
Empresas ICA SAB de CV	04.02.2021	8,90	USD		450	2 841	67,19	1,51	145	846	991	-1 995	0,47%	6
<b>Total Industrials</b>						<b>46 216</b>			<b>962</b>	<b>45 179</b>	<b>46 141</b>	<b>-1 037</b>		
<b>Consumer Discretionary</b>														
Samvardhana Motherson Automotive	15.07.2021	4,12	EUR		500	4 377	4,68	4,68	91	4 691	4 782	314	2,26%	6
Best Buy Co Inc	15.03.2021	5,50	USD		500	4 151	4,52	4,16	72	4 626	4 697	475	2,22%	6
Fiat Finance & Trade SA	15.03.2018	6,62	EUR		400	3 704	2,54	1,98	203	4 180	4 382	476	2,07%	6
Jaguar Land Rover Automotive Plc	14.12.2018	4,12	USD		400	3 211	3,91	2,7	6	3 565	3 571	354	1,69%	6
Jaguar Land Rover Automotive Plc	01.03.2023	3,87	USD		200	2 495	4,94	5,92	34	2 452	2 486	-43	1,18%	6
Fiat Chrysler Finance Europe	22.03.2021	4,75	EUR		100	989	3,27	4,46	35	1 029	1 064	40	0,50%	6
<b>Total Consumer Discretionary</b>						<b>18 926</b>			<b>441</b>	<b>20 542</b>	<b>20 983</b>	<b>1 616</b>		
<b>Consumer Staples</b>														
Safeway Ltd	10.01.2017	6,00	GBP		400	4 647	1,96	0,95	304	5 429	5 734	783	2,71%	6
Avon Products Inc	01.03.2019	6,50	USD		400	2 690	13,9	2,47	77	2 922	2 998	232	1,42%	6
JBS Investments GmbH	28.10.2020	7,75	USD		300	2 590	8,77	3,72	36	2 568	2 604	-22	1,23%	6
Cosan	14.03.2023	5,00	USD		300	2 078	8,16	5,47	39	2 226	2 265	147	1,07%	6
Lennar Corp	17.06.2019	4,50	USD		200	1 621	3,81	2,98	4	1 810	1 813	189	0,86%	6
<b>Total Consumer Staples</b>						<b>13 625</b>			<b>460</b>	<b>14 954</b>	<b>15 414</b>	<b>1 329</b>		
<b>Financials</b>														
Danske Bank AS	29.09.2021	5,37	GBP		600	6 918	3,36	2,52	107	8 232	8 339	1 314	3,95%	5
Bank of Baroda	23.07.2019	4,87	USD		750	4 781	3,16	3,15	142	7 024	7 166	2 242	3,39%	5
Standard Chartered Bank	03.04.2018	7,75	GBP		350	4 730	2,71	2	263	5 062	5 325	332	2,52%	5
Tyrkiye Halk Bankasi AS	19.07.2017	4,87	USD		550	3 414	3,7	1,43	107	4 956	5 062	1 542	2,40%	5
Insurance Australia Group Ltd	21.12.2026	5,62	GBP		300	3 721	4,79	0,93	6	3 942	3 948	221	1,87%	5
Diamond Bank Plc	21.05.2019	8,75	USD		400	2 432	12,76	2,62	34	3 193	3 227	761	1,53%	5
Akbank TAS	09.03.2018	6,50	USD		300	2 030	4,02	1,96	54	2 794	2 847	763	1,35%	5
Akbank TAS	24.10.2017	3,87	USD		250	1 748	3,38	1,7	16	2 232	2 248	485	1,06%	5
Banco Est Rio Grande Sul	02.02.2022	7,37	USD		250	1 959	12,33	4,18	68	1 775	1 843	-184	0,87%	5
<b>Total Financials</b>						<b>31 733</b>			<b>796</b>	<b>39 209</b>	<b>40 006</b>	<b>7 477</b>		
<b>Information Technology</b>														
Rolta Americas LLC	24.07.2019	8,87	USD		400	2 918	33,71	2,05	137	1 904	2 041	-1 014	0,97%	6
<b>Total Information Technology</b>						<b>2 918</b>			<b>137</b>	<b>1 904</b>	<b>2 041</b>	<b>-1 014</b>		
<b>Telecom</b>														
VimpelCom Holdings BV	01.03.2022	7,50	USD		550	3 652	7,55	4,58	122	4 888	5 010	1 236	2,37%	6
Bharti Airtel International	20.05.2021	3,37	EUR		400	3 850	-0,6	2,87	80	4 024	4 104	175	1,94%	6
Bharti Airtel International	10.12.2018	4,00	EUR		300	2 777	1,54	2,79	7	3 087	3 094	310	1,46%	6
VimpelCom Holdings BV	01.03.2017	6,25	USD		200	1 563	4,21	1,07	37	1 812	1 848	248	0,87%	6
<b>Total Telecom</b>						<b>11 842</b>			<b>245</b>	<b>13 811</b>	<b>14 057</b>	<b>1 969</b>		
<b>Utilities</b>														
EDP Finance BV	01.10.2019	4,90	USD		850	6 053	4,03	3,3	92	7 758	7 850	1 705	3,72%	6
EP Energy AS	01.11.2019	5,87	EUR		675	6 287	2,86	3,38	64	7 200	7 264	913	3,44%	6
<b>Total Utilities</b>						<b>12 341</b>			<b>156</b>	<b>14 958</b>	<b>15 113</b>	<b>2 617</b>		
<b>Real Estate</b>														
Amlin Plc	18.12.2026	6,50	GBP		500	5 531	3,82	0,93	14	6 684	6 698	1 152	3,17%	6
American Tower Corp	15.02.2019	3,40	USD		200	1 465	2,56	2,88	23	1 815	1 838	350	0,87%	6
<b>Total Real Estate</b>						<b>6 996</b>			<b>37</b>	<b>8 499</b>	<b>8 535</b>	<b>1 502</b>		
<b>TOTAL SECURITIES PORTFOLIO 5)</b>						<b>186 681</b>			<b>4 162</b>	<b>205 217</b>	<b>209 379</b>	<b>18 535</b>	<b>98,45%</b>	

# FINANCIAL STATEMENT

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

### Financial derivatives as of 31.12.2015 (in NOK)

Derivative	Maturity	Coupon	Currency	Interest adjustment point	Facevalue	Net gain/loss financial contracts	Share of fund
<b>Interest rate derivatives</b>							
IRSEUR20180620	20.06.2018	-0,04	EUR	21.06.2016	3 000	4 353	
IRSEUR20210511	11.05.2021	-	EUR	11.05.2016	600	773	
IRSGBP20180129	29.01.2018	0,75	GBP	29.01.2016	1 200	14 504	
IRSUSD20180620	20.06.2018	0,57	USD	21.03.2016	3 500	9 984	
IRSUSD20190820	20.08.2019	0,37	USD	22.02.2016	2 000	5 411	
IRSUSD20210622	22.06.2021	0,59	USD	22.03.2016	1 000	1 123	
IRSEUR20180620	20.06.2018	0,54	EUR		-3 000	-4 795	
IRSEUR20210511	11.05.2021	0,61	EUR		-600	-859	
IRSGBP20180129	29.01.2018	1,91	GBP		-1 200	-14 831	
IRSUSD20180620	20.06.2018	1,47	USD		-3 500	-10 135	
IRSUSD20190820	20.08.2019	1,73	USD		-2 000	-5 651	
IRSUSD20210622	22.06.2021	1,91	USD		-1 000	-1 188	
<b>TOTAL</b>						<b>-1 311</b>	<b>-0,62%</b>

### Portfolio key figures

Yield	6,50 %
Yield to clients <sup>1)</sup>	6,50 %
Duration <sup>2)</sup>	1,37

<sup>1)</sup> Yield adjusted for management fee.

<sup>2)</sup> Duration is a simplified expression of how much the price of the security will change if the interest rate changes by one percentage point.

<sup>3)</sup> Yield is the average annual return of an interest bearing security until maturity.

<sup>4)</sup> Securities are divided into six risk classes according to their credit risk.

Class 1 has the lowest and class 6 the highest credit risk.

Risk class 1: Supranational organisations

Risk class 2: Government, and government guaranteed within the EEA

Risk class 3: Government, and government guaranteed outside the EEA

Risk class 4: County and local government

Risk class 5: Bank and financial institutions

Risk class 6: Industry

<sup>5)</sup> For liquidity in the portfolio as of 31.12.15, please refer to the balance sheet.

All securities are traded in a telephone-based international market.

Unit price as of 31.12.2015 120,1695

TNOK 16.381 is allocated for distribution to unit holders. This will result in a reduction in the unit price equal to the distribution per unit at the time of distribution.

### Allocation of the acquisition cost:

For SKAGEN Credit the FIFO principle is applied when calculating the realised capital gain/loss when selling securities.



# SKAGEN Credit NOK

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 NOK)

Security	Number of shares	Acquisition value NOK	Currency	Market value NOK	Unrealised gain/loss	Share of fund
<b>Fixed income fund</b>						
SKAGEN Credit	1 301 946	143 674	NOK	144 324	650	100,23
<b>TOTAL SECURITIES PORTFOLIO *)</b>		<b>143 674</b>		<b>144 324</b>	<b>650</b>	<b>100,23 %</b>

<sup>\*)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

The management company SKAGEN AS sets prices for the underlying fund on every ordinary opening day for Norwegian banks. The price reflects the prices of the underlying securities in SKAGEN Credit. As of 31.12.2015, SKAGEN Credit NOK owns 67.7% of the units in SKAGEN Credit.

**Allocation of the acquisition cost:**

For SKAGEN Credit NOK the FIFO principle is applied when calculated the realised capital gain/loss when selling securities.

# SKAGEN Credit SEK

## Note 7. Securities portfolio as of 31.12.2015 (in 1000 SEK)

Security	Number of shares	Acquisition value SEK	Currency	Market value SEK	Unrealised gain/loss	Share of fund
<b>Fixed income fund</b>						
SKAGEN Credit	178 970	20 690	NOK	18 900	-1 790	99,11 %
<b>TOTAL SECURITIES PORTFOLIO *)</b>		<b>20 690</b>		<b>18 900</b>	<b>-1 790</b>	<b>99,11 %</b>

<sup>\*)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

The management company SKAGEN AS sets prices for the underlying fund on every ordinary opening day for Norwegian banks. The price reflects the prices of the underlying securities in SKAGEN Credit. As of 31.12.2015 SKAGEN Credit SEK owns 9.4% of the units in SKAGEN Credit.

**Allocation of the acquisition cost:**

For SKAGEN Credit SEK the FIFO principle is applied when calculated the realised capital gain/loss when selling securities.

# SKAGEN Credit EUR

## Note 7. Securities portfolio as of 31.12.2015 (in EUR 1000)

Security	Number of shares	Acquisition value EUR	Currency	Market value EUR	Unrealised gain/loss	Share of fund
<b>Fixed income fund</b>						
SKAGEN Credit	435 933	5 409	NOK	5 025	-384	99,25 %
<b>TOTAL SECURITIES PORTFOLIO *)</b>		<b>5 409</b>		<b>5 025</b>	<b>-384</b>	<b>99,25 %</b>

<sup>\*)</sup> For liquidity in the portfolio as of 31.12.2015, please refer to the balance sheet.

The management company SKAGEN AS sets prices for the underlying fund on every ordinary opening day for Norwegian banks. The price reflects the prices of the underlying securities in SKAGEN Credit. As of 31.12.2015 SKAGEN Credit EUR owns 22.9% of the units in SKAGEN Credit.

**Allocation of the acquisition cost:**

For SKAGEN Credit EUR the FIFO principle is applied when calculated the realised capital gain/loss when selling securities.

To the Board of Directors in SKAGEN AS

## Independent auditor's report

### Report on the Financial Statements

We have audited the accompanying financial statements of the mutual funds, which comprise the balance sheets as at December 31, 2015, the income statements for the year then ended and a summary of significant accounting policies and other explanatory information. The income statements are showing the following results for the year ended at December 31, 2015:

SKAGEN Vekst	NOK	595 588 428
SKAGEN Global	NOK	5 212 754 052
SKAGEN Kon-Tiki	NOK	42 175 064
SKAGEN m <sup>2</sup>	NOK	48 296 890
SKAGEN Balanse	NOK	17 690 620
SKAGEN Focus	NOK	- 27 817 705
SKAGEN Avkastning	NOK	15 689 413
SKAGEN Høyrente	NOK	32 240 247
SKAGEN Høyrente Institusjon	NOK	10 527 295
SKAGEN Tellus	NOK	53 350 269
SKAGEN Krona	SEK	1 082 714
SKAGEN Credit	NOK	18 664 603
SKAGEN Credit NOK	NOK	- 3 667 429
SKAGEN Credit SEK	SEK	- 707 724
SKAGEN Credit EUR	EUR	- 180 090

### *The Fund Management Company's Board of Directors Responsibility for the Financial Statements*

The Fund Management Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian accounting act and accounting standards and practices generally accepted in Norway, and for such internal control as The Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

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*Statsautoriserede revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap*

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the mutual funds as at December 31, 2015, and its financial performance for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

#### **Report on Other Legal and Regulatory Requirements**

##### *Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit in each mutual fund is consistent with the financial statements and complies with the law and regulations.

##### *Opinion on Registration and documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that the Fund Management Company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the mutual fund's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 10 February 2016  
**PricewaterhouseCoopers**

Gunstein Hadland  
State Authorized Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.



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Customer Services is open from Monday to Friday from 8 am to 9 pm (CET). Please visit us at our office, send an e-mail or call us and we will do our best to help you.

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 Anna S Marcus  
 Vevika Sjøberg

Front page: Old man reading the Bible, 1918. By Michael Ancher, one of the Skagen painters. The picture is owned by the Skagens museum. Manipulated.

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