



Interior, Brørdams annex, 1916/17, Detail, By Anna Ancher, one of the Skagen Painters. This image belongs to the Art Museums of Skagen

SKAGEN Tellus

Status Report January 2017

The art of common sense



Key numbers as of 30 January 2017

EUR, net of fees



	January	QTD	2016	1 years	3 years	5 years	Since inception*
SKAGEN Tellus	-0,9%	-0,9%	5,7%	4,9%	5,8%	4,5%	5,2%
JPM Broad GBI Unhedged *	-1,4%	-1,4%	4,4%	1,1%	7,2%	2,8%	4,8%
Excess return	0,5%	0,5%	1,3%	3,7%	-1,4%	1,7%	0,4%

*Inception date: 29/09/2006

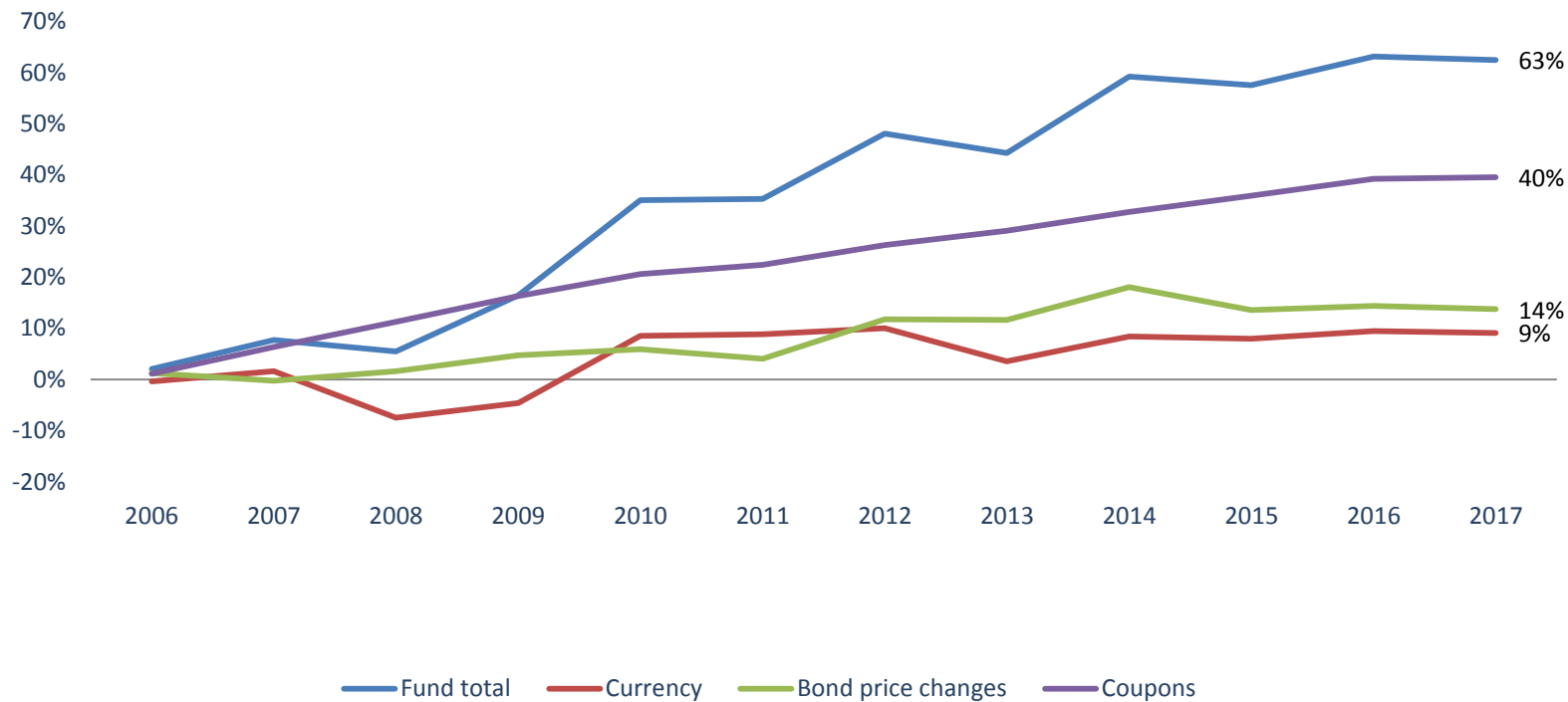
**Benchmark index before 01/01/2013 was *Barclay's Capital Global Treasury Index 3-5 years*

Unless otherwise stated, all performance data in this report relates to class A units, measured in EUR and is net of fees.

Trump effect fading

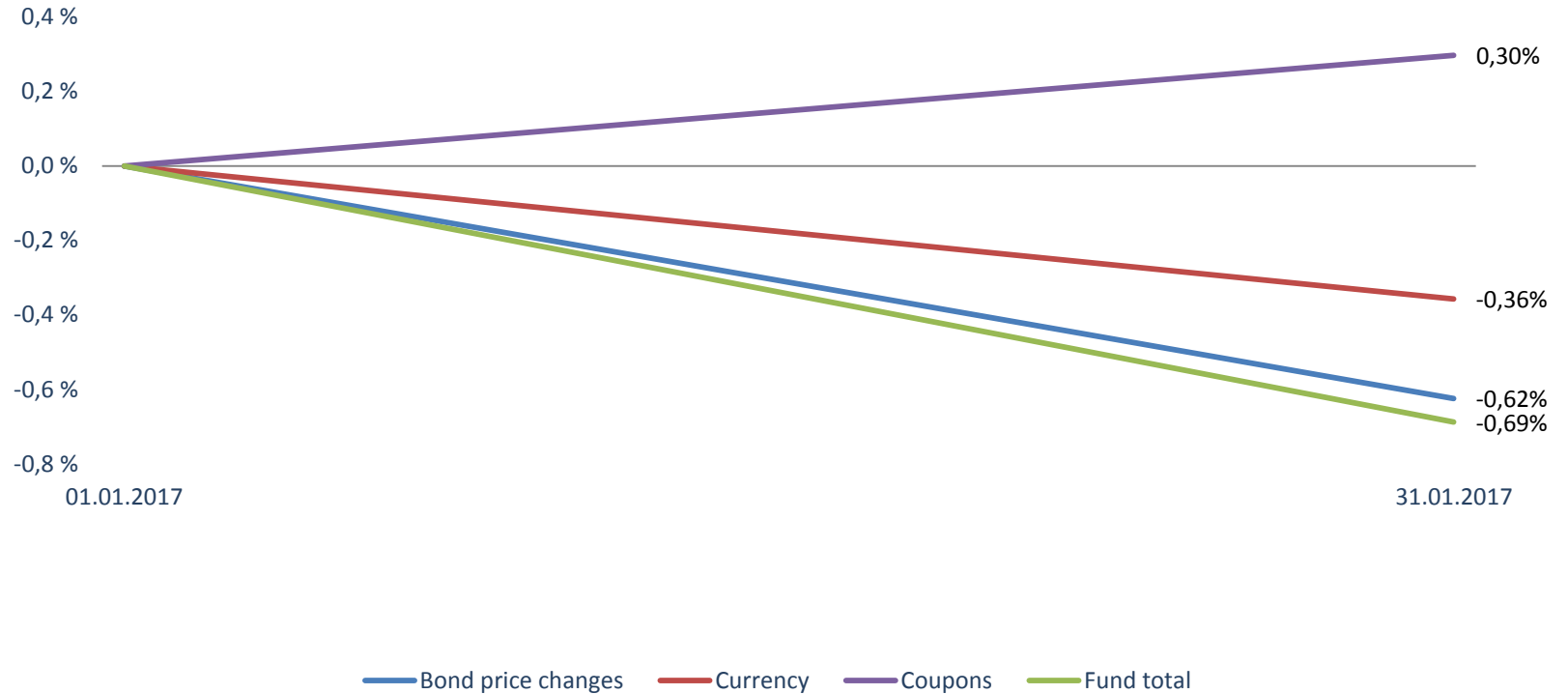
- The start of the year was dominated by Trump's rhetoric following his inauguration, Theresa May's Brexit speech, and renewed hiccups in the negotiations between Greece and its creditors.
- The global economy is starting the year on a relatively strong footing. The key activity numbers in January were generally higher than expected. This supports our view of stable or somewhat higher long-term interest rates in the US and Central Europe.
- The duration of Tellus is currently 3.4 years, which is substantially lower than the index's duration of 7.6 years. Given the current state of the business cycle, we only take interest rate risk in countries where there is still a solid case for a fall in the interest rate going forward or where the yield is attractive. We have longer duration in countries where we expect the credit premium to fall, such as Greece, Portugal and Croatia, or where there is a high interest rate, e.g. Peru and Chile. We have very low duration on our investments in the US, UK and Norway. These holdings are based on an expectation of an appreciation of the currency.
- The main contributor to the negative absolute return in January was the USD. The USD depreciated versus the euro, partly as expectations of the positive effects of Trump's economic policy faded.
- Greek interest rates increased after renewed difficulties in negotiations between Greece and its creditors. According to an IMF report, the Greek debt and government finances are not sustainable. The IMF is therefore pushing for substantial debt restructuring. We believe there is too much at stake for both Greece and its creditors to risk not reaching an agreement. With Brexit and important elections in Europe in 2017, it is highly unlikely that the EU wants a new round of uncertainty related to an increased probability of Grexit.
- In Portugal interest rates rose as a result of increased focus on the weakness in the banking sector and high private and public debt. We believe that the fear is exaggerated. The market underestimates the growth outlook for Portugal. Stronger growth will help improve the debt situation for both the government and private sectors.

Accumulated returns since inception in EUR



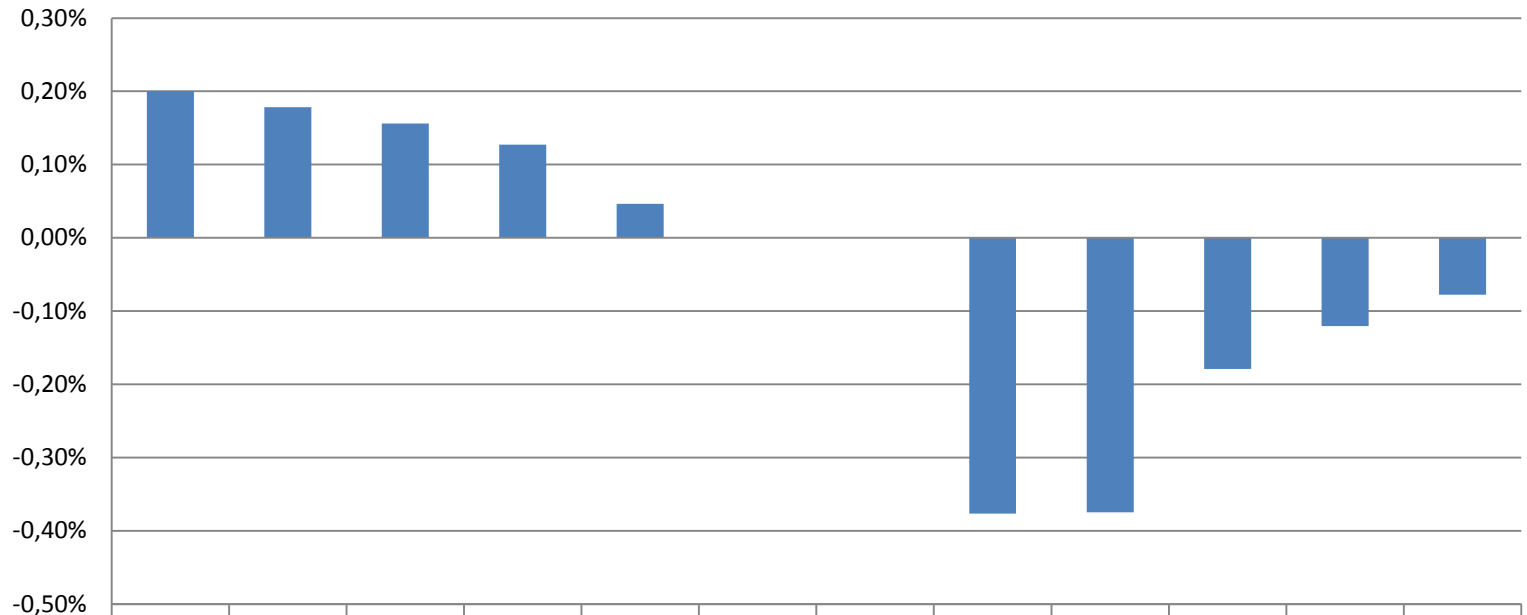
As of 31 January 2017

Accumulated returns year to date in EUR



As of 31 January 2017

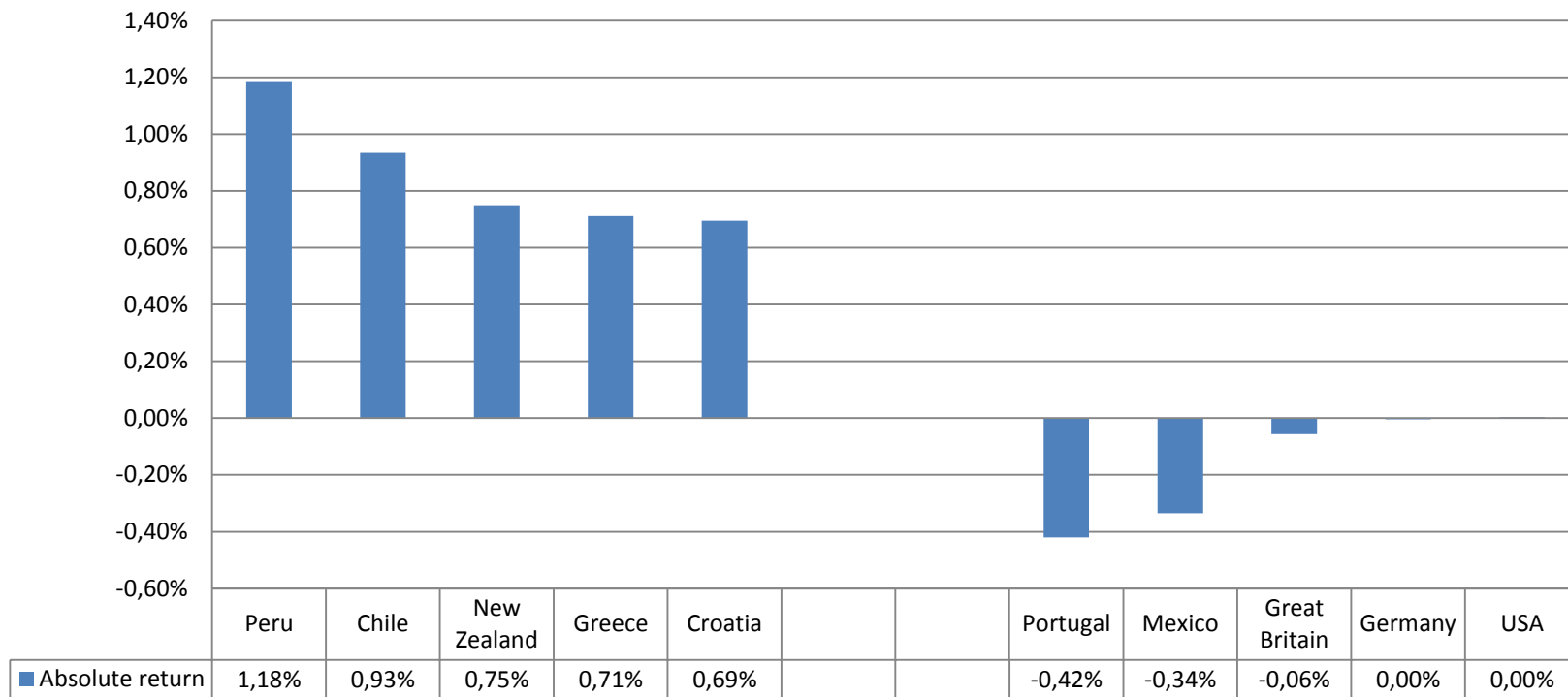
Top and bottom 5 contributors to absolute return YTD



	Peru	Norway	New Zealand	Chile	Canada			USA	Greece	Portugal	Mexico	Spain
■ Absolute return	0,20%	0,18%	0,16%	0,13%	0,05%			-0,38%	-0,37%	-0,18%	-0,12%	-0,08%

As of 31 January 2017

Top and bottom 5 contributors to absolute return (12 months)

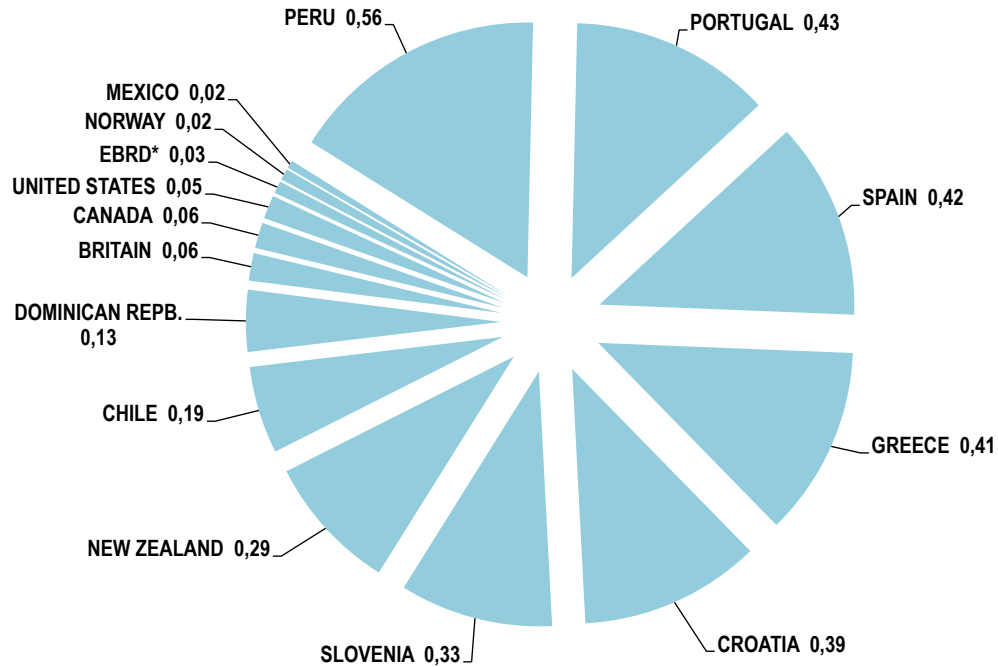


As of 31 January 2017

Portfolio as of 31 January 2017

Holding Name	Currency	Number of Shares	Percent	Maturity Date	Coupon
US Government	USD	10 800	9,0	30.06.2017	0,6
Norwegian Government	NOK	80 000	8,4	19.05.2017	4,3
US Government	USD	10 000	8,4	31.03.2017	0,5
Croatia Government Int Bond	EUR	8 300	8,3	30.05.2022	3,9
Chilean Government	CLP	4 410 000	6,2	05.08.2020	5,5
Portugese Government	EUR	7 000	5,8	15.10.2025	2,9
New Zealand Government	NZD	8 000	5,7	17.04.2023	5,5
Spanish Government	EUR	6 000	5,6	30.04.2025	1,6
Peruvian Government	PEN	20 000	5,4	12.08.2037	6,9
UK Government	GBP	5 000	5,3	07.09.2017	1,0
Canadian Government	CAD	8 000	5,2	01.03.2018	1,3
UK Government	GBP	4 500	5,1	25.08.2017	8,8
Mexican Government	MXN	120 000	4,8	15.06.2017	5,0
Slovenia Government	EUR	3 500	4,4	30.03.2026	5,1
Hellenic Republic Government	EUR	6 000	3,5	24.02.2035	3,0
Dominican Republic	DOP	150 000	2,9	10.05.2024	11,5
European Bank Recon & Dev	INR	200 000	2,6	19.03.2018	5,8

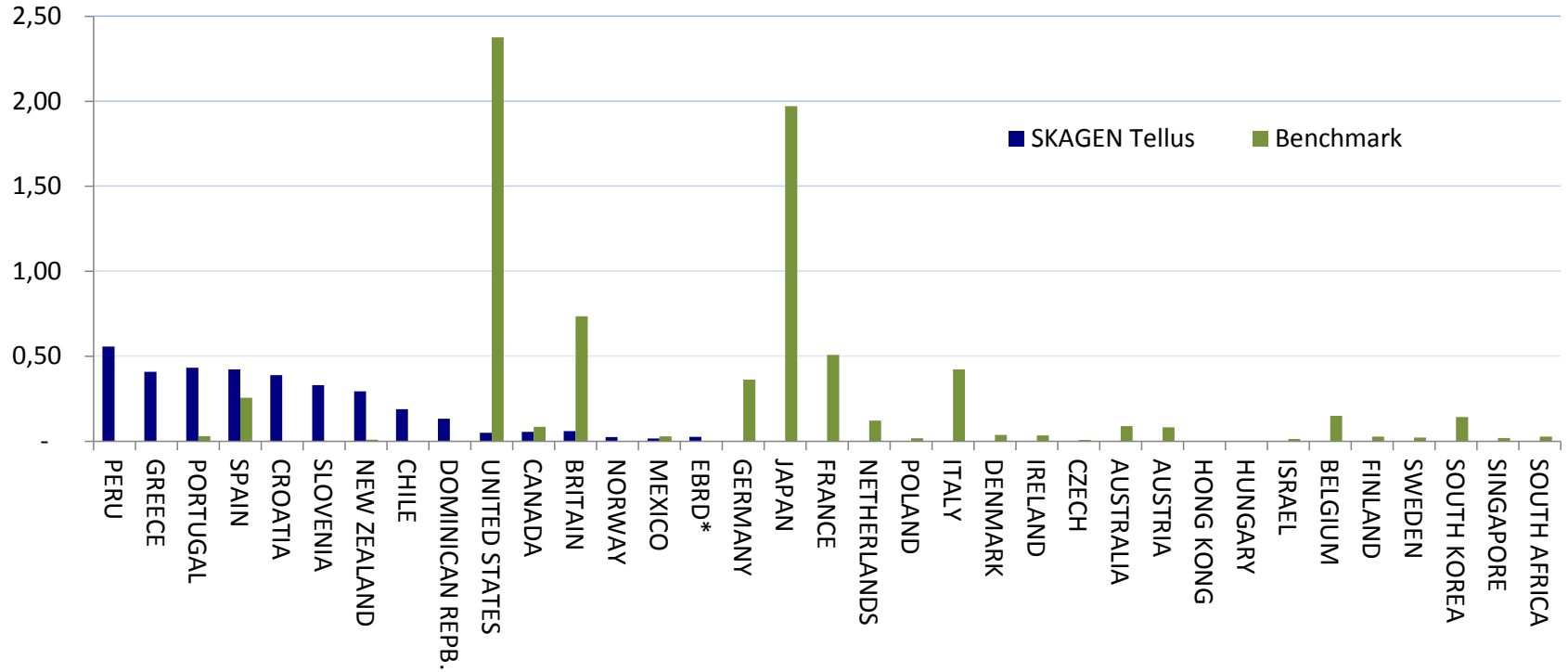
Interest rate risk exposure



As of 31 January 2017

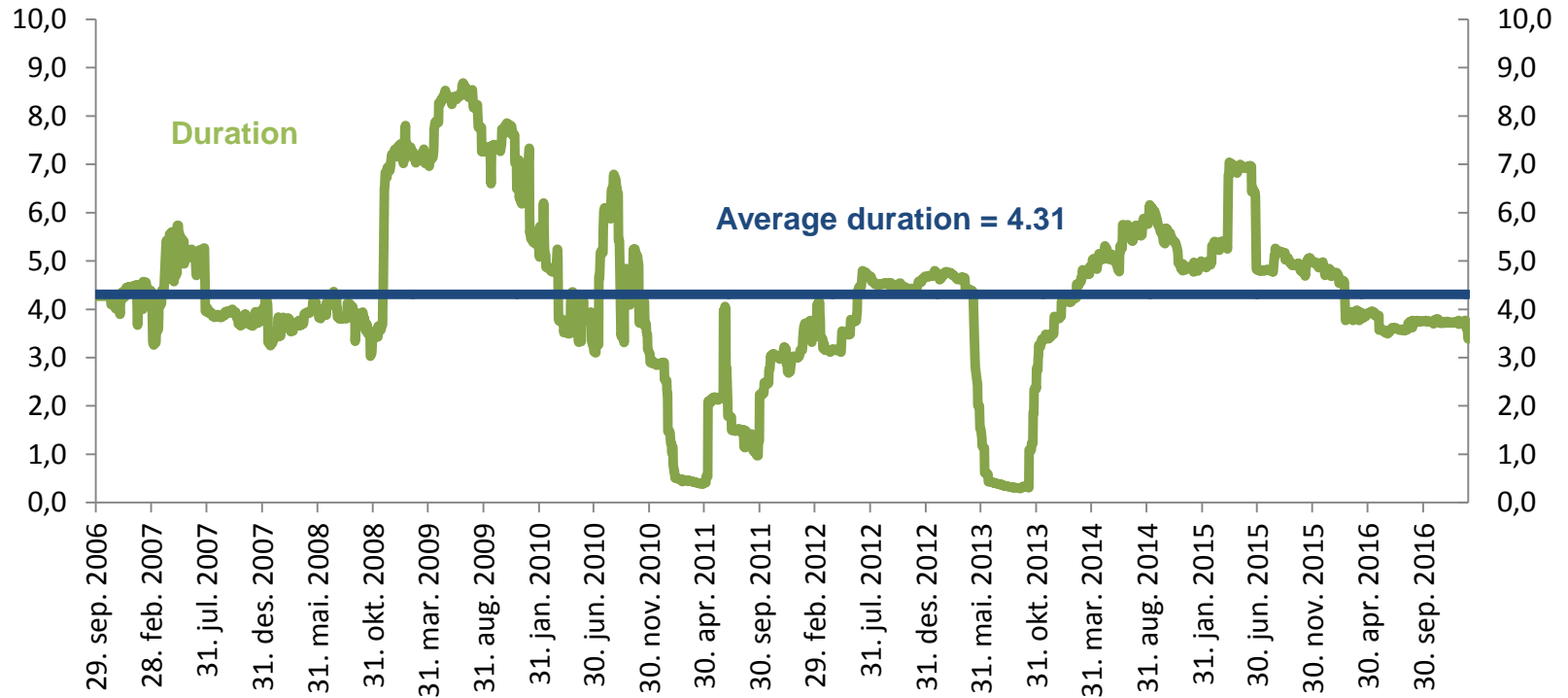
EBRD* : European Bank of Reconstruction & Development

Interest rate exposure relative to benchmark



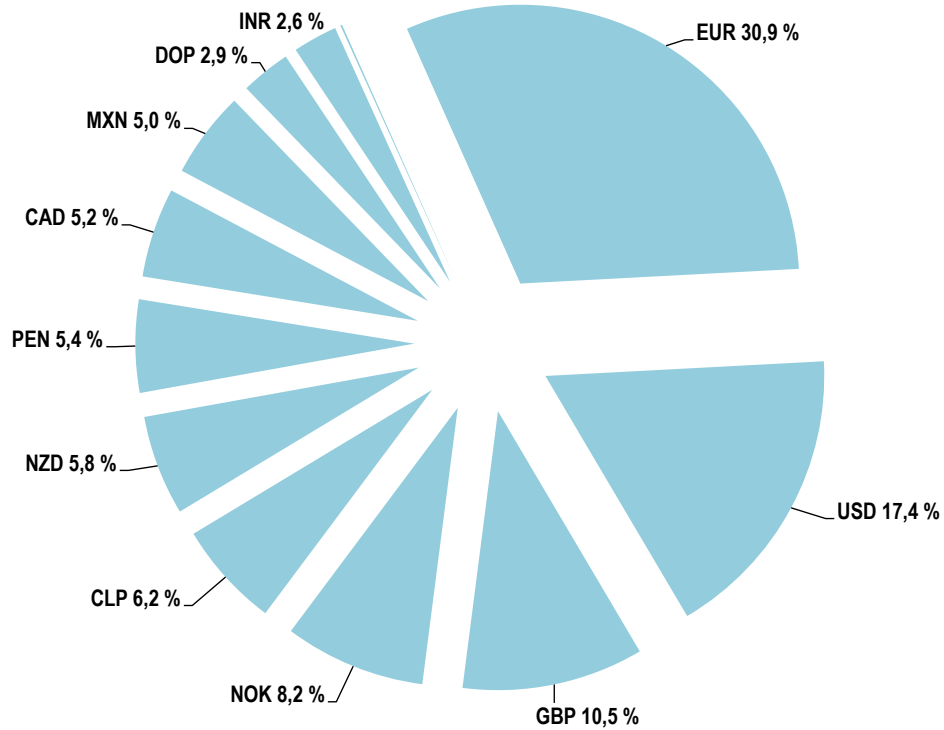
As of 31 January 2017

Interest duration since the fund's inception



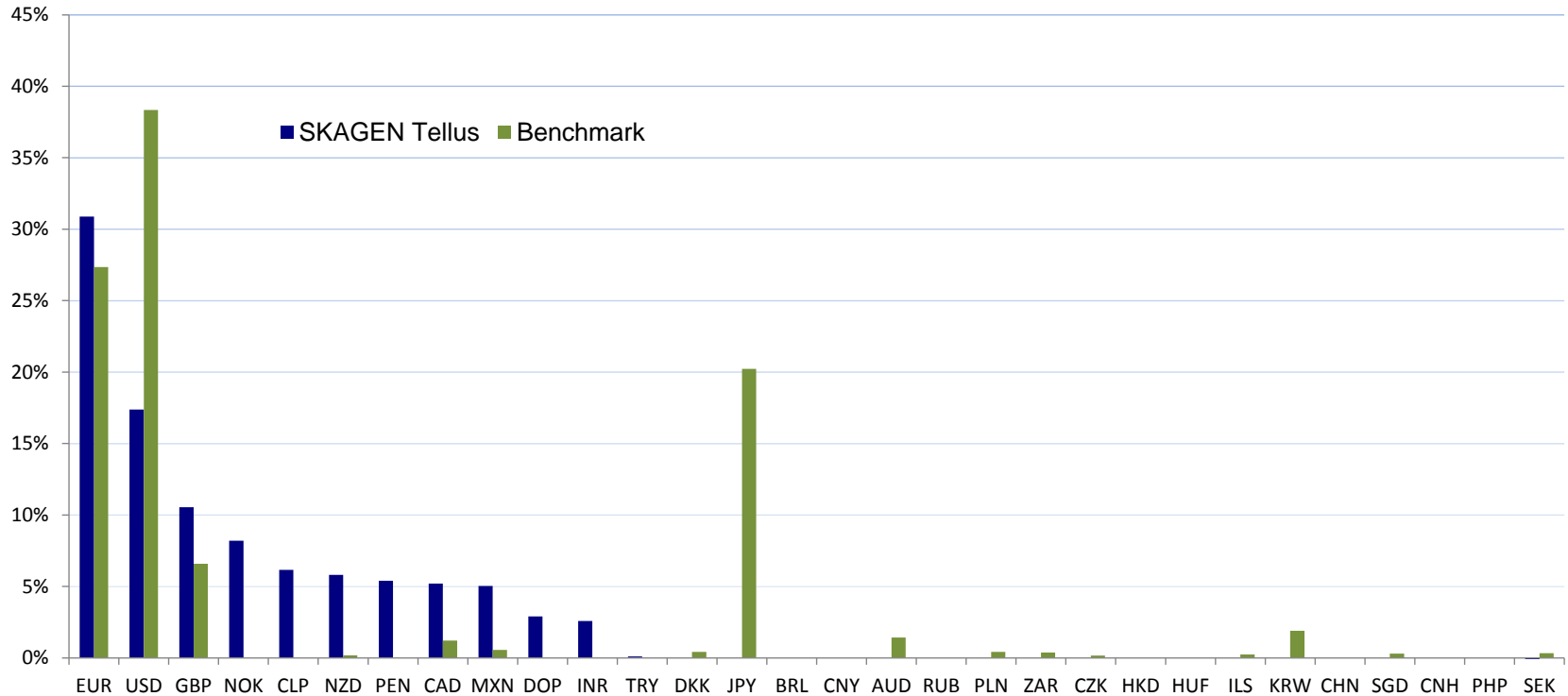
As of 31 January 2017

Currency exposure



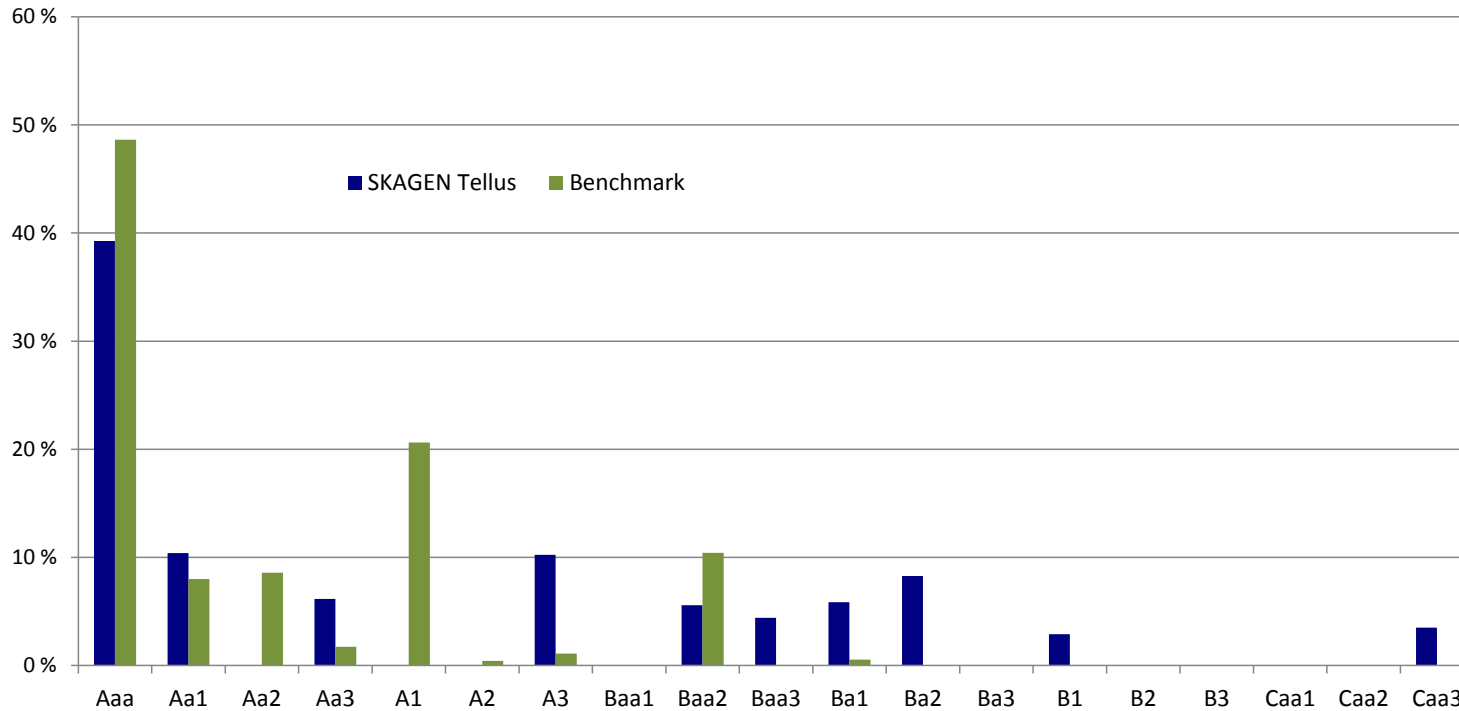
As of 31 January 2017

Currency exposure relative to benchmark



As of 31 January 2017

Moody's rating on Tellus' portfolio relative to benchmark



As of 31 January 2017

For more information please see:

[SKAGEN Tellus A on our web pages](#)
[SKAGEN's Market report](#)

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.

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.

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Employees of SKAGEN AS may be owners of securities issued by companies or governments that are either referred to in this report or are part of the fund's portfolio.