



Interior, Brøddums 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 November 2016

The art of common sense



Key numbers as of 30 November 2016

EUR, net of fees

	November	QTD	YTD	1 year	3 years	5 years	Since inception*
SKAGEN Tellus	1,2%	1,6%	5,6%	2,9%	5,8%	5,7%	5,4%
JPM Broad GBI Unhedged *	-1,3%	-2,3%	4,5%	2,4%	8,2%	4,1%	5,0%
Excess return	2,5%	3,9%	1,1%	0,5%	-2,4%	1,6%	0,4%

**Inception date: 29/09/2006*

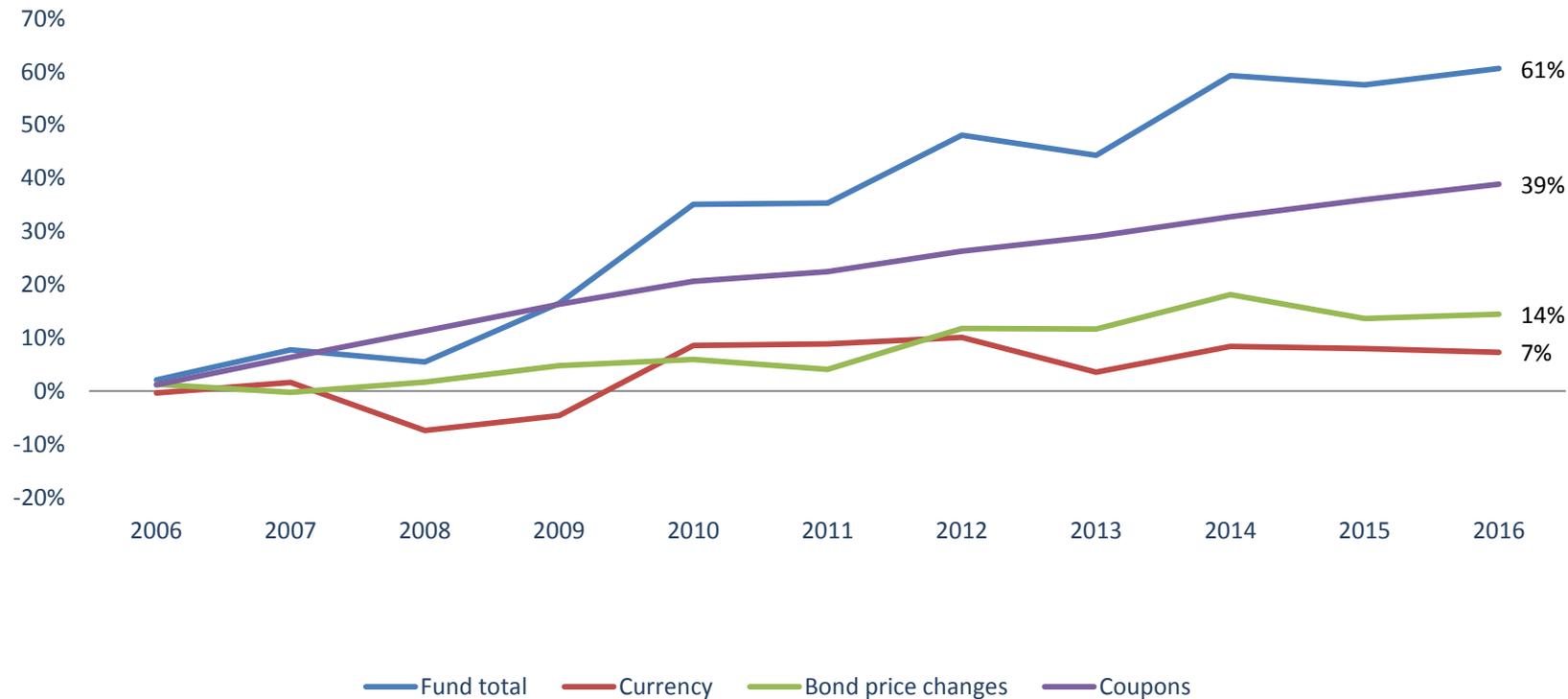
***Benchmark index before 01/01/2013 was Barclay's Capital Global Treasury Index 3-5 years*

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

Trumps victory driving the markets

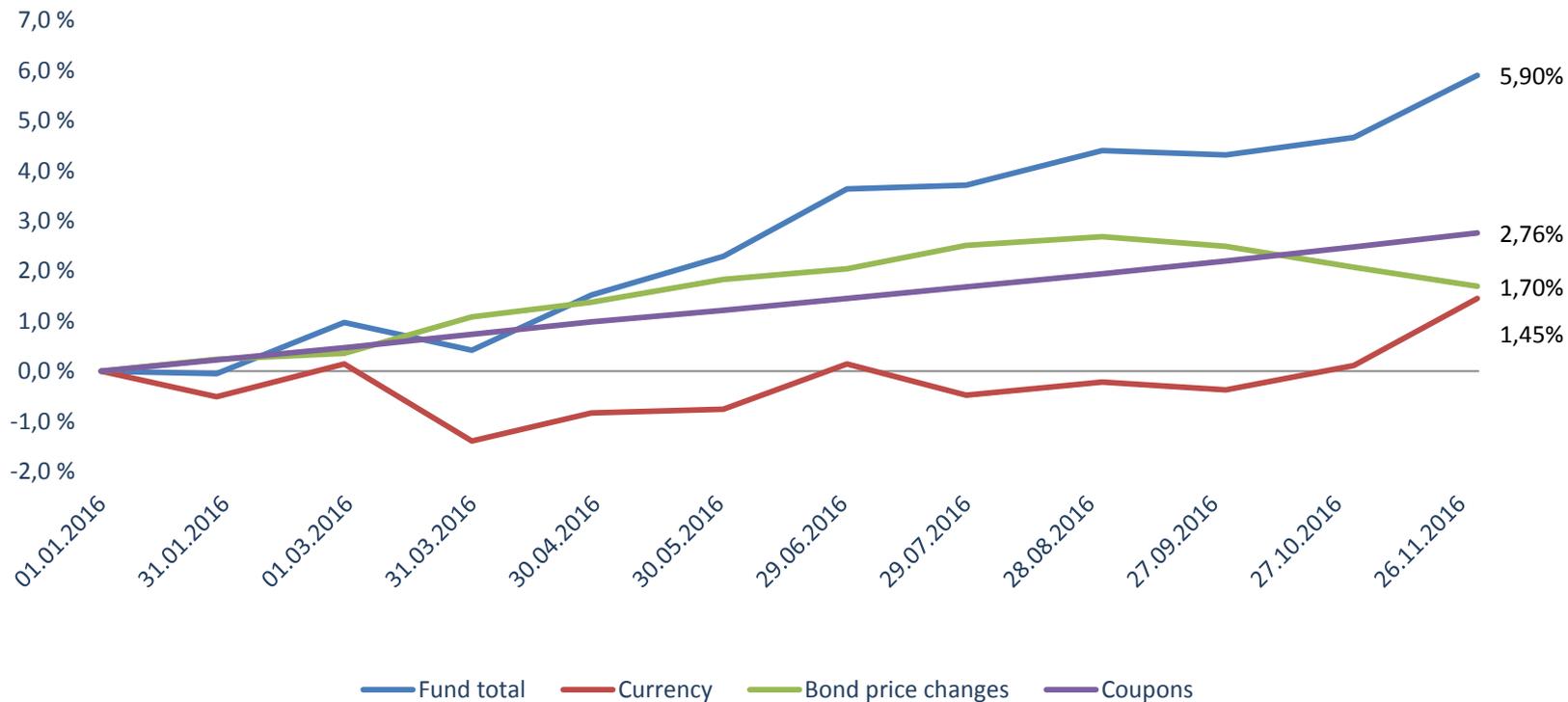
- November main event was Trump's unexpected victory in the US presidential election
- This led to a massive increase in long-term interest rates, both in the US and globally
- The increase in interest rates were driven both by an increase in real rates and inflation expectations. The market appears to believe that what seems to become Trumps economic policy of reduced taxes and massive infrastructure investments will lead to increased growth and inflation. The market appears to be less concerned about trade policy. There were reactions in emerging markets exchange rates, and in particular Mexican peso, but overall markets don't seem to be worried about the negative effects on growth of a more protectionist policy going forward.
- Our view is that the market is putting too much emphasis on Trumps domestic fiscal policy and less on the negative consequences of increased protectionism. Furthermore, the driving forces behind the downward trend in real interest rates the last 30 years, as demographic and lower productivity growth, are still at play. Based on that we do not see a very high risk of a major lift in interest rates going forward.
- The strong performance in November were mainly due to the holdings in Greece, US and UK. Our holding in Greece went against the tide with interest rates falling 130 basis points. The sharp fall in rates was due to expectations that the creditors (ECB, EU and IMF) will soon agree on a debt relief for Greece. The strong return on the US and UK holdings were due to appreciation of USD and GBP against the EUR (3,6% and 5,6%).
- Tellus has currently a substantially lower duration than the index. This was the main reason for the fund outperformance in November. Furthermore, the fund has no exposure to Japan while the index exposure is about 20%. The depreciation of the JPY of over 6% in November also contributed to the funds outperformance.

Accumulated returns since inception in EUR



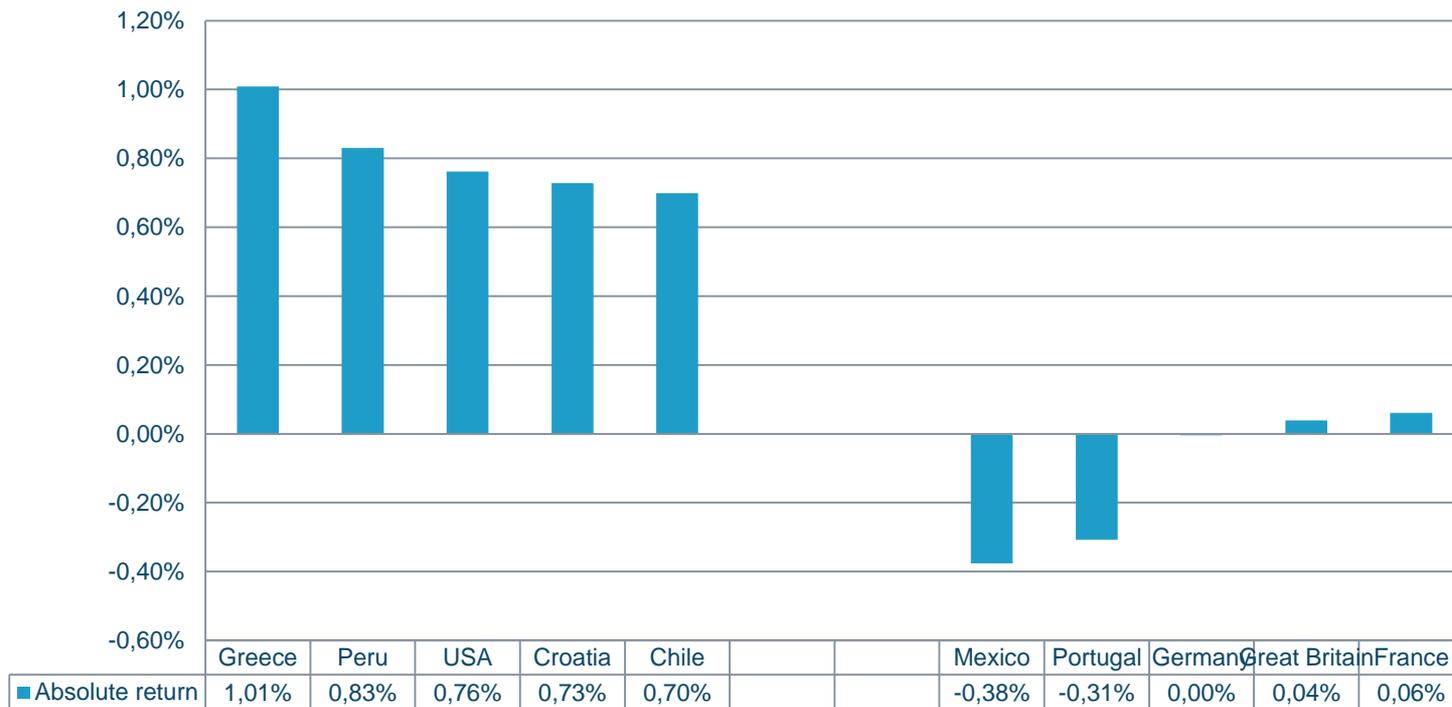
As of 30 November 2016

Accumulated returns year to date in EUR



As of 30 November 2016

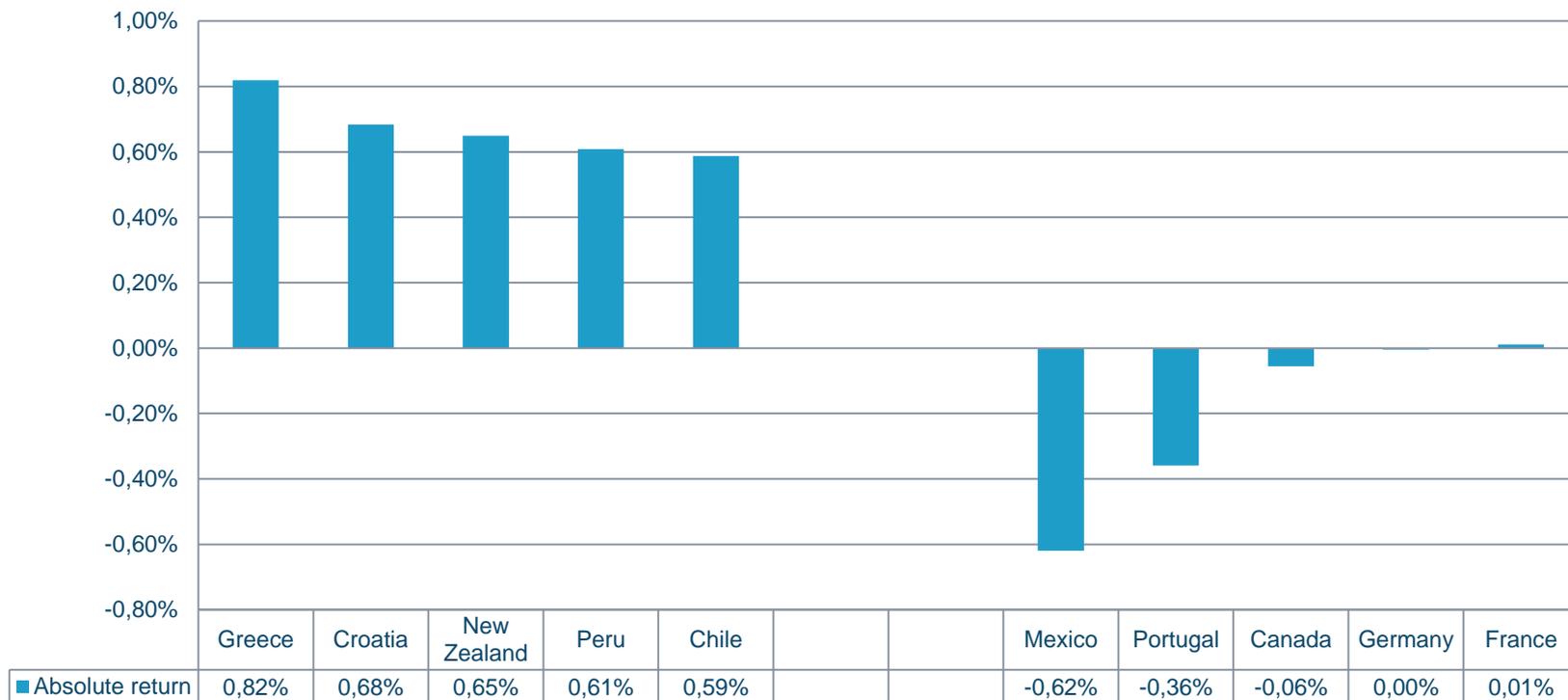
Top 5 best and worst contributors year to date



Contributing factors are interest coupons, bond price changes and currency fluctuations

As of 30 November 2016

Top 5 best and worst contributors last 12 months



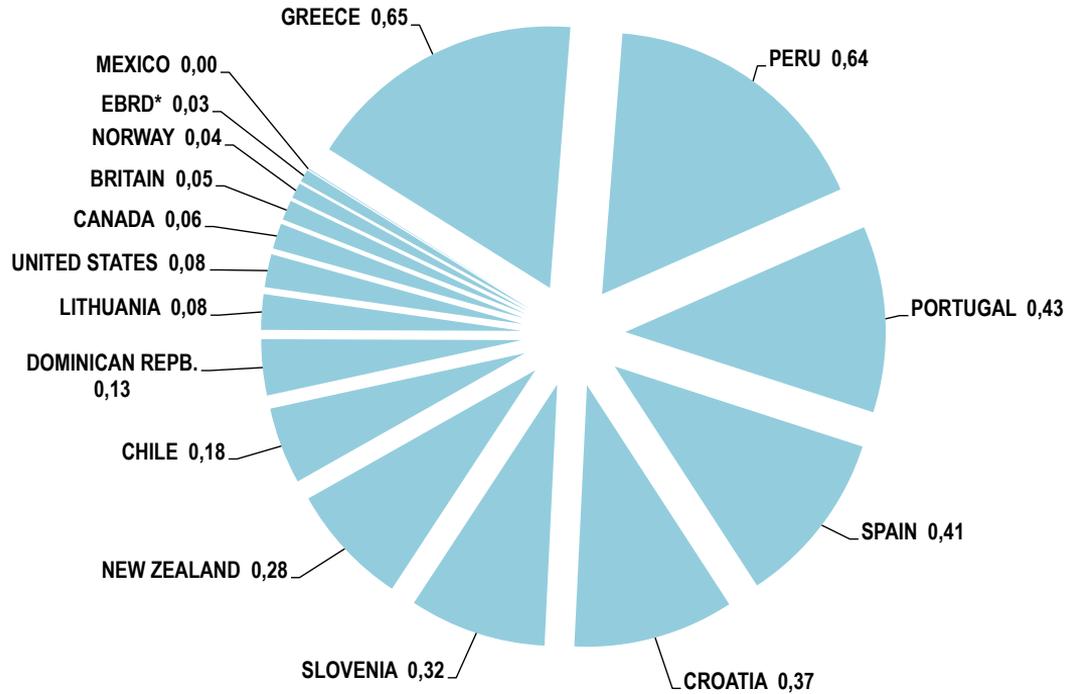
Contributing factors are interest coupons, bond price changes and currency fluctuations

As of 30 November 2016

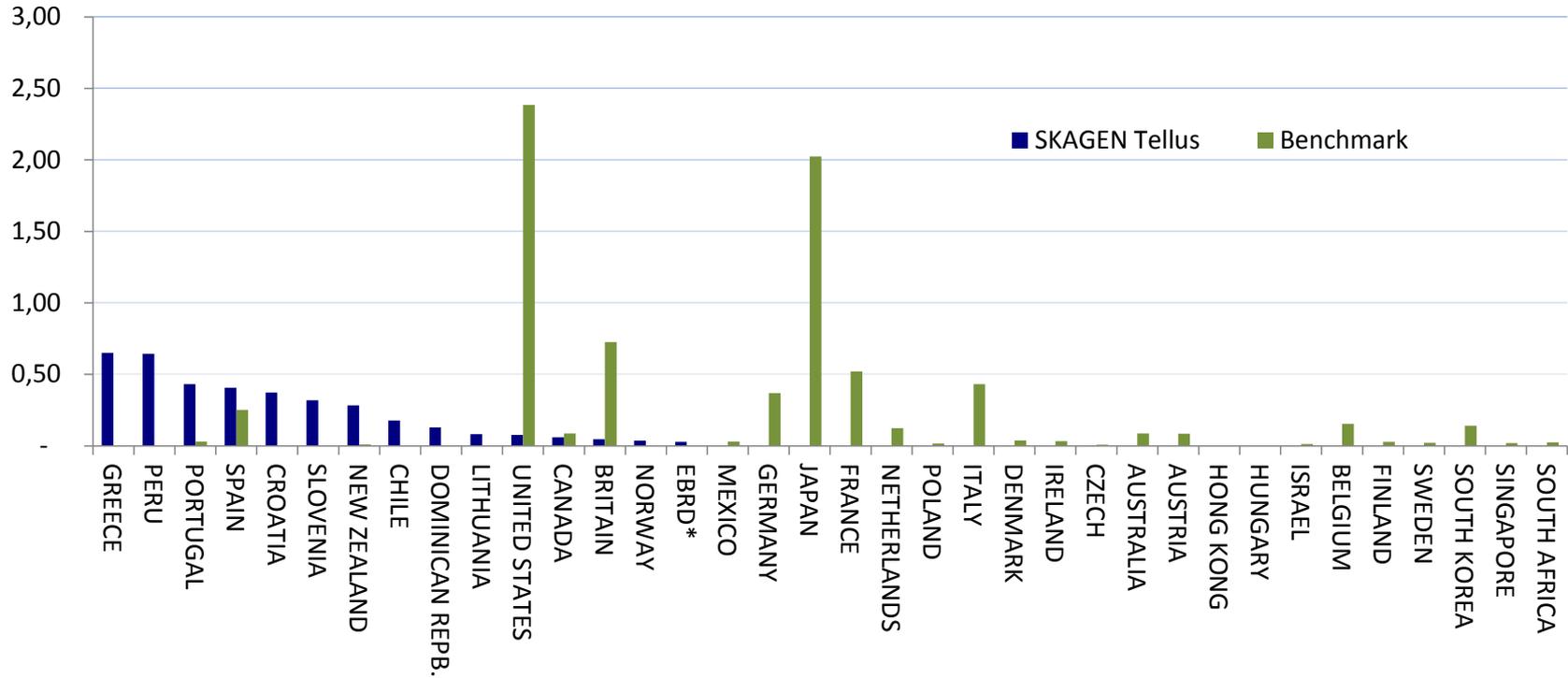
Portfolio as of 30 November 2016

Holding Name	Currency	Holding	Percent	Maturity Date	Coupon
US Government	USD	10800	8.655	30.06.2017	0.6
US Government	USD	10000	8.001	31.03.2017	0.5
Norwegian Government	NOK	80000	7.807	19.05.2017	4.3
Croatia Government International Bond	EUR	8300	7.668	30.05.2022	3.9
Peruvian Government	PEN	25000	6.125	12.08.2037	6.9
Portugese Government	EUR	7000	5.646	15.10.2025	2.9
Chilean Government	CLP	4410000	5.56	05.08.2020	5.5
Hellenic Republic Government	EUR	9000	5.385	24.02.2035	3.0
New Zealand Government	NZD	8000	5.29	17.04.2023	5.5
Spanish Government	EUR	6000	5.221	30.04.2025	1.6
UK Government	GBP	5000	5.017	07.09.2017	1.0
UK Government	GBP	5000	5.013	23.01.2017	1.8
Mexican Government	MXN	120000	4.822	15.12.2016	7.3
Canadian Government	CAD	8000	4.815	01.03.2018	1.3
Slovenia Government	EUR	3500	4.152	30.03.2026	5.1
Dominican Republic	DOP	150000	2.737	10.05.2024	11.5
European Bank Recon & Dev	INR	200000	2.426	19.03.2018	5.8
Lithuanian Government	USD	2000	1.903	01.02.2022	6.6

Interest rate risk exposure

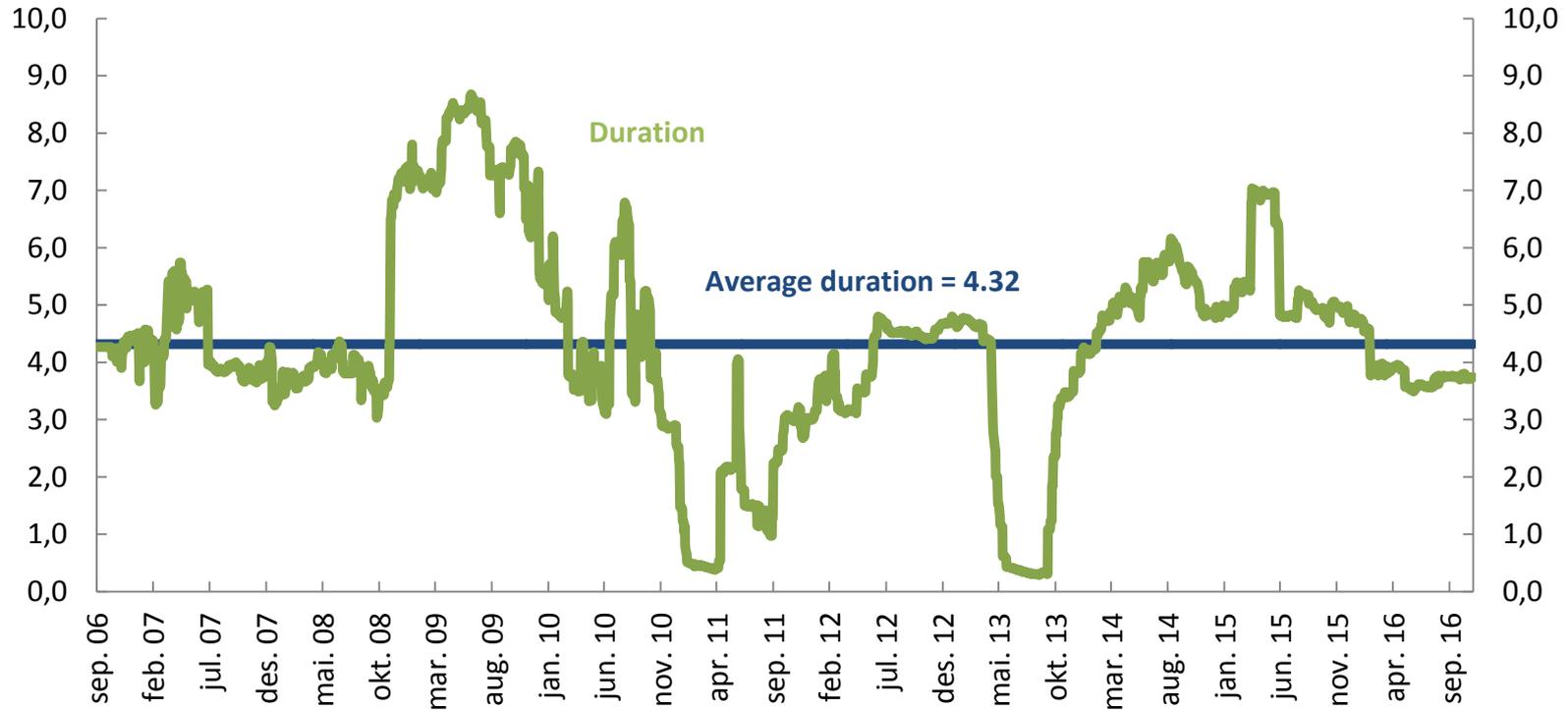


Interest rate exposure relative to benchmark

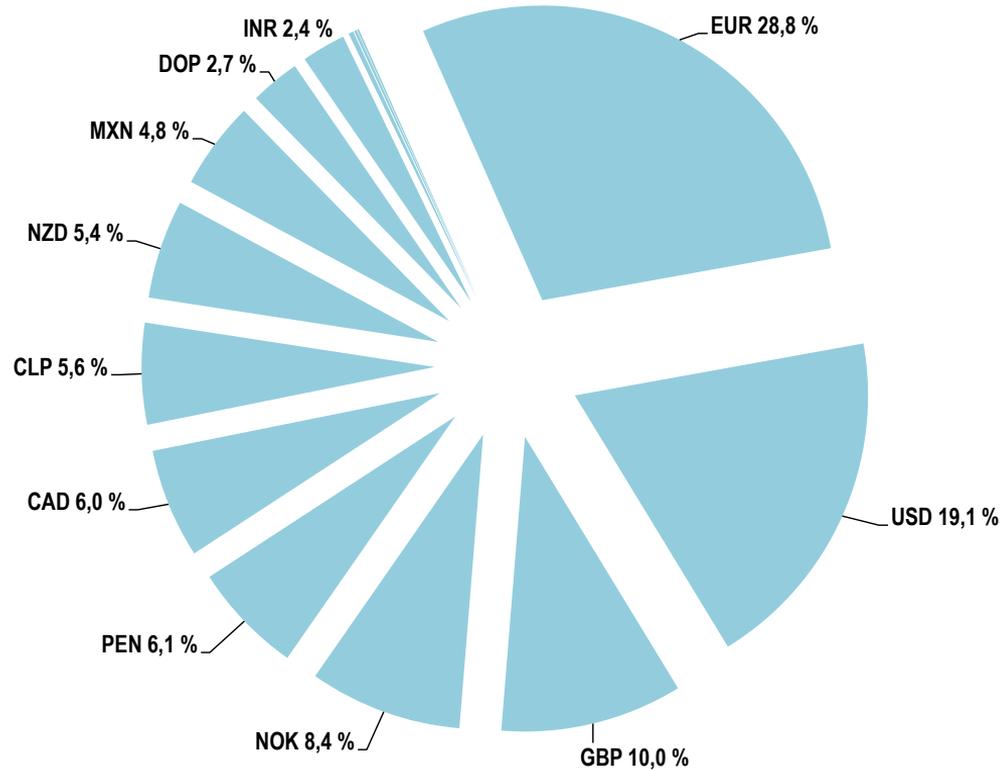


As of 30 November 2016

Interest duration since the fund's inception

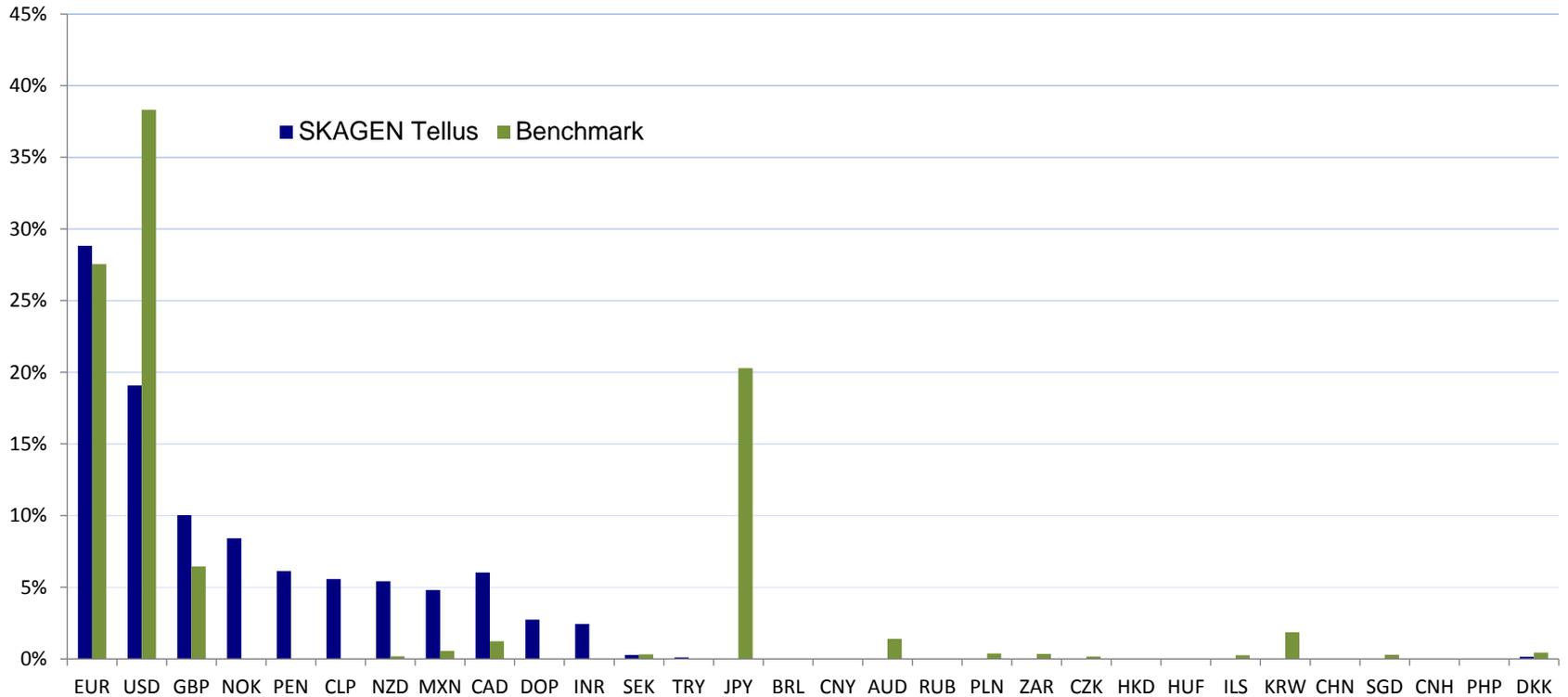


Currency exposure



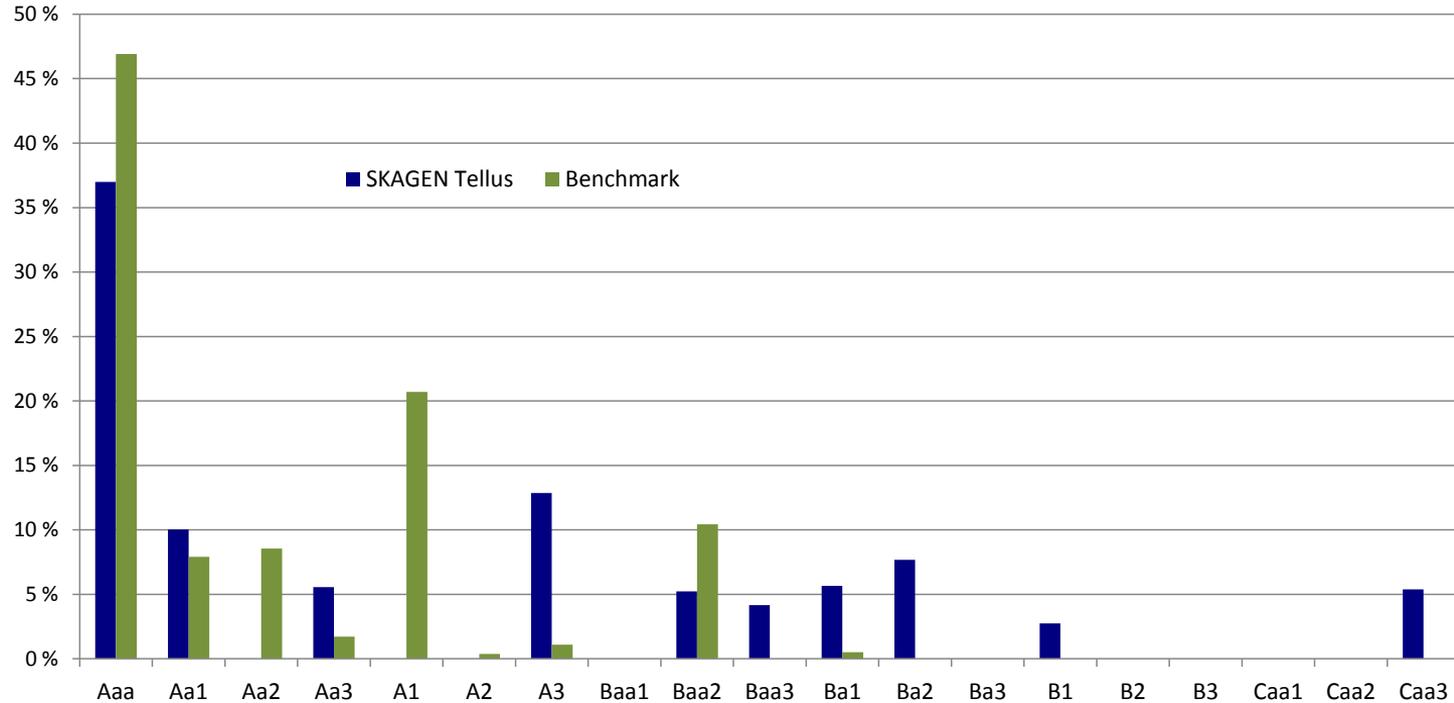
As of 30 November 2016

Currency exposure relative to benchmark



As of 30 November 2016

Moody's rating on Tellus' portfolio relative to benchmark



As of 30 November 2016

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.

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