



*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 March 2017

The art of common sense



# Key numbers as of 31 March 2017

EUR, net of fees



	March	QTD	2016	1 years	3 years	5 years	Since inception*
SKAGEN Tellus	0,0%	0,6%	5,7%	6,2%	5,0%	4,8%	5,3%
JPM Broad GBI Unhedged *	-0,5%	0,3%	4,4%	2,9%	8,1%	4,0%	4,9%
Excess return	0,5%	0,4%	1,3%	3,3%	-3,1%	0,8%	0,4%

\*Inception date: 29/09/2006

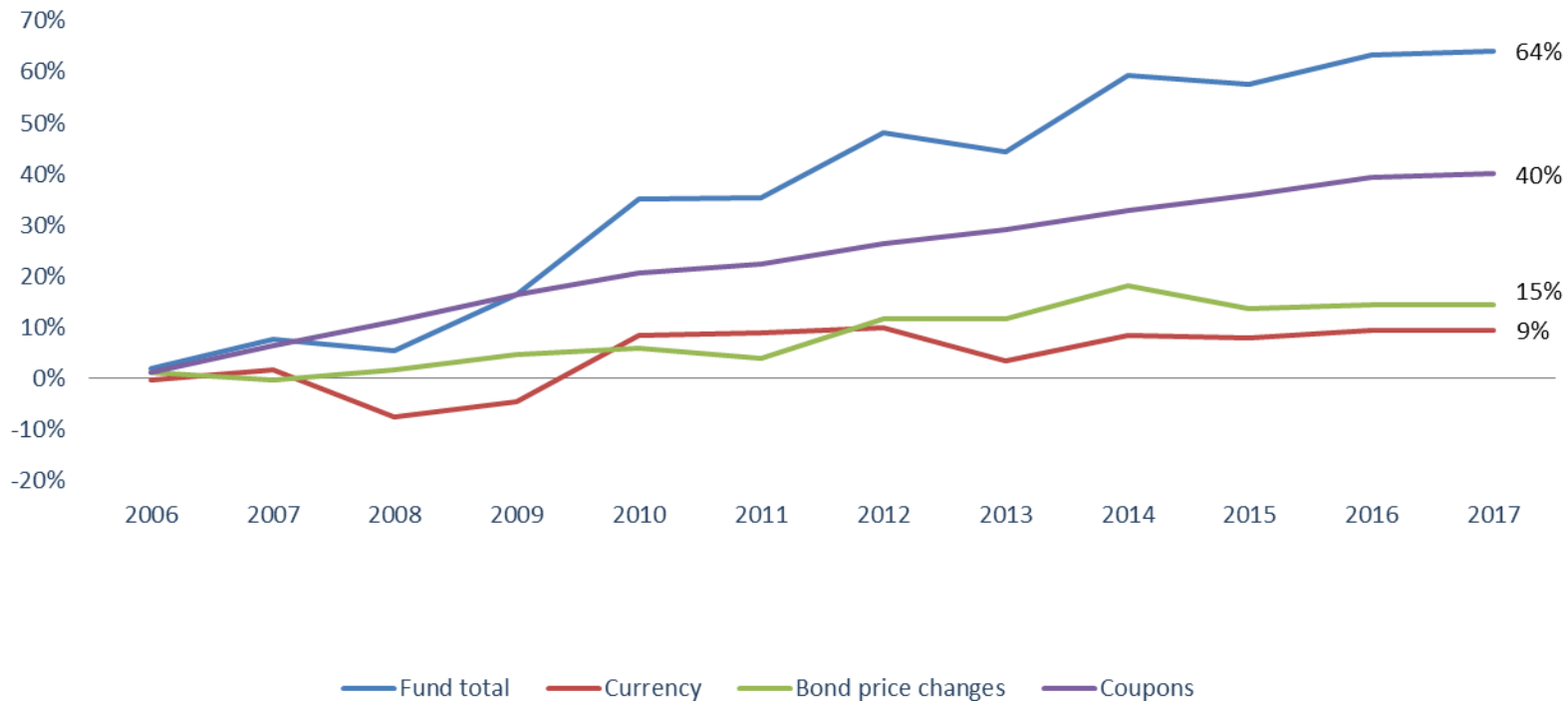
\*\*Benchmark index before 01/01/2013 was Barclay's Capital Global Treasury Index 3-5 years

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

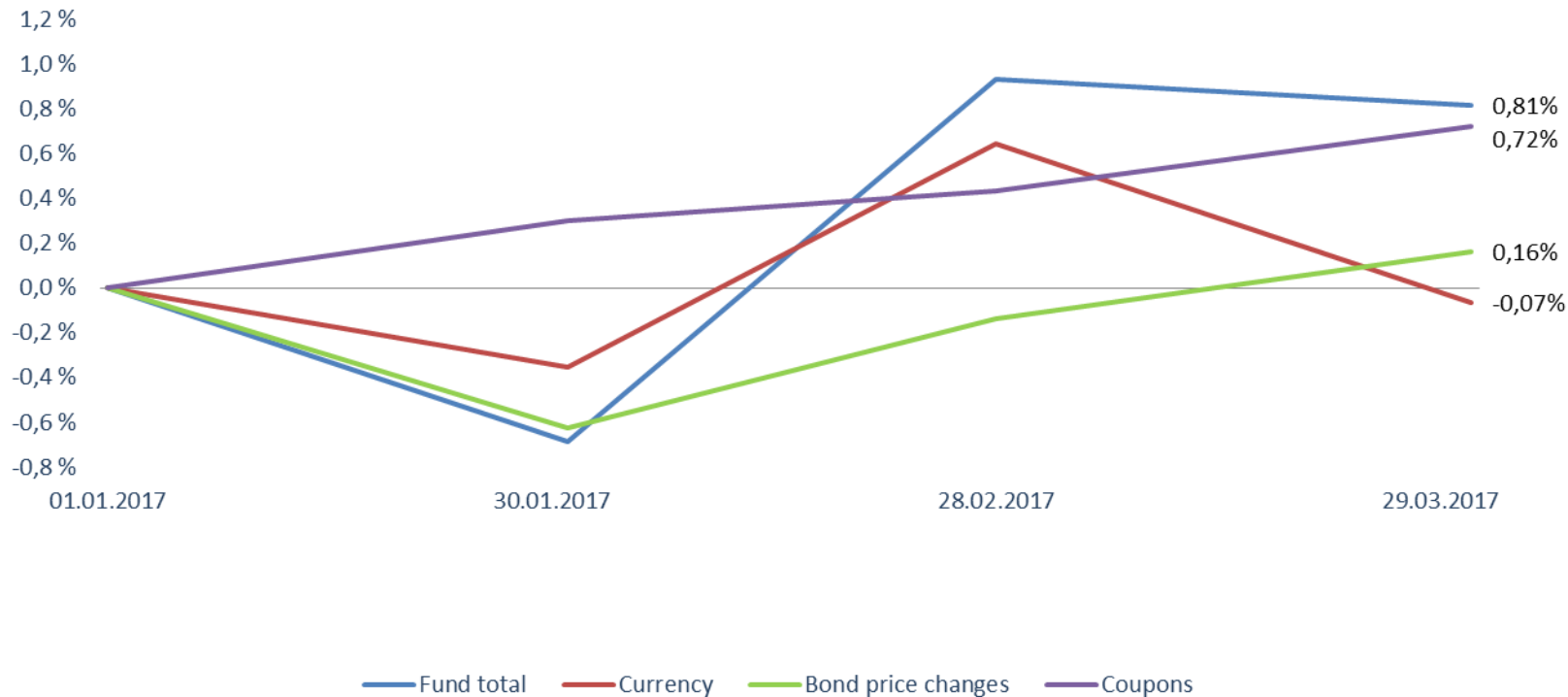
# The market's faith in Trump fades

- The global economy started the year on a strong footing. Both soft and hard numbers have been solid. This supports our view of stable or somewhat higher long-term interest rates in the US and central Europe.
- The duration of SKAGEN Tellus is currently 3.1 years, which is substantially lower than the index's duration of 7.7 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 and/or the yield is attractive.
- We have longer duration in countries where we expect the credit premium to fall, such as 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, Canada, Mexico and Norway. These holdings are based on an expectation of an appreciation of the currency.
- The Mexican peso appreciated by 6.2 percent in March, which led to our short-dated Mexican bond being the largest contributor in March. The appreciation is mainly due to the market losing faith in Trump's ability to get his policies implemented. This means a lesser chance of protectionism versus Mexico. Price gains on the bonds in Portugal and Peru were also large positive contributors.
- Conversely, our investments in New Zealand, Norway and Chile contributed most negatively to the return due to currency depreciation.

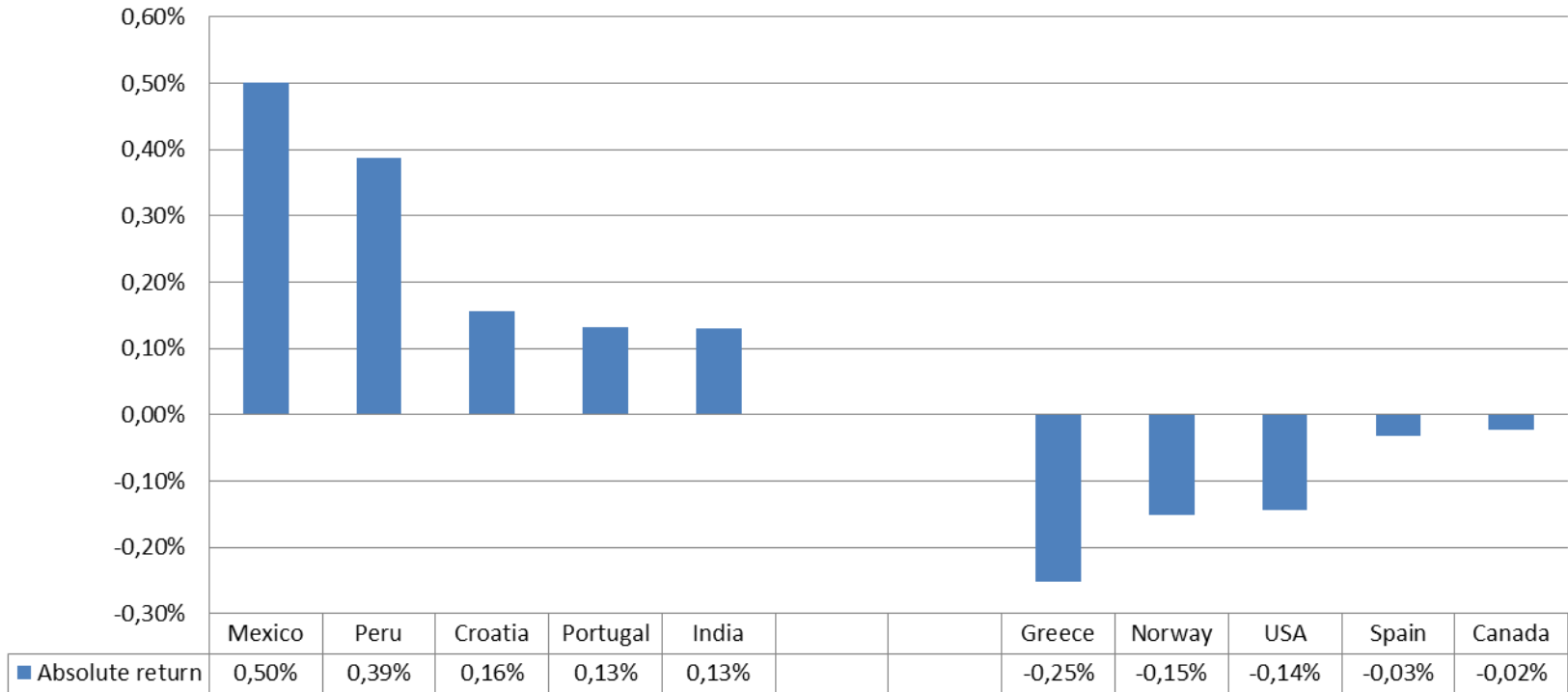
# Accumulated gain since inception of fund from currency fluctuations, bond price changes and coupons



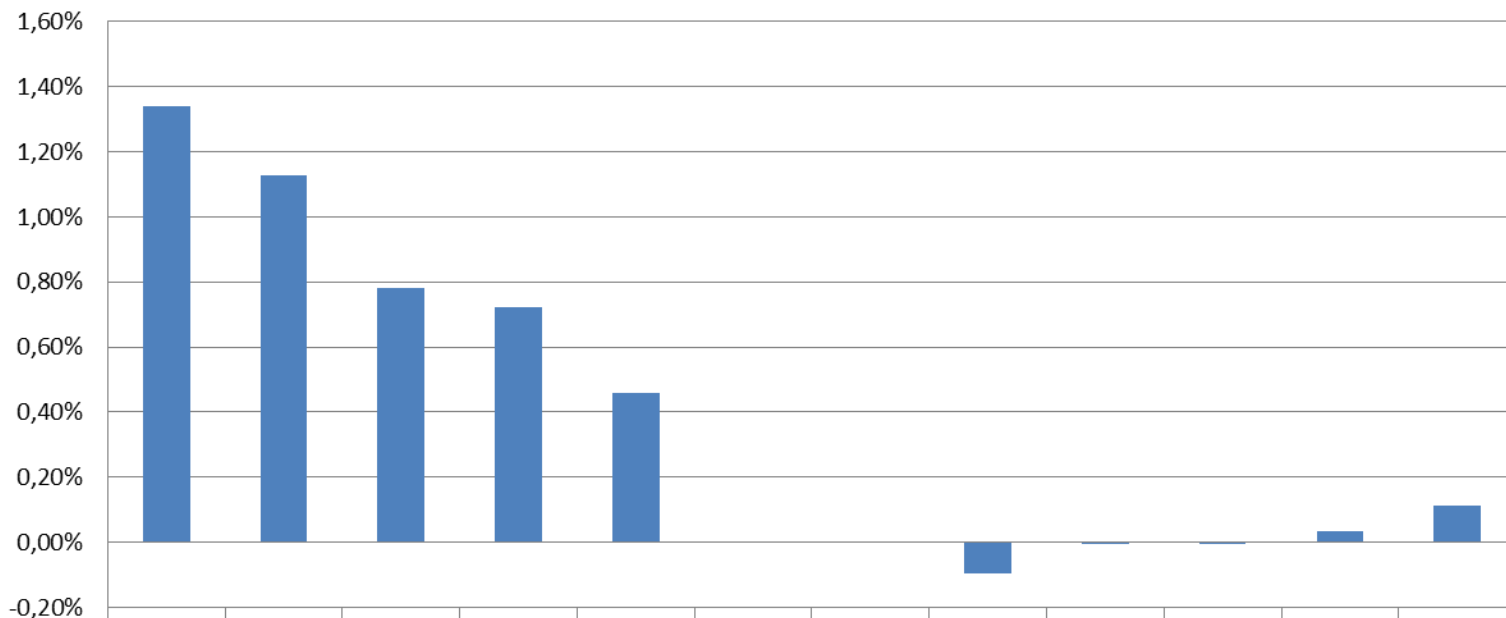
# Accumulated gain YTD from currency fluctuations, bond price changes and coupons



# Top and bottom 5 contributors to absolute return YTD



## Top and bottom 5 contributors to absolute return past 12 months



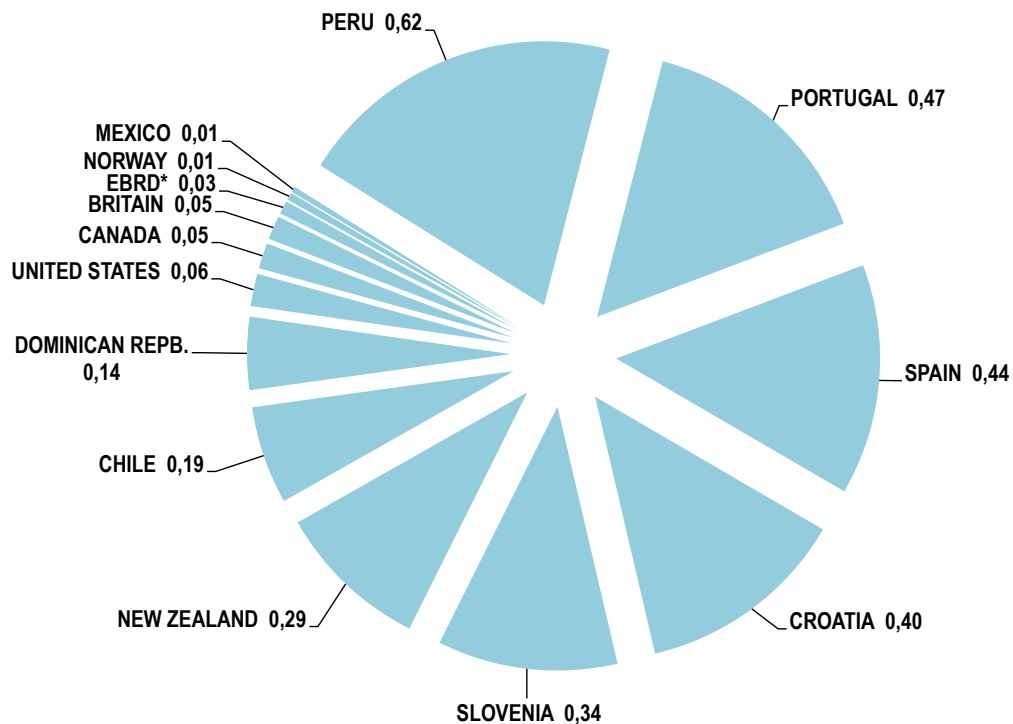
	USA	Peru	Chile	Croatia	Greece			Portugal	Germany	Great Britain	Spain	Canada
■ Absolute return	1,34%	1,13%	0,78%	0,72%	0,46%			-0,09%	0,00%	0,00%	0,04%	0,11%

# Portfolio as of 31 March 2017

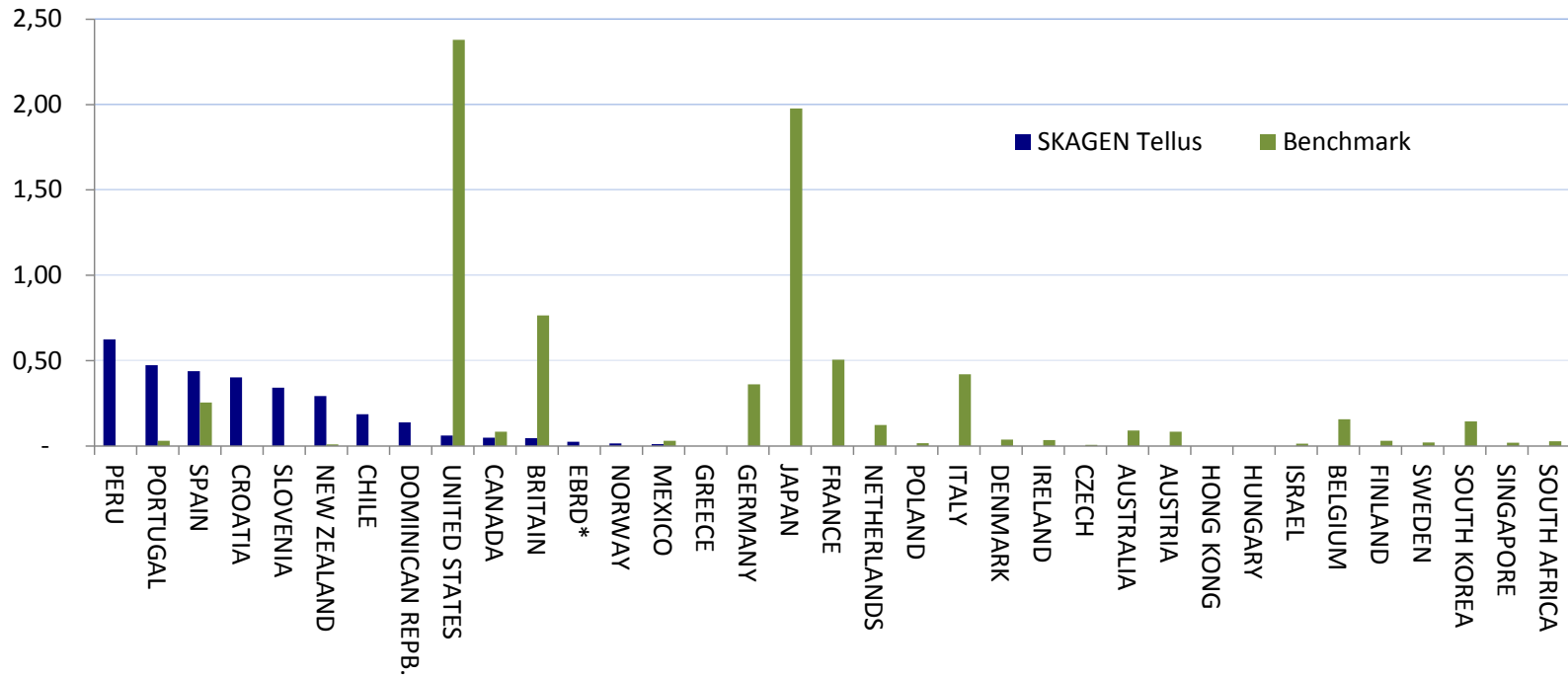
Holding Name	Currency	Numbers of Bonds	Percent	Maturity Date	Coupon
Norwegian Government	NOK	95 000	10,2	19.05.2017	4,3
US Government	USD	10 000	8,8	30.09.2017	0,6
Croatia Government International Bond	EUR	8 300	8,8	30.05.2022	3,9
US Government	USD	7 800	6,9	30.06.2017	0,6
Portuguese Government	EUR	7 000	6,5	15.10.2025	2,9
Chilean Government	CLP	4 410 000	6,3	05.08.2020	5,5
Spanish Government	EUR	6 000	5,9	30.04.2025	1,6
Peruvian Government	PEN	20 000	5,8	12.08.2037	6,9
New Zealand Government	NZD	8 000	5,8	17.04.2023	5,5
Mexican Government	MXN	120 000	5,7	15.06.2017	5,0
UK Government	GBP	5 000	5,5	07.09.2017	1,0
Canadian Government	CAD	8 000	5,3	01.03.2018	1,3
UK Government	GBP	4 500	5,2	25.08.2017	8,8
Slovenia Government	EUR	3 500	4,5	30.03.2026	5,1
Dominican Republic	DOP	150 000	3,1	10.05.2024	11,5
European Bank Recon & Dev	INR	200 000	2,7	19.03.2018	5,8



# Distribution of the fund duration of 3.1 years

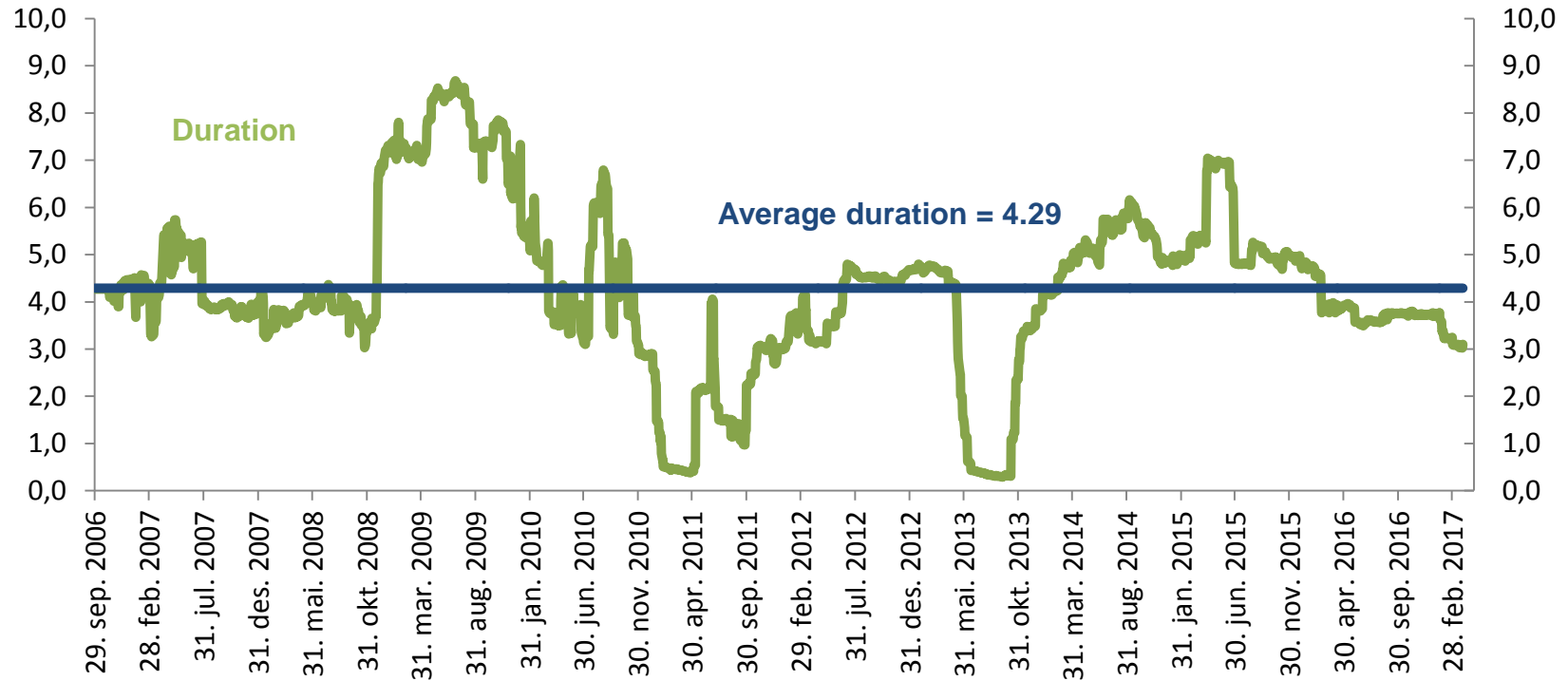


# Distribution of duration relative to benchmark

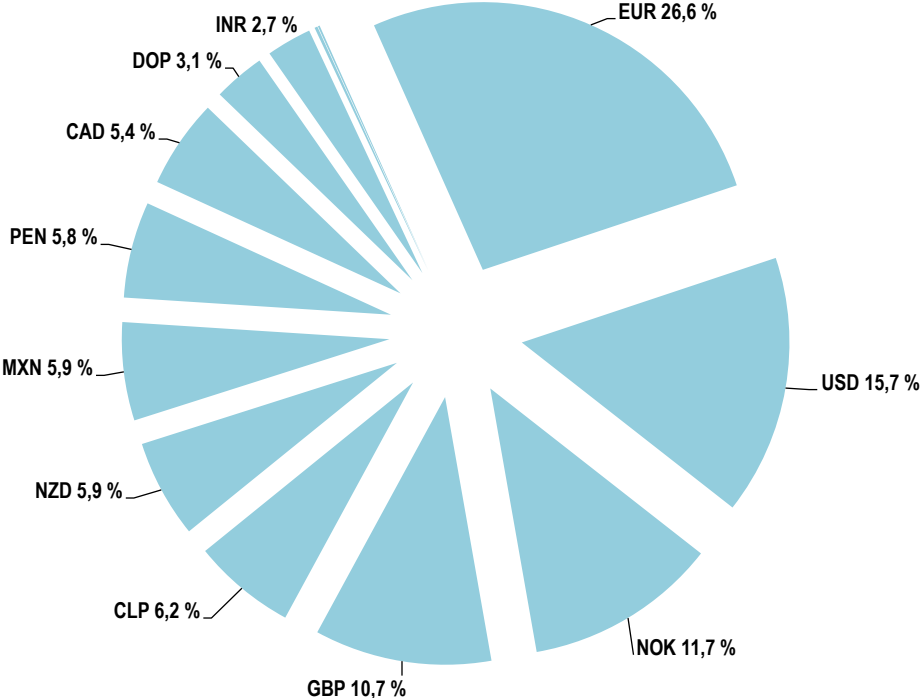


As of 31 March 2017

# Interest duration since the fund's inception

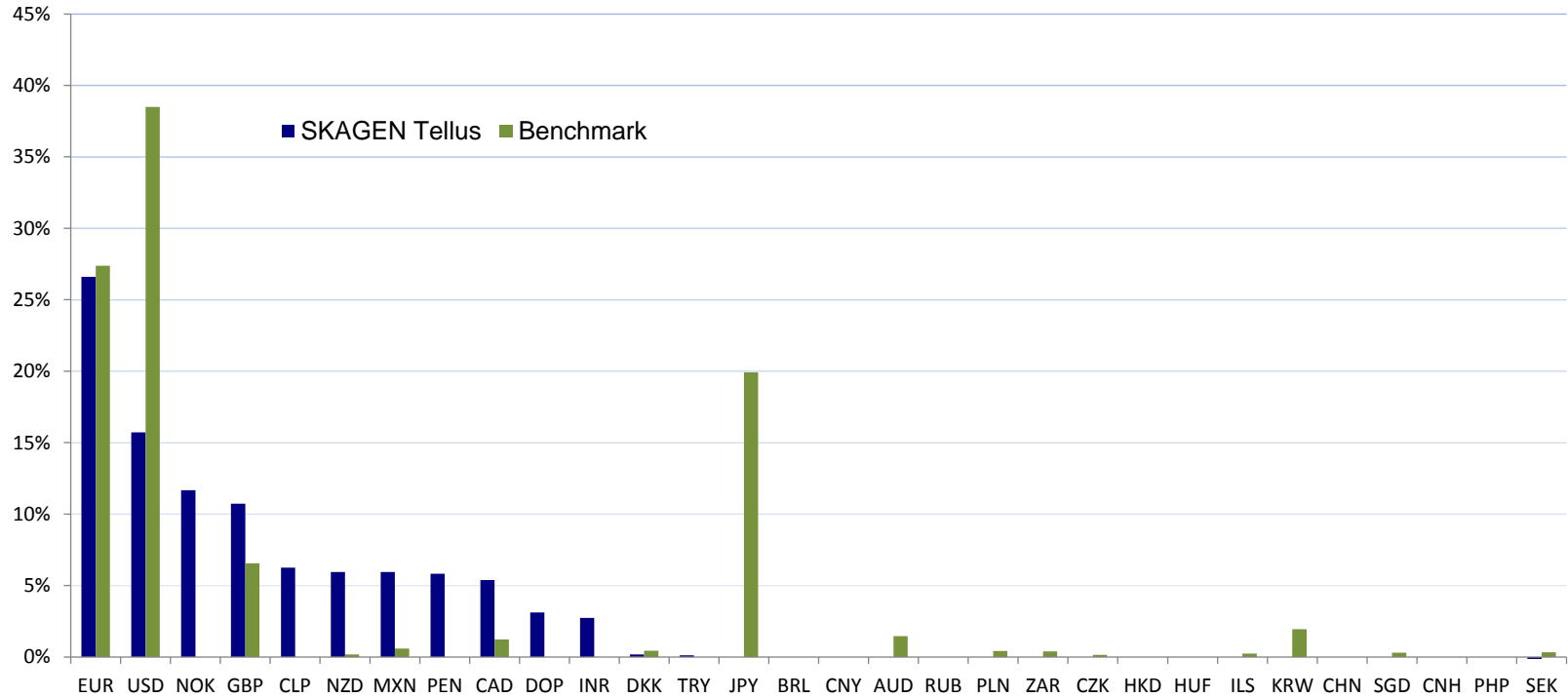


# Currency exposure



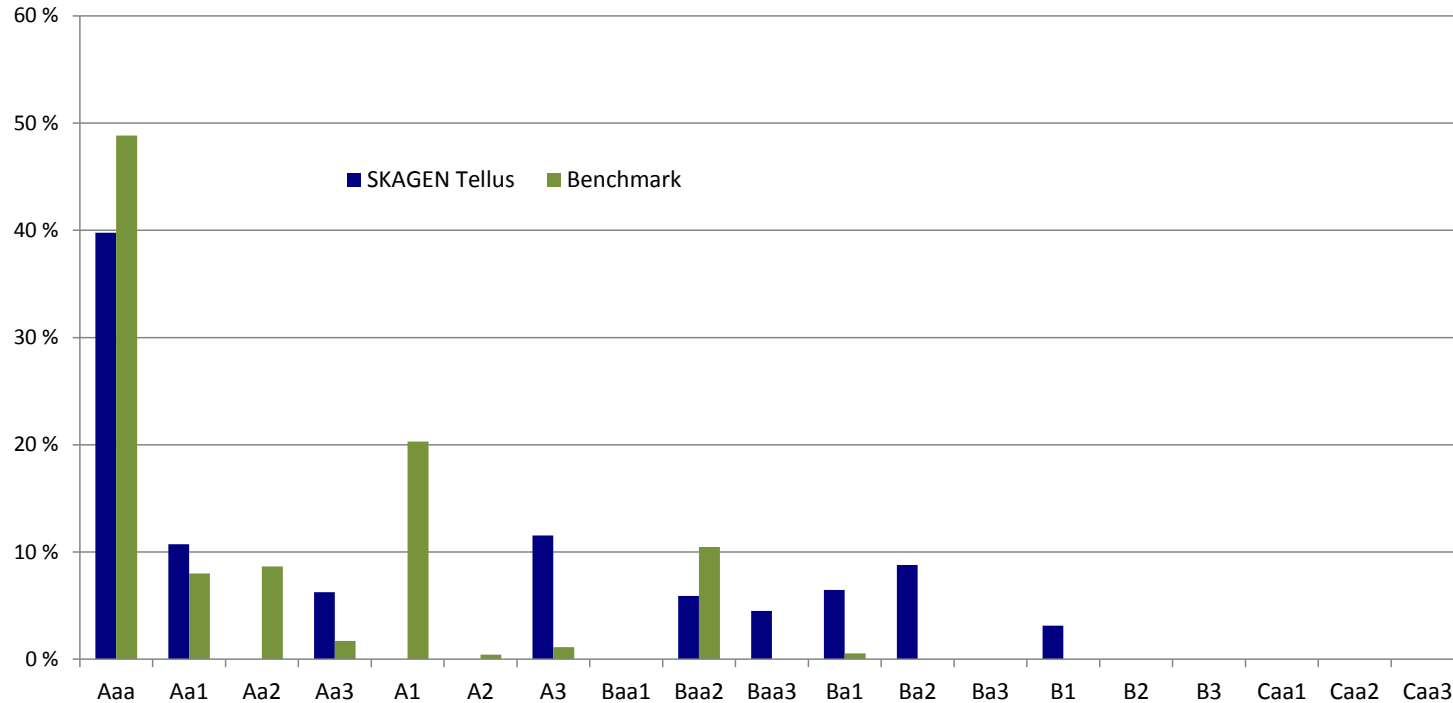
As of 31 March 2017

# Currency exposure relative to benchmark



As of 31 March 2017

# Moody's rating on Tellus' portfolio relative to benchmark



As of 31 March 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.