

Bærekraft "The SKAGEN Way"

Alexandra Morris, CIO

The art of common sense

Blah Blah Blah



SKAGEN Market Report, 2005

– We will continue our focus on fund management, since this is what we are good at. It is better to concentrate our resources and knowledge on what we know, instead of diluting it over many products. At the same time, our international expansion is a step to reduce the fluctuations in the money flows in and out of the funds.

– The Norwegian fund market is also experiencing greater capital fluctuations than many other countries, because pension assets constitute a small part of the market. Our business in Sweden has already resulted in smaller weekly fluctuations in money flows to the equity funds than was the case last year.

Any new funds in the pipeline?

– *So what about new products that may make SKAGEN Funds an even more complete provider of funds, without diverting from our narrow path?*

– From time to time we do discuss whether we should launch new funds. The criteria for new funds are not whether they will be easy or popular to sell, but whether we think that we are able to offer our unit holders good risk-adjusted returns in the short and long term.

– In order to answer yes to your question, the investment mandate must be well suited to our investment philosophy. Furthermore,



Ethically responsible: SKAGEN Funds will not invest in companies that deliberately harm the environment.

Concerned with ethics

The ethical aspect of the global trading in shares has come more and more into the spotlight. Not least as a consequence of the far-flung significant investments of the Oil Fund worldwide. We too have the whole world as our catchment area. What rules do our managers have to follow with respect to ethics?

– SKAGEN Funds is concerned with basing our work on an ethically proper foundation based on our ethical evaluation principles. The ethical guidelines that apply to SKAGEN Funds have two dimensions. First of all, we will not invest in companies that deliberately harm the local population, environment or chosen system of government.

– In addition to our independent ethical evaluation, we focus on the long-term profitability, rather than the realisation of short-term profits, of the companies we invest in. This means that we consider whether the companies may be assuming material and undesirable liabilities through activities that are dangerous to one's health, abusive to the environment or that may fall foul of future changes in legislation.

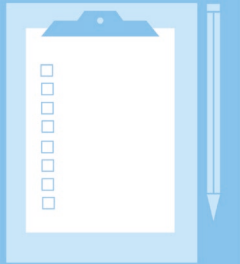
– For example, we see that a number of companies get their profits from activities that we think society will be gradually less tolerant of in the future – even though the products are completely legal today. Based on this I think that we in practical terms may be stricter with respect to which companies we exclude than what we see being the case with a number of managers who emphasise their ethics. However, we are not operating with blacklists of unethical companies to demonstrate that we are ethical managers.

– *What do you base your evaluation on with respect to whether a company is ethical enough to be included in our equity portfolios*

– In our considerations we take into account material issues of decisive importance for a company's financial situation or reputation. We cannot guarantee that we will manage to know all such issues concerning a company's ethical behaviour in advance, but when new issues are brought to our attention, we conduct ongoing evaluation of them in terms of our guidelines.

– Should the new information prove to be in conflict with our ethical guidelines, we will sell our shares in the company. This is something we have had to do in a few cases, Espedal concludes - who is not afraid of getting too big in the field of ethics either.

SKAGEN's 4 pillars



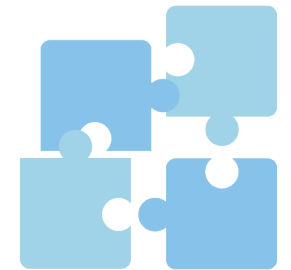
Exclusion



Due Diligence

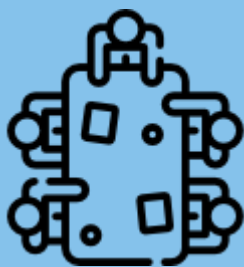


Documentation

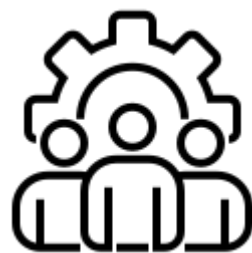


Active ownership

Active ownership



Board of Directors
Discuss expectations



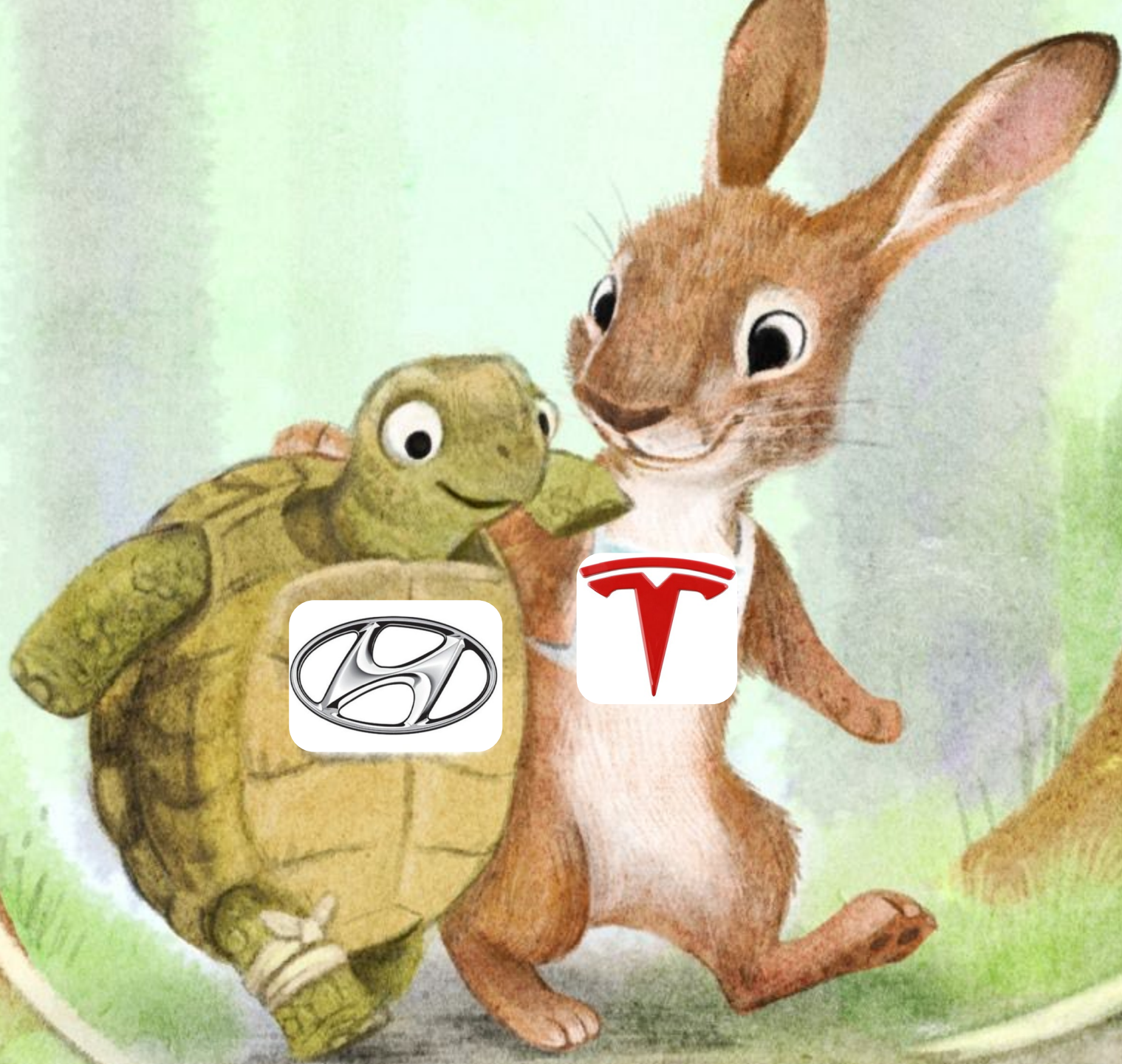
Management
Discuss KPI's



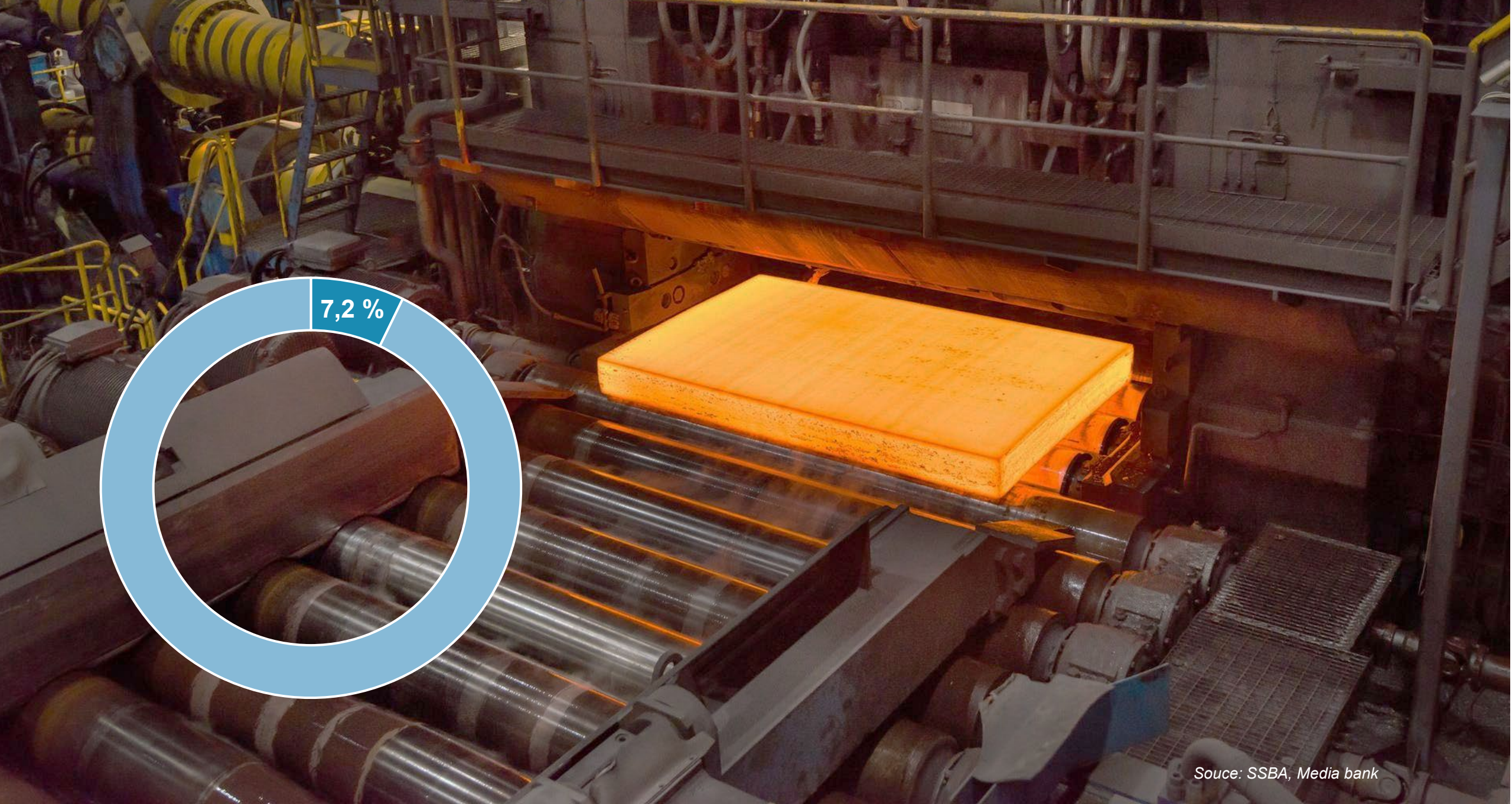
Use our vote



Specific Issues
Engage







Source: SSBA, Media bank



NOT





10%

7%



IVANHOE MINES
NEW HORIZONS

Source: Ivanhoe Mines Media bank



SSAB

Volvo Trucks

Hyundai

Kojamo

Switch

Cementir

Flex LNG

Canadian Pacific

Cascades

Yara

UPL

"SKAGEN
WAY"



Thank you

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