



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – SELECT Dec 2017

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2017	-0,7	-0,4	-1,8	1,4	-0,5	-1,5	1,8	-3,9	6,2	2,7	-3,8	4,4	3,56
2016	-4,3	1,4	0,4	3,0	1,0	-1,2	3,0	0,4	3,7	0,8	2,1	1,0	11,4
2015	2,3	4,2	0,5	2,7	-0,7	-3,1	1,5	-3,2	-2,1	2,7	4,3	1,8	11,0
2014	1,3	4,7	0,5	1,9	3,3	1,6	-0,9	-1,2	-1,9	-0,7	1,4	0,6	11,0
2013	2,4	0,4	-0,8	1,6	2,8	-1,3	4,3	0,7	2,4	3,7	2,2	2,5	22,8
2012	1,3	3,8	-0,1	-0,2	-4,6	-2,6	0,5	1,2	1,7	-0,5	0,8	1,6	2,6

December

	Dec	YTD	Inception
Total Return (%)	4,37%	3,56%	74,01%
5YR CAGR (compounded annual growth rate)	N/A	N/A	11,4%
3YR CAGR (compounded annual growth rate)	N/A	N/A	8,6%
Correlation vs MSCI Nordic*	0,4	0,7	0,6
Avg. 90D Volatility	7,9%	8,1%	7,1%
Sharpe Ratio	N/A	N/A	1,6

* Bloomberg

Theoretical Sensitivity

Equities +10%	7%
Equities -10%	-3%
Volatility +50%	2%
Volatility -50%	-2%
Credits -150bps	1%
Credits +150bps	-1%

Positive Contributions (%)

1	Stillfront Group AB	1,10
2	Academia AB	0,46
3	Camurus AB	0,43
4	Cxense ASA	0,42
5	IAR Systems Group AB	0,40

Negative Contributions

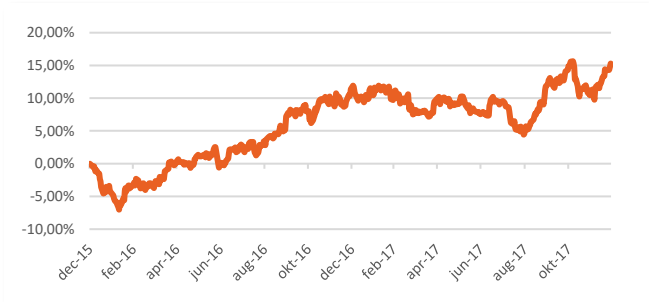
1	Ferronordic Machines AB	-0,48
2	Akastor ASA	-0,32
3	Alligator Bioscience AB	-0,22
4	Volvo AB	-0,21
5	Sagax AB	-0,15

If you have any queries or require additional information, please contact ir@norrn.com



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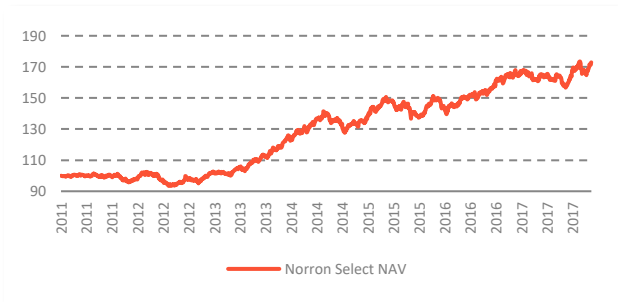
Performance since 2016



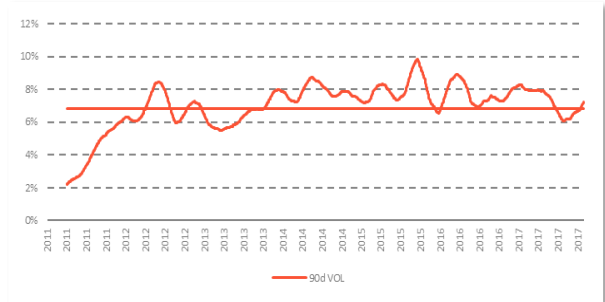
Equity Alpha since 2016



NAV Price



Volatility (90days)



Fund Manager's comment

In December Select increased 4,37% and MSCI Nordic 0,12 %. Volatility remained unchanged at 8 for Norron Select but decreased slightly for the market to 9,4. Equity alpha during the month was +6% (vs MSCI Nordic).

We got the extension for the OPEC cut and oil performed very well (7,27%).

Yet again, it was calm on the surface (index levels) but a lot of movement underneath, we saw strong performance from basic materials and continuing weakness from retailers, particularly H&M who continued the slide down, 14,1 % in Dec.

We participated in a directed share issue in Stillfront where SF bought the much larger game developer Good Games. The deal got a positive response in the market when it was announced. Target prices for Stillfront have been raised significantly since the acquisition. We also participated in a directed share issue in Hansa Medical, a company we have followed closely for some time, but this was our first investment.

Summary of 2017: It was a tricky year with low volatilities, we saw literally no large movements on the downside. The months when market was down it was a sliding scale which is very difficult to capture. The fund had a healthy Alpha contribution during the year, which is good, but we got punished for our cautious view with a lot of downside protection that never paid off (e.g theta costs for our hedging).

Heading into 2018: It looks very much the same; low volatilities and strong markets. The Nordics, and especially Sweden, have lagged behind the other European markets, so we should have some catch up to do since there is no fundamental reason for the recent underperformance. Current consensus indicates strong markets in the first six months and then we should start to think about the next business cycle. I am not so sure it will pan out this way and the fund will use the low volatiles to hedge the portfolio. This late in cycle it is even more important with stock selection there as we have seen recently it is a lot of rotation under the surface. We at Norron continue to dig deep into the fundamentals of our positions.

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