



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – TARGET

Dec 2017

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2017	0,2	0,4	-0,2	1,2	-0,2	-0,9	0,6	-1,3	2,5	1,1	-1,7	1,1	2,76
2016	-3,2	0,2	0,4	1,3	1,1	-1,1	2,3	0,5	2,6	0,3	0,4	0,6	5,5
2015	1,2	0,9	0,4	1,1	-0,2	-1,3	0,5	-1,7	-1,8	1,2	2,3	-0,7	1,8
2014	0,5	2,2	0,3	0,7	1,6	0,9	-0,4	-0,5	-1,4	-0,9	0,5	-0,2	3,2
2013	1,3	0,6	-0,3	0,9	1,7	-0,8	2,2	0,3	1,1	2,4	1,2	1,2	12,5
2012	1,5	1,5	-0,1	0,2	-1,4	-0,8	1,0	1,0	0,9	0,2	0,7	0,7	5,5

Key Figures December

	Dec	YTD	Inception
Total Return (%)	1,12%	2,76%	34,96%
5YR CAGR (compounded annual growth rate)	N/A	N/A	4,9%
3YR CAGR (compounded annual growth rate)			3,3%
Correlation vs MSCI Nordic	0,6	0,6	0,7
Avg. 90D Volatility	3,0%	3,4%	3,2%
Avg. Fixed Income Cash Yield (by NAV)*	1,6%	1,7%	3,0%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB
Sharpe Ratio	N/A	N/A	1,6

Theoretical Sensitivity

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

Positive Contributions

1	Aker ASA	0,26
2	Academedia AB	0,12
3	Camurus AB	0,12
4	Cxense ASA	0,12
5	Norsk Hydro ASA	0,10

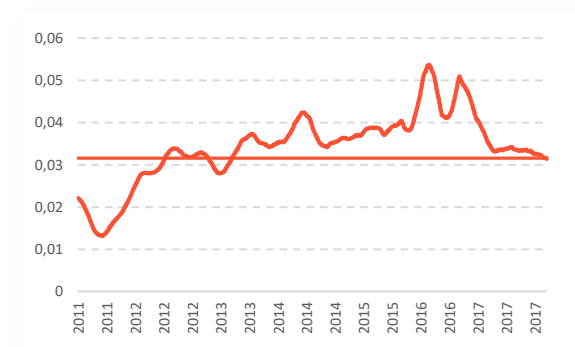
Negative Contributions

1	Skanska AB	-0,07
2	Volvo AB	-0,07
3	Alligator Bio AB	-0,05
4	Akastor ASA	-0,05
5	Atlas Copco AB	-0,04

Equity Alpha since 2016 (%)



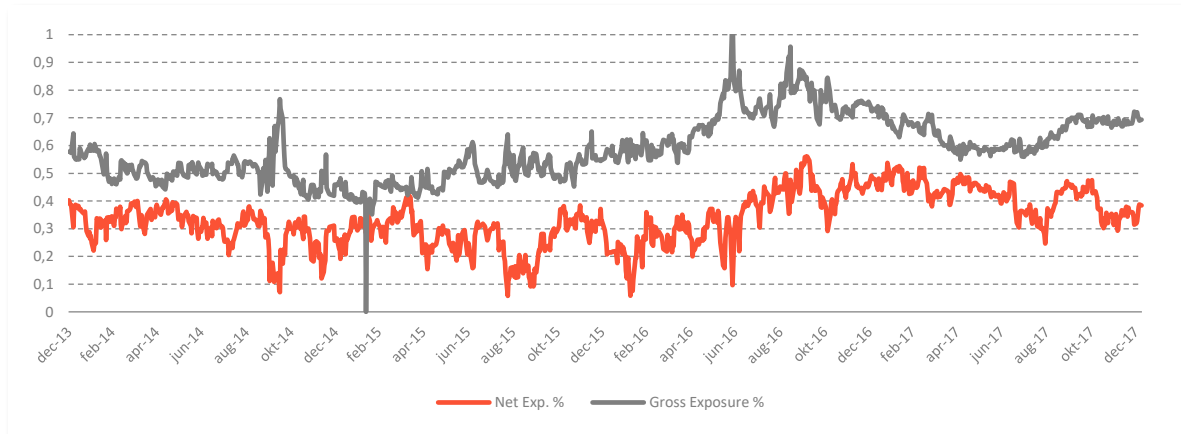
Volatility (90 day)



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



Equity Net & Gross Exposure (non beta ad)



Fund Manager's comment

December was a mixed bag for Nordic equities. Sweden stood out with a negative return of 1,3 percent. Half of which can be attributed to H&M's and its sales figures which were way below market expectations. We had no long exposure, thus being net short through index hedging. On a positive note, oil and other commodities were strong, benefitting the fund's net long positions in oil and oil service. We have also noted an increased interest in some of our specific case positions. Small caps / case positions have lagged behind the general market throughout 2017. We see clear value in many of those holdings, which we hope will materialize during 2018. The equity alpha component ended the year on a strong note, posting a 3 percent excess return compared to MSCI Nordic. Themes /positioning going into 2018 can be summarized as;

- 1) continued belief in a pick-up in the industrial capex cycle (Sandvik, Atlas Copco, Volvo, SUBSEA 7
- 2) risk reduction within the Fixed Income portfolio through shorter credit and interest rate duration
- 3) equity exposure in banks and insurance companies offer attractive total return profiles through dividends and buy-backs, especially compared to their respective bond programs.
- 4) ambition to gradually increase the market neutral profile (higher equity gross) of the equity portfolio
- 5) companies in our unlisted equity portfolio, all have ambitions to be listed during 2018. The latest update we have received all indicate positive progress, which could translate to meaningful contributions to returns in 2018. However, risks (and potential returns) are of course higher than within the listed portfolio.

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