



**NORRON**  
STOCKHOLM | OSLO

## MONTHLY REPORT – SELECT Jan 2018

### Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
<b>2018</b>	<b>0,13</b>												<b>0,13</b>
<b>2017</b>	-0,7	-0,4	-1,8	1,4	-0,5	-1,5	1,8	-3,9	6,2	2,7	-3,8	4,4	3,6
<b>2016</b>	-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
<b>2015</b>	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
<b>2014</b>	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
<b>2013</b>	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
<b>2012</b>	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

### January

	Jan	YTD	Inception
Total Return (%)		0,13%	0,13% 73,22%
5YR CAGR (compounded annual growth rate)		N/A	N/A 11,6%
3YR CAGR (compounded annual growth rate)		N/A	N/A 8,4%
Correlation vs MSCI Nordic*		0,4	0,7 0,6
Avg. 90D Volatility		8,0%	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	Infant Bact. Therapeutics AB	0,41
2	Medicover AB	0,39
3	AKER ASA	0,39
4	IAR Systems AB	0,33
5	Ferronordic AB	0,27

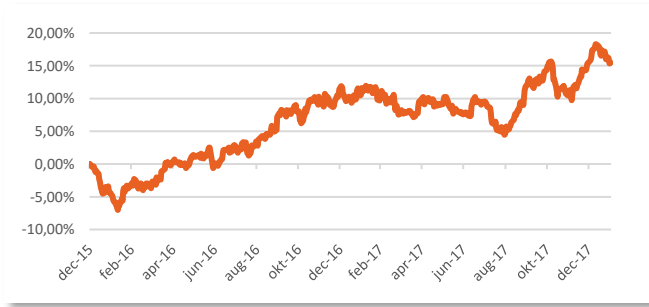
### Negative Contributions

1	Avanza AB	-0,65
2	Camurus AB	-0,65
3	Norsk Hydro ASA	-0,39
4	Stillfront Group AB	-0,38
5	Flex LNG ASA	-0,28

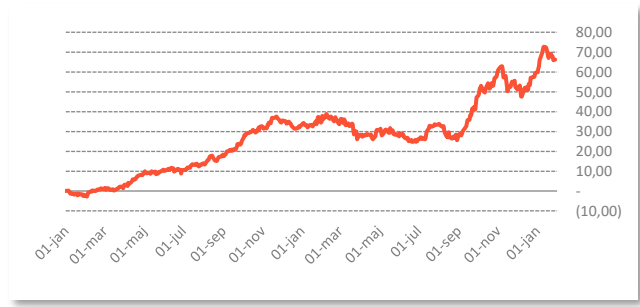
If you have any queries or require additional information, please contact [ir@norrn.com](mailto:ir@norrn.com)



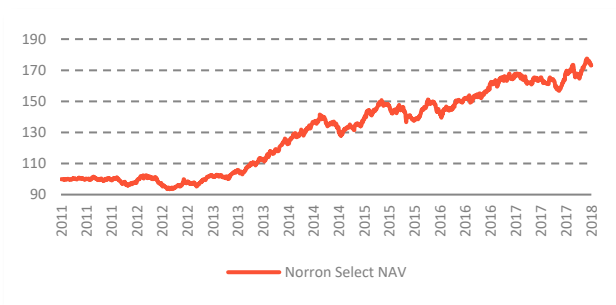
## Performance since 2016



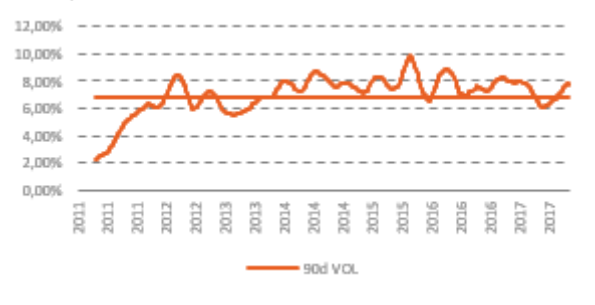
## Equity Alpha since 2016



## NAV Price



## Volatility (90days)



## Fund Manager's comment

In January, Norron Select increased +0,13% and MSCI Nordic gained +1,52%. The volatility remained unchanged at 8 for Select but increased slightly for the market to 9,6. The fund had an equity alpha of about 2% (vs MSCI Nordic) during the month, however net direction (beta/direction + hedges) was flat, due to a pretty protected hedging portfolio. The market is still pretty calm on the surface (index levels), but again, very volatile movements in the underlying names - seeing gains above 4% during the first two weeks of the month but decreased to 1,5% at end of month. Strongest performers were industrials, where we saw impressive reports from Volvo and Atlas Copco (Atlas Copco reported "in line", and initially traded down, but is now trading above these levels). For the banking sector, Nordea did not live up to the expectations, however, SEB did and traded well. H&M, unsurprisingly, did not meet expected levels and traded down more than 10% (we do not have any position in H&M).

The fund participated in a rights issue in a company called Infant Bacterial Therapeutics (IBT) – a biotech company focusing on decreasing NEC for premature infants. IBT was the best performing position during the month. This position was also one of the best performing stocks in the portfolio during 2017 and we believe the stock can perform even better. On the negative side we saw that Avanza, where we are short, reported above analyst expectations with only 13 million SEK, however, mkt cap increased by 2 billion (!) SEK. We believe Avanza should not be this highly valued. Sales to be flat going into 2018e and P/E for 2018e above 30x is not motivated. Another negative performer during the month was Camurus, who received a CRL (complete response letter) from FDA saying they need more information regarding its administration prior to production. We met with the management team, and they seemed very confident (regarding their entrance into both the US and Europe), telling us the CRL has nothing to do with specific studies (which is positive). The market believed it was (pretty much) a done deal but turned out it wasn't the case. Consequently, the stock took a big hit, and we expect to get more news about this shortly. Camurus is still one of the leading drugs preventing opium addiction (with monthly injection) around the world.

Currently, Norron Select has a net exposure of 60% and is well hedged for any larger market moves.

If you have any queries or require additional information, please contact [ir@norron.com](mailto:ir@norron.com)



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