



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – TARGET Jan 2018

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2018	0,7												0,70
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	2,8
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 January

	Jan	YTD	Inception	Theoretical Sensitivity	
Total Return (%)	0,70%	0,70%	35,54%	Equities +10%	3%
5YR CAGR (compounded annual growth rate)	N/A	N/A	4,8%	Equities -10%	-2%
3YR CAGR (compounded annual growth rate)			3,4%	Volatility +50%	1%
Correlation vs MSCI Nordic	0,6	0,6	0,7	Volatility -50%	-2%
Avg. 90D Volatility	3,0%	3,4%	3,2%	Credits -150bps	1%
Avg. Fixed Income Cash Yield (by NAV)*	1,6%	1,7%	3,0%	Credits +150bps	-1%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB		
Sharpe Ratio	N/A	N/A	1,6		

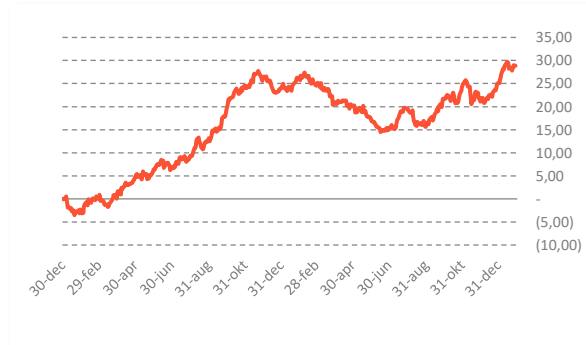
Positive Contributions

1	Aker ASA	0,26
2	Sandvik AB	0,14
3	Norwegian Air AS	0,13
4	Autoliv AB	0,12
5	Medicover AB	0,12

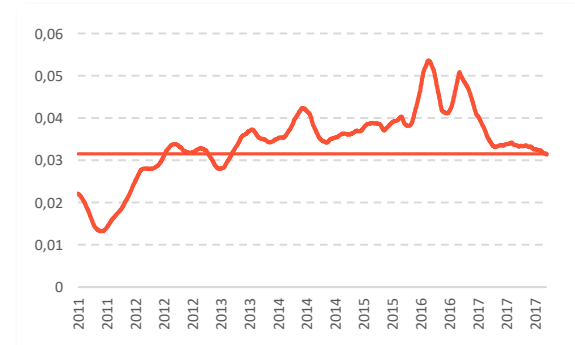
Negative Contributions

1	Camurus AB	-0,17
2	Norsk Hydro ASA	-0,13
3	Salmar ASA	-0,09
4	Flex LNG ASA	-0,08
5	NRC Group ASA	-0,08

Equity Alpha since 2016 (%)



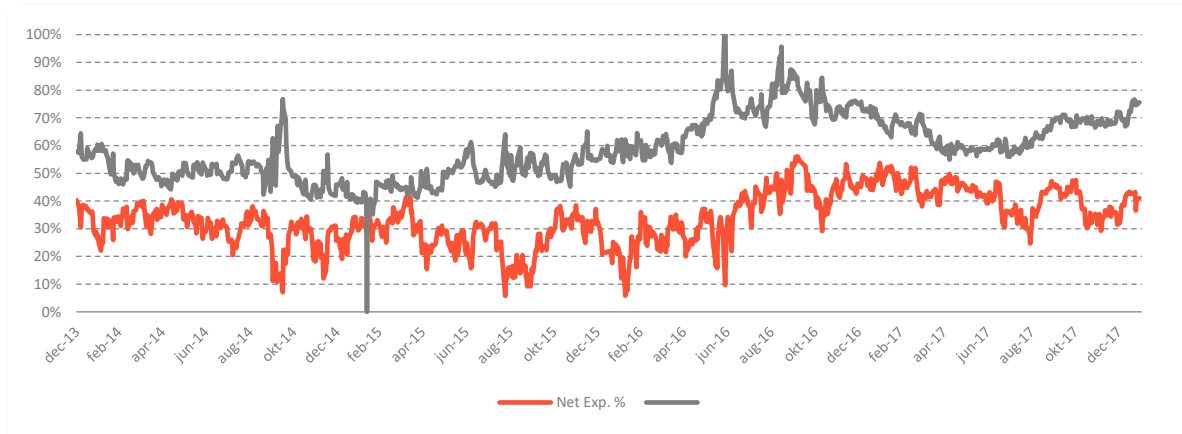
Volatility (90 day)



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

2018 kicked off with a bang, and most equity markets generated positive returns. What we saw was a continuation of the trends in place since the summer of 2017. Since then we have had delta long equity positions in energy, industrials and banks, to reflect our belief in a pick-up in industrial capex as well as continuous global growth. Things to watch going into 2018, besides stretched valuations, are; the output gap (obviously), labor market statistics, slope of and changes in the (US) yield curve. On balance, we have trimmed our exposure towards energy and focused the portfolio to fewer holdings within that sector. Our cautious approach towards fixed income will remain, reflected in both our allocation towards that part of the overall fund, but also in terms of shorter interest rate and credit spread durations. Funds allocated from fixed income are gradually being redeployed into higher equity gross exposure.

It is reassuring to see that we are back on historical equity alpha trends, in fact alpha was as important as market direction for the month of January. The composition of the short book is, to a larger degree than normal, dependent on futures, rather than options, due to our ambition to gradually increase, and maintain, a higher equity gross position in 2018.

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