



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – SELECT July 2018

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2018	0,13	-2,81	-3,00	6,46	2,95	-0,98	5,38						8,0
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	3,6
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

Key Figures July

	July	YTD	Inception
Total Return (%)	5,38%	8,0%	86,75%
5YR CAGR (compounded annual growth rate)	N/A	N/A	11,4%
3YR CAGR (compounded annual growth rate)	N/A	N/A	8,7%
Correlation vs MSCI Nordic*	0,2	0,4	0,6
Avg. 90D Volatility	10,0%	8,4%	8,0%
5Y Sharpe Ratio	N/A	N/A	1,4

* Bloomberg

Theoretical Sensitivity

Equities +10%	5%
Equities -10%	-3%
Volatility +50%	2%
Volatility -50%	-2%
Credits -150bps	1%
Credits +150bps	-1%

Positive Contributions (%)

1	BioArctic AB	4,9
2	Sedana Medical AB	0,7
3	Xvivo AB	0,6
4	Infant bacterial Therapeutics	0,6
5	Intrum AB	0,5

Negative Contributions

1	Danske Bank A/S	-0,3
2	Protector Forsikring AS	-0,3
3	Subsea 7 SA	-0,3
4	Fabege AB (short)	-0,2
5	Indutrade (short)	-0,2

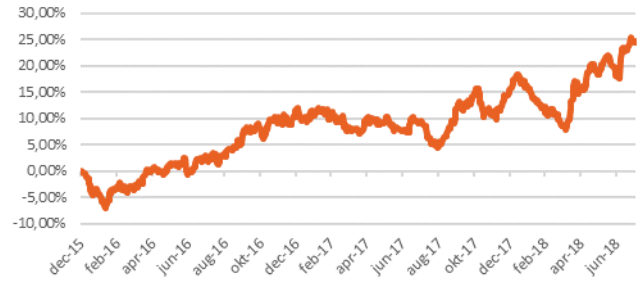
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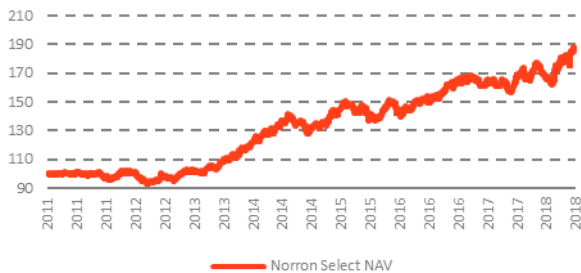
Equity Alpha



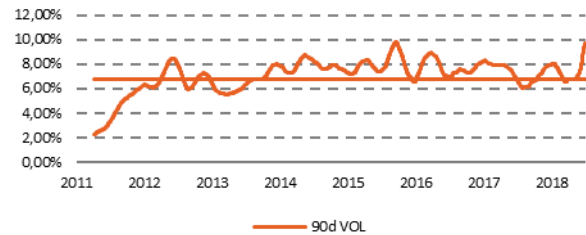
Performance since 2017



NAV Price



Volatility (90days)



Fund Manager's Comment

In July, Norron Select increased 5,5% with a volatility of 9,9%, while the MSCI Nordic Index (SEK) increased by 2,3% with a volatility of 12,5%. Equity alpha during the month was 10% above MSCI Index and net direction (directional contribution + hedge) was negative.

Firstly, July was a very impressive month in terms of alpha. One of our holdings, BioArctic performed well. At one time, the stock was up more than 500% during the month. The company (and its partners Biogen and Eisai) announced very encouraging phase IIb data. BioArctic is a biotech company focusing on Alzheimer and the data presented showed impressively better than expected data in the study. This is a groundbreaking progress that we view very positively. Since risk management is a big part of portfolio management we reduced our position significantly during last month (during the rally of the shares). Today, the exposure is ~1,5% as we believe that the company will soon start its phase III study (where we still believe there is upside in the case).

Secondly, earnings season (for the bigger names) is now over and as an average, we can conclude that the Nordic market showed an increase after positive earnings reactions. On an index level, we have not seen any larger movements, but in the underlying names there has been quite some volatility. Industrials were pretty much in line with market expectations (traded down at first, but then gained the following weeks), also showing that orders were strong. Recent macro (PMI) figures and guidance from the industrial companies are pretty strong, signaling that we still have some more to give and that the cycle is not quite over yet. As mentioned in the last month report we had the feeling that capital was allocated towards banks/"recession-friendly" sectors vs industrials. This was exactly the case, where the former positions outperformed index/the latter with more than 5% during the month.

Thirdly, we have seen less activity from Mr Trump, both in terms of tweets but also less attention on trade war talks. Instead, the US and China are said to seek to restart talks to defuse the trade war and the Trump/Juncker meeting was about loosening up trade tariffs talks.

Also, last month we communicated that we added a short position in Dometic. We still believe the RV market is at its peak. US shipments during the month of June showed a significant decrease, down 11% y-o-y. US peers and Dometic took a decent hit once the news appeared in the broader market.

Currently, the net exposure (beta adjusted) is below 30%, and we are well hedged for larger set-back and events causing general turmoil. August and September are usually quiet months with holiday times in the US and the UK. The hedging profile is currently tilted into both Sweden and Norway, but also short futures (index swaps) on the MSCI Nordic Index.

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

