



**NORRON**  
STOCKHOLM | OSLO

MONTHLY REPORT – TARGET  
May 2018

Historical return (%)

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

|  | May  | YTD  | Inception | Theoretical Sensitivity |     |
|--|------|------|-----------|-------------------------|-----|
| Total Return (%)                           | 0,9% | 2,4% | 37,9%     | Equities +10%           | 3%  |
| 5YR CAGR (compounded annual growth rate)   | N/A  | N/A  | 4,7%      | Equities -10%           | -2% |
| 3YR CAGR (compounded annual growth rate)   |      |      | 3,0%      | Volatility +50%         | 1%  |
| Correlation vs MSCI Nordic                 | 0,5  | 0,6  | 0,6       | Volatility -50%         | -2% |
| Avg. 90D Volatility                        | 3,9% | 3,8% | 3,3%      | Credits -150bps         | 1%  |
| Avg. Fixed Income Cash Yield (by NAV)*     | 1,8% | 1,8% | 3,0%      | Credits +150bps         | -1% |
| Avg. Credit Rating Fixed Income Portfolio* | BBB+ | BBB  | BBB       |                         |     |
| Sharpe Ratio                               | N/A  | N/A  | 1,6       |                         |     |

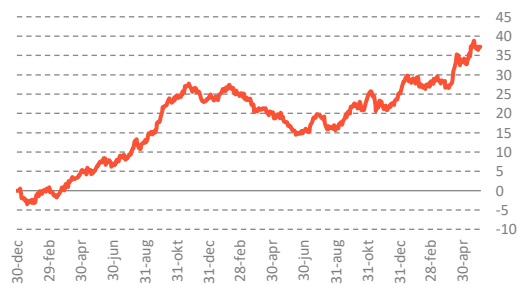
Positive Contributions

|   |                 |      |
|---|-----------------|------|
| 1 | Aker ASA        | 0,46 |
| 2 | Vaccibody ASA   | 0,31 |
| 3 | IAR Systems AB  | 0,15 |
| 4 | NRC Group ASA   | 0,14 |
| 5 | Nordic Semi ASA | 0,14 |

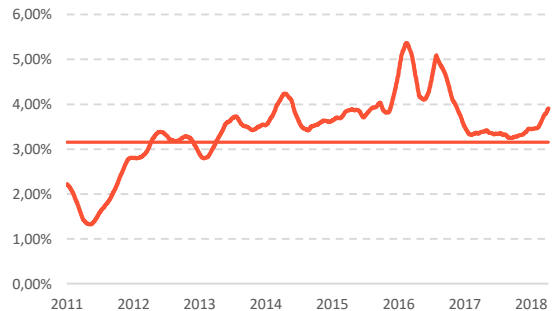
Negative Contributions

|   |                   |       |
|---|-------------------|-------|
| 1 | WWL ASA           | -0,32 |
| 2 | Norwegian Air ASA | -0,24 |
| 3 | Genmab A/S        | -0,19 |
| 4 | Hansa Medical AB  | -0,12 |
| 5 | Camurus AB        | -0,10 |

Equity Alpha since 2016 (%)



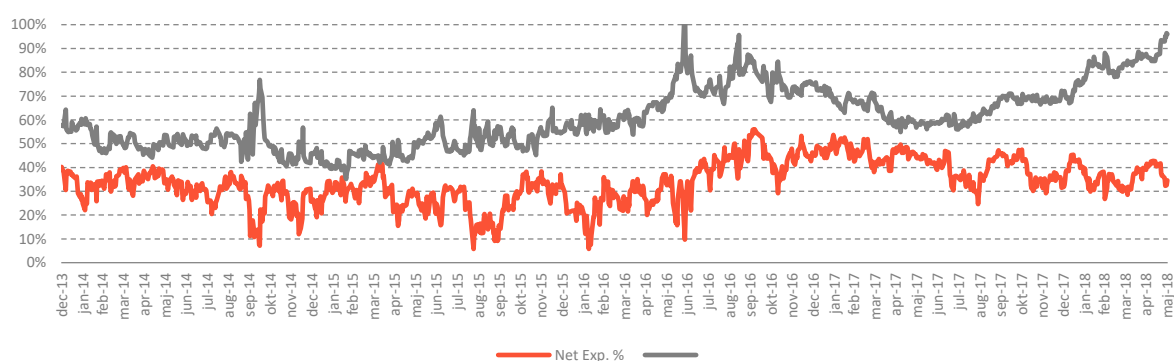
Volatility (90 day)



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



## Equity Net & Gross Exposure (non-beta adj)



### Fund Manager's comment:

The fund performed well in May, posting a positive return of 0,91%. Most Nordic equity markets had a negative reading, with MSCI Nordic declining by 1,43% in SEK terms. Our net long positions in energy was the main component, explaining roughly 50 percent of both the absolute return and the alpha generated during the month. Aker was the most important contributor, due to strong performance, but also because it is one of the biggest net long positions that we currently hold. We have increased our exposure towards the oil service sector, where we see visible signs of increased capex from oil majors, benefitting companies within this market segment.

Global events with implications on the fund's tactical positioning was the US decision to reinstate sanctions on Iran, impacting the supply and demand balance of oil. This event was followed by the OPEC/Russian collaboration (OPEC 2.0) concluding and announcing that they will increase production quotas to better balance oil prices in the years to come. It is probably counterproductive to let potential oil price spikes dampen global growth going forward.

In Europe all eyes were on the political turmoil in Italy. The lack of parliamentary backing to form a credible government created a huge move in Italian government bonds, reflecting higher specific country risk premium. It is of course dangerous to be complacent about political events in Italy, but as we predicted, things calmed down relatively quickly.

The outlook for global growth has shifted somewhat compared to the synchronized picture we saw last year. This year the US will yet again be the main driver in global growth delta. PMI readings in Europe are continuing to weaken, but from high levels, and the manufacturing industry is still signalling expansion. Short term the fund is very well hedged, with below average allocation towards fixed income. The monthly performance will depend to a higher degree on equity alpha due to the high level of equity gross.

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