NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – TARGET

Aug 2018

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2018	0,7	-0,2	-1,2	2,2	0,9	-0,1	0,0	-0,0					**2,4**
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 Aug

	Aug	YTD	Inception
Total Return (%)	-0,07%	2,4%	37,7%
5YR CAGR (compounded annual growth rate)	N/A	N/A	4,3%
3YR CAGR (compounded annual growth rate)			3,1%
Correlation vs MSCI Nordic	0,3	0,4	0,6
Avg. 90D Volatility	4,0%	4,0%	3,2%
Avg. Fixed Income Cash Yield (by NAV)*	1,7%	1,8%	3,0%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB
Sharpe Ratio	N/A	N/A	1,5

Theoretical Sensitivity

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

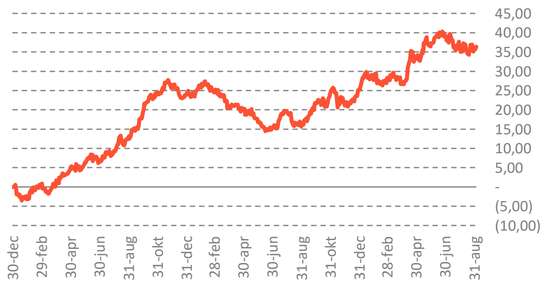
Positive Contributions

1	Yara ASA	0,17
2	Norwegian Air Shuttle ASA	0,16
3	UPM	0,12
4	NRC Group ASA	0,12
5	Aker ASA	0,11

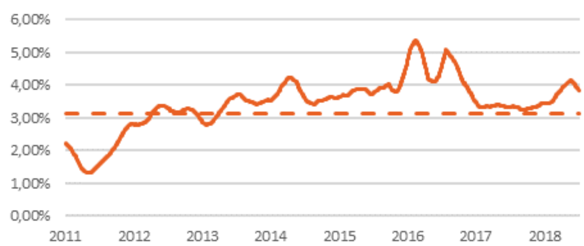
Negative Contributions

1	Ocean Yield	-0,15
2	WWL	-0,15
3	Gentian ASA	-0,14
4	Cxense ASA	-0,12
5	Academedia AB	-0,11

Equity Alpha since 2016 (%)



Volatility (90 day)



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

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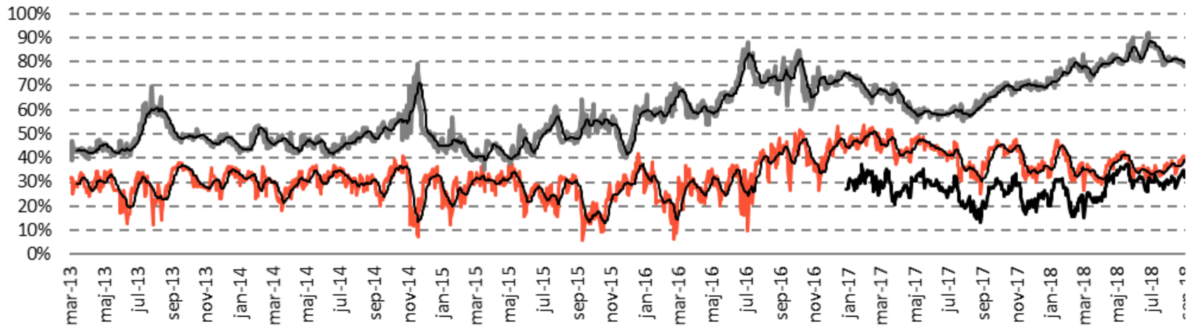
Equity Net & Gross Exposure (non-beta adj)



Fund Manager's comment:

The fund had a flat return in the month of August. Most notable events on the global geopolitical scene was the acute financial situation developing in Turkey and the US/NAFTA negotiations. These events, regardless of how distant they may appear to us in this corner of the world´s financial markets, effected short term risk premiums during the first half of the month. Qatar´s decision to enter into a currency swap agreement, to at least partly shore up short term financial stress, coupled with the revised trade deal between USA and Mexico led to firmer performance of financial markets by the second part of the month.
Equity alpha was slightly negative, mainly due to disappointing performance from a group of smaller companies, some of which were justified due to company specifics, and some of it can probably be explained by illiquid markets during the European holiday season. We decided to exit our positions in WWL, the global leader in transportation logistics for cars and heavy equipment machinery. Our belief has been that they should greatly benefit from the increased volumes that are being shipped in the high and heavy segment. After having presented disappointing results 2-3 quarters in a row, we felt we needed to take a step aside, and evaluate the future prospect of that specific company.

On the positive side, our positions in Yara (consisting of equities and derivatives), turned out to be well-timed. We believe Yara have lots of optionality due to the strong balance sheet, ongoing efficiency programs and a tighter balance between global supply and demand in the years to come, that hopefully will support prices.
The fund continues to be well hedged for large negative outcomes in market direction. We have also extended the average duration of our index hedges, to take advantage of the current low levels of volatility.