



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – SELECT Sep 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	-1,54	3,44				9,95
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 Sep

	Sep	YTD	Inception
Total Return (%)	3,44%	9,95%	90,20%
5YR CAGR (compounded annual growth rate)	N/A	N/A	11,2%
3YR CAGR (compounded annual growth rate)	N/A	N/A	11,4%
Correlation vs MSCI Nordic*	0,3	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	Hansa Medical	1,00
2	Atlantic Sapphire	0,60
3	BioArctic	0,56
4	Flex LNG ASA	0,41
5	Nolato (short)	0,40

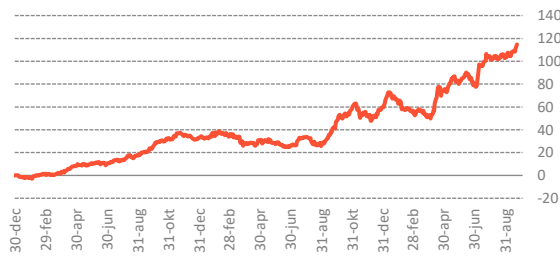
Negative Contributions

1	Danske Bank A/S	-0,5
2	Amer Sports	-0,4
3	Nordic Semiconductor	-0,3
4	Alligator Bio AB	-0,2
5	Norwegian Air ASA	-0,2

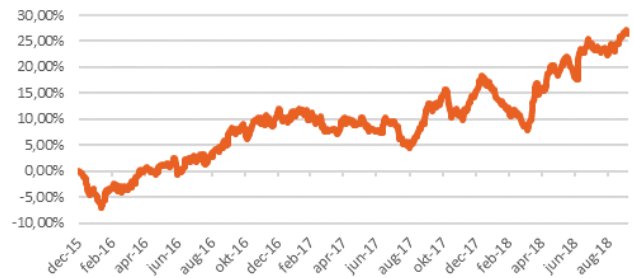
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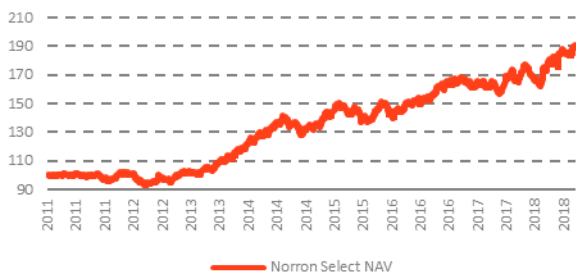
Equity Alpha



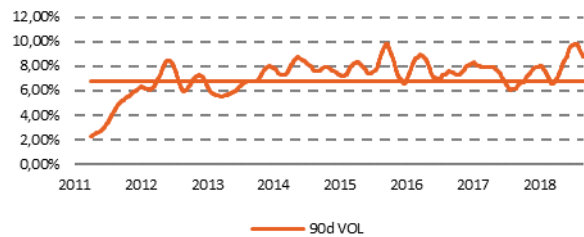
Performance since 2017



NAV Price



Volatility (90days)



Fund Manager's Comment

In September, Norron Select increased by 3,4% with a volatility of 8,8%, while the MSCI Nordic Index (SEK) decreased by 1,7%, with a volatility of 10,3%. During the month we had a positive equity alpha. The net direction (beta/directional contribution + hedge), was positive due to a decrease in the MSCI Nordic Index.

Firstly, as mentioned above, September was a positive month in terms of the equity alpha. The strongest performing sectors during the month were consumer services, utilities and oil & gas.

Secondly, we saw continued declined in Danske Bank, were the AML issues accelerated. We still believe that fundamentally, with >10% yield (coupons + buybacks), this is the most attractive bank. Once new information (positive or negative) is received we will revisit the case. Another negative performer during the month was Amer Sports, due to the fund being short. A Chinese player placed a bid on Amer and the stock to a big jump. On the positive side, both Hansa Medical and BioArctic posted more than 25% gains during the month. Another positive contributor was Atlantic Sapphire. During the month, we also added a short position in Getinge.

Thirdly, during the month we had some important macro events such as lower ISM figures, creating a more uncertain outlook. However, macro data are still at high levels which indicates support for overall global growth, and backs our thesis that industrials Q3 reports will be in line (or above), which we are positioned for. We think companies such as Volvo, Sandvik and Atlas Copco (and industrials in general) will deliver solid reports.

Currently, the net exposure (beta adjusted) is below 30%, and the fund is hedged for any potential set back in the markets. Since summer we have reduced the exposure towards small/mid-caps and increased the hedge, both including put options in the Swedish and Norwegian market, but also reducing the net exposure with MSCI Nordic swaps (we are short on the MSCI Nordic Index). As mentioned in last month's report we extended some parts of the hedging portfolio into long dated put options (June 2019), due to low volatility levels and any potential set back in a Brexit scenario. Currently, it is more attractive to have an option strategy than an outright short future strategy as a hedging profile, due to the current low volatility levels.

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