



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – TARGET Sep 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	1,2				3,6
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 Sep

	Sep	YTD	Inception	Theoretical Sensitivity
Total Return (%)	1,2%	3,6%	39,41%	Equities +10% 3%
5YR CAGR (compounded annual growth rate)	N/A	N/A	4,33%	Equities -10% -2%
3YR CAGR (compounded annual growth rate)			4,87%	Volatility +50% 1%
Correlation vs MSCI Nordic	0,3	0,4	0,6	Volatility -50% -2%
Avg. 90D Volatility	3,6%	3,8%	3,3%	Credits -150bps 1%
Avg. Fixed Income Cash Yield (by NAV)*	1,7%	1,8%	3,0%	Credits +150bps -1%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB	
Sharpe Ratio	N/A	N/A	1,5	

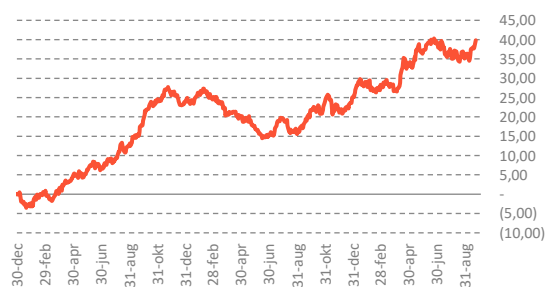
Positive Contributions

1	Hansa Medical	0,44
2	Atlantic Sapphire	0,39
3	Aker ASA	0,36
4	BioArctic AB	0,36
5	Flex LNG	0,31

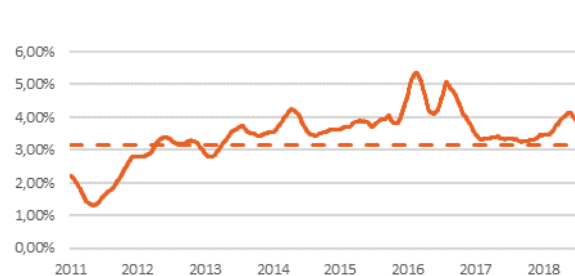
Negative Contributions

1	Danske Bank	-0,27
2	Kindred Group Nordic	-0,22
3	Semiconductor Norwegian Air	-0,16
4	Shuttle	-0,15
5	B2 Holdings ASA	-0,09

Equity Alpha since 2016 (%)



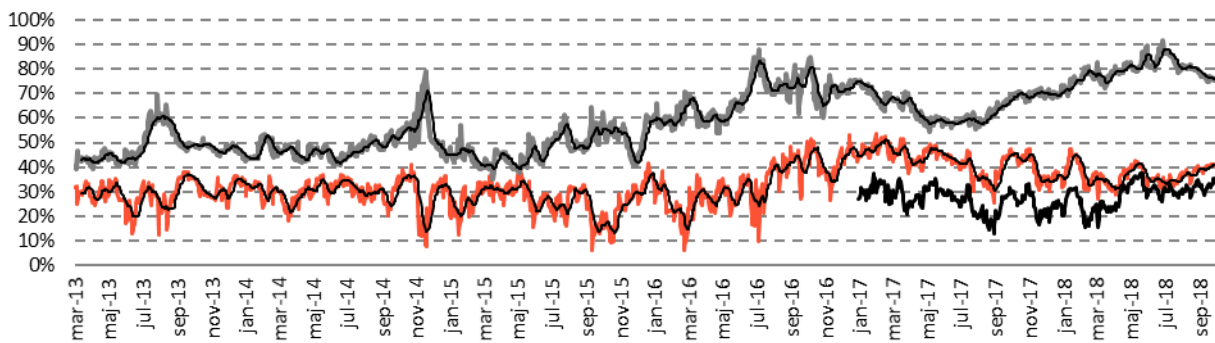
Volatility (90 day)



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



Equity Net & Gross Exposure (non-beta adj)



Fund Manager's comment:

The fund produced competitive returns in September, with the NAV increasing by 1,2 percent, compared to -1,7 percent for MSCI Nordic in SEK. This was all due to +4 percent equity alpha (+1,4 percent circulated). Equity alpha was to a large extent derived from our event/case positions, which is a sub-strategy within the fund to which we have been allocating more and more capital during 2018. We prefer stock specific risk to general equity directional bets.

The main contributors were Hansa Medical (positive phase II read outs), Atlantic Sapphire (de-risking operations after 1H report) and Aker that continued to benefit from both smaller discounts to NAV and higher oil prices. Laggards during the month were Danske Bank (continued uncertainty regarding ongoing investigation in connection with money laundering) and Kindred (poor sentiment in the gaming sector).

Bonds once again did their job and posted gains of 0,15 percent. Our year to date bond returns are well diversified among many holdings, and the current cash yield is ~2,5 percent, with below average duration exposure to both interest and credit spreads, well done bond team!

Net delta exposure among sectors reflects our belief that the cyclical part of the market looks relatively attractive going in to q4 (and the q3 reporting season).

Our short book consists of a mixture between derivatives, futures and total return swaps mainly on the MSCI Nordic Index. On the margin, we have also extended the duration of the derivative positions, to take advantage of the current low levels of volatility.