



MONTHLY REPORT – PREMIUM

Oct 2018

Historical Return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2018	0,16	0,15	-0,07	0,42	-0,04	-0,07	0,41	0,17	0,29	-0,39			1,03
2017	0,77	0,65	0,40	0,31	0,19	-0,59	0,35	0,23	0,26	0,36	-0,25	0,01	2,70
2016	-1,18	-1,27	2,47	1,57	0,74	0,21	0,91	0,90	0,54	0,79	0,21	0,59	6,60
2015	0,46	0,40	0,05	0,38	0,52	-0,82	0,36	-0,95	-2,09	0,30	0,25	-0,77	-1,91
2014	0,46	0,79	0,33	0,51	0,51	0,43	0,21	-0,21	-0,76	-0,62	-0,41	-1,24	0,00
2013	1,08	0,17	0,63	0,76	0,60	-0,27	0,79	0,73	0,61	0,84	0,55	0,51	7,00
2012								0,99	0,88	0,85	0,48	0,50	3,70

Top 5 Positions

1	COMHEM SWEDEN AB	2,7
2	PEAB FINANS	2,6
3	OCEAN YIELD ASA	2,5
4	LOOMIS AB	2,1
5	INDUTRADE AB	2,1

Positive Contributions

1	Teekay LNG	0,02
2	Ship Finance	0,02
3	Y Foundation	0,02
4	EuroNAV	0,02
5	Berenberg	0,01

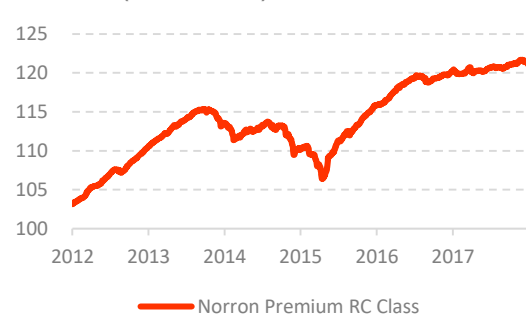
Negative Contributions

1	Outotec	-0,07
2	Nordea AT 1	-0,06
3	Solsta	-0,06
4	Borr Drilling	-0,06
5	Iceland AIR	-0,04

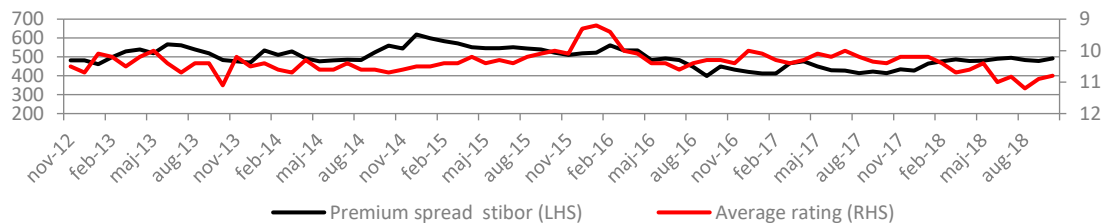
Key Figures Oct

	Current	Last 3 yrs	Since Inception
Std. Dev.		2,3%	2,6%
Correlation (T-Bill)		-0,25	0,12
Positive Month. (%)		78%	77%
Best month (%)		2,5%	2,5%
Worst Month (%)		-1,3%	2,1%
Portfolio yield	4,4%		
Avg. Weighted Interest Rate Duration	1,3	1,3	1,2
Credit Duration (years)	2,7	3,2	3,4

NAV Price (since 2012)



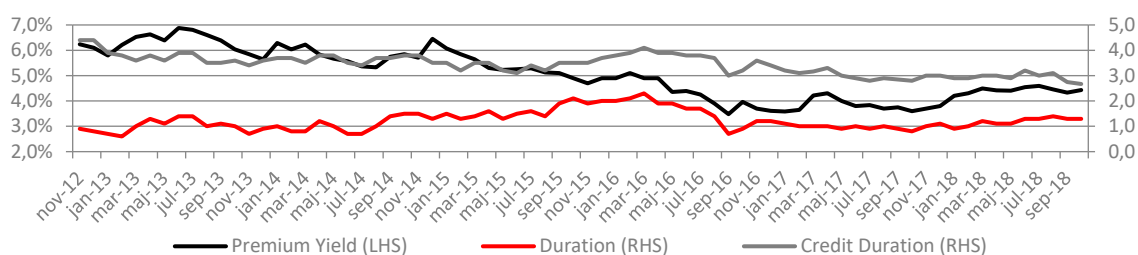
Spread Stibor & Average Credit Rating



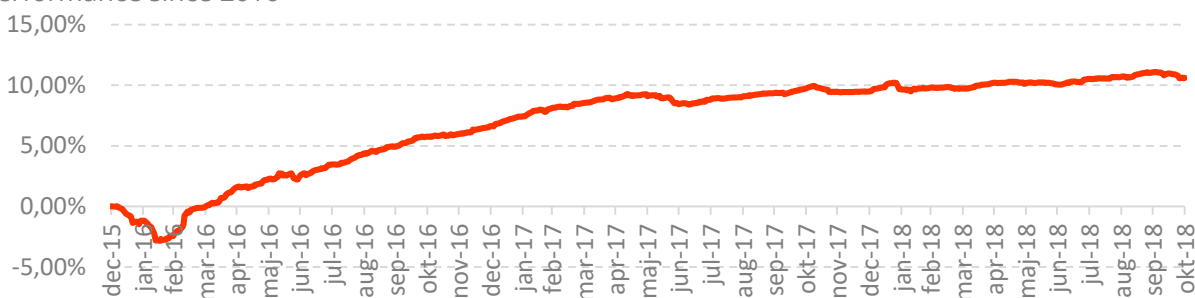
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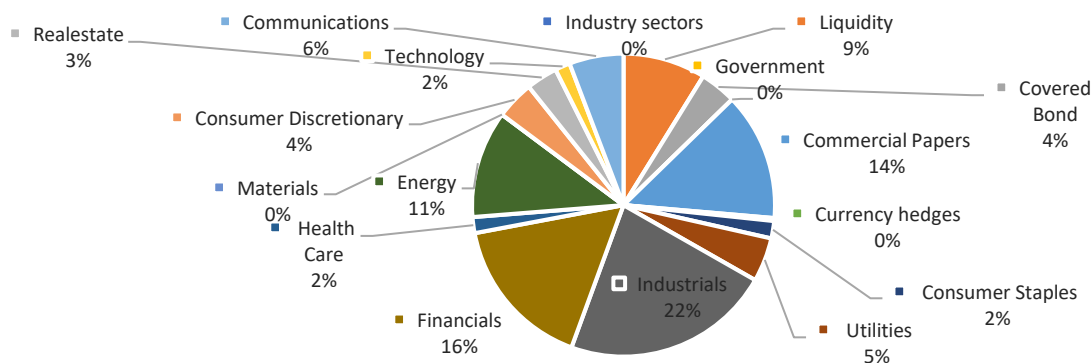
Yield, Duration & Credit Duration



Performance since 2016



Industrial Breakdown



Fund Manager's comment:

A very volatile equity market this month with Trump discussing customs and trade agreement with different countries, especially China. It is hard to be specific re what caused the set back in the equity markets, it could be too high expectations going in to the earnings season, lower earnings outlook, higher discount rates into equity valuations, less central bank liquidity in 2019, etc. Macro data looks ok globally, but momentum has weakened. We see no signs of stress in the money market yet, which can indicate that this is a correction in risky assets, where valuation has been too high.

Equity markets in Europe are back in negative territory this year. This month Dax dropped 6,5%, OMX 7,0% and S&P -8,0%. Credit markets were calmer compared to equity markets, with spreads increased by 10 bp in IG, 40-50bp in HY. But credits in euro have spread out 150 already this year. The SEK credit markets were generally calm but we start to see that the longer end of the curve is becoming more illiquid. We are still cautious towards the local new issue market due to valuation.

Premium has a barbelled strategy, with very high liquidity combined with several positions with higher risk, e.g. convertibles and liquid USD/EUR high yield bonds. This creates a flexible way to either increase or decrease the risk position depending on our market outlook. The illiquidity risk premium in the SEK bonds is in many cases too low.

The fund returned -0,39 per cent in October. The main positive contributors were Teekay LNG, Ship Finance and Y Foundation. On the negative side were the risk positions in Outotec, Nordea AT1 and Borr Drilling. The fund is keeping shorter credit/interest rate duration than normal due to valuation in the market.

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