



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – SELECT
Oct 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	-2,16			7,58
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 Oct

	Oct	YTD	Inception
Total Return (%)	-2,16%	7,58%	86,10%
5YR CAGR (compounded annual growth rate)	N/A	N/A	9,85%
3YR CAGR (compounded annual growth rate)	N/A	N/A	9,59%
Correlation vs MSCI Nordic*	0,5	0,4	0,6
Avg. 90D Volatility	8,4%	8,0%	8,0%
5Y Sharpe Ratio	N/A	N/A	1,3

* Bloomberg

Theoretical Sensitivity

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

Positive Contributions (%)

1	Mr Green	1,3
2	Kambi	0,6
3	KappAhl	0,4
4	Getinge	0,3
5	NRC Group	0,3

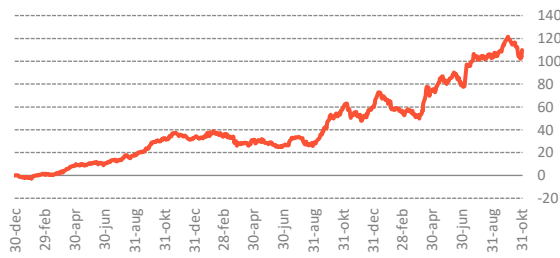
Negative Contributions

1	Veoneer	-0,9
2	BioArctic	-0,8
3	Nordic Semiconductor	-0,6
4	Danske Bank	-0,6
5	Atlas Copco	-0,5

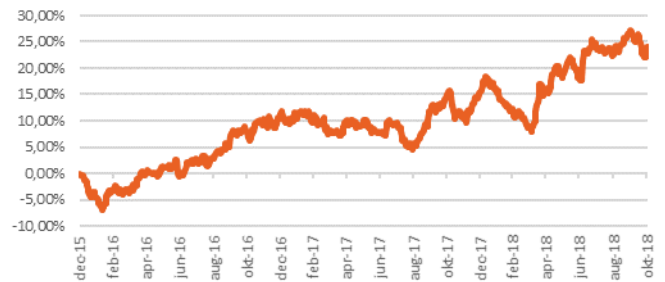
If you have any queries or require additional information, please contact ir@norrn.com



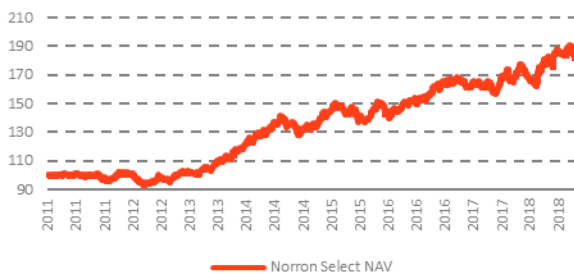
Equity Alpha



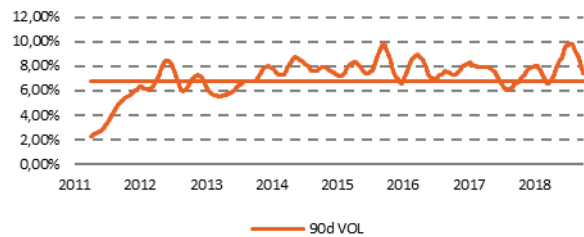
Performance since 2017



NAV Price



Volatility (90days)



Fund Manager's Comment

In October, Norron Select decreased by 2,2% with a volatility of 8,0%, while the MSCI Nordic Index (SEK) decreased 6,8% with a volatility of 12,0%. During the month we had somewhat negative equity alpha (-2%). The net direction (beta/directional contribution + hedge) was flat.

October was a volatile month and this month showed us that there are few places to hide in this market. Markets are obviously pricing in a more negative scenario compared to what we can actually see in current macro figures (which are still at healthy levels). The strongest sectors in the region were consumer services and telecommunications (defensives), while cyclicals and basic materials underperformed. Energy assets also underperformed. An interesting observation is that equities and fixed income have decoupled during this last set back. A rotation from growth related stock (FAANG) into more value-oriented stock, including a large sell off in passive ETF products. Adding to this the general belief that the economy will take a downturn in 2019 makes for an even more bearish sentiment, which we clearly can see as investors do not wish to pay high multiples for future growth. We still believe that the market is too bearish short term.

Positive contributors during the month were Mr Green (William Hill placed a bid) and Kambi in the long portfolio. In the short portfolio, the positive contributors were KappAhl and Getinge. On the negative side, we saw large declines in Veoneer, BioArctic and Nordic Semiconductor (high growth companies). During the month, we have bought companies such as Billerud, Essity and Electrolux which we believe can be positive 2019 investment cases (these are more defensive re stocks and less correlated to cyclicals)

Currently, the net exposure is below 30% (beta adjusted), and the fund is hedged for any potential set-backs in the market, both with options (puts/calls) and future strategies. Most importantly, when stress testing the portfolio we think we currently have an attractive profile. Highlighting again, we are reducing exposure somewhat towards small/mid-caps in order to have a portfolio that is less prone to liquidity risk if the market would become even more bearish.

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

