



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – PRESERVE

Nov 2018

Historical Return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2018	0,14	-0,05	-0,03	0,12	-0,08	-0,08	0,07	0,02	0,02	-0,10	-0,22		-0,20
2017	0,22	0,32	0,12	0,15	0,21	0,06	0,15	0,08	0,10	0,12	-0,03	-0,08	1,45
2016	-0,24	-0,40	0,65	0,51	0,18	0,11	0,34	0,42	0,27	0,27	0,09	0,11	2,34
2015	0,18	0,26	0,10	0,25	0,08	-0,24	0,22	-0,05	-0,48	0,28	0,04	-0,18	0,44
2014	0,38	0,47	0,33	0,16	0,22	0,25	0,15	-0,03	-0,10	-0,27	-0,19	-0,60	0,76
2013	0,58	0,19	0,24	0,38	0,44	-0,05	0,31	0,41	0,47	0,43	0,38	0,39	4,25
2012	1,31	0,63	1,00	0,29	-0,14	0,24	0,63	1,20	0,54	0,70	0,34	0,30	7,25

Top 5 Positions

1	Swedbank Hypotek	2,4
2	Landshypotek Bank	2,2
3	Swedbank Hypotek	2,2
4	Skandiabanken AB	2,1
5	Aker BP ASA	2,1

Positive Contributions

1	Color Line	0,02
2	Danske Bank AT1	0,01
3	Iceland AIR	0,01
4	AinMT	0,01
5	B2	0,01

Negative Contributions

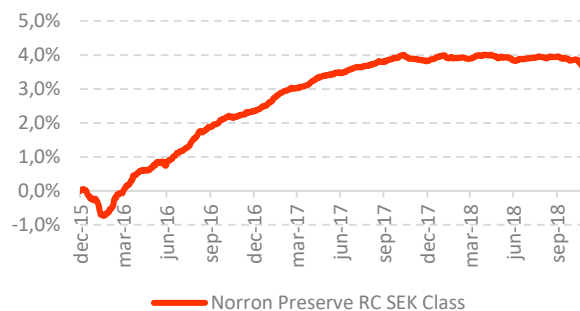
1	Jyske AT1	-0,03
2	Landsbankin	-0,02
3	Intrum	-0,02
4	Neptune	-0,02
5	Örsted	-0,02

Key Figures Oct

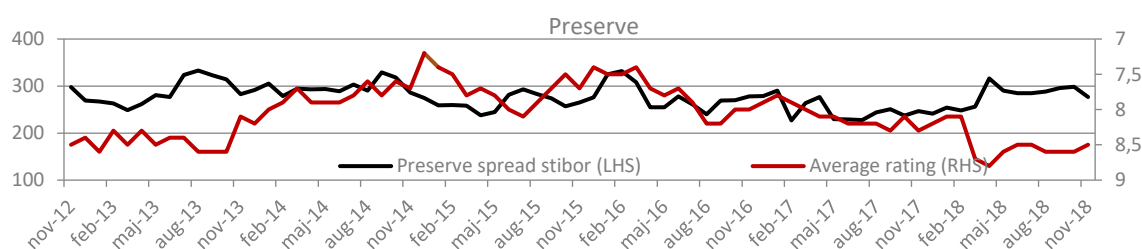
	Current	Last 3 yrs	Since Inception
Std. Dev.		0,7%	1,1%
Correlation (T-Bill)		-0,19	0,21
Positive Month. (%)		72%	80%
Best month (%)		0,7%	1,3%
Worst Month (%)		-0,4%	-0,8%
Portfolio yield	2,4%		
Avg. Weighted Interest Rate Duration	0,7	0,6	0,5
Credit Duration (years)	1,7	2,4	2,6

* Bloomberg

Performance since 2016



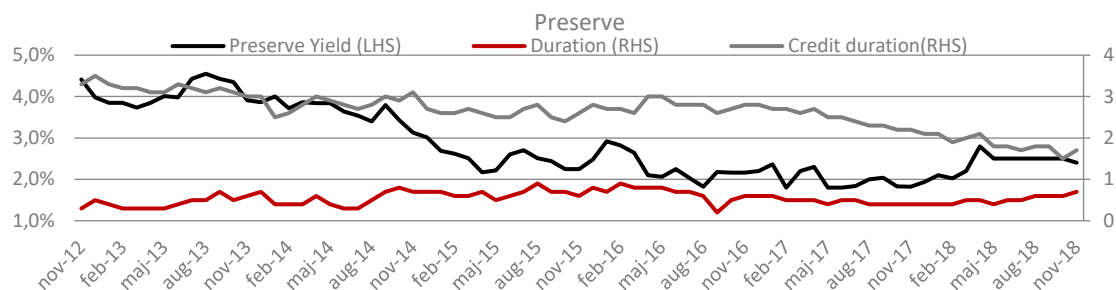
Spread Stibor & Average Credit Rating



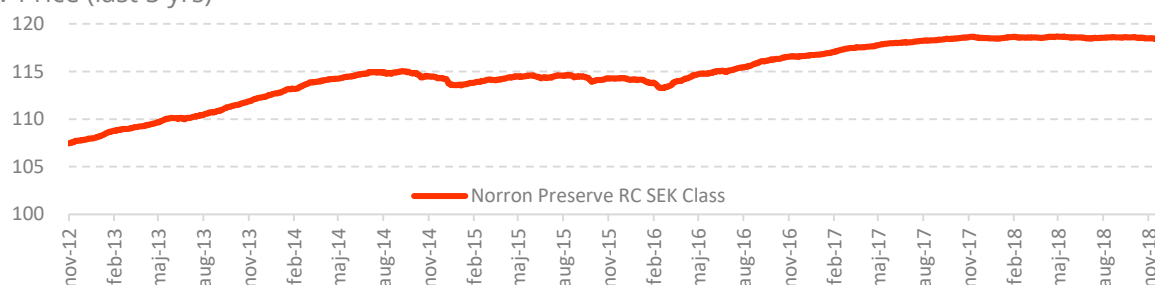
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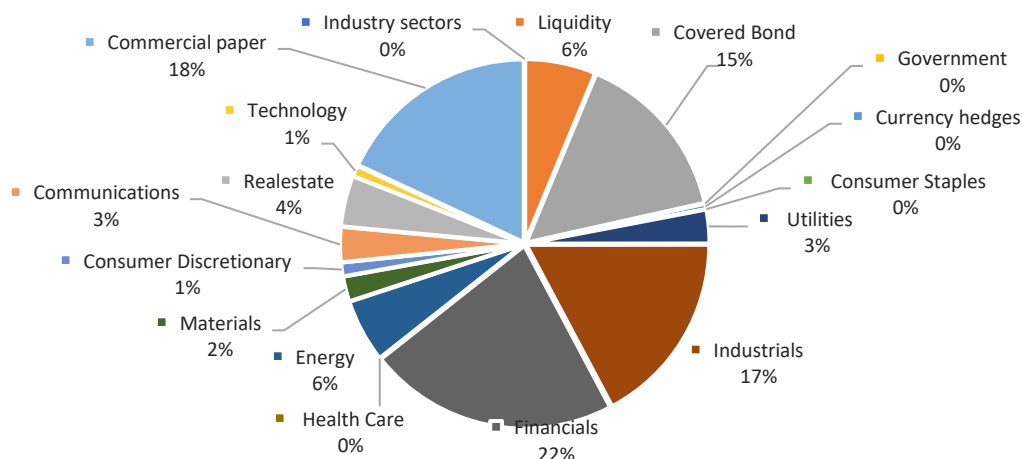
Yield, Duration & Credit Duration



NAV Price (last 5 yrs)



Industrial Breakdown



Fund Manager's comment:

November followed October as a negative month for many risk assets and especially credit markets. The only parts of the markets that delivered ok performance were treasury bonds in general and US investment grade markets. The macro data is holding off well, but the markets are expecting a direr scenario in 2019. The German 10-year yield is now below 30bp and US 10yr once again below 3 per cent yield. If the financial markets will lead the ordinary economy, or not, remains to be seen. One should bear in mind that the liquidity in all markets is very poor, we are approaching year-end and in Dec 2018, ECB will end its asset purchases. The oil markets went down by 20 per cent. The Iranian waiver for oil export pushed the market to oversupply. With all this in mind, the OPEC meeting on 7-8 Dec will be important.

Moreover, the FED altered their tone during the month by indicating that we are closer to neutral interest rate. This was interpreted as positive for the market at first, but this also means that we are closer to the next recession. The US and EUR credit markets experienced outflows in general and some flows in the SEK market. Little stress so far in

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the banking system measured by TED/Swap-spreads.

Finally, the Swedish credit spreads started to move. The trigger was Swedish Companies Castellum and Heimstaden Bostad, issuing EUR bonds at a much wider spread compared with were the overall Swedish markets levels. The SEK market still trades much tighter than EUR market. The EUR IG market has widened by 54bp this year, i.e. the spread has more than doubled, and is soon on the 20-year average, including the financial crisis 2008/2009. Hence, it is fair to say that the effect of ECB asset purchases is removed spread wise. Spreads in EUR of some 100bp in IG and 425-450bp in HY are regarded neutral from a valuation perspective. However, the market always over/under-shoot.

The fund had a performance of -0,22 per cent in November. The main positive contributors were Color line, Danske Bank AT1 and Icelandic Air. On the negative side were the positions in Jyske Bank AT1, Landsbankin and Intrum. The credit duration is shorter than average, and the fund has 39 per cent liquidity (covered bonds, commercial paper and cash).

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