MONTHLY REPORT – TARGET

Nov 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	-3,4	-0,8		**-0,8**
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 Nov

	Nov	YTD	Inception
Total Return (%)	-0,8%	-0,8%	33,0%
5YR CAGR (compounded annual growth rate)	N/A	N/A	2,7%
3YR CAGR (compounded annual growth rate)			2,2%
Correlation vs MSCI Nordic	0,6	0,5	0,6
Avg. 90D Volatility	3,8%	4,0%	3,3%
Avg. Fixed Income Cash Yield (by NAV)*	2,0%	2,0%	3,0%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB
Sharpe Ratio	N/A	N/A	1,0

Theoretical Sensitivity

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

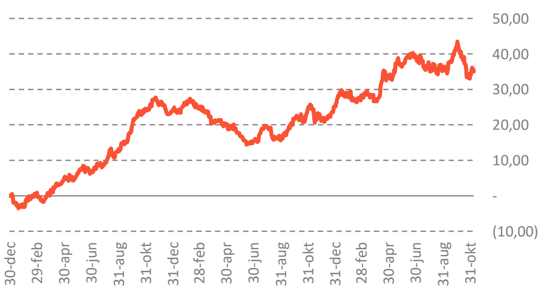
Positive Contributions

1	Atlantic Sapph	0,3
2	Ocean Yield	0,1
3	Nordic Semi	0,1
4	Atea	0,1
5	Fjordkraft	0,1

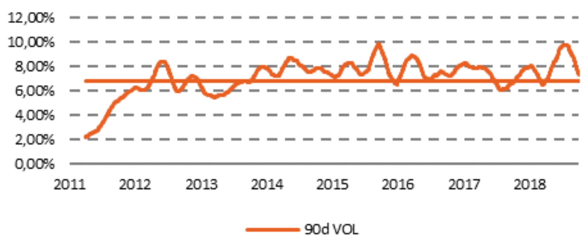
Negative Contributions

1	Aker	-0,8
2	Spectrum	-0,2
3	Kambi	-0,2
4	IAR Systems	-0,2
5	NRC Group	-0,2

Equity Alpha since 2016 (%)

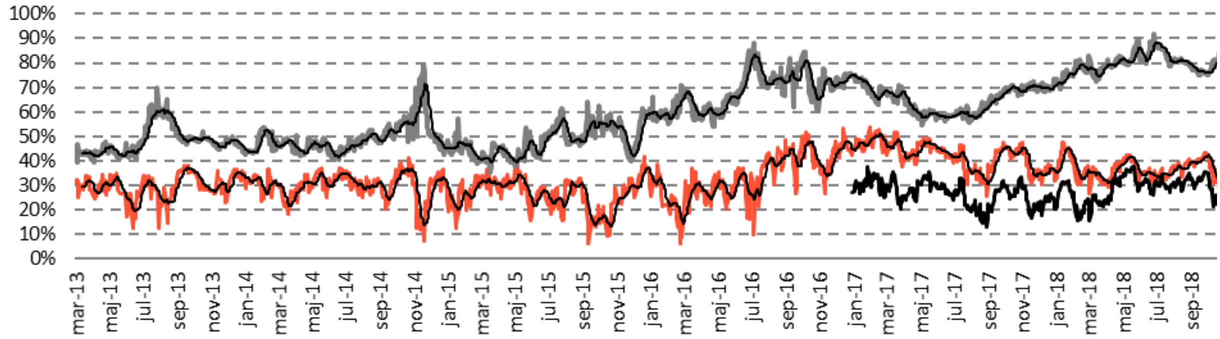


Volatility (90 day)



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

Equity Net & Gross Exposure (non-beta adj & beta adj.)



Fund Manager's comment:

November was yet another month with negative sentiment in the global financial markets. Most equity markets, and global bond markets, are now in negative territory in terms of returns year to date. In fact, when I look at my global multi asset monitor, which consists of 30 different global indices and asset classes (in local currencies), only 10% are in positive territory. This is the lowest reading in 15 years, even taking into account 2008. It is also an indication of the complexity of allocating capital in 2018. Obviously there has been very few asset classes to hide in, to protect capital in absolute terms.

The global top meeting agenda is very busy and tilted towards the end of the year. The outcome of the meetings very much dictates investors' attitudes towards the prospects for the global real economy looking into 2019, and of course has a direct effect on risk premia applied on financial assets.
So far, we have had delta positive results out from the federal reserve, commenting on the numbers of future rate hikes in a more cautious way than in previous statements. The outcome from the G20 meeting was also relatively market friendly, but with doubts on the robustness of the trade agreement between the US and China. The main representatives from the OPEC plus the coalition (KSRA & Russia), agreed to try to balance the effect of waivers given from the US, to some countries to continue to purchase oil from IRAN (net 1.4 million barrels/day). The market expects this to be formally communicated at the OPEC meeting on the 6th of December. The outcome of the Brexit negotiations is still very much unclear. The EU has stated and decided that the terms of the agreement are finalized, and the tricky part, to get the vote through the British parliament, will be tested during December.

The fund, although being very well hedged, suffered from the extreme volatility mainly in oil related holdings (oil being down >20% during the month). A continuation of negative flows in small cap stocks also contributed to a negative alpha effect of -0,5% for the month. Wider credit spreads also added -0,3% to returns, while our general directional hedges more than captured the negative effect of falling equity markets.
Equity net exposure are kept at low levels, and our gross exposure are being kept at levels around 75%, by reducing long positions, and buying back some short index exposure. Within the fixed income portfolio, we have continued to reduce our exposure to potentially further widening of domestic credit spreads.