



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – PRESERVE

Dec 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	-0,21	-0,41
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	Volvo Treasury	2,6
2	Swedbank Hypotek	2,3
3	Nykredit Realkredit	2,3
4	Landshypotek Bank	2,3
5	Skandia Banken	2,3

Positive Contributions

1	Iceland AIR	0,05
2	Ericsson	0,01
3	Landsbankinn	0,01
4	Akelius	0,00
5	Jyske Bank	0,00

Negative Contributions

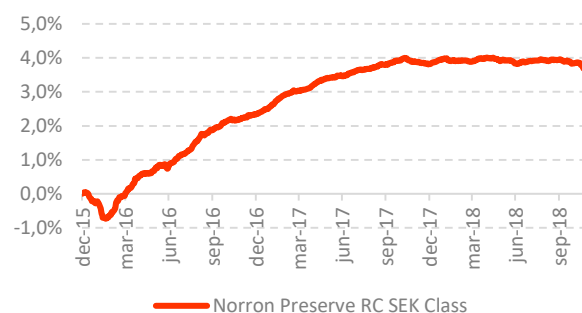
1	Teekay Shuttle	-0,03
2	Ocean Yield	-0,02
3	Gaslog	-0,01
4	Color Line	-0,01
5	Aker BP	-0,01

Key Figures Dec

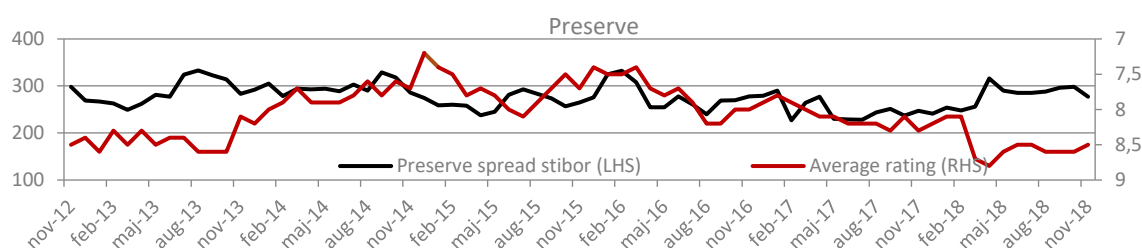
	Current	Last 3 yrs	Since Inception
Std. Dev.		0,7%	1,1%
Correlation (T-Bill)		-0,09	0,22
Positive Month. (%)		69%	80%
Best month (%)		0,7%	1,3%
Worst Month (%)		-0,4%	-0,8%
Portfolio yield	2,7%		
Avg. Weighted Interest Rate Duration	0,8	0,6	0,6
Credit Duration (years)	1,8	2,4	2,6

* Bloomberg

Performance since 2016



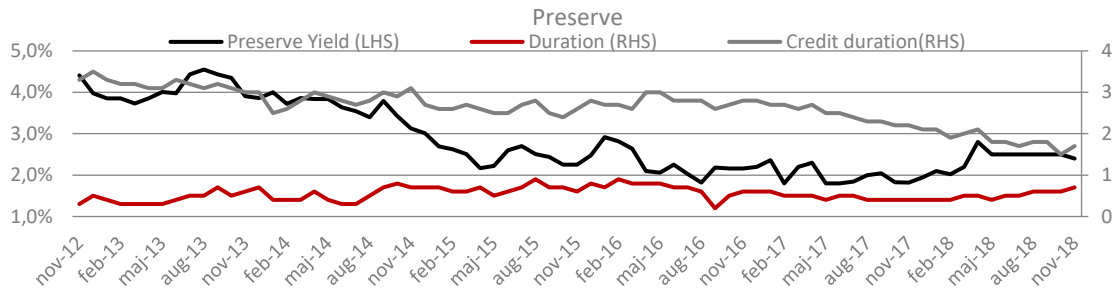
Spread Stibor & Average Credit Rating



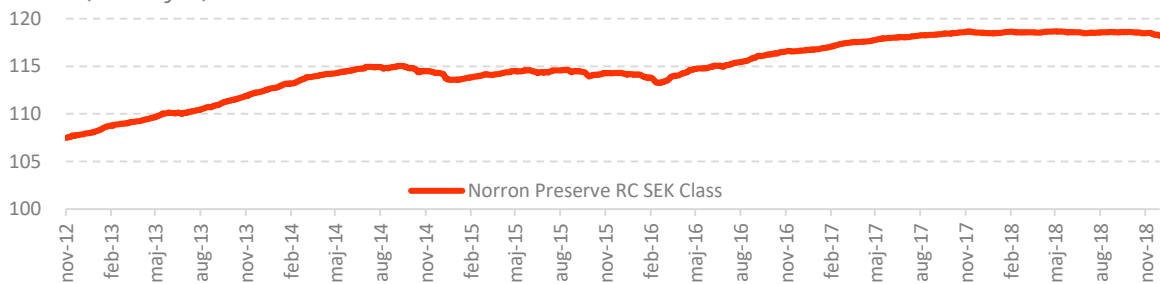
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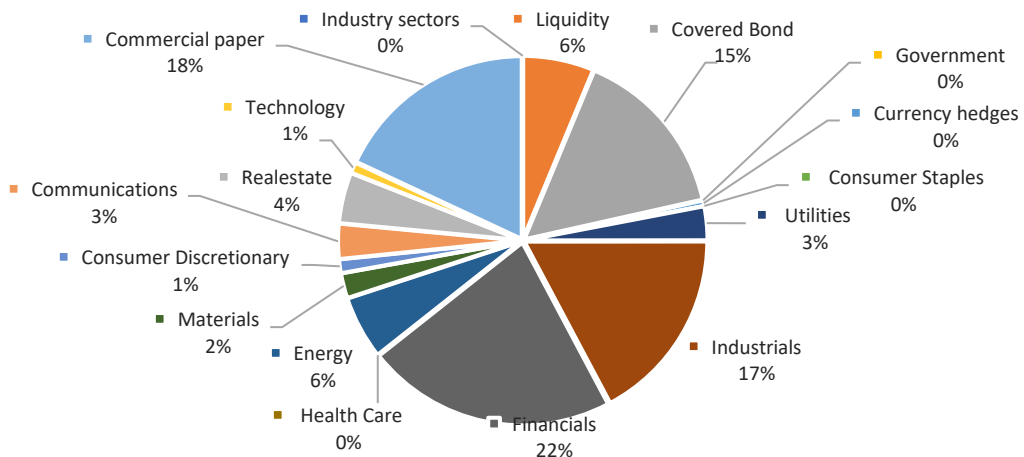
Yield, Duration & Credit Duration



NAV Price (last 5 yrs)



Industrial Breakdown



Fund Manager's comment:

December continued the trend we saw in October and November in credit markets and other risk markets, spread widening, mainly driven by outflows and general risk aversion. There is a lot to worry about such as Brexit, Trade War, future recession etc., in combination with year-end markets with low liquidity. Equity markets were down between 5-10 per cent in local currency and HY markets were down 0,5 – 2.5 per cent in the month. IG markets performed much better due to lower treasury interest rates during the month.

Looking at Q4 2018, it was an extraordinary quarter. S&P 500 had its the third worst quarter return- wise after Q4 2008 and Q4 2002.

Summarizing 2018 in major spread markets, US IG widened by 56bp to 147bp, EUR IG by 60bp to 94bp, US HY by 147bp to 522bp, EUR HY by 237bp to 453bp and SEK IG 18bp to 60bp. SEK IG market outperformed EUR IG markets

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by 42bp, which is a lot, hence there is little value in this market compared with EUR markets. Valuation-wise the markets are more attractive now compared with 12 months ago and it is also good from a forward-looking perspective that the markets have experienced large outflows. However, the spreads are not on historical highs. From a central bank perspective, Riksbanken finally increased the interest rate by 25bp and so did FED. FED is still in tightening bias mode but is using more dovish language and guided for fewer hikes during 2019. Looking forward, trees never grow to heaven and roots never to hell. There are still things to be worried about, but there is a lot of negative news discounted in the market. We have added some risk late December and early January in very liquid euro names, such as Vattenfall, Telia and Verisure. We would not be surprised to see some bear market rally the coming months.

The fund had a performance of -0,21 per cent in December. The main positive contributors were Landsbankin, Ericsson and Icelandic Air. On the negative side were the positions in Gaslog, Ocean yield and Teekay shuttle. The credit duration is shorter than average but we have increased the risk (credit duration) the last month to focus on EUR credits.

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