



NORRON
STOCKHOLM | OSLO

MONTHLY REPORT – SELECT
Jan 2019

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2019	0,91												0,91
2018	0,13	-2,81	-3,00	6,46	2,95	-0,98	5,38	-1,54	3,44	-2,16	-0,39	-2,85	4,1
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 Dec

	Jan	YTD	Inception
Total Return (%)	0,91%	0,91%	82,1%
5YR CAGR (compounded annual growth rate)	N/A	N/A	8,0%
3YR CAGR (compounded annual growth rate)	N/A	N/A	8,4%
Correlation vs MSCI Nordic*	0,5	0,5	0,6
Avg. 90D Volatility	7,2%	7,2%	7,5%
5Y Sharpe Ratio	N/A	N/A	0,9

* Bloomberg

Theoretical Sensitivity

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

Positive Contributions

1	Aker ASA	0,8
2	IBT	0,5
3	Atlantic Sapphire	0,5
4	Sandvik	0,5
5	AcadeMedia	0,5

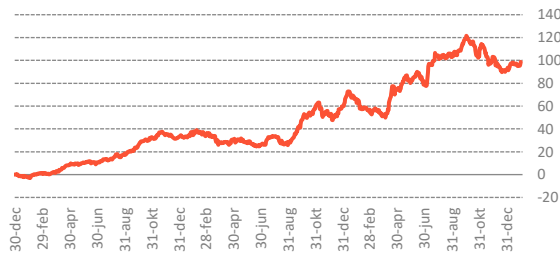
Negative Contributions

1	Cxense	-0,5
2	NRC Group	-0,4
3	Norwegian Air Shuttle	-0,3
4	Betsson	-0,2
5	Hansa Biopharma	-0,2

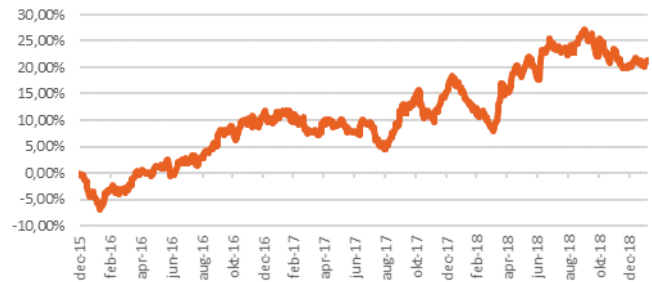
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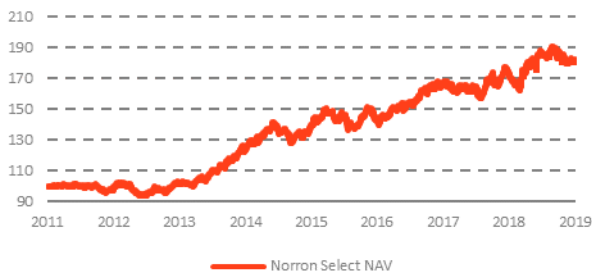
Equity Alpha



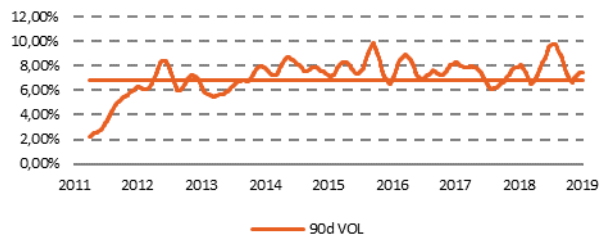
Performance since 2017



NAV Price



Volatility (90days)



Fund Manager's Comment

Norron Select increased by approx. 1% with a volatility of 7,2%, while the MSCI Nordic Index increased ~5% with a volatility of 16,5%. During the month we had a somewhat negative alpha in the overall portfolio. The net direction (beta, direction + hedge) was negative due to the portfolio hedge being higher than average.

In January the market took a steep positive turn, risk on, and gained more than 5%. Quite the opposite to what we witnessed in the fourth quarter sell-off. As the fund entered the new year with full handbrake in terms of hedging and low net exposure we were not surprised with posted return.

Valuations in equities (year-end) came down below average and markets were clearly oversold, hence a bounce were indeed awaited. Equities are now trading close to mid-point range compared to historical earnings. However, we think the rally last month has been a bit too fast and markets are currently overbought in the short-term. Uncertainty still persists, no (actual) news from China / Trump regarding trade talks, government shutdown and there are still worries about Brexit. We think reporting season and macro figures will be the most important data points during the month and going forward. Latest macro figures do show healthy levels in US but weakening indicators in Europe.

During the January bounce, we have not added any additional risk in the long portfolio in terms of net exposure, quite the opposite, we have added more outright shorts and reduced the exposure towards small/mid-caps. If markets would again take a downturn we believe it is prudent to have a portfolio that is less dependent on small caps and lower liquidity in the system, as we have obviously seen that many asset classes are pricing more conservatively, we believe markets will become more data dependent.

Net exposure is below 30% (beta adjusted), and the fund is hedged for any potential set back in the market. Highlighting again, the hedging profile is attractive, including both option strategies and futures.

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