MONTHLY REPORT – TARGET

Jan 2019

Historical return (%)

	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2019	1,2												**1,2**
2018	0,7	-0,2	-1,2	2,2	0,9	-0,1	0,0	-0,0	1,2	-3,4	-0,8	-2,4	**-3,1**
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 Jan

	Jan	YTD	Inception
Total Return (%)	1,2%	1,2%	32,0%
5YR CAGR (compounded annual growth rate)	N/A	N/A	2,1%
3YR CAGR (compounded annual growth rate)			3,2%
Correlation vs MSCI Nordic	0,7	0,7	0,6
Avg. 90D Volatility	5,0%	5,0%	3,5%
Avg. Fixed Income Cash Yield (by NAV)*	3,0%	3,0%	3,0%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB
Sharpe Ratio	N/A	N/A	0,5

Theoretical Sensitivity

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

Positive Contributions

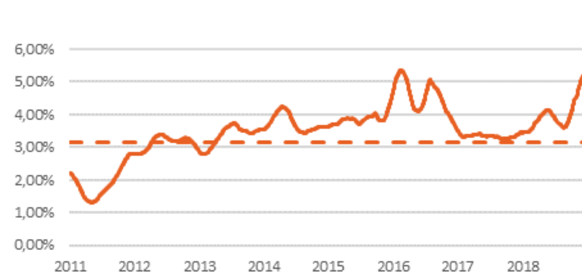
1	Aker ASA	0,7
2	Atlantic Sapphire	0,5
3	Sandvik	0,3
4	Volvo	0,2
5	AcadeMedia	0,2

Negative Contributions

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

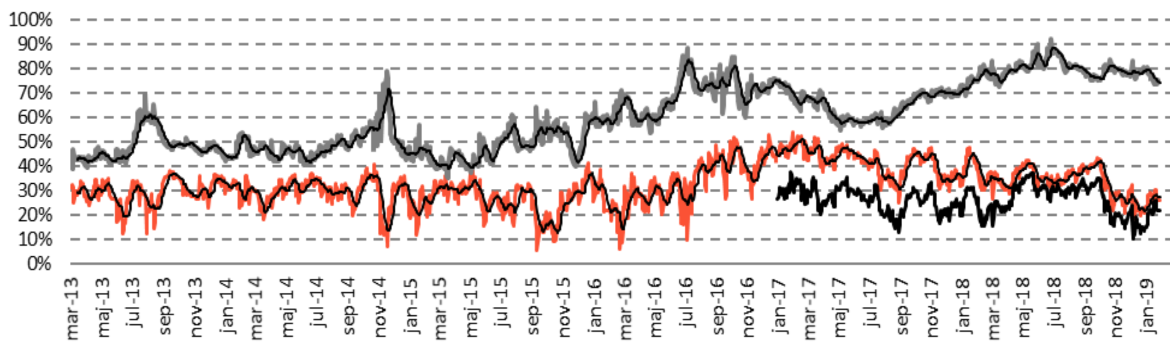
Equity Alpha since 2016 (%)

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:

The start of 2019 turned out to be almost the exact opposite to the market situation we witnessed at the end of 2019. The reason for the renewed optimism is the perception that the valuation of equities came down too much during q4 2018, and the change in the general wording from Federal Reserve. Also, market participants took the view that hopefully it will be clearer for politicians, that continued uncertainty regarding both trade deals, and the government shutdown in the US, will have serious consequences for the real economy, at a fragile part of the economic cycle. A moderation of earnings growth in conjunction with the reporting season, might also be good for equities. Earnings growth in the interval of 5-10 percent, instead of the unrevised expectations might be more aligned with realistic potential in 2019. That could still make equities the preferred asset class in the year to come.

To prepare for a potential bounce in the market, we actively took down our sensitivity towards falling volatility, by swapping part of the short book from derivatives to futures. We have continued to work on the structure of our long book, were holdings are grouped according to historical beta and correlation, making it easier to adopt a more meaningful hedge, in stressed market condition. The problems witnessed during q4 was mainly in our general equity market exposure, were we have taken down both the number of holdings and equity gross exposure. Sector exposure has been relatively neutral at the beginning of the year, but we have had stronger views towards company selection, both within capital goods and the banking sector. Our case/event sub strategies have continued to perform, and we still see good upside among our holdings in that category. High dividend yielding equities were one of the best strategies last year. We are actively looking to selectively add exposure to this category.