

Norron Active Monthly Report April 2019



Monthly Return

Active

4,32%

SBX

7,44%

Fund manager's comment:

The Nordic market developed strongly during April with Sweden outperforming the other markets (Stockholm Benchmark +7,4%). Finland, Norway and Denmark were more modest with an overall gain of around 2%. Large caps (OMX30) outperformed the small caps (CSX Sweden) with 3,1% signalling that investors were seeking market exposure rather than company specific triggers. The Swedish central bank kept rates unchanged but also told the market that they expect to increase rates later than previously thought, which brought the Swedish krona down vs both the dollar and euro by 2,5% during the month. This fuelled the Swedish exporters which made industrials the best performing sector (+11,5%). MSCI World (+3,8%) also performed well with US (4,1%) and Europe (5,5%), emerging markets were the underperformers (+2,6%).

On the macro front we still see an expanding economy in the US while Europe is still signalling a contraction, mainly driven by a continuous weak automotive market. China statistics were overall a tad better than anticipated.

During the month the majority of our holdings reported their first quarter, with Sandvik as our biggest contributor. The whole industrial sector reported stronger numbers than expected mainly driven by FX but also that new orders were not as bad as feared which has been the question mark since the trade war between the USA and China is still not resolved. Now the valuation of the industrials sector has come up to historical highs, which has made us reduce our exposure.

The banking sector delivered weaker than expected numbers if looking at the high quality rows, the net interest income (mortgage- and corporate lending) and net commission income, but was saved by better trading result. Especially the mortgage lending is now being hit by the niche players (SBAB, Länsförsäkringar, Hypoteket) offering more competitive deals to consumers which makes the large banks lowering their rates to be able to still grow their mortgage lending. We have no exposure to the two biggest banks in mortgage lending (Swedbank and Handelsbanken) but rather invest in the better performing corporate lending that we see in SEB.

Hansa Biopharma was hit by an approval delay from FDA, we have strong believes that an approval will come but with a delay of 6 months. Kindred (former Unibet) had performed well into the numbers but a lower result took the stock down on reporting day. This was mainly explained by greater marketing costs during the first 2 months driven by the fact that the Swedish market became regulated on 1st January 2019. These higher marketing costs will fade out during the year and in absolute terms be lower in the full year of 2019 vs 2018. In a regulated market the lower marketing cost could in the longer run lead to as much as 6 percentage points better margin.

Norron Active was up 4,3% and the SBX was up 7,4%. The main positive contributors were Sandvik, Volvo, Kinnevik, Husqvarna and SEB. The main negative contributors were Hansa Biopharma, Kindred, Aker ASA, Veoneer and Medcover.

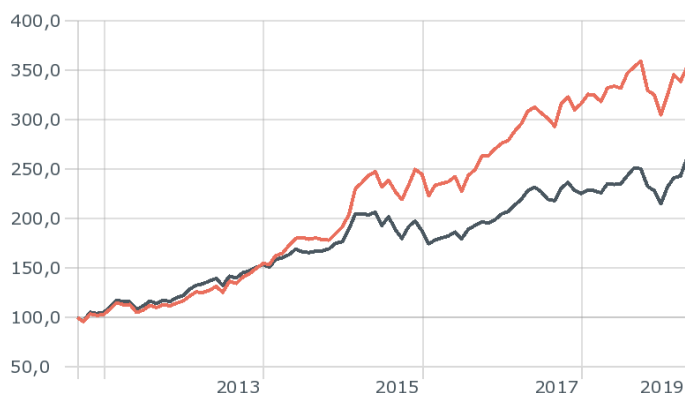
Monthly Returns

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2019 | 6,76 | 6,11 | -1,98 | 4,32 | | | | | | | | | 15,84 |
| 2018 | 2,88 | -0,23 | -2,03 | 4,38 | 0,49 | -0,61 | 4,63 | 1,79 | 1,71 | -8,31 | -1,27 | -6,30 | -3,66 |
| 2017 | 1,18 | 3,20 | 2,67 | 4,24 | 1,39 | -1,95 | -1,78 | -2,65 | 7,84 | 2,11 | -4,06 | 2,14 | 14,62 |
| 2016 | -8,92 | 4,76 | 0,80 | 0,79 | 2,10 | -6,04 | 7,03 | 2,43 | 5,43 | 0,16 | 2,57 | 2,12 | 12,75 |
| 2015 | 6,68 | 12,39 | 2,90 | 2,96 | 1,62 | -6,27 | 2,90 | -4,83 | -3,47 | 6,62 | 6,82 | -1,97 | 27,69 |
| 2014 | -0,22 | 5,50 | 1,47 | 4,85 | 4,08 | 0,53 | -1,01 | 0,80 | -1,07 | -0,19 | 3,68 | 3,75 | 24,19 |
| 2013 | 4,47 | 3,04 | -0,27 | 1,61 | 3,14 | -4,54 | 8,92 | -1,60 | 4,59 | 2,57 | 3,71 | 3,18 | 32,13 |
| 2012 | 5,45 | 5,94 | -1,77 | 0,23 | -7,15 | 2,26 | 4,48 | -1,95 | 2,74 | -1,15 | 2,36 | 2,05 | 13,51 |

CAGR

| | YTD | 1 Year | 3 Years | 5 Years | Inception |
|---------------------------------------|-------|--------|---------|---------|-----------|
| Norron Active | 15,84 | 6,31 | 14,16 | 15,35 | 18,75 |
| NASDAQ OMX Stockholm Benchmark GR SEK | 21,50 | 10,99 | 12,69 | 9,81 | 14,03 |

NAV (Since Inception)



— Norron Active RC SEK

— NASDAQ OMX Stockholm Benchmark GR SEK

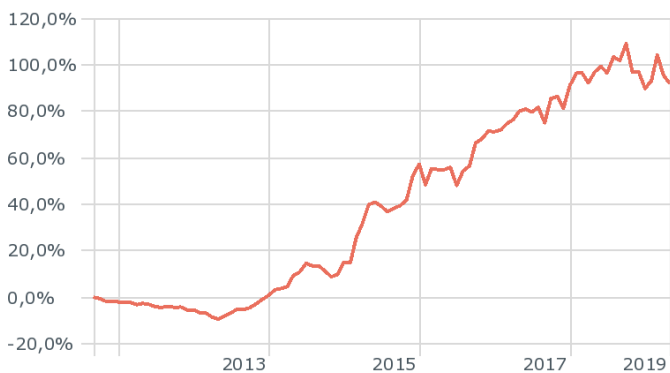
| | |
|----------------|---------------|
| ISIN | LU0619829491 |
| Inception Date | 2011-09-02 |
| Fund Size | 5 045 435 362 |
| Base Currency | Swedish Krona |

Fund manager: Gustaf Sjögren (head)
Team: Oskar Ormegard, Ulf Frykhammar, Marcus Plyhr & Joachim Sverre

Performance since inception:

| | |
|---------------------------|--------|
| Cumulative Return | 268,19 |
| Correlation | 0,92 |
| Sharpe Ratio | 1,34 |
| Information Ratio (arith) | 0,90 |
| Beta | 1,00 |
| Tracking Error | 5,24 |

Norron Active vs. SBX Index (Relativ Performance)



Top Holdings End of Month

| Company | Portfolio Weighting % |
|------------------------------------|-----------------------|
| Volvo AB B | 5,82 |
| Sandvik AB | 5,54 |
| Skandinaviska Enskilda Banken AB A | 4,66 |
| Electrolux AB B | 4,43 |
| Kinnevik AB B | 4,42 |
| Hexagon AB Class B | 4,03 |
| IAR Systems Group AB B | 4,00 |
| Aker ASA A | 3,96 |
| Husqvarna AB B | 3,91 |
| Skanska AB B | 3,72 |

-Norron Active RC SEK

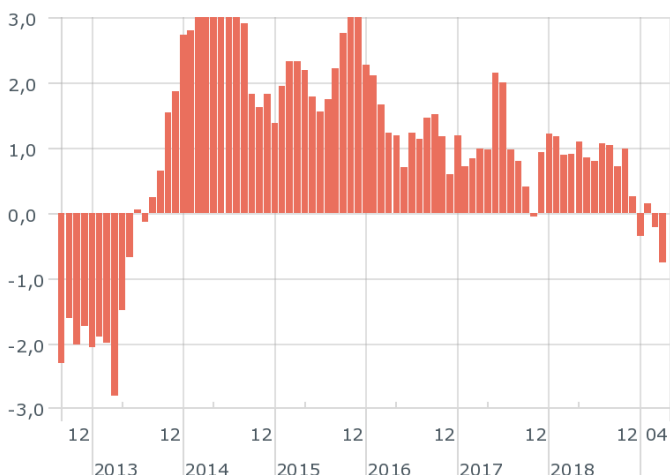
Tracking Error

Rolling Window: 1 Year 1 Month shift Calculation Benchmark: NASDAQ OMX Stockholm Benchmark GR SEK



Information Ratio

Rolling Window: 1 Year 1 Month shift Calculation Benchmark: NASDAQ OMX Stockholm Benchmark GR SEK



-Norron Active RC SEK

■ Norron Active RC SEK