

## Norron TARGET SEK Class - Monthly Report Sept 2017

Historical Return (%)													
	jan	feb	mar	apr	maj	jun	jul	aug	sep	okt	nov	dec	year
2017	0,2	0,4	-0,2	1,2	-0,2	-0,9	0,6	-1,3	2,5				2,26
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 Sept 2017			
	Sept'17	YTD	Inception
Total Return (%)	2,49%	2,26%	33,95%
5YR CAGR (compounded annual growth rate)	N/A	N/A	5,2%
Correlation vs MSCI Nordic	0,7	0,7	0,7
Avg. 90D Volatility	3,4%	3,5%	3,3%
Avg. Fixed Income Cash Yield (by NAV)*	1,7%	1,7%	3,0%
Avg. Fixed Income Exposure*	55%	50%	56%
Avg. Credit Rating Fixed Income Portfolio*	BBB+	BBB	BBB
Sharpe Ratio	N/A	N/A	1,6

Positive Contributions (%)		
1	Aker ASA	0,44
2	Mycronic AB	0,37
3	Volvo AB	0,21
4	Norwegian Air Shuttle ASA	0,15
5	International Petroleum Corp AB	0,15

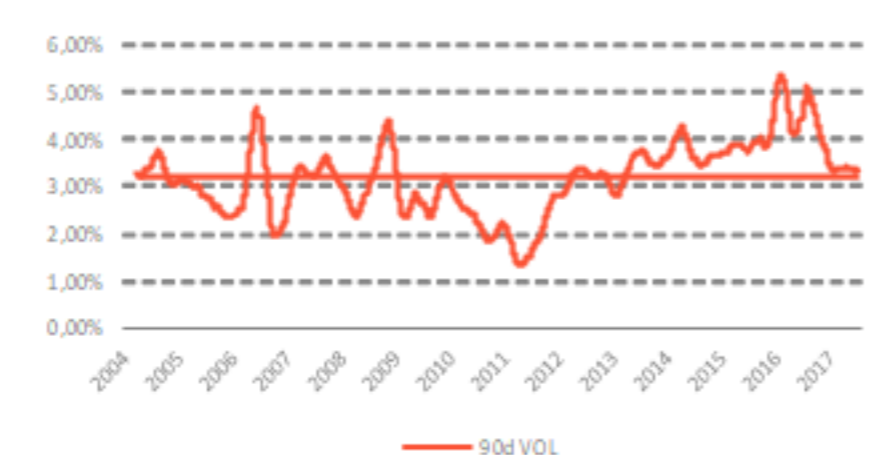
Negative Contributions (%)		
1	Hoegh LNG Holdings	-0,06
2	Northern Drilling Ltd	-0,03
3	Wallenius Wilhelmsen Log	-0,03
4	Nordic Water Proofing AS	-0,03
5	Ahlsell AB	-0,02

Theoretical Sensitivity	
Equities +10%	4%
Equities -10%	-2%
Volatility +50%	1%
Volatility -50%	-2%
Credits -150bps	1%
Credits +150bps	-1%

NAV Price (graph 3)



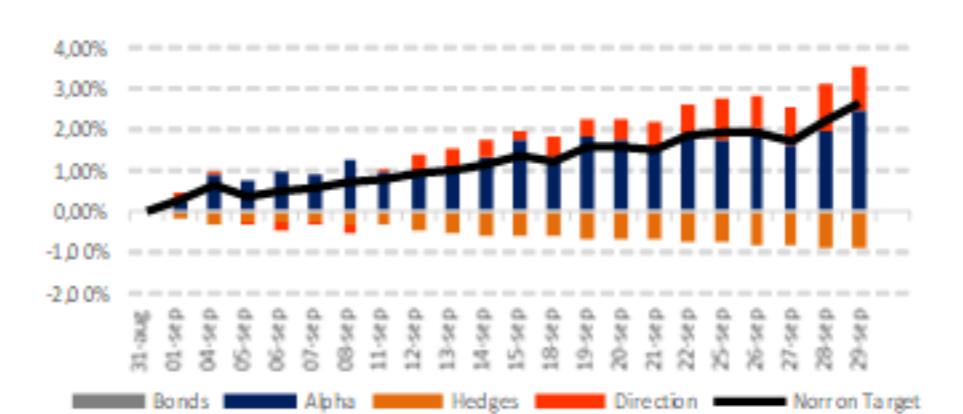
Volatility (90d) (graph 5)



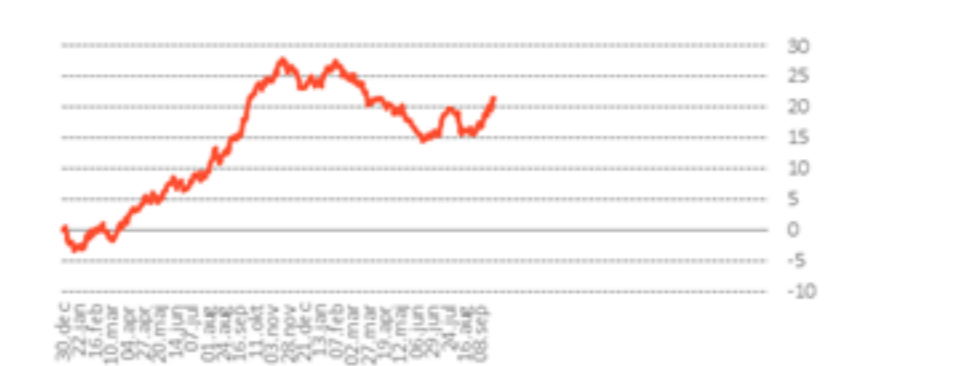
Fund Manager Comments

September was a comeback month for the fund, which posted its largest positive return since inception. We are especially pleased with the strong reversal in our equity alpha, which was the main contributor to the September result. The top five performers are all within either our case portfolio, or included in our thematic long positions. Notable events among our holdings were Mycronic, who announced its largest order ever, which led to a reversal in the scenario built by many international short sellers, who had to cover their positions. As a consequence, the share price of Mycronic increased by 46 percent during the month. Aker ASA benefitted from higher oil prices (+11,5%) and a general catch up among oil service companies, who have been lagging the oil price during the last two quarters. Some well positioned strike prices among our equity derivatives (Yara, DNB and Storebrand) lifted both our net positions and contributed to the directional return of the fund. During the month, investors also came to put aside the risk premium connected to geopolitical tensions, and instead (and again) started to focus on the positive developments in the real economy. Within the equity part of the portfolio, we continue to have a tilt towards cyclical recovery, increased industrial Capex, and higher interest rates. Indications we get from our market neutral models, are signaling a preference for the Swedish market, and a tilt towards selective defensive companies. Entering the traditional strong fourth quarter of the year, it is important to keep track of the earnings season, and adjust net positions accordingly, when reports are released, and to process outlook statements that can influence estimate trends going forward. Volatility is at multi-year lows, which continues to benefit our hedging profile. Tailoring the hedging profile, does not only mean taking care of the downside, but also includes the ambition to capture further positive gains in the direction of the Nordic equity markets.

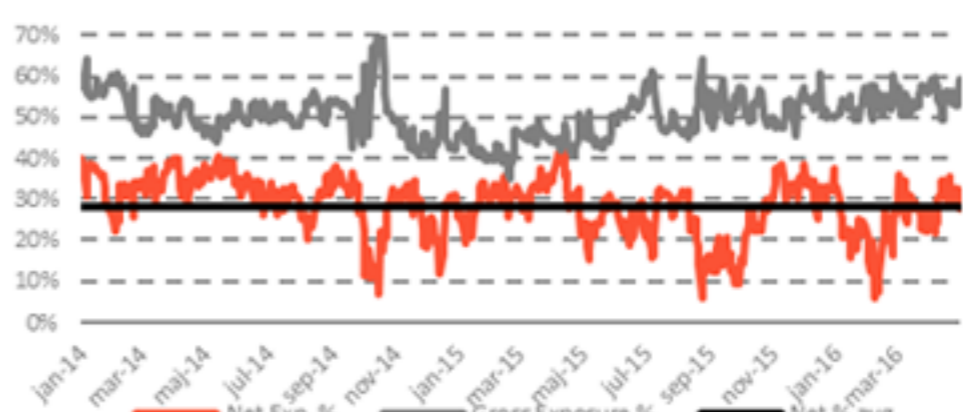
Contributions (Sept'17) (graph 1)



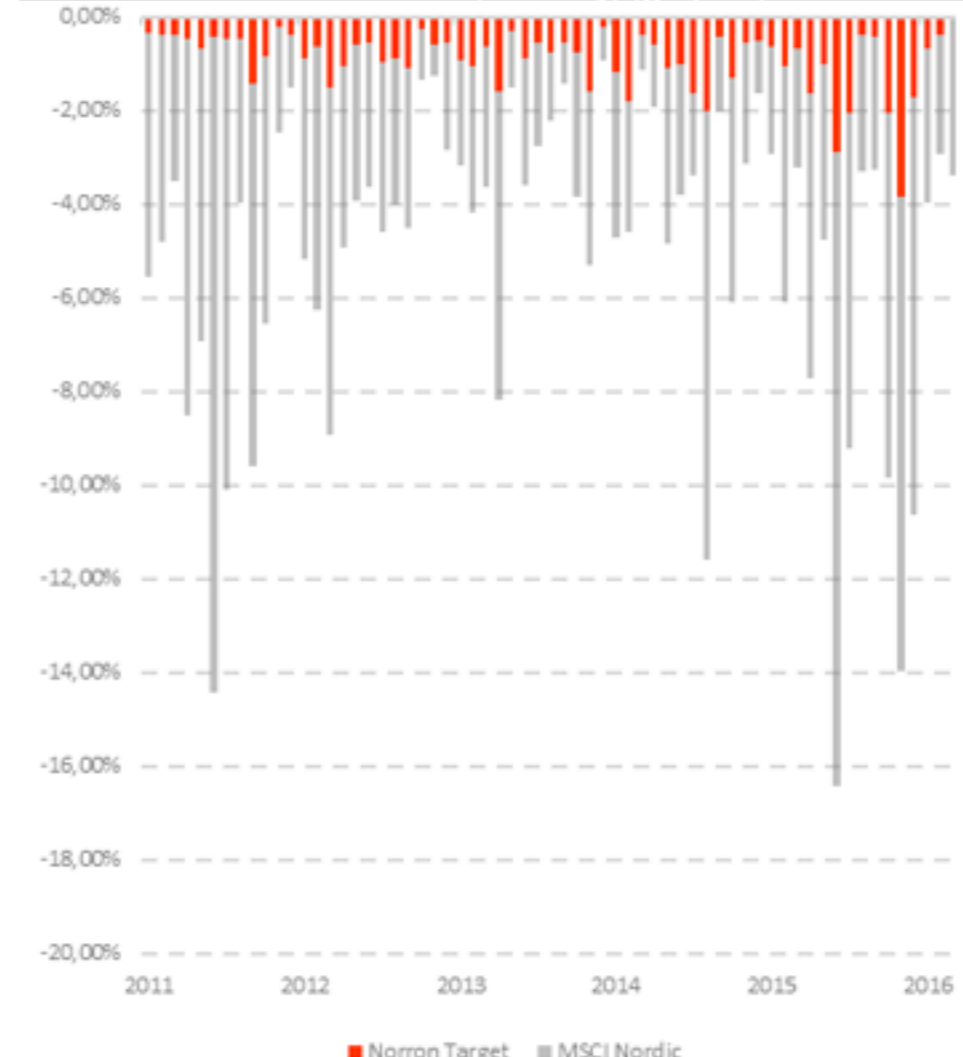
Equity Alpha since 2016 (%) (graph 2) \*\*



Equity Net & Gross Exposure (graph 4)



Max Drawdown\* (monthly) (graph 6)



\* The largest monthly drop from a peak to a bottom in a subperiod over the time frame specified. It measures the magnitude of the worst loss an investor could have incurred by investing in that security. Source: Bloomberg