

Arctic Norwegian Equities Monthly Report April 2019



FUND COMMENTS

Arctic Norwegian Equities (Class I) gave 2.07% return in April versus 1.94% for the OSEFX benchmark index. Year to date the fund has returned 8.46% compared to 10.74% for the OSEFX. Since inception the fund has returned 135% versus 107% for the benchmark.

In April positive attribution for the Fund versus the benchmark index came from overweights in Elkem and B2 Holding, and underweight in Schibsted. Elkem announced results for the first quarter which were in-line with market expectations. Results were down from the corresponding quarter last year due to lower Chinese silicone prices. However, Chinese silicone prices have risen year-to-date and Elkem expects higher operating results going forward. The B2 Holding share recovered somewhat in April, without significant company news. B2 Holding's results for the fourth quarter were weaker than expected due to delayed collections on secured NPLs, especially relating to one liability in Croatia. Schibsted was split in two companies in April; Schibsted with Nordic media and online classifieds assets like Finn.no and Blocket.se, and Adevinta with international online classifieds websites like Leboncoin.fr, OLX.br, in addition to sites in Spain and Italy. The Schibsted share fell following the split.

In April negative attribution for the Fund versus the benchmark index came from overweight in Atea, and underweights in Gjensidige Forsikring and NEL. Atea's results for the first quarter were weak in Denmark, and there was somewhat low margins in Norway. The company had more orders from private customers in Denmark in Q1, but fewer orders from the public sector. Management still expects strong growth in Danish results in the second half of 2019. The fund is underweight in Gjensidige Forsikring. Gjensidige sees a turnaround in Motor profitability, on the back of price increases in the segment. The company recorded fewer large claims and fewer weather related claims in the first quarter of 2019. The Gjensidige share is expensive, but is helped by improved underwriting profitability and a solid dividend. The share of NEL rose in April. The company won an order for electrolyzers to produce fossil free steel from a joint venture between SSAB, LKAB and Vattenfall.

Year to date the strongest attributors include overweights in Elkem and BW Offshore, as well as underweight in Lerøy Seafood. The weakest attributors include overweight in NRC Group, and underweights in DNO and Tomra.

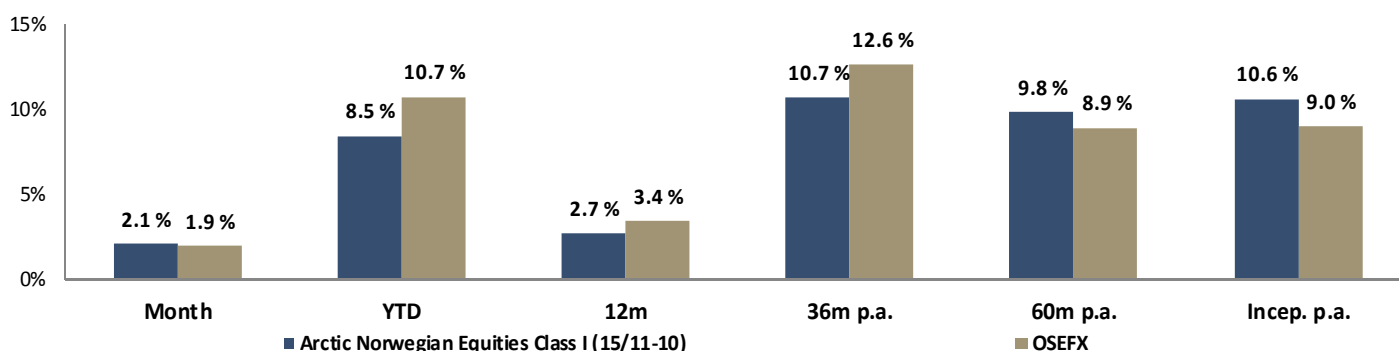
Oslo, May 2019

Albert Collett
CIO

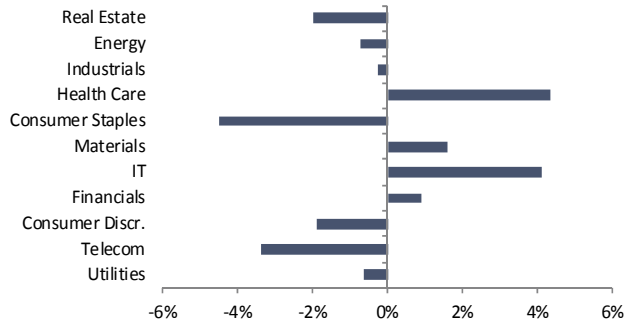
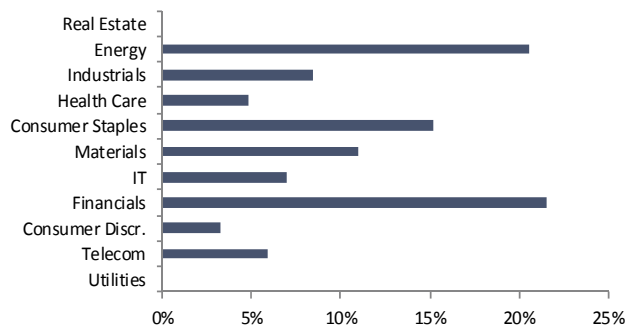
Alexander Larstedt Lager
Portfolio Manager

ABOUT THE FUND

The investment objective is to achieve long-term capital appreciation primarily through equity investments in companies listed or traded on markets in Norway. The Fund may be considered as a focused equity fund – a “stock picker”. Our investment team has long experience in challenging the market consensus and invests only in companies and sectors we have knowledge of and understand. We seek to achieve the investment objective through active portfolio management based on competence and analysis of companies, sectors, markets and the macro-economic outlook. This results in selective company investments. There are no limitations of which sectors within the Norwegian stock market the Fund may invest in. The portfolio composition may deviate significantly from the reference index. The Fund's reference index is the Oslo Stock Exchange Mutual Fund Index (OSEFX) which is a total return index. The Fund is a UCITS fund.



FUND COMPOSITION END OF MONTH



10 largest positions			
DNB Bank ASA	9.7%	Yara International ASA	4.8%
Mowi ASA	7.0%	Vaccibody AS	4.6%
Equinor ASA	6.8%	Atea ASA	4.5%
NRC Group ASA	6.2%	Elkem ASA	3.2%
Telenor ASA	5.9%	Norsk Hydro	3.1%

5 largest overweights	+/-	5 largest underweights	+/-
NRC Group ASA	6.2%	Telenor	-3.4%
Vaccibody AS	4.6%	Tomra Systems	-2.7%
Atea	3.6%	Orkla	-2.7%
Elkem ASA	3.2%	Equinor ASA	-2.1%
B2Holding ASA	2.5%	Gjensidige Forsikring A	-1.8%

FUND PERFORMANCE AND RISK FIGURES —CLASS I NOK

	Month	3 months	6 months	YTD	1 year	3 years	5 years	Since launch
Fund	2.1%	4.6%	-1.2%	8.5%	2.7%	35.7%	59.7%	135.1%
Benchmark	1.9%	5.8%	-0.2%	10.7%	3.4%	42.9%	53.5%	106.9%
Difference	0.1%	-1.2%	-1.0%	-2.3%	-0.8%	-7.2%	6.2%	28.1%
Vinx Nordic Net, NOK	2.9%	8.4%	9.8%	11.9%	7.1%	30.1%	52.3%	112.6%
Euro Stoxx 600, EUR	3.8%	10.3%	9.8%	17.3%	4.5%	24.6%	32.9%	83.0%
S&P 500 TR, USD	4.0%	9.5%	9.8%	18.2%	13.5%	51.6%	73.3%	193.5%
MSCI AC World, LC	3.6%	8.5%	9.4%	16.3%	7.5%	41.3%	53.0%	118.2%

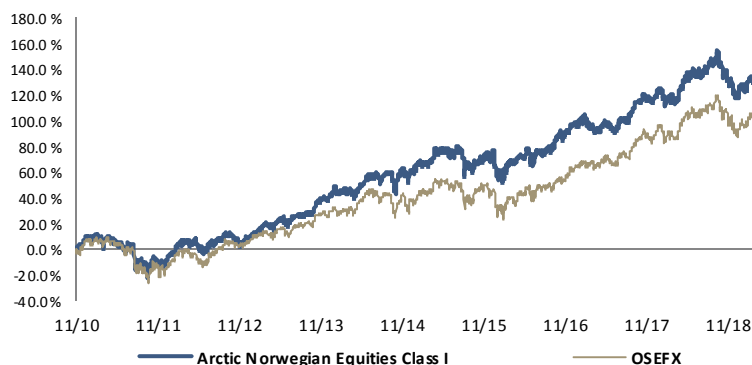
5 top contribut. year to date	Fund weight	Fund return	Contribution
Dnb Asa	10.3%	19.9%	1.96%
Elkem Asa	3.1%	60.4%	1.44%
Yara International A	5.0%	16.7%	0.85%
Aker Bp Asa	3.1%	32.7%	0.82%
Bw Offshore Ltd	1.7%	51.7%	0.66%

5 bottom contribut. year to date	Fund weight	Fund return	Contribution
Nrc Group Asa	6.3%	-15.2%	-1.14%
Norwegian Air Shuttl	0.4%	-63.8%	-0.42%
Kolonial.No	1.3%	-14.0%	-0.19%
Norsk Hydro Asa	2.9%	-5.7%	-0.17%
Salmar Asa	1.9%	-8.4%	-0.16%

Portfolio characteristics	Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio
Arctic Norwegian Equities	9.1%	1.1	3.0%	-0.6
Benchmark	9.8%	1.2		

*) Based on 36 months rolling performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	3.69%	2.82%	-0.34%	2.07%									8.46%
2018	-0.59%	0.34%	-1.79%	6.33%	2.10%	0.83%	1.38%	2.75%	2.32%	-5.34%	-3.07%	-5.98%	-1.40%
2017	-0.10%	-0.87%	-2.12%	1.68%	0.72%	-1.70%	4.13%	1.08%	5.18%	2.28%	-0.87%	1.53%	11.22%
2016	-8.62%	2.65%	1.28%	3.19%	2.45%	-2.94%	1.65%	1.75%	2.42%	3.82%	1.80%	2.48%	11.85%
2015	4.11%	0.12%	1.53%	3.45%	0.94%	-1.80%	1.84%	-5.80%	-2.34%	3.05%	2.87%	2.23%	10.19%
2014	0.79%	2.67%	-0.32%	0.71%	3.31%	2.66%	0.43%	0.49%	0.97%	-1.01%	-0.22%	2.03%	13.15%
2013	4.40%	5.27%	-0.66%	2.24%	3.70%	-3.49%	3.93%	0.44%	1.46%	6.51%	4.29%	-0.03%	31.37%
2012	5.26%	9.20%	0.42%	0.97%	-7.84%	4.40%	1.93%	2.59%	2.13%	-2.45%	-1.75%	1.67%	16.68%
2011	-2.89%	2.19%	-0.17%	-0.06%	-3.43%	-2.25%	-1.08%	-8.59%	-9.19%	9.65%	-2.28%	2.43%	-15.78%
2010*										0.30%	9.46%		9.78%



Disclaimer: Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. Arctic Fund Management AS seeks to the best of its ability to ensure that all information given in this report is correct, however, makes reservations regarding possible errors and omissions. Statements in the report reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. Arctic Fund Management AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Employees of Arctic Fund Management AS may be owners of securities issued by companies that are either referred to in this rapport or are part of the fund's portfolio.