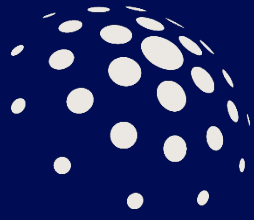




December 2023

# Arctic Funds Plc

## Investment Manager Reports



# ARCTIC RETURN

December 2023

## ABOUT THE FUND

Arctic Return is a liquidity fund with proven track record.

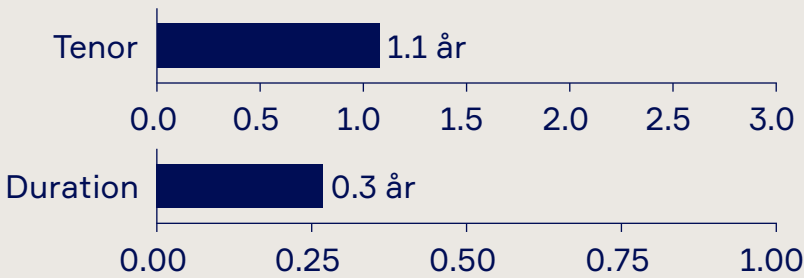
Through active management and good “craftsmanship” the fund has achieved a competitive annual return over life.

We manage our portfolio from active selection in the short-term Nordic credit market. Based on credit-analyzes and assessments of the interest and credit markets, active positions are taken in short-term bonds where we find the best risk reward.

The portfolio is well diversified and highly liquid, with low volatility and an absolute return focus.

6.0%

Running yield



AUM	NOK 7,481m
Start date	15.11.2010
Reference index	N/A
Fund type	Fixed Income Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	2
Portfolio managers	Cathrine Foyn
	Trond Tømmerås
	Vegard Kjølhamar

## FUND COMMENTS

Arctic Return gave a return of 0.61% in December and 6.47% for 2023.

The fund's running yield at the start of 2023 was 5.2% and the difference between that and the return our customers have received, 6.47%, can be attributed to the rate hikes Norges Bank made throughout the year. This is in line with what we have communicated in several monthly letters through 2023, that rate hikes from Norges Bank are positive for the fund's return.

Arctic Return continues to deliver strong returns relative to its competitors also in 2023. The fund is among the best in its group at Morningstar, maintaining their highest score (5 stars).

2023 was another year filled with major geopolitical challenges with the ongoing war in Ukraine, which in October was followed by in a new war between Hamas and Israel. Despite this gloomy backdrop, risk sentiment in the markets lifted towards the end of the year, and stock markets rose sharply after having moved sideways for much of 2023. Furthermore, long-term interest rates and credit spreads fell both internationally and in the Nordics. The background for this changed sentiment was that the Federal Reserve (FED) "guided" for lower interest rates in 2024. Powel stated that the FED has started talking about lowering rates and that it seems that there is a consensus in the FOMC that interest rates will be lowered in 2024. The market is now pricing in a total of 6 interest rate cuts.

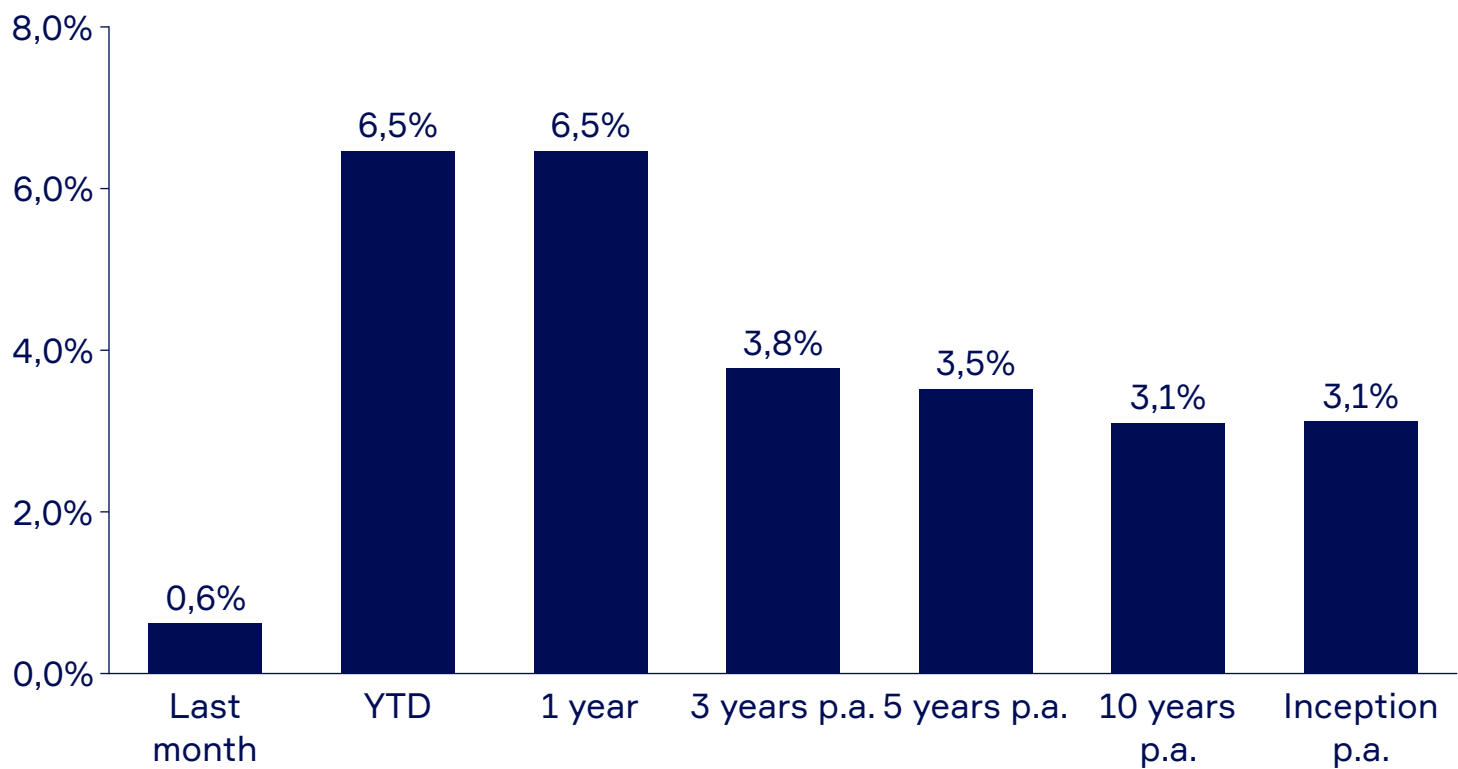
In December, Norges Bank surprised the market and raised rates by 25bp to 4.5%, and was thus the only central bank to hike rates. However, this did not significantly affect the short-term NIBORrates, which rose by only 4 bp in December, while the corresponding STIBOR interest rates were unchanged. In 2023, 3-month NIBOR increased by 147 bp to 4.73% while Swedish STIBOR rates increased by 130 bp to 4.05%. Norges Bank indicates that rates have peaked, and the yield curve guides that the first rate cut will come in the second half of 2024. The market is now pricing in more than 5 rate cuts throughout the year. Credit spreads for most Investment Grade bonds fell through 2023 and especially for industrial bonds and selected Swedish property bonds. However, the spreads for municipal and covered bonds (5 years) increased by 4-5 bp in both Norway and Sweden. Credit spreads for bank bonds (5 years) in Norway and Sweden fell by 5 and 8 bp, while subordinated loans in NOK fell by 30 bp and corresponding bonds in SEK fell between 50 and 130 bp. Industrial bonds in Norway fell by 30-60 bp, while those in Sweden fell by 15-30 bp.

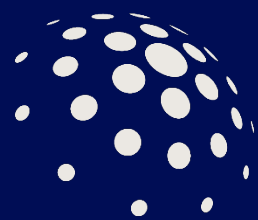
Issuance activity for Investment Grade bonds was high throughout 2023 but subsided towards the end of the year. We did not take part in any new issues in December but used the secondary market actively and found decent value here. Normally, liquidity in the market is worse close to the turn of the year, but this was not the case this time. There was a lot of cash available in the market looking for a home before the New Year.

Arctic Return has a running yield of 6.0 % and duration of 0,3 year entering 2024.

## A FIXED INCOME FUND PROVIDING CONSISTENT RETURN WITH LOW VOLATILITY

Return p.a.





# ARCTIC RETURN

## Portfolio Return

### FUND COMPOSITION

#### 10 largest positions

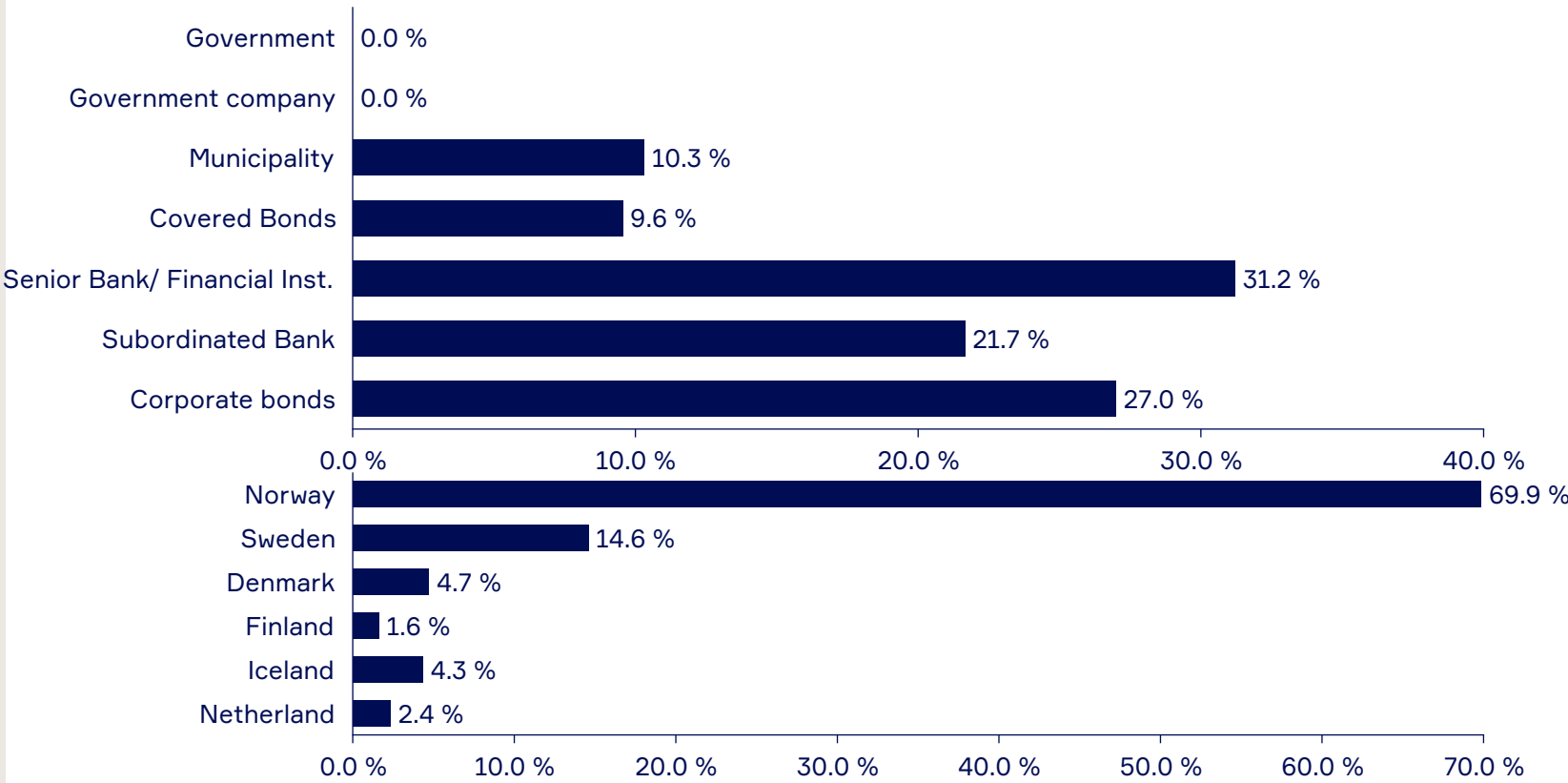
DNB Bank ASA	6.2 %
Nordea Eiendomskreditt AS	4.4 %
KLP Kommunekreditt AS	2.4 %
Landsbankinn hf.	2.2 %
OBOS-banken AS	2.1 %
SpareBank 1 SR-Bank ASA	2.0 %
Atrium Ljungberg AB (publ)	2.0 %
Danske Bank A/S	1.9 %
DFDS A/S	1.8 %
Brage Finans AS	1.8 %

Rating	Credit duration
AAA omf/11.0%	2.0 år
AA / 16.6 %	0.5 år
A / 15.3 %	1.1 år
BBB / 29.0 %	1.0 år
BB / 3.1 %	0.8 år
IR / 23.5 %	1.1 år

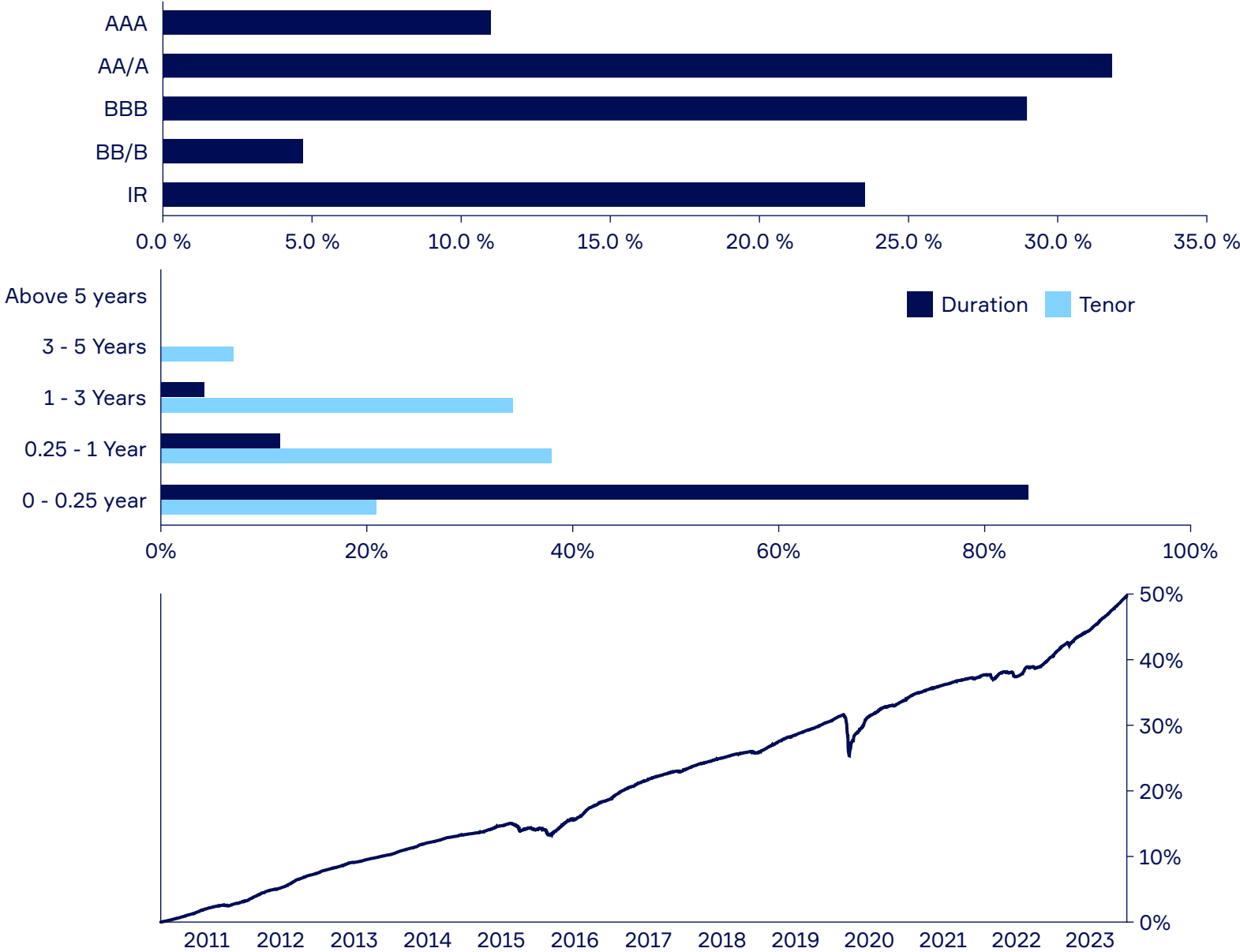
Risk Measure	Fund
Standard Deviation	0.9 %
Sharpe Ratio	2.5

Disclaimer  
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### SECTOR DISTRIBUTION

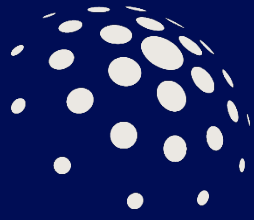


### FUND PERFORMANCE – CLASS I NOK



### HISTORISK MÅNEDLIG AVKASTNING SIDEN 2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	0.69%	0.53%	0.19%	0.57%	0.43%	0.32%	0.60%	0.65%	0.46%	0.63%	0.61%	0.62%	6.47%
2022	0.20%	-0.31%	0.29%	0.34%	-0.06%	-0.47%	0.35%	0.66%	-0.08%	0.20%	0.59%	0.61%	2.33%
2021	0.44%	0.28%	0.23%	0.24%	0.19%	0.20%	0.17%	0.25%	0.14%	0.14%	0.02%	0.24%	2.57%
2020	0.42%	0.02%	-3.46%	1.62%	0.81%	1.10%	0.44%	0.49%	0.24%	0.05%	0.40%	0.38%	2.44%
2019	0.36%	0.41%	0.35%	0.41%	0.28%	0.22%	0.33%	0.26%	0.24%	0.33%	0.31%	0.31%	3.86%
2018	0.30%	0.27%	0.19%	0.21%	0.24%	0.17%	0.23%	0.21%	0.11%	0.16%	-0.01%	0.04%	2.14%
2017	0.61%	0.43%	0.40%	0.31%	0.38%	0.28%	0.28%	0.21%	0.20%	0.26%	-0.03%	0.33%	3.73%
2016	-0.15%	-0.61%	0.57%	0.69%	0.62%	0.08%	0.45%	0.89%	0.45%	0.40%	0.29%	0.31%	4.05%



# ARCTIC NORDIC CORPORATE BOND

December 2023

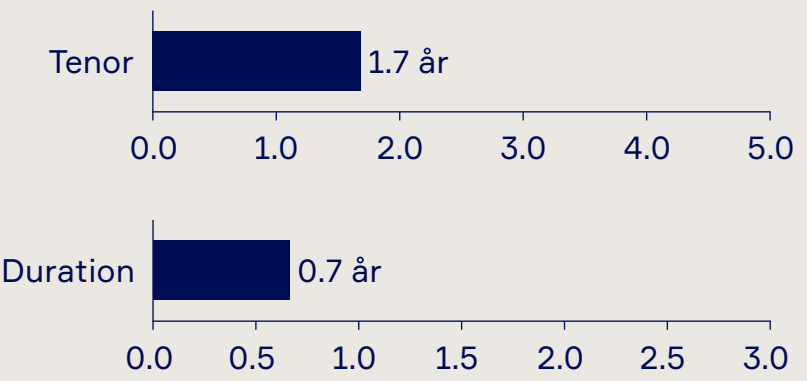
## ABOUT THE FUND

Arctic Nordic Corporate Bond is an actively managed high yield bond fund investing in Nordic high yield bonds issued by companies in the lower high-yield risk segment. Through “craftsmanship” we aim to generate a good risk-adjusted absolute return over time.

The fund has a well-diversified portfolio and is considered a good alternative for investors seeking higher return than liquidity funds, but with lower risk than equity funds.

8.6%

Running yield



AUM	NOK 4,791 m
Start date	15.11.2010
Reference index	N/A
Fund type	Fixed Income Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	2
Portfolio managers	Cathrine Foyen
	Trond Tømmerås
	Vegard Kjølhamar

## FUND COMMENTS

Arctic Nordic Corporate Bond ended the year on a strong note and returned 1.0% in December and 10.6% in 2023.

DNB Markets Nordic High Yield (HY) index returned 1.3% and 10.9% for the same periods. During December (and 2023), the European and American HY indices returned 2.9% (12.1%) and 3.7% (13.4%) respectively.

The global credit markets were strong in December, and credit margins in the European HY index, iTraxx Crossover, ended down 58bp at 312bp. The High-Yield credit margins in the Nordics less changed, down 15bp at 610bp.

Most central banks continued to tighten monetary policy in 2023 after CPI readings, although declining, were still well above targets and labor markets remain strong. The downward trend in CPI numbers led to fewer rate hikes in H2 and central banks are now expected to cut rates in 2024 already. The US Federal Reserve (the Fed) kept the fed funds rate unchanged in December and hiked by 1%-point in total in 2023 to 5.25%-5.50%. While the Fed guided for three rate cuts in 2024, the market now prices in six cuts (!). The ECB kept the policy rate unchanged in December and hiked the rate by 2%-point in total in 2023.

The Norwegian Central Bank hiked the policy rate another 25 bps in December explained by a weak NOK and a strong labor market.

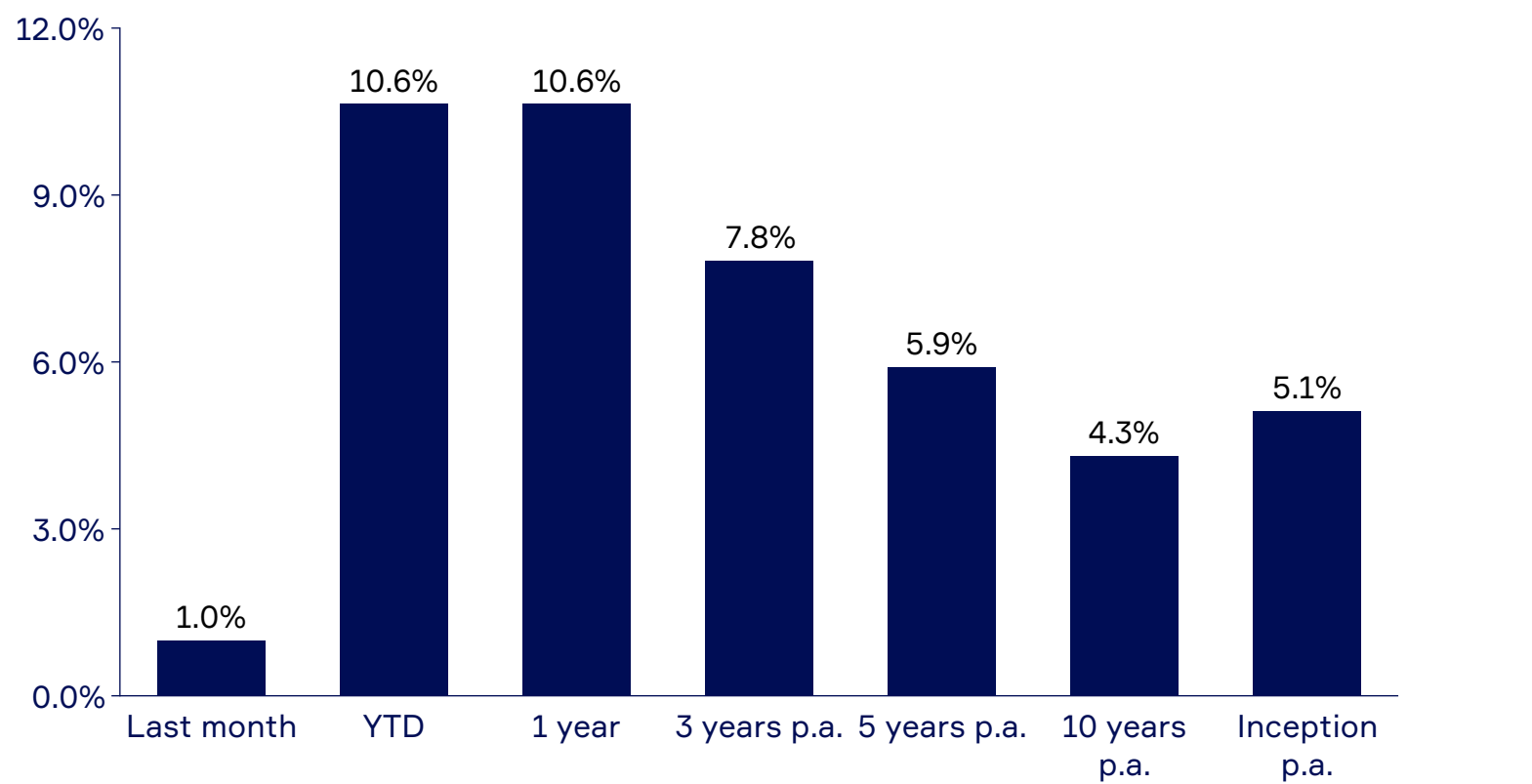
The Activity in the Nordic High Yield primary market was very muted during December. We participated in new issues by FairWind A/S and Grøntvedt AS.

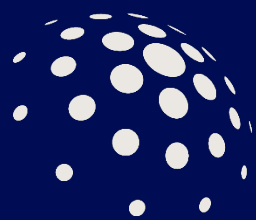
3-month NIBOR rose only by 3 bps to 4.73% despite the rate hike by 25bp by Norges Bank in December. The five-year fixed rate fell by 36bp and ended at 3.44%.

The running yield of Arctic Nordic Corporate Bond was 8.6% at the end of December.

## HIGH RETURNS FROM INVESTMENTS IN THE NORDIC HIGH YIELD MARKET

Return p.a.





# ARCTIC NORDIC CORPORATE BOND

## Portfolio Return

### FUND COMPOSITION

#### 10 largest positions

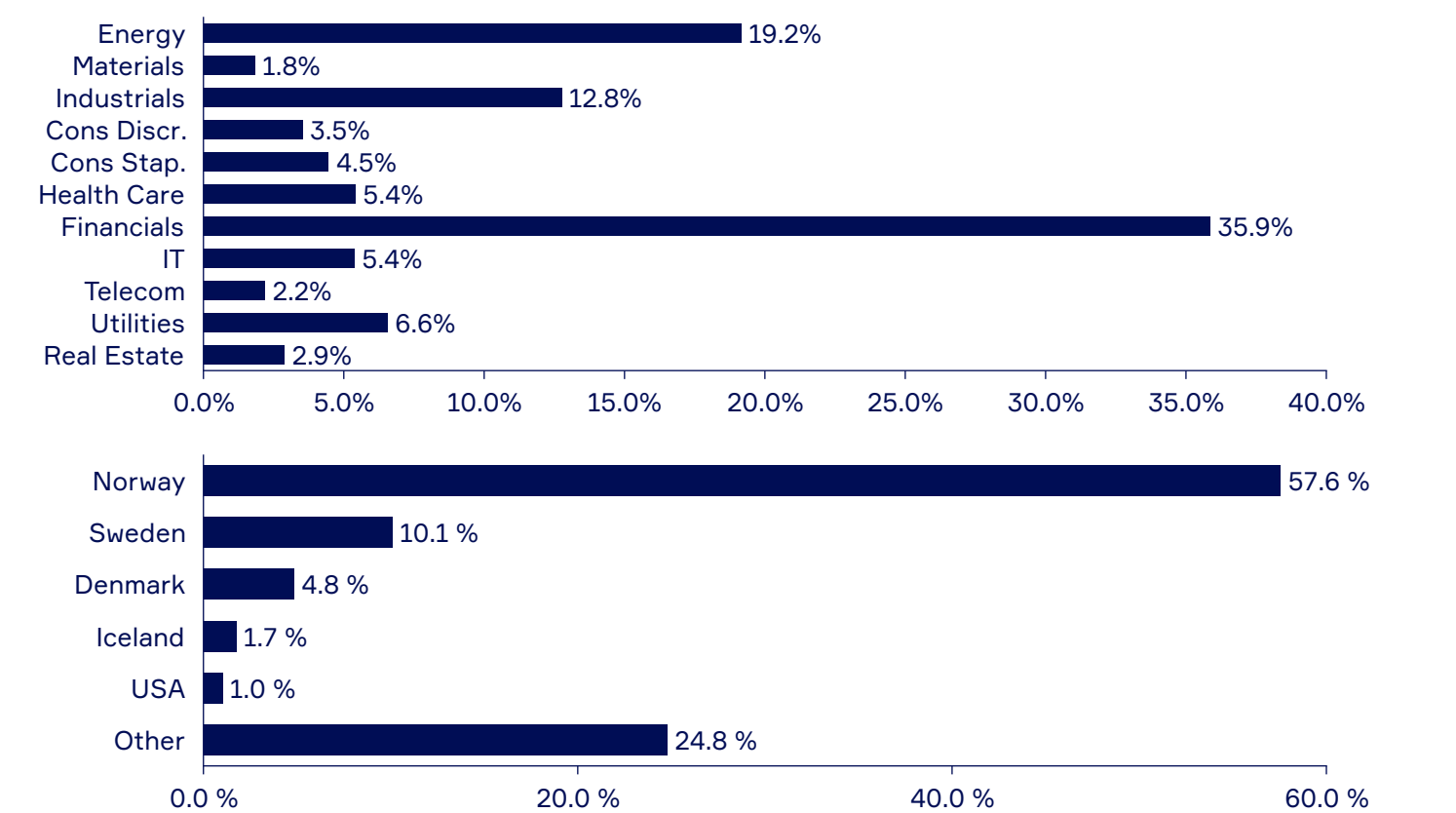
Ship Finance International Limited	3.5 %
DNB Bank ASA	3.4 %
B2Holding ASA	3.2 %
Golar LNG Ltd	2.2 %
Media and Games Invest	2.2 %
Møre og Romsdal Fylkeskommune	2.1 %
Norlandia Health & Care Group AS	2.1 %
Navigator Holdings Ltd	2.1 %
Scatec Solar ASA	2.0 %
Danske Bank A/S	2.0 %

Rating	Credit duration
IG / 20.9 %	1.0 år
BB / 7.1 %	2.1 år
B / 8.0 %	2.6 år
CCC / 0.0 %	0,0 %
IR / 63.9 %	1.8 år
0	0,0 %

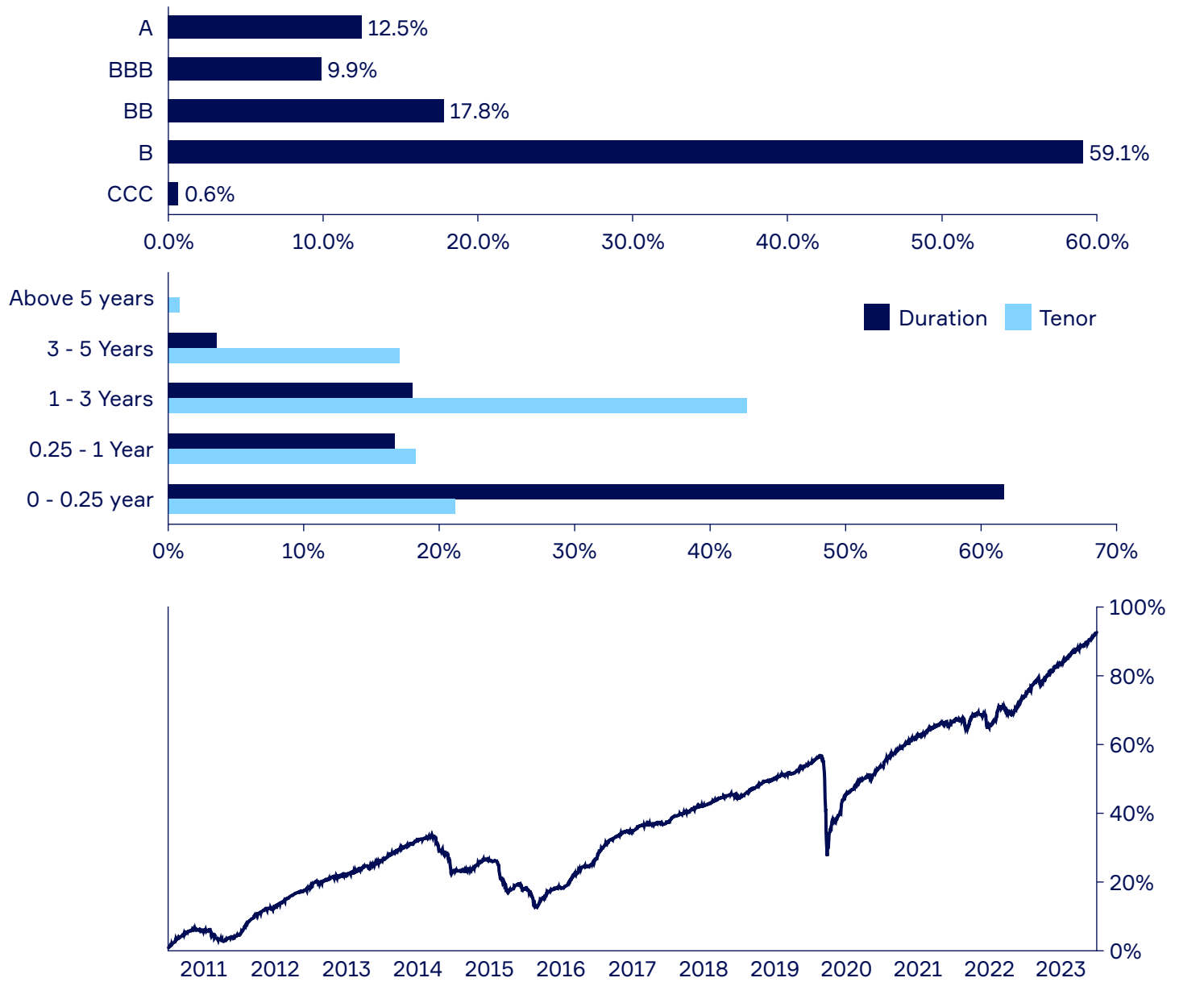
Risk Measure	Fund
Standard Deviation	2.8 %
Sharpe Ratio	2.3

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### SECTOR DISTRIBUTION



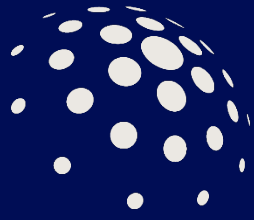
### FUND PERFORMANCE – CLASS B NOK



#### HISTORICAL MONTHLY RETURN SINCE 2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.19%	1.50%	-0.17%	0.93%	1.36%	0.59%	0.85%	1.04%	0.35%	0.77%	0.75%	1.00%	10.63%
2022	0.21%	-1.26%	1.56%	0.99%	-0.44%	-2.02%	1.12%	2.16%	-0.66%	0.06%	1.48%	1.27%	4.46%
2021	1.54%	0.86%	0.99%	0.73%	0.82%	0.69%	0.33%	0.77%	0.74%	0.38%	-0.36%	0.66%	8.44%
2020	0.98%	-0.44%	-15.44%	4.81%	2.04%	3.56%	1.02%	1.32%	0.83%	0.04%	1.40%	0.93%	-0.52%
2019	0.83%	0.86%	0.44%	0.86%	0.27%	0.59%	0.29%	0.53%	0.12%	0.83%	0.41%	0.63%	6.87%
2018	1.17%	0.43%	0.40%	0.72%	0.41%	0.26%	0.57%	0.60%	0.51%	0.43%	0.13%	-0.52%	5.21%
2017	2.38%	1.32%	0.98%	0.70%	0.72%	0.09%	0.91%	0.17%	0.33%	0.32%	-0.31%	0.43%	8.32%
2016	-1.29%	-3.29%	2.29%	1.57%	0.93%	0.07%	0.59%	2.49%	1.03%	1.13%	0.17%	1.65%	7.42%





# ARCTIC NORDIC INVESTMENT GRADE

December 2023

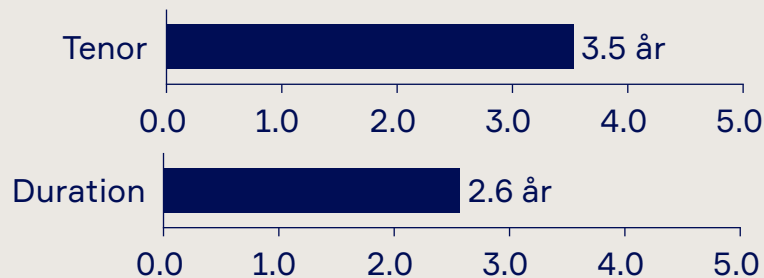
## ABOUT THE FUND

Arctic Nordic Investment Grade is a fixed income fund investing in good credit quality bonds and money market instruments in the Nordics.

The fund takes positions based on analysis and assessments of changes in interest rate and credit markets. Through “craftsmanship” we aim to generate a good risk-adjusted absolute return over time, and has a well diversified portfolio.

# 5.2 %

Running yield



AUM	NOK 4,403 m
Start date	15.11.2010
Reference index	N/A
Fund type	Fixed Income Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	2
Portfolio managers	Cathrine Foyen
	Trond Tømmerås
	Vegard Kjølhamar

## FUND COMMENTS

Arctic Nordic Investment Grade returned 1.11% in December and 6.10% in 2023.

Arctic Nordic Investment Grade performed well in 2023 following the increased market interest rates in 2022 and 2023, and the decline in credit spreads in 2023. The fund has prospered from entering the hiking cycle with short interest rate duration. During 2023 we continued to increase duration until close to when long-term rates peaked in October, and the fund thus benefited from the decline in longer-term rates in Q4. Interest rate duration and credit spread duration ended the year at 2.6 and 3.5 respectively. After interest rate expectations have come down, we have become careful with taking on more duration.

Credit spreads for Nordic Investment Grade corporate bonds began 2023 at relatively sound levels after an increase in 2022. Spreads fell somewhat in Norway, somewhat more in Sweden. In 2023, NOK bonds saw industrials and AT1 spreads down about 30 bps and 25-30 bps, respectively. In SEK, AT1 & T2 were down 50-145 bps.

Most central banks continued to tighten monetary policy in 2023 after CPI readings, although declining, were still well above targets and labor markets remained strong. The downward trend in CPI numbers led to fewer rate hikes in H2 and central banks are now expected to cut rates in 2024 already. The US Federal Reserve (the Fed) kept the fed funds rate unchanged in December and hiked by 1%-point in total in 2023 to 5.25%-5.50%. While the Fed guided for three rate cuts in 2024, the market now prices in six cuts. The ECB kept the policy rate unchanged in December and hiked the rate by 2%-point in total in 2023. The Norwegian Central Bank hiked the policy rate another 25 bps in December explained by a weak NOK and a strong labor market. The policy rate was increased by 1.75%-points in 2023 to 4.5%. The Norwegian Central Bank guided for its first rate cut in the fall of 2024 due to weaker economic prospects and weakening CPI growth. The Norwegian krone chased back some of its lost territory post the rate hike in December but still weakened by -4% against USD, -6% against EUR and -12% against gold in 2023. Nibor increased 1.47%-points in 2023 after an increase of 4 bps in December.

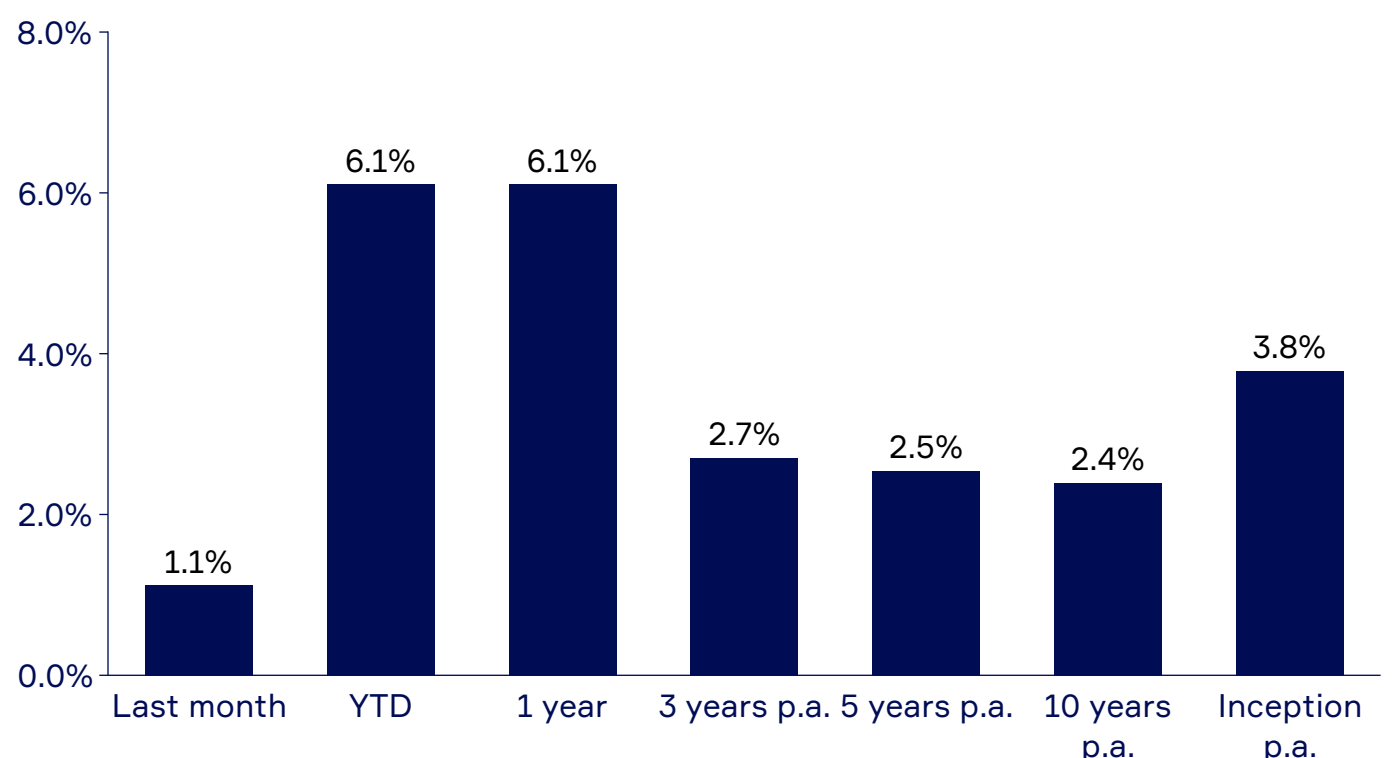
Long-term government bond rates were volatile also in 2023 but ended relatively flat for the year after a meaningful decline since October. US 10-year rates were flat to 3.88%, Norwegian increased by 7 bps to 3.26%, while German and Swedish fell by 54 bps and 36 bps to 2.02% and 2.03%, respectively, in 2023. Government bond yield curves in the western world price in significant rate cuts after six months.

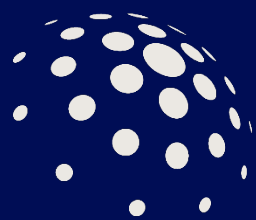
Primary market activity was strong in 2023. In December primary markets slowed down going into the Christmas holidays. Arctic Nordic Investment Grade participated in one new issue in December: Tier 2 in Protector Forsikring with 4/5 years to first call at Nibor+380/400 bps.

Arctic Nordic Investment Grade has a running yield of 5.2% entering the new year.

## PROVIDING STABLE RETURN IN THE NORDIC INVESTMENT GRADE MARKET

Return p.a.





# ARCTIC NORDIC INVESTMENT GRADE

## Portfolio Return

### FUND COMPOSITION

#### 10 largest positions

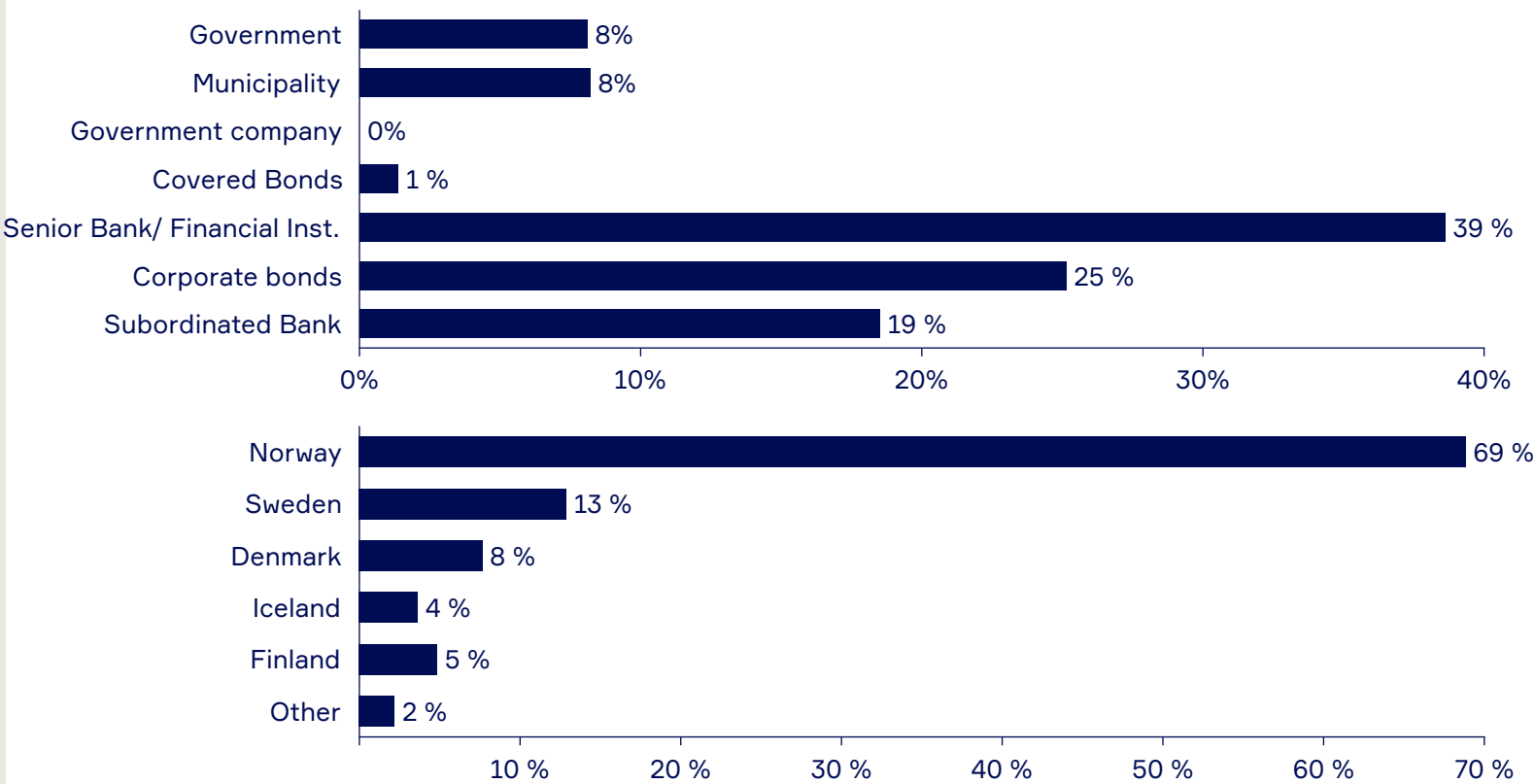
Den norske stat	8.1 %
Oslo kommune	4.3 %
DNB Bank ASA	3.8 %
Sparebanken Sør	3.6 %
SpareBank 1 SR-Bank ASA	3.1 %
Protector Forsikring ASA	2.4 %
Landsbankinn hf.	2.1 %
SpareBank 1 SMN	2.0 %
Nordea Bank Abp	1.9 %
Olav Thon Eiendomsselskap ASA	1.9 %

Rating	Credit duration
AAA / 14.7 %	8.0 år
AA / 12.5 %	1.9 år
A / 27.0 %	3.2 år
BBB / 33.6 %	2.8 år
BB / 0.0 %	0,0 %
IR / 12.2 %	2.5 år

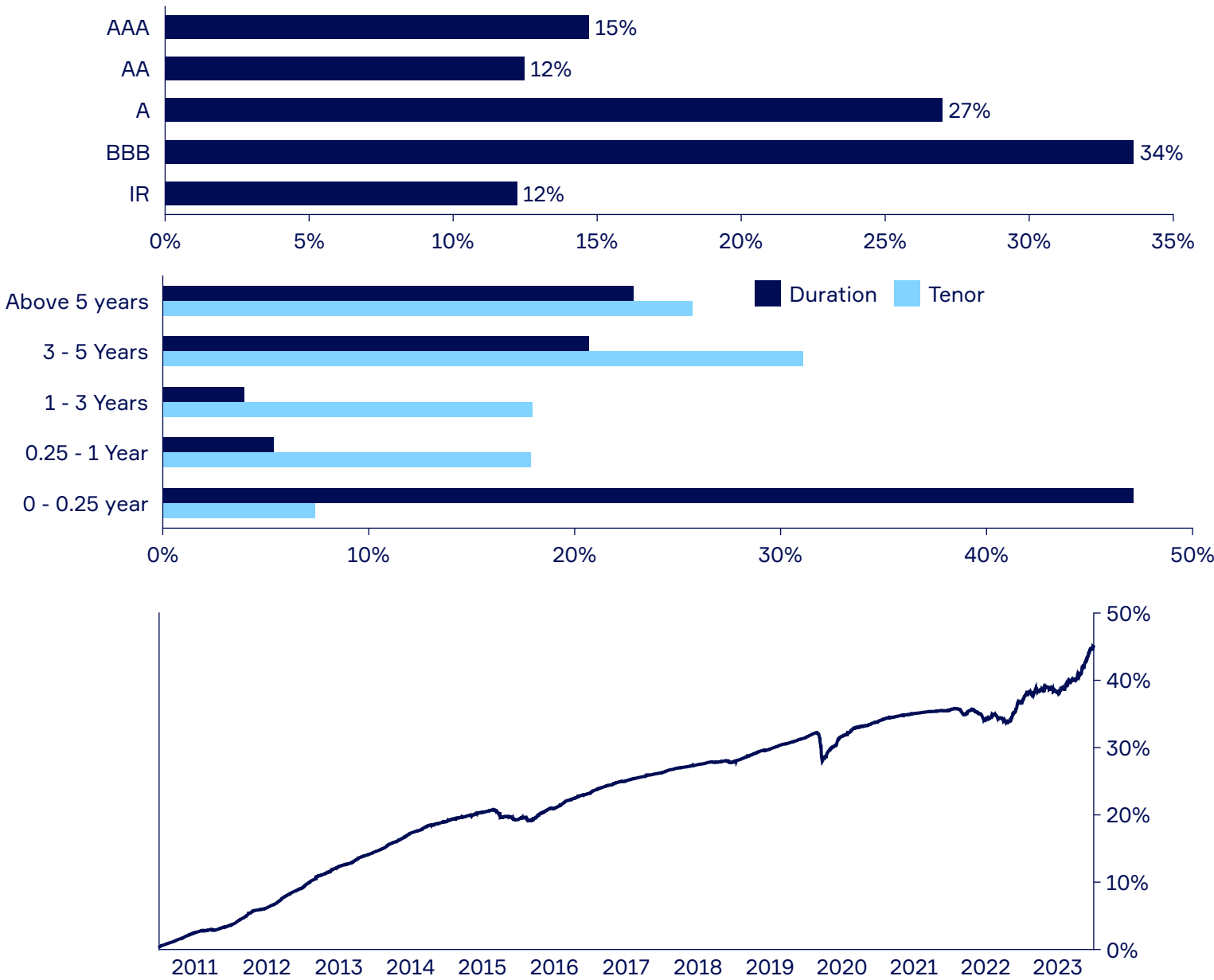
Risk Measure	Fund	Reference
Standard Deviation	1.7 %	0.4 %
Sharpe Ratio	0.7	-

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### SECTOR DISTRIBUTION

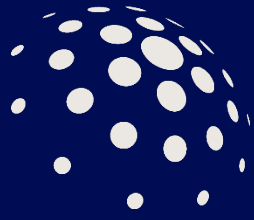


### FUND PERFORMANCE – CLASS B NOK



#### HISTORICAL MONTHLY RETURN SINCE 2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	0.91%	-0.13%	0.41%	0.43%	0.01%	-0.54%	0.46%	0.86%	0.18%	0.63%	1.64%	1.11%	6.10%
2022	0.13%	-0.31%	-0.02%	0.23%	-0.45%	-0.69%	0.38%	-0.21%	-0.21%	-0.12%	1.13%	0.95%	0.78%
2021	0.26%	0.17%	0.11%	0.15%	0.07%	0.11%	0.08%	0.09%	0.05%	0.05%	0.03%	0.10%	1.29%
2020	0.36%	0.07%	-2.77%	1.01%	0.46%	1.01%	0.42%	0.52%	0.17%	0.09%	0.26%	0.22%	1.80%
2019	0.25%	0.27%	0.25%	0.33%	0.19%	0.13%	0.27%	0.27%	0.13%	0.23%	0.23%	0.23%	2.80%
2018	0.27%	0.14%	0.14%	0.11%	0.15%	0.12%	0.12%	0.17%	-0.02%	0.11%	-0.04%	0.02%	1.30%
2017	0.39%	0.25%	0.26%	0.23%	0.22%	0.11%	0.20%	0.17%	0.13%	0.19%	0.14%	0.14%	2.46%
2016	0.23%	-0.35%	0.45%	0.51%	0.41%	0.10%	0.36%	0.59%	0.23%	0.30%	0.22%	0.20%	3.31%



# ARCTIC NORDIC EQUITIES

December 2023

## ABOUT THE FUND

Arctic Nordic Equities focuses on value-creating and attractively valued companies in the Nordics. The Nordic region of small, open and flexible economies is a fertile breeding ground for highly competitive companies which have provided strong historical shareholder returns. The Nordic investment universe scores well on sustainability and transparency.

The fund is managed by an experienced team covering all industries with proprietary research. We approach our investments as long-term owners resulting in relatively low turnover. Our index-independent, bottom-up process aims to find the best combination of quality characteristics and valuation.

Risk Measure	Fund	Benchmark
Standard Deviation	14.3 %	14.3 %
Sharpe Ratio	0.2	0.7
Tracking Error	5.0 %	-
Information Ratio	-1.2	-

AUM	NOK 1,135 m
Start date	06.07.2012
Reference index	VINX Benchmark
Fund type	Equity Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	4
Portfolio managers	Sindre Sørbye Ole E. Dahl Tore Mengshoel Kay-Erik Mamre-Johansen

## FUND COMMENTS

Fund NAV (class B) increased by 1.6% in December and by 12.8% in 2023. Since inception in July 2012, the fund has returned 340.5% versus 395.5% for the VINX benchmark's (uncapped, NOK, net) return.

The largest positive contributors to fund performance in December were Bravida, Hagar and Schibsted. The largest detractors were Novo Nordisk, Sampo and Essity.

In 2023, the top three performance contributors were Novo Nordisk, Schibsted and AQ Group. Novo upgraded guidance for operating profit growth for 2023 to 40-46% driven by Ozempic and Wegovy. Demand for Wegovy continues to outstrip production, and capacity will be expanded in 2024. The acceptance for medical treatment of obesity is improving, further strengthened by the cardiovascular benefits shown in the SELECT study. Schibsted is transforming itself from a media conglomerate to a pure play Nordic online marketplaces company. A consortium has made an offer for Adevinta and Schibsted has agreed to sell its media operations to Tinius Trust. If these transactions are completed, Schibsted will receive close to NOK 30 bn. in cash, of which a substantial part will be returned to the shareholders. In the first nine months of 2023, AQ increased its operating profit and earnings per share by between 75 and 80%, exceeding its total shareholder return for the year of 65%. Revenues grew by 33%, while cash flow was strong aided by successful working capital management.

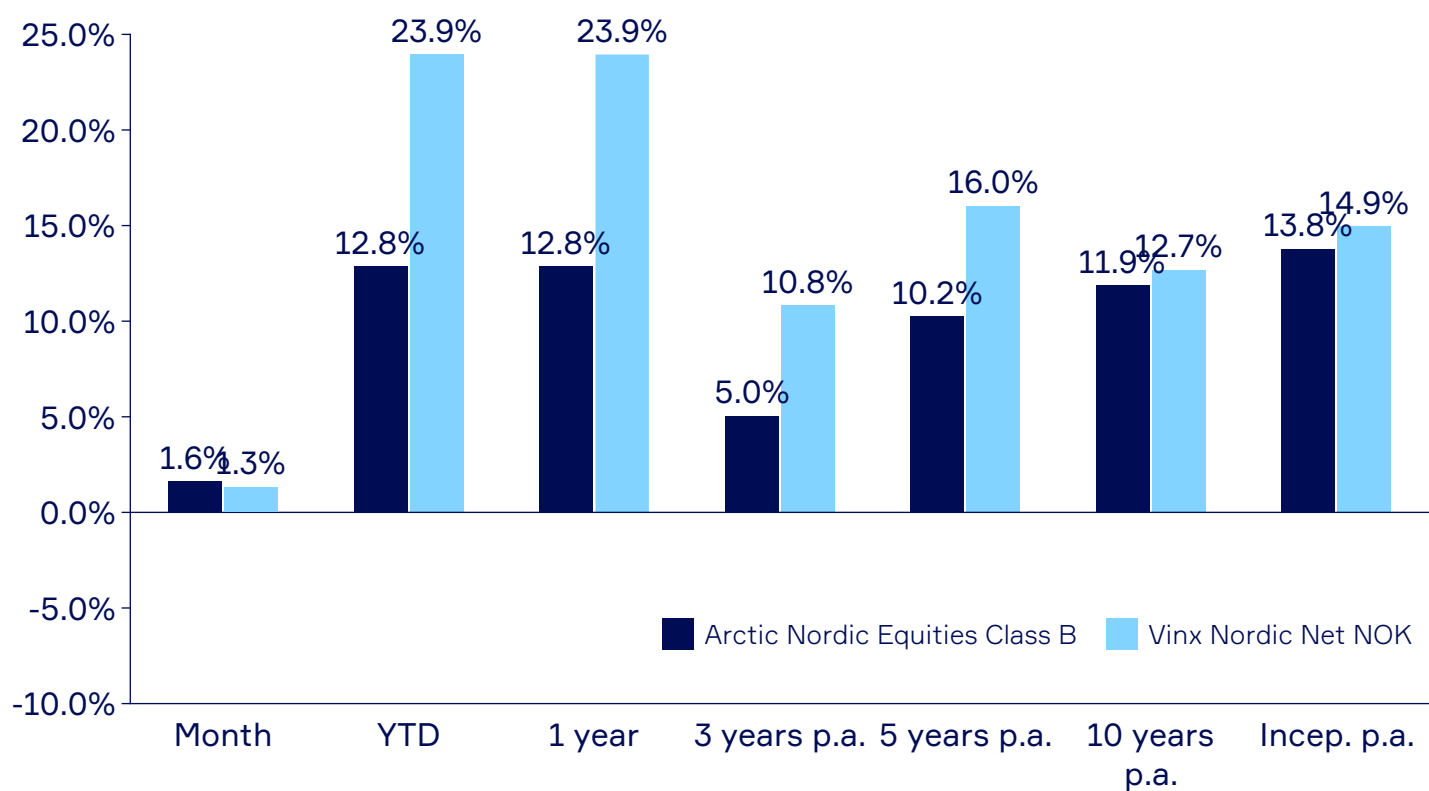
The largest detractors to fund performance in 2023 were Dustin Group, Embracer and Nobia. Dustin's debt load from a large acquisition in the Netherlands in 2021 proved too heavy amid rising interest rates and weakening demand in its SME segment, triggering a rights issue of SEK 1.75 bn. at the end of the year. Embracer significantly revised guidance for operational EBIT in fiscal year 2023/2024, lowering it by 33% at midpoint. This downward adjustment stemmed from a confluence of factors, including a softening gaming market, delays in game development, and the non-materialization of a partnering agreement. Hence, Embracer initiated a restructuring program aimed at curbing capital expenditures for future game projects. Nobia witnessed another year of challenging market conditions with revenues organically declining by 12% during the first nine months of 2023. Its adjusted operating margin fell by 2%-p to 2.1% while net debt continued to increase due to the construction of its Jönköping factory.

During 2023 we added Schouw and Nordic Semiconductor to the fund. Moreover, HMS Networks, Adevinta and Simcorp entered the portfolio but were subsequently divested, the latter two names following takeover bids. We divested our holdings in Nordic Waterproofing, Inwido, Assa Abloy, XXL, Stora Enso and Cheffelo. There were 38 holdings in the fund at year end.

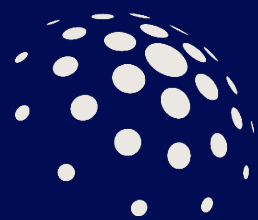
At the end of 2023, the portfolio was valued at 15.3 times (E2024) earnings and 2.0 times book value. Corresponding figures for the Nordic market were 16.9 and 2.6, respectively.

## FOCUS ON VALUE-CREATING COMPANIES IN THE NORDIC MARKET

Return p.a.







# ARCTIC NORDIC EQUITIES

## Portfolio Return

### FUND COMPOSITION

#### 10 largest positions

Novo Nordisk A/S	8.5 %
Elekta AB	4.1 %
Investor AB	4.0 %
Bravida Holding AB	3.8 %
Schibsted ASA	3.8 %
Aker BP ASA	3.6 %
Huhtamaki Oyj	3.5 %
UPM Kymmene OYJ	3.4 %
Epiroc AB	3.3 %
Valmet Oyj	3.3 %

#### 5 largest overweights

	Fund	VINX	+/-
Elekta AB	4.1 %	0.0 %	4.1 %
Bravida Holding AB	3.9 %	0.1 %	3.7 %
Schibsted ASA CL B	3.8 %	0.2 %	3.7 %
Huhtamaki OYJ	3.5 %	0.2 %	3.3 %
Hagar HF	3.2 %	0.0 %	3.2 %

#### 5 largest underweights

underweights	Fund	VINX	+/-
Novo Nordisk A/S	8.6 %	21.3 %	-12.8 %
Atlas Copco AB	0.0 %	2.8 %	-2.8 %
Volvo AB	0.0 %	2.5 %	-2.5 %
Vestas Wind	0.0 %	2.1 %	-2.1 %
Equinor ASA	0.0 %	2.0 %	-2.0 %

#### 5 top positive contributors YTD

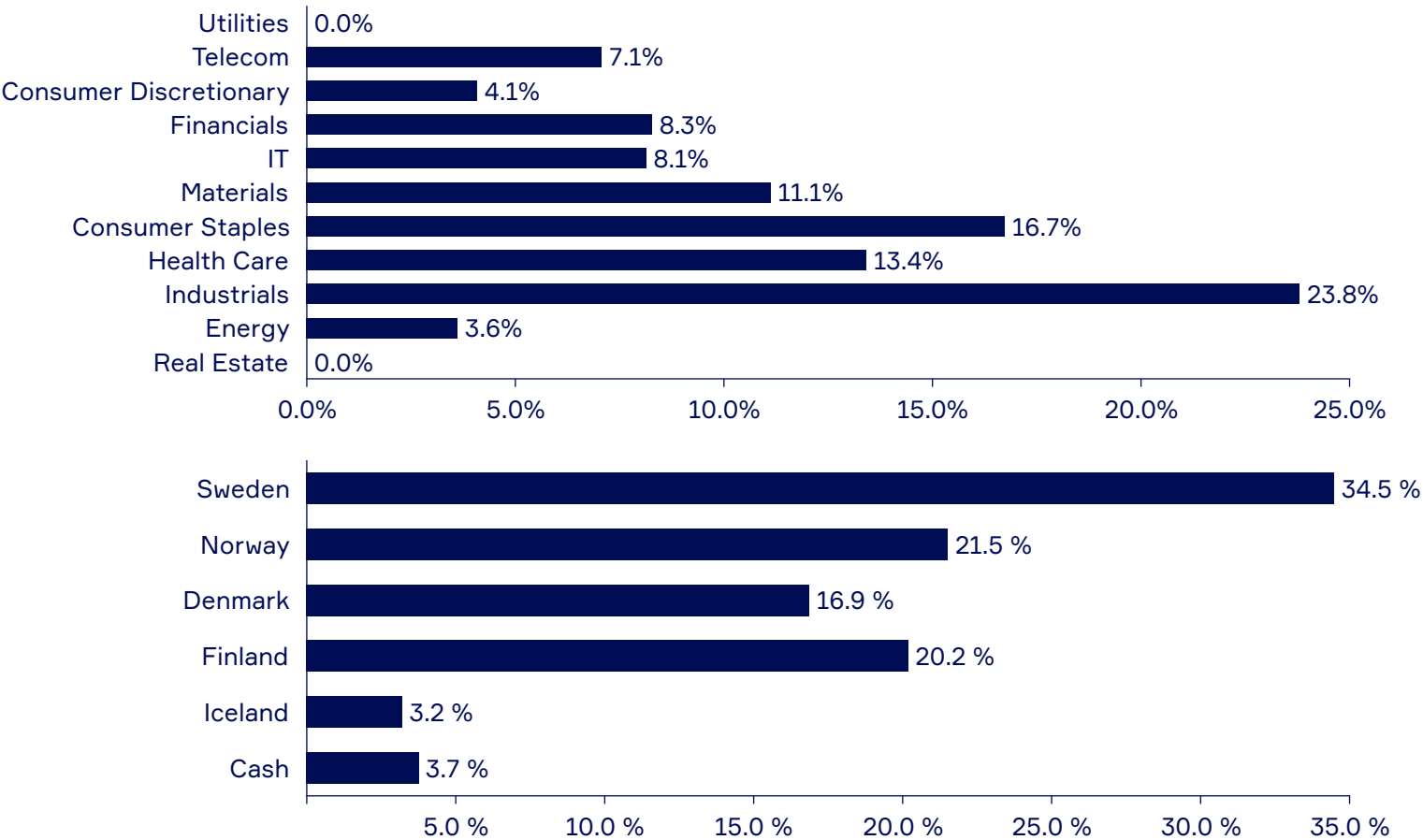
Fund weight	Fund return	Contribution	
Novo Nordisk	8.8 %	60.4 %	4.6 %
Schibsted Asa	3.4 %	56.2 %	1.7 %
Aq Group Ab	2.7 %	75.9 %	1.6 %
Elekta Ab	4.1 %	43.9 %	1.4 %
Investor Ab	4.0 %	34.7 %	1.2 %

#### 5 bottom negative contributors YTD

Dustin Group	1.1 %	-51.8 %	-0.9 %
Embracer Group	1.7 %	-38.4 %	-0.8 %
Nobia Ab	1.1 %	-45.0 %	-0.7 %
Bravida Holding	3.5 %	-20.4 %	-0.7 %
Leroy Seafood Group	2.8 %	-20.1 %	-0.6 %

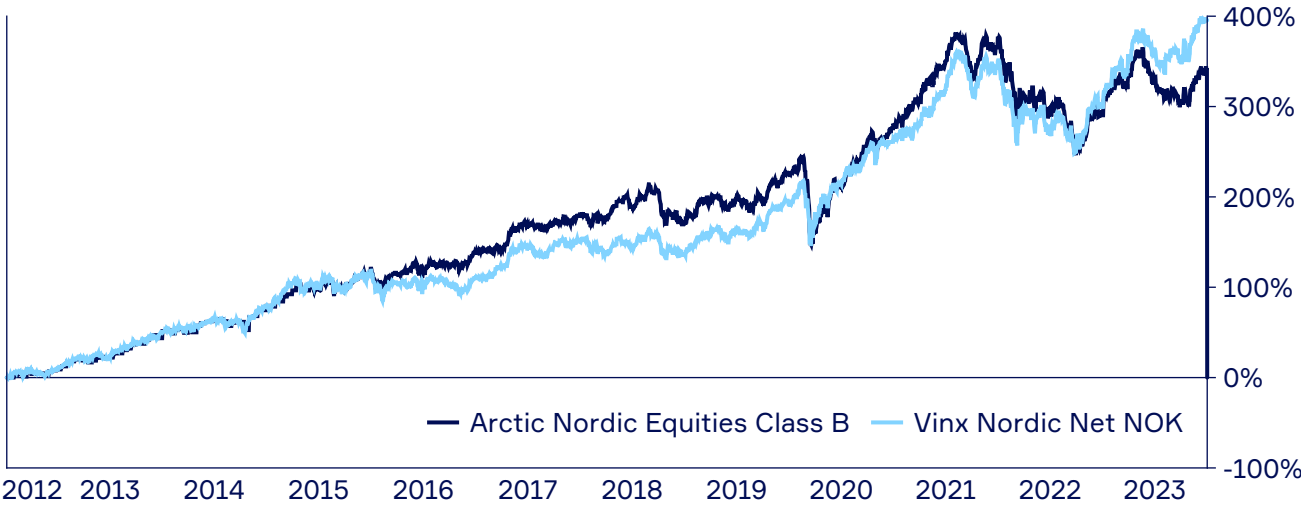
Disclaimer  
Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. Arctic Asset 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. Arctic Asset Management AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Employees of Arctic Asset Management AS may be owners of securities issued by companies that are either referred to in this report or are part of the fund's portfolio.

### SECTOR DISTRIBUTION



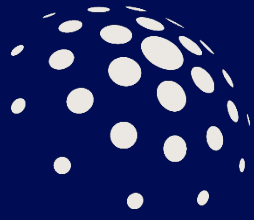
### FUND PERFORMANCE – CLASS B NOK

	Last month	3 mth	6 mth	YTD	1 year	3 years	5 years	Inception
<b>Fund</b>	<b>1.6 %</b>	<b>9.1 %</b>	<b>1.7 %</b>	<b>12.8 %</b>	<b>12.8 %</b>	<b>15.8 %</b>	<b>62.8 %</b>	<b>340.5 %</b>
Benchmark	1.3 %	9.7 %	6.6 %	23.9 %	23.9 %	36.1 %	110.2 %	395.4 %
Difference	0.3 %	-0.6 %	-4.9 %	-11.1 %	-11.1 %	-20.3 %	-47.4 %	-55.0 %
VINX Cap, NOK	2.3 %	10.1 %	4.9 %	20.7 %	20.7 %	30.1 %	101.3 %	376.9 %
Euro Stoxx 600, EUR	3.8 %	6.7 %	4.5 %	15.8 %	15.8 %	29.3 %	60.7 %	153.7 %
S&P 500 TR, USD	4.5 %	11.7 %	8.0 %	26.3 %	26.3 %	33.1 %	107.2 %	279.6 %
MSCI AC World, LC	4.1 %	9.4 %	6.7 %	21.6 %	21.6 %	23.5 %	78.1 %	224.6 %



#### HISTORICAL MONTHLY RETURN SINCE 2016

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	6.48%	3.32%	1.63%	5.42%	-3.86%	-2.07%	-3.88%	0.68%	-3.70%	0.71%	6.63%	1.60%	12.84%
2022	-7.54%	-5.63%	-0.73%	2.26%	-1.79%	-5.95%	4.99%	-6.73%	-5.97%	1.54%	6.19%	1.06%	-17.90%
2021	-0.42%	4.83%	1.98%	5.00%	2.93%	2.61%	5.82%	-1.44%	-5.96%	2.86%	2.53%	2.37%	25.01%
2020	1.38%	-4.86%	-14.60%	9.08%	5.27%	1.65%	4.39%	3.38%	6.27%	-3.57%	5.66%	4.45%	17.34%
2019	2.15%	6.12%	-0.02%	1.65%	-4.18%	4.20%	-0.84%	-0.73%	1.84%	4.84%	1.15%	2.45%	19.79%
2018	-2.53%	1.66%	-0.25%	4.41%	2.30%	-2.03%	3.74%	3.57%	-1.64%	-8.83%	0.85%	-4.10%	-3.62%
2017	0.23%	-0.25%	1.17%	6.76%	3.42%	0.01%	-0.05%	-0.67%	2.69%	0.94%	0.32%	1.91%	17.52%
2016	-6.72%	2.22%	2.15%	1.28%	4.22%	-4.21%	4.90%	-1.00%	-0.83%	0.75%	0.76%	5.21%	8.31%



# ARCTIC NORWEGIAN VALUE CREATION

December 2023

## ABOUT THE FUND

Arctic Norwegian Value Creation focuses on value-creating and attractively valued Norwegian companies. The fund provides investors exposure to companies we believe can grow earnings, dividends and cashflow with a high return on capital, supporting shareholder returns.

The fund seeks out sustainable, well-proven business models, strong management and market positions and sound financials.

The fund is managed by an experienced team covering all industries with proprietary research. We approach our investments as long-term owners, resulting in relatively low fund turnover. Our index-independent, bottom-up process aims to find the best risk-adjusted combination of quality characteristics and valuation.

Risk Measure	Fund	Benchmark
Standard Deviation	13.2 %	13.3 %
Sharpe Ratio	0.3	0.5
Tracking Error	5.0 %	-
Information Ratio	-0.4	-

AUM	NOK 9,790 m
Start date	22.08.2014
Reference index	OSEFX
Fund type	Equity Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	4
Portfolio managers	Sindre Sørbye Ole E. Dahl Tore Mengshoel Kay-Erik Mamre-Johansen

## FUND COMMENTS

Fund NAV (class B) increased by 3.5% in December and by 8.0% for the full year. Since inception in August 2014, the fund has returned 139.9% versus 111.8% for the OSEFX Index.

The largest positive contributors to fund performance in December were Schibsted, Bonheur and Norconsult. The largest detractors during the month were Aker BP, Vår Energi and Mowi.

In 2023, the top three performance contributors were Schibsted, Norbit and Kongsberg Gruppen. Schibsted is transforming itself from a media conglomerate to a pure play Nordic online marketplaces company. A consortium has made an offer for Adevinta and Schibsted has agreed to sell its media operations to Tinius Trust. If these transactions are completed, Schibsted will receive close to NOK 30 bn. in cash, of which a substantial part will be returned to the shareholders. Norbit's share price doubled in 2023 after healthy results and increased guidance. At the beginning of the year, the company announced a target of 1.4 billion in revenues for 2023 and maintained its goal of 1.5 billion in revenues and >25% EBITDA margin for 2024. In conjunction with the Q2 report this goal was moved to 2023. With this guidance, the company looks set for a doubling of its operating result for the second year running. Kongsberg enjoyed another prosperous year. During the first nine months of 2023, revenues and operating profit including contribution from associates grew by 28% and 47% respectively. Kongsberg's order backlog is swelling, and following major orders in the fourth quarter, we estimate that its backlog was close to NOK 90 bn. by year end, approximately 50% higher year on year.

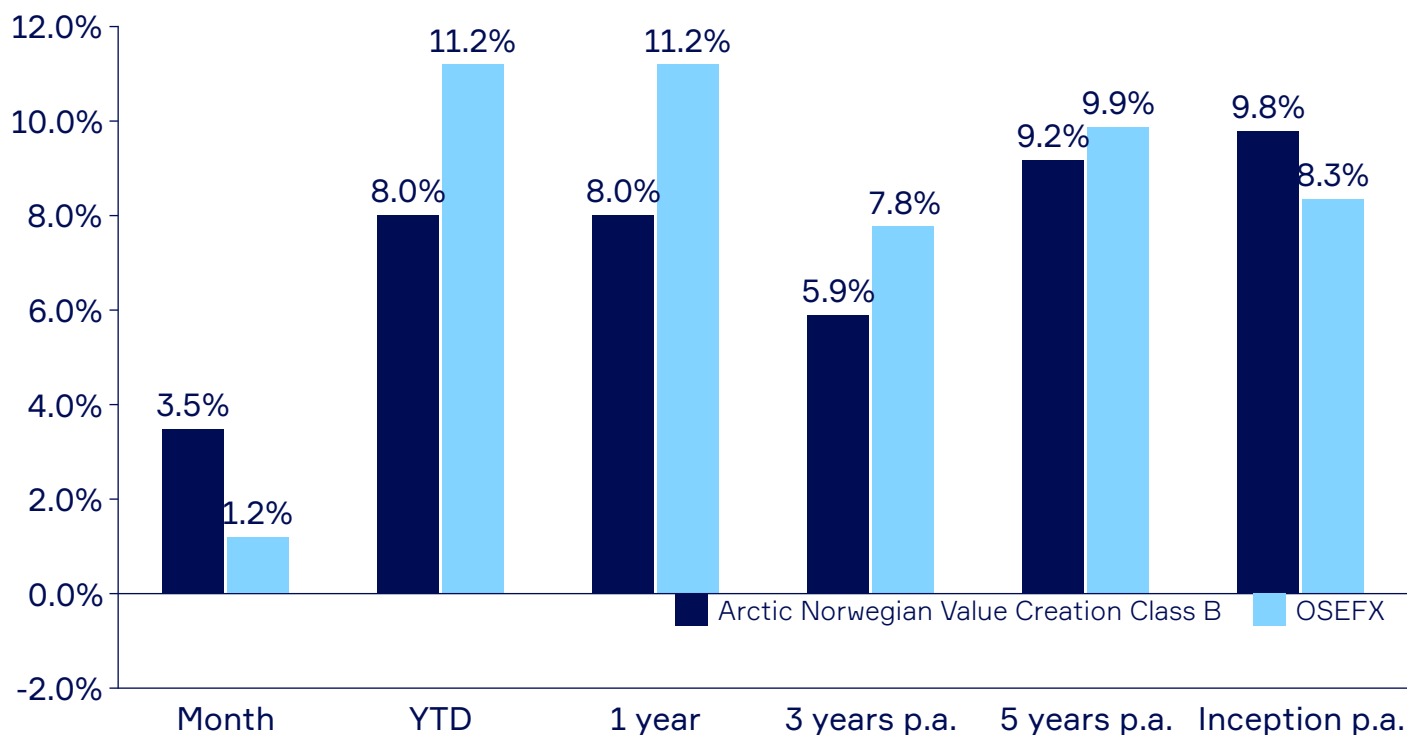
The largest detractors to fund performance in 2023 were Lerøy Seafood, Elkem and Norske Skog. Lerøy faced several biological challenges, particularly in its operations in Western Norway. This affected production volumes, costs, and price realisations, while loss of biomass has negative implications for 2024. Following an extraordinarily profitable 2022, challenging market conditions led to plummeting profits for Elkem in 2023. Its China-focussed Silicones division is loss-making amid a glut of supply and weak demand while Elkem's specialised ferroalloy businesses no longer enjoy record prices. Norske Skog's results has weakened as market conditions for its publication paper business have soured. In April Norske's Saugbrugs mill was subject to a landslide seriously damaging its PM6 SC magazine paper machine. Norske has seen two CEO changes during 2023, with main shareholder Geir Drangslund now at the helm.

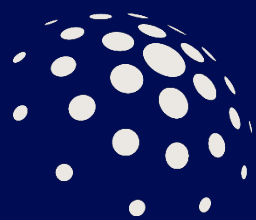
Last year, we added Schouw, TGS, Noble Corporation and Seadrill to the portfolio. Additionally, Adevinta entered the portfolio, but were subsequently divested following a bid. We divested our holdings in Svenska Handelsbanken, Atea and XXL. There were 46 holdings in the fund at the end of the year.

At the end of 2023, the portfolio was valued at 12.2 times (E2024) earnings and 1.6 times book value. Corresponding figures for the Norwegian market were 11.1 and 1.7, respectively.

## FOCUS ON VALUE-CREATING COMPANIES IN THE NORWEGIAN MARKET

Return p.a.





# ARCTIC NORWEGIAN VALUE CREATION

## Portfolio Return

### FUND COMPOSITION

#### 10 largest positions

Aker BP ASA	7.7 %
Kongsberg Gruppen ASA	6.2 %
Schibsted ASA	5.9 %
Orkla ASA	4.0 %
Borregaard ASA	3.9 %
Europris ASA	3.8 %
Yara International ASA	3.4 %
Storebrand ASA	3.2 %
Leroy Seafood Group ASA	3.1 %
Mowi ASA	2.9 %

#### 5 largest overweights

	Fund	OSEFX	+/-
Schibsted ASA CL B	6.0 %	1.8 %	4.1 %
Kongsberg Gruppen ASA	6.2 %	2.8 %	3.4 %
Europris ASA	3.8 %	0.9 %	3.0 %
Borregaard ASA	3.9 %	1.1 %	2.8 %
Nordea Bank AB	2.5 %	0.0 %	2.5 %

#### 5 largest underweights

	Fund	OSEFX	+/-
Equinor ASA	0.0 %	8.6 %	-8.6 %
DNB Bank ASA	2.6 %	9.1 %	-6.5 %
Norsk Hydro ASA	0.0 %	6.2 %	-6.2 %
Adevinta ASA	0.0 %	2.7 %	-2.7 %
Mowi ASA	2.9 %	5.4 %	-2.6 %

#### 5 top positive contributors YTD

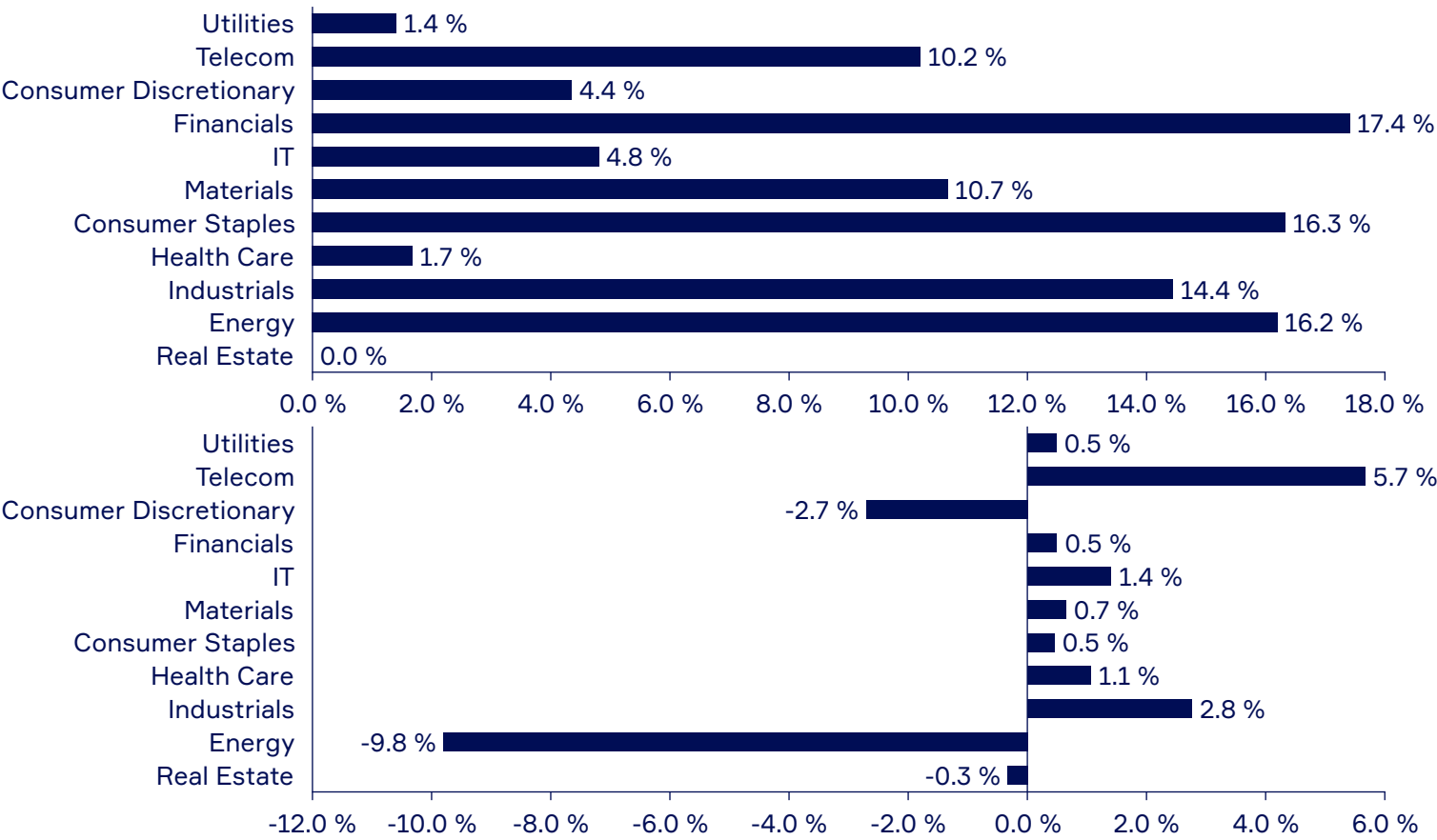
	Fund weight	Fund return	Contribution
Schibsted Asa	5.0 %	56.2 %	2.5%
Norbit Asa	1.7 %	100.9 %	1.0%
Kongsberg Gruppen	6.6 %	14.8 %	1.0%
Telenor Asa	2.6 %	37.5 %	0.8%
Nordea Bank	2.6 %	29.2 %	0.8%

#### 5 bottom negative contributors YTD

	Fund weight	Fund return	Contribution
Leroy Seafood Group	3.9 %	-20.1 %	-0.9%
Elkem Asa	2.2 %	-27.9 %	-0.6%
Norske Skog Asa	1.2 %	-37.4 %	-0.6%
Salmon Evolution Asa	1.9 %	-18.0 %	-0.4%
Bonheur Asa	2.1 %	-14.1 %	-0.4%

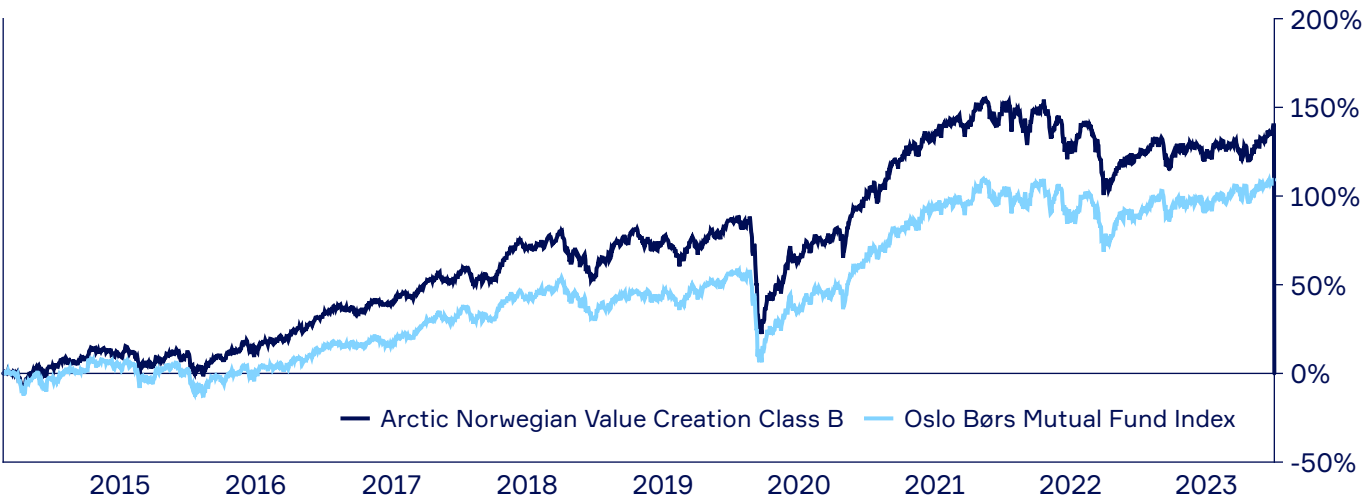
Disclaimer  
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### SECTOR DISTRIBUTION



### FUND PERFORMANCE – CLASS B NOK

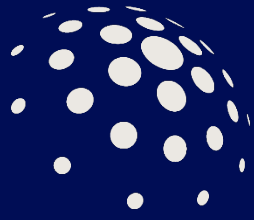
	Last month	3 mth	6 mth	YTD	1 year	3 year	Inception
<b>Fund</b>	<b>3.5 %</b>	<b>6.2 %</b>	<b>7.1 %</b>	<b>8.0 %</b>	<b>8.0 %</b>	<b>18.7 %</b>	<b>139.9 %</b>
Benchmark	1.2 %	2.5 %	7.2 %	11.2 %	11.2 %	25.2 %	111.8 %
Difference	2.3 %	3.7 %	-0.1 %	-3.2 %	-3.2 %	-6.4 %	28.1 %
Vinx Nordic Net, NOK	1.3 %	9.7 %	6.6 %	23.9 %	23.9 %	36.1 %	208.0 %
Euro Stoxx 600, EUR	3.8 %	6.7 %	4.5 %	15.8 %	15.8 %	29.3 %	78.6 %
S&P 500 TR, USD	4.5 %	11.7 %	8.0 %	26.3 %	26.3 %	33.1 %	184.4 %
MSCI AC World, LC	4.1 %	9.4 %	6.7 %	21.6 %	21.6 %	23.5 %	121.0 %



#### HISTORICAL MONTHLY RETURN SINCE 2016

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.50%	2.56%	-3.84%	2.90%	-0.74%	-1.36%	2.72%	-0.30%	-1.54%	-0.98%	3.65%	3.49%	8.02%
2022	-2.30%	-1.11%	2.26%	0.25%	-1.03%	-8.65%	7.13%	-1.89%	-13.16%	3.92%	4.04%	0.42%	-11.26%
2021	-2.23%	6.50%	4.87%	2.71%	2.00%	0.58%	3.01%	0.97%	-0.37%	3.28%	-1.79%	2.43%	23.88%
2020	-2.21%	-8.08%	-19.38%	11.03%	6.36%	2.70%	3.37%	3.52%	1.92%	-5.07%	13.68%	4.90%	8.51%
2019	6.64%	4.75%	0.42%	1.88%	-3.92%	2.27%	-1.84%	-0.34%	1.98%	1.18%	1.74%	4.41%	20.41%
2018	-0.75%	-0.84%	-0.69%	6.85%	4.70%	-0.03%	0.80%	2.02%	1.70%	-7.32%	-0.19%	-6.84%	-1.47%
2017	1.70%	0.29%	-2.35%	4.19%	0.70%	-0.07%	3.81%	-0.48%	4.53%	3.17%	-2.03%	3.09%	17.51%
2016	-7.33%	2.60%	2.10%	4.08%	3.70%	-3.14%	3.81%	1.29%	1.71%	3.60%	1.99%	3.96%	19.23%





# ARCTIC NORWEGIAN EQUITIES

December 2023

## ABOUT THE FUND

Arctic Norwegian Equities is a fund well suited for investors looking to take a position in the Norwegian stock market based on active stock picking, managed by experienced investment managers.

The analysis is fundamentally driven and oriented to Fair Value. The basis for the fair value calculation is a financial analysis and a qualitative assessment of several company factors including its management and the industry

The fund is sector independent, style agnostic and provides investor exposure to well-run, reasonably priced companies with focus on earnings, dividends and cashflow.

Risk Measure	Fund	Benchmark
Standard Deviation	13.0 %	13.3 %
Sharpe Ratio	0.1	0.5
Tracking Error	4.7 %	-
Information Ratio	-1.0	-

AUM	NOK 989 m
Start date	15.11.2010
Reference index	OSEFX
Fund type	Equity Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	4
Portfolio managers	Albert Collett Alexander Larstedt Lager
Analyst	Arild Huitfeldt

## FUND COMMENTS

Arctic Norwegian Equities (I-class) gave 11.9% return in 2023 versus 11.2% for the benchmark index OSEFX. 2023 was a good year on the Oslo Stock Exchange. Of the large shares on the stock exchange, there was strong return for Telenor (38%), Salmar (53%), Schibsted (59%) and Adevinta (71%). Shipping stocks had a strong year, with 99% returns for Frontline and 143% for BW LPG. Communication Services was the best sector driven by Telenor and Schibsted. Among other sectors of some size, Financials and Energy did well, while the Technology and Industrial sectors had a negative return.

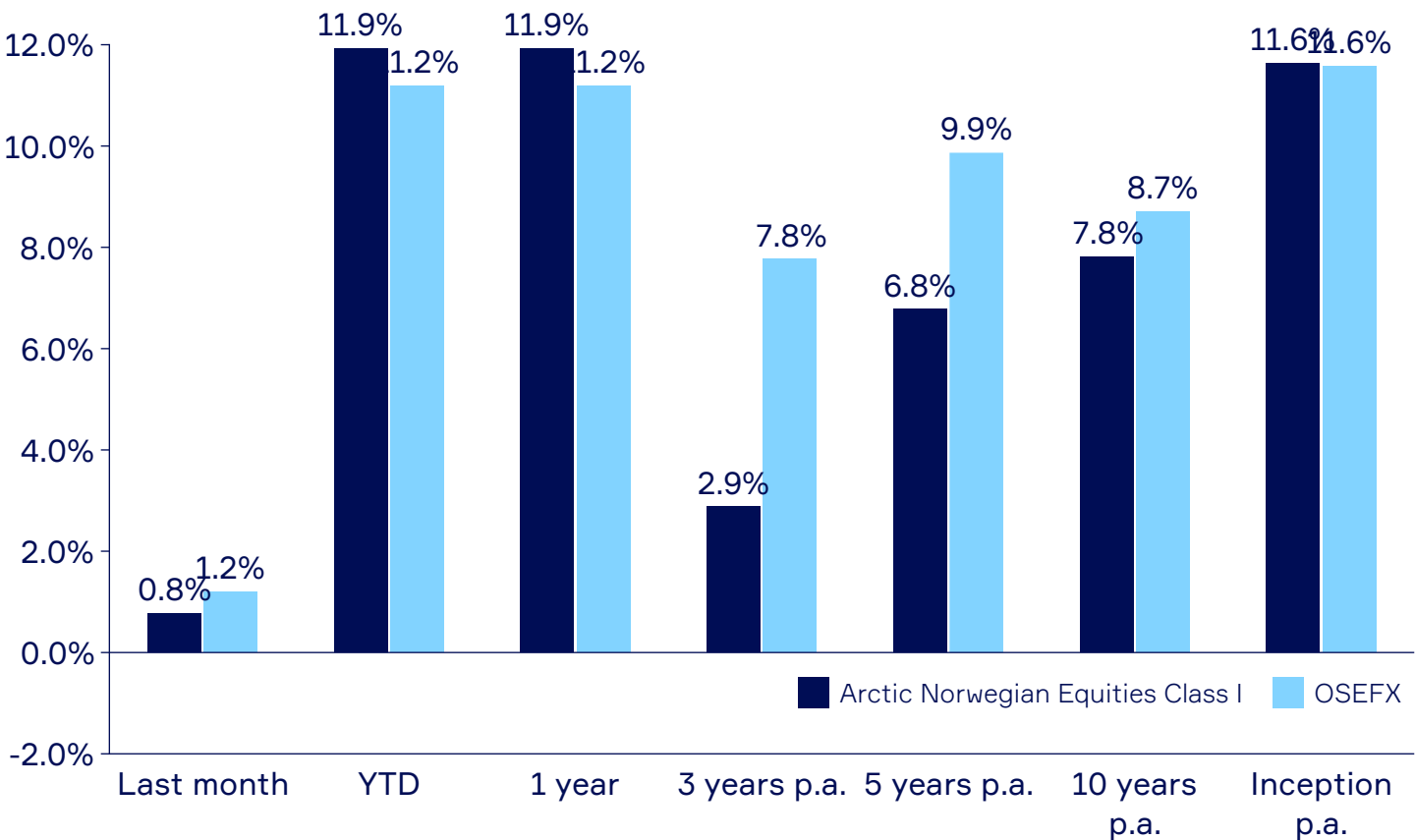
Strongest contributors in 2023 to 11.9% return for Arctic Norwegian Equities were Hafnia (+2.1 percentage points), DNB (+1.5 pp), Salmar (+1.1 pp) and Magnora (+1.1 pp). In 2023 positive attribution for the Fund versus the benchmark index came from overweights in Hafnia and Magnora, and underweight in NEL. Product tanker company Hafnia benefited from continued strong dayrates, driven by longer sailing distances since Russia's invasion of Ukraine in February 2022. Product tankers have limited fleet growth, and an increasing proportion of refining takes place close to oil producers, a structural tailwind for product versus crude oil tankers. Magnora is a capital-light developer of early-stage renewable projects. Magnora finds and develops wind, solar and battery projects from the start, obtains the necessary permits, and sells the projects ready for construction. In 2023, the company reached its goal of a 5 GW development portfolio and increased its target to 9 GW. It is particularly Helios AB in Sweden which has contributed to Magnora's growth, but also projects in South Africa, Norway and Finland. In May, Magnora sold its stake in technology company Evolar AB to American First Solar for NOK 555 million. This was a positive surprise, and the proceeds are significant for a company of Magnora's size. Arctic Norwegian Equities does not own any shares in NEL as the share is expensive and the company is losing money. The NEL share fell by 50% in 2023.

In 2023 negative attribution for the Fund versus the benchmark index came from overweight in Norske Skog and underweights in Frontline and Adevinta. The Norske Skog share fell with the prices of publication. The fund is underweighted in Frontline but has an even greater overweight in product tanker company Hafnia. Frontline rose due to continued solid dayrates, though the expected rate increase in Q4 did not materialize. Frontline also rose following the acquisition of Euronav's very large crude carrier (VLCC) fleet. This followed a period of disagreement over a proposed merger with Euronav's other main shareholder, the Saverys family. Arctic Norwegian Equities owned shares in Adevinta but was underweight versus the benchmark index. The Adevinta share rose by 71% in 2023. There was an acquisition bid for Adevinta from a consortium of Permira and Blackstone with the participation of today's main owners, eBay and Schibsted.

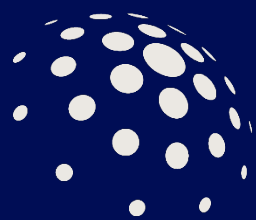
In December, the fund gave 0.8% return versus 1.2% for the benchmark index OSEFX. Positive attribution in December came from overweights in Odfjell Drilling and Nykode Therapeutics. Odfjell rose following an analyst recommendation from DNB Markets. Negative attribution came from underweights in Tomra and Norsk Hydro. Hydro announced a write-down totalling NOK 5.9 billion to be taken in its Q4 accounts. Despite this, the stock rose in December.

## STOCK PICKING IN THE NORWEGIAN MARKET

Return p.a.







# ARCTIC NORWEGIAN EQUITIES

## Portfolio Return

### FUND COMPOSITION

#### 10 largest positions


DNB ASA	8.7 %
Equinor ASA	7.8 %
Mowi ASA	5.7 %
Salmar ASA	5.6 %
Hafnia Ltd	4.7 %
Schibsted ASA	4.6 %
Aker BP ASA	4.3 %
Crayon Group holding AS	3.7 %
Odfjell Drilling LTD	3.6 %
Aker Solutions ASA	3.6 %


#### 5 largest overweights

	Fund	OSEFX	+/-
Odfjell Drilling LTD	3.6 %	0.0 %	3.6 %
Hafnia Ltd	4.8 %	1.2 %	3.5 %
Crayon Group Holding ASA	3.7 %	0.4 %	3.3 %
SalMar ASA	5.7 %	2.8 %	2.8 %
Aker Solutions ASA	3.6 %	0.8 %	2.8 %

#### 5 largest underweights

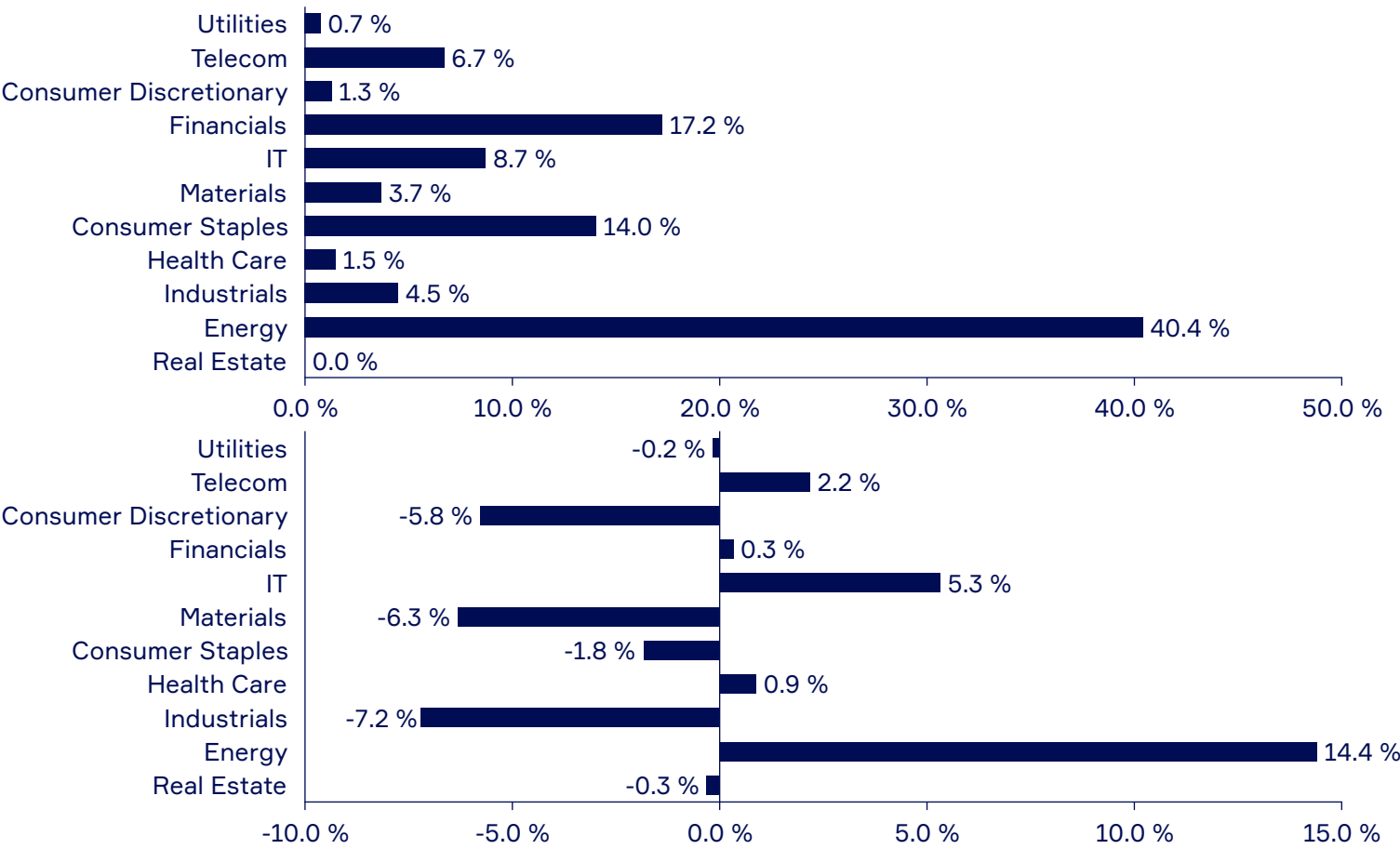
	Fund	OSEFX	+/-
Norsk Hydro ASA	2.0 %	6.2 %	-4.1 %
Adevinta ASA	0.0 %	2.7 %	-2.7 %
Yara International ASA	1.7 %	4.1 %	-2.4 %
Telenor ASA	2.1 %	4.3 %	-2.2 %
Aker BP ASA	4.3 %	6.3 %	-2.1 %

5 top positive contributors YTD 	Fund weight	Fund return	Contribution
Hafnia Ltd	4.2 %	67.9 %	2.3%
Dnb Bank Asa	8.9 %	18.6 %	1.6%
Magnora Asa	1.7 %	57.5 %	1.1%
Salmar Asa	2.8 %	54.4 %	1.1%
Seadrill Limited	3.0 %	49.9 %	1.0%

5 bottom negative contributors YTD 	Fund weight	Fund return	Contribution
Norske Skog Asa	1.5 %	-38.6 %	-1.0%
Nykode	1.9 %	-23.9 %	-0.5%
Nordic Semiconductor	1.1 %	-23.1 %	-0.4%
Af Gruppen	1.4 %	-17.9 %	-0.3%
Dolphin Drilling	1.6 %	-31.0 %	-0.3%

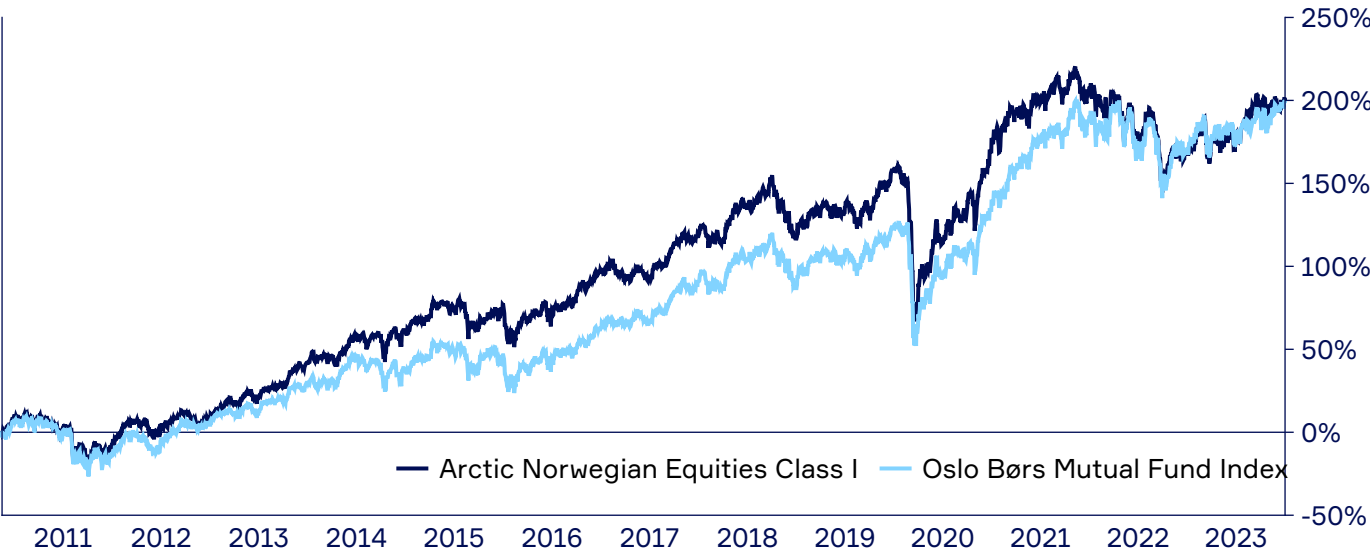
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### SECTOR DISTRIBUTION



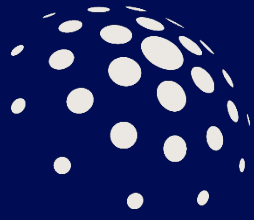
### FUND PERFORMANCE – CLASS I NOK

	Last month	3 months	6 months	YTD	1 year	3 years	5 years	Inception
<b>Fund</b>	<b>0.8 %</b>	<b>0.6 %</b>	<b>8.3 %</b>	<b>11.9 %</b>	<b>11.9 %</b>	<b>8.9 %</b>	<b>38.8 %</b>	<b>200.9 %</b>
Benchmark	1.2 %	2.5 %	7.2 %	11.2 %	11.2 %	25.2 %	60.1 %	199.2 %
Difference	-0.4 %	-1.9 %	1.1 %	0.7 %	0.7 %	-16.3 %	-21.3 %	1.6 %
Vinx Nordic Net, NOK	1.3 %	9.7 %	6.6 %	23.9 %	23.9 %	36.1 %	63.4 %	215.3 %
Euro Stoxx 600, EUR	3.8 %	6.7 %	4.5 %	15.8 %	15.8 %	29.3 %	60.7 %	150.7 %
S&P 500 TR, USD	4.5 %	11.7 %	8.0 %	26.3 %	26.3 %	33.1 %	107.2 %	414.3 %
MSCI AC World, LC	4.1 %	9.4 %	6.7 %	21.6 %	21.6 %	23.5 %	78.1 %	234.0 %



#### HISTORICAL MONTHLY RETURN SINCE 2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.73%	4.04%	-3.68%	1.33%	-1.13%	1.21%	3.56%	2.67%	1.23%	-1.52%	1.36%	0.77%	11.92%
2022	-2.88%	-0.24%	1.20%	-2.93%	2.11%	-9.02%	7.49%	-2.15%	-12.93%	6.31%	2.50%	-0.83%	-12.51%
2021	-2.16%	5.66%	2.49%	0.43%	1.26%	0.22%	1.50%	2.63%	-1.50%	2.43%	-2.86%	0.87%	11.21%
2020	-2.83%	-12.08%	16.06%	8.63%	6.80%	-0.43%	3.44%	4.32%	2.26%	-4.09%	13.08%	8.19%	7.27%
2019	3.69%	2.82%	-0.34%	2.07%	-2.03%	1.07%	0.26%	-0.31%	0.77%	3.12%	3.12%	3.31%	18.83%
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%



# ARCTIC AURORA LIFESCIENCE

December 2023

## ABOUT THE FUND

Arctic Aurora LifeScience is a specialized global healthcare UCITS fund. The fund invests in the most innovative pharmaceutical and biotech companies developing new treatments that significantly changes the life of patients to the benefit for society.

The fund provides investors exposure to the life science industry to benefit from the megatrends, demography, lifestyle and innovation. The unmet medical need is large and growing.

The portfolio has a balanced mix of large profitable pharmaceutical companies and smaller innovative biotech companies with expected high returns to navigate high volatility and risk through strong emphasis on portfolio risk management.

## FUND COMMENTS

During December the macroeconomic picture continued to improve as markets gained more certainty that the Federal Reserve's rate hike campaign came to an end for now. With that, more market participants started to price 'soft landing' as the most likely scenario, which greatly supported innovative growth stocks such as biotech. These developments moved general markets in a positive direction (S&P 500 and MSCI World index up 4.4% and 4.8% respectively over the month). Within healthcare, pharma companies had a more modest although still positive performance as MSCI World Pharmaceuticals GICS Level 3 increased 2.6% while market cap weighted Nasdaq Biotechnology Index ended the month up 12.8%. The biggest beneficiary of the current environment was the small and mid-cap biotech indicator S&P Biotechnology Select Industry Index, closing sharply up 18.2% vastly overperforming general markets.

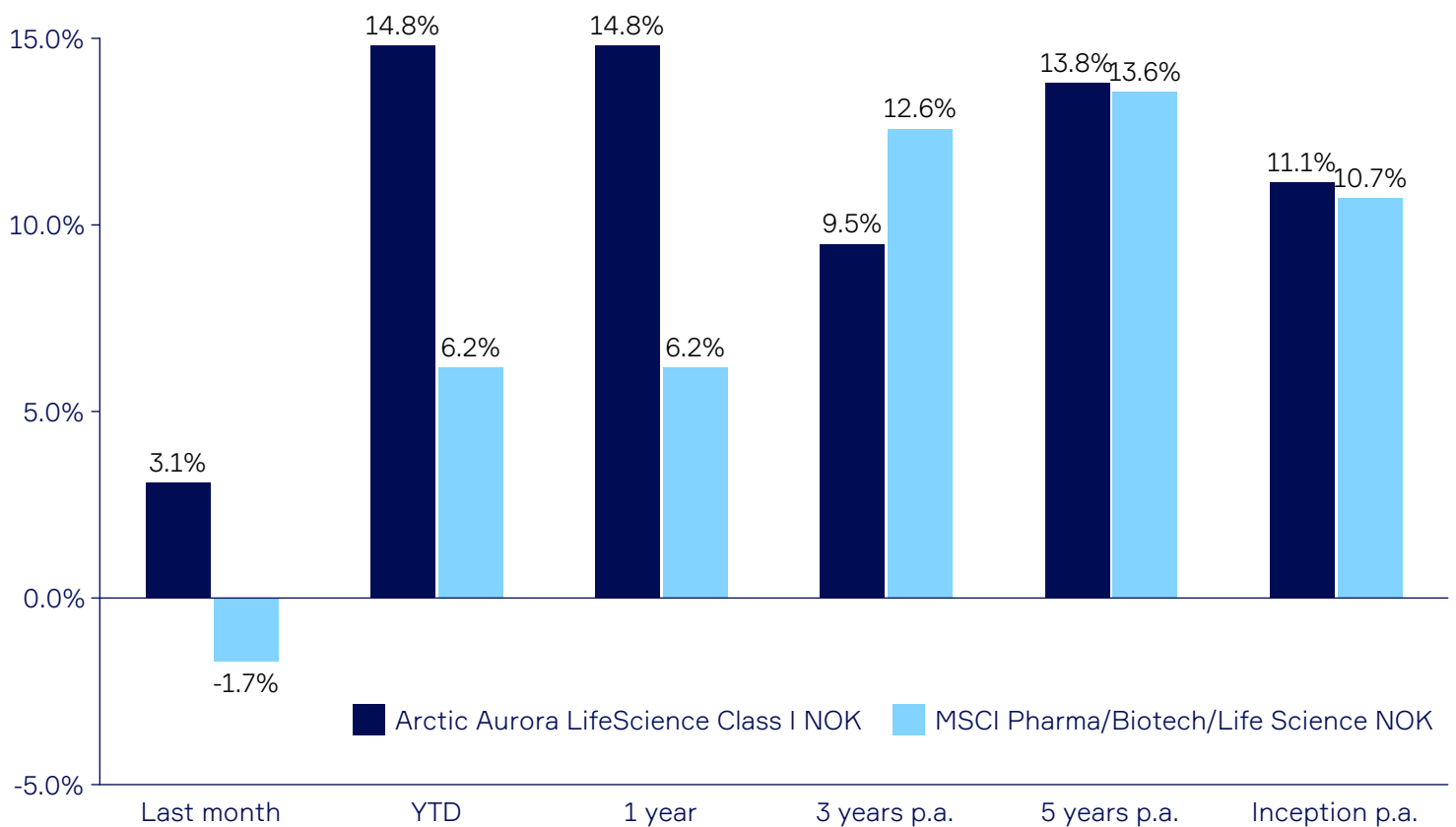
Overall, there were multiple notable acquisitions that contributed to a strong biotech performance this month. AbbVie strengthens their pipeline with neuroscience company Cerevel in a USD 8.7 billion acquisition, while AstraZeneca bought vaccine player Icosavax for USD 800 million. The acquisition of Karuna and Carmot this month is described later in the report. Cytokinetics was the best performer of the fund generating a 149.4% return in December, after the company. In many other periods, a 65.5% monthly return would put any company at the top spot of our report. However, this month, neuroscience powerhouse Karuna Therapeutics' respectable performance upon getting acquired for USD 14 billion by Bristol Myers Squibb was only the second highest in the fund.

In December, the climb of Viking Therapeutics continued as the stock increased 52.3% on favorable competitive news. Pfizer discontinued their second obesity program and more importantly, Roche acquired fellow obesity company Carmot Therapeutics, which greatly improved the sentiment around Viking. Arrowhead Pharmaceuticals bounced back from their financing overhang and rode the broader biotech wave in December, generating a 44.3% return this month. Despite being the promised land of drug development, the obesity market is fiercely competitive as the case of Structure Therapeutics shows. They generated positive results in their widely anticipated diabetes and obesity trial, but the profile of their drug fell short of market expectations, which sent the stock down 26.8%. Performance also soured for Argenx, a company that has been the North Star of European biotech this year. They announced negative results in pemphigus, an autoimmune skin disease.

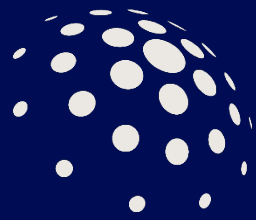
To conclude, 2023 was an eventful year for pharma and biotech. The sector was more driven by macro than ever, hence spiking interest rates and inflation had a strong effect on returns, while fading inflation and the end of the rate hiking cycle contributed to a very strong biotech performance in the last quarter of the year. 2023 was also the year of obesity. Market participants came to realize the size of this market and leaders in the space like Novo Nordisk and Eli Lilly, together with smaller players saw an increased interest and generated stellar returns in 2023.

## CAPTURING VALUE FROM GLOBAL HEALTHCARE INNOVATION

Return p.a.



AUM	NOK 2,095 m
Start date	25.05.2016
Reference index	MSCI World Pharma / Biotech / LifeScience
Fund type	Equity Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	4
Portfolio managers	Ulrica Slåne Bjerke Daniel Bolanowski
Analyst	Mark Fabian



# ARCTIC AURORA LIFESCIENCE

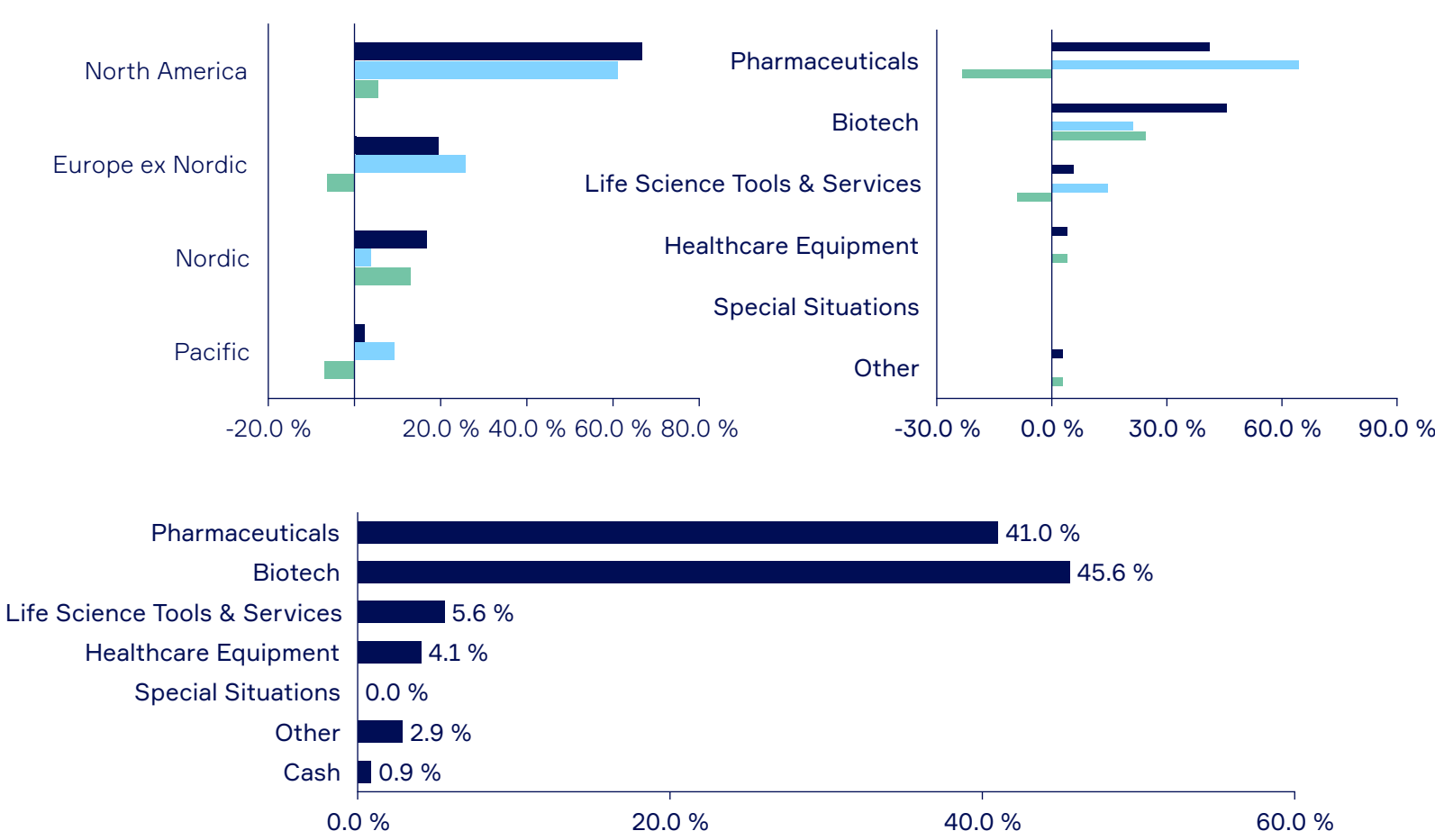
## Portfolio Return

### FUND COMPOSITION

10 largest positions			
Eli Lilly & CO	8.2 %		
Novo Nordisk A/S	7.3 %		
AstraZeneca PLC	6.2 %		
Novartis AG	3.6 %		
Johnson & Johnson	3.1 %		
Abbvie INC	3.0 %		
Thermo Fisher Scientific Inc	3.0 %		
Rocket Pharmaceuticals Inc	3.0 %		
Dexcom Inc	3.0 %		
Evotec AG	2.5 %		
5 largest overweights	Fund	MSCI Life	+/-
Rocket Pharmaceuticals Inc	3.0 %	0.0 %	3.0 %
Dexcom Inc	3.0 %	0.0 %	3.0 %
Evotec AG	2.5 %	0.0 %	2.5 %
Intra-Cellular Therapies Inc	2.5 %	0.0 %	2.5 %
Cytokinetics Inc	2.4 %	0.0 %	2.4 %
5 largest underweights	Fund	MSCI Life	+/-
Johnson & Johnson	3.1 %	8.0 %	-4.9 %
Merck & Co Inc	1.8 %	5.9 %	-4.1 %
Danaher Corp	0.0 %	3.4 %	-3.4 %
Pfizer Inc	0.7 %	3.5 %	-2.8 %
Abbvie INC	3.0 %	5.8 %	-2.8 %
5 top positive contributors YTD	Fund weight	Fund return	Contribution
Eli Lilly & Co	8.2 %	65.7 %	4.3 %
Novo Nordisk	7.3 %	60.4 %	3.4 %
Cytokinetics	0.2 %	147.0 %	1.8 %
Rocket Pharmaceutica	2.9 %	57.7 %	1.7 %
Iveric Bio Inc	0.5 %	89.4 %	1.7 %
5 bottom negative contributors YTD	Fund weight	Fund return	Contribution
Pfizer Inc	2.0 %	-39.5 %	-1.3 %
Harmony Biosciences	1.7 %	-39.6 %	-1.1 %
Traverse Therapeutics	1.0 %	-58.2 %	-0.9 %
Cara Therapeutics	0.2 %	-46.6 %	-0.8 %
Arrowhead Pharmaceut	1.1 %	-22.3 %	-0.7 %

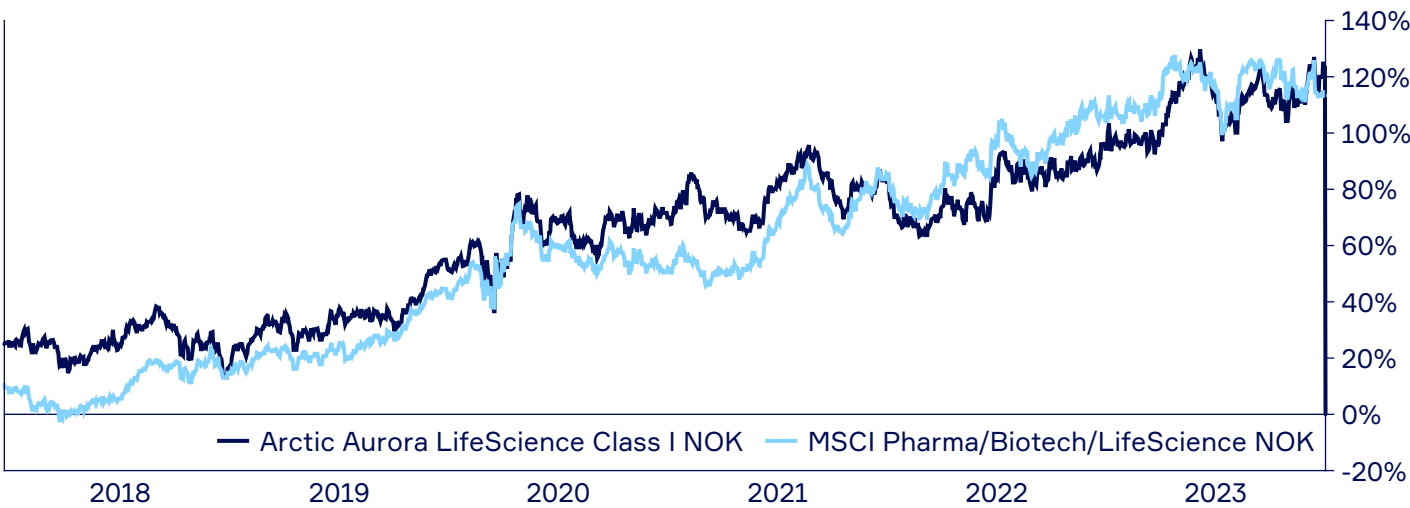
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### SECTOR DISTRIBUTION



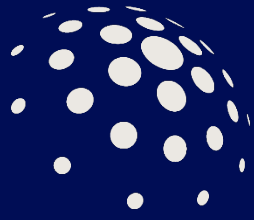
### FUND PERFORMANCE

Performance	Last month	3 months	6 months	YTD	1 year	3 years	5 years	Inception
AAL NOK class	3.1 %	6.4 %	3.6 %	14.8 %	14.8 %	31.2 %	90.9 %	123.1 %
Benchmark	-1.7 %	-1.3 %	-2.1 %	6.2 %	6.2 %	42.6 %	88.9 %	116.8 %
Difference	4.8 %	7.7 %	5.7 %	8.6 %	8.6 %	-11.4 %	2.0 %	6.3 %
AAL USD class	9.8 %	12.0 %	9.5 %	10.7 %	10.7 %	10.8 %	61.8 %	82.6 %
AAL hedged NOK	8.6 %	9.4 %	8.1 %	8.3 %	8.3 %	10.5 %	52.4 %	70.2 %



HISTORICAL MONTHLY RETURN SINCE 2017													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.11%	-0.25%	2.56%	6.17%	4.54%	-3.51%	-4.75%	4.62%	-2.29%	-1.46%	4.77%	3.08%	14.80%
2022	-6.75%	-3.49%	5.31%	0.30%	-2.24%	7.44%	0.09%	-0.49%	5.37%	-0.91%	0.74%	1.80%	6.48%
2021	2.93%	1.17%	-2.34%	-3.05%	0.64%	7.35%	3.49%	1.89%	-4.18%	-3.61%	1.48%	1.98%	7.36%
2020	0.94%	-3.27%	2.75%	10.82%	0.18%	-0.09%	-5.35%	-0.67%	6.89%	-2.46%	2.78%	0.24%	12.37%
2019	6.01%	6.05%	1.94%	-4.68%	-0.93%	6.79%	0.53%	0.60%	-2.74%	6.26%	6.91%	0.23%	29.45%
2018	1.40%	-0.76%	-4.55%	0.49%	3.55%	-0.56%	5.58%	6.03%	-4.95%	-6.47%	4.86%	-9.37%	-5.99%
2017	1.29%	10.03%	1.33%	0.79%	-2.19%	4.45%	-4.74%	4.83%	4.88%	-3.62%	2.81%	-0.31%	20.30%





# ARCTIC AURORA BIOTECH SELECT

December 2023

## ABOUT THE FUND

Arctic Aurora Biotech Select is a specialized global healthcare UCITS fund. The fund invests in leading innovative small to midsize biotech companies supplemented with large cash generating big biotech's to maximize risk adjusted return.

The fund provides investors an exposure to a large number of biotech companies leading the development of new, science-based medicines that significantly changes the life of patients to the benefit for society with high return potential. The medical need is large and growing from the development in demography and lifestyle.

Selecting the winning biotech companies requires a specialized investment team with deep knowledge and experience from biology, clinical trials and understanding of commercial potential. The fund has a strong emphasis on risk management through portfolio construction to control higher expected volatility.

AUM	NOK 181 m
Start date	09.06.2021
Reference index	NASDAQ Biotech
Fund type	Equity Fund (UCITS)
SFDR	Article 8
PRIIP Risk Class (1-7)	5
Portfolio managers	Ulrica Slåne Bjerke Daniel Bolanowski
Analyst	Mark Fabian

## FUND COMMENTS

During December the macroeconomic picture continued to improve as markets gained more certainty that the Federal Reserve's rate hike campaign came to an end for now. With that, more market participants started to price 'soft landing'). Within healthcare, pharma companies had a muted although still positive performance as MSCI World Pharmaceuticals GICS Level 3 increased 2.6% while market cap weighted Nasdaq Biotechnology Index ended the month up 12.8%. The biggest beneficiary of the current environment was the small and mid-cap biotech indicator S&P Biotechnology Select Industry Index, closing sharply up 18.2% vastly outperforming general markets.

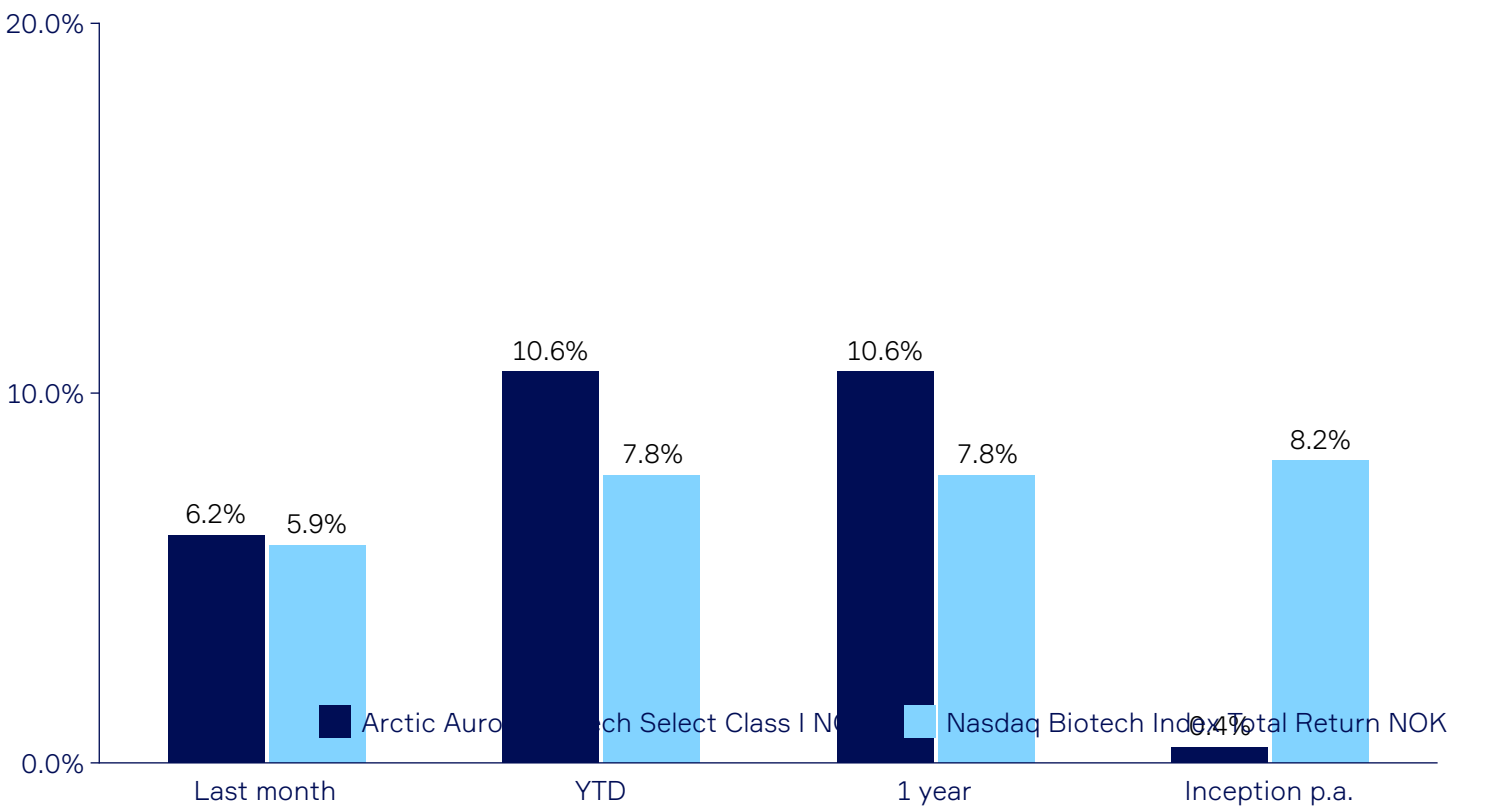
Overall, there were multiple notable acquisitions that contributed to a strong biotech performance this month. AbbVie strengthens their pipeline with neuroscience company Cerevel in a USD 8.7 billion acquisition, while AstraZeneca bought vaccine player Icosavax for USD 800 million. The acquisition of Karuna and Carmot this month is described later in the report. Cytokinetics was the best performer of the fund generating a 149.4% return in December, after the company announced overwhelmingly positive results from their greatly anticipated pivotal heart disease trial. With these results the company has a good chance to address a large and underserved market. In many other periods, a 65.5% monthly return would put any company at the top spot of our report. Not this month, though. Neuroscience powerhouse Karuna Therapeutics' respectable performance upon getting acquired by Bristol Myers Squibb was only the second highest in the fund.

In December, the climb of Viking Therapeutics continued as the stock increased 52.3% on favorable competitive news. Pfizer discontinued their second obesity program and more importantly, Roche acquired fellow obesity company Carmot Therapeutics, which greatly improved sentiment around Viking. Arrowhead Pharmaceuticals bounced back from their financing overhang and rode the broader biotech wave in December, generating a 44.3% return this month. Although Structure Therapeutics generated positive results in their widely anticipated diabetes and obesity trial, the profile of their drug fell short of market expectations, which sent the stock down 26.8%. Due to a similar chain of events, the price of Cogent Biosciences also decreased by 23.3%, as their positive dataset in an immune disorder was not deemed differentiated from the incumbent treatment option. Replimune decreased 24.6% as well on negative trial results in skin cancer. Performance also soured for Argenx, a company that has been the North Star of European biotech this year. They announced negative results in pemphigus, an autoimmune skin disease. Upon this news, the stock price crumbled 14.3%.

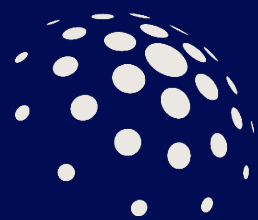
To conclude, 2023 was an eventful year for pharma and biotech. The sector was more driven by macro than ever, hence spiking interest rates and inflation had a strong effect on returns, while fading inflation and the end of the rate hiking cycle contributed to a very strong biotech performance in the last quarter of the year.

## HEALTHY RETURNS FROM TRANSFORMING MEDICINE

Return p.a.







# ARCTIC AURORA BIOTECH SELECT

## Portfolio Return

### FUND COMPOSITION

10 largest positions	
Vertex Pharmaceuticals INC	7.4 %
Regeneron Pharmaceuticals	6.7 %
Biogen Idec Inc.	4.1 %
Rocket Pharmaceuticals Inc	3.8 %
Evotec AG	3.8 %
Gilead Sciences INC	3.5 %
Amgen Inc	3.5 %
Alnylam Pharmaceuticals Inc	3.4 %
Ultragenyx Pharmaceutical Inc	3.3 %
Intra-Cellular Therapies Inc	3.2 %

5 largest overweights	Fund	NBI	+/-
Evotec AG	3.8 %	0.0 %	3.8 %
Rocket Pharmaceuticals Inc	3.8 %	0.3 %	3.5 %
Ultragenyx	3.3 %	0.4 %	2.9 %
Argen-X Nv	2.8 %	0.0 %	2.8 %
Alltrna	2.5 %	0.0 %	2.5 %

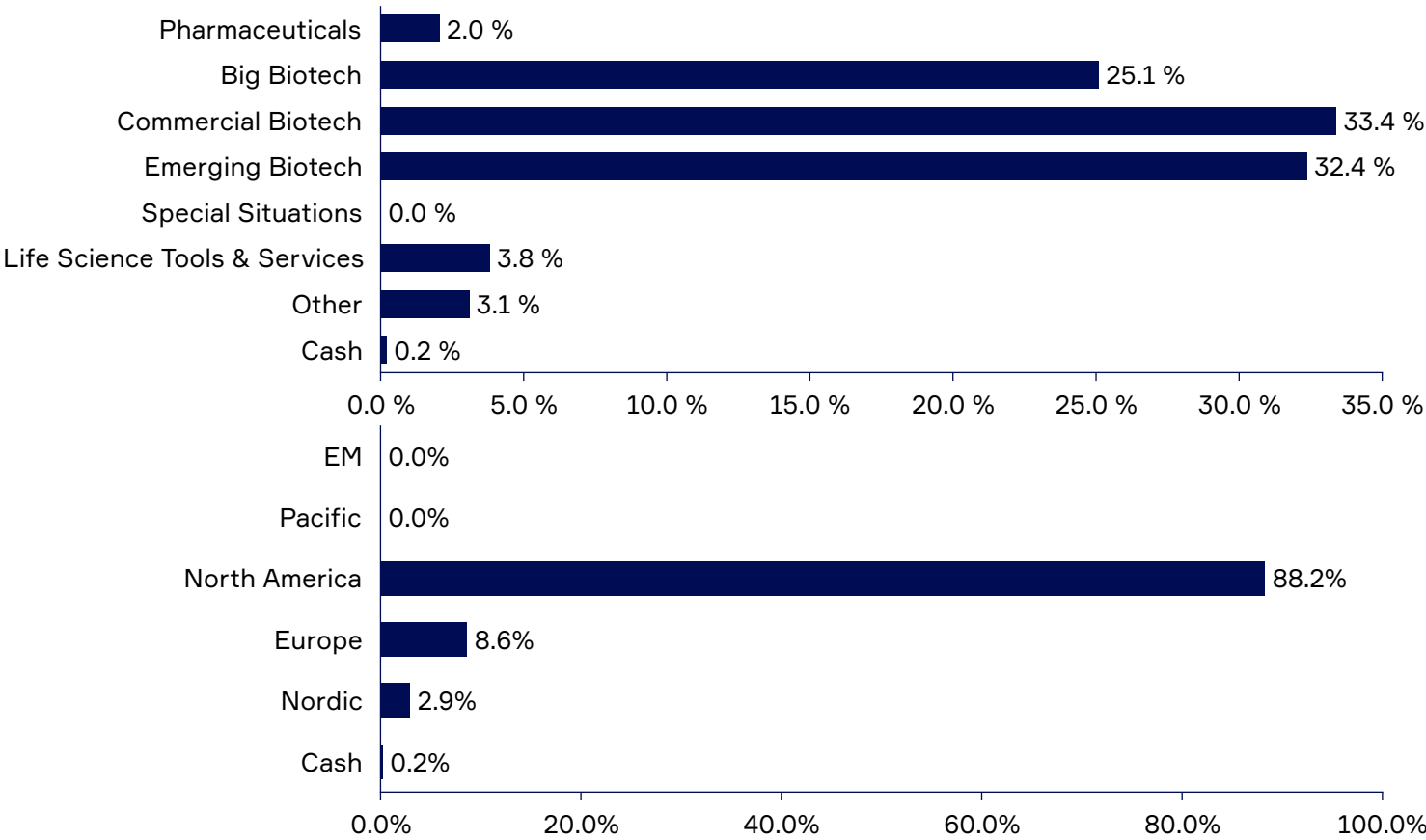
5 largest underweights	Fund	NBI	+/-
Amgen Inc	3.5 %	7.9 %	-4.4 %
Gilead Sciences INC	3.5 %	7.8 %	-4.3 %
Moderna Inc	0.0 %	3.9 %	-3.9 %
Illumina INC	0.0 %	2.3 %	-2.3 %
Incyte Corp	0.0 %	1.5 %	-1.5 %

5 top positive contributors YTD	Fund weight	Fund return	Contribution
Vertex	6.4 %	45.1 %	2.4 %
Iveric Bio	1.1 %	96.8 %	2.3 %
Crinetics	2.5 %	100.2 %	2.2 %
Rocket Pharmaceutica	3.3 %	57.7 %	1.9 %
Regeneron	7.3 %	25.4 %	1.7 %

5 bottom negative contributors YTD	Fund weight	Fund return	Contribution
Moderna Inc	1.6 %	-53.2 %	-1.5 %
Harmony Biosciences	2.0 %	-39.6 %	-1.3 %
Apellis Pharmaceutic	0.8 %	-52.9 %	-1.1 %
Traverse Therapeutics	1.1 %	-59.4 %	-0.9 %
Cara Therapeutics	0.3 %	-44.6 %	-0.8 %

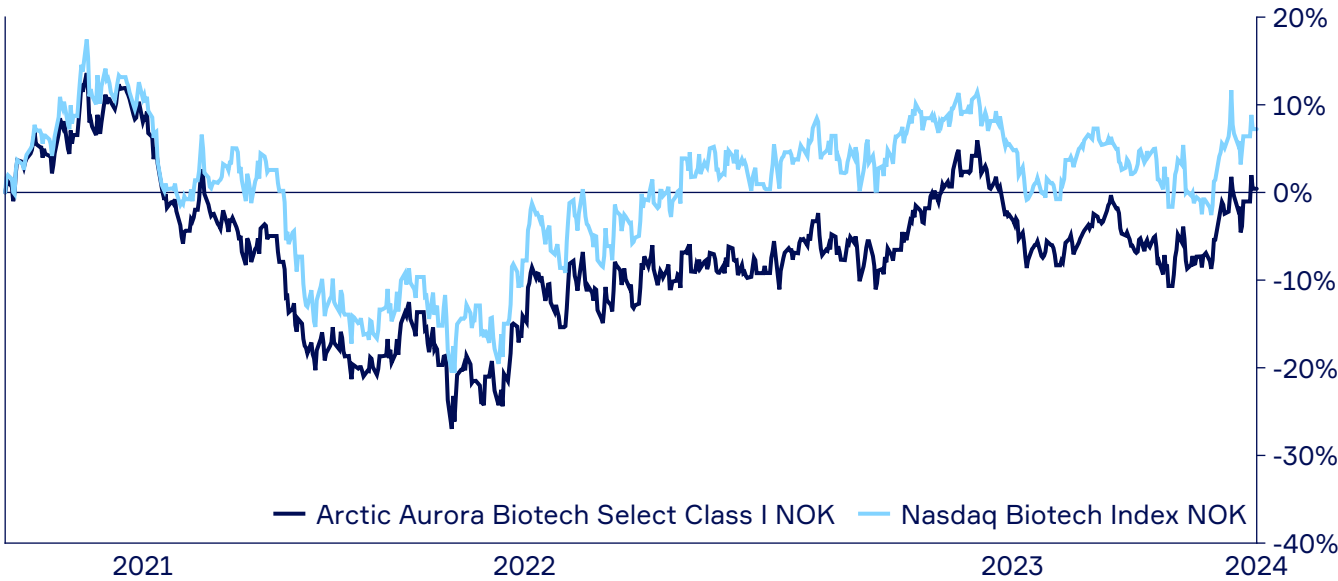
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### SECTOR DISTRIBUTION



### FUND PERFORMANCE – CLASS I NOK

Performance	Last month	3 months	6 months	YTD	1 year	Inception
AAB NOK class	6.2 %	6.9 %	3.1 %	10.6 %	10.6 %	0.4 %
Benchmark	5.9 %	5.0 %	1.6 %	7.8 %	7.8 %	8.2 %
Excess Return	0.3 %	1.9 %	1.4 %	2.8 %	2.8 %	-7.8 %
AAB USD class	13.1 %	12.6 %	8.9 %	6.6 %	6.6 %	-18.1 %
AAB SEK class	8.6 %	3.9 %	1.8 %	3.1 %	3.1 %	-0.1 %



### HISTORICAL MONTHLY RETURN SINCE INCEPTION

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	4.88%	-2.07%	0.38%	4.88%	4.12%	-4.71%	-3.50%	2.31%	-2.35%	-3.53%	4.40%	6.16%	10.59%
2022	-9.55%	-4.05%	4.61%	-3.93%	-5.29%	9.67%	1.45%	2.58%	6.79%	0.47%	-0.63%	-1.89%	-1.38%
2021*					5.94%	0.57%	3.41%	-4.73%	-6.62%	-2.57%	-3.58%		-7.92%

\*Performance since 09.06.2021



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