

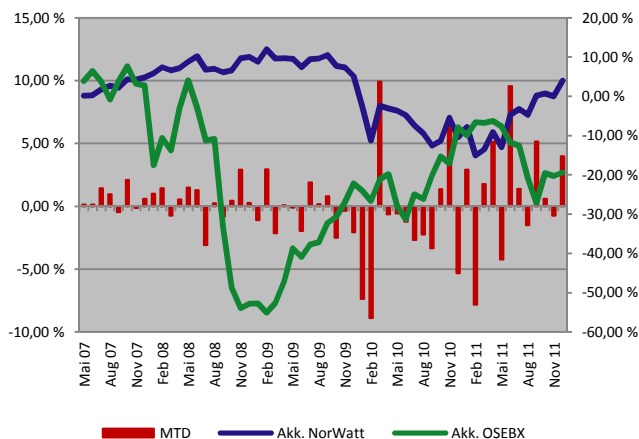
NorWatt Energy AS

Monthly report - December 2011

Monthly comment

In December the Nordic power market was influenced by the similar price drivers as in the previous month. Warm and wet weather in combination with decreasing prices for CO2 resulted in falling power prices. The reservoir levels in Norway and Sweden were above normal and the availability of Swedish nuclear power was increasing. This increased the competition between power producers, and due to higher marginal cost in power production based on coal compared to production based on hydro, wind and nuclear power, much of the coal based production was squeezed out of the market. Power prices fell for the front as well as for product further out on the curve. Due to risk reduction in front of the festive season, the last two weeks of the month were calm. Norwatt Energy AS was well positioned for the price decrease, and the return in December was 4,0 %

Performance graph



Monthly performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	2,92 %	-7,83 %	1,78 %	5,15 %	-4,24 %	9,57 %	1,40 %	-1,51 %	5,16 %	0,59 %	-0,74 %	4,00 %	16,16 %
2010	-7,37 %	-8,90 %	9,93 %	-0,65 %	-0,57 %	-1,24 %	-2,69 %	-2,24 %	-3,35 %	1,37 %	6,64 %	-5,32 %	-14,84 %
2009	-1,11 %	2,94 %	-2,16 %	0,08 %	-0,10 %	-1,97 %	1,89 %	0,18 %	0,82 %	-2,51 %	-0,35 %	-2,07 %	-4,43 %
2008	1,00 %	1,44 %	-0,76 %	0,55 %	1,49 %	1,29 %	-3,10 %	0,24 %	-0,82 %	0,45 %	2,91 %	0,27 %	4,94 %
2007					0,13 %	0,14 %	1,44 %	0,95 %	-0,47 %	2,10 %	-0,13 %	0,60 %	4,85 %

Statistic

	NWE	OSEBX
NAV	89,53	
Total Capital (NOK mill)	35,16	
Last month	4,00 %	1,08 %
3 months	3,84 %	10,53 %
6 months	9,05 %	-8,63 %
12 months	16,16 %	-12,46 %
24 months	-1,08 %	3,60 %
36 months	-5,46 %	70,72 %
Since inception	3,60 %	-19,40 %
Monthly average	0,06 %	-0,38 %

Risk parameters

	NWE	OSEBX
Best month	9,93 %	15,83 %
Worst month	-8,90 %	-25,22 %
Worst drawdown since inception	27,06 %	62,70 %
Share positive months	55,36 %	51,79 %
Standard deviation 12 months	16,00 %	17,78 %
Standard deviation since inception	11,97 %	28,10 %
Sharpe ratio	-0,27	-0,30
Correlation OSEBX 12 months	-26,91 %	
Correlation OSEBX since inception	-5,24 %	

Terms

Management fee	3 %
Performance fee	20 %
Hurdle rate	10 %
Performance fee period (months)	12
High water mark	No

Targets

Annual return	15 %
Annual Standard deviation	12 %

Description

Manager	NorWatt AS
Accounting	Visma Services
Auditor	KPMG

Currency	NOK
Liquidity	Semiannual
Minimum subscription	2.000.000 NOK

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