

Positive Chain of Events for Norron

Stockholm (HedgeNordic) – Swedish biopharma **BioArctic AB** saw its share price increase by almost 50 percent on Tuesday after **Biogen** announced renewed plans to seek approval for its experimental Alzheimer's drug, aducanumab, months after discontinuing clinical studies of the same drug. As the fifth-largest shareholder in BioArctic with a 3.5 percent stake, Stockholm-based asset manager **Norron AB** benefited from Biogen's announcement, which raised the probability of success of BioArctic's experimental drug for the treatment of Alzheimer's disease.

The Swedish asset manager's long-only equity fund **Norron Active** and market-neutral equity fund **Norron Alpha** are both invested in BioArctic AB. The long side of Norron Alpha, a member of the Nordic Hedge Index, constitutes a replica of Norron Active's portfolio, with the hedge fund's beta component reduced by shorting the OMX Stockholm Benchmark (SBX).

According to fund manager Gustaf Sjögren (*pictured*), who manages both Norron Alpha and Norron Active, "the positive development for aducanumab is a partial confirmation of the course of action for BioArctic's BAN2401. Despite some differences, aducanumab and BAN2401 are relatively similar molecules."

Biogen announced plans to seek approval from U.S. Food and Drug Administration (FDA) for the drug it abandoned earlier this year. In March, Biogen halted two Phase III clinical studies after the analysis of preliminary data available at the end of December of last year suggested aducanumab was destined for failure. A larger dataset with additional data from 2019 told a different story, as patients who received higher doses of aducanumab "experienced significant benefits on measures of cognition and function such as memory, orientation, and language," the company reported.

"What happened is quite unusual in fact," comments Sjögren in an interview with Finwire. "Biogen had previously withdrawn its application. Before Biogen's announcement, the estimated probability of BioArctic to succeed was at 25 percent, now it is at maybe 45-50 percent, and I think you should have a higher probability."

At the end of September, Norron AB owned 3.05 million shares of BioArctic, sitting as the fifth-largest shareholder after Pär Gellerfors and Lars Lannfelt, the two founders of BioArctic, as well as the Third and Fourth Swedish National Pension Funds (AP3 and AP4).