

PERFORMANCE

Adrigo Small & Midcap L/S Class A rose 0.85% and Class C rose 0.72% in August net of fees. As of August, Class A is up 2.23% in 2022.

Global stock markets held up well during the first half of August but fell sharply during the latter part of the month. The S&P 500 fell almost 8% in the last two weeks and the Nordic stock markets showed a similar decline. The fund's holdings in **Frontline** (shipping) and **K2A** (real estate) provided good contributions to our return. The fund's Core holdings collectively showed a relative outperformance compared to the stock market. A number of our short holdings, including our short index position, also made good contributions.

Adrigo Small & Midcap L/S Class A has returned 83.3% since inception, net of fees. In the same period, the benchmark STIBOR 1M rate has returned -0.7% and the Carnegie Small Cap Return Index Nordic has a gain of 60.6%.

MARKET COMMENT

Carnegie Small Cap Return Index Nordic fell 5.93% in August. We noted that Nordic small-caps "outperformed" its large-cap peers (OMXN40), which fell 6.24%.

The early summer's downturn in the interest rate market, pivoted in August with interest rates turning upwards again. In the US, the ten-year interest rate went from 2.55% to 3.20% after FED chairman Jerome Powell pointed out that the fight against inflation has the highest priority, even if higher interest rates will put pressure on the economy. It should be quite clear that the American labor market needs to cool off and we will see a continued strong focus on employment statistics during the autumn.

THE COMPANIES

We saw strong movements in some of our holdings in connection with the quarterly reports. **Calliditas Therapeutics** (pharma), a midsized holding, was down sharply after its earnings report, despite the fact that reported sales did not deviate from expectations. The Company's product, *Tarpeyo*, for the treatment of IgAN, a rare kidney disease, is approved by the FDA and it went on sale during Q1 2022. The product has also received approval in Europe, under the product name *Kinpeygo*. The FDA's approval was based on the reading of Part A of the Phase 3 study. Part B is a post-market approval confirmatory trial, to confirm long-term renal protection. The readout will come in the first half of 2023, and a positive result will have a marked effect on the stock market's risk premium and thus the share price.

Russia's invasion of Ukraine continues to have a big impact on the energy markets. Extremely high gas prices have been noted but, we also see other major effects. Russia's oil production remains high, but new trade patterns have crystallized. In previous monthly newsletters, we have stated our thesis about longer transport distances (which we now see); partly through increased exports from the USA and partly through more complicated, and less efficient, transport routes. Our position in Frontline has continued to develop well and a distinctly optimistic management spoke after its Q2 report. What makes the market extra interesting is a low supply of new builds entering the market in the coming years, while a major part of the large tanker fleet is approaching 20 years old. We therefore see that the market will strengthen further in the coming years. Frontline has a very modern fleet, and we expect very strong cash flows going forward.

We thank you for your trust and see good return opportunities in the future.

VISITS DURING THE MONTH

Now, when the earnings season has passed, we can conclude that the results have generally exceeded expectations.

During the month, we continued to be active with company visits. Hopefully, we can share some more sentiments in the coming monthly letters.

Noticeably, there are fewer meeting requests regarding listing or secondary transactions. Obviously, it is more difficult to raise equity today.

LARGEST CONTRIBUTORS

- ▶ Short – Index Future (SE)
- ▶ Frontline – Shipping
- ▶ K2A – Real estate
- ▶ Short – Technology (SE)
- ▶ Short – Industrial (SE)

Portfolio management



Staffan Östlin
Portfolio Manager and CIO
+46 73 337 83 44
staffan.ostlin@adrigo.se
In the industry since 1987



Johan Eriksson
Portfolio Manager
+46 73 337 83 24
johan.eriksson@adrigo.se
In the industry since 2016

Fund information

Launch date	2017-11-01
ISIN	SE0010440735
Subscription fee	0%
Redemption fee	0%
Fixed management fee	1%

Performance related management fee 20% of total return exceeding STIBOR 30 days rate after deduction of fixed fee ("high water mark").

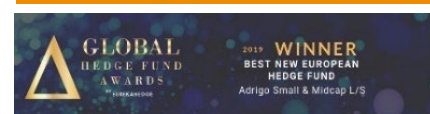
Deposit: Initial minimum SEK 1000.

Risk and reward profile



Important information:

Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds, such as the prospectus, key investor information documents (KIID) and financial reports is available on adrigo.se.

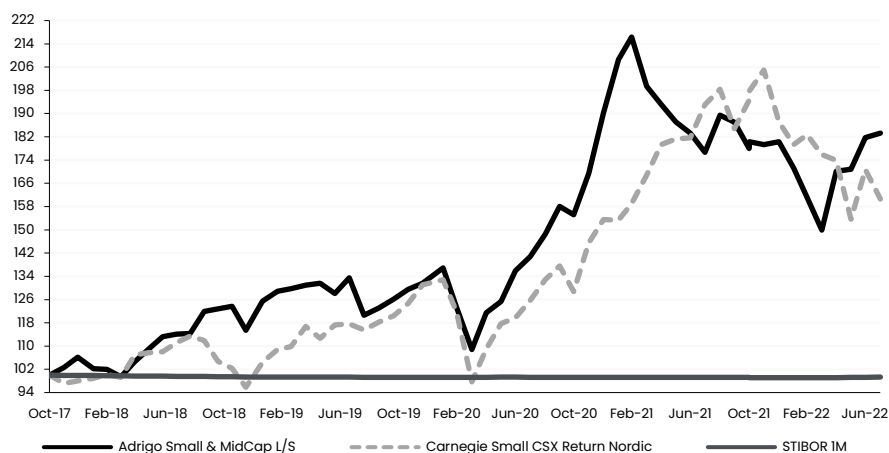


ADRIGO SMALL & MIDCAP L/S

August 2022

Performance

Nov 2017 – Aug 2022



Key and Risk figures	31/08/22	1 M	12 M	Since inception
NAV Class A, SEK	183.28			
NAV Class C, SEK	2 247.33			
Performance, % *		0.85	-3.23	83.28
STIBOR IM, %		0.07	0.08	-0.73
Std deviation, % *, **			19.86	19.13
Sharpe ratio *			-0.16	0.70
Net exp. to eq. %	39.9			

*Refers to Class A **Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022 Class C					12.87	0.32	5.08	0.72					19.85
2022 Class A	0.56	-5.01	-5.90	-7.01	13.56	0.40	6.36	0.85					2.23
2021	9.67	3.71	-7.87	-3.09	-3.15	-2.04	-3.61	7.21	-1.24	-4.86	1.31	-0.57	-5.74
2020	4.04	-9.92	-11.79	11.65	3.21	8.42	3.53	5.51	6.47	-1.81	9.16	12.25	44.53
2019	8.73	2.71	0.74	0.86	0.53	-2.61	4.16	-9.63	2.11	2.40	2.66	1.65	14.09
2018	-3.65	-0.22	-2.53	5.24	4.12	3.86	0.79	0.25	6.61	0.75	0.67	-6.70	8.69
2017											2.65	3.40	6.14

Source: Adrigo Asset Management

Focus of Investment:

Adrigo Small & Midcap L/S is a hedge fund focusing on investments in Nordic equities and equity-related instruments in the segment of small and medium-sized companies.

Objective

High absolute return at a lower risk than the overall equity market.

Strategy

Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.

Trading Day

Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.

NAV

NAV is calculated on the last banking day of each month and published at the latest on the fifth banking day thereafter.

Deposit

Initial minimum SEK 1000.

Custodian

Skandinaviska Enskilda Banken AB (publ)

Portfolio manager

Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.

Management company

East Capital Asset Management S.A.

Contact

Kungsgatan 33, 111 93 Stockholm, Sweden
Tel +46 (0)8 505 887 00
www.adrigo.se