

### PERFORMANCE

Adrigo Small & Midcap L/S Class A fell 0.91% and Class C fell 0.90% in November, net of fees. As of November, Class A is down -0.75% in 2022. The Carnegie Small Cap Return Index Nordic rose 6.22% in October and is down -21.27% in 2022.

The fund's larger holdings in **Sinch** (software), **Attendo** (elderly care), and **Nolato** (contract manufacturing) provided good contributions to our return. The fund's Norwegian holdings underperformed where **Dolphin Drilling** (oil service), a quite illiquid stock, had a significant negative contribution. A short position in the OMX future also had a negative contribution and our short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S Class A has returned 78.0% since inception, net of fees. The compounded return has been 12.0% per year since inception. In the same period, the benchmark STIBOR IM rate has returned -0.4% and the Carnegie Small Cap Return Index Nordic has a gain of 61.4%.

### MARKET COMMENT & THE COMPANIES

Developed stock markets have recovered some of their declines and have continued to be highly news sensitive. The market is turning more optimistic as it looks for signals that the peak of the interest rate cycle is near.

The e-commerce company **Pierce Group**, one of the largest European online retailers of motorcycle parts (with a large share of their own brands), is a new holding since August. It is active in a niche market with low e-commerce penetration, and we view the outlook for organic growth as good given more customers will go online.

The company was listed in March of 2021, i.e., at a time when the IPO market was red hot. Sales were, in hindsight, boosted by Covid-19 thus sales growth slowed significantly post its IPO. Simultaneously, costs for shipping goods from Asia to Europe skyrocketed squeezing gross margins. Inbound freight costs accounted for some 2.5% of sales during 2019 and 2020 compared with 6.5% over the last quarters. However, the container market has slumped recently, and rates are today some 50% lower than in Q4 2021. We expect to see a positive impact from this during H2 2023. Should gross margins normalize in 2024, one would expect an increase of some 400 bps corresponding to SEK 1 per share compared with the share price today of SEK 10.

Pierce was forced to refinance and raised equity in June 2022 and is now in a net cash position. In connection with the rights issue, Verdane Capital acquired its first shares and became the largest shareholder, holding close to a 30% position. We believe that Verdane is a hungry wolf after recent setbacks in Swedish Desenio and Babyshop, but Verdane has a proven track record from e-commerce, e.g., Boozt. After an announced EGM in December, Verdane will also have board representation, and we expect the firm to take the driver's seat going forward. The share has very high return potential that should materialize as its margins normalize going forward.

Adrigo Small & Midcap L/S was launched on November 1st, 2017, and we have recently celebrated our five-year anniversary. Five years can be described as both a short time and a long time. Nonetheless, the market has been volatile, and a lot of events have taken place over these years. We have gone through macroeconomic shocks, with interest rate hikes and monetary tightening, to hefty monetary stimulus measures, and finally tightening once again. We have seen companies leverage their balance sheets, make acquisitions by issuing shares, and play the multiple arbitrages to later turn around and "focus on its core business" again via divestments and subsequent extraordinary cost reduction programs. In recent years, Covid-19 and Russia's invasion of Ukraine have created turmoil in the market. The next five years will most likely be volatile, but one fact remains; we will see companies, to a larger extent, small and mid-sized, developing strongly despite an uncertain macroeconomic environment.

Since our inception, we have managed the fund according to the basic concept we started with; to focus on individual companies and their value drivers. Over the years, we have maintained the strategy but with a continuous twist, because you, as an investor, must adapt to the current market conditions. We have generated an annualized return of 12% (net of fees), which is in the middle of our stated range of 8% to 16%. On a relative basis, and compared with the Nordic small and midcap stock market, we have generated value. However, we are never satisfied and will continue to work hard to generate even better returns for our co-investors. Finally, we want to thank you for your trust, and wish you and yours a Merry Christmas and prosperity in 2023!

### VISITS DURING THE MONTH

During November we met with, among others, Pierce, Nolato, OssDesign, Camurus, Frontline, Belships, and Electrolux.

### LARGEST CONTRIBUTORS

- ▶ Sinch – Software
- ▶ Attendo – Elderly care
- ▶ Nolato – Contract Manufacturing
- ▶ Online Brands – e-commerce
- ▶ Dometic – Leisure products



### 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

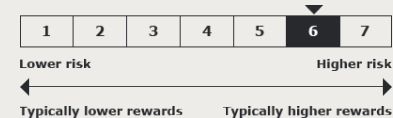
### Fund information

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

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

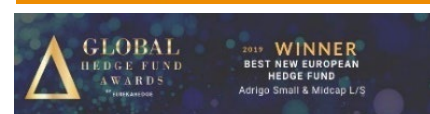
**Deposit:** Initial minimum SEK 1000.

### 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](http://adrigo.se).

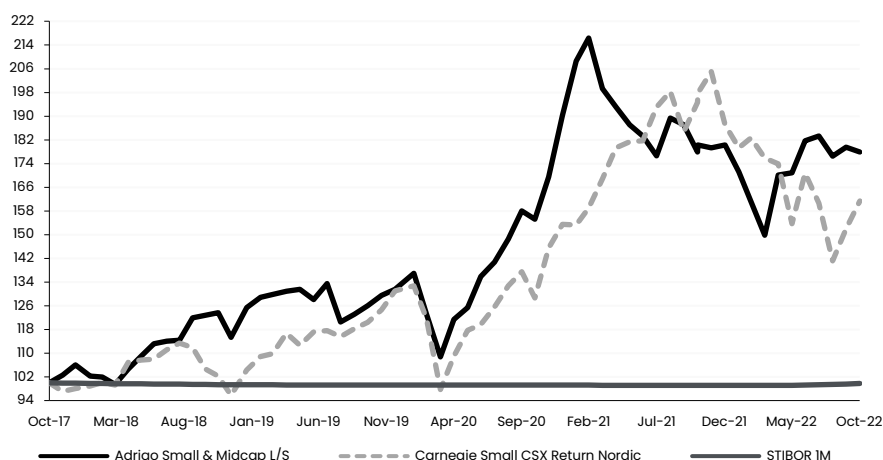


# ADRIGO SMALL & MIDCAP L/S

November 2022

## Performance

Nov 2017 – Nov 2022



### 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

Key and Risk figures	30/11/22	1 M	12 M	Since inception
NAV Class A, SEK	177.95			
NAV Class C, SEK	2 182.02			
Performance, % *		-0.91	-1.31	77.95
STIBOR IM, %		0.20	0.65	-0.38
Std deviation, % *, **			19.60	18.80
Sharpe ratio *			-0.07	0.64
Net exp. to eq. %	51.4			

\*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	-3.67	1.71	-0.90		16.36
2022 Class A	0.56	-5.01	-5.90	-7.01	13.56	0.40	6.36	0.85	-3.67	1.71	-0.91		-0.75
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

### Important Information:

Adrigo funds are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds and are therefore not to be considered as UCITS funds. Adrigo funds are only directed at institutions and other professional investors and are not subject to the same regulatory framework as those funds which are adapted to retail investors. Investments in funds always involve risks. Past performance is no guarantee for future performance. Fund units may increase or decrease in value and may be affected by changes in exchange rates and other factors. Investors may not get back the amount invested. Before investing, please read the fund regulations and the information memorandum carefully. For full information, such as the information memorandum, key investor information documents (KIID) and financial reports please see [www.adrigo.se](http://www.adrigo.se).

The availability of Adrigo funds may be limited or restricted in some countries. Detailed information about where the funds are registered and what types of distribution are permitted can be obtained from Adrigo Asset Management. The information about Adrigo funds is only directed at those investors located where Adrigo is authorized to make this information available and is not intended for any use which would be contrary to local law or regulation. Consequently, the Adrigo funds may not be offered, sold or distributed in these countries unless such offer, sale or distribution is made in accordance with any applicable exemption from any registration requirements provided by the local securities laws and regulations. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase and holding of shares; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of shares.