

ADRIGO SMALL & MIDCAP L/S

August 2021

Performance

Adrigo Small & Midcap L/S rose by 7.21% in August, net of fees.

The Fund's larger holdings in **Kahoot** (e-learning) and **Veoneer** (automotive safety) provided positive contributions. Among the midsize positions, we noted good gains in **Urb-It** (last mile logistics) and **Vaccibody** (biotechnology). Among the smaller positions, we noted good percentage gains in **Initiator Pharma** (biotechnology) and **Profoto** (studio flash systems). The Fund's short positions impacted performance positively in aggregate.

Adrigo Small & Midcap L/S has returned 89.4% since inception, net of fees. In the same period, the benchmark STIBOR 1M rate has returned -0.8% and the Carnegie Small Cap Return Index Nordic has gained by 98.4%. Aadrigo Small & Midcap L/S has returned 27.6% over the last 12-month period.

Market comment and outlook

The Carnegie Small Cap Return Index Nordic rose by 2.7% in August. All Nordic stock markets rose during the month, where we noted strong performance from the *Technology* and *Health Care* sectors. Nordic small caps outperformed larger entities (OMXN40), which rose 1.9% during the month.

We highlighted **Kahoot** in July's monthly letter and explained why we had decided to increase our position. We continued to add to our position during early August as we argued that expectations simply were too low ahead of the Q2 report. Our timing turned out to be superb. In his prepared Q2 remarks CEO Eilert Hanoa restated his full-year guidance and provided comforting Q3 guidance as well. The market took on the news with great enthusiasm and the share rose sharply during the month. We have continued to increase our position post the Q2 announcement and believe that the second half of 2021 will be very eventful and perhaps 2022 even more so as Kahoot can fully benefit from both new product launches and its recent acquisitions. On August 31, Kahoot announced that the US authorities had approved the acquisition of Clever implying that Clever will be consolidated as soon as early September.

In the previous letter, we also commented on the cash offer for **Veoneer**. We considered Magna's bid too low given Veoneer's market position and awaited a challenging bid. During August we saw a 18% higher offer from Qualcomm, not totally unexpected since Qualcomm is Veoneer's partner in Arriver. After evaluating the offer, potential for competing bids, and the fact that it is a USD transaction, we divested our shares.

Share price movements post quarterly reports have continued to be strong, and even excessive in some cases. **Arla Plast** (plastic material) is, in our opinion, a perfect example of market irrationality and where we dared to go against the market. We had a small initial position since the IPO in May. Arla Plast benefited greatly from the pandemic, especially during Q2 2020 and we expect contracting volumes during 2021. For some reason, the market was obviously surprised, and the share fell by just over 10% after the Q2 report. We increased our position at very attractive levels. Arla Plast has strong long-term majority shareholders and operates with a solid balance sheet, which is very important as its end markets are partly cyclical. We believe that the Company's 5% p.a. volume growth target to be achievable, and we in addition believe that more value-add products will increase in the sales mix and net sales will grow more than 5% p.a. Arla Plast has the potential to return over 15% on invested capital at a lower risk than the overall stock market entity and the share continues to trade at attractive levels.

The IPO activity was very high during the spring and early summer. In addition, we noted a large number of private placements where larger owners, often private equity funds, reduced or completely divested their ownership. The appetite for risk is undeniably high and central bankers seems afraid to even dream about raising interest rates. We note that the IPO activity seems almost hectic, and we expect a steady stream of new companies to the stock market during H2 2021 and 2022. We continue to meet a large number of companies, but we maintain a more cautious approach and always evaluate the risk/reward scenario.

Finally, we would like to thank our co-investors for their trust. 2021 has not been satisfactory so far, but we continue to work actively with the portfolio and keep a critical view of our companies. We have divested underperformers (in terms of operational performance), and we have allocated to our "underpromise and overdeliver" category. We have also added new interesting investments e.g., Arla Plast and Profoto. One single data point means little in the investment world, but we think it is gratifying that August showed a good return, and hopefully signals the start of a positive trend for the remainder of 2021.

Portfolio management



Staffan Östlin
Portfolio Manager and CIO



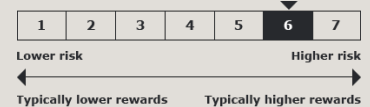
Johan Eriksson
Portfolio Manager

Fund information

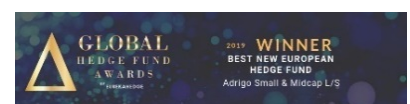
Launch date	2017-11-01
ISIN	SE0010440735
Subscription fee	0%
Redemption fee	0%
Fixed management fee	1%

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 50.000, thereafter minimum SEK 10.000.

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 Aadrigo funds, such as the prospectus, key investor information documents (KIID) and financial reports is available on adrigo.se.

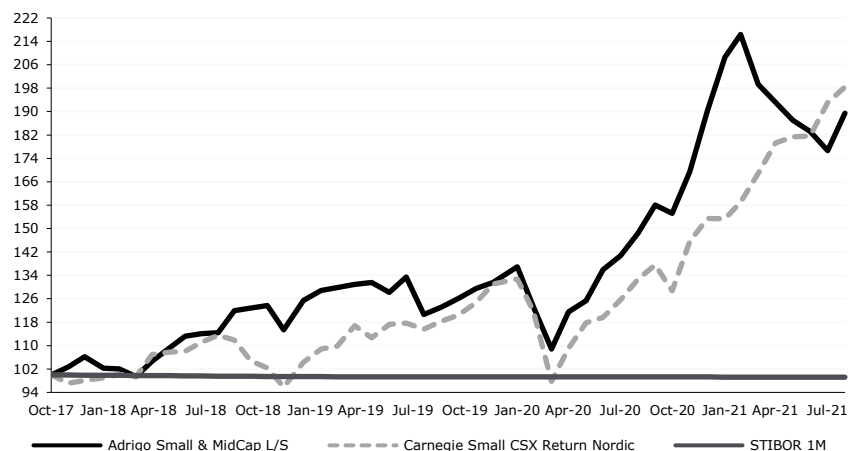


ADRIGO SMALL & MIDCAP L/S

August 2021

Performance

Nov 2017 – Aug 2021



Portfolio Managers

Staffan Östlin (CIO)
Johan Eriksson

Launch date

2017-11-01

Current fees

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").

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 50.000, thereafter minimum SEK 10.000.

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.

Key and Risk figures	31/08/21	1 M	12 M	Since inception
NAV, SEK	189.40			
Performance, %		7.21	27.55	89.40
STIBOR 1M, %		0.00	-0.07	-0.80
Std deviation*, %			22.80	18.98
Sharpe ratio			1.21	0.96
Net exp. to eq. %	56.5			

*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.67	3.71	-7.87	-3.09	-3.15	-2.04	-3.61	7.21					-0.43
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

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. 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.

Source: Adrigo Asset Management