

PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C fell 4.34% in December, net of fees. Class A fell 5.05% in 2022. The Carnegie Small Cap Return Index Nordic fell 0.92% in December and fell 22.00% in 2022.

The fund's larger holding in **Sinch** (software) provided a solid contribution while the other larger holdings underperformed during the month. Among our mid-sized positions, **OssDsign** (medtech) provided a good contribution while **Pierce** (e-commerce) had a negative return. We realised an impairment loss on a minor unlisted holding in December which hampered our performance by about 50 bps. Our short position in the OMX index future provided a good contribution and our short positions impacted performance positively in aggregate.

Adrigo Small & Midcap L/S Class A has returned 70.2% since inception, net of fees. The compounded return has been 10.8% per year since inception. In the same period, the benchmark STIBOR 1M rate has returned 0.0% and the Carnegie Small Cap Return Index Nordic has a gain of 59.9%.

MARKET COMMENT & THE COMPANIES

We do not intend to recount the 2022 odyssey, it certainly has been a long and adventurous year, yet we do want to highlight certain events. We cannot summarize the year without mentioning the horrific events and human suffering in Ukraine. From a stock market perspective, Russia's actions pressured the market to be down 12% in January and February. Sanctions increased the stress on already tight supply chains, which led to increased cost pressure and subsequent inflation. Runaway inflation resulted in more aggressive central banks and tightened monetary policies. Reduced liquidity has led to increased yield requirements, which pressured, above all, highly valued technology companies, but also the small-cap segment in general. We note that the Nordic small-cap index fell 22%, while the Nordic large-cap index, which is more healthcare-tilted, fell 11% in 2022.

December was undeniably a weaker month for the fund. However, we have succeeded in finding a few winners in 2022's weak market. Among others, our core holdings: **Bonesupport**, gained 83% in 2022, and **Camurus** rose 50% since we initiated the position in early April. Bonesupport had its flagship product approved in the USA, which is an important milestone for the company and the patients. Camurus has delivered stable high growth rates and reached profitability for the first time. We believe both companies' strong sales trends will continue in 2023.

We initiated a position in **OssDsign** in late November. We met and have followed the company ever since its IPO in May 2019. Today OssDsign consists of two business areas. Its origin is a calcium phosphate composition cranial implant, which is superior to the current standard of care (pure titanium implants). Cranial implants are however a niche market where surgeons require more consultancy and guidance. The business is thus, in our assessment, less scalable with long-term operating margins in the mid-teens. The other business area was added through a transformational acquisition of Sirakoss in late 2020. Sirakoss has developed a nanosynthetic bone graft substitute that will initially target spinal fusions. The first patients were treated in the US during the fall of 2021, and sales increased significantly during 2022. Although sales numbers are still low in absolute terms, the future looks promising with an underlying market growth of some 10% and gross margins above 90%. In addition, the BoD/management has proven experience in the orthobiologic field, e.g., from ApaTech which was acquired by Baxter. OssDsign markets its products via its own sales reps and independent distributors, whereby growth rates can continue to be high. Important catalysts will be new clinical data being published in 2023, which will be vital for converting surgeons from competing products. OssDsign has solid opportunities to deliver high sales growth rates despite the impending weak macro environment of 2023. Incremental sales volumes will have high margins.

Two years of skepticism subsided and we initiated a long position in **Sinch** during the second half of 2022. Due to weak organic growth and several acquisitions, the stock was among last year's losers. A change in management combined with the founders acquiring Softbank's holding was our catalyst. The share was, and still is, heavily shorted. During Q4, we have seen growth indications. The stock trades at PE 14, which, if growth remains solid in 2023, looks too cautious and offers a significant upside.

We look with confidence to 2023 and continue to search among under-analyzed and/or in our thought misunderstood companies. Finally, we want to thank you, our co-investors, for your trust!

VISITS DURING THE MONTH

Due to the calendar effect, we had slightly fewer meetings in December. During the month, we visited two of Dolphin Drilling's three drill rigs in Norway. The rigs are smart stacked currently, and we expect at least one of them will get awarded a contract on the UK continental shelf during the next couple of months.

LARGEST CONTRIBUTORS

- ▶ Short position – OMX index future
- ▶ Sinch – Software
- ▶ OssDsign – Medtech
- ▶ Borr Drilling – Oil service
- ▶ Short position – Medtech (DK)

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YEARS

Portfolio management



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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:

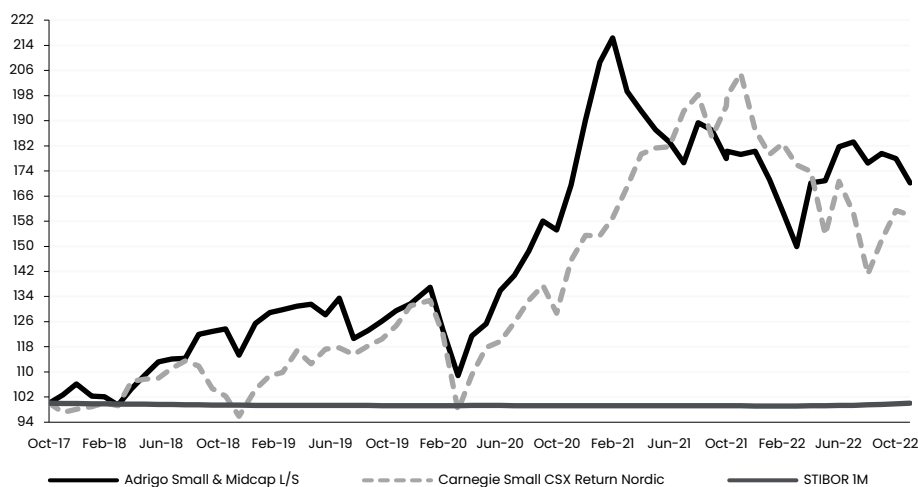
Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds, such as the prospectus,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



ADRIGO SMALL & MIDCAP L/S

December 2022

Performance Nov 2017 – Dec 2022



Key and Risk figures	30/12/22	1 M	12 M	Since inception
NAV Class A, SEK	170.23			
NAV Class C, SEK	2 087.34			
Performance, % *		-4.34	-5.05	70.23
STIBOR IM, %		0.20	0.86	0.03
Std deviation, % *, **			20.08	18.79
Sharpe ratio *			-0.25	0.58
Net exp. to eq. %	>60.0			

*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	-4.34	11.31
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	-4.34	-5.05
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.

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