



Fund Manager's comment

Performance

Adrigo Small & Midcap L/S rose by 2.11% in September, net of fees.

The Fund's holdings in **Recipharm** (pharmaceutical manufacturing) and **Atlantic Sapphire** (salmon farming) provided the biggest contributions to returns. Among the Fund's smaller positions, we noted good percentage gains in **Q-Linea** (medtech) and **Kahoot** (game-based digital learning). The Fund's short positions impacted performance positively in aggregate.

Adrigo Small & Midcap L/S has returned 23.2% 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 gained by 18.3%.

Market Comment

The Carnegie Small Cap Return Index Nordic rose by 2.34% in August.

All of the Nordic stocks markets developed positively during the month although we noted that Swedish small-caps overall had a weaker performance. As a consequence of the attack against a Saudi oil facility and increased geopolitical risks in the Middle East, oil prices rose some 6 % during September. Despite this, we noted continued weakness in oil-service stocks.

European PMI within manufacturing signals further weakness. Especially the German IFO-index was well below market expectations. Weak macro-statistics also came out of China although PMI, which came out the last day of the month was a positive surprise.

We conclude that the stock markets (again) shrugged off weak macro-statistics, a number of profit-warnings and higher interest rates (the US 10 Year Treasury rose from 1.45% to 1.90% over two weeks).

Outlook

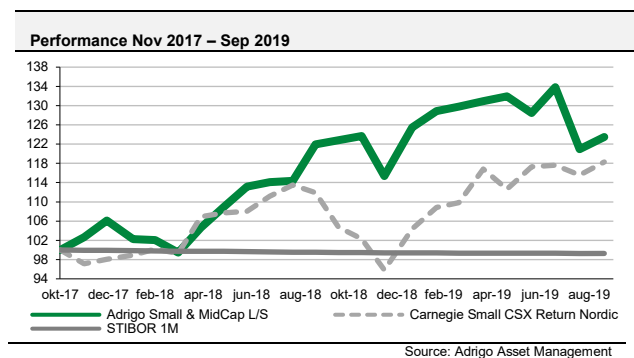
During September, we visited **Atlantic Sapphire's** facility in Miami, USA. The construction of the US facility is following the schedule, in which the Company expects to harvest 220K tonnes in 2031 and around 100K tonnes by 2026. Atlantic Sapphire's harvesting volumes are primarily intended for the US market. The US is the world's largest salmon market despite consumption per capita being a fraction of the Nordic countries', a divergence that we believe will converge over time.

Atlantic Sapphire will produce Atlantic salmon without any impact on the wild salmon, and with the utmost marginal impact on the environment overall. The Company also made clear in its recently released half-year report that it will publish an ESG report in early 2020. From an ESG perspective, traditional salmon farmers rank high among protein producers, where Norwegian Mowi is the most sustainable protein producer in the world. Salmon farmers rank high despite the negative impact on the wild salmon or that over 90% of all salmon consumed in the United States is imported from e.g. Norway or Chile. We believe that Atlantic Sapphire has good possibilities to become the most sustainable protein producer in the world.

During our visit, we got a deeper insight into the Company's brand and marketing strategy. Today, Atlantic Sapphire markets its salmon as "*Bluehouse*", a third alternative to traditional ocean farmed and wild salmon. As mentioned in previous month letters, Atlantic Sapphire currently sells the Danish-farmed salmon to e.g. Whole Foods in the US and UK, at an overall price premium of 40%-50% compared to ocean farmed salmon. The Company continues to expect that the first harvest of US-produced salmon will take place during the third quarter of 2020.

As previously stated, we noted several profit warnings during September. We have also noted that Nordic companies "manage" the market's expectations with subsequent downgrades of the analysts' estimates for the upcoming quarterly reports. As the third quarter has come to an end, we expect additional profit warnings to be published in the near future.

Key and Risk figures	30/09/19	1 M	12 M	Since Start
NAV, SEK	123.16			
Performance, %		2.11	1.02	23.16
STIBOR 1M, %		-0.01	-0.24	-0.71
Std deviation*, %			16.58	14.24
Sharpe ratio			0.09	0.85
Net exp. to eq. %	47.6			
<small>Annualized</small>				



Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	8.73	2.71	0.74	0.86	0.53	-2.61	4.16	-9.63	2.11				6.76
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

Fund Information Adrigo Small & Midcap L/S	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.
Fund Manager: Staffan Ostlin Johan Eriksson	Objective:	High absolute return at a lower risk than the overall equity market.
Fund Management Company: Adrigo Asset Management AB Grev Turegatan 14, 114 46 Stockholm Tel +46 8 505 88700 Fax +46 8 505 88770 www.adrigo.se	Strategy:	Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
Launch date: 2017-11-01	Trading Day:	Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.
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").	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)