



Fund Manager's comment

Performance

Adrigo Small & Midcap L/S rose by 4.04% in January, net of fees.

The Fund's holdings in **Atlantic Sapphire** (salmon farming) and **Bonesupport** (medtech) provided the biggest contributions to returns. Among the Fund's smaller positions, we noted good percentage gains in **Calliditas Therapeutics** (biotechnology) and **Invisio Communications** (communication systems). The Fund's short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S has returned 36.9% 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 32.8%.

Market Comment

The Carnegie Small Cap Return Index Nordic rose by 1.35% in January.

The Federal Reserve left the policy rate unchanged at the January meeting. However, Fed announced its intention to reduce purchases of Treasury bills gradually during the first half year of 2020, where future balance sheet expansion will be in line with the underlying growth in the economy.

The month was characterized by high volatility, initially due to tensions between the US and Iran, but also due to virus outbreaks in China. As a result of China's size, analysts believe that the impact on the global economy will be significantly negative compared to previous outbreaks, such as SARS.

Overall, we noted slightly weaker reports from Swedish industrials. Primarily, it has continued to be the automotive industry that has hampered earnings. Furthermore, several companies commented on the virus outbreak, which will affect production and/or sales in the coming months.

Global long-term interest rates as well as leading commodities e.g. oil and copper have fallen during January.

Outlook

Atlantic Sapphire announced that they have moved the first batch of salmon smolt from the minor saline water tank to the final grow-out saline water tanks. The average weight currently stands at 0.8 to 1 kg. Atlantic has followed its stated schedule, which was presented in conjunction with our initial investment in 2017, and this month's event represents an important milestone eliminating a risk factor. Atlantic restated that the first harvest will take place in Q3 2020. The company has continued to receive increased media-coverage as milestones have been reached.

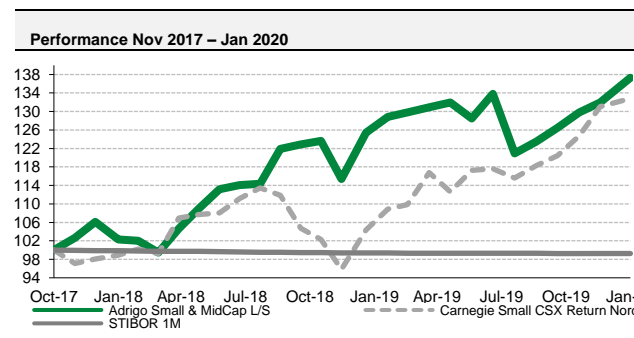
Getinge (medtech) presented its year-end report. We had significantly reduced our exposure before the announcement, and Getinge was a mid-sized position. The market focused on a weaker-than-expected order intake and potentially higher taxes in the US, resulting in a 10% decline on the reporting date. However, Getinge's most important business areas reported organic growth in the upper range of the underlying market, and as a Group the Company continues to expand its margin. The sceptics highlight the currency impact, which, like all Swedish major entities, has been a contributing factor for the margin expansion. We increased our position post the report as we believe the continued work on portfolio rationalization and cost efficiency will lead to improved margins. In addition, further clarity regarding the FDA investigation and claims should be beneficial for the share price. We also believe that Getinge will continue its M&A agenda and the Company recently acquired a fast-growing life science entity producing bioreactor systems, which will benefit from increased use and research of biological products.

The US Fed left the policy rate unchanged, however more interesting is that Fed's balance sheet has narrowed slightly since year end. The expansion that took place during the fall of 2019 contributed as a key stock market driver, whereby we believe that tightening of liquidity will be clearly negative in the future. We have a more defensive view of the stock market in 2020, but we still believe we can generate good returns thanks to selective stock picking both on the long and short side of the portfolio.

Finally, we would like to thank our co-investors for your continuous support!

Key and Risk figures	31/01/20	1 M	12 M	Since Start
NAV, SEK	136.93			
Performance, %		4.04	9.17	36.93
STIBOR 1M, %		0.01	-0.14	-0.74
Std deviation*, %			12.98	13.32
Sharpe ratio			0.74	1.17
Net exp. to eq. %	47.8			

*Annualized



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	4.04												4.04
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

Fund Information Adrigo Small & Midcap L/S	Focus of Investment:
Fund Manager: Staffan Oslin Johan Eriksson	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 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	Objective: High absolute return at a lower risk than the overall equity market.
Launch date: 2017-11-01	Strategy: Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
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").	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)