



Fund Manager's comment

Performance

Adrigo Small & Midcap L/S fell by 2.61% in June, net of fees.

The Fund's holdings in **Momentum Group** (industrial distribution) and **Getinge** (medtech) contributed positively whilst the Fund's other large positions had negative contributions. Among the Fund's smaller positions, we noted good percentage gains in **Bonesupport** (medtech) and **Calliditas Therapeutics** (biotechnology). The Fund's short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S has returned 28.2% 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 17.3%.

Market Comment

The Carnegie Small Cap Return Index Nordic rose by 4.12% in June.

All Nordic stock markets rose during the month, where Swedish industrials as a group outperformed. Oil prices also rose slightly during June.

The US-China trade war continued to affect the financial markets in June. The G20 summit at the end of the month facilitated talks between the nations and put an end to further escalation for now. However, the US-Iran conflict has escalated during June. The US backed off its threats of imposing tariffs on Mexico as the parties reached an agreement.

German industrial production in April (reported in June) was worse than forecasted, US ISM Manufacturing and Chicago PMI were also below expectations. In addition, reported US nonfarm-payroll and overall consumer confidence were also weak. However, the stock-market was pleased that the US central bank left the policy rate unchanged and its dovish tone declaring that a rate cut is more likely than a rate hike. The Norwegian central bank continued to raise its policy rate, whilst the Australian and New Zealand central banks cut their rates during June.

Key and Risk figures	28/06/19	1 M	12 M	Since Start
NAV, SEK	128.15			
Performance, %		-2.61	17.59	28.15
STIBOR 1M, %		-0.01	-0.32	-0.69
Std deviation*, %			13.52	12.46
Sharpe ratio				
Net exp. to eq. %	45.5			
Annualized				

Outlook

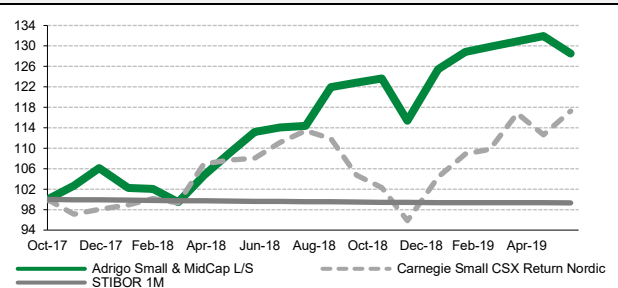
In July, most of the Nordic corporates will report their half-year results. The upcoming earnings season together with further trade negotiation statements will most likely lead to large share price fluctuations. As usual, we try to raise our sights, take a more long-term perspective and focus on companies going through transformation and that can grow earnings over time.

One sector offering interesting structural growth opportunities is the salmon industry. Historically **Salmar** (salmon farming) has been valued at a premium compared to its peers. Underlying reasons are e.g. its higher productivity, 15 – 20 % higher output per license, and a 20 – 25 % higher profitability (measured as EBIT per kg). During its first quarter, Salmar had operational challenges and the share has been weak relative to the overall sector after the report. We have initiated a medium-sized position in Salmar as we consider the challenges to be temporary.

In May, **Atlantic Sapphire** (salmon farming) raised USD 90m in equity to accelerate its US land-based salmon production build-out. During June, the company acquired additional land next to its existing facilities, which enables an additional 90K tonnes and a total harvest capacity of 180K tonnes p.a. in 2031. Atlantic is also the first salmon sector entity being approved a "green loan" by DNV GL standards. Production at its pilot plant in Denmark is developing very well and Atlantic is currently selling 70 % of its production in the US at a substantial price premium compared to traditional ocean-farmed salmon. Atlantic also reaffirmed its target of harvesting the first US-farmed salmon during the third quarter 2020. We participated in the equity issuance in May.

In June, we visited **Getinge** and its CEO Mattias Perjos. Although the share belongs to this year's winners, we see a significant share price appreciation potential. Standardisation and production efficiency, product portfolio optimisation and inventory management, combined with logistics chain improvements are some of the ongoing internal measures taking place today that will improve margins and Getinge's cash generation. We have increased our position in Getinge during the month.

Performance Nov 2017 – Jun 2019



Source: Adrigo Asset Management

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							11.09
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:	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)