



## Fund Manager's comment

### Performance

Adrigo Small & Midcap L/S fell by 1.81% in October, net of fees.

The Fund's larger holdings in **Kahoot** (game-based e-learning) provided good contributions to returns. Among the Fund's mid-sized positions, we noted good gains in **Azelio** (energy storage) whilst we noted good percentage gains in **Vaccibody** (biotechnology) and **Smart Eye** (automotive safety).

The Fund's short positions impacted performance positively in aggregate.

Adrigo Small & Midcap L/S has returned 55.2% 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 28.7%.

### Market Comment

The Carnegie Small Cap Return Index Nordic fell by 6.42% in October. All Nordic equity markets fell during October, where Nordic small caps underperformed larger corporates. We noted that Norwegian equities underperformed its Nordic peers. The oil price declined some 10% during the month.

October was characterized by the Q3 earnings season. Overall, the Q3 numbers have been better than analysts' estimates driven by solid cost control. Revisions for 2021 and 2022 have on the other hand been limited and the shares traded downwards post earnings releases in general.

### Outlook

**Bergman & Beving** (technical trade) grew EPS by 36% and continued to generate strong cash flows in the last quarter. It is gratifying that B&B has grown organically for the last three quarters. The Company has been hampered by weak performance of the now spun-off Momentum Group (B&B's largest customer). Expanding its distribution was the primary reason for the spinoff and B&B has closed several important customer contracts. B&B has now reached an inflection point where new customer sales more the offsets the negative delta from the Momentum Group. In addition to the new contracts

driving sales, B&B has also benefited from a continuous strong renovation market, but we are also now noticing growth in the number of housing starts among listed Nordic construction companies. B&B should also benefit from a continuous focus, even post covid-19, on personal protective equipment driving sales. In summary, we see solid prospects for future growth in Bergman & Beving.

Volume growth combined with the price increases done due to the weak NOK and SEK should result in improved contribution margins going forward. In addition, B&B will see full effect from its cost-saving programs during upcoming quarters why we see good opportunities for a continued improvement in profit margins. We have increased our position during the month and see high return potential in the share.

In October 2018, we initiated a position in **Kahoot**. The performance since, both operational and share price, have been phenomenal. Paying subscribers have grown from 25K to 360K and invoiced revenue have climbed from 1.7m USD (Q418) reaching 11.6m USD (Q320). The share has appreciated some 700% during the time period.

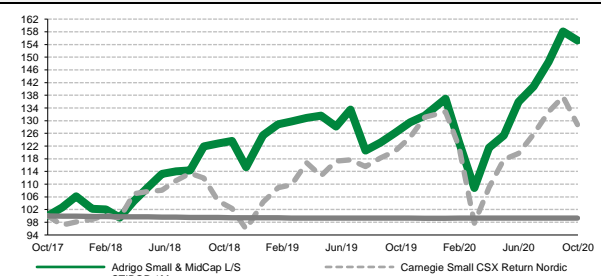
Kahoot reported Q3 earnings during the month. Net sales grew by 259% (year-over-year) and Kahoot added 90K paying subscribers during the quarter ending Q3 with 360K paying customers. One should remember that Kahoot does not spend cash on customer acquisition hence its growth is purely organic. Low marketing costs overall makes the business extremely attractive and highly cash flow generative. We believe Kahoot has the potential to become the leading game-based digital learning platform globally and continue to see high return potential from today's levels. During mid-October, we got another indicator of Kahoot's strengths and market position as SoftBank invested 215m USD in the Company through a private placement.

We continue to see good opportunities to generate above-market returns and finally want to thank our co-investors for your continued trust!

Key and Risk figures	30/10/20	1 M	12 M	Since Start
NAV, SEK	155.23			
Performance, %	-1.81	23.08	55.23	
STIBOR 1M, %	0.00	-0.02	-0.74	
Std deviation*, %		23.86	17.59	
Sharpe ratio		0.97	0.90	
Net exp. to eq. %	53.4			

\*Annualized

Performance Nov 2017 – Oct 2020



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	4.04	-9.92	-11.79	11.65	3.21	8.42	3.53	5.51	6.47	-1.81			17.95
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

<b>Fund facts</b>		
<b>Portfolio Managers:</b>	Staffan Östlin (CIO) Johan Eriksson	<b>Strategy:</b> Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
<b>Launch date:</b>	2017-11-01	<b>Trading Day:</b> Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.
<b>Current fees:</b>	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").	<b>NAV:</b> NAV is calculated on the last banking day of each month and published at the latest on the fifth banking day thereafter.
<b>Focus of Investment:</b>	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.	<b>Custodian:</b> Skandinaviska Enskilda Banken AB (publ)
<b>Objective:</b>	High absolute return at a lower risk than the overall equity market.	<b>Portfolio manager:</b> Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.
<b>Deposit:</b>	Initial minimum SEK 50,000, thereafter minimum SEK 10,000.	<b>Management company:</b> East Capital Asset Management S.A.

**Important Information:**

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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.

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