

Adrigo Small & Midcap L/S

Monthly Report June 2024



After rain comes sunshine

Performance

Adrigo Small & Midcap L/S Class A and Class C fell 5.44% and 5.43% respectively in June after fees. Carnegie Small Cap Return Index Nordic fell 2.3% in May. So far in 2024, Adrigo Small & Midcap L/S Class A and Class C have risen by 15.71% and 12.54% respectively after fees. Carnegie Small Cap Return Index Nordic has risen by 11.1% so far this year.

Among the Fund's larger holdings, **Opter** (Software), **Sinch** (Software) and **Pierce Group** (E-Commerce) made good contributions. Among the Fund's smaller and medium-sized positions, we noted good contributions from **Proact** (IT) and **Frontline** (Transport). As a group, the Fund's short positions had a positive impact on returns.

Adrigo Small & Midcap L/S Class A has since inception, and after fees, returned 125.8%. During the same period, the benchmark STIBOR IM has returned 5.7% and Carnegie Small Cap Return Index Nordic has returned 96.4%. The average annual return for the fund since inception is 13.0%.

The Market and the Companies

Global stock market performance in June was mixed. MSCI World rose by 2.4%, S&P 500 rose by 3.6% while EURO STOXX 50 fell by 1.7%. Emerging markets performed strongly, with MSCI EM up 4.3%. Taiwan and Korea rose sharply, while both the Hang Seng and MSCI China recorded declines. In the Nordic region, the Danish market was again the best performer, rising 4.1%. The Finnish market fell by 2.9%, while Sweden and Norway both fell by 1.3%.

We invested in **Cint Group** in the autumn of 2023 and the share performed very strongly for a number of months but fell steeply in connection with the first quarter report. The share price performance weakened further in June, fuelled by a downgrade due to weak cash flow performance from a Nordic broker. We note that the target price from the firm is SEK 14,36% above the current price. After Cint's acquisition of competitor Lucid, there has been a strong focus on integration where the company has worked to develop a common consolidated platform. This work is nearing completion and in June the company announced as a consequence that it is implementing an efficiency programme, which will lead to savings of around ten percent of personnel costs. These correspond to 26% of sales, so the effect on margins will be significant. Our assessment is that the share has a very large potential over a 2-3 year perspective.

In June, the software company **Enea** received a follow-up order from a North American tier 1 mobile operator. The order was for 5G Network Data Layer, and may be a sign that the market, which has been weak for a long time, is now starting to strengthen. The Enea share has risen by 45% during the first half of the year and we have gradually trimmed our position.

During the spring, we invested in a couple of medical technology companies that we have followed for a long time. Both **Braincool** and **Integrum** are in interesting commercial phases where we expect an accelerating growth rate in the coming years. With market capitalisations of SEK 600 million and SEK 1,100 million respectively, institutional ownership remains low.



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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 information documents (KID) and financial reports is available on adrigo.se.

Visits during the month

In June, we met with Lindex, Cinclus, Enea, Maven Wireless, Smartoptics, Howwe, Nyab and Braincool.

Largest contributors

- > Short – Medtech
- > Opter – Software
- > Sinch – Technology
- > Proact – IT
- > Frontline – Transport

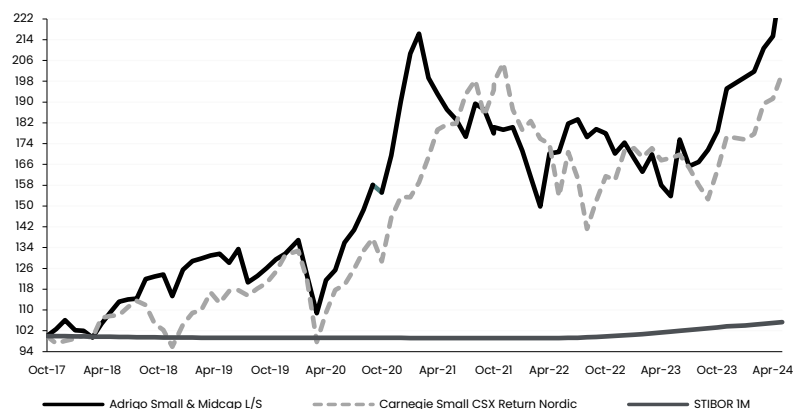
The first half of the year has developed well for the Fund. The largest contributions have come from **Calliditas**, **Pierce Group**, **Golden Ocean**, **Opter** and **Online Brands**.

- Calliditas was acquired at a significant premium and we have sold our shares, with the proceeds invested in both existing and new holdings.
- In Pierce Group and Online Brands, the cost savings of the past year have begun to pay off, while the companies are again showing organic sales growth. We note greater optimism among Nordic households and expect to see an accelerating rate of growth in the coming quarters, which should mean significant margin improvements. Despite this year's price increase, we see great potential in both stocks.
- Golden Ocean is one of our two investments in dry bulk shipping (the other is Himalaya Shipping) and with a historically low order book and structural demand trends, the shares should have more to offer in the coming years.
- Software company Opter has continued to show impressive growth. Recurring subscription revenue (ARR) grew by 17% in the first quarter of the year and the EBIT margin strengthened to 25% (22%).

Among the disappointments in the first half of the year are **Sinch**, **Electrolux** and **Getinge**. All of these can be said to be contrarian investments, with large parts of the analyst and investor community taking a negative view. However, today's valuations seem very cautious and we still see room in our portfolio for the shares.

Finally, as always, we would like to thank you, our co-investors, for your continued trust. Please do not hesitate to contact us with any comments or questions.

Performance



November 2017 – June 2024 (Class A)

Key & Risk figures

Key & Risk figures	2024-06-28	1 M	12 M	Since inception
NAV Class A, SEK	225.81			
NAV Class C, SEK	2 681.09			
Performance, %*		-5.44	46.80	125.81
STIBOR 1M, %		0.31	3.99	5.71
Std deviation, %*			20.46	18.98
Sharpe ratio*			2.29	0.68

*Refers to Class A

General information

Focus of Investment

Adrigo Small & Midcap L/S is a hedge fund focusing on investments in Nordic equities and equityrelated 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.

NAV

NAV is calculated on the last banking day of each month and published at the latest on the fifth banking day thereafter.

Portfolio manager

Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.

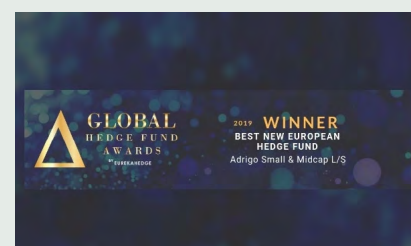
Management company

East Capital Asset Management S.A.

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Awards



Monthly performance (Class A)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	2.3	1.04	4.45	2.23	10.87	-5.44							15.71
2023	2.47	-3.5	-3.08	4.11	-6.96	-2.66	14.15	-5.81	0.97	2.77	4.17	9.16	14.63
2022	0.56	-5.01	-5.9	-7.01	13.56	0.4	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	2.4	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	-6.7	8.69
2017											2.65	3.4	6.14

Monthly performance (Class C)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.92	0.9	3.61	1.87	9.63	-5.43							12.54
2023	2.48	-3.5	-3.08	4.11	-6.97	-2.65	14.15	-5.81	0.97	2.77	4.17	8.66	14.11
2022					12.87	0.32	5.08	0.72	-3.67	1.71	-0.91	-4.34	11.31

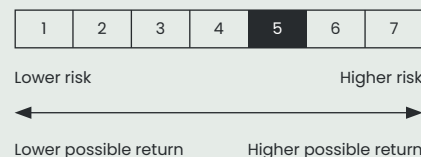
Fund facts

Fund type	Equity hedge fund
Launch date	Class A: 2017-11-01 Class C: 2022-05-02
ISIN	Class A: SE0010440735 Class C: SE0017133366
Subscription fee	0%
Redemption fee	0%
Fixed management fee*	1%
Benchmark	The fund does not follow any benchmark index
Deposit	Initial minimum SEK 1000.
Custodian	Skandinaviska Enskilda Banken AB (publ)
Trading day	Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.

*Performance related management fee 20% of total return exceeding STIBOR 30 days rate after deduction of fixed fee ("high water mark").

Risk indicator

The fund has risk class 5 out of 7, which means that it can decrease/increase sharply in value. The risk indicator assumes you keep the product for 5 years.



Important information: Adrigo Small & Midcap L/S are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds. This is marketing communication. This publication is not directed at you if we are prohibited by any law in any jurisdiction from making this information available to you and is not intended for any use that would be contrary to local laws or regulations. Every effort has been made to ensure the accuracy of the information in this document, but it may be based on unaudited or unverified figures or sources. The information in this document should not be used as the sole basis for an investment. Access to our funds may be limited in some countries. Contact us for detailed information on where the funds are registered and what type of distribution is permitted. It is also important that you yourself assess whether an investment is suitable in relation to these risks as well as the possible tax and other legal consequences and restrictions that may apply to you. You should also, if necessary, consult financial, legal, and tax advisors before investing. Past performance is no guarantee for future performance. The money invested in the funds can both increase and decrease in value, and it is not certain that you will get back the entire invested capital. Full information about our funds, such as prospectus, basic facts for investors (KID) and financial information can be found on our website www.adrigo.com and can be obtained free of charge from us or our local representatives.