

ADRIGO SMALL & MIDCAP L/S

November 2020

Performance

Adrigo Small & Midcap L/S rose by 9.16% in November, net of fees.

The Fund's larger holdings in **Bonesupport** (medtech) and **Veoneer** (automotive safety) provided good contributions to returns. Among the Fund's mid-sized positions, we noted good gains in **Vaccibody** (biotechnology) whilst we noted good percentage gains in **Calliditas Therapeutics** (biotechnology) and **Q-Linea** (medtech). The Fund's short positions impacted performance negatively in aggregate although a number of positions contributed positively.

Adrigo Small & Midcap L/S has returned 69.5% 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 45.5%.

Market Comment

The Carnegie Small Cap Return Index Nordic rose by 13.06% in November. All Nordic stock markets rose in November, where we noted that small caps outperformed larger corporates. The Norwegian equity market outperformed its Nordic peers driven by the oil price (Brent) rebound, which rose some 27% during the month.

Former Fed chair Jane Yellen has been nominated by President-elect Joe Biden as Treasury secretary. Yellen is believed to be arguing for additional fiscal support but also tougher capital requirements for banks.

We note that the IPO window is wide open once again, where e.g. **Nordnet** (bank) has been relisted after the buyout in 2017. The number of private placements continue to be high.

Outlook

Calliditas Therapeutics presented positive topline results from its phase 3 trial in primary IgA nephropathy. Both primary (reduction in proteinuria) as well as secondary (stabilization of renal function) endpoints were achieved. There is a high unmet medical need and Calliditas will submit for accelerated/conditionally approval to the FDA (Q121) and EMA (H121) respectively for *Nefecon*. Calliditas will commercialize *Nefecon* by itself in the US by 2022 and seek partnership in Europe for market launch in late 2022 or early 2023. In addition, Calliditas has already signed a partnership for the Chinese market where it is estimated that around 2m patients suffer from the disease compared to 150K in the US.

Calliditas has been a holding ever since its IPO in mid-2018 and we increased our position after the topline results. If approved, Calliditas will be first to market a treatment in a multibillion USD market in the US alone. Most likely, there will be competition coming up, but we believe the stock market is far to conservative in its assumptions regarding *Nefecon*'s potential. In addition, Calliditas will expand in other autoimmune diseases and has an interesting pipeline via e.g. the acquisition of Genkyotex. It is also worth mentioning that management has executed on its *Nefecon* time plan that was communicated at the IPO. We see great return potential in Calliditas Therapeutics.

The Norwegian software company **Mercell** has been a holding since its listing in June 2020. We like its scalable business model, strong growth track record, and management's ambitions to be a consolidator in the European procurement market. Merzell lists and facilitates both public and private procurement via its in-house developed platform where suppliers can find business opportunities. Merzell receives, via its platform, payments from both purchasers and suppliers. The Nordic region is at the forefront of digital public procurement and the European market potential is valued at five to six billion NOK. In September, the leading player in Denmark, Comcare, was acquired, and this was followed at the end of November by a major acquisition of two units from Visma. Pro forma, the company will have sales of just over NOK 500m (growth of 450% since 2018) with an operating margin (EBITDA) of 28.8%. We increased our position through the subsequent private placing following the acquisition from Visma.

During November, market participants put great interest in upcoming index revisions, which resulted in abnormal volumes during the last day of trading. We on the other continue to focus on individual equities and seek reasonably valued and misunderstood companies. We have had many inspiring meetings in recent months and have a good pipeline. The stock market valuation might look a tad rich after the strong performance since March, but we continue to find interesting investment opportunities. We would like to end by thanking our co-investors for your continued trust, wish you a Merry Christmas and a happy new year!

Portfolio management



Staffan Östlin
Portfolio Manager and CIO



Johan Eriksson
Portfolio Manager

Fund information

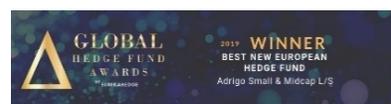
Launch date	2017-11-01
ISIN	SE0010440735
Subscription fee	0%
Redemption fee	0%
Fixed management fee	1%

Performance related management fee 20% of total return exceeding STIBOR 30 days rate after deduction of fixed fee ("high water mark").
Deposit: Initial minimum SEK 50.000, thereafter minimum SEK 10.000.

Risk and reward profile



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

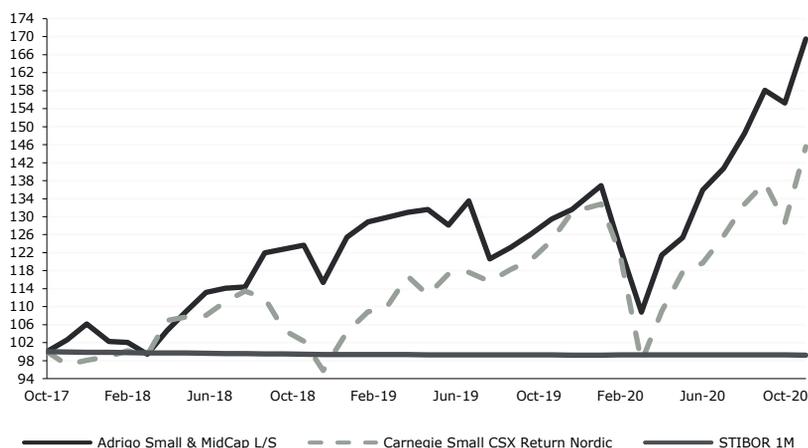


ADRIGO SMALL & MIDCAP L/S

November 2020

Performance

Nov 2017 – Nov 2020



Portfolio Managers

Staffan Östlin (CIO)
Johan Eriksson

Launch date

2017-11-01

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").

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.

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.

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)

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.

Key and Risk figures	30/11/20	1 M	12 M	Since inception
NAV, SEK	169.45			
Performance, %		9.16	30.87	69.45
STIBOR 1M, %		-0.01	-0.01	-0.75
Std deviation*, %			24.93	17.91
Sharpe ratio			1.24	1.04
Net exp. to eq. %	57.7			

*Annualized

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	9.16		28.75
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

Source: Adrigo Asset Management

Important Information:

Adrigo funds are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds and are therefore not to be considered as UCITS funds. Adrigo funds are only directed at institutions and other professional investors and are not subject to the same regulatory framework as those funds which are adapted to retail investors. 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. Before investing, please read the fund regulations and the information memorandum carefully. For full information, such as the information memorandum, key investor information documents (KIID) and financial reports please see www.adrigo.se. The availability of Adrigo funds may be limited or restricted in some countries. Detailed Information about where the funds are registered and what types of distribution are permitted can be obtained from Adrigo Asset Management. The information about Adrigo funds is only directed at those investors located where Adrigo is authorized to make this information available, and is not intended for any use which would be contrary to local law or regulation. Consequently, the Adrigo funds may not be offered, sold or distributed in these countries unless such offer, sale or distribution is made in accordance with any applicable exemption from any registration requirements provided by the local securities laws and regulations. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase and holding of shares; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of shares.