

### PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C rose 9.1% and 8.7% respectively in December, net of fees. The Carnegie Small Cap Return Index Nordic increased by 7.4% in December.

Among the fund's larger holdings, **Ossdsign** (Medtech), **Cint** (Software), **Sinch** (Software) and **BHG Group** (Online retailing) provided good contributions. Among the fund's mid-sized positions, we noted good contributions from **Brinova** (Property) and **Aker Carbon Capture** (Carbon Capture) Software). Our short positions had a negative contribution in aggregate.

Adrigo Small & Midcap L/S Class A has returned 95.1% since inception, net of fees. The compounded return has been 11.4% per year since inception. In the same period, the benchmark STIBOR 1M rate returned 3.7% and the Carnegie Small Cap Return Index Nordic gained 76.7%.

### THE MARKET & THE COMPANIES

Long-term interest rates reached their annual high in the last week of October. Between then and year-end, the development can be compared to a double black diamond ski slope. As an example, Swedish 10-Y Government bonds fell from 3% to 2%. This gave fuel to a wave of optimism in the stock market. MSCI World and EURO STOXX50 rose by 4.1% and 3.2% respectively. Swedish large caps were popular and OMXS30 rose by 7.3%. Swedish small caps (CSRX Sweden) continued to shine and jumped 9.6%. The latter index rose by 26% since the year's low point on October 26th. The Finnish and Danish markets rose by 3.7% and 2.7% respectively. Hampered by a weak oil price, Norway was again the weakest Nordic market with the OBX index being up by 0.2%.

Adrigo Small & Midcap L/S rose by 14.75% during 2023. De largest contributors were **Bonesupport**, **Initiator Pharma**, **Kahoot**, **Frontline** and **Camurus**. All of these companies have been in our portfolio for a long time, however, with various weightings. The conscious weighting is an important point as we have an actively managed fund. We can also note that all these stocks, except for Initiator Pharma (in the fund since April 2021), are among the five largest contributors since the fund was launched in November 2017.

**Bonesupport's** share price has been mainly driven by the very high sales growth of its main product Cerament G which, with a gross margin north of 90%, resulted in rapid earnings growth. **Initiator Pharma** announced highly favourable Phase 2 results for two of its drug candidates within erectile dysfunction. News about potential partnerships should come during the first half of 2024. **Kahoot** managed to improve its growth and a bid for the company was announced during the summer. **Frontline** continued to deliver strong cash flow and quarterly dividends. **Camurus** earnings exploded as the sales of Buvidal, its drug against opioid use disorder, advanced and the company's partner received FDA approval for the important US market.

Two investments that clearly disappointed during the year were **Online Brands** and **Pierce Group**. Both companies suffered from a weak retail market and the shares have suffered from low liquidity. We have had ongoing contact with the management teams and we see a good chance for a comeback in 2024. Our view is that these two companies today are in better shape than they were a year ago.

We continued to increase our position in **BHG Group** in December. It is a company with a history of too rapid expansion and too expensive acquisitions. The share price peaked at SEK 180kr in May 2021 only to fall by 95% during the next two years. The share price performance illustrates the company's operational failures. However, the current management has faced reality and taken necessary but costly measures. We initiated the position in June when the company announced that it had amended the financing agreements, thereby improving flexibility. Hence, we saw less risk of a capital raise at the same time as insiders increased their holdings substantially. An extensive restructuring program was announced in the autumn. A couple of operations were divested at symbolic prices and a number of physical stores will be closed. Management has had a strong focus on inventory reduction which has created good cash flow. The largest risks we see are that the debt burden is still too high and the large chunk of goodwill on the balance sheet. We are not forecasting a quick recovery in demand. However, with the activities mentioned above, we do see a significant potential in the share.

For 2024 we see mediocre global growth, inflation under control and lower interest rates. This should be decent ingredients for stocks. We see large revaluation potential in many small caps. We have added some of them to our portfolio during the year. **Maven Wireless**, **Himalay Shipping**, **Enea** and **Brinova** are among these. They represent various sectors and give a good illustration of our way of investing; active stock-picking among Nordic small and mid-caps where we see high growth potential.

Finally, we would like to thank you, our co-investors, for your continued trust.

### VISITS DURING THE MONTH

We had fewer company meetings than normal. We met with Ossdsign and also had a couple of pre-IPO meetings. As usual we will kick-off the year in January with SEB:s Nordic Seminar in Copenhagen were more than 150 Nordic companies will present over three days.

### LARGEST CONTRIBUTORS

- Ossdsign – Medtech
- Cint – Software
- Sinch – Software
- Brinova– Property
- BHG Group – Online retailing



### Portfolio management



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In the industry since 1987

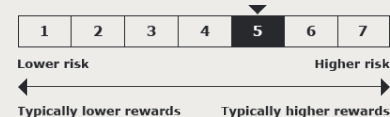
### Fund information

<b>Launch date</b>	2017-11-01
<b>ISIN</b>	SE0010440735
<b>Subscription fee</b>	0%
<b>Redemption fee</b>	0%
<b>Fixed management fee</b>	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 1000.

### 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](http://adrigo.se).

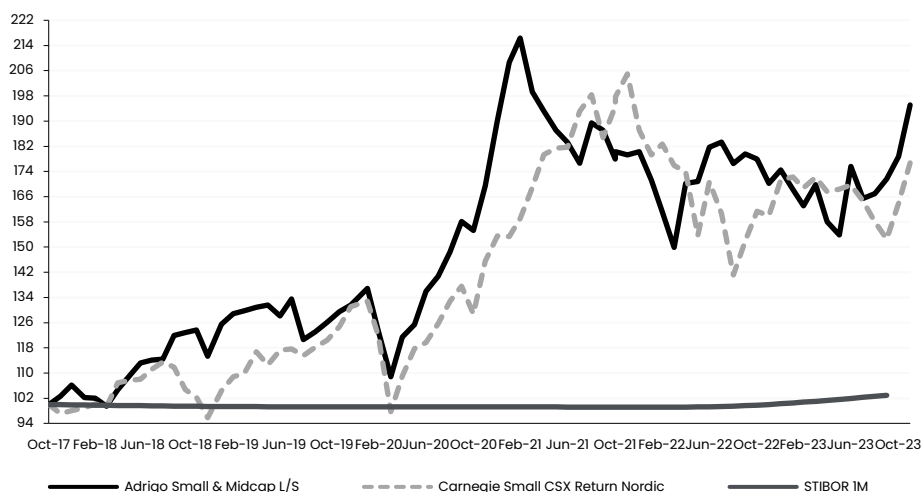


# ADRIGO SMALL & MIDCAP L/S

December 2023

## Performance

Nov 2017 – Dec 2023



### 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 1000.

### 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.

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Key and Risk figures	31/12/23	1 M	12 M	Since inception
NAV Class A, SEK	195.13			
NAV Class C, SEK	2 381,89			
Performance, % *		9.16	14.63	95.13
STIBOR IM, %		0.34	3.64	3.67
Std deviation, % *, **			21.49	19.10
Sharpe ratio *			0.68	0.53
Net exp. to eq. %	>60.0			

\*Refers to Class A \*\*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023 Class C	2.48	-3.50	-3.08	4.11	-6.97	-2.65	14.15	-5.81	0.97	2.77	4.17	8.66	14.11
2023 Class A	2.47	-3.50	-3.08	4.11	-6.96	-2.66	14.15	-5.81	0.97	2.77	4.17	9.16	14.63
2022 Class C					12.87	0.32	5.08	0.72	-3.67	1.71	-0.90	-4.34	11.31
2022 Class A	0.56	-5.01	-5.90	-7.01	13.56	0.40	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	2.40	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 Small & Midcap L/S are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds. 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 information documents (KID) and financial reports please see [www.adrigo.se](http://www.adrigo.se). The availability of the fund 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 the fund 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.