

Adrigo Small & Midcap L/S

Monthly Report November 2024



Long-term commitment pays off in OssDsign

Performance

Adrigo Small & Midcap L/S Class A and Class C fell by 1.35% in November after fees. The Carnegie Small Cap Return Index Nordic fell by 1.07% in November.

Among the fund's larger holdings, **Ossdsign** (medical technology), **Opter** (software), and **Initiator Pharma** (pharmaceuticals) made good contributions. Among the fund's smaller and medium-sized positions, we noted good contributions from **Nanoform** (medical technology) and **Bonesupport** (medical technology). The fund's short positions, as a group, had a positive impact on returns

Since its inception, Adrigo Small & Midcap L/S Class A has delivered a return of 62.46% after fees. During the same period, the comparison interest rate, STIBOR 1M, returned 7.08%, and the Carnegie Small Cap Return Index Nordic returned 96.5%. The fund's average annual return since inception is 7.09%.

The Market and the Companies

Global stock market performance was positive in November. The MSCI World Index rose by 4.9%, S&P 500 increased by 5.9%, and the EURO STOXX 50 also saw gains. Emerging markets, represented by the MSCI EM, decreased by 2.7%. Brazil's Bovespa noted declines of 3.1%, and India's BSE fell by 0.4%, while MSCI Korea recorded declines. In the Nordics the Norwegian market rose by 1,6% followed by the Danish and Swedish markets which fell by 0,9% and 1,0% respectively, while the Finish market fell by 2,9%.

OssDsign, one of the fund's larger holdings, is a prime example of how smaller companies have been treated by the market over the past six months. Its share price performance also serves as a good illustration of the high volatility our fund has exhibited in the last year. The stock rose by 36% in the first quarter, only to fall 40% by the eve of Q3 report. The company's product, the synthetic bone graft Catalyst, primarily used in spinal surgeries, has continued to grow at well over 100% in the US. However, there have been concerns about a potential rights issue as the company is generating a negative cash flow (as planned). As both the loss and the cash flow were better than expected for the third quarter, the market responded with a relief rally, and the stock is up 45% since the reporting date (12 November).

In the third quarter, organic sales grew by 121%, while the gross margin reached 96.9%. The company raised its forecast to above 93% (previously above 90%) for the long-term gross margin. During the quarter, the initial impacts of the GPO contract signed with Premier in Q2 became evident. Premier is a purchasing organization with 4,350 affiliated hospitals. The clinical foundation is also being strengthened, which is crucial



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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

Among the companies we met were OssDsign, Paxman, Apotea, Enea, Maven Wireless, Pierce, Karolinska Development, Scandic Hotels, Frontline, Golden Ocean, Himalaya Shipping, and BHG.

Largest contributors

- > Ossdsign - MedTech
- > Opter - Software
- > Initiator Pharma - Pharmaceuticals
- > Short position - MedTech
- > Bonesupport - MedTech

for differentiation and pricing. We note that the company is making bold investments with a larger US organization while intensifying product development. OssDesign's sales growth will not be linear, but we are confident that the company has significant potential to capture a much larger share of the market, where so far it has only scratched the surface.

At the end of the month, the private equity firm Procuritas sold its entire stake (just over 25%) in **Pierce Group**. We view this as highly positive, as Pierce shares have suffered from poor liquidity, which has dampened interest in the stock. The company has gone through some challenging years, but we expect CEO Göran Dahlin's restructuring (in place since summer 2023) to result in substantial profit growth in 2025. In 2024, Pierce significantly expanded its stocked product range while continuing to invest in its own brands, which already account for over 40% of sales. The initial valuation is low, and market expectations are modest. This provides a strong foundation for positive stock performance in the coming year.

Our investments in **Frontline**, **Golden Ocean**, and **Himalaya Shipping** had a significant negative impact on our returns in October, and the trend continued in November. Over the years, China has significantly increased its imports of oil from Iran. This has negatively affected freight rates, as the ton-mile figure is substantially lower than if the oil were shipped from other producer countries. However, on October 12, the US tightened sanctions on companies and vessels transporting oil from Iran, followed by additional sanctions in early December. We are now starting to see independent refiners in China reduce their purchases from Iran. Nevertheless, we can already conclude that the tanker market will not experience its seasonal upswing in the fourth quarter. Looking ahead to 2025, however, the fundamental outlook remains strong, with an aging fleet and limited new vessel deliveries.

Finally, as always, we would like to thank our co-investors for their trust. Please do not hesitate to reach out with comments or questions.

Key & Risk figures

Key & Risk figures	NAV	1 M	12 M	Since inception	Date
Class A, SEK	162.45				30/11/2024
Class C, SEK	1 928.76				
Performance, %*		-1.35	-9.12	62.45	
STIBOR 1M, %		0.23	3.63	7.08	
Std deviation, %*			23.54	19.57	
Sharpe ratio*			-0.38	0.36	

*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 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.

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.

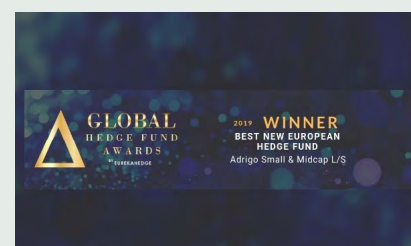
Management company

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	-6.43	-7.59	-11.05	-5.19	-1.35		-9.12
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	-6.43	-7.59	-11.05	-5.19	-1.35		-12.01
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

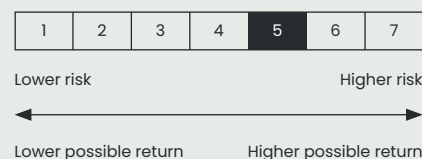
Fund facts

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.



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