



Fund Manager's comment

Performance

Adrigo Small & Midcap L/S rose by 2.66% in November, net of fees.

The Fund's holdings in **Atlantic Sapphire** (salmon farming), **Enea** (software), and **Momentum Group** (industrial distribution) provided the biggest contributions to returns. Among the Fund's smaller positions, we noted good percentage gains in **Kahoot** (game-based digital learning). The Fund's short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S has returned 29.5% since inception, net of fees. In the same period, the benchmark STIBOR 1M rate has returned -0.8 % and the Carnegie Small Cap Return Index Nordic has gained by 24.7%.

Market Comment

The Carnegie Small Cap Return Index Nordic rose by 3.56% in November.

The overall Nordic stock market has continued to develop strongly, where Nordic industrials outperformed in November. We noted a stronger development among small and mid-sized entities compared to larger companies.

Long-term interest rates have risen during the month where we noted gains in the US, German, and Swedish ten-year government bonds rate. In addition, we further noted that the Swedish Krona has strengthened in comparison to the USD and EUR.

Outlook

Recipharm (pharmaceutical manufacturing) delivered several news during November. Its Q3 report was strong where Recipharm delivered double-digit organic growth, margin expansion, and improved cash conversion. It is gratifying that the expansion investments yield results, partly the reason for the strong growth. Last year's acquisition of Sanofi's inhalation facility in the UK has performed better than planned and Recipharm has signed several new contracts since the acquisition. The share performed strongly post the report with an

increase of 15 percent until mid-November.

Recipharm also held a capital markets day during the month. In addition to new financial targets, the Company provided, among other things, a deeper review of the growth ambitions in the UK. In connection with the CMD, Recipharm also announced a recommended offer for the British CDMO Consort Medical. Consort manufactures e.g. inhalers and autoinjectors for drug administration and has a turnover of SEK 3.8bn with operating margins slightly above Recipharm's.

The share traded very poorly post the announcement and the initial share price gain was erased. We can partly understand the market's short-term reaction and the disappointment of once again providing funds for acquisitions. We, on the other hand, have a long-term investment horizon in Recipharm and see the acquisition as an important step in the continuous process to drive the business towards a higher proportion of value-adding products. We also believe that Consort will be an important platform for future growth and increased cash flows within Recipharm in the coming years.

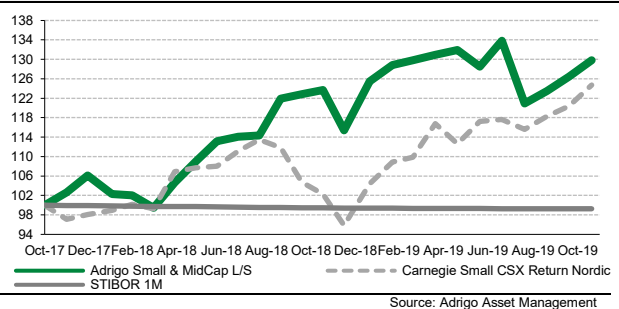
Momentum Group also made a recommended offer for the sector colleague Swedol. We stand positive to the transaction where Momentum, if the transaction receives regulatory approval, will increase its sales by SEK 3.5bn (58% of current sales) making the combination a strong industrial player thanks to Momentum's customer portfolio and Swedol's proprietary brand offering. Proposed synergies of some SEK 300m seems reachable, however, one must not forget that the efficiency improvements in the TOOLS business unit will progress regardless. The post-announcement share price reaction has been positive, however Momentum is currently still trading at a double-digit free cash flow yield, supported by a strong balance sheet which most likely results in additional bolt-on acquisitions going forward.

Finally, we want to thank our co-investors for your trust, and we remain confident that we can generate above-market returns. Adrigo will now be part of East Capital but the fund's focus will remain. Being part of a large Group with additional resources will, of course, benefit us in the future.

Key and Risk figures	29/11/19	1 M	12 M	Since Start
NAV, SEK	129.48			
Performance, %		2.66	5.41	29.48
STIBOR 1M, %		-0.01	-0.18	-0.75
Std deviation*, %			16.89	13.72
Sharpe ratio			0.29	0.96
Net exp. to eq. %	46.0			

*Annualized

Performance Nov 2017 – Nov 2019



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	8.73	2.71	0.74	0.86	0.53	-2.61	4.16	-9.63	2.11	2.40	2.66	-6.70	12.24
2018	-3.65	-0.22	-2.53	5.24	4.12	3.86	0.79	0.25	6.61	0.75	0.67	3.40	8.69
2017											2.65	3.40	6.14

Fund Information Adrigo Small & Midcap L/S		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.
Fund Manager:	Staffan Ostlin Johan Eriksson	Objective:	High absolute return at a lower risk than the overall equity market.
Fund Management Company:	Adrigo Asset Management AB Grev Turegatan 14, 114 46 Stockholm Tel +46 8 505 88700 Fax +46 8 505 88770 www.adrigo.se	Strategy:	Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
Launch date:	2017-11-01	Trading Day:	Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.
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").	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)