

### PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C fell 6.96% and 6.97% respectively in May, net of fees. The Carnegie Small Cap Return Index Nordic fell 2.67% in May.

The fund's larger holding in **Bonesupport** (medtech) provided a good contribution after a share price gain of 15% whilst our positions in **Pierce** (eCommerce) and **Online Brands** (eCommerce) had negative contributions. Our mid-sized positions in **Camurus** (pharmaceuticals) and **Opter** (software) contributed nicely after share price gains of 20% and 5% respectively. However, our Norwegian shipping exposure had a negative effect of about 200 bps in May. Our short positions had a positive contribution in aggregate.

Adrigo Small & Midcap L/S Class A has returned 58.0% since inception, net of fees. The compounded return has been 8.5% per year since inception. In the same period, the benchmark STIBOR 1M rate has returned 1.3% and the Carnegie Small Cap Return Index Nordic gained 67.6%.

### THE MARKET & THE COMPANIES

The month contained a few quarterly reports from the Nordics, predominantly smaller corporates with mixed results. Markets traded nervously going into the final US debt ceiling negotiations. The extended deadline, although removing the near-term threat, disappointed the markets somewhat. The cost of insuring US debt against default rose substantially in April and remained elevated in May. At the time of writing, the House of Representatives and the Senate has approved the deal. US Treasury Secretary Yellen stated that the US will run out of cash by June 5.

We continue to see an increased divergence in share price performance between large and small-cap companies. The Swedish OMX Small Cap has fallen almost 3% during the year compared with the large companies (OMX Large Cap), which have risen 9%, both indices are adjusted for dividends. In the US we see the same tendency as the Russell 2000 (small caps) is down 1% while the 100 largest companies, the S&P 100, is up 15%. The 100 largest technology companies, the Nasdaq 100, is up more than 30% in 2023. If we exclude major technology companies from the S&P 500, the index is up slightly over 1% in 2023. The market desires liquid stocks, which we interpret as weak conviction for a continued strong stock market. The stock market is now entering a more muted period as trading volumes decrease over the summer.

**Camurus** announced that its partner Braeburn received US approval for Brixadi (Buvidal outside the US). The announcement sent the stock up about 7%. Sales will probably start during Q3, and Camurus will receive an estimated 12%-14% royalty. Its main competitor, Indivior has been on the US market since 2018 but has, what we believe, only 35k-40k patients under treatment. However, Indivior has grown 60%-70% year-on-year over the last year, potentially signaling an inflection point in patients/payers accepting long-acting treatment alternatives to a higher extent. There is an estimated 3 million patients in the US, of which 1 million will likely prefer long-acting treatments.

Camurus has proven to dominate the Australian market, where both they and Indivior are active. Camurus has an estimated 80% share of the long-acting buprenorphine Australian market. Despite Indivior's head start, we believe Camurus has good opportunities for rapid growth through a) an increased shift to long-acting alternatives and b) gaining market share from its competitor since we doubt that the American market will diverge significantly from the rest of the world. In addition, investors should not forget that Indivior, formerly part of Reckitt Benckiser, was fined USD 1.4 billion (equivalent to Camurus' market cap) by the US Department of Justice for alleged illegal marketing and overprescribing opioid drugs in the US. We believe that the peak sales estimates for Brixadi in the USA appear modest and see a good upside despite strong share price performance in the past year.

Our net exposure towards the shipping sector had a noticeable negative impact on May's performance. Weak Chinese macro data sent the already depressed stocks down sharply on the last day of the month. One could ask, do we still see value in these stocks? Firstly, the supply of dry bulk cargo entering the market in the coming years is low at the same time as more than 25% of the existing fleet is 20 years or older. In addition to the low order book representing some 6.9% of the current fleet and a 30-year low, we find the recently introduced environmental regulations as a major catalyst for earnings improvement near-term. Our stocks in the sector have a generous dividend policy distributing all free cash flow generated and backed/managed by strong majority shareholders. Overall, the stocks trade at a 25% discount to NAV, a historically high discount, which should protect the downside.

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

### VISITS DURING THE MONTH

Among our positions, we met e.g., Pierce, OssDesign, and Getinge. In addition, we had a handful of company meetings with new potential holdings.

### LARGEST CONTRIBUTORS

Bonesupport – Medtech  
 Camurus – Medtech  
 Momentum Group – Industrial  
 Lundbeck – Pharmaceuticals  
 Short position – Technology (SE)



### Portfolio management



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### 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").

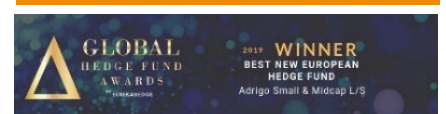
**Deposit:** Initial minimum SEK 1000.

### 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).

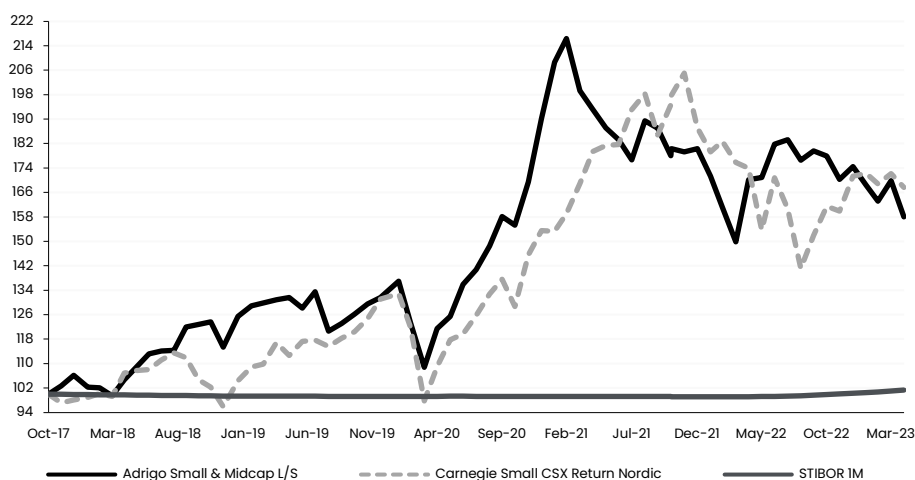


# ADRIGO SMALL & MIDCAP L/S

May 2023

## Performance

Nov 2017 – May 2023



Key and Risk figures	31/05/23	1 M	12 M	Since inception
NAV Class A, SEK	158.02			
NAV Class C, SEK	1 937.70			
Performance, % *		-6.96	-7.15	58.02
STIBOR IM, %		0.29	2.17	1.34
Std deviation, % *, **			13.50	18.61
Sharpe ratio *			-0.53	0.46
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								-7.17
2023 Class A	2.47	-3.50	-3.08	4.11	-6.96								-7.17
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 investor information documents (KIID) 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.

## 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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