

PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C rose 14.15% in July, net of fees. The Carnegie Small Cap Return Index Nordic rose by 0.76 % in July.

The fund's larger holdings in **Dolphin Drilling** (oil service) and **Bonesupport** (medtech) provided good contributions. We noted several strong contributors among our mid-sized positions. In total, 11 mid-sized positions rose more than 10 % during July, where **Arjo** (medtech), **OssDsign** (medtech), and **BHG Group** (e-commerce) contributed nicely. We also received a cash offer for our shares in Kahoot (e-learning) in July. Our short positions had a positive contribution in aggregate, driven by good shorts within the basic material and "serial acquirers" sectors.

Adrigo Small & Midcap L/S Class A has returned 75.6% since inception, net of fees. The compounded return has been 10.3% per year since inception. In the same period, the benchmark STIBOR IM rate has returned 2.0% and the Carnegie Small Cap Return Index Nordic gained 69.7 %.

THE MARKET & THE COMPANIES

After a stronger June, global stock markets developed favorably in July. MSCI World rose 2.8 % while EURO STOXX 50 rose 1.6 %. The Nordic markets were lagging; only Norway was in positive territory. Swedish large caps (OMXS30GI) fell 2.5 %, while Swedish small caps rose approximately 1 %. Overall, commodities developed strongly in July. Oil rose some 15 % and the commodity index CRB rose 8 %.

Most of the Nordic stock exchange's medium and larger-sized companies have now presented their half-year results. Market expectations had come down before the results, but we note negative price reactions mainly driven by a somewhat more cautious outlook for the second half of 2023. Order intake has slowed even within the previously stronger general industry end markets.

During the last trading days in June, we took a medium-sized position in **Arjo**, a company we have followed for many years. Arjo's Q2 report, driven by stronger organic growth, solid cost control and good cash conversion, beat. Mr. Market has been worried about the balance sheet risk, which is why a strong cash flow probably contributed to a stronger share price reaction after the report. We closed the position mid-July and got a 20% return over two weeks.

It is with mixed feelings that we divested our shares in **Kahoot** after the NOK 35 cash offer in July. The 13% premium seems somewhat modest, but the share has nevertheless recovered strongly from its NOK 15 low in mid-January. The valuation multiples are high on next year's earnings, but the growth rate, on the other hand, is also expected to remain high. We divested as we see the likelihood of competing bids to be low, and the bid is well-anchored amongst the larger owners, who to a large extent are part of the bidding consortium. We initially invested in Kahoot in October 2018. At the time, the company was starting to monetize its customer base having some 15k paying users, compared to several million playing. In addition to high customer satisfaction and a clear value-add offering, we saw a scalable business model driven by negligible marketing costs, high gross margins, and advance payments from its customers. The pandemic drove growth rates higher, which in hindsight turned out to be abnormally high. The share has been volatile over the years (peaked at NOK 130), and we have been actively trading the share but always with a long-term focus; staying close to the company/management over the years. Our active trading and long-term approach have proven beneficial to our co-investors, and Kahoot's contribution to the gross return has been approximately 13.5% points.

About half of our long positions reported Q2 earnings in July. In addition to the above-mentioned Arjo, both **Bonesupport** (medtech) and **Camurus** (pharmaceuticals) stood out with strong results. Bonesupport delivered 107% organic growth in the US driven by continued strong demand for its flagship product Cerament G. We also note that cannibalization on the standard product Cerament BVF was lower than expected. Camurus also reported strong growth figures. However, our and the market's focus is on the second half of the year, where partner Braeburn, in September will launch Brixadi (Buvival in other markets), Camurus' drug for opioid addiction.

During the first week of July, we reinitiated a mid-sized position in Enea (software) after divesting in Q3 2021. The share has lost almost 80% of its value since we divested and 85% since its Dec 2021 post-internet 2000 bubble peak. We added Enea to the portfolio after Chairman Mr. Lidbeck (former CEO) was announced as acting CEO and simultaneously launched a cost-reduction program equivalent to almost SEK 2.8 per share (share price was at SEK 44). No doubt Enea faces uncertainties and a tough 5G market in the coming years, however, its operations in cyber security and large parts of the telecom operations excl. 5 G is growing. We view the financial risk as low, and the company initiated a share buyback program in mid-July.

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

VISITS DURING THE MONTH

The focus during July has been Q2 reports and a slightly more intense trading period. Our active trading has yielded good results in, among others, Arjo and BHG Group.

LARGEST CONTRIBUTORS

Dolphin Drilling – Oil service
Arjo – Medtech
OssDsign – Medtech
BHG Group – e-Commerce
Kahoot – e-learning



Portfolio management



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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").

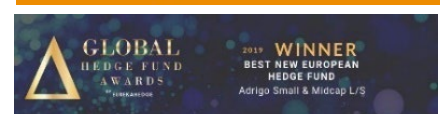
Deposit: Initial minimum SEK 1000.

Risk and reward profile



Important information:

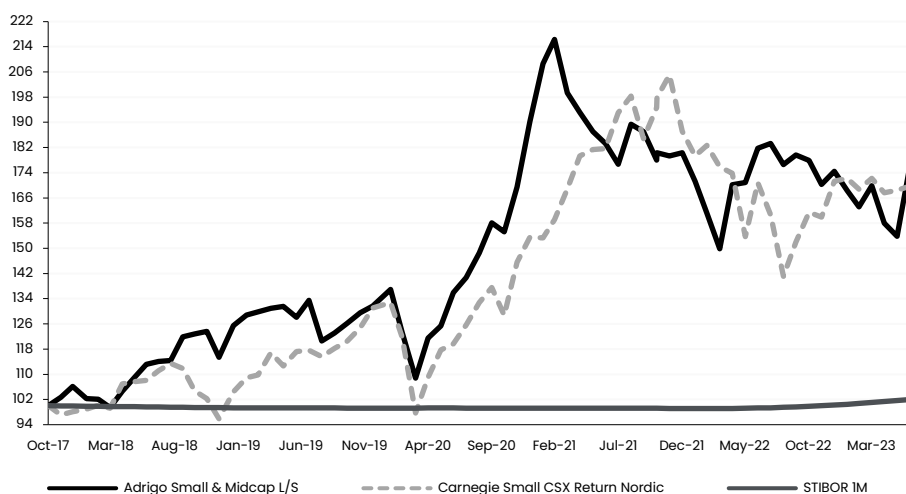
Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds, such as the prospectus, key investor information documents (KIID) and financial reports is available on adrigo.se.



ADRIGO SMALL & MIDCAP L/S

July 2023

Performance Nov 2017 – Jul 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

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Key and Risk figures	31/07/23	1 M	12 M	Since inception
NAV Class A, SEK	175.59			
NAV Class C, SEK	2 153.23			
Performance, % *		14.15	-3.38	75.59
STIBOR IM, %		0.31	2.70	1.97
Std deviation, % *, **			19.18	19.22
Sharpe ratio *			-0.18	0.54
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						3.16
2023 Class A	2.47	-3.50	-3.08	4.11	-6.96	-2.66	14.15						3.15
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. 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.