

ADRIGO SMALL & MIDCAP L/S

November 2021

Performance

Adrigo Small & Midcap L/S rose by 1.31% in November, net of fees. The Fund's larger holdings generated a slight negative contribution during the month. Among the mid-sized positions, we noted good gains in **24Storage** (self storage), **Online Brands Nordic** (e-commerce), and **Profoto** (studio flash systems). Among the smaller positions, we noted good gains in **Vaccibody** (biotechnology) and **Opter** (software). The Fund's short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S has returned 80.3% 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 a gain of 97.8%. Adrigo Small & Midcap L/S has had a return of 6.4% over the last 12-month period.

Market comments and outlook

The Carnegie Small Cap Return Index Nordic rose by 1.6% in November. Only the Swedish market generated a positive return in November. We noted that Nordic small-caps outperformed their large-cap peers (OMXN40), which fell by 3.8% in November.

During the month, we received several offers, and among those was one for our stake in **24Storage**. The bidder was the U.S.-based TIAA and offered to purchase the shares at SEK 62 per share (just over 31% above the previous closing price, and 38% above book value). We chose to accept the offer since a bid increase of 5% allowed us to retract our bid acceptance. At the time, we considered this to be a reasonable assumption since we had modelled for a book value of around SEK 70 a couple of years forward. Since the listing at the end of 2019, the shares have unfortunately traded quite poorly. The operations have however been in line with our expectations, and the management team has successfully kept its promises. Later in the month, Shurgard placed a competing bid of SEK 72 per share. That, in turn, resulted in TIAA raising their offer to SEK 76 per share, an offer we have accepted.

Through a directed issue to us and Jofam (a Swedish family office), we added a new position to the portfolio during November: **Online Brands Nordic** "OBAB". Through a reverse merger earlier this year, OBAB currently consists of CaMa-Gruppen with the wholly-owned e-commerce firms Trendcarpet (carpet vendors) and Hatshop (hats and caps). There are some experienced e-commerce actors backing CaMa-Gruppen, such as Addnatures' (outdoor products) founders, its chairman David Rönnerberg (CEO of the listed pet care group Musti Group), as well as Magnus Skoglund, founder of CaMa-Gruppen. All of them have a proven track record of creating shareholder value. While OBAB will continue to grow organically through their e-commerce subsidiaries, the board and management has made it clear that acquisition-driven growth is also part of the strategy. We are always cautious when dealing with acquisition-driven firms, especially those with conglomerate-like structures, but in this case, we trust in OBAB based on its proven track record and experience in this area. We see great potential in the current business but also through value-creating acquisitions. As early as this November, OBAB announced its first deal and signed an LOI for acquiring kitchen-ware vendor KitchenLab. Likely, we will see low return rates, strong growth toward premium products, and an operational model that OBAB certainly will be able to improve on.

In November, **Opter** went public. It is a software company, focusing on transport optimizing systems, an essential system for companies in the freight and carrier business. Although somewhat small, the firm has been market-leading in Sweden for the past five-to-six years, leading in Norway, and is on track to becoming leading in both Denmark and Finland. The firm has a strong history of profitable growth, and we believe that the trend will continue. The shares are up ~30% since the IPO but are still trading at a discount compared to those of similar SaaS firms. Opter differentiates itself from other comparable firms as it has an operating margin of ~30% *without* inflating it with activating costs - a common error among rapidly growing firms in the software segment.

Since the summer of 2018, we have owned shares in Norwegian **Vaccibody**. Last year, the firm signed a large collaboration deal with Genentech, and this November, they announced a collaboration with Regeneron. Both agreements include large up-front payments, milestone payments as well as royalties on future products. In conjunction with this, Vaccibody has changed its name to Nykode Therapeutics. With a market value of NOK 22 billion, Vaccibody is no longer a small firm, but the potential in their platform technology still appears vast.

Kahoot (e-learning) has delivered strong numbers for Q3 and elevated the prognosis for Q4 as well as projecting for 2022. Many investors are currently shorting its shares, and they have fallen just over 35% since early September. We trust Kahoot to live up to its promises, and see significant upside potential near-term, especially if the short positions get covered.

This year's yield has thus been far below our goals, but our strong belief in long-term investments and our portfolio management model gives us confidence in the future.

Portfolio management



Staffan Östlin
Portfolio Manager and CIO



Johan Eriksson
Portfolio Manager

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 1.000.

Risk and reward profile



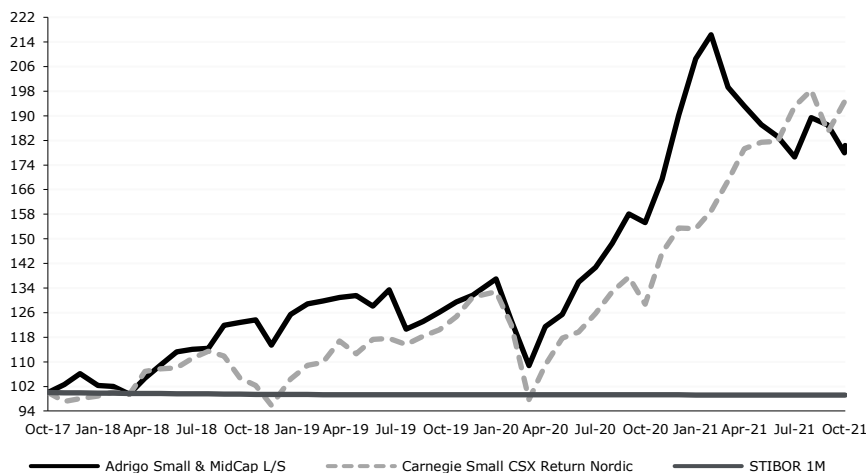
Important information: Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds,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



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November 2021

Performance Nov 2017 – Nov 2021



Portfolio Managers

Staffan Östlin (CIO)
Johan Eriksson

Launch date

2017-11-01

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").

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 1.000.

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.

Key and Risk figures	30/11/21	1 M	12 M	Since inception
NAV, SEK	180.31			
Performance, %		1.31	6.41	80.31
STIBOR 1M, %		-0.01	-0.07	-0.82
Std deviation*, %			21.63	18.69
Sharpe ratio			0.30	0.83
Net exp. to eq. %	>60.0			

*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.67	3.71	-7.87	-3.09	-3.15	-2.04	-3.61	7.21	-1.24	-4.86	1.31		-5.20
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

Important Information:

Adrigo funds are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds and are therefore not to be considered as UCITS funds. Adrigo funds are only directed at institutions and other professional investors and are not subject to the same regulatory framework as those funds which are adapted to retail investors. 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.

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Source: Adrigo Asset Management