

### PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C fell 2.66% and 2.65% respectively in June, net of fees. The Carnegie Small Cap Return Index Nordic rose by 0.5 % in June.

The fund's larger holding in **Bonesupport** (medtech) provided a good contribution whilst our positions in **Pierce** (eCommerce) and **Online Brands** (eCommerce) had negative contributions. Our mid-sized positions in **Initiator Pharma** (biotech) and **Nordic Semiconductor** (technology) contributed nicely. **Dolphin Drilling** (oil service) had a significant negative effect due to an equity issue in June. Our short positions had a negative contribution in aggregate.

Adrigo Small & Midcap L/S Class A has returned 53.8% since inception, net of fees. The compounded return has been 7.9% per year since inception. In the same period, the benchmark STIBOR 1M rate has returned 1.6% and the Carnegie Small Cap Return Index Nordic gained 68.4 %.

### THE MARKET & THE COMPANIES

June was, from a global perspective, a strong month for the stock market. MSCI World jumped 5.7 % while EURO STOXX 50 rose 4.4 %. The Nordic markets were lagging; Sweden, up by 2.1 %, was the best market. We noticed that quite a few companies took advantage of the strong market and issued new equity. We continue to see the need for balance sheet improvements and expect this trend, particularly from smaller companies, to continue.

**Initiator Pharma** (biotech) published two important releases in June. Initiator announced headline data from its Phase 2 study in psychogenic erectile dysfunction. Although the study only included 24 patients, the company showed material results for the active treatments compared to the placebo. It is worth highlighting that it was a cross-over design, i.e., the same patient received both placebo and active treatment. Patients included were also non-responders to the standard of care PDE5 inhibitors. Both design and patient population strengthen the result.

In addition, Initiator Pharma has fully recruited its Phase 2b study in organic erectile dysfunction (120 patients) in line with the previously communicated schedule. It is a fast read out and top-line results will come at the beginning of Q423 at the latest. Erectile dysfunction is a huge problem where 30 to 50% of patients do not respond to Viagra or other PDE5 inhibitors. Initiator Pharma will target the non-responders. Viagra's sales peaked at USD 2 billion (approx. 50% market share) before generic alternatives entered the market. We believe patients' willingness to pay, and eagerness to try, new alternatives is high. The patient population is large, and the market potential is probably in line with Viagra's peak sales. Unfortunately, the stock has traded weakly after the results. Microcap biotech clearly does not attract new investors in today's market climate. We find the stock extremely cheap trading at a market cap of SEK 370m.

**Getinge** (Medtech) delivered a profit warning that took us, and the rest of the market, by surprise. The management had previously indicated that the on-going production problems within certain products would have a rather limited impact. This proved to be wrong. Getinge has historically had quality problems but, it appeared that CEO, Mattias Perjos, had solved most of these issues. However, this was obviously not the case and a great deal of market confidence has been lost. The share trades at a significant discount to its international peers. Thus, the upside is considerable, if or when the problems have been solved.

**Dolphin Drilling** (oil-service) has been a portfolio holding since the autumn of 2022. Late June, the company announced a capital raise, in order to finance two semi-submersibles from Transocean. Negotiations had been on-going since late last year. Before the closing of the deal, Dolphin had managed to sign an LOI for an extension of the current contract for one of the rigs, for an additional three years from September 2024. Pay-back time on the transaction was around two years. However, the stock market was quite reluctant and the company had to accept a more than 30 % discount for the new shares. Our fund's performance was significantly impacted by this. We are not happy with how the transaction was conducted. Having said that, we still see a huge upside in this stock which belongs to our top five holdings.

Our exposure in **Pierce** and **Online Brands** (e-commerce) had a significant negative impact on our performance during the month. The shares have traded down on thin volumes. Pierce announced that the temporary CEO was replaced by external recruitment. We see this as a sign that Verdane, Pierce's largest shareholder, shows further commitment and determination to turn around the company.

We have returned to an old favorite of ours, **ArjoT** (medtech). The stock is down some 70 % over the last 18 months. However, after a declining earnings trend for over five quarters, we believe the earnings trend will turn around and move upwards during Q2. We have initiated a mid-sized position. Finally, we would like to thank you, our co-investors, for your continued trust!

### VISITS DURING THE MONTH

We met with Initiator Pharma after the release of the very promising Phase II results. Moreover, we travelled to Norway and met companies within carbon-capture and hydrogen production.

### LARGEST CONTRIBUTORS

Initiator Pharma – Biotech  
 Nordic Semiconductor – Software  
 Himalaya Shipping – Drybulk  
 Dometic – Consumer Durables  
 Bonesupport – Medtech



### 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").

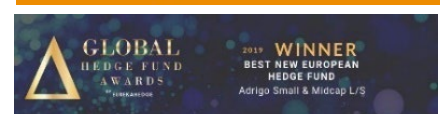
**Deposit:** Initial minimum SEK 1000.

### 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).

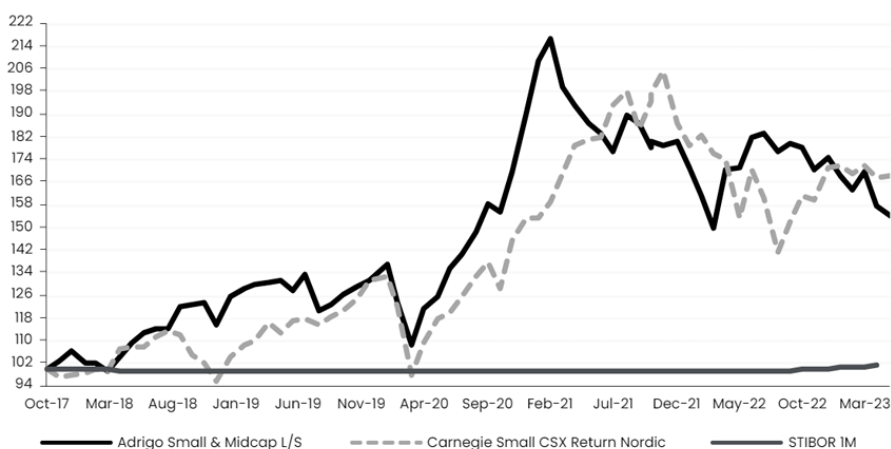


# ADRIGO SMALL & MIDCAP L/S

June 2023

## Performance

Nov 2017 – Jun 2023



Key and Risk figures	30/06/23	1 M	12 M	Since inception
NAV Class A, SEK	153.82			
NAV Class C, SEK	1 886.27			
Performance, % *		-2.66	-9.98	53.82
STIBOR IM, %		0.31	2.44	1.65
Std deviation, % *, **			13.61	18.53
Sharpe ratio *			-0.73	0.43
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							-9.63
2023 Class A	2.47	-3.50	-3.08	4.11	-6.96	-2.66							-9.64
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

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