

PERFORMANCE

Adrigo Small & Midcap L/S Class A and Class C rose 2.8% in October, net of fees. The Carnegie Small Cap Return Index Nordic fell by 3.4% in October.

Among the fund's larger holdings, **Initiator Pharma** (Biotech) and **Bonesupport** (Medtech) again provided good contributions. Among the fund's middle-sized positions, **Wärtsilä** (Capital Goods), **Camurus** (Healthcare) and **Nolato** (Industrial components) provided good contributions. Our short positions had a positive contribution in aggregate, driven by good individual shorts and our index hedge.

Adrigo Small & Midcap L/S Class A has returned 71.6 % since inception, net of fees. The compounded return has been 9.4% per year since inception. In the same period, the benchmark STIBOR 1M rate returned 3.0% and the Carnegie Small Cap Return Index Nordic gained 52.6%.

THE MARKET & THE COMPANIES

Global stock markets continued to develop quite poorly during October. MSCI World as well as STOXX 50 fell by 2.6%. Swedish large caps (OMXS30) were down by 3.5% while Swedish small caps (CSX) declined by 3.2%. The Norwegian and the Finnish markets fell while Denmark was unchanged. Base metals declined with the commodity index (CRB) being down by 0.7%. Again, we noticed a big move in the oil price which, after a very strong September, contracted by 7-8% over the month.

One of the fund's first investments, **Bonesupport** (we made our first investment in November 2017), again made us cheer. Sales of its main product, Cerament G, a synthetic bonegraft, accelerated further during the third quarter. Total sales rose by 76% while sales in the US jumped by 102%. The gross margin strengthened even further to 92.1%. Another milestone was passed as the company reached positive cash flow for the first time. The product made inroads to more hospital systems and today the company has access to more than 1000 hospitals in the US. The product has only been available in the US since late Q4 2022 and there are big differences in usage between various surgeons and hospitals. Hence, the growth potential is huge.

In Q4 the company is planning to send in an application for a label extension, to include open trauma fraction. The FDA has indicated a three-month lead time target. Even if today Cerament G is used "off label" we believe an approval would further boost sales and penetration. Moreover, Bonesupport continues to work with various clinical programs with the aim of broadening clinical application areas including osteoporosis.

Initiator Pharma is a biotech company which has been in our portfolio since April 2021. Early October, it released data from a Phase IIb study with its drug candidate pudafensine (IP2015). The study data demonstrated statistically significant and clinically relevant efficacy for erectile dysfunction (ED). The unmet medical need is big, 30-40% of the patients do not respond to the current drugs in the PDE5i class such as Viagra and Cialis. In June, the company released data from a Phase 2a trial for another compound (IP2018) demonstrating statistically significant results in psychogenic erectile dysfunction. Moreover, the company recently announced that both drug candidates mentioned above have shown significant efficacy in preclinical models for Female Sexual Dysfunction (FSD). The company is currently doing a strategic review to potentially include both ED and FSD in its commercialization strategy. This review is being executed in Q4. The company is funded well into 2025, hence we expect the company to discuss with potential partners from a position of strength. We see significant potential in the share as the current market cap is below USD 50 million.

A new holding in the fund is the bearing producer **SKF** (Industrials). The company has been in a transformation mode since CEO Mr. Richard Gustafson took charge during spring 2021. Our opinion is that this could result in higher and more stable margins with a subsequent increase in valuation multiples. Over the years, SKF has been viewed as the ugly duckling in the "great" Swedish family of engineering companies. Historically it has reported lower margins, higher cyclicality and lower ROE compared with peers such as Atlas Copco, Alfa Laval and Sandvik. Interestingly, SKF improved its operating margin from 8.5% to 11.5% (Y/Y) despite having a negative organic growth. The third quarter is normally the weakest quarter for SKF which makes the improvement even more impressive. We believe that Mr. Gustafson, with a fresh set of eyes, is challenging the organisation in a positive way. The strategic overview of its business within the aero industry is an example of this, another example is the fact that SKF has left certain contracts in the automotive industry as they did not meet the level of profitability needed. SKF currently trades at EV/EBIT of 7 and a P/E of 10 (2024e). This is significantly below the "great" companies mentioned above but also at a substantial discount to companies such as Trelleborg. We see a good potential for a re-rating over the coming years.

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

VISITS DURING THE MONTH

As it is earnings season and we have focused a lot on the earnings reports. Companies we have met include Nolato, Bonesupport and SKF.

LARGEST CONTRIBUTORS

Initiator Pharma – Biotech
 Bonesupport – Medical equipment
 Nolato – Industrial components
 Camurus – Healthcare
 Wärtsilä – Capital Goods

5
YEARS

Portfolio management



Staffan Östlin
 Portfolio Manager and CIO
 +46 73 337 83 44
 staffan.ostlin@adrigo.se
 In the industry since 1987

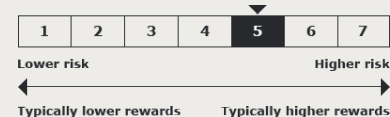
Fund information

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.

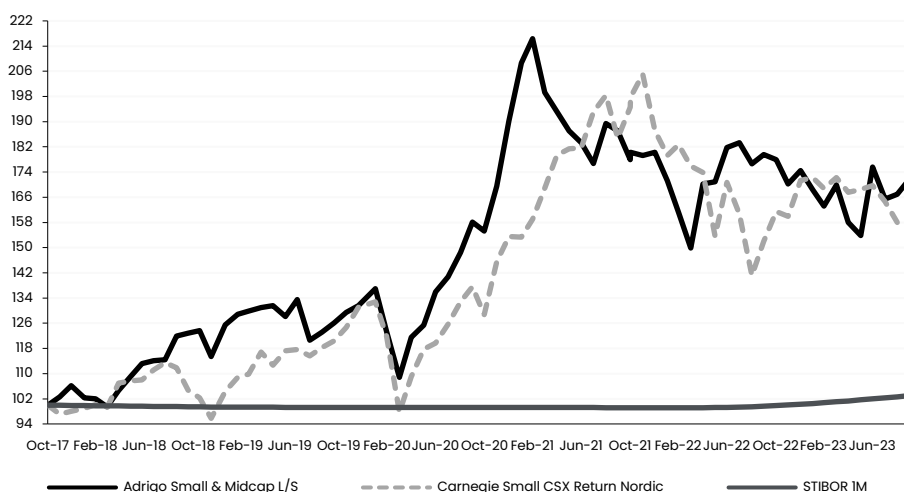


ADRIGO SMALL & MIDCAP L/S

October 2023

Performance

Nov 2017 – Oct 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

East Capital Asset Management S.A.

Contact

Kungsgatan 33, 111 93 Stockholm, Sweden
Tel +46 (0)8 505 887 00
www.adrigo.se

Key and Risk figures	31/10/23	1 M	12 M	Since inception
NAV Class A, SEK	171,61			
NAV Class C, SEK	2 104.39			
Performance, % *		2.77	-3.46	71.61
STIBOR IM, %		0.34	3.36	2.98
Std deviation, % *, **			19.87	19.29
Sharpe ratio *			-0.22	0.49
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	-5.81	0.97	2.77			0.82
2023 Class A	2.47	-3.50	-3.08	4.11	-6.96	-2.66	14.15	-5.81	0.97	2.77			0.82
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.