

ADRIGO SMALL & MIDCAP L/S

January 2021

Performance

Adrigo Small & Midcap L/S rose by 9.67% in January, net of fees.

The Fund's larger holding in **Atlantic Sapphire** (salmon farming) provided good contributions. Among the mid-sized positions, we noted good gains in **Veoneer** (automotive safety), **Kahoot** (game-based e-learning), and **CDON** (online retail) whilst we noted good percentage gains in the now divested holding **Penneo** (software). The Fund's short positions impacted performance positively in aggregate.

Adrigo Small & Midcap L/S has returned 108.6% 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 gained by 53.4%.

Market Comment

The Carnegie Small Cap Return Index Nordic fell by 0.11% in January. In contrast to 2020, small caps were outperformed by larger corporates during the month. The oil price continued to strengthen and rose by some 8% as we saw a sharp inventory drawdown in the US. We note a continuous high IPO and private placement activity. We have been selective and, in most cases, have refrained from investing.

The Swedish Riksbank announced its intention to replace external financing of the FX reserve by instead purchasing foreign currency on the exchange market. Purchases, which equates to 3.5% of GDP, will take place over the coming three years and be paid in SEK. Critics state that the Riksbank want to stop the SEK from strengthening and the decision caused the SEK to weaken against the USD and EUR.

Outlook

The Q4 reports have so far been like those for Q3; strong margin expansion driven by cost savings and increased capacity utilization. So far, it has mainly been larger Nordic corporates that have reported and managements' commentary about the future are twofold; demand is solid, but covid-19 complicates forecasting. Market expectations going into Q4 earnings have risen significantly in comparison to Q2 and Q3 and share price reactions have in general been more modest compared to previous quarters.

Atlantic Sapphire, one of the fund's larger holdings which has been in the portfolio since 2017, delivered two great news during the month. Its on-land farmed salmon, raised in highly controlled environments outside Miami, retails in US stores at a price premium of some 30%, clearly above market expectations. Atlantic has the ambition to obtain an organic production certification, which will further strengthen its brand and pricing power. The environmental profile is great due to significantly lower CO2 footprint, no impact on wild salmon, and no need for lice treatments will likely appeal strongly to today's consumers.

Atlantic also announced that it is increasing Phase II volume from 10,000 to 15,000 tonnes. In 2022, Atlantic Sapphire will release smolts and already in 2023, the first volumes will be harvest. In addition, Farm Credit, a US bank focused on agriculture and with a loan book of some USD 287bn, has joined the banking syndicate, which means an increase in the credit facility from USD 150m to USD 200m. During the past six months, several land-based projects for salmon farming have been announced. Atlantic Sapphire is many years ahead of these companies and in our opinion, has a unique position in terms of experience, scalability, and brand building.

Late 2020, we saw sharp share price appreciations in equities in the renewable energy sector. We note a small rebound during the second half of January, but expectations are still most often blue sky-high. We have been cautious to the sector, as we like more modest expectations, but a holding since a year back is **Azelio** (energy storage) where earnings and cash flows will come more near-term. However, we have reduced our exposure due to strong share price return (from a mid-sized to a smaller position) but look forward to the coming years and volume production is expected during the second half of 2021.

In February, Nordic corporates will continue to report their FY 2020 results. As mentioned, cost savings have contributed significantly to the strong margins. The question is how a more normalized 2021 will turn out. We note that analysts in some companies are more optimistic about the margin development in the coming years whilst we are a bit more cautious extrapolating the recent result.

We would like to mention that our short book generated a positive contribution (just over 100 bps). We also want to highlight that utilization rates, days to cover and costs are low and variables we constantly are monitoring. Finally, we would like to thank our co-investors for your trust and see great potential to continue to generate above-market returns!

Portfolio management



Staffan Östlin
Portfolio Manager and CIO



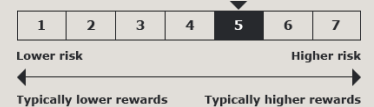
Johan Eriksson
Portfolio Manager

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 50,000, thereafter minimum SEK 10,000.

Risk and reward profile



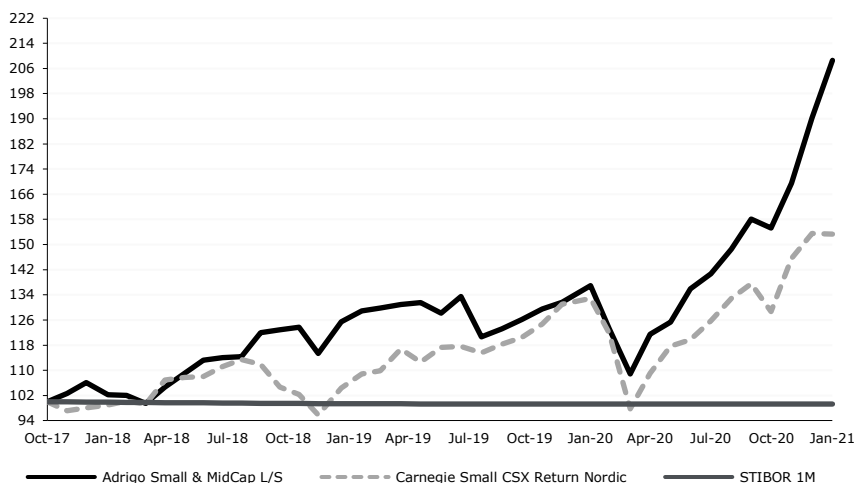
Important information: Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds,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



ADRIGO SMALL & MIDCAP L/S

January 2021

Performance Nov 2017 – Jan 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 50.000, thereafter minimum SEK 10.000.

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	29/01/21	1 M	12 M	Since inception
NAV, SEK	208.60			
Performance, %		9.67	52.34	108.60
STIBOR 1M, %		-0.01	-0.01	-0.76
Std deviation*, %			27.45	18.91
Sharpe ratio			1.91	1.34
Net exp. to eq. %	41.5			

*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.67												9.67
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. The availability of Adrigo funds 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 Adrigo funds 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.

Source: Adrigo Asset Management