

### Fund Manager's comment

#### Performance

Adrigo Hedge rose by 0.15 % in February, net of fees. The funds' short positions contributed negatively to returns. The holdings that contributed the most to the performance were **Husqvarna** (forest and garden eq.), **AstraZeneca** (healthcare) and **Veoneer** (industrials). The two latter are new investments during the month.

The Nordic equity index, OMX N40, rose by +3.6 % in February. Adrigo Hedge has returned 80.0 % since inception, adjusted for dividends and net of fees. In the same period, the benchmark STIBOR 1M rate has returned 14.6%, and the OMX N40 index has risen by 33.7%.

#### Market Comment

Equity markets continued its upward trend in February. Macro data improved somewhat during the month compared to the end of last year. The ISM index and nonfarm payroll numbers came in better than expected. Economic indicators in China have been mixed but slightly better than previous months. We have not spotted any meaningful improvement in economic activity in Europe during the beginning of the year.

Healthcare and industrials were among the best performing sectors in February driven by company specific factors during the earnings season. Banks were among the relative losers as money laundering issues were brought up again. Earnings estimates for Nordic companies are in a slight negative trend. Estimates for 2019 have been reduced by -2% over the last three months.

#### Outlook

Economic activity has clearly slowed down in Europe and China since the end of last year. The US economy is still doing well compared to the rest of the world but there are warning signs. The US housing market is somewhat softer, witnessed by weakness in new development and a negative trend in prices. It seems like part of the rally in the equity market has been driven by a short squeeze. Statistics suggest that aggregated short interest in S&P 500 has decreased to levels not seen since 2007. There is an increasing risk that the stock market will take back some returns if we get no improvement in Europe and China.

We have built a long position in **AstraZeneca** since the start of the year. The company has struggled for years with negative sales and profit growth as patents expired and new product development has been poor. Investments in R&D has been extensive and we are now seeing the initial signs of improvement as the company is growing again. Management has set medium term sales targets. The equity market does not believe it can be achieved. We see good value in the product portfolio. This is in our view not reflected in the company's market value. Hence we see good risk reward in the share. We aim to continue to increase the position.

We believe that a number of interesting investment opportunities have arisen lately. We are currently spending a lot of time doing due diligence; visiting companies, competitors and customers. We will write more about these endeavours in the coming months.

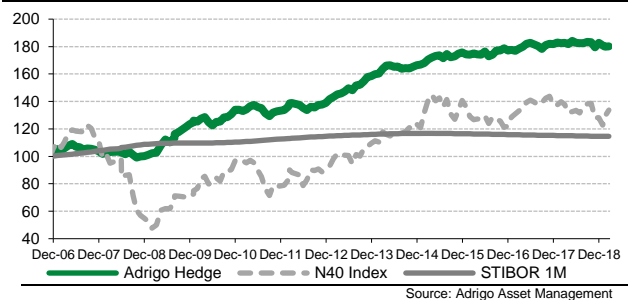
Key and Risk figures	28/02/19	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	159.04						
Performance*, %		0.15	-1.40	0.80	2.86	9.98	80.02
STIBOR 1M, %		-0.01	-0.44	-0.96	-1.56	-1.44	14.55
Std deviation**, %			3.57	3.15	3.25	3.10	4.61
Sharpe ratio			-0.21	0.34	0.50	0.76	0.89
Net exp. to eq. %	18.9						
Value-at-Risk***							
- Conf Interval 95 %	1.46						
- Conf Interval 99 %	2.08						

\* Dividend adjusted

\*\* Annualized

\*\*\* The measure expresses the monthly loss that the portfolio is expected to exceed one month of twenty (95% conf interval) or a month of one hundred (99% conf interval). The measure is expressed as % of fund assets.

Performance Dec 2006 – Feb 2019



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD/FY
2019	-0.64	0.15											-0.49
2018	-0.30	0.12	-0.50	1.34	-0.83	-0.12	0.09	0.41	-0.03	-2.06	1.81	-0.97	-1.08
2017	-0.37	0.95	0.69	1.18	0.35	-0.57	-0.72	-1.11	1.56	0.53	-0.09	0.60	3.01
2016	-0.14	0.51	-0.41	-0.15	1.28	-1.96	0.76	1.66	0.08	0.89	-0.99	0.34	1.82
2015	0.74	1.60	0.78	0.70	0.21	-1.22	1.84	-1.35	0.40	1.03	0.51	-0.70	4.59
2014	0.37	2.04	1.54	0.16	-0.71	0.06	-0.90	0.19	-0.10	0.70	0.66	0.26	4.31
2013	1.15	1.31	0.44	0.99	1.65	-0.93	2.28	0.35	1.71	1.90	0.41	0.91	12.83
2012	1.95	1.61	0.18	-1.03	-1.40	-1.31	1.75*	-0.34	1.43	0.21	0.81	1.99	5.92*
2011	-0.10	-0.64	0.88	1.77	0.65	-1.10	-0.58	-2.80	-1.50	1.92	0.74	0.70	-0.16
2010	0.99	-0.58	1.79	0.81	-2.77	-1.87	2.03	0.05	2.42	0.22	1.67	2.58	7.42
2009	1.05	0.98	0.55	5.28	3.90	-1.83	2.64*	2.61	1.34	3.08	1.81	0.99	24.63*
2008	-1.94	1.13	0.40	0.07	0.59	-1.32	-1.11*	1.96	-2.35	-1.89	0.76	0.23	-3.52*
2007	2.43	-1.21	1.95	1.73	1.06	-2.03	-0.21	-1.46	0.65	-0.22	-0.59	-1.11	0.89
2006												2.84	2.84

\* Dividend adjusted

#### Fund Information Adrigo Hedge

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**Launch date:** 1<sup>st</sup> December, 2006

**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 Hedge is a hedge fund focusing on investments in Nordic equities.

**Objective:** High absolute return at a lower risk than the overall equity market.

**Strategy:** Adrigo Hedge is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.

**Trading Day:** Fund units of Adrigo Hedge are open for subscription and redemption on every banking day.

**NAV:** NAV is calculated on every banking day and published at the latest on the fifth banking day thereafter.

**Custodian:** Skandinaviska Enskilda Banken AB (publ)