

Fund Manager's comment

Performance

Adrigo Hedge fell by 1.89% in March, net of fees. Long positions in **Essity** (consumer products), **Recipharm** (pharmaceutical manufacturing) and **Telia** (telecom) contributed positively to returns in March. **Veoneer** (industrials) impacted returns negatively (1.46%) after being one of the top performers in February. We will elaborate more around this investment later in the letter. Returns were also negatively impacted by two placings (**Loomis** and **AstraZeneca**). We have not changed our mind about the prospects for those two companies as we believe the set back is temporary and of technical nature. We used the weakness to add to our position.

Nordic equities (OMX N40) rose by 0.9% in March. Adrigo Hedge has returned 76.6% since inception, adjusted for dividends and net of fees. In the same period, the benchmark STIBOR 1M rate has returned 14.5%, and the OMX N40 index has risen by 35.0%.

Market Comment

Nordic equities ended up positive in March in volatile trading, despite a weak finish to the month. We have previously pointed to a negative development in economic activity in Europe. Macro data in March indicated further weakening. Profit warnings in Europe have been plentiful especially in companies related to the auto- and semiconductor industry.

Banks underperformed the market in March as further information regarding money laundering pressured Swedbank. It led to the departure of the CEO. The fund has no major exposure to banks.

Outlook

The fund's return for the first quarter of the year has not been satisfactory. It was difficult to generate returns when the equity market swung from panic (fourth quarter return -14%) to euphoria (first quarter +13%) in a short time period. We have taken a number of actions. Most importantly, we have not changed our investment style. We are still looking for investment cases driven by change. We had a large position in Swedbank that we sold at significantly higher share price in the beginning of the year. It contributed slightly negatively to returns (0.17%) in the first quarter.

We made an initial investment in **Veoneer** in February. It was one of the better performers in that month. The share has been under pressure lately due to weak auto sales and worries about financing. We are not convinced that Veoneer will need a rights issue. A solution will however be a positive trigger for the stock. Value is driven by higher content of active safety per car. A significant part of the cost for developing the products are taken upfront and revenues generated with a delay as car models are launched. We view Veoneer as attractively valued in the light of execution of the large order book and a swing towards profitability as revenues are generated. We have hedged the position by shorting companies with exposure to light vehicle production.

AstraZeneca has had a good development since inception. The placing last week was made to finance an acquisition that we believe will create value over time.

Finally, we continue to see good opportunities to generate good risk adjusted long term returns.

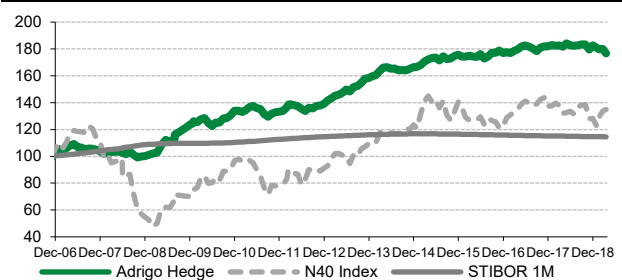
Key and Risk figures	29/03/19	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	156.04						
Performance*, %		-1.89	-2.77	-1.78	1.33	6.28	76.63
STIBOR 1M, %		-0.01	-0.40	-0.93	-1.52	-1.53	14.54
Std deviation**, %			3.98	3.39	3.43	3.17	4.64
Sharpe ratio			-0.54	-0.07	0.32	0.53	0.85
Net exp. to eq. %	20.5						
Value-at-Risk***							
- Conf Interval 95 %	1.68						
- Conf Interval 99 %	2.35						

* 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 – Mar 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	-1.89										-2.37
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: 1st 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.

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