



## Fund Manager's comment

### Performance

Adrigo Small & Midcap L/S rose by 0.74% in March, net of fees.

The Fund's holdings in **Recipharm** (pharmaceutical manufacturing) and **Bergman & Beving** (technical trade) provided the biggest contributions to returns. Among the Fund's smaller positions, we noted good percentage gains in **Wallenius Wilhelmsen** (logistics) and **Gunnebo** (security products). The Fund's short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S has returned 29.8% since inception, net of fees. In the same period, the benchmark STIBOR 1M rate has returned -0.7% and the Carnegie Small Cap Return Index Nordic has gained by 9.8%.

### Market Comment

The Carnegie Small Cap Return Index Nordic rose by 0.90% in March.

March has been characterised by high market volatility and we noted a large discrepancy between the market index's high and low price points during the month.

Brexit negotiations have continued, where March 29 was originally intended as the final date for the UK to leave the EU. Since the UK Parliament has not agreed on the exit agreement, the EU has given UK alternative withdrawal dates, 12 April or 22 May. If MPs do not vote for the agreement, a hard Brexit is expected in April. At the end of the month, the European Commission announced that they have completed their preparations for a non-deal scenario, thus being prepared for a hard Brexit.

The ten-year US Treasury rate continued to fall and is currently at 2.4% compared to the level in November last year of 3.2%. The US Fed's dovish tone, no interest rate hikes during 2019, and its downgrade of the US outlook for 2019 have been the reasons for the decline.

Key and Risk figures	29/03/19	1 M	12 M	Since Start
NAV, SEK	129.78			
Performance, %		0.74	30.48	29.78
STIBOR 1M, %		-0.01	-0.40	-0.65
Std deviation*, %			13.60	13.07
Sharpe ratio				
Net exp. to eq. %	43.0			
Annualized				

### Outlook

In April, Nordic companies will report earnings for the first quarter. We expect rather high market volatility due the uncertain earnings outlook together with great geopolitical worries. We hope that clarity and a final agreement regarding Brexit will be reached due to the severe uncertainty entities dependent upon government spending or import/export from the UK are experiencing.

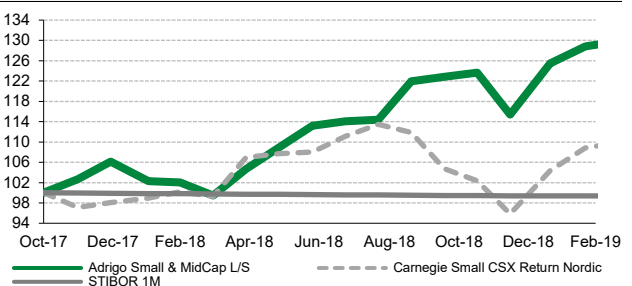
Furthermore, we expect that the US and China trade agreement discussions will continue to dominate the news flow. Historically news has had a major price impact on Nordic cyclical. We will continue to be active both on the long and short side to utilize abnormal share price movements to our advantage.

In recent months, we have initiated a position in the diagnostic company **Q-Linea** (medtech). The company has a unique instrument platform primarily for sepsis diagnosis. Its' fully automated system cuts the diagnostic time and deliver results in a matter of hours instead of days. Furthermore, the Company's technology gives a more precise result, which enables optimal dosing and selection of antibiotics.

In the US alone, severe sepsis strikes more than one million people of which 30 percent dies. Q-Linea is currently conducting clinical studies in order to get market approval in the US and Europe. During March, the Company announced that it has received positive feedback from the FDA and expect to launch the instrument on the European market in the spring of 2020. In addition to sepsis, the company intends to expand into other sample types such as urine, respiratory, and isolates.

Finally, we have met with a large number of companies during the month and have several interesting and under-researched prospects on the meeting agenda. We believe that company visits, and management meetings will be a major contributor to generate excess returns for our co-investors going forward.

Performance Nov 2017 – Mar 2019



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	8.73	2.71	0.74										12.50
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

<b>Fund Information Adrigo Small &amp; Midcap L/S</b>	<b>Focus of Investment:</b>	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.
<b>Fund Manager:</b> Staffan Ostlin Johan Eriksson	<b>Objective:</b>	High absolute return at a lower risk than the overall equity market.
<b>Fund Management Company:</b> Adrigo Asset Management AB Grev Turegatan 14, 114 46 Stockholm Tel +46 8 505 88700 Fax +46 8 505 88770 www.adrigo.se	<b>Strategy:</b>	Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
<b>Launch date:</b> 2017-11-01	<b>Trading Day:</b>	Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.
<b>Current fees:</b> 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").	<b>NAV:</b>	NAV is calculated on the last banking day of each month and published at the latest on the fifth banking day thereafter.
	<b>Deposit:</b>	Initial minimum SEK 50,000, thereafter minimum SEK 10,000.
	<b>Custodian:</b>	Skandinaviska Enskilda Banken AB (publ)