

Fund Manager's comment

Performance

Adrigo Hedge fell by -0.88% in June, net of fees. **Metso** (mining equipment) **Getinge** (medtech) and **AstraZeneca** (healthcare) were the three most positive contributors to returns during June. Short positions contributed negatively by -3,96 % to the month's performance.

Adrigo Hedge has returned 74.9% 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 35.6%.

Market Comment

Nordic equity markets (OMX N40) gained 5.3% in June after a weak development in May. The big winners were industrials after being one of the worst performing sectors in the previous month. Industrials rose more than 9% despite a further weakening of leading indicators. Macro data in the US came in below expectations. The main reason for the deviation between leading indicators and equities is expectations of more monetary stimulus as the world's central banks turned more dovish in June. ECB and FED are signalling easing bias going forward and markets now expect several rate cuts in the US in 2019.

Sentiment improved in the trade war between China and the US as the countries both leaders met in conjunction with the G20 meeting in Osaka. Probabilities of an agreement increased but there is a long and uncertain way to the final solution. Equity markets are torned between the risk of a recession, trade wars and expectations of more stimulus, leading to increased volatility in share prices.

Outlook

We have witnessed a number of profit warnings during the month; Nokia Renkaat, Novozymes, Christian Hansen and Ambu to mention a few. Danish companies are in many cases trading at high valuation multiples and share price reactions tend to be harsh in the event of a profit warning.

We have, for some time, built up a large position in Metso (Mining). Our interest in Metso was captured when the company made changes to their reporting structure in regards to the different business units in February, indicating that a divestment of their valve business was being considered. This was confirmed in June with a consequent positive share price reaction.

Mesto's new CEO, Pekka Vauramo, began his appointment in November last year. He seems to have higher ambitions in terms of profitability. There are opportunities to cut costs and we noticed a small step on that journey in June when the company issued a press release about a factory closure. Metsos margins are about half as high compared to Sandvik Mining and Epiroc. Metso's new CEO has more than 20 years of experience from Sandvik Mining and we believe that this experience will be beneficial to his new employer.

Finally, we note that capital investments in the mining industry have not really taken off. Total investments in 2018 were about 50% lower compared to the peak year of 2012. At the same time, there is talk of shortages of some metals in a couple of years when demand is expected to increase driven by eg. electric vehicles.

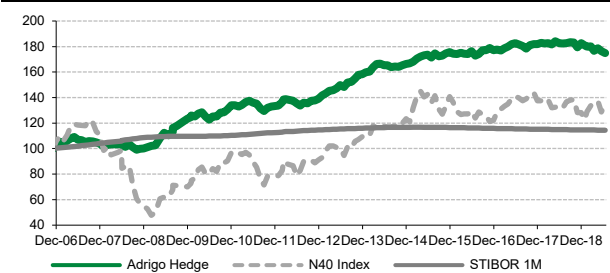
Key and Risk figures	28/06/19	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	154.52						
Performance*, %		-0.88	-4.08	-3.65	1.22	5.76	74.91
STIBOR 1M, %		-0.01	-0.32	-0.83	-1.42	-1.77	14.49
Std deviation**, %		4.04	3.50	3.34	3.28	3.28	4.64
Sharpe ratio		-0.87	-0.35	0.32	0.49	0.81	
Net exp. to eq. %	16.2						
Value-at-Risk***							
- Conf Interval 95 %	1.81						
- Conf Interval 99 %	2.50						

* 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 – Jun 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	1.17	-1.25	-0.88							-3.32
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

Fund Manager: Sven Thorén
Daniel Ahlin

Fund Management Company: Adrigo Asset Management AB
Grev Turegatan 14
SE-114 46 Stockholm, Sweden
Tel +46 8 505 88700
Fax +46 8 505 88770
www.adrigo.se

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.

Custodian: Skandinaviska Enskilda Banken AB (publ)