

Fund Manager's comment

Performance

Adrigo Hedge fell by 0.01% in January, net of fees. The holdings which contributed the most to the Fund's returns were **BillerudKorsnäs** (packaging) and **Sobi** (pharmaceutical). Amongst our smaller positions, we noted good contributions from **Danske Bank** (bank) and **Nokia** (telecom). The Fund's short positions did in aggregate impact returns negatively.

Adrigo Hedge has returned 68.5% since inception, adjusted for dividends. In the same period the benchmark STIBOR 1M has returned 14.4% and the OMX N40 index has risen by 49.5%.

Market Comment

Fed left the policy rate unchanged at the January meeting. However, Fed announced its intention to reduce purchases of Treasury bills gradually during the first half year of 2020, where future balance sheet expansion will be in line with the underlying growth in the economy.

The month was characterized by high volatility, initially due to tensions between the US and Iran, but also due to virus outbreaks in China. As a result of China's size, analysts believe that the impact on the global economy will be significantly negative compared to previous outbreaks, such as SARS.

Overall, we noted slightly weaker reports from Swedish industrials, primarily impacted by weak demand from the automotive industry.

Global long-term interest rates, as well as leading commodities e.g. oil and copper, have fallen during January.

Outlook

In our December letter, we commented on our view of **BillerudKorsnäs**, a new large holding in the fund. The Q4 report included no surprises operationally (after having had production problems and cost overruns in recent years). The Board signalled that BillerudKorsnäs is now entering a phase of lower CapEx by introducing an extra-dividend and a share buy-back programme. We still believe that the market is too pessimistic in its view of the company's cash-flow generation and hence we continue to see good potential in the share.

Sobi reported a positive profit warning, mainly driven by strong sales of Synagis and Gamifant. We sold our entire position as we still see uncertainty in its important hemophilia franchise.

The market focused on a couple of week spots in **Getinge's** Q4, resulting in a 10% decline on the reporting date. However, the most important business areas reported organic growth in the upper range of the underlying market with continued margin expansion. We also believe that Getinge will continue its M&A agenda and the Company recently acquired a fast-growing life science entity producing bioreactor systems, which will benefit from increased use and research of biological products.

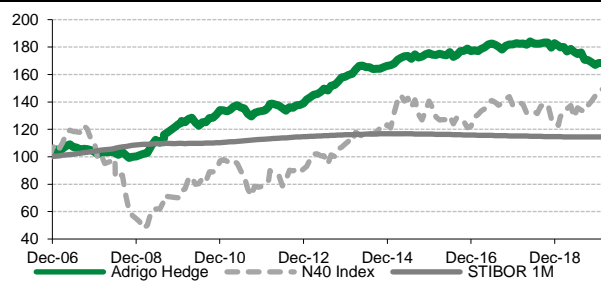
The Fed left the policy rate unchanged, however more interesting is that Fed's balance sheet has narrowed slightly since year end. The expansion that took place during the fall of 2019 contributed as a key stock market driver, whereby we believe that tightening of liquidity will be clearly negative in the future. We have a more defensive view of the stock market in 2020, but we still believe we can generate good returns thanks to selective stock picking both on the long and short side of the portfolio.

Key and Risk figures	31/01/20	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	148.82						
Performance*, %		-0.01	-6.28	-7.62	-4.77	0.30	68.46
STIBOR 1M, %		0.01	-0.13	-0.60	-1.13	-2.01	14.41
Std deviation**, %			4.32	3.94	3.69	3.61	4.67
Sharpe ratio			-1.36	-0.85	-0.28	0.17	0.71
Net exp. to eq. %	12.3						
Value-at-Risk***							
- Conf Interval 95 %	2.19						
- Conf Interval 99 %	2.97						

* 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 – Jan 2020



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD/FY
2020	-0,01												-0.01
2019	-0.64	0.15	-1.89	1.17	-1.25	-0.88	0.69	-3.11	-0.05	-0.95	-1.15	0.89	-6.88
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:	Staffan Östlin
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:	1 st 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)