

Fund Articles

Adrigo Small & Midcap L/S

*Approved by the Swedish Financial Supervisory Authority on
February 28, 2020*

PLEASE NOTE: This document is a translation of the Swedish original. In the event of any discrepancies, the Swedish original version shall be considered the sole authentic version.

§ 1 Fund's title and legal status

The name of the fund is ADRIGO Small & Midcap L/S, herein called the "Fund".

The Fund is a "Specialfond" according to the Swedish Managers of Alternative Investment Funds Act (2013:561) chapter 12, herein called the "LAIF". The Swedish Financial Supervisory Authority has granted exemption from certain sections in the above named Act.

The Fund is open to the general public.

The Fund's assets are owned jointly by the fund unit holders, and each fund unit carries the same rights to ownership of the Fund's property. The Fund Management Company represents the fund unit holders in all issues that relate to the Fund. The Fund cannot acquire rights or take on liabilities.

The business is conducted in accordance with these Fund Articles, the Articles of the Fund Management Company, the LAIF and other relevant rules.

These Fund Articles are in addition to a separate Information Memorandum. The Information Memorandum can be ordered from the Fund Management Company or obtained from the Fund Management Company's website, www.eastcapital.com.

§ 2 Fund Management Company

The Fund is managed by East Capital Asset Management S.A., org. nr B 136.364 (herein called the Fund Management Company), a fund management company supervised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, that *i.a.* conducts fund operations in Sweden as a foreign EEA-based AIF manager.

§ 3 Depositary

The Fund's Depositary is Skandinaviska Enskilda Banken AB (publ), registration no. 502032-9081.

The Depositary acts independently of the Fund Management Company and shall implement decisions regarding the Fund taken by the Fund Management Company, if these are not in conflict with the LAIF, the (2004:46) Investment Funds Act, herein called LVF, or these Fund Articles.

The Depositary receives and safeguards the assets of the Fund, and is responsible for deposits and withdrawals relating to the Fund. Furthermore the Depositary will also ensure:

- that the subscription and redemption of fund units is managed according to the Fund Articles and the LVF,
- that the Fund's net asset value is calculated according to the Fund Articles and the LVF,
- that the assets of the Fund are received by it without delay,

- that the assets of the Fund are invested according to the Fund Articles and the LVF.

The Depositary shall also ensure that the assets of the Fund are brought into the Fund without delay.

§ 4 Fund characteristics

The objective of the Fund is to achieve a good absolute return at a lower risk than the equity markets in which the Fund invests. The Fund is a special fund, known as a hedge fund, and has as its goal to achieve, with a good spread of risk, a development in value that exceeds the risk free interest rate, here defined as the STIBOR 30-day rate.

The Fund invests in Nordic equities, mainly in Small & Midcap companies with a market cap below SEK 55bn. The fund may also invest in derivatives, such as index futures in order to adjust equity exposure in a flexible way and for risk management purposes. The fund may also invest in fixed income securities as a short term cash management solution instead of using a bank account depending on interest rate levels.

The fund takes long positions as well as short positions in equities. The strategy is analysis driven and the Fund aims to take long positions in companies considered undervalued and short positions in companies considered overvalued.

§ 5 Investment strategy and restrictions

The Fund's assets can be invested in:

- transferable securities
- money market instruments
- derivative instruments
- fund units and
- accounts with credit institutions

The Fund may invest in financial instruments that are listed on regulated markets. The Fund may also invest a smaller amount, at most 10% of the Fund's value, in unlisted financial instruments, *i.e.* such financial instruments as are referred to in the LVF chapter 5, § 5.

The Fund may sell financial instruments that it does not currently own but has at its disposal, by means of securities borrowing, using the assets of the Fund as security. Such borrowing shall be on normal industry conditions with or via a clearing organization, securities institution or foreign financial institution able to enter into such agreements, and supervised by the authorities or other responsible body and is generally recognized in the market. Securities borrowing may not exceed 100% of the Fund's value.

The assets and liabilities of the Fund may be hedged against currency exposures through the buying and selling of currency futures and options.

The Fund is a so called "Specialfond" and differs from the following points from the LVF and from the Swedish Financial Supervisory Authority's Regulations relating to Securities Funds (FFFS 2013:9).

- As an exception from the LVF chapter 5, § 6, the first section, the second section third point, and the third section, the Fund may invest in financial instruments issued by one company, or by several consolidated companies, up to at most 30% of the Fund value. The Fund's two largest net exposures may together not exceed 50% of the Fund value, the four largest may together not exceed 60%, the six largest may together not exceed 70% and the eight largest net exposures may together not exceed 80% of the Fund value.
- As an exception from the LVF chapter 5, § 11, the Fund may place up to 35% on an account with Swedish banks and foreign banks with a head office within the EEA and with other foreign banks if these are covered by supervisory rules that correspond to those that are set by EU legislation.
- As an exception from the LVF chapter 5, § 13, the second section the Fund may have a gross exposure (the sum of long and short positions) in the range 50–250% and a net exposure in the range 0–150%.
- The equity gross exposure (long and short positions) towards Small & Midcap companies in the Fund will at any time be at least 90% of the fund value.
- As an exception from the LVF chapter 5, § 23, the first section first point the Fund Management company can, on behalf of the Fund as part of the Fund Management operations, take out loans using the assets of the Fund as security up to a maximum of 100% of the Fund value
- As an exception from the FFFS 2013:9 chapter 25, § 21, the third section, the Fund may lend securities up to a maximum of 50 % of the Fund value.

The Fund's risk is measured as its standard deviation (the spread in the Fund's return around its average return). The target is to have a standard deviation lower than that of the stock markets where the Fund invests. In a historical comparison this would mean a standard deviation for the Fund in the range of 5-10 %, measured on a yearly basis.

If required or recommended by the Swedish Financial Supervisory Authority, other risk measures may be applied.

§ 6 Markets

The Fund may invest in financial instruments listed for trading on regulated markets in Sweden, Norway, Finland, Denmark and Iceland or which are the subject of trading in other markets in Sweden, Norway, Finland,

Denmark and Iceland that are regulated and open to the general public.

The amount that the Fund may invest in unlisted financial instruments (see §§ 5 and 7) is limited to investment in companies in the corresponding countries.

§ 7 Particular investment strategies

The Fund may invest in such transferable securities as are referred to in the LAIF chapter 5, § 5.

The Fund may not invest in such money market instruments as are referred to in the LAIF chapter 5, § 5.

The Fund invests in derivative instruments as part of its investment strategy. The Fund may not invest however in OTC derivatives.

The Fund may apply such techniques and instruments as are referred to in chapter 25, § 21, first section of the FFFS 2013:9 in order to reduce costs and risks in the Fund or in order to increase the return and create leverage in the Fund.

§ 8 Valuation

The value of the Fund is calculated by deducting from the Fund's assets the Fund's liabilities, including taxes and accrued management fees.

Transferable securities and other financial instruments are valued at current market value, normally the latest traded price, or, if no such price exists, the latest bid price (in the case of a positive exposure) or the latest offer price (in the case of a negative exposure).

If such market value does not exist, or the price is obviously misleading, these assets may be valued at a value decided on objective grounds by the Fund Management Company.

Unlisted transferable securities are valued at a value that can be supported by a sales transaction on market conditions to a third party. If such a value does not exist, or is inappropriate, the valuation should instead be supported by a written confirmation from an independent valuer, for example an authorized auditor.

The value of a fund unit is calculated using the net asset value of the Fund divided by the number of outstanding fund units. When calculating the fund unit value, numbers are rounded to two decimal points (upwards if the third digit is five or above, otherwise downwards).

As an exception from the LVF chapter 4, § 10, section 3, the net asset value will be computed as of the close of business on the last banking day of each month and published no later than on the fifth banking day thereafter.

The Fund Management Company has the right, according to § 9, last section, to temporarily postpone the calculation and publication of the net asset value.



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The Fund Management Company shall on the first banking day of each week also publish an indicative fund unit value, before deduction of management fees, calculated as at the immediately preceding banking day. This does not apply if the immediately preceding banking day was the last banking day in a calendar month, in which case the fund unit value will be published in accordance with the above-mentioned principles.

§ 9 Subscription and redemption of fund units

Subscription of fund units

The subscription price for a fund unit is based on the value of the fund unit on the subscription date, calculated according to § 8.

The subscription date is the last banking day of each month.

For issuing fund units a subscription notice must be received by the Fund Management Company no later than three banking days prior to the subscription date.

In addition to the subscription price there may be a subscription fee of no more than 5% of the subscription price, payable to the Fund Management Company.

Redemption of units

The redemption price for a fund unit is based on the value of the fund unit on the redemption date, calculated according to § 8. The redemption date is the last banking day of each month.

In addition to the redemption price, there may also be a redemption fee of no more than 0.2% of the redemption price, payable to the Fund to cover the Fund's costs, including commissions etcetera, in connection with the redemption.

Requests for the subscription or redemption of fund units are to be made in writing to the Fund Management Company, alternatively by another method that has been accepted by the Fund Management Company in advance. Any such request must be received no less than three banking days before the subscription/redemption date.

This procedure means that the redemption price is not known by the unit holder at the time that a redemption request is made.

The minimum initial investment into the Fund is SEK 50,000, and the minimum additional investment is SEK 10,000 on each subscription occasion.

Any request to redeem fund units may only be withdrawn on the approval of the Fund Management Company.

Redemption will take place within five banking days from the date the fund unit value is determined, if it is possible to do so without disposing of any of the Fund's holdings, by payment to the fund unit holder's nominated bank account.

In the event that the Fund is required to dispose of a holding to raise cash this will be implemented as soon as possible and the redemption payment made as soon as the Fund has received settlement. If any such sale would significantly disadvantage the interests of other fund unit holders, then the Fund Management Company, after informing the Swedish Financial Supervisory Authority, may postpone any sale.

Information about the latest published fund unit value may be obtained from the Fund Management Company on any banking day.

"Banking day" is defined as a day that is not a Saturday, Sunday or Bank holiday, and when banks in Sweden are normally open.

§ 10 Extraordinary Circumstances

In the event that trading in any financial instrument that the Fund is exposed to, is stopped due to extreme market circumstances or extraordinary events that prevent the determination of the fund unit value on objective grounds, the Fund Management Company, after having informed the Swedish Financial Supervisory Authority, may postpone the day for calculation and publication of the fund unit value and may also postpone the day for any subscriptions or redemptions of fund units until such trading resumes.

§ 11 Fees and Expenses

Management fees are payable by the Fund to the Fund Management Company. A fixed management fee is applicable as well as a collective performance related management fee

Commission and other costs incurred in buying and selling transferable securities and other financial instruments are paid by the Fund.

Any subscription of fund units may carry a subscription fee of a maximum of 5% of the subscription price, calculated according to § 8. This fee will be paid to the Fund Management Company.

On the redemption of fund units, a charge of a maximum of 0.2% of the redemption price, calculated according to § 8, may be incurred. This will be paid to the Fund.

Fixed management fee

The Fund Management Company may, mainly to cover costs for the management of the Fund, and its marketing and administration, including costs for safekeeping, supervision and auditing, charge an annual fee of a maximum of 1% of the Fund's value. The fee is calculated on the Fund's value on the last banking day of each month and 1/12th of a percent is debited to the Fund on the same day.

Performance related management fee

A performance related fee is calculated according to a collective model. The performance related management fee may be equal to a maximum of 20% of the total



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return that exceeds the reference interest rate, 30-day STIBOR.

If the reference interest rate, 30-day STIBOR, is negative then a reference rate of 0% is used in the calculation of the performance related management fee.

Total return is calculated as the percentage change in the value of a fund unit during one calendar month, taking into account any dividend payments and after the deduction of the fixed management fee referred to above. The total return of the relevant month is compared to the reference interest rate, 30-day STIBOR on the last banking day of the previous month.

The performance related fee is only paid when the total return exceeds the reference interest rate. If the total return in any month falls below the reference interest rate the fund unit holder will not be repaid any performance fees from previous periods already paid.

For months when the total return exceeds the reference interest rate, the performance related fee will only be paid when the accumulated shortfall in the return from previous months has been made up.

The fund unit value on which the performance related fee is to be paid (high water mark) is to be increased by the reference interest rate. The performance related fee is calculated monthly in arrears on the last banking day of each month and debited to the Fund on the same day.

If a fund unit holder redeems his fund units when the fund has an accumulated shortfall in his return there is no repayment of previously paid performance based fees.

When calculating fees (subscription fees, redemption fees, fixed and performance related management fees) numbers are rounded to two decimal points (upwards if the third digit is five or above, otherwise downwards).

§ 12 Dividend

The Fund can pay a dividend to fund unit holders as decided by the Board of the Fund Management Company.

The amount available as dividend, if no other decision is taken by the Fund Management Company, is calculated on the Fund's net profit before tax for the last completed financial year.

Any dividend is to be paid during the sixth month after the end of the financial year.

The amount of dividend due on any fund unit, after the deduction of tax due, will be reinvested in the Fund.

The dividend is payable to fund unit holders who are registered in the Fund's Register of fund unit holders on the payment date.

§ 13 Financial year

The financial year for the Fund is the calendar year.

§ 14 Annual and Semi-annual reporting and Changes to Fund Articles

The Fund's annual report will be published within four months of the close of the financial year.

The Fund's semi-annual report for the first six months will be published within two months of the close of the first half-year.

Annual and semi-annual reports will be sent to the Swedish Financial Supervisory Authority and to all fund unit holders, who have not requested otherwise, as well as being available from both the Fund Management Company and the Depositary.

In the event that the Board of Directors of the Fund Management Company decides to make changes to these Fund Articles, then the amendments will be submitted the Swedish Financial Supervisory Authority for approval. Any change will be published in the subsequent annual report or semi-annual report and in any form decided upon by the Swedish Financial Supervisory Authority, as well as being available from both the Fund Management Company and the Depositary. The changes shall apply to all unit holders

§ 15 Pledge of fund units

Should a fund unit holder wish to pledge his fund units, the unit holder (the pledgor) and/or the pledgee must notify the Fund Management Company of the pledge in writing. This notice should indicate the following:

who the fund unit holder/ pledgor is
who the pledgee is
which fund units are covered by the pledge
any limitations on the extent of the pledge
the magnitude of the pledge

The notice should be signed by the fund unit holder.

The Fund Management Company will then enter, or arrange to enter, details of the pledge in the Register of fund unit holders.

The fund unit holder will be notified in writing of the registration in the Register and that the fund units have been pledged. Once the pledge ceases, the pledge registration is to be removed from the Register on the request of the pledgee. To cover the costs relating to the registration of pledges as provided above, the Fund Management Company has the right to charge the fund unit holder a fee of a maximum of SEK 1,500.

The fund unit holder has the right to transfer fund units to another party, after submitting a request to the Fund Management Company. To cover the costs relating to a transfer as provided above, the Fund Management Company has the right to charge the fund unit holder a fee of a maximum of SEK 1,500.

§ 16 Limited liability

In the event that the Depositary has lost financial instruments held in custody with the Depositary or its Depositary bank, the Depositary shall without undue delay return financial instruments of the same type or an amount of equivalent value to



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the Fund. The Depositary is however not responsible for a loss of financial instruments or other damage caused by an external event beyond the Depositary's control, such as damage due to Swedish or foreign legislation, Swedish or foreign government action, acts of war, strikes, blockades, boycotts, lockouts or other similar circumstances.

The Management Company is not liable for damage caused by events outside the Fund Management Company's control. The reservation in respect of strikes, blockades, boycotts and lockouts apply even if the Depositary or the Fund Management Company is the subject of or is taking such actions.

The Depositary or the Fund Management Company is not liable for any damage caused by - Swedish or foreign - exchange or other marketplace, central securities depository or clearing house.

The Depositary or the Fund Management Company is not liable for damage arising as a result of restriction of disposal that can be applied against the Fund Management Company or the Depositary in respect of financial instruments.

The Depositary shall not be liable for any loss of financial instruments held by a Sub-Depositary Bank or other providers of similar services which the Depositary with due care has appointed for the custody of financial instruments and to which the Depositary has agreed to transfer the responsibility to the Fund Management Company to make claims directly against the Sub-Depositary Bank. Such a transfer of responsibility from the Depositary to the Sub-Depositary Bank is a result of the Depositary instructing the Sub-Depositary Bank to keep foreign financial instruments in a local market in the manner stated in the current Depositary agreement between the Depositary and the Fund Management Company.

Losses incurred in other cases shall not be compensated by the Fund Management Company or the Depositary, if the Fund Management Company and the depositary has exercised normal due care unless otherwise is stated by applicable mandatory law.

The Fund Management Company or the Depositary is however not in any case responsible for indirect losses.

In the event that the Fund Management Company or the Depositary fully or partially are prevented from enforcing measures because of the circumstances mentioned in the second paragraph, then the measures may be postponed until the impediment has ceased. In the event of a deferred payment, the Fund Management Company or the Depositary shall not pay interest on an overdue payment. If interest has been promised, the Fund Management Company or the Depositary shall pay interest according to the rate in force on the due date.

If the Depositary, due to circumstances stated in the second paragraph, is barred from receiving payment for the Fund, then the Depositary has, for the period during

which the obstacle has existed, right to interest according to the conditions prevailing on the due date.

The Fund Management Company is not responsible for damage incurred by the Depositary or its Sub-Depositary Bank. Nor shall the Fund Management Company be held liable for any damage caused by a unit holder of the Fund or another else who violate the law or these fund regulations.

Unitholders are hereby made aware that they are responsible for ensuring that documents provided to the Fund Management Company are correct and duly signed and that the Fund Management Company should be informed of any changes to the information provided.

The Fund Management Company is liable pursuant to Chapter 8, §§ 28-31, LAIF. The Depositary is liable pursuant to Chapter 9, § 22, LAIF.

§ 17 Permitted investors

The fact that the fund is intended for the general public does not mean that it is addressed to those investors whose subscription of units in the fund, or participating in other ways in the Fund, is in violation of the provisions of Swedish or foreign law or regulation. Nor is the Fund addressed to such investors whose subscription or holding of units in the Fund leads to that the Fund or the Fund Management Company is obliged to commit to a registration process or other action which the Fund or the Fund Management Company otherwise would not be obliged to commit to.

The Fund Management Company has the right to refuse subscription of units from such investors referred to above in this paragraph. Unitholders are further obliged to, when applicable, notify the Fund Management Company of any change of country of domicile.

The Fund Management Company may redeem the unitholder's units of the Fund - against a dispute of the unitholder - if it proves that the unitholder subscribed to fund units in contravention of the provisions of Swedish or foreign law or regulation or if the Fund Management Company, as a result of the subscription of fund units or holding of units in the fund of a unitholder, will be required to commit to a registration process or other action for the Fund or the Fund Management Company which the Fund or the Fund Management Company would not be obliged to commit to if the unitholder would not hold units of the Fund.



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