

Fund Manager's comment

Performance

Adrigo Hedge fell by -5.81 % in February, net of fees. The fund's long positions had a negative performance during the month. The Fund's short positions did in aggregate impact returns positively.

Adrigo Hedge has returned 58.7 % 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 41.6 %.

Market Comment

All Nordic stock markets fell in February, with Norway being the worst performer and Denmark, with a high weight of defensive stocks, developed best. Large caps held up better than small caps, a phenomenon we saw on a global scale. In terms of sectors, *Oil and Gas* together with *Consumer Services* underperformed.

The month was characterised by high volatility with a strong performance the first weeks, after which a huge sell-off occurred during the last week after reports of increased virus outbreaks outside of China.

The earnings season continued during the first weeks of the months. Overall, the results were in line estimates (which had been revised downwards earlier). The market continued to focus on improving macro and stocks rose. However, as we noted, it ended in a bloodbath during the last week.

Oil prices have continued to fall, Brent fell some 11% during the month. Furthermore, global long-term interest rates have continued to fall

Key and Risk figures	28/02/20	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	140.18						
Performance*, %		-5.81	-11.86	-13.09	-11.15	-7.02	58.68
STIBOR 1M, %		0.01	-0.11	-0.55	-1.08	-2.00	14.42
Std deviation**, %			6.72	5.51	4.88	4.38	4.96
Sharpe ratio			-1.71	-1.14	-0.67	-0.20	0.57
Net exp. to eq. %	33.8						
Value-at-Risk***							
- Conf Interval 95 %	3.19						
- Conf Interval 99 %	4.27						

* 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, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD/FY
2020	-0.01	-5.81											-5.82
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 Aadrigo Hedge

Fund Manager: Staffan Östlin
Fund Management Company: Aadrigo 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").

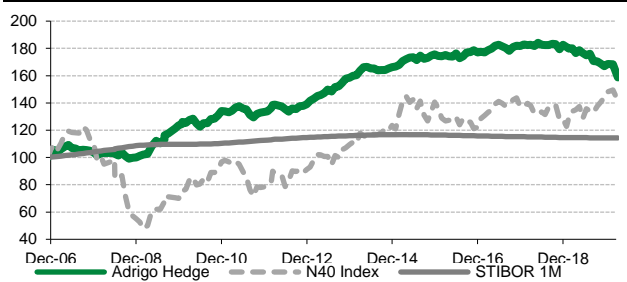
Outlook

Q4 earnings were overall better-than-expected but it was overshadowed by increased worries (or panic) for the Corona. The markets fell dramatically towards the end of the month and had a severe impact on some of the fund's investments. Chinese Manufacturing PMI fell in February to an all time low of 35.7. Even though we still lack data from a number of important countries, it seems clear that global PMI again will move below 50.

We are actively looking for investments in companies we are comfortable to own even if the markets continue to be volatile and driven by short-term flows and psychology. Towards the latter part of the month, we re-initiated a position in **Volvo** (heavy trucks). Our opinion is that the stock market is too pessimistic with regards to Volvo's ability to handle the ongoing weakening in the European truck market. The management, with its background from profitability champion Scania, has been highly proactive and reduced production levels and kept a strong focus on cost control. Moreover, we see a good possibility that order intake in North America will bottom out during H1. The fact that Volvo during this cycle has proven that it has higher earnings capacity than in previous cycles should in our view lead to a multiple expansion going forward. Volvo's superior cash flow generation has further strengthened the balance sheet and with a dividend yield of 8.8%, we feel comfortable holding the stock even if the stock markets remain volatile.

Last but not least, we are deeply unsatisfied with the Fund's performance during February. However, by a consistent approach including a vast number of company visits and own research, we see good possibilities for good risk-adjusted performance going forward.

Performance Dec 2006 – Feb 2020



Source: Aadrigo Asset Management