

Fund Manager's comment

Performance

Adrigo Hedge rose by 2.28% in June, net of fees.

The holdings which contributed the most to the Fund's performance were **Akelius** (residential property) and **Atlantic Sapphire** (land-based salmon farming). Among the smaller positions, **Volvo** (heavy trucks) and **Husqvarna** (forest and garden products) posted good contributions. The Fund's short positions did in aggregate impact returns negatively.

Adrigo Hedge has returned 54.2% since inception, adjusted for dividends. In the same period the benchmark STIBOR 1M has returned 14.5% and the OMX N40 index has risen by 48.5%.

Market Comment

The Nordic large cap index OMX N40 rose by 1.29% in June. The Swedish market was the strongest performer recording an increase of 2.3%.

The global stock markets ended Q2 on a positive note with MSCI World adding 2.4% and EURO STOXX 50 soaring by 6.0%. Volatility, measured as the VIX index, rose marginally over the month after having temporarily jumped mid-month. As was the case in May, the market's main focus was on the development of COVID-19 and the on-going rebound in the global economy.

Industrials together with technology were the strongest performing sectors while consumer-related stocks suffered. We note that copper again showed strength and is trading close to year-highs. Brent also rose strongly and the price has more than doubled since late April.

Key and Risk figures	30/06/20	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	136.19						
Performance*, %		2.28	-11.86	-15.46	-15.08	-10.08	54.16
STIBOR 1M, %		0.00	-0.04	-0.36	-0.87	-1.91	14.45
Std deviation**, %			16.45	11.76	9.73	7.85	6.30
Sharpe ratio			-0.70	-0.65	-0.49	-0.20	0.40
Net exp. to eq. %	31.1						
Value-at-Risk***							
- Conf Interval 95 %	6.22						
- Conf Interval 99 %	8.54						

* 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.

Outlook

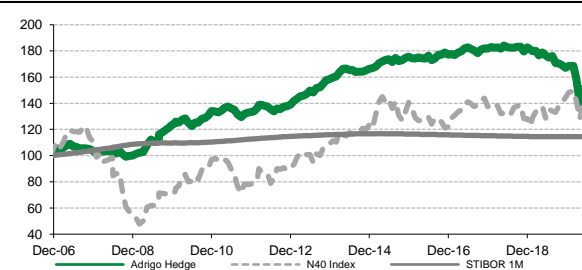
No doubt the stock market has priced in both a sharp rebound in corporate earnings as well as very low interest rates for a prolonged time. According to figures from Carnegie Investment Bank, P/NAV for 37 Swedish large-caps went from 1.63x on March 26th to the current level of 2.16x. It gives us a reason to take a more cautious view of the market. However, for us as stock-pickers with the possibility to hedge, opportunities are plenty.

We see interesting triggers over the next six months in a number of our investments. **Atlantic Sapphire** will during the next months begin harvest the first batches of salmon from its on-going large expansion project in Miami. This will de-risk the project substantially and we also believe that the newly published ESG-report from the company will attract new investors.

Another example is **Billerudkorsnäs**, a position we initiated in Q4 2019. The stock market has not forgotten the huge problems the company had when building and starting up the new large boardmachine in Gruvön. However, volumes from the machine were above expectations in Q1 and the start-up of the coater was successful. A Q2-report without negative surprises should be a trigger for upward estimate revisions and possibly also higher multiples.

Last but not least we would like to highlight **Electrolux**. Given recent currency movements, we view it as likely that the company will guide down the negative currency impact for the full year. We also believe that the demand situation looks significantly brighter today than what was the case mid-April.

Performance Dec 2006 – June 2020



Source: Adrigo Asset Management

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD/FY
2020	-0.01	-5.81	-11.95	7.98	-0.09	2.28							-8.50
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	-0.31	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 facts		Strategy:	Adrigo Hedge is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
CIO:	Staffan Östlin	Trading:	Fund units are open for subscription and redemption on every banking day.
Launch date:	December 1 st , 2006	NAV:	NAV is calculated on every banking day and published at the latest on the fifth banking day thereafter.
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")	Custodian:	Skandinaviska Enskilda Banken AB (publ)
Focus of investment:	Nordic equities	Portfolio manager:	Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.
Objective:	High absolute return at a lower risk than the overall equity market.	Management company:	East Capital Asset Management S.A.

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Investments in funds always involve risks. Past performance is no guarantee for future performance. Fund units may increase or decrease in value and may be affected by changes in exchange rates and other factors. Investors may not get back the amount invested.

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