

### Fund Manager's comment

#### Performance

Adrigo Hedge rose by 0.63% in July, net of fees.

The holdings which contributed the most to the Fund's performance were **Recipharm** (pharmaceutical manufacturing) and **Getinge** (medtech). Among the smaller positions, **Husqvarna** (forest and garden products) and **SEB** (banks) and posted good contributions. The Fund's short positions did in aggregate impact returns negatively.

Adrigo Hedge has returned 55.1% since inception, adjusted for dividends. In the same period the benchmark STIBOR 1M has returned 14.44% and the OMX N40 index has risen by 53.7%.

#### Market Comment

The Nordic large cap index OMX N40 rose by 3.5% in July.

In July, most Nordic corporates reported their results for the second quarter. Analyst estimates had been substantially downgraded before the reports. Overall, the results have been above expectations as governmental support programs and larger, potentially temporary cost savings were contributing factors why earnings were better than expected. We noted overall positive share price reactions although automotive exposed entities stood out as overly negative.

The USD has continued to weaken against the EUR but also the SEK. This will eventually put pressure on Swedish industrials' earnings. SEK has also strengthened against EUR during Q2 and is now in-line on a year over year basis.

Key and Risk figures	31/07/20	1M	12M	2Y	3Y	5Y	Since Start
NAV, SEK	137.05						
Performance*, %		0.63	-11.91	-15.00	-13.92	-11.40	55.13
STIBOR 1M, %		0.00	-0.03	-0.32	-0.83	-1.89	14.44
Std deviation**, %		16.44	11.78	9.75	7.80	6.28	
Sharpe ratio		-0.71	-0.63	-0.45	-0.23	0.41	
Net exp. to eq. %	33.9						
Value-at-Risk***							
- Conf Interval 95 %	6.21						
- Conf Interval 99 %	8.53						

\* 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	-11.95	7.98	-0.00	2.28	0.63						-7.92
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

<b>Fund facts</b>		<b>Strategy:</b>	Adrigo Hedge is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.
<b>CIO:</b>	Staffan Östlin	<b>Trading:</b>	Fund units are open for subscription and redemption on every banking day.
<b>Launch date:</b>	December 1 <sup>st</sup> , 2006	<b>NAV:</b>	NAV is calculated on every banking day and published at the latest on the fifth banking day thereafter.
<b>Current fees:</b>	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")	<b>Custodian:</b>	Skandinaviska Enskilda Banken AB (publ)
<b>Focus of investment:</b>	Nordic equities	<b>Portfolio manager:</b>	Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.
<b>Objective:</b>	High absolute return at a lower risk than the overall equity market.	<b>Management company:</b>	East Capital Asset Management S.A.

#### Outlook

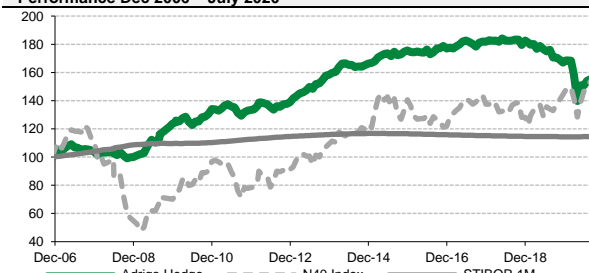
At the time of the writing, the Nordic earnings season for Q2 is soon coming to an end. It is very clear that we had too low expectations on company earnings. According to investment bank Carnegie, Nordic earnings fell by 46% y-o-y but nevertheless beat consensus expectations by 16%. Sales fell by 16% which was also better than expected. Many companies experienced a strong rebound in sales in June after the very weak April and May. Lower costs stemming from government grants, lower travel costs and overall strong cost control had significant impact.

Several of our holdings posted surprisingly strong results. Especially we would like to highlight **Getinge**, **BillrudKorsnäs** and **Electrolux**. In all of these stocks, we see very interesting potential also in the longer perspective.

Parts of Getinge's business areas have been very positively impacted by Covid-19, particularly demand for advanced respiratory equipment sky-rocketed. To some extent the increase should be seen as a one-off. However, there are signals that the long-term demand for this kind of equipment will increase as hospitals clearly have underinvested for a long period. Our thesis is that Getinge will be able to close a significant part of the margin gap towards its competitors. We believe that this will lead to a multiple expansion, indicating good potential for further appreciation of the share price.

Given the uncertainty we see in the global macro picture we continue to focus our investments on companies which earnings development is more dependent on internal measures than the overall macro development.

Performance Dec 2006 – July 2020



Source: Adrigo Asset Management

**Important Information:**

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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.

Before investing, please read the fund regulations and the information memorandum carefully. For full information, such as the information memorandum, key investor information documents (KIID) and financial reports please see [www.adrigo.se](http://www.adrigo.se).

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