

ADRIGO SMALL & MIDCAP L/S

October 2021

Performance

Adrigo Small & Midcap L/S fell by 4.86% in October, net of fees.

The Fund's larger holdings in **Salmar** (salmon farming) and **Bergman & Beving** (technical trade) provided good contributions to returns. Among the mid-sized positions, we noted good gains in **Profoto** (studio flash systems). Among the smaller positions, we noted good percentage gains in **Clavister** (cybersecurity). The Fund's short positions impacted performance negatively in aggregate.

Adrigo Small & Midcap L/S has returned 78.0% since inception, net of fees. In the same period, the benchmark STIBOR 1M rate has returned -0.8% and the Carnegie Small Cap Return Index Nordic has a gain of 94.6%. Adrigo Small & Midcap L/S has had a return of 14.7% over the last 12-month period.

Market comments and outlook

The Carnegie Small Cap Return Index Nordic rose by 5.33% in October. All Nordic stock markets rose during September, and the Danish and Swedish markets outperformed. Nordic small caps outperformed larger entities (OMXN40), which rose by 4.49% during the month.

Urb-it (last-mile delivery), the logistics company offering green last-mile deliveries, carried out a directed issue in late October. The Company raised some SEK 80m predominantly from institutional investors, where we took our pro rata. We made our initial investment in Urb-it in late 2020 and have since then followed the Company's expansion into more European cities (currently nine). With partners such as DHL, Amazon, and Alibaba, the outlook for growth and scale looks very promising. We have increased our holding over the year and view the share issue to new prominent institutions as a quality stamp.

Bergman & Beving delivered a somewhat mixed half-year report. Its *Tools & Consumables* division reported strongly and increased its operating result and margin substantially. Its proprietary brands, esp. *Teng Tools* continues to deliver on its non-Nordic expansion. In addition, the division has focused on profitability over volume in the distribution business, and the effects are becoming increasingly visible.

On a more negative note, *Building Materials* revenues fell despite, in our view, a continued robust housing and construction market. Management highlighted lack of supply as the underlying reason for the muted sales growth. However, we are disappointed that Bergman does not get better volume growth from the larger customer contracts won since the Momentum Group spin-off. We are long-term and clearly see the value potential in Bergman & Beving, where the margin and capital efficiency potential is substantial. Added M&A will come as an extra trigger supporting its organic growth. The final quarters of 2021/22 will show if the newly appointed CEO, Mr. Söderlind, can increase sales growth, organically or through margin accretive M&A. We still see significant value potential despite a 60% share price appreciation in 2021.

Profoto was listed during the summers and has been a holding since. Profoto benefits from eased restrictions, although travel restrictions still hamper growth one should remember, they grew by over 50% despite component shortages. Management described that e-commerce transforms the industry and new customers emerging esp. within fashion. E-tailers now build their own studios in order to rapidly list new items on their sites. Early on in its post-pandemic recovery, Profoto showed 30% operating margins and an annualized return on equity of over 50% despite a net cash position. We believe that these numbers have a clear potential to improve once volume comes back in the coming years. Profoto currently trades on a more cautious 2022 EBIT estimate, at 18x, which we believe is appealing given growth potential, margin profile, and low reinvestment needs.

We note that the IPO market shows signs of a slowdown as we have seen a couple of transactions being postponed or even withdrawn. In addition, there have also been several listings now trading below their offer price despite "solid interest" from the investor community.

If 2020, with a return of 44.5%, was an *annus mirabilis* for the Fund, there is no doubt that 2021 can be described as *annus horribilis*. After a solid start, we have underperformed over several months. Our investment philosophy has over time proven to generate solid returns. However, with a highly focused portfolio, we will from time to time, experience short-term fluctuations in both volatility and returns. Our focus is on long-term value creation, even though we are highly aware that short-termism is of importance. We continue to work actively with company visits and in-depth proprietary analysis in order to generate excess returns for our co-investors. We want to end by thanking you for your trust!

Portfolio management



Staffan Östlin
Portfolio Manager and CIO



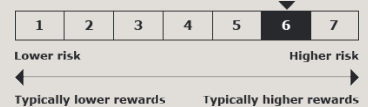
Johan Eriksson
Portfolio Manager

Fund information

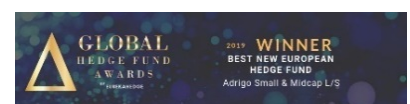
Launch date	2017-11-01
ISIN	SE0010440735
Subscription fee	0%
Redemption fee	0%
Fixed management fee	1%

Performance related management fee 20% of total return exceeding STIBOR 30 days rate after deduction of fixed fee ("high water mark").
Deposit: Initial minimum SEK 50.000, thereafter minimum SEK 10.000.

Risk and reward profile



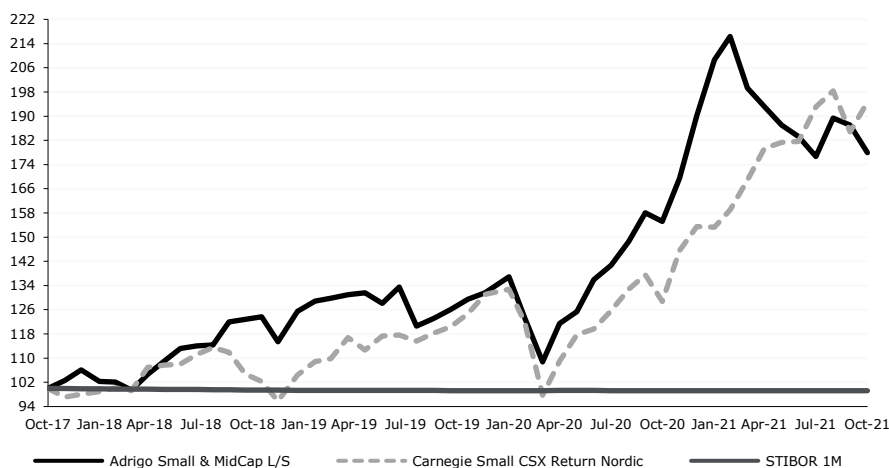
Important information: Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo funds, such as the prospectus, key investor information documents (KIID) and financial reports is available on adrigo.se.



ADRIGO SMALL & MIDCAP L/S

October 2021

Performance Nov 2017 – Oct 2021



Portfolio Managers

Staffan Östlin (CIO)
Johan Eriksson

Launch date

2017-11-01

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 Small & Midcap L/S is a hedge fund focusing on investments in Nordic equities and equity-related instruments in the segment of small and medium-sized companies.

Objective

High absolute return at a lower risk than the overall equity market.

Strategy

Adrigo Small & Midcap L/S is long/short hedge fund with a long bias. We put emphasis on fundamental research, stock picking approach.

Trading Day

Fund units of Adrigo Small & Midcap L/S are open for subscription and redemption on the last banking day every month.

NAV

NAV is calculated on the last banking day of each month and published at the latest on the fifth banking day thereafter.

Deposit

Initial minimum SEK 50.000, thereafter minimum SEK 10.000.

Custodian

Skandinaviska Enskilda Banken AB (publ)

Portfolio manager

Adrigo Asset Management, a division of East Capital Financial Services AB, corp. identity no. 556988-2086.

Management company

East Capital Asset Management S.A.

Key and Risk figures	29/10/21	1 M	12 M	Since inception
NAV, SEK	177.97			
Performance, %		-4.86	14.65	77.97
STIBOR 1M, %		0.00	-0.07	-0.81
Std deviation*, %			23.24	18.89
Sharpe ratio			0.63	0.82
Net exp. to eq. %	>60.0			

*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	9.67	3.71	-7.87	-3.09	-3.15	-2.04	-3.61	7.21	-1.24	-4.86			-6.43
2020	4.04	-9.92	-11.79	11.65	3.21	8.42	3.53	5.51	6.47	-1.81	9.16	12.25	44.53
2019	8.73	2.71	0.74	0.86	0.53	-2.61	4.16	-9.63	2.11	2.40	2.66	1.65	14.09
2018	-3.65	-0.22	-2.53	5.24	4.12	3.86	0.79	0.25	6.61	0.75	0.67	-6.70	8.69
2017											2.65	3.40	6.14

Important Information:

Adrigo funds are Alternative Investment Funds (so called "specialfond") according to the Swedish Act (2013:561) of Managers of Alternative Investment Funds and are therefore not to be considered as UCITS funds. Adrigo funds are only directed at institutions and other professional investors and are not subject to the same regulatory framework as those funds which are adapted to retail investors. 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. The availability of Adrigo funds may be limited or restricted in some countries. Detailed Information about where the funds are registered and what types of distribution are permitted can be obtained from Adrigo Asset Management. The information about Adrigo funds is only directed at those investors located where Adrigo is authorized to make this information available, and is not intended for any use which would be contrary to local law or regulation. Consequently, the Adrigo funds may not be offered, sold or distributed in these countries unless such offer, sale or distribution is made in accordance with any applicable exemption from any registration requirements provided by the local securities laws and regulations. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase and holding of shares; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of shares.

Source: Adrigo Asset Management