

# ADRIGO

Adrigo Small & Midcap L/S

Targeted hedge fund  
with a focus on Nordic small- and mid-cap limited  
liability companies

## **Prospectus**

applicable as of 8 Nov 2021.

This prospectus was prepared in accordance with the Alternative Investment Fund Managers Act (2013:561 – LAIF) and the regulations regarding Alternative Investment Fund Managers (Regulatory Code) issued by the Finansinspektionen, and the Swedish Financial Supervisory Authority's Regulations governing managers of alternative investment funds (FFFS 2013:10).

### **Management Company**

East Capital Asset Management S.A.  
Registration Number: B 136.364

### **Board of Directors**

Karine Hirn, Chairperson  
Peter Elam Håkansson, Board member  
Albin Rosengren, Board member  
Paul Carr, Board member

### **Management**

Paul Carr, CEO

Management Committee  
Paul Carr, CEO and Conducting Officer  
Kevin Wu, Conducting Officer  
Max Isaksson, Conducting Officer

### **Portfolio Manager**

Adrigo Kapitalförvaltning, trade name for East Capital Financial Services AB, registration number: 556988-2086

### **Auditors**

KPMG AB with authorised public accountant Mårten Asplund as Auditor-in-charge. The auditor reviews, among other things, the accounts and disclosures which form the basis of the annual report for the Fund.

### ***The Management Company administers the following alternative investment funds:***

Adrigo Small & Midcap L/S

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## **Adrigo Small & Midcap L/S**

The Fund is named “Adrigo Small & Midcap L/S” and was established on 1 November 2017.

The Fund is open for trading on the last banking day of each month. Notification to purchase fund units must be issued by no later than 3.00 p.m. of the said day and notification to sell mutual fund shares must be issued in writing no later than three banking days prior to the said day.

Unit holders are requested to send their notification by fax to the European Fund Administration (EFA), fax no. +352 48 65 61 8002. Note that the original documents must also be sent to EFA by mail, to:  
European Fund Administration S.A., 2, rue d'Alsace,  
P.O. Box 1725, L-1017 Luxembourg, Grand Duchy of Luxembourg. Unit holders are requested to use EFALLULL if utilising SWIFT.

The EFA also provides information about the Fund's most recently determined net asset value (NAV).

The net asset value is determined on the last banking day of each month and published by no later than the fifth banking day thereafter. An indicative net asset value is also published at [www.adrigo.se](http://www.adrigo.se) on the first banking day of each week, as calculated per the preceding banking day, except at the end of a month, when the official net asset value is determined as usual.

The minimum deposit in the fund is SEK 1,000 for each deposit to share class A SEK, EUR 1,000 for each deposit to share class B EUR and SEK 100,000 for each deposit to share class C SEK.

Adrigo Small & Midcap L/S is a hedge fund with a focus on investments in Nordic equities in the small- and mid-cap segments.

The Fund is an “alternative investment fund,” in accordance with the Alternative Investment Fund Managers Act (2013:561 – LAIF) applying to mutual funds, hereinafter referred to as LAIF, which entails that it is subject to less restricted investment rules than an ordinary mutual fund. The Fund regulations, which are presented in this prospectus, are approved by the Finansspktionen, which also exercises continuous supervision of the fund's activities.

## **Depositary and Prime Broker**

The Fund's assets are retained at a depositary approved by the Finansspktionen. The depositary is tasked with receiving and holding the fund's assets, and to ensure that fund units are measured, redeemed and sold pursuant to laws and regulations, and fund regulations.

The Fund's depositary is Skandinaviska Enskilda Banken AB (publ) hereinafter referred to as SEB.

## Our philosophy

Our philosophy is to manage money 'as if it were our own'. Consequently, the portfolio management team has invested a considerable amount of equity in the mutual fund. The aim is for unit holders to receive solid absolute returns over time that entail a lower risk level than that of the stock market.

We consider equities to be an attractive asset class. There are interesting investment opportunities in most market conditions, and we continuously work to generate good returns with limited risks, by choosing the right equities.

As the equity market appreciates, we may increase exposure to equities, while maintaining a lower level of risk than that of the underlying stock markets. During uncertainty in the equities market, we may carry greater short exposure, i.e. positions sold-short against securities loans. We may also maintain higher liquidity or utilise derivative strategies or interest rate linked instruments to protect the Fund's value.

When selecting individual equities, we attach great importance to fundamental analyses and we always work to gain our own understanding of the company's senior management and business model, including through our frequent engagements with companies, and often their customers and competitors. We invest in undervalued equities, where we have identified opportunities for growth and value appreciation, and do not take the index weighting into account.

The industry sector and market capitalisation are not critical to our investment decisions, but rather the quality of the investment situation and the potential returns in relation to the risks. We invest primarily in small- and mid-cap companies. We have a focused asset management model, where the portfolio is normally more concentrated than that of a traditional mutual fund.

We do not invest in companies where we do not understand the business model or valuation. This may, at times, contribute to underperformance when using a comparable index. We are of the view that this approach avoids unnecessary risks.

Our operations are focused on the Nordic market, where we have extensive expertise, experience and knowledge of companies and market conditions.

The Fund's return is not compared to a market index, but to the risk-free interest rate, defined as STIBOR 30 days.

## **Investment focus**

The Fund's investment focus is listed financial instruments in the issued by companies in the small-mid cap segment operating in Nordic countries. To a lesser extent and totalling no more than 10 percent of the mutual fund's value, the mutual fund may also invest in unlisted financial instruments issued by companies registered in Nordic countries.

The Fund's assets may be invested in the asset classes, transferable securities (equities), money market instruments, derivative instruments (including 'OTC derivatives') and other funds, and in accounts with credit institutions.

The Fund may occasionally comprise higher levels of liquidity, the Fund may leverage its securities and the Fund may use short-selling strategies, i.e., holding positions sold-short against securities loans.

A full account of the Fund's investment strategy is presented in the Fund Rules.

## Risk profile

**An investment in the Fund may increase or decrease in value, and there are no guarantees of recovering the full amount invested.**

The Fund primarily focuses on investments in Nordic equities and share-based instruments in the small- and mid-cap segment with a market capitalisation not exceeding SEK 80 billion. The Fund may also leverage its holdings and utilise short-selling and derivative strategies as part of its investment policy. Such investment options may, in certain market situations, involve a higher risk than, for example, a traditional mutual fund. However, the aim of the Fund is to utilise these investment opportunities in such a manner that its risk level over time (measured as the standard deviation in the fund's yield) is lower than the risk level of the equity markets in which the Fund invests.

The Fund regulations, which constitute the regulatory framework of the mutual fund's investments, include the following investment restrictions (with reservation for exceptions):

- No individual holding may constitute more than 30 per cent of the Fund's value
- The total permissible gross exposure (total long and short positions) is in the range 50–250 percent of the mutual fund's value, and the net exposure in the range 0–150 percent
- The Fund's gross exposure to equities in small- and mid-cap companies (long and short positions) at any given time shall amount to at least 90 percent of fund assets
- Securities loans may constitute no more than 100 percent of the Fund's value
- Cash loans from banks or credit institutions may amount to a maximum of 100 percent of the Fund's value
- The proportion of unlisted holdings may not exceed 10 percent of the Fund's value

During normal market conditions the investment portfolio of the Fund will be positioned well within the investment restrictions.

Further detail regarding the investment restrictions is presented in the fund rules.

## Management fees

The Fund shall pay a fixed management fee to the Management Company totalling no more than 1 percent of the Fund's value. The fee is calculated based on the value of the Fund on the last banking day of each month, and charged to the fund at 1/12 on the said day.

In addition, the Fund shall, on the last banking day of each month, pay the Management Company a performance-based management fee of no more than 20 percent of the part of the mutual fund's return that exceeds the benchmark interest rate, STIBOR 30 days. The fee is calculated collectively. Prior to the payment of performance-based fee, the fixed management fee must be deducted, as well as any negative performance of previous periods in relation to the benchmark interest rate.

Information about the fees applicable at any time is available in the detachable appendix to this prospectus and from the Management Company via [www.adrigo.se](http://www.adrigo.se).

A full account of the management fees applicable to the Fund are presented in the relevant section in the Fund Rules.

There is an example of the calculation for the management fees in the appendices of this Information Brochure. Refer to Management Fees Section A. Fees and Remuneration.

## Purchase and sale of fund units

Fund units are sold and redeemed on the last banking day of each month. Unit holders are requested to send their notifications regarding purchase orders by no later than 3.00 p.m. of the said banking day, and redemption orders three banking days prior to the said banking day, by fax to the European Fund Administration (EFA) fax number: +352 48 65 61 8002. Note that the original documents must also be sent to the EFA by mail, addressed to: European Fund Administration S.A., 2, rue d'Alsace, P.O. Box 1725, L-1017 Luxembourg, Grand Duchy of Luxembourg. Unit holders are requested to use EFALLULL if utilising SWIFT.

Forms to request the sale or redemption of fund units can be obtained from East Capital Asset Management S.A., or on the Fund's website: [www.adrigo.se](http://www.adrigo.se).

Information about the fund's most recently established NAV, as well as the most recently determined indicative NAV is provided by the Management Company and is available on [www.adrigo.se](http://www.adrigo.se).

Purchase or redemption orders cannot be limited.

The mutual fund may apply an entry charge of no more than 5 percent of the NAV at the time of entry, and an exit load of no more than 0.2 percent of the NAV upon exit.

The fees that are applicable at any time are presented in the detachable appendix of this prospectus. They are also published at the Fund's website, [www.adrigo.se](http://www.adrigo.se), and can also be obtained from the Management Company.



### **Delegated functions (outsourcing agreements)**

The Management Company has outsourced the central administration and transfer agency functions to European Fund Administration S.A.

The Management Company has outsourced portfolio management of the Fund to Adrigo Kapitalförvaltning, the trade name for East Capital Financial Services AB, Registration number: 556988–2086.

Units of the Fund are available for trading through several distributors in Sweden and other markets. For a complete list of distributors, refer to [www.adrigo.se](http://www.adrigo.se).

### **Prime Broker**

The Management Company has appointed SEB to provide prime brokerage services to the Fund. SEB retains part of the Fund's assets by facilitating the Fund's trading in OTC derivatives markets.

Potential conflicts of interest have been identified between SEB, in its role as prime broker, and SEB being a primary counterparty in portfolio transactions. SEB additionally provides custody and investor services for other funds under the management of the Management Company.

The services are segregated operationally and organisationally through being rendered by different departments within SEB. This ensures there is no interaction between services. The Management Company believes that the identified conflicts of interest have been effectively mitigated and managed. The Management Company therefore deems that the unit holders of the Fund will not be adversely affected by SEB acting as prime broker.

### **Potential conflicts of interest due to outsourcing agreements**

The Management Company continuously monitors how conflicts of interest should be avoided and, in the event that conflicts of interest are identified, how these should be managed.

## **Annual report and net asset value**

The Management Company is required to prepare and submit an annual report for the Fund within four months of the close of the financial year.

The report must be sent free of charge to unit holders upon their request and be available from the Management Company and depositary. The net asset value is published at the Management Company website and may also be published through other media.

## **Information for unit holders**

The annual report and half yearly report for the Fund are available free of charge from the Management Company and can be downloaded from [www.adrigo.se](http://www.adrigo.se). In addition, unit holders who so request can receive an electronic monthly newsletter stating the current NAV for the Fund, and a commentary on the Fund investments and performance. To receive a monthly newsletter the unit holder is required to provide a valid e-mail address.

## **Amendments of the Fund regulations**

Amendments of the Fund regulations are strictly subject to the decision of the Management Company's Board of Directors and must be submitted to the Swedish Financial Supervisory Authority for approval. Once the changes are approved, the document approving the changes must be available from the Management Company and the depositary and disclosed in a manner prescribed by the Swedish Financial Supervisory Authority. The amendments may impact the nature of the fund, such as its fees and risk profile.

## **Tax regulations**

As of January 1, 2012, unit holders have been taxed annually at a standard tax rate for their mutual fund holdings. The standard income for private individuals is calculated as 0.4 percent of the value of the fund shares at the start of the calendar year. Standard income is recognised under the income on capital category and is taxed at 30 per cent.

The standard tax thus amounts to 0.12 percent of the value of the fund units. A standard income below SEK 200 is not taxed if there is no other income. The annual standard income is reported in a statement of earnings and deductions submitted to the Swedish Tax Agency, but no tax is deducted. In the event of a dividend from the fund, 30 percent of the amount paid out is withheld as preliminary tax and the dividend amount is reported in a statement of earnings and deductions sent to the Swedish Tax Agency. When redeeming fund units, capital gains are taxed at 30 percent and losses may be deducted. The capital gain or loss is reported in a statement of earnings and deductions sent to the Swedish Tax Agency, but no tax is deducted.

**Other rules apply to legal entities and foreign taxpayers. The tax may be impacted by individual circumstances and any party who is uncertain about any tax consequences should seek expert assistance.**

## **Assets to cover liability for damages**

Pursuant to chap. 3, sect. 1 of the LAIF, the Management Company has sufficient capital reserves to cover the

risks of liability for damages arising from operational error or negligence.

### **Equal treatment and the legal consequences of investing in the fund**

The Management Company has an obligation to treat all unit holders equally. Additionally, all units have equal voting rights and economic entitlement to the assets of the Fund.

The Fund falls within Swedish jurisdiction and is subject to Swedish law. This means that rules on the recognition and enforcement of judgments in accordance with Regulation 2001/44/EC on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels I Regulation), the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Lugano Convention), Regulation 1346/2000/EC on insolvency proceedings (the Insolvency Regulation), the Convention between Denmark, Finland, Iceland, Norway and Sweden on bankruptcy (the Nordic Bankruptcy Convention) or the Convention on the recognition and enforcement of foreign arbitral awards (the New York Convention) may be applicable.

### **Limitation of liability**

Neither the Management Company nor the depositary is liable for damages arising from Swedish or foreign law, measures taken by Swedish or foreign authorities, acts of war, strikes, blockades, boycotts, lockouts or similar circumstances.

This reservation also applies to strikes, blockades, boycotts and lockouts, even if the Management Company or the depositary is the target or instigator of such a conflict. Damages arising from other circumstances shall not be indemnified by the Management Company or the depositary, if they have observed a general standard of care. The Management Company or depositary shall in no case be liable for indirect damages, unless the indirect damages were caused by gross negligence on the part of the Management Company or the depositary. Neither is the Management Company or depositary liable for damages caused the violation of laws, ordinances, regulations or fund regulations by unit holders or other parties. In this context, unit holders are reminded that they are responsible for ensuring that documents submitted to the Management Company are accurate and duly signed, and that the Management Company is notified of any changes to the information provided.

The Management Company or depositary is not liable for damages caused by a Swedish or foreign regulated market, or other marketplace, custodian, central securities depository, clearing organisation or other providers of similar services, nor by contractors engaged by the Management Company or depositary with due diligence or who were referred to the Management Company. The same applies to damages caused by the abovementioned organisations or contractors becoming insolvent. Neither the Management Company nor depositary is liable for damages incurred by the fund, unit holders or other parties, resulting from restrictions on disposals of financial instruments to which the Management Company or depositary may be subject.

If the Management Company or the depositary encounters an obstacle that prevents contractually agreed action, in whole or in part, due to the circumstances specified above, the action may be delayed until the obstacle is removed. If, as a result of such circumstances, the Management Company or the depositary is prevented from making or receiving payment, neither the Management Company, the depositary nor the unit holder shall be liable for interest on overdue payments. The corresponding exemption from the obligation to pay interest on overdue payments also applies even if the Management Company, pursuant to Item 10 of the fund regulations, temporarily postpones the valuation, subscription or redemption of fund holdings.

Unit holders may in some cases still be entitled to compensation, despite what is stated above, pursuant to chap. 8, sect. 28–31, and chap. 9, sect. 22 of the LAIF.

### **Transfer or dissolution of the Fund**

The Fund may be dissolved or transferred pursuant to a decision by the Board of Directors of the Management Company, or if the depositary makes such a decision upon assuming management of the Fund. The depositary shall assume the management of the Fund in the event that the Swedish Financial Supervisory Authority revokes the authorisation of the company managing the Fund, if this company has entered into liquidation or is declared bankrupt. The transfer of the Fund is subject to the approval of the Financial Supervisory Authority. In the event the Fund is discontinued, unit holders must be informed in writing with no less than three months' notice. In the event the Fund is transferred, unit holders are to be notified on the matter in writing no later than in conjunction with the transfer.

### **Sustainability information**

Transparency on the integration of sustainability risks, the promotion of environmental or social considerations, and sustainable investment

- The Fund's objective is to pursue sustainable investments
- The Fund promotes, among other things, environmental or social considerations
- Sustainability risks are integrated into investment decisions, without the fund promoting environmental or social considerations or having sustainable investments as its goal
- Sustainability risks are irrelevant (explanation below)

Management Company's comment: sustainability risks are integral to the investment process and thus impact investment decisions. Due the scope and positioning of the Fund's investments, the Fund is impacted by the assessment of material sustainability risks. From a sustainability perspective, such an assessment is a

component of the investment's overall assessment, and entails, among other things, the probable impact of sustainability risks on the Fund's risk-adjusted return. The Fund assesses that the consideration of material sustainability risks and opportunities could impact a company's current and future financial position. The Fund promotes, among other things, environmental and social considerations, as well as good governance practices, by taking into account sustainability in the management process, where material risks and opportunities emerge, and thereby support investment decisions. The Fund's sustainability work is described under "Methods used to integrate sustainability risks, promote related or social considerations or to achieve a sustainability-related goal."

Sustainability-related considerations that are promoted through the management of the Fund, or which are included in the Fund's objectives:

- Environmental considerations (e.g. the impact of companies on the environment and climate).
- Social considerations (e.g. human rights, workers' rights and equal treatment).
- Good governance practices (e.g. shareholders' rights, issues regarding remuneration to senior executives and anti-corruption).
- Other sustainability-related considerations.

Management Company's comment: environmental and social considerations, as well as good-governance practices are promoted in fund management through the exclusion of sectors, norm-based screening, sustainability analysis performed within the framework of investment analyses, and through active ownership. The environmental and social considerations that are promoted include the control of greenhouse gas emissions and gender-equality issues. Good-governance practice includes sound capital allocation and compliance with established principles for good corporate governance. The promotion of environmental and social considerations, as well as good governance practices are described in "Methods used to integrate sustainability risks, promote environmental or social considerations or to achieve a sustainability-related goal."

Reference values:

The Fund utilises the following index as a reference value:

No index was chosen as the reference value

Methods used to integrate sustainability risks, promote environmental or social considerations or to achieve a sustainability goal:

Accepted by the Fund

Rejected by the Fund

The Fund does not invest in companies associated with the following products and services. A maximum of 5 per cent of the revenue of the company where the investment may concern activities attributable to the specified product or service.

Products and services

Cluster bombs, anti-personnel mines

Management Company comment:

Chemical and biological weapons

Management Company comment:

Nuclear weapons

Management Company comment:

Weapons and/or munitions

Management Company comment:

Alcohol

Management Company comment:

Tobacco

Management Company comment:

Commercial gaming operations

Management Company comment:

Pornography

Management Company comment:

Fossil fuels (oil, gas, coal)

Management Company comment: extraction of fossil fuels and the production, distribution and sale of coal.

Miscellaneous

Management Company comment: cannabis and electronic cigarettes

International standards

International standards refer to international conventions, laws and agreements such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises on the environment, human rights, labour conditions and business ethics.

The Fund does not invest in companies that fail to take measures to remedy identified problems, or where the Fund deems that the companies will not remedy the problems within a time frame that the Management Company deems to be reasonable in the individual case.

Management Company comment: Every six months, we perform a review of all our portfolios with the help of consultant advisers. If a company should be found to have violated any of these standards or conventions, a dialogue is initiated with the company. These standards and conventions pertain to, among other things, environmental and social considerations, as well as good governance practices. Our experience indicates that a greater positive impact is usually gained from engaging the company, instead of immediately divesting a holding and, more often, results in convincing a company to initiate a change process. However, divestment could be the last resort if a company fails to respond satisfactorily over time.

#### Countries

For sustainability reasons, the Fund does not invest in companies involved in certain countries or with interest-bearing securities issued by certain countries.

#### Other

Other

Management Company influence

The Fund Manager uses its influence to steer companies on sustainability-related issues.

The Management Company maintains contact with companies to steer them in a more sustainable direction.

Corporate impact on its own

Management Company comment: discussions with corporate management and boards during company visits, where sustainability-related risks and opportunities are addressed. The corporate influence exerted by the fund includes environmental and social considerations, as well as good governance practices.

Corporate influence in collaboration with other investors

Management Company comment: collaboration with other shareholders to gain greater influence in specific corporate situations. The corporate influence exerted by the fund in collaboration with other investors includes environmental and social considerations, as well as good governance practices.

Voting at general meetings

Management Company comment: the fund presents its views and votes in the most important holdings from a strategic perspective. We also vote in other companies where we deem it is important to vote in order to ensure a positive future development of the company. The fund takes into account environmental and social considerations, as well as good governance practices when exercising its voting rights. However, for certain periods, the fund may, for practical reasons, be restricted from exercising its voting rights, due to the fund's holdings being pledged as collateral with the fund's prime broker.

Participation in nomination committees to influence the composition of the Board

Management Company comment: we review the composition of the Boards of companies in which we invest, to ensure that the Board is appropriate, has a sufficient number of independent members, and that environmental and social considerations and good governance practices are satisfactorily taken into account. We strive to exert influence on companies that do not meet these standards.

### **Marketing within the EEA**

The fund is marketed and sold in the following EEA countries:

- Sweden
- Luxembourg
- Norway
- Finland



### **Further information**

Further information is available from the Fund website,  
[www.adriqo.se](http://www.adriqo.se).

## Management fees

### A. Fees and remuneration

The Management Company is remunerated through a fixed fee and performance-based fee.

The fixed management fee amounts to 1 per cent, which is charged to the Fund on an annual basis at 1/12 (or 0.083 per cent of the Fund's value, on the last banking day each month. The fixed fee portion includes costs for the deposit of the Fund's assets, supervision fees for the Swedish Financial Supervisory Authority and the auditing of the Fund. Brokerage and other costs attributable to the purchase and sale of securities are paid directly by the Fund. Where applicable, on the same day that a fixed management fee is charged, the Fund is charged a performance-based management fee for the preceding month. Both fees are paid to the Management Company.

In the example, the performance-based management fee is 20 per cent of the month's excess returns. Excess return refers to the comparison of the total return – monthly changes in the Fund value, after deduction of the fixed management fee and adjustment for any dividend paid – with a benchmark interest rate ("risk-free interest rate," defined here as STIBOR 30 days, on the last banking day of the preceding month). If the Fund's accordingly calculated total return during the month is greater than the benchmark interest rate, the difference constitutes excess returns. In the event of a negative difference, a negative performance is reported for the month in question.

In this example, the benchmark interest rate for all months is assumed to be 0.225 per cent (interest rate of 2.7 per cent multiplied by 30/360, based on the assumption that there are 30 days in a month). The performance-based management fee is calculated collectively.

To find out what cumulative total return the Fund must achieve in order to charge collective performance-based fees, a threshold value is used, also known as a high watermark (HWM). The HWM is calculated on a monthly basis, using the monthly percentage change in the Fund's benchmark index. If the Fund's share price after deduction of fixed costs exceeds the high watermark that month, 20 per cent of these excess returns are charged as a performance-based fee. The HWM is then raised to this new higher rate so that remuneration for excess returns is paid only once.

If the Fund's cumulative return for a given month falls below the HWM, no performance-based fee is charged until the Fund's share price once again exceeds the HWM.

Any party who invests in the fund following a period of negative performance is not required to pay a performance-based fee until the Fund as a whole recovers the negative performance.

When calculating fees, the results are rounded to two decimal places (rounding upward if the third decimal is five or greater, otherwise rounded downward). To make the examples below clearer, some calculations have been rounded to whole krona and percentage figures, and may result in minor rounding differences in the example.

The Fund in the example below is open for the sale and redemption of fund units on the last banking day of each month. Entry and exit charges are SEK 0.

The example below illustrates how the performance-based fee for the Management Company is calculated. The example assumes that deductions are made for fixed management fees, as well as costs for the Fund's ongoing management, and that subscription occurs at the end of a month when performance-based fees are paid. The example assumes that Investor A subscribes for shares in Adrigo Small & Midcap L/S for SEK 1 million on 31 August.

Since all unit holders are treated equally, only one investor is used as an example.

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## **B. Example calculation for performance-based fee**

### **1. September**

In September, the Fund's value rises 3 per cent. The benchmark interest rate is 2.7 per cent (full-year). The calculation of the performance-based fee and the unit holder's asset value is shown below.

A's initial investment  
SEK 1,000,000

Value before performance-based fee  
 $1,000,000 \times (1 + 3\%) = \text{SEK } 1,030,000$

A's threshold rate of return  
 $1,000,000 \times (1 + 2.7\% / 12) = \text{SEK } 1,002,250$

Results forming the basis of the performance-based fee  
 $1,030,000 - 1,002,250 = \text{SEK } 27,750$

Performance-based fee  
 $20\% \times 27,750 = \text{SEK } 5,550$

A's value after deduction for performance-based fee  
 $1,030,000 - 5,550 = \text{SEK } 1,024,450$

### **2. October**

In October, the Fund's value decreases by 2 per cent.

The threshold is calculated based on the fund unit value that was applicable when the most recent performance-based fee was paid. No performance-based fee is paid for this month.

Value before performance-based fee  
 $1,024,450 \times (1 - 2\%) = \text{SEK } 1,003,961$

A's threshold rate of return  
 $1,024,450 \times (1 + 2.7\% / 12) = \text{SEK } 1,026,755$

Results forming the basis of the performance-based fee  
 $1,003,961 - 1,026,755 = \text{SEK } -22,794$

Performance-based fee  
 $20\% \times 0 = \text{SEK } 0$

A's value after deduction for performance-based fee  
 $1,003,961 - 0 = \text{SEK } 1,003,961$

### **3. November**

In November, the Fund's value rises 1 per cent.

At the end of the month, the threshold rate of return is higher than the unit holder's asset value. Therefore, no performance-based fee is paid in line with the high watermark principle, despite the positive return during the month.

Value before performance-based fee  
 $1,003,961 \times (1 + 1\%) = \text{SEK } 1,014,001$

A's threshold rate of return  
 $1,026,755 \times (1 + 2.7\% / 12) = \text{SEK } 1,029,065$

Results forming the basis of the performance-based fee  
 $1,014,001 - 1,029,065 = \text{SEK } -15,064$

Performance-based fee  
 $20\% \times 0 = \text{SEK } 0$

A's value after deduction for performance-based fee

$1,014,001 - 0 = \text{SEK } 1,014,001$

#### **4. December**

In December, the Fund's value rises 3 per cent. The unit holder's asset value exceeds the threshold rate of return and a performance-based fee is thus paid for the month.

Value before performance-based fee  
 $1,014,001 \times (1 + 3\%) = \text{SEK } 1,044,421$

A's threshold rate of return  
 $1,029,065 \times (1 + 2.7\% / 12) = \text{SEK } 1,031,380$

Results forming the basis of the performance-based fee  
 $1,014,001 - 1,031,380 = \text{SEK } 13,041$

Performance-based fee  
 $20\% \times 13,041 = \text{SEK } 2,608$

A's value after deduction for performance-based fee

$1,044,421 - 2,608 = \text{SEK } 1,041,813$

## **Adrigo Small & Midcap L/S** (1 November 2021)

### **THE FUND'S FEES**

The following fees apply to the Fund, Adrigo Small & Midcap L/S, as of the date stated at the top of this page.

If the Fund's fees are subsequently adjusted, a new fee appendix (with a new publication date) will be published immediately and attached to the prospectus as of this date.

The fee appendix that is applicable at any given time is published at the Fund's website, [www.adrigo.se](http://www.adrigo.se).

#### **Entry load**

When selling fund units, an entry charge of no more than 5 per cent of the sale price may be deducted, calculated pursuant to Item 9 of the fund regulations. The charge accrues to the Fund Manager. The current entry load is 0 per cent.

#### **Exit load**

When redeeming fund units, an exit charge of no more than 0.2 per cent of the redemption price may be deducted, calculated pursuant to Item 9 of the fund regulations. The charge accrues to the fund. The current exit charge is 0 per cent.

#### **Transfer fee**

In the event that a fund unit is transferred to another party, the Management Company is entitled to charge the unit holder a fee of no more than SEK 1,500.

#### **Fixed management fee**

Pursuant to Item 10 of the fund regulations, the Management Company may charge an annual fee of no more than 1 per cent of the Fund's value as a fixed management fee. The fee is charged on a monthly basis at 1/12 per cent. The current fixed management fee is 1 per cent.

#### **Performance-based management fee**

Pursuant to Item 11 of the fund regulations, the Management Company may, in addition to the fixed management fee, charge a performance-based fee of no more than 20 per cent of the preceding month's excess returns, defined as the Fund's change in value less the fixed management fee less a benchmark interest rate (STIBOR 30 days), and deduction for any cumulative negative performance from previous periods. In cases where the benchmark interest rate, STIBOR 30 days, is negative, the benchmark interest rate is set to zero when calculating the performance-based fee. The current performance-based management fee is 20%.

For an exact definition of fixed and performance-based management fees, see Item 11 of the fund regulations. For a definition of the Fund's value, see Item 8 of the fund regulations, and for entry and exit charges, see Item 9 of the fund regulations.

#### **Research costs**

The fund will be charged for research costs, provided that specific conditions are met with respect to budgeting, allocation and follow-up in accordance with current regulations. The cost for research will appear as a separate expense item in the Fund's financial reports.