

## ADRIGO SMALL & MIDCAP L/S

April 2022

### Performance

Adrigo Small & Midcap L/S fell by 7.01% in April net of fees. In essence, the negative return stemmed from three relatively large and rather illiquid holdings. We did not note any company-specific news that justified the negative share price movements. We thus see good opportunities for a rebound. One holding was **Bonesupport** (medtech), whose Q1-report, presented in May, was very strong.

Our activity in the *Dynamic* portfolio continued to be high. We noted good contributions from several holdings. The Fund's short positions impacted performance positively in aggregate.

We are very disappointed by our performance over the past year. We ourselves have substantial investments in the Fund and we fully understand any negative or critical comment our co-investors may have. At the time of writing, the fund *Gladiator* has merged into Adrigo. We have spent a great deal of time analyzing its investments. We believe that the merger has reduced the overall risk level in the portfolio. We see great potential in several new holdings.

Adrigo Small & Midcap L/S has returned 49.9% 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 75.9%.

### Market comments and outlook

The Carnegie Small Cap Return Index Nordic fell by 3.75% in April. We noted that Nordic small-caps underperformed their large-cap peers (OMXN40), which rose by 0.30%.

Nordic corporates continued to deliver their Q1 earnings in April. We note that demand and volume growth is still positive for the cyclical entities. Due to supply chain constraints, one cannot rule out overordering and higher inventories in the value chain. We also note an overall margin pressure and corporations having difficulties transferring higher raw material and/or variable costs in production. In coming quarters, one will most likely be able to separate whether entities have pricing power or not.

We reinitiated a position in **Getinge** (medtech) after its Q1 earnings. Getinge "missed" market expectations and the share was down 15% on the earnings release despite management keeping its full-year guidance intact. That said, we see and increased demand for these profitable products now when the medical community opens up for elective surgery (positive even for our holding in Bonesupport), where Getinge has a strong market position, with high grow margins and solid growth. Getinge has a strong balance sheet that has grown significantly stronger these past few years, this gives room for further profitable acquisitions. We continued to increase our position in May.

We recently visited **Camurus** (pharmaceuticals) and its CEO Mr. Tiberg. Camurus has an approved treatment for opioid dependence, *Buvidal*, which in 2021 generated some SEK 595m in sales and circa 25,000 patients will be in treatment by year-end. Opioid dependence is a huge problem. The number of deaths from opioid overdoses exceeds 70,000 yearly in the United States alone. We continue to see accelerating sales globally for Camurus. For 2022 Camurus forecasts sales of SEK 900 to 950m. We also see good opportunities for approval in the US in the coming years. We initiated a position at the end of March and Camurus is now one of the fund's largest holdings.

In April, we participated in a direct share issue in **Initiator Pharma** (biotechnology). With the proceeds from the direct and subsequent preferential rights issues, Initiator Pharma will have funding secured until early 2024. The Company will have several important readouts in the next 12 months with the largest inflection point in early 2023. We find the risk/reward compelling at a pre-money market cap of SEK 350m.

Please reach out should you have any queries or would like additional information about our holdings. We appreciate having contact with our co-investors either by phone, email or in person.

Finally, we would like to thank you for your continued trust!

### Portfolio management



**Staffan Östlin**  
Portfolio Manager and CIO



**Johan Eriksson**  
Portfolio Manager

### Fund information

<b>Launch date</b>	2017-11-01
<b>ISIN</b>	SE0010440735
<b>Subscription fee</b>	0%
<b>Redemption fee</b>	0%
<b>Fixed management fee</b>	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 1000.

### Risk and reward profile



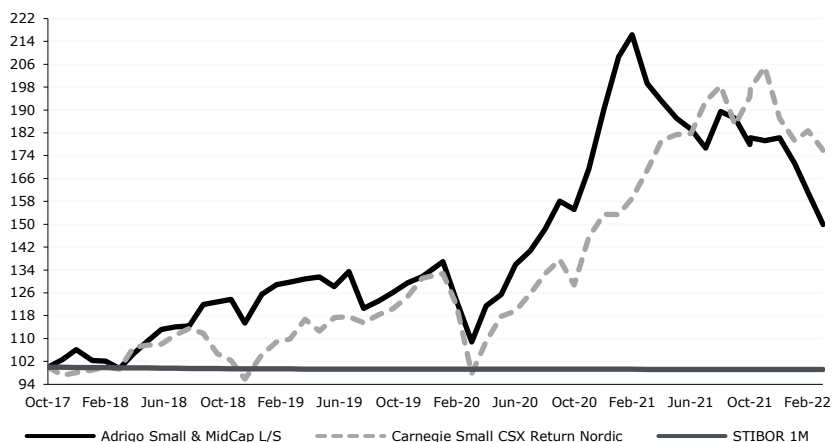
**Important information:** Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value and may be affected by changes in exchange rates. Investors may not get back the amount invested. Full information on Adrigo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



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### Performance Nov 2017 – Apr 2022



Key and Risk figures	29/04/22	1 M	12 M	Since inception
NAV, SEK	149.87			
Performance, %		-7.01	-22.41	49.87
STIBOR 1M, %		0.01	-0.06	-0.85
Std deviation*, %			13.48	18.76
Sharpe ratio			-1.66	0.50
Net exp. to eq. %	>60.0			

\*Annualized

Performance, %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.56	-5.01	-5.90	-7.01									-16.41
2021	9.67	3.71	-7.87	-3.09	-3.15	-2.04	-3.61	7.21	-1.24	-4.86	1.31	-0.57	-5.74
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

Source: Adrigo Asset Management

#### 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](http://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.

#### 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 1000.

#### 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.