



ORIGO
CAPITAL

Origo Quest

2019 Full Year Update



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For more information please see the simplified prospectus and information brochure for the fund available at www.origocapital.se. If necessary, you should seek advice tailored to your individual circumstances from your bank advisor.



Summary

- Quest 1 ended 2019 with a total return of 12.6% vs 6.3% for NHXE*
- Total return since inception is 93.8% vs 44.6%**
- Highly competitive risk-adjusted returns: Sharpe-ratio of 1.2 and a Sortino-ratio of 2.7***
- Strong risk management: On a monthly basis Quest 1 has captured 53% of the equity market upside and 20% of the downside
- Winner of the HFM European Emerging Manager Awards 2019; *“Best Equity hedge fund < USD 100m”*
- Important long-book themes in 2019 have been digitalization, energy efficiency and transformation
- Low quality cyclicals, consumers and special situations has dominated the short-book

* Equity Hedge fund Index (www.hedgenordic.com)

** 30/1/2013 – 30/12/2019

*** Sortino: As Sharpe-ratio, but with the down-side risk

Agenda

I. Performance review

II. Portfolio Update

III. About Origo Capital

Strategy

- Nordic small- and mid caps, long/ short
- Long term investing with engaged ownership
- Focused approach: ~12–20 long positions, ~12–20 short positions
- Value and GARP approach, focusing on Quality and Value drivers
- Historical net exposure of ~40%

Objectives

- +10% Annualized return over a business cycle
- Competitive risk-adjusted return
- Added value through active and engaged ownership
- Protect capital in weak markets

Origo Quest 1, net returns since inception

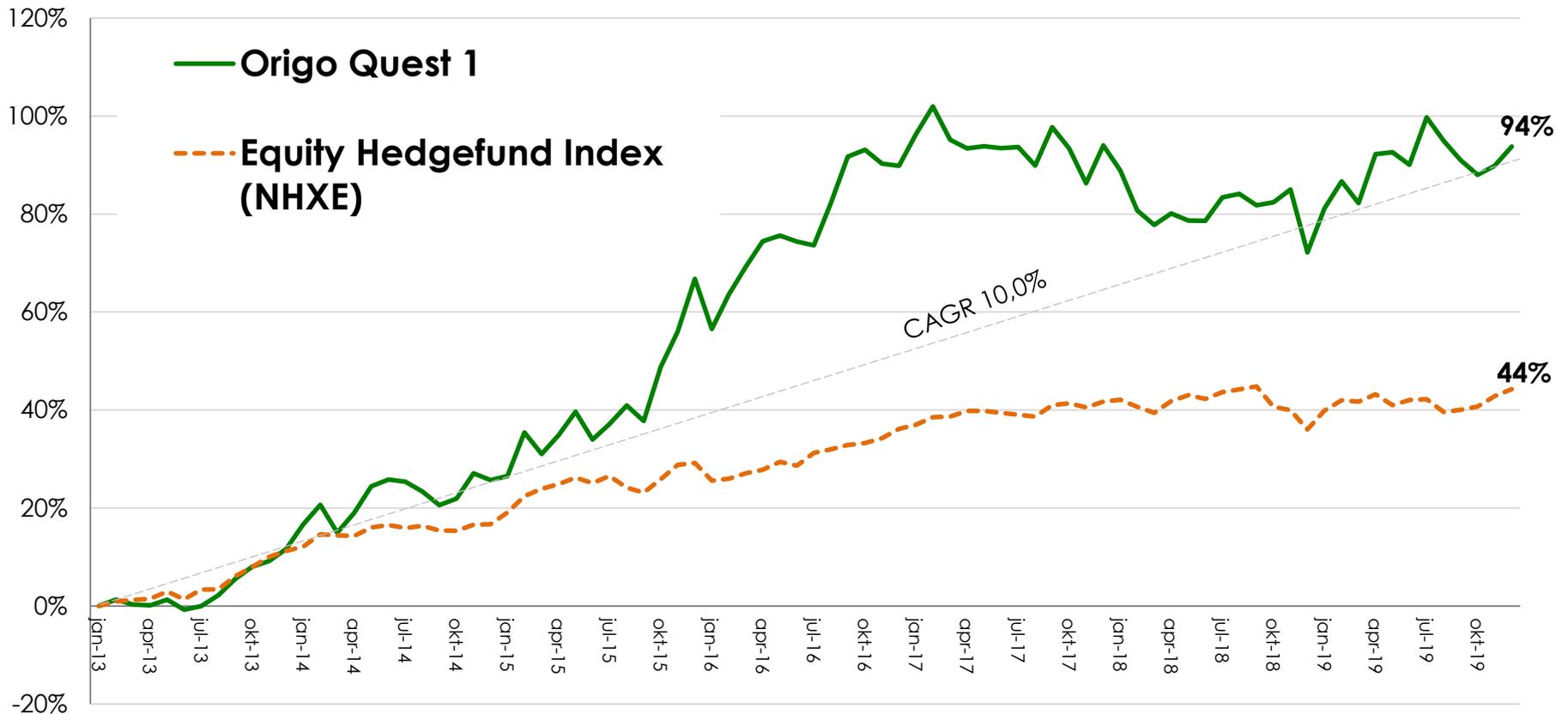
Significant value-creation over time

Year	Quest 1	NHX Equities*
2013	11.6%	14.0%
2014	12.6%	4.9%
2015	32.7%	10.7%
2016	13.8%	5.4%
2017	2.2%	4.1%
2018	-11.3%	-4.0%
2019	12.6%	6.3%
Acc. Return	93.8%	44.6%

* Equity Hedge Fund Index, please see hedgenordic.com for more information

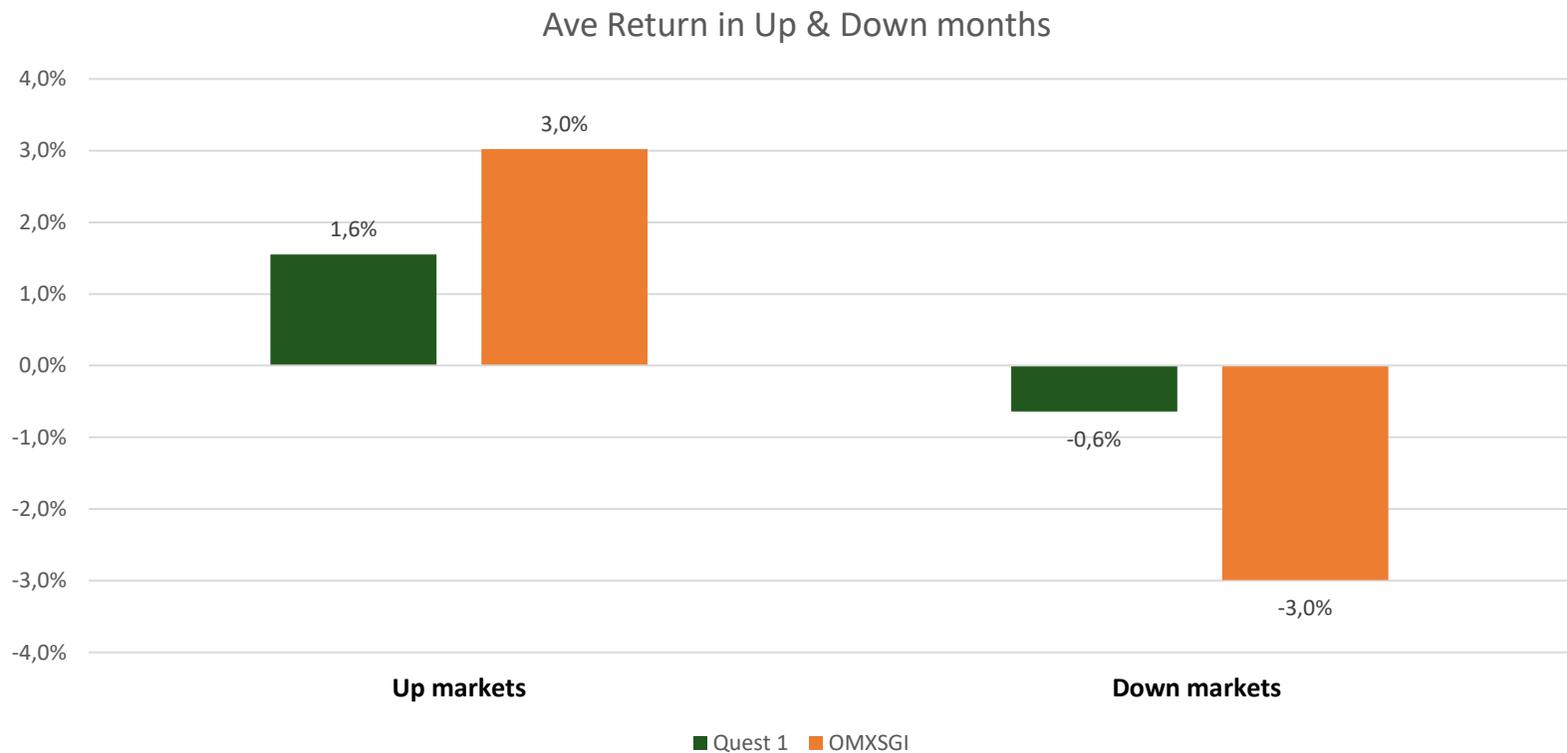
2013-2019: Accumulated net return since inception

10% in annualized returns, in line with the long-term performance target



Healthy up-side and limited down-side

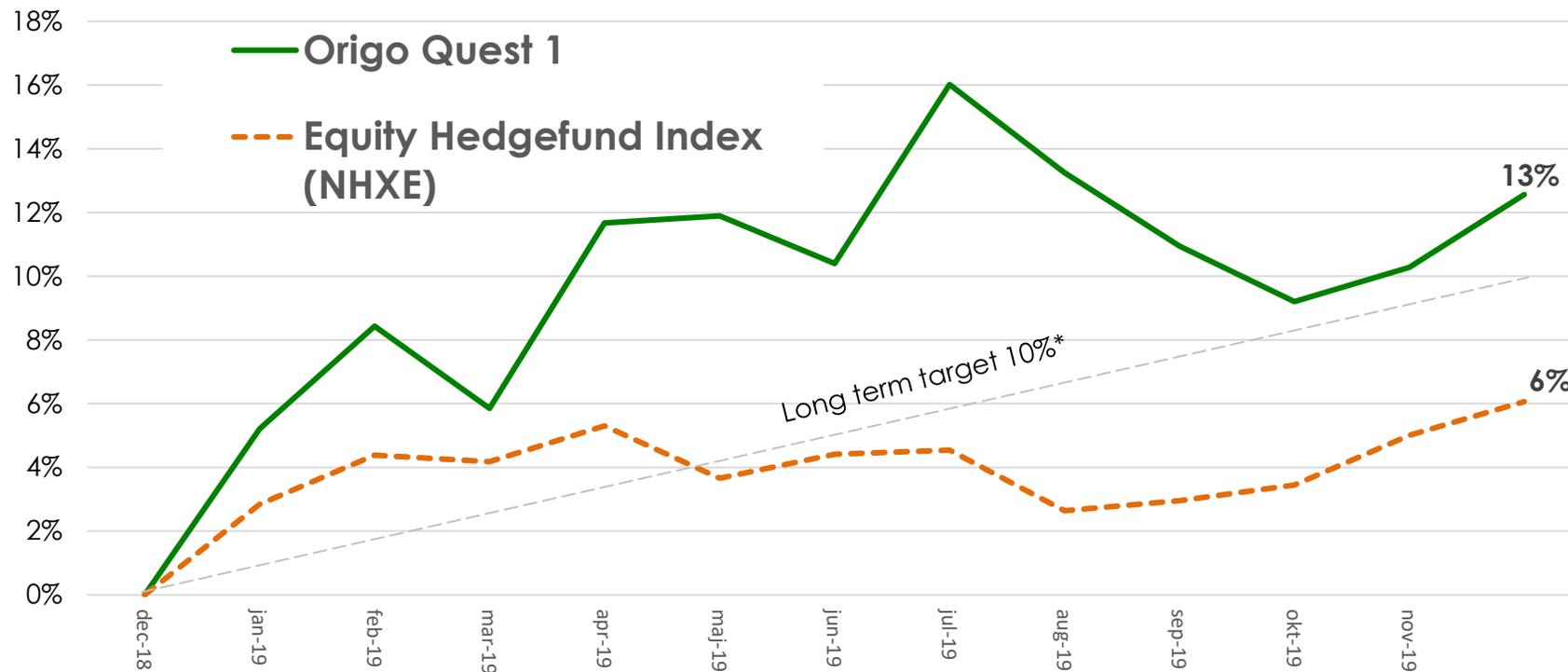
Quest has captured 53% of the up-side and 20% of the down-side since 2014



** Quest 1 performance during positive and negative stock market months, since 2014*

2019: 12.6% in Total Return, beating the long-term 10% target

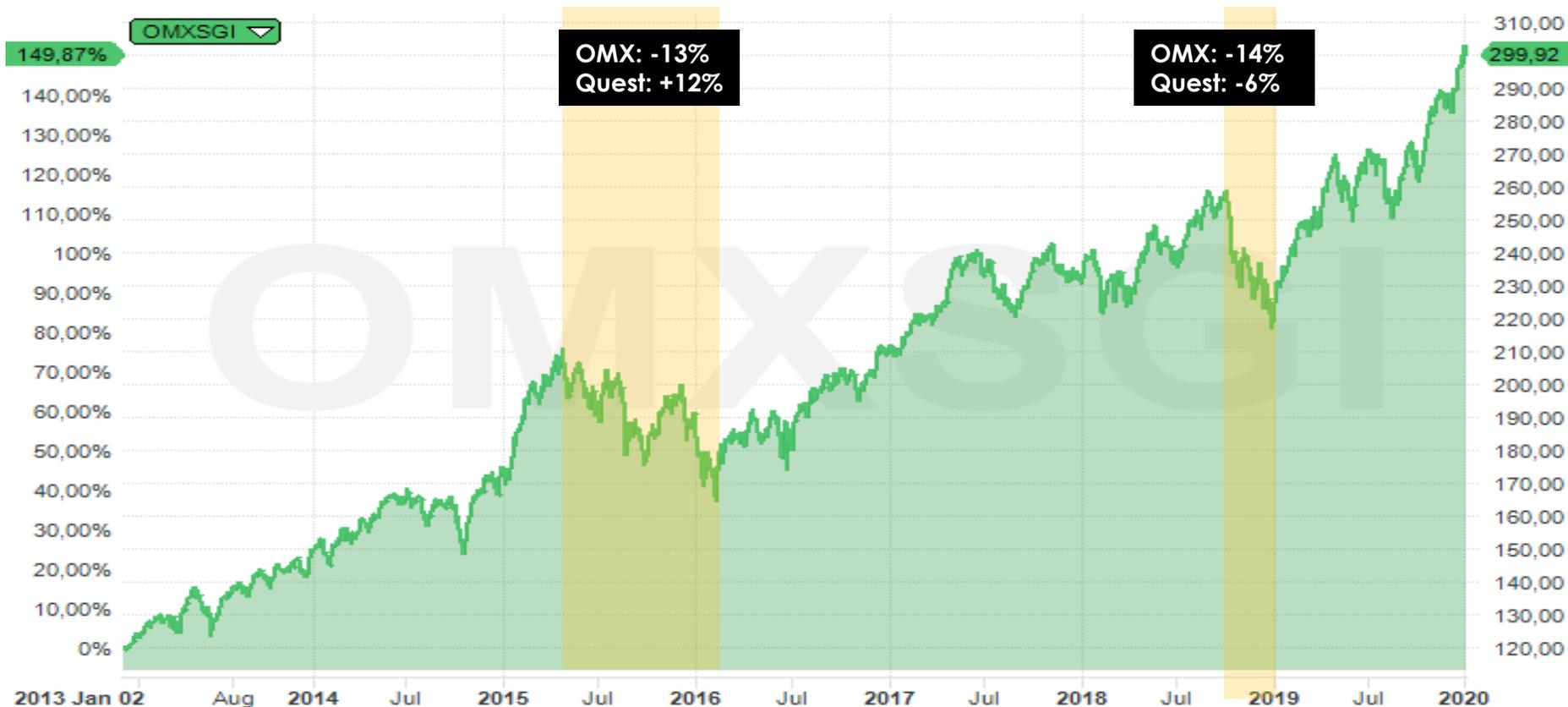
Quest outperformed the peer group (NHXE) during 2019 as well as the funds long-term target



* Quest 1 return-target is to deliver < 10% in yearly return, measured as an average over rolling 5 years.

Performance in down markets

Competitive relative performance during turbulent periods like 2015–2016 and Q4 2018

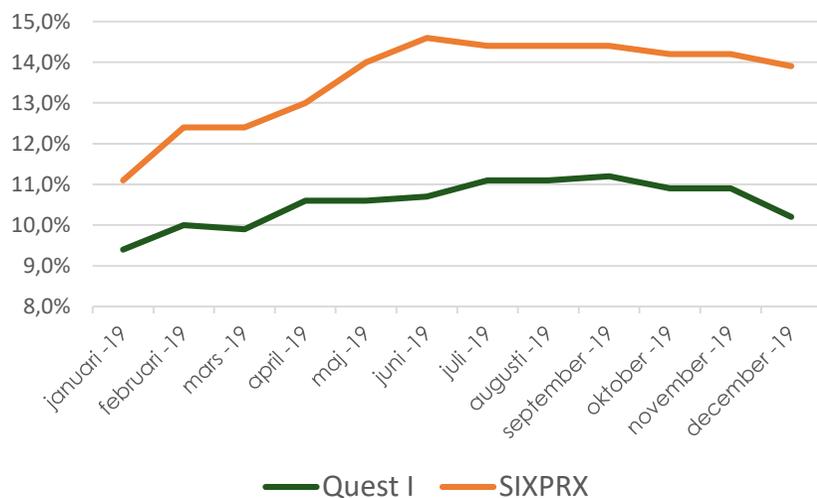


Key ratios

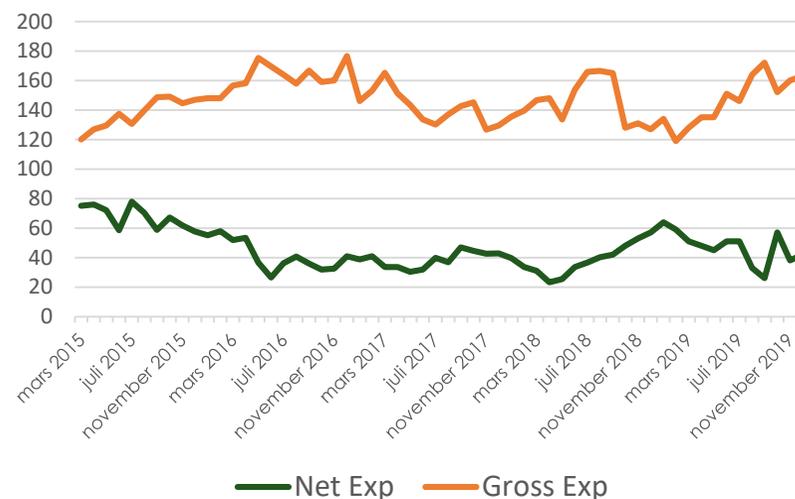
Key ratios	2019
Total return	12,6%
Sharpe ratio (Return / Total risk)	1,2
Sortino (Return / Down-side risk)	2,7
Average Gross exposure (36m)	144,6%
Average Net Exposure (36m)	41,4%
Beta vs OMXSGI (36m)	0,35

Competitive risk-adjusted returns:
Sortino ratio ~2,7

Standard Deviation, 24m



Market exposure



Source: Origo Capital, Hedgenordic.com

2019 H2: Contributors & detractors (equities, gross return)

Top 5 Contributors

	Gross Return
Catena (long)	3.6%
Recipharm (long)	2.2%
JM (long)	2.9%
Hoist (long)	2.2%
Lindab (long)	1.9%

Top 5 Detractors

	Gross Return
Qliro (long)	-3.5%
Kindred (long)	-0.5%
SOBI (long)	-0.5%
Hexpol (short)	-0.4%
Bilia (short)	-0.4%

* For H1 numbers, please see our Investor Update H1 2019.

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Quest 1: Top 5 holdings (31/12/2019)

Company	L/S	Initial investment thesis	Total return 2019
 Hoist Finance	Long	<ul style="list-style-type: none"> ➤ European NPL market at EUR 800bn creating long growth runway ➤ Regulatory changes has created a depressed valuation at all-time low ➤ Mitigating actions, operational improvements and a growing market to drive value 	17.0%
 ALIMAK GROUP	Long	<ul style="list-style-type: none"> ➤ Strong growth opportunities in after-sales ➤ Further acquisitions in niche areas ➤ Higher margins due to operational excellence and digitalization 	27.6%
 Recipharm <small>good for business</small>	Long	<ul style="list-style-type: none"> ➤ Entering a new phase with FCF-growth after heavy investments ➤ Low operational risk with over 200 customers in +20 factories ➤ Continued strong outsourcing trend and further acquisitions to come 	31.9%
 Lindab [®]	Long	<ul style="list-style-type: none"> ➤ Out-of-favor among investment community created depressed valuation ➤ Operational improvement (low margins both on historical basis and vs sector) ➤ Restructuring potential where non-core assets and segments to be divested 	90.4%
 Resurs Holding	Long	<ul style="list-style-type: none"> ➤ Continued growth in credit lending with historically low credit losses ➤ Cross-selling opportunity with operational leverage creating low cost base ➤ Overcapitalized providing room for capital distribution 	18.1%

Active and engaged ownership is an important part of the value creation

Company	Investment case	Initiation / Exit
	<ul style="list-style-type: none"> ➤ Valued at discount to intrinsic value due to conglomerate structure ➤ No synergies between the three divisions should justify the decision to separation ➤ Poor capital allocation (cash flow from Nilfisk funded low-return Cables) 	2013–2018
	<ul style="list-style-type: none"> ➤ Best-in-class logistics properties benefitting from structural growth trends ➤ Undiscovered and significant underperformance versus peers in a strong sector ➤ Main shareholder's agenda not aligned with minority shareholders 	2014–Current
	<ul style="list-style-type: none"> ➤ Mismanaged from largest owner and management team ➤ Technology focused business culture, not customer/sales focused ➤ Origo launched an alternative proposal of board members at AGM 	2013–2018
	<ul style="list-style-type: none"> ➤ Unlock value by separately list the B2B game developer Yggdrasil ➤ Communication and governance to be improved – a simpler equity story ➤ List on OMX Nasdaq to attract analyst coverage and institutional investors 	2013–2019
	<ul style="list-style-type: none"> ➤ Sum-of-the-parts valuation indicated deep value play with growth potential ➤ Transformation towards financial services with higher earnings potential ➤ Origo pushed the strategic vision towards a break-up and more focused business 	2013–Current

Quest 1: Short book themes

Sector / Type

Short case

Industrials

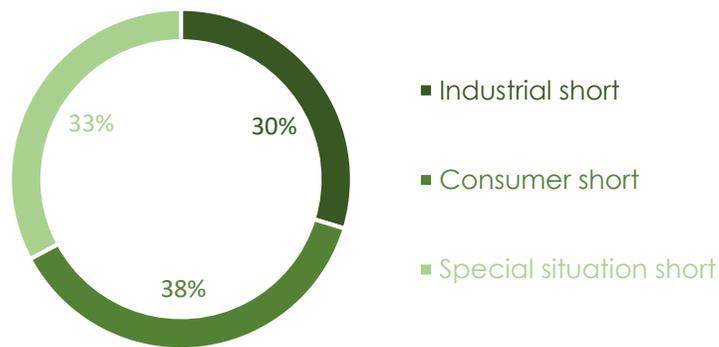
- In general very high valuation vs. historical standards
- Leading indicators are heading south. Capex will soon too
- Earnings are heavily doped by the weak SEK

Consumers

- Short theme since 2017. Structural head-wind for physical retailers
- Underestimated pressure on margins for on-line players
- We see a need for transformation, consolidation and balance sheet restructuring

Special Situations

- Positions where we have identified considerable company specific challenges...
- ..in combination with high valuation and an underestimated risk profile
- Focus areas: Leadership, business model, ethics, accountings, insider transactions etc.



* As per 31/12/2019

2019 H2: Largest investments and divestments

Top 3 investments/ divestments

H2 2019

1. Kindred Increased position

2. Invisio Semi-new investment

3. Bilia Closure of short

1. Catena Reduced

2. Grieg Seafood Exit

3. JM Reduced



DAGENS BOLAGSNYHETER

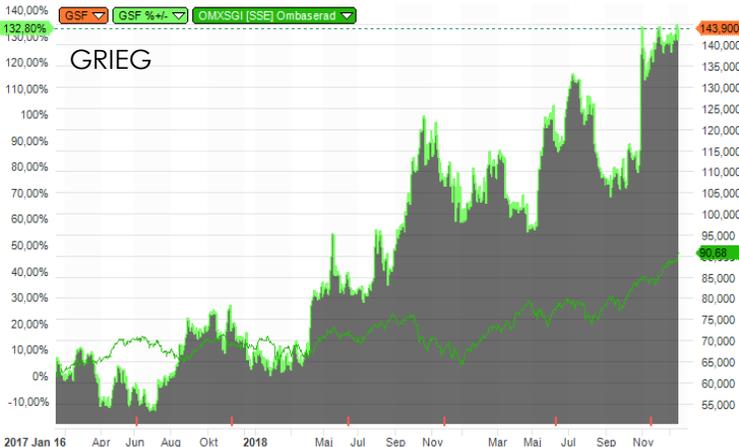
Bevaka ☆

Invisio ingår ramavtal med polisen värt 75 miljoner

■ CATE AvgV: 76k R+/-: -212,90 99,67% VWAP: 427,4883 V: 3 887 S: 426,50 +/-: 0,00 0,00%



■ GSF R+/-: -81,736 131,48% VWAP: 142,29647 V: 23 214 S: 143,900 +/-: 2,700 1,91%



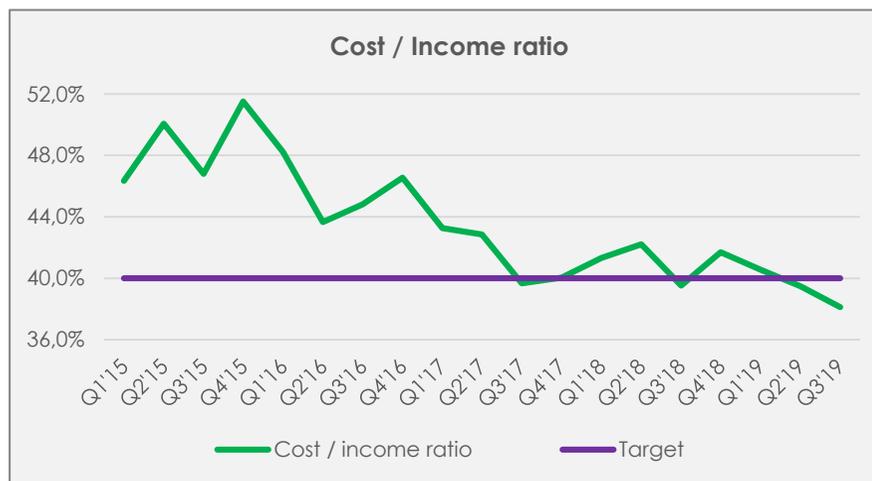
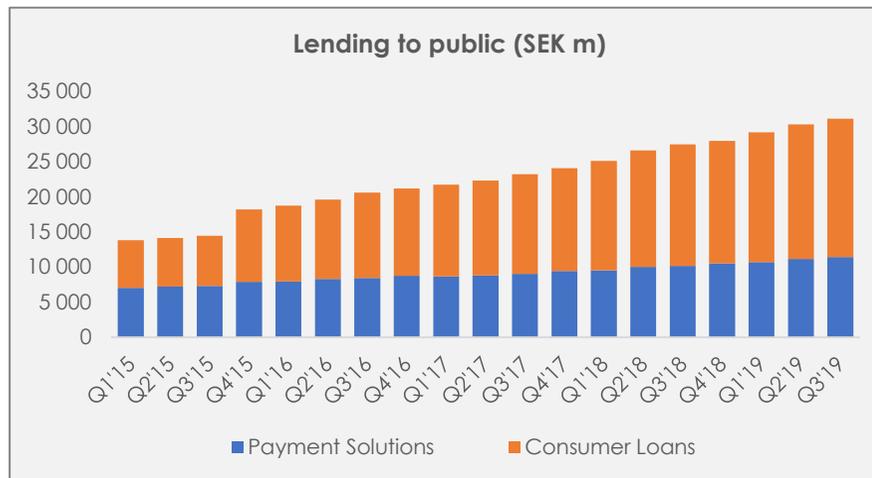
* For H1 numbers, please see our Investor Update H1 2019

2019 Performance – Resurs Holding



Long position

- Continued lending growth and lower C/I ratio
- Reduced growth in Norwegian market
- Valuation continues to be attractive with steady dividend growth
- Regulatory pressure largest risk



2019 Performance – Hoist Finance



Hoist Finance

Long position

- Digitalization drives efficiency and long-term profitability
- All-time-high earnings for Q1 and Q2, while Q3 earnings missed expectations
- Continued operational improvement, and actions to mitigate regulatory headwinds have been implemented
- Largest NPL portfolio in history acquired in December 2019 (secured loans in France)



Hoist completes first IG Italian SRT backed by unsecured NPLs

By Tom Brown 10 Dec 2019

Hoist Finance has issued €337m of notes in what is the first investment-grade Italian securitization to be backed wholly by unsecured non-performing loans (NPLs).

The deal, dubbed Marathon, has a book value of €5bn and is structured across three tranches, with the senior notes retained at issuance by Hoist.

They are rated BBB by DBRS, Baa2 by Moody's and BBB+ by Scope Ratings. The junior and mezzanine notes, which are 15% ...



Dagens industri

Erik Selin storköper – blir största ägare i kreditbolaget

Finansmannen Erik Selin fortsätter att öka sitt innehav i Hoist Finance och blir efter att affären gått igenom största ägare i nischbanken. Det framgår av ett pressmeddelande på fredagen.

MARIA PHILLIPS
Publicerad: 20 september 2019, 08:10 | Uppdaterad: 20 september 2019, 16:49



Short position

- Concerns regarding growth, cash generation and transparency
- Short thesis has played out well with profit warning in Nov 2019 due to lower free cash flow for 2019
- Investors are getting concerned with ISS leadership
- Sell-side analysts downgrading stock and lowering 2020 estimates



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III. About Origo Capital

Who we are

- Independent investment firm (AIF) founded 2011 in Stockholm
- Supervised by the Swedish Financial Authority since 2012
- Manages the Equity Hedge Fund Quest 1 since 1 February 2013
- Members of Swesif (ESG-forum) since 2016
- Specialized in small and mid cap companies in the Nordics



Our time-tested approach is built on four corner stones



Small & mid cap´s

- Under-researched
- Great diversity
- Higher share of innovation and growth



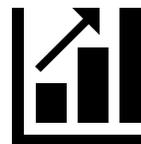
Long term investing

- Time arbitrage opportunities
- In the long term, fundamentals win
- Sustainable real value-creation takes time



Active management

- Engaged ownership
- Concentrated portfolio
- Capturing both long and short opportunities



Capital protection

- Capital preservation over profit maximation
- Low beta, low market correlation style
- “Know what you own” = reduced risk

Strong alpha opportunities in the Nordics

A large investment universe based on company size, geography and industries within Origo Capital's core competences

COMPANIES LISTED ON EXCHANGES IN THE NORDIC COUNTRIES

Sweden
851 companies



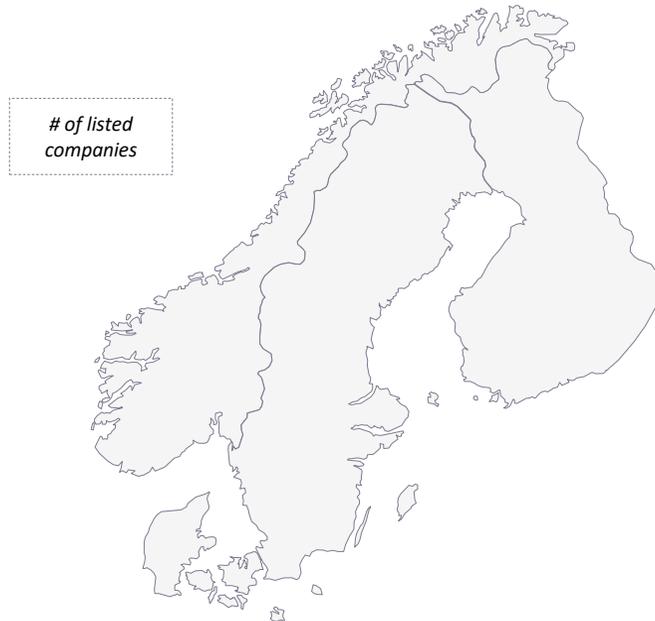
Norway
235 companies



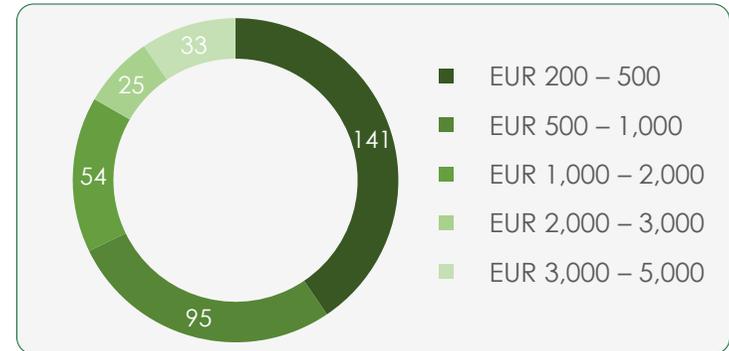
Finland
164 companies



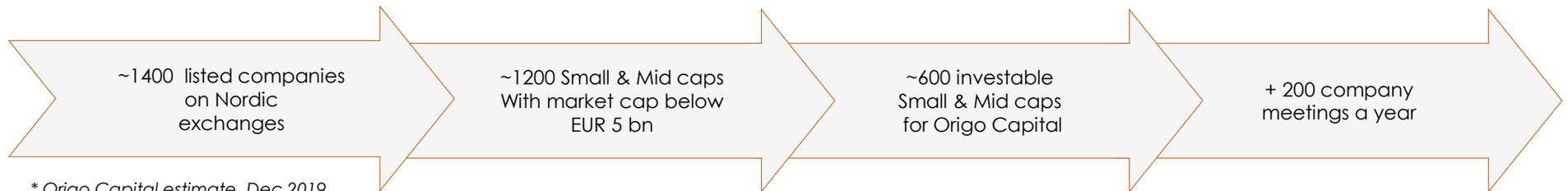
Denmark
171 companies



SMALL CAP COMPANIES



- Great diversity, ~85% falls within the SC-segment
- Less than 20% coverage by sell-side analysts*
- Less efficient segment of the market
- Significant potential for alpha generation



* Origo Capital estimate, Dec 2019

Team Origo

- *Local team with extensive experience and complementary skillsets*



Stefan Roos

Managing Partner/Portfolio Manager

- 25+ years in the sector
- Several fund management awards
- Head of Swedish Equities, SHB Funds
- Head of Nordic Equities, SEB Asset Mgmt



Carl Rydin

Portfolio Manager/Analyst

- 10+ years in the sector
- Previously based in New York at European equity fund, Lucerne Capital
- +5 years corporate finance experience



Karl Eckberg

Chief Operating Officer

- +10 years in the sector
- Legal Counsel at Nordnet Bank, Attorney at Wistrand Advokatbyrå
- Specializing in securities and financial markets law



Nils Alpman

Compliance Officer



Tobias Färnlycke

Risk Manager



Agneta Bremander

Internal Auditor



Ola Björke

Valuation

Quest 1 vs. traditional hedge fund

An alternative equity approach to value creation

	Traditional Equity Hedge Fund	Quest 1
Investment horizon	Short-term	Long-term
Ownership	Passive	Active
Diversification	Very diversified	Concentrated portfolio
Information	Limited	High transparency
Responsible investments (ESG)	Sometimes	Yes
Fee structure	Performance related + HWM	Performance related + HWM
Hurdle rate	Risk-free interest rates	Risk-free rates + 5%

Sustainability and responsible investing

- In Origo Capitals effort to generate excellent investment performance, sustainability issues plays a very important role. Active and Responsible investing are core principles in our investment approach since the start 2013
- The UN´s 17 Sustainable Development Goals are rooted in global challenges that need solutions. Our preferred long-term investment themes are aligned with the SDGs
- The investment team integrates sustainability issues in the research process. We have a theme and best-in-class approach, aiming to identify which companies are better positioned for the future
- As an active ownership firm, with a long-term long/ short mandate, Origo are uniquely positioned to respond to ESG challenges and to transform them into opportunities

Members of SWESIF since 2016

SWESIF
SVERIGES FORUM FÖR
HÅLLBARA INVESTERINGAR

Sustainable Development Goals



Effective organization utilizing professional third-party functions

- Focusing on the core business (management of the fund) and reducing the risk of conflicts of interest, we have consulted professional contractors for various functions of the business.
- Karl Eckberg (COO) has a close relationship and daily communication with representatives of our outsourced functions.





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