



October 2020

-5.6%

Five years

42.6%

## ORIGO QUEST 1

## Monthly Report October 2020

### Fund Strategy

Origo Quest 1 is an alternative investment fund (AIF) that primarily invests in Nordic small and medium sized companies, with an emphasis on Sweden. In addition, the fund takes short positions in individual stocks and indices to optimize return and risk.

Our investment approach is based on an active, long-term, fundamental strategy focused on value-creating opportunities in small and medium sized companies. The portfolio is concentrated and could therefore deviate from the general market direction. The fund has a long bias (net exposure) over time. The goal is to deliver competitive risk-adjusted return over rolling five years.

### Manager Comment

October turned out to be a turbulent month, marked by weak economic signals from Europe, nervousness ahead of the presidential election and a mixed earnings period with increased volatility. The market also feared that a second wave of coronavirus is spreading rapidly globally and that several countries and industries are once again preparing for new lockdowns. The world index\* dropped 3.1% and Nordic small caps\* dropped -6.4%. Year to date, -3.4% and -1.8%, respectively.

Origo Quest 1 ended the month at -5.6%, resulting in a 9.4% return year to date. The short positions, including SSAB and Cargotec, made a positive contribution. The long portfolio had a weaker development and especially SOBI and Addtech, which are both relatively large positions, accounted for a large part of the negative development.

SOBI went into a setback with its phase-3 study for the drug Doptelet, and the share fell 30%. Last year, SOBI acquired the Nasdaq-listed company Dova, and the Doptelet project was a significant reason for that acquisition. The market reaction clearly seems excessive if we put it in relation to the expected value of Doptelet but shows that the market is hesitant about SOBI's diversification strategy. The reaction is understandable, but we focus on the long-term picture that is about good growth in most of the other products, strong cash flows and increased focus on rare diseases.

Addtech reported weaker than market expectations. The scrubber business, which consists of various products and components for cleaning polluted air, has been affected by customer shut-

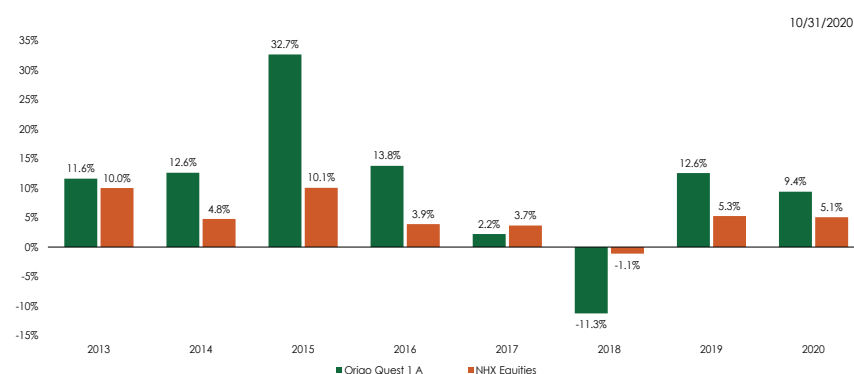
downs and accounted for a significant drop (-75% Q / Q). The turbulence in the market given Covid-19 has had a negative effect but could lead to increased opportunities for Addtech to accelerate its growth strategy. In the last six months, 9 acquisitions have been made with annual sales of SEK 775 million. We expect the scrubber market to remain weak for at least a few more quarters, but that countermeasures in the form of cost control, acquisitions and a focus on sustainability and new technology will offset this.

Hoist Finance Q3 report showed that the cost program is starting to gain traction and that the transparency is improving. Hoist is in a significant digital transformation. Today, the customers' Self Service share in the Hoist portal accounts for 19% of all cases, and in the best units over 30%. This reduces staff and administration costs while giving customers a more modern and pleasant customer experience. We are optimistic that the company can maintain the cost base at this level and to continue to grow revenues in double digits.

In the middle of the month, we chose to exit the entire position in Lindab, after receiving an annual total return of over 40%. Our case when we entered 2017 was based on our interest in sustainable products, improved profitability, focus on ventilation and a misunderstood stock. We believe that Lindab is now halfway through its transition, with impressive cost focus during 2018-2020, but at the same time note that the stock market now values Lindab based on different expectations.

\* MSCI World Index, NHX Equity, Carnegie Nordic Small Cap Return Index SEK

### Annual return since inception<sup>2</sup>



### Fund Managers



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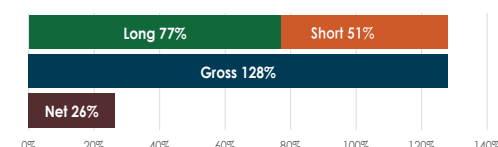


**Carl Rydin**  
Portfolio Manager  
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### Return

Class	NAV	1 mo	2020	Start
A	194.51	-5.6%	9.4%	112.1%
B	156.37	-5.6%	9.4%	84.5%
C	208.91	-5.6%	9.3%	66.9%

### Exposure<sup>1</sup>



<sup>1</sup> The chart visualises the relation between the fund's long and short positions in equity and equity-like financial instruments in relation to the assets under management.

### Top five holdings

Company	Value driver	% of fund
Recipharm	Expand & Execute	8.1%
Addtech	Expand	5.8%
Hoist Finance	Expand & Transform	5.7%
Stillfront	Expand	5.6%
Munters	Expand & Execute	5.4%
<b>Total</b>		<b>30.5%</b>



<sup>2</sup> The return chart shows the annual return in share class A compared with the NHX Equities index (current month's index figures are preliminary). The fund launched on 31 January 2013. The figure for 2013 and the current year does not represent a full calendar year.



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## The Fund in Brief

- Focus on Nordic Small Caps in a phase of change
- Engaged owners and active management approach
- Has historically provided a good return to a lower risk
- Alternative strategy that can contribute to diversification and thus less market dependent

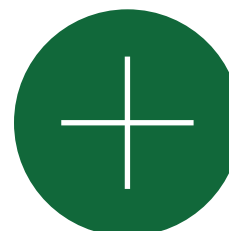
## Value Creation Model

## Differentiate

Business model  
Technology  
Service

## Transform

Transformation  
M&A, Spin-offs  
Capital structure



## Expand

Expansion  
Geography, Products  
Organic, M&A

## Execute

Management / Board  
Strategy / Targets  
Sustainability

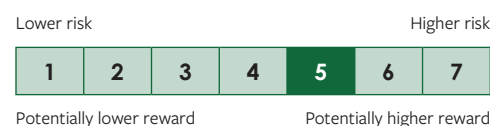
## Detailed return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-3.5%	-2.1%	-13.1%	11.7%	6.4%	4.9%	6.8%	2.4%	3.5%	-5.6%			9.4%
2019	5.2%	3.1%	-2.4%	5.5%	0.2%	-1.3%	5.1%	-2.4%	-2.0%	-1.6%	1.0%	2.1%	12.6%
2018	-2.6%	-4.3%	-1.6%	1.3%	-0.8%	0.0%	2.7%	0.4%	-1.3%	0.4%	1.4%	-6.9%	-11.3%
2017	3.4%	2.9%	-3.4%	-0.9%	0.2%	-0.2%	0.1%	-2.0%	4.1%	-2.2%	-3.7%	4.1%	2.2%
2016	-6.1%	4.5%	3.5%	3.1%	0.7%	-0.7%	-0.5%	5.0%	5.2%	0.7%	-1.5%	-0.2%	13.8%
2015	0.7%	7.0%	-3.3%	2.9%	3.5%	-4.1%	2.4%	2.7%	-2.2%	8.0%	4.9%	6.9%	32.7%
2014	4.5%	3.4%	-4.7%	3.5%	4.6%	1.1%	-0.3%	-1.6%	-2.2%	1.1%	4.3%	-1.1%	12.6%
2013		1.3%	-1.0%	-0.2%	1.2%	-2.0%	0.7%	2.2%	3.3%	2.3%	1.1%	2.2%	11.6%

Key Figures<sup>3</sup>

36 months	Annual return	Volatility	Beta
Origo Quest 1 A	3.1%	15.7%	0.68
Risk-free interest (OMRXTBILL90)	-0.6%	0.1%	0.00
Equity Hedge Fund Index (NHX Equities)	2.5%	6.9%	0.38
Swedish Equity Index (OMXSGI)	7.7%	16.5%	1.00
Swedish Small Cap Index (CSRX)	13.5%	19.4%	1.11

## Risk / Reward Profile



<sup>3</sup> The key figures compare the fund with some chosen indices. The fund does however not have an official benchmark index. Volatility shows how returns vary over time. Beta shows adherence to each market.

## More information

Further information about the fund's characteristics and risks as well as the conditions to invest in the fund can be found in the prospectus and fund rules, which are available at [www.origofonder.se](http://www.origofonder.se).

If you have questions, please contact us at: [info@origofonder.se](mailto:info@origofonder.se)

Origo Quest 1 is a Swedish special fund under the Swedish Act (2013:561) on Alternative Investment Fund Managers, which means that it has somewhat more free investment rules than ordinary UCITS funds. The fund is managed by Origo Fonder AB, which is licensed by the Swedish Financial Supervisory Authority to manage alternative investment funds, and is thus under the supervision of the Authority.

## Sustainability

We consider sustainability factors in the management of the fund and are members of Swesif. Read more about our sustainability work on [www.origofonder.se](http://www.origofonder.se).

**SWESIF**  
SVERIGES FORUM FÖR  
HÅLLBARA INVESTERINGAR

## Risk Information

Past performance does not guarantee future performance. The value of your investment may rise as well as fall and there is no guarantee you will recover your original investment. An investment in Origo Quest 1 should be seen as a long-term investment.

The calculations of the fund's return, risk, holdings etc. represent class A in SEK as per the last business day of the current calendar month, unless otherwise stated. When calculating past performance in Class A and B, we consider the applicable model for individual calculation of performance fee, which may result in investors being allotted compensatory fund units in connection with payment of performance fees. NAV may therefore not be representative of past performance for these share classes. The share classes are presented from the respective start: 2013-01-31 (A), 2014-03-31 (B) and 2014-12-30 (C), which means that the first year for each class does not represent a full calendar year. See [www.origofonder.se](http://www.origofonder.se) for more information and a glossary.