



February 2021

-0.7%

Five years

41.7%

## ORIGO QUEST 1

## Monthly Report February 2021

### 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

The volatility in the market increased in February as long-term yields continued to rise. The yield on the US 10-year Government bond is now 1.4%, which can be compared with 0.9% at the start of the year. These levels are still extremely low, but the trend has created some concern and put pressure on highly valued technology companies. Commodities and industrial equities, which are benefiting from the economic recovery, continued to rise, and the World Index\* closed the month up 1%. Nordic small cap index\* rose slightly more (1.6%) as commodity-related companies led the performance. Hedge fund index\* rose by 1.9%.

Origo Quest 1 lost -0.7% during the month, and is up 27% in the last 12 months with 11% annual return since the fund's start. The fund benefited from the long positions, while the short positions contributed negatively. Among the major long-term holdings, Munters delivered a Q1 report that did not meet market expectations and the share price fell. Among the smaller holdings, CDON excelled with a continued sharp rise in share price. A large foreign interest in the stock and an earnings report that showed that the important business area CDON Marketplace grew by 60% during Q4 while the gross margin rose from 20% to 35% driving investor interest. Hoist Finance also made a positive contribution and the share has now gained 121% since the bottom in May 2020, driven, among other things, by hopes of lighter capital requirement rules and room for acquired non-performing loans.

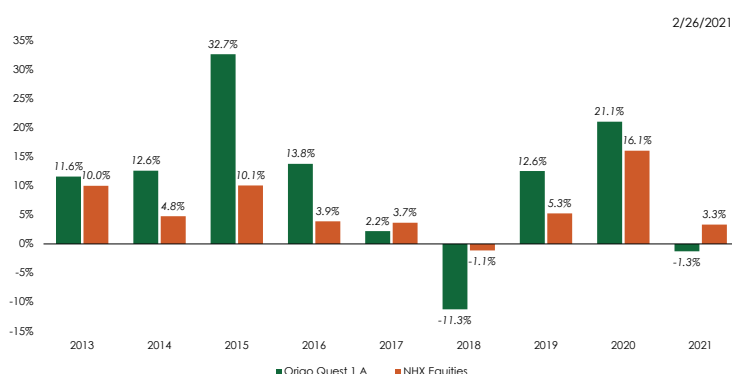
In February, we accepted the offer for Recipharm and thus sold the fund's clearly largest holding. In terms of SEK, it became one of the fund's absolute

best investments since the start in 2013. We have spent substantial time meeting with companies (mostly digitally) and we have invested in two new companies during the month, one of which is an old ESG favorite, Grieg Seafood. When we sold our Grieg shares, at the end of 2019, the rationale was an increased concern that new capacity in the market would put pressure on the salmon price. We also wanted to take home profits after a strong development for a long time with increased capacity utilization and investments in sustainability as clear value drivers. Last year, GSF received something of a double whammy when covid-19 lowered demand at the same time as the company itself had major cost problems in the British salmon farming business, and the share was hit significantly. We think the situation is now really interesting and that the company's updated strategy looks promising.

Overall, we see that the risks in the market have increased. Vaccination is ongoing globally and the economy is on the rise, but it should be more or less discounted by now. The valuations are stretched and it is currently very difficult to determine whether the interest rate movement is a reasonable normalization or the beginning of a longer rise driven by record-breaking stimulus for many years. We still find unique value investments among small companies and potential short candidates with weak risk / reward, but maintain the more or less market-neutral profile for the time being.

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

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



### Fund Managers



**Stefan Roos**  
Chief Investment Officer  
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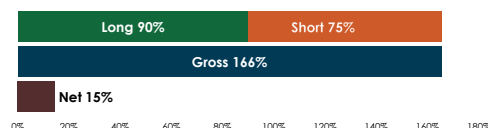


**Carl Rydin**  
Portfolio Manager  
[carl.rydin@origofonder.se](mailto:carl.rydin@origofonder.se)

### Return

Class	NAV	1 mo	2021	Start
A	211.19	-0.7%	-1.3%	131.7%
B	169.78	-0.7%	-1.3%	101.5%
C	228.19	-0.7%	-1.3%	82.3%

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



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

### Top five holdings

Company	Value driver	% of fund
Veoneer	Expand	7.0%
Munters	Expand & Execute	6.7%
Coor	Expand & Execute	6.5%
Addtech	Expand	6.2%
Hoist Finance	Expand & Execute	5.5%
<b>Total</b>		<b>31.8%</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

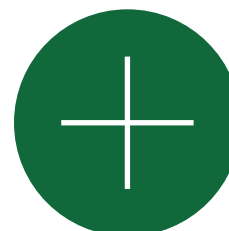
## Value Creation Model

## 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

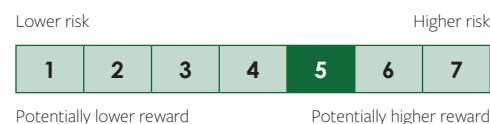
## Detailed return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	-0.6%	-0.7%											-1.3%
2020	-3.5%	-2.1%	-13.1%	11.7%	6.4%	4.9%	6.8%	2.4%	3.5%	-5.6%	3.8%	6.6%	21.1%
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%

Key Figures<sup>3</sup>

36 months	Annual return	Volatility	Beta
Origo Quest 1 A	8.6%	15.5%	0.63
Risk-free interest (OMRXTBILL90)	-0.5%	0.1%	0.00
Equity Hedge Fund Index (NHX Equities)	7.8%	7.9%	0.40
Swedish Equity Index (OMXSGI)	15.6%	17.4%	1.00
Swedish Small Cap Index (CSRX)	21.7%	20.2%	1.09

## 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.

## How to invest

Investments in Origo Quest 1 can be made in any of the Share Classes A, B or C. **Class A** suits larger investors and requires a minimum initial investment of SEK 500 000. **Class B** normally distributes an annual dividend and therefore fits foundations and others who prefer an annual direct return. **Class C** is targeted to smaller investors and those who want to invest in the fund through our partners.

If you want to invest in Class A or B, you need to submit subscription documents directly to us. If you want to invest in Class C you can either contact any of the institutions where the fund is available or submit subscription documents directly to us. Our partners enable investment in the class through e.g. ISK, unit-linked insurance and ordinary fund account. More information on [www.origofonder.se](http://www.origofonder.se).

The fund is open for trading on the last banking day of each month. We must have received your order no later than five banking days and payment no later than two banking days before the last banking day of the month.

## Fees

We charge fixed and performance-based management fees from the fund to cover administration costs. The fixed fee is 1.25% for Classes A and B and 1.35% for share class C. The variable fee corresponds to 20% of the fund's excess return relative to a return threshold defined as 90 days Swedish Treasury Bills plus 5 percentage points. Underperformance for previous periods must be recovered before performance fee is paid (High Watermark Principle).

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.