

December 2018

-6,93%

Five years

54,26%

ORIGO QUEST 1

Monthly Report December 2018

Fund strategy

Origo Quest 1 is an alternative investment fund (AIF) that invests primarily 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 returns and risk.

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

Manager Comment

World equity markets were under heavy pressure in December. The month was characterized by ongoing trade war, political uncertainty and declining growth in the US and China. At the same time, the Fed continued to hike. The combination was simply too much and the World Index lost 7.9%. The United States (S&P500) fell by 9.2% and the Nordic index (VINX30) lost 4,3%. The real estate-heavy small cap index CSRX decreased -5.6%.

Among our portfolio companies and short positions, we noted a record number of important news items including two bids (Cherry, Ahlsell) and a substantial profit warning in XXL. The bids are currently under evaluation.

Quest lost 6.9% during the month. The result was affected by a generally very weak stock market and a number of company-specific events. The Swedish stock exchange has now lost ~ 15% since the peak on October 3. Quest has lost just over 5% during the same period. The short holdings (35% of NAV) as a group had a clear positive development in December, but could not weigh up the downturn in the long (92% of NAV), where the decline in Hoist (-38.4%) accounted for the clearly largest part.

In mid-December, FI (Swedish FSA) suddenly announced new risk weights for unsecured loans. The change means that Hoist will need a higher capital requirement than before. This came as a total surprise for both the industry itself and the stock market. As far as we can judge, FI's change is not about the fact that they look differently at the risks, but rather that they suddenly make a new interpretation of the European regulations. The change is made without a transition period (!), which makes the whole thing even more remarkable. Hoist has announced that it can handle the new situation without issuing new shares but they will remove the dividends for two years. **We have great confidence in the management of Hoist and the growth opportunities that the company has, and have increased in Hoist, both before and after FI's decision.**

Norwegian XXL, where Quest has a short position since May 2017, collapsed by about 40% after a profit warning and where the CEO was fired after 55 days at work. The new guidance means that the Q4 result will be about 30-40% of the results that analysts earlier expected. Quest has completed major **purchases during**

Fund Managers



Stefan Roos

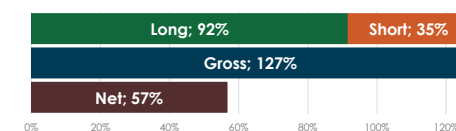


Carl Rydin

Return¹

Class	NAV	1 mth	2018	Start
A	165,71	-6,93%	-11,26%	72,2%
B	140,62	-6,93%	-11,26%	49,8%
C	169,94	-6,94%	-11,35%	35,8%

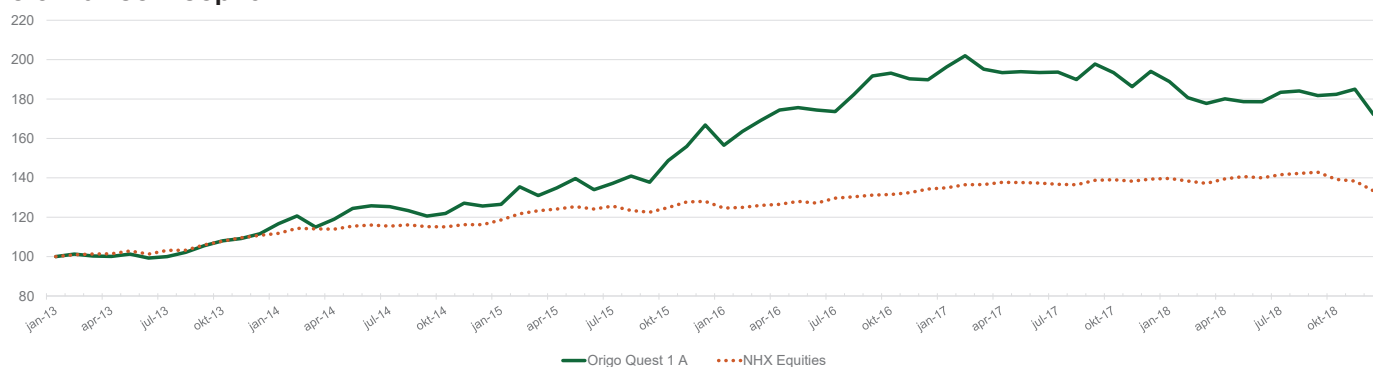
Exposure



Top five holdings

Company	Value driver	% of fund
Cherry	Transf./expansion	14,4%
Lindab	Transformation	11,8%
Alimak	Differentiation	11,1%
Qliro Group	Transform/expand	8,5%
Hoist Finance	Expansion	7,9%
Totalt		53,8%

Return since inception



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The fund in brief

- Focus on Nordic Small Caps being in/or entering 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



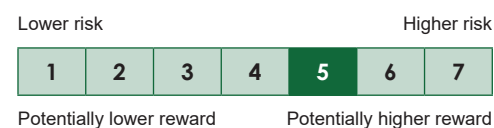
Detailed return (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-2,64	-4,34	-1,62	1,32	-0,81	-0,03	2,67	0,40	-1,28	0,35	1,42	-6,93	-11,26
2017	3,41	2,89	-3,37	-0,89	0,22	-0,21	0,12	-1,96	4,15	-2,20	-3,68	4,15	2,21
2016	-6,15	4,48	3,46	3,08	0,69	-0,70	-0,46	4,98	5,21	0,73	-1,48	-0,24	13,80
2015	0,66	7,02	-3,25	2,94	3,54	-4,05	2,37	2,73	-2,23	7,97	4,86	6,94	32,70
2014	4,54	3,38	-4,68	3,49	4,57	1,08	-0,34	-1,60	-2,23	1,09	4,26	-1,10	12,63
2013	-	1,28	-0,99	-0,17	1,18	-2,00	0,71	2,19	3,31	2,34	1,09	2,23	11,61

Key Figures²

36 months	Annual return	Volatility	Beta	Sharpe	Treynor
Origo Quest 1 A	1,1%	10,4%	0,5	0,2	0,0
Risk-free interest	-0,7%	0,1%	-0,0	0,0	0,0
Equity Hedge Fund Index (NHX Equities)	1,4%	4,1%	0,3	0,5	0,1
Swedish Equity Index (OMXSIGI)	4,9%	11,1%	1,0	0,5	0,1
Swedish Small Cap Index (CSRX)	6,8%	12,5%	1,1	0,6	0,1

Risk / Reward Profile



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.origocapital.se.

If you have questions, please contact us at: kundservice@origocapital.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 Capital 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

Origo Capital AB is a member of Swesif. Read more about our sustainability work on hallbarhetsprofilen.se.



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 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 fill in and submit subscription documents directly to us. If you want to invest in Class C you can either contact any of the financial 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.origocapital.se.

The fund is open for trading on the last banking day of each month. To be able to handle your order, we must have 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 the costs for the administration. 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. relate to the conditions in SEK as of the last banking day of the month, unless otherwise stated. Historical returns are calculated from a fictional unit owner which have entered the fund by the start of the fund, taking into account possible dividends etc. See www.origocapital.se for additional description and detailed glossary.

1) The return table shows the NAV, the development over time and the development since start for each share class (2013-01, 2014-03 and 2014-12, respectively).

2) The key figures compares the fund with some selected indexes and is calculated in 36 months. Volatility shows how returns vary over time. Beta shows adherence to each market. Sharpe and Treynor are measures that show risk-adjusted returns.