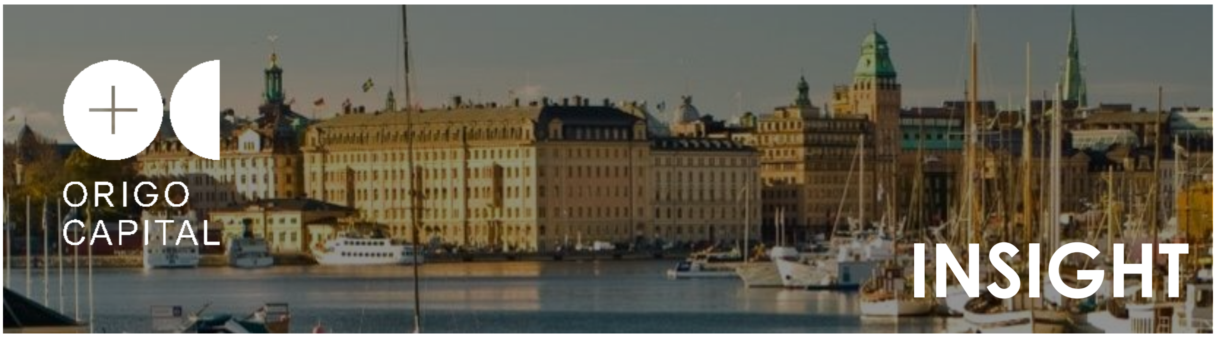

January 21, 2018

Origo Quest 1 is now near its six year anniversary since launching in February 2013. Since inception, the fund has returned 72,2% (end of December 2018) which translates to 9,6% return per annum. The investment approach of Origo Capital is based on an active, long-term fundamental strategy in order to identify value-creating opportunities in small and medium-sized companies. During 2018 the fund was nominated to two prestigious awards: HFM European Performance Awards 2018 (long-term performance) and Eurohedge Emerging Fund Management Award. I have now taken the opportunity to summarize 2018 in a discussion with Stefan Roos, CEO and Managing Partner at Origo Capital.

Quest 1 ended the year down roughly 11%. The general equity market showed high volatility and we experienced a sharp downturn in the last quarter of the year. How did Quest perform during this turbulent period and how would you summarize the year from the fund's perspective?

Stefan:

To summarize the year: we are not pleased with the result. Especially regarding the development in Q1. The fund was affected negatively by an early profit warning in one of our major holdings, Qliro, and of a general under-performance of value stocks versus growth stocks.

After -9% at the end of Q1, the fund's stock picking improved a lot. In the last quarter Quest performed better than the market with a drop of about 5%. We had a positive alpha both in the short book and the long book. The market, as a whole, was extremely weak and lost 14,3% during the same time. Relatively, I think our performance during the last quarter was pretty ok - given the fund's net-long strategy.

However, I believe it´s important to take a longer view when evaluating our results - or other managers performance as well. We focus on value creation over at least five years when investing, and that is also a suitable time period when it comes to crunching performance figures.

In the 2018 Summer Edition of Insight we discussed the valuation of stocks in general and your portfolio specifically. We concluded then that your investment approach (value-driven) was a bit out-of-favour at the time being and that the market was focusing on growth stocks. Was this a theme that was maintained during the whole year?

Stefan:

Value or Growth is always a concern if you take a short-term view on the market. We experienced a deep underperformance of value stocks during 2017 and 2018 which of course had impact on our cash-flow and value-oriented investment approach. However, these trends always shifts back at some point in time, and during the second half of 2018 we noticed a beginning of an expected trend reversal.

You often pinpoint the investment approach: long-term, active and engaged ownership. How do you view this in the light to the performance of 2018? Are you ever tempted to change the approach to a more opportunistic style to gain short-term profits?

Stefan:

2017-2018 has been tough for research driven fund managers like Origo Capital when at the same time huge money flows into passive index funds.

I think that "blind money" has strongly contributed to the American tech-bubble and to the fact that over-valued stocks became even more over-valued during 2017-2018. A simple momentum strategy had clearly done well during this period.

However, we don´t believe in changing style and try to chase Mr Market. We are quite confident in our approach. Our joint experience and track record also supports the facts that in-house research and active portfolio management gives outstanding performance over the long run. Since 2014, when our L/S-strategy was fully implemented, Quest has beaten the market with 11%. That has been achieved with around 40% average net exposure and a correlation of around 0,4. Annualized returns amounts to about 10% so, all-in-all, our strategy has been successful both in absolute terms and risk-adjusted.

I still regard the enormous growth of passive investment strategies as the biggest risk to the markets going forward. A truly opportunistic style can easily lead into a momentum strategy, and that doesn't feel attractive at all. A value-driven approach with a mandate to go both long and short, combined with own thinking and a long term focus actually feels more relevant than ever.

Getting back to long-term ownership: Cherry is one of the fund's oldest holdings and is now subject to a takeover bid by a consortium. Can you give us a little bit more of your view of the situation?

Stefan:

Right now we are evaluating the bid. We will of course come back with our view in a near future. What I can say is that Cherry has been a super-investment for our fund, with almost 15X in return since 2013.

We regard Cherry as one of the most interesting gaming companies there is in Europe and see further potential for growth and value creation going forward. We think that some of the business areas, Yggdrasil not the least, is ready to stand alone and accelerate growth.

A spin-off to us shareholders would be the right move to take. We think the timing is right and anticipate a window of opportunity now and that's the reason behind our "Open letter to Cherry" as per October 2018. The letter is also published on our web-page for more in-depth reading. It now seems to us that the bidding consortium sees the same growth- and value creation potential as we do.

Are there any other holdings, longs or shorts, that you would like to highlight?

Stefan: As I mentioned, we are somewhat disappointed with the performance in a couple of the long holdings. Qliro, Hoist and Alimak didn't meet our expectations in terms of growth, profits and shareholder return. On the other hand, Cherry, SOBI and Catena delivered outstanding results and shareholder value. In the short book, our largest position XXL contributed strongly and actually was the fund's second best position in absolute terms. Negative EPS-revisions, weak growth and an over-all strategy that is questioned by the market drove down the share with more than 68%.

Finally, in the Summer 2018 Edition of Insight, you mentioned that the fund's net exposure had gradually been reduced. This due to your cautious stance towards the equity market in general, based on risks of global trade war, end of Central Banks QE etc. Is this a view that is still valid or has it changed? And how is your view reflected in the fund's current exposure (gross and net)?

Stefan:

The fund's gross- and net-exposure is a function of both our medium-term market outlook and what opportunities we find in specific companies. Regarding the market outlook we have a quite neutral stance for 2019. Global growth is turning down and QE has reached its end for this time. Valuations have however become more attractive and expectations in general are much more sound now.

A one-year prediction is only guessing, but my "guesstimate" is that we will see a "trading range market" around these levels with high volatility for some time. We will not try to play the market swings, but rather focus on the opportunities that will arise in qualitative small cap companies in change mode. The correction in Q4 has opened this door, and we have already made some new investments as well as additional buys in existing positions.

The outlook for research-driven L/S Equity funds in 2019 (such as Quest) looks therefore definitely promising, and our view of the general market (if proven correct) might make it harder for plain momentum-driven strategies to perform. All in all, our gross exposure is rather unchanged, but the net exposure is a bit higher than the historical average of 40%.

For more info, please contact: anders.nilsson@origocapital.se