



**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**

Global equity markets continued to go up in February driven by an increased optimism regarding the US and China reaching a trade agreement. The next step in negotiations could be a meeting between Trump and Xi at the end of March, but the risks of setbacks remain high. The world equity index rose by 2.8% in February and the Nordic region followed with an increase of 2.7%. **Origo Quest 1 rose by 3.1%**. NHX Equity (equity-oriented hedge funds based in the Nordic region) also increased by 1.1% (preliminary figure). The biggest positive impact for the fund came from three long positions, Lindab, Alimak and Recipharm.

Several companies in the portfolio reported Q4 2018 figures during the month. We were pleased to see several of our core positions, such as Lindab, Alimak and Catena, all deliver solid figures and promising outlook.

Our largest position at the beginning of February, **Cherry**, has now been fully exited after we accepted the public offer for SEK 87 per share.

In the early part of 2019, we started to build up a position in **Resurs Holding**, a Nordic leader in the consumer credit market. Given its large customer database

of close to 6 million customers as well its close relationship with Nordic retailers, we believe Resurs has a sustainable competitive advantage in an otherwise crowded market. We are particularly attracted to the strong lending growth which has reached SEK 28 billion, while showing average credit losses below 2.5% since the early 1990s. Although the consumer lending market is currently experiencing some margin pressure, we believe Resurs can compensate for this thanks to its operating leverage which should push its cost/income ratio below 40% already in 2019. Resurs is also well capitalized and should have room for capital distribution in the form of dividends and buybacks. We argue that with a 6.5% dividend yield and a forward P/E of 8.5x, we are attracted to owning shares in a bank delivering over 25% return on tangible equity.

As we look ahead, our assessment is that many of the Nordic-listed companies are currently healthy, and the largest risk is the general business cycle. The portfolio is currently tilted towards companies with an agenda of operational improvements or with an underestimated growth potential. The fund's short positions are primarily focused towards companies with hidden risks within the consumer and technology sectors.

**Fund Managers**



Stefan Roos

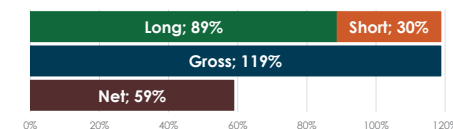


Carl Rydin

**Return<sup>1</sup>**

Class	NAV	1 mth	2019	Start
A	179,68	3,06%	8,43%	86,7%
B	152,47	3,06%	8,43%	62,4%
C	184,23	3,05%	8,41%	47,2%

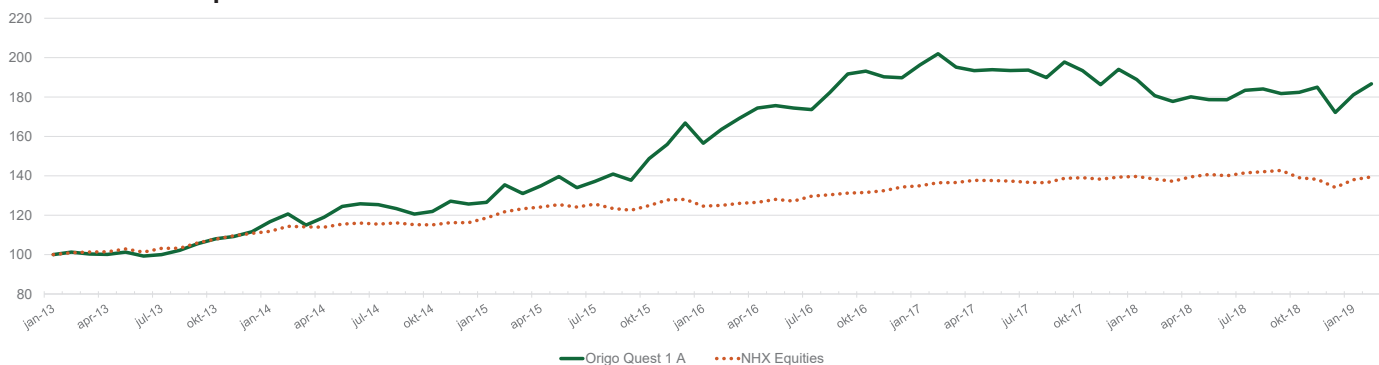
**Exposure**



**Top five holdings**

Company	Value driver	% of fund
Alimak	Differentiate	12,9%
Lindab	Transform	12,5%
Qliro Group	Transform/expand	8,7%
Catena	Expand	8,6%
Hoist Finance	Expand/execute	7,3%
<b>Total</b>		<b>49,9%</b>

**Return since inception**





February 2019  
3,06%  
Five years  
54,77%

## ORIGO QUEST 1

## Monthly Report February 2019

### 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

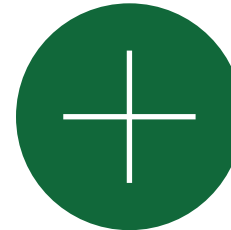
### Value Creation Model

#### 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

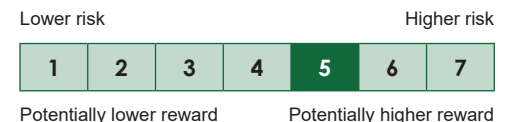
### Detailed return (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	5,21	3,06											8,43
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 Figures<sup>2</sup>

36 months	Annual return	Volatility	Beta	Sharpe	Treynor
Origo Quest 1 A	4,5%	9,9%	0,4	0,5	12%
Risk-free interest	-0,7%	0,1%	-0,0	0,0	0%
Equity Hedge Fund Index (NHX Equities)	3,7%	3,9%	0,3	1,1	14%
Swedish Equity Index (OMXSIGI)	10,9%	11,1%	1,0	1,1	12%
Swedish Small Cap Index (CSRX)	12,9%	12,1%	1,0	1,1	13%

### 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](http://www.origocapital.se).

If you have questions, please contact us at: [kundservice@origocapital.se](mailto: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](http://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 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](http://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](http://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.