



April 2019

5.5%

Five years

61.5%

ORIGO QUEST 1

Monthly Report April 2019

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

High demand for equities continued in April, primarily driven by positive corporate earnings, low interest rates, as well as dovish signals from the FED and the ECB. Positive US corporate earnings has helped the World Index rise by 2.4% in April. The Nordic Index and the Small Cap Index followed with a 3.5-4% increase. Nordic corporations have also reported overall strong profits. However, caution is advised as exchange rate fluctuations have contributed to higher profits. Nordic equities do look more expensive now given a rather large multiple expansion thus far in 2019.

Origo Quest 1 gained 5.5% during April and is up 11.7% YTD. The equity hedge fund index increased by 5.2% in April. The fund's strong result is achieved while applying a modest market-risk of 40-50% net exposure towards the stock market. Several of the fund's core holdings communicated clear progress within the strategic improvement measures in their Q1 reports. Among those were **Qliro**, **Alimak** and **Lindab**, the latter announcing a positive profit signal in April. However, we viewed **SOBI's** figures to fall short of expectations. Our short positions contributed on aggregate negatively, partly due to a beta-driven market with low volatility. The fund's short position in **XXL** continued to be a positive contributor after the company reported higher inventory figures and a **negative like-for-like growth of 7%**.

During a period at the end of 2017 and beginning of 2018, many of the fund's core holdings reported weak operational momentum. **Our analysis and strategy lead to a repositioning of several holdings** where capital was allocated to 3-4 new positions as well as to those companies we viewed best positioned to drive value-enhancement and clear improvement measures. During 2019, we have added **Resurs** and **Dustin** to the portfolio, as well as exited our positions in **Doro** and **Cherry**. We are also building up a new position with a long-term focus towards change as a catalyst.

The past months **we have met with approximately 70% of the fund's holdings** and we see a positive momentum and focus towards driving value. During the past three quarterly reports we note durable operational improvements among several of these companies, leading to our conclusion that the progress towards change is moving in the right direction. Efficiency improvements and strong organic growth, along with a **PE ratio of 14x** for this year, versus 18x for the market, paves the way for both additional earnings-growth and room for potential multiple-expansion.

Please reach out to hear more about our investment strategy (stefan.roos@origocapital.se / carl.rydin@origocapital.se).

Fund Managers



Stefan Roos

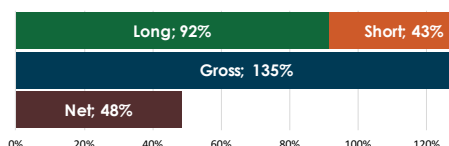


Carl Rydin

Return

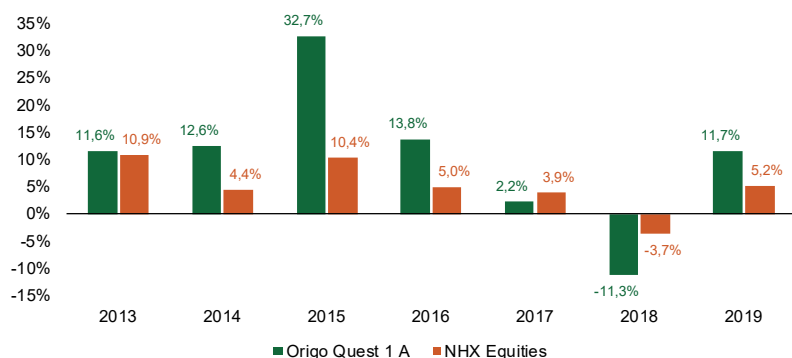
Class	NAV	1 mo	2019	Start
A	185.02	5.5%	11.7%	92.2%
B	157.00	5.5%	11.7%	67.2%
C	189.68	5.5%	11.6%	51.5%

Exposure¹



¹ 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.

Annual return since inception²



² The return chart shows the fund's past performance in share class A compared with the NHX Equities index (current month's index figures are preliminary). The fund launched in February 2013, hence the figure for 2013 does not represent a full calendar year. The figure for the current year shows the return until the end of the current calendar month.

Top five holdings

Company	Value driver	% of fund
Alimak	Differentiate	12.5%
Lindab	Transform	11.0%
Qliro Group	Transform/expand	9.6%
Catena	Expand	8.0%
Hoist Finance	Expand/execute	7.5%
Total		48.6%



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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

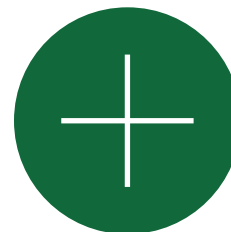
Value Creation Model

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

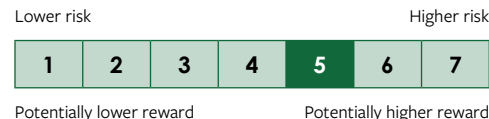
Detailed return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	5.2%	3.1%	-2.4%	5.5%									11.7%
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 Figures³

36 months	Annual return	Volatility	Beta
Origo Quest 1 A	3.3%	10.2%	0.46
Risk-free interest (OMRXTBILL90)	-0.7%	0.1%	0.00
Equity Hedge Fund Index (NHX Equities)	3.8%	4.0%	0.30
Swedish Equity Index (OMXSGI)	12.8%	11.6%	1.00
Swedish Small Cap Index (CSRX)	14.3%	12.3%	0.99

Risk / Reward Profile



³ 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. Sharpe and Treynor are measures that show risk-adjusted returns.

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

We consider sustainability factors in the management of the fund and are members of Swesif. Read more about our sustainability work on www.origocapital.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.

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. 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.origocapital.se for more information and a glossary.