

Origo Quest 1

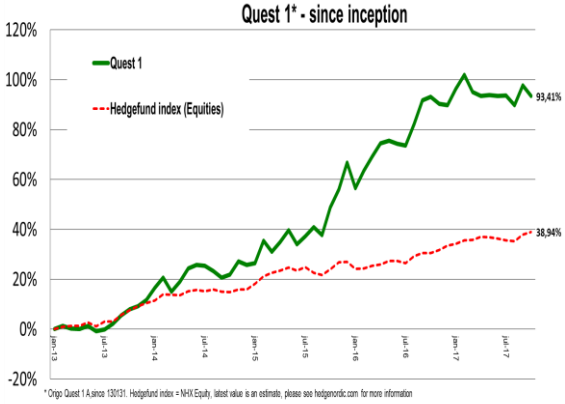
October 2017

Monthly comment

Quest's* value decreased by 2.2% in October. The month has been characterized by **high volatility**, in the **aftermaths of the Q3 reports**. On the minus side we find some long positions, eg Lindab and Gunnebo and on the plus side we find two short positions; Avanza and NCC. No significant re-allocations have taken place during the month.

One of the reporting companies was **Alimak**. The report came in **worse than expected**, after a very strong Q2. Our view is that the **negative deviation is primarily about high expectations and difficulties in assessing a "new" company.** The project share has increased after acquisitions and the product mix may vary between the quarters. The **investment rational** is based on the company **growing** its highly **profitable service business** and continuing to utilize its global leading position and **conducting additional acquisitions**. We estimate that the **Ebita target of 15%** (today about 11%) is **reachable already in 2019** driven by, among other things, higher After Sales from the structurally growing wind power sector. This is **not visible in today's share price**.

**Quest 1 Class A*



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	3,41	2,89	-3,37	-0,89	0,22	-0,21	0,12	-1,96	4,15	-2,20			1,89
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	12,62
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

Return	NAV	Month	YTD	Since inception
Class A	186,16	-2,20	1,89	93,41
Class B	166,02	-2,20	1,89	68,24
Class C	191,13	-2,21	1,82	52,70
NHX-index[1]	*214,26*	*+0,80*	*3,98*	*38,94*
Risk-free interest[2]	352,71	-0,05	-0,65	-0,14
AUM (SEK)	765M			

Top 5 long holdings	Value driver	% of NAV
Qliro Group	Transformation/ Expansion	9,90
Catena	Expansion	7,90
Cherry	Transformation/ Expansion	7,62
Alimak Group	Differentiation	7,25
Enea	Transformation	6,33
Total:		39,00

Risk	%	Exposure	%
Volatility, 24m[3]	11,04	Long pos.	94,9
Annualized return[4]	14,90	Short pos.	50,3
Sharpe-ratio[5]	1,33	Gross exp.[8]	145,2
Beta[6]	0,38	Net exp.	44,6
VaR[7]	1,07		

Origo Capital – Value creation model

- Differentiate
- Business model
- Technology, service etc.

- Tranformation
- M&A, Spin-offs
- Capital structure



- Expansion
- Geography, segment etc.
- Organic, M&A

- Management/Board
- Strategy, targets
- Execution

1) Hedge Fund Index Equities (latest monthly figure is an estimate). See www.hedgenordic.com for more info. 2) OMRX-T bill 90 d (T-bill index) 3) The funds overall measure of risk. Shows how returns vary in annual terms over time. 4) The Fund's annualized return since inception (Class A). 5) Important measure of whether the manager has been paid for the risk taken (risk-adjusted return). 6) A measure of how responsive the return has been vs the market (Small Cap Index). 7) Value-at-Risk is a probability based measure of the size of the risk over a certain period of time. (Origo Capital use 1 day with 95% confidence) 8)The market value of the long positions (holdings of securities) + short positions (short sold shares and negative exposure,% of Fund). 9) Market value of the long positions minus short positions and negative exposure,% of fund. NOTE: Risk figures are usually based on a 24 month history, and in some cases have a one month lag.

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Short on Origo Quest 1

Quest 1 is an equity-oriented hedgefund with a focus on small-cap companies that are in a period of change. The companies will mainly be denominated in the Nordic countries and have a market capitalization that is smaller than SEK 10 billion at the time of investment.

The investment philosophy is based on the following cornerstones:

- Specialized in small caps
- Engaged and active owners
- Long-term investors
- Focus on development of portfolio companies

The core of the fund consists of long-term holdings (12-20 companies), where the team has identified significant potential, while the level of risk is deemed reasonable. The management team often takes an active role in the change process.

The portfolio is supplemented periodically with a varying degree of short positions (short selling), interest-bearing-investments and various derivatives, with the aim to achieve the desired risk profile. Gross exposure (long + short positions) may vary between 0-200%. The goal is to create absolute return of 10-15% per year and that the risk will be lower than the stock market risk, measured as an average over 3-5 years.

Investors who are considering investing in Quest 1 should take into account that funds of this type can both increase and decrease in value. The investment horizon should be at least 3-5 years.

The investment team

Fund manager is Stefan Roos and Carl Rydin is Investment Analyst. Stefan is a specialist in small-cap companies and has received several awards for his fund management. Stefan has worked at, among others, Handelsbanken Funds and SEB Funds as investment manager, shareholder-representative and team leader. Carl Rydin has international experience from both M&A and the hedge fund industry. Most recently, he was an Investment Manager at New York-based Lucerne Capital Management. Together the team has more than 40 years of professional experience in the stock market.

Risk Information

This monthly update is produced by Origo Capital. Advice and information are based on sources that Origo assessed as reliable. Information on taxes is based on the rules that apply today. The tax rules may change over time. Tax consequences for you depends on your individual situation. In terms of funds and other financial instruments as described above, historical return is no guarantee of future returns. The value of your fund units and other financial instruments can both rise and fall in value and there is no guarantee that you will get back the amount invested. For funds that invest in foreign markets or instruments in foreign currency, changes in currency exchange rates can cause the value of fund shares or other instruments to rise or fall. Explanations and definitions of terminology and abbreviations are found on the first page of this document. Additional information, including fact sheets and information brochure for the Fund, can be obtained from your contact at Origo Capital or downloaded at www.origocapital.se.

Fund facts

CLASS A	
Date of inception	130131
Fee structure	Fixed fee 1,25% + ev. performance fee
Performance fee	20% of the fund´s excess return
High Water Mark	Yes, individually calculated
Threshold-rate	90 d SSVX + 5%
Currency	SEK
ISIN	SE 0005 003 134
Minimum investment	SEK 500.000, thereafter SEK 100.000
Dividend	No
Subscription, redemption/NAV	Monthly
CLASS B	
Date of inception	140331
Fee structure	Fixed fee 1,25% + ev. performance fee
Performance fee	20% of the fund´s excess return
High Water Mark	Yes, individually calculated
Threshold-rate	90 d SSVX + 5%
Currency	SEK
ISIN	SE 0006 452 959
Minimum investment	SEK 500.000, thereafter SEK 100.000
Dividend	Yes
Subscription, redemption/NAV	Monthly
CLASS C	
Date of inception	141231
Fee structure	Fixed fee 1,35% + ev. performance fee
Performance fee	20% of the fund´s excess return
High Water Mark	Yes, collectively calculated
Threshold-rate	90 d SSVX + 5%
Currency	SEK
ISIN	SE 0006 452 967
Minimum investment	SEK 1.000, thereafter SEK 1.000
Dividend	No
Subscription, redemption/NAV	Monthly
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SUBSCRIPTION/REDEMPTION/NAV	
Subscription,redemption	Last banking day each month
Subscription application	5 banking days before month-end
Request for redemption	20 banking days before month-end
NAV	Monthly + weekly indicative NAV
Subscription documents etc.	origocapital.se