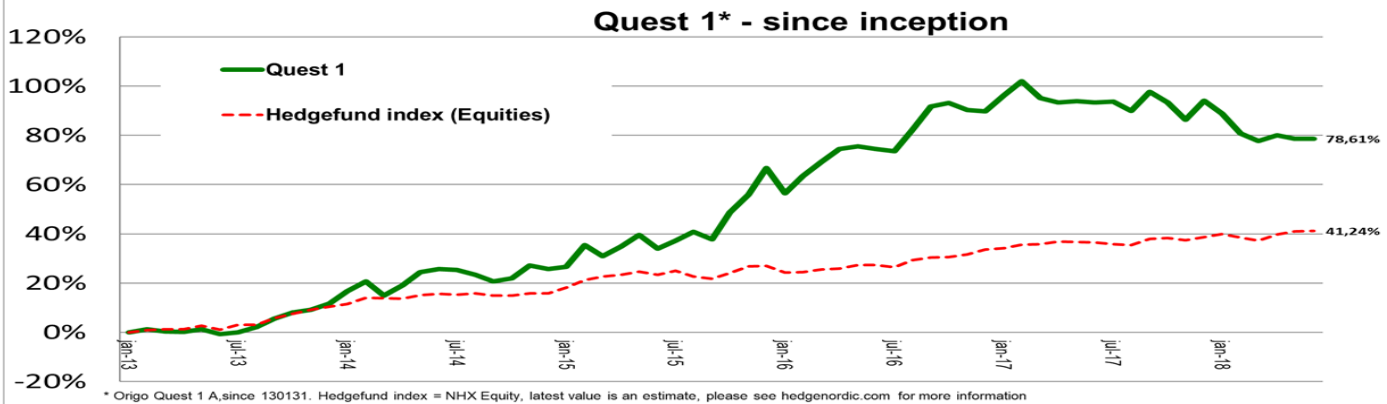


Monthly comment

Quest's* return in June was unchanged (-0,03%). Among the long holdings, **Qliro showed a very strong development** after media speculation that Nelly is about to be sold. Lindab, on the other hand, had a rebound and contributed negatively. Among the **short positions**, the sports dealer **XXL continued to contribute positively** to the fund. Our thesis has been and is still that XXL is heading into a new phase with significantly lower growth rates and lower margins, which will also mean less motivated valuation multiples. The equity-market in general is hard to judge. Low-valued companies have become even cheaper and expensive companies even more expensive. The appetite for risk is obvious when it comes to biotech and technology, but not for retail and capital goods. During the month **we have invested in Leröy Seafood** as well as **increased our holdings in Recipharm. Recipharm has again emerged in the fund.** When we chose to sell Recipharm 2015, we saw a challenging period ahead with large investment requirements and squeezed margins. Now the situation is completely different and we have therefore chosen to re-invest in the company. In addition, **the valuation is considerably lower.** Recipharm owns and operates pharmaceutical plants through outsourcing agreements with pharmaceutical companies. We estimate the **risk of operations as low** as they have more than 200 customers spread over more than 20 factories. In addition to lower maintenance investments and **higher operational efficiency** in the future, we see continued acquisitions as the most important value driver. If the company grows in line with its historical growth over the next few years, while at the same time **restoring the operating margin to 12-13%**, our **valuation of the company would be around SEK 180-200.**

*Quest 1, Class A



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-2,64	-4,34	-1,62	1,32	-0,81	-0,03							-7,94
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	12,62
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	Risk	%	Exposure	%	Top 5 long holdings	Value driver	% of NAV
Class A	171,92	-0,03	-7,94	78,61	Volatility, 24m ³	9,53	Long pos.	93,65	Catena	Expansion	12,73
Class B	145,89	-0,03	-7,94	55,37	Annualized return ⁴	11,30	Short pos.	60,18	Lindab	Transformation	10,94
Class C	176,39	-0,03	-7,98	40,93	Sharpe-ratio ⁵	0,21	Gross exp. ⁸	153,83	Qliro Group	Transform./Expansion	9,86
NHX-index ¹	217,81	+0,17	1,87	41,24	Beta ⁶	0,30	Net exp.	33,47	Alimak	Differentiation	9,85
Risk-free interest ²	350,90	-0,06	-0,39	-0,66	VaR ⁷	0,85			Cherry	Transform./Expansion	7,41
AUM (SEK)	474m								Total:		50,79

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.



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 (max 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 with a varying degree of short positions (short selling), interest-bearing-investments and various derivatives, with the aim to achieve the desired risk profile.

Origo Capital – Value creation model

- Differentiate
- Business model
- Technology, service etc.



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

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

- Management/ Board
- Strategy/targets
- Execution

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.

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 006 452 967
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	origocapital.se