



# Origo Quest 1

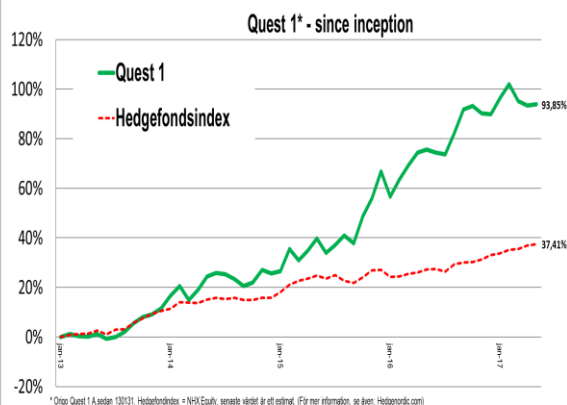
May 2017

## Monthly comment

**Quest\*** gained 0,22% during the month, which means that the fund has increased slightly more than 2% so far this year. The fund's long positions contributed positively, and the difference between long positions and short positions was also slightly positive. **Qliro Group** rose significantly, and the **rise this year is now aggregating to 91%.**

**Portfolio company of the month:** The finance company **Hoist**, which weighs just over **5% in the fund**, has been operationally well-off, and the company just received an upgraded credit rating by Moodys. Hoist buys banks' overdue credits and then recovers some of them. Historically, they have been good at this and created an **ROE of 15-20%.** New and **stricter accounting rules (IFRS 9)** in Europe 2018 are likely to lead to **even more business for Hoist's part.** It is therefore not strange that Hoist recently continued to **strengthen its balance sheet** and more transactions can come. They are **clearly ready for "elephant deals"**. We started investing in 2016 and have **increased our holdings** during the spring.


\* 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								2,13
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	Top 5 long holdings	Value driver	% of NAV
Class A	187,01	+0,22	2,13	93,85	Cherry	Transformation / Expansion	8,85
Class B	166,86	+0,22	2,13	68,63	B&B Tools	Transformation / Expansion	8,71
Class B	146,85	+0,21	2,09	53,12	Qliro Group	Transformation / Expansion	8,69
NHX-index <sup>1</sup>	211,90	+0,42	3,20	37,41	NKT Holdings	Transformation	8,60
Risk-free interest <sup>2</sup>	353,81	-0,05	-0,33	0,17	Catena	Expansion	6,66
AUM (SEK)	795M				Total:		41,51

Risk	%	Exposure	%
Volatility, 24m <sup>3</sup>	12,0	Long pos.	87,9
Annualized return <sup>4</sup>	16,5	Short pos.	55,6
Sharpe-ratio <sup>5</sup>	1,65	Gross exp. <sup>8</sup>	143,5
Beta <sup>6</sup>	0,4	Net exp.	32,3
VaR <sup>7</sup>	1,1		

Origo Capital – Value creation model		
<ul style="list-style-type: none"><li>➤ Differentiate</li><li>➤ Business model</li><li>➤ Technology, service etc.</li></ul>		<ul style="list-style-type: none"><li>➤ Expansion</li><li>➤ Geography, segment etc.</li><li>➤ Organic, M&amp;A</li></ul>
<ul style="list-style-type: none"><li>➤ Transformation</li><li>➤ M&amp;A, Spin-offs</li><li>➤ Capital structure</li></ul>		<ul style="list-style-type: none"><li>➤ Management/Board</li><li>➤ Strategy, targets</li><li>➤ Execution</li></ul>

1) Hedge Fund Index Equities (latest monthly figure is an estimate). See [www.hedgenordic.com](http://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 (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 managers are Stefan Roos and Staffan Östlin. 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. Staffan Östlin has a solid equity background as capital goods-analyst, head of equity sales, equity strategist and private investor. Staffan has worked at, among others, Enskilda Securities, New York and Handelsbanken Markets, New York. Together the team has more than 50 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](http://www.origocapital.se).

### Fund facts

<b>CLASS A</b>	
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
<b>CLASS B</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
<b>CLASS C</b>	
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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<b>SUBSCRIPTION/REDEMPTION/NAV</b>	
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.	<a href="http://origocapital.se">origocapital.se</a>