

## Origo's Seleqt Enjoys Standout Year

Stockholm (HedgeNordic) – The Nordic and Swedish small-cap equity space is a competitive space, with dozens, if not hundreds, of funds competing for top performance. Origo Seleqt, a concentrated long-only equity fund managed by boutique firm Origo Fonder, outperformed its peers to claim the top spot with a return of 25.3 percent, including a 4.4 percent gain in December alone. The solid performance was attributed to "extremely good stock picking in a quite difficult yet rewarding market (if you got it right)," according to Origo founder and co-CIO, Stefan Roos.

"Typically, achieving a 60 percent success rate in the portfolio is considered good, but last year, we achieved closer to an 80/20 ratio," highlights Roos. "A third of the fund significantly outperformed the index, with names like RaySearch standing out, another third performed in line with our optimistic investment case, and the final third was on par or slightly below index," he adds. Notably, only one holding had a meaningful negative impact. The Origo team, led by Roos and the recently appointed co-CIO Per Johansson, also demonstrated strong market timing, exiting a few winning positions at the right moments. "Our process has been the driving force behind all decisions," emphasizes Roos.

### **A Consistent Approach Since 2013**

The Origo team evaluates a universe of approximately 500 to 600 Nordic small-cap companies, conducting 200 to 300 company meetings annually. They systematically rank these companies against their sector peers based on fundamental analysis. "We dig very deep into assessing Quality and Change – two factors we consider crucial in the small-cap segment – which helped us a lot last year when the spread between winners and losers reached record highs," explains Roos. He also highlights the benefits of their active involvement with short positions in Origo Quest, adding that it brings "sound thinking" to stock selection on the long side.

Origo Fonder's investment strategy centers on understanding a company's fundamentals, assessing its quality, and evaluating its trajectory of change and transformation. This framework has been consistently applied to Origo's long/short equity fund, Origo Quest, since its launch in early 2013, and to its long-only small-cap-focused fund, Origo Seleqt, introduced in 2022. "We've maintained the same process since Origo Fonder was founded in 2013," says Roos. "The long book in our hedge fund has outperformed the Nordic small-cap market by roughly four percent annually. When we launched Seleqt in 2022, it was essentially about continuing what we've always done, just without the hedging," he emphasizes. Per Johansson, who joined the team after the summer of 2024, has contributed with fresh ideas and valuable experience, adds Roos.

### **What Sets Origo Seleqt Apart?**

When launching Origo Seleqt in 2022, the team led by Stefan Roos aimed to set the fund apart from its peers in several key ways. "First, we take a genuinely Nordic approach, avoiding the typical Sweden-biased tilt that is custom in the industry," explains Roos. Notably, three of the fund's top five contributors last year were non-Swedish companies. "Second, we focus on true micro- and small-cap stocks, whereas many of our peers tend to include large- and mid-cap names in their small-cap funds," he continues.

"Third, we are concentrated investors with a clear goal of outperforming the benchmark over time. Achieving that requires a focused portfolio, not an over-diversified, index-like fund." The Origo team firmly believes that "investing in quality companies with strong operational momentum and attractive valuations, while being an active owner, presents much lower risk than buying an index or holding an over-diversified fund."

After launching amidst the challenging market conditions of 2022 and ending its inaugural year down 9.5 percent, Origo Seleqt gained 5.9 percent in 2023 and delivered a solid 25.3 percent return in 2024. This performance positioned Origo Seleqt at the top of Morningstar's list of 78 Nordic small-cap equity funds. "It's rewarding and fun to see our fund ranked as the best last year, especially in such a competitive category, the Formula 1 of equity funds, filled with many talented managers and 78 funds," says Roos. "It provides extra motivation and validates the strength of the Origo research model. But for us, the long-term results are what truly matter," he emphasizes.

"Both Per and I have been in the industry for a long time with well-documented track records. I know that our core investors see us as long-term partners, valuing the over 10 years of results with Origo and the 20+ years before that – not just a single super-year like 2024," Roos concludes.