



GADD SMP FUND

Monthly Report

November 2020

NAV CHF 1'534.22 *

Inception date 05.04.2011 = CHF 1000

* at 30.11.2020

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2013	2,9 %	1,7 %	-0,9 %	-0,8 %	2,4 %	-5,61 %	6,3 %	0,2 %	2,8 %	0,5 %	1,5 %	1,9 %	13,3 %
2014	-0,3 %	4,9 %	-1,6 %	3,1 %	1,4 %	0,3 %	-1,6 %	0,6 %	-2,2 %	0,4 %	3,6 %	1,8 %	11,0 %
2015	0,8 %	4,4 %	-0,4 %	1,9 %	-0,7 %	-4,4 %	0,7 %	-2,5 %	-0,5 %	4,0 %	1,0 %	1,4 %	5,3 %
2016	-4,9 %	1,3 %	2,0 %	3,4 %	3,6 %	-5,0 %	3,2 %	2,4 %	2,1 %	0,1 %	-2,4 %	2,3 %	7,7 %
2017	0,8 %	2,8 %	-2,9 %	3,8 %	1,2 %	0,0 %	-3,0 %	-1,5 %	3,6 %	1,5 %	-1,4 %	-1,2 %	3,5 %
2018	1,5 %	1,0 %	-3,0 %	2,7 %	0,9 %	-0,8 %	0,6 %	3,3 %	-0,9 %	-5,6 %	-2,0 %	-2,9 %	-5,5 %
2019	5,7 %	4,6 %	-0,1 %	4,2 %	-0,0 %	1,0 %	0,1 %	-1,7 %	0,5 %	0,1 %	3,1 %	1,8 %	20,8 %
2020	1,5 %	-4,7 %	-15,9 %	8,9 %	4,3 %	1,1 %	3,1 %	3,9 %	2,7 %	-3,5 %	5,1 %		4,2 %

Market Comment

During the month of November, there were mainly two events that contributed to the very positive markets.

At the beginning of the month, it became increasingly clear that Joe Biden would be elected the next president of the United States. However, Donald Trump refuses to concede the election as he believes that there has been massive electoral fraud, although Mr Trump and his team have not been able to come up with any evidence for their claims. Control of the Senate remains uncertain as re-elections must take place in the state of Georgia on January 5, 2021. Depending on the election results there, the Senate will be controlled by either Republicans or Democrats. It is expected that the GOP will stay in control of the Senate, which is considered positive by the financial markets since the new president would then not be able to implement certain social reforms.

The second event that had a positive effect on the financial markets was that three pharmaceutical companies announced that they had developed effective vaccines against the Covid-19 virus, all available for rapid distribution. This means that the financial markets believe they can discern the end of the pandemic that has lasted for almost a year and means that many of the hardest-working shares have been upgraded, while profit-taking has taken place among the companies that were the biggest winners during the pandemic.

The above news overshadowed the continued increase in the spread of the coronavirus in the United States and the fact that the US Congress has still not agreed on a new relief package, which is necessary to continue stimulating the US economy.

Many European countries have introduced new drastic restrictions to reduce the spread of the virus which has meant that the rate of spread has decreased, but the restric-

tions will of course have a negative effect on economic development.

Towards the end of the month, Iran's leading nuclear physicist Mohsen Fakhrizadeh was assassinated close to Tehran. Iranian President Rohani accused Israel of being behind the attack, although Israel has not claimed responsibility for the attack.

Index	31.12.2019	30.11.20	YTD
MSCI World (USD)	2.358,47	2.583,14	9,5 %
STOXX50 (EUR)	3.745,15	3.492,54	-6,7 %
S&P 500 (USD)	3.230,78	3.621,63	12,1 %
Nasdaq Comp (USD)	8.972,6	12.198,74	36,0 %
Dax (EUR)	13.249,01	13.291,16	0,3 %
SMI (CHF)	10.616,94	10.476,43	-1,3 %
OMX30 (SEK)	1.771,85	1.917,54	8,2 %
MSCI Russia (USD)	806,83	609,79	-24,4 %
MSCI China (USD)	85,15	105,51	23,9 %
NIKKEI (YEN)	23.656,62	26.433,62	11,7 %
Swe. Gov Bond. 10 y	0,15 %	-0,01 %	

Unfortunately, the negotiations between the EU and the United Kingdom have not made any significant progress, even as negotiations continue. Unlike Donald Trump, Joe Biden wants to work with a strong EU, which complicates Britain's negotiating situation. However, the probability of a "hard Brexit" at the turn of the year increases.

World Index MSCI World (USD) rose as much as 12.7% during the month. The S&P 500 in the US rose 10.8% and the Nasdaq by 11.8%. In Europe, Stoxx 50 rose by as

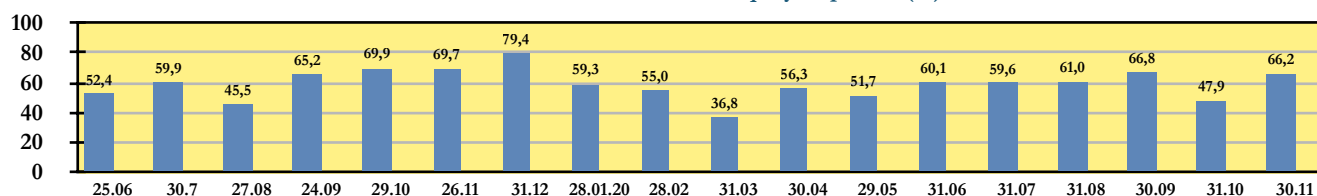
much as 18.1% and Dax rose by 15.0%. SMI rose 9.3% and OMX in Stockholm 11.6%. MSCI China (USD) rose 2.8% while MSCI Russia (USD) rose as much as 20.9%. Nikkei in Japan rose 15.0%.

The Swedish 10-year government bond yield rose from - 0.06% to - 0.01% per month.

Portfolio Review

During the month, the fund bought shares in Nordea (3%) and Assa Abloy (2%). Nordea has been acquired as a complement to the fund's holdings in SEB. Compared with many other sectors, the banking sector is still very reasonably priced. Within Nordea, a major change process is driven by active shareholders, at the same time as the bank will be able to distribute a large part of this year's and last year's profits to the shareholders. As for Assa Abloy, it is a well-run export company. The development of digital locks is progressing fast and the company is a world leader in the field. The fund also increased its holding in Volvo from 2-3%. Exposure to Lundin Gold decreased from 3 to 2% while the holding in the 4Finance bond was reduced by 1% to 1%.

GADD SMP FUND: Net Equity Exposure (%)



During the month, Vostok Emerging Finance took the opportunity to change its name to VEF and Net Gaming Europe changed its name to Acroud. Otherwise, there are no changes in these companies.

The stock market had a very positive development during the month. Most of the fund's shares had a positive development, but above all we can mention Scibase which rose by as much as 45.1% and Vostok Emerging Finance (40.2%). Other holdings that had a significantly better development than the stock market index were IPC (26.6%), H&M (25.6%), Sdiptech (22.5%), Veoneer (22.1%), Skanska (21.8%), Sandvik (21.4%), SEB (18.8 %), Wihlborgs (17.7%), Industrivärden C and VNV Global (14.9%).

On the negative side, we can mention Fleming Properties and Halmslätten, which both fell by 4.4% and Lundin Gold by 2.3%.

The fund had a relatively cautious equity exposure at the beginning of the month pending the outcome of the US presidential election. As it became increasingly clear that the United States would have a new president, exposure increased to 65% through the repurchase of issued index futures. The three technical indicators for the OMX30 now all point to a positive trend.

Investment Strategy

Unfortunately, the presidential election in the United States became as chaotic as some feared, with a sitting president who refuses to admit that he has lost. It turns out, however, that the American legal system has succeeded in dealing with the situation. As it will be unclear until January 5th which party will govern the Senate, there is uncertainty about how much influence Joe Biden will have on the country's domestic policy. If the Senate is dominated by Democrats, expectations of the new president to implement more forceful social reforms will increase, which would not be appreciated by the financial markets.

There is also uncertainty about how Donald Trump intends to act in foreign policy until he leaves the Oval Office on January 20th, 2021.

In the run-up to the election, expectations from the financial markets were that a victory for Donald Trump would be received positively while a victory for Joe Biden would be received negatively. Nevertheless, the stock market reacted positively when Joe Biden won, probably largely due to his

more constructive attitude, which makes it easier for markets to predict his actions, especially at the international level. The news that Joe Biden has appointed former Fed chief Janet Yellen as the country's new finance minister was also received very positively.

December has historically been a positive stock market month, driven by strong liquidity flows ahead of the turn of the year. It is not entirely clear that this will be the case this year after the sharp rise in November which has led many stock exchanges to "All Time High", despite the fact that the economic situation continues to worsen due to the spread of the Corona virus.

The fund increased exposure to the stock market during the month of November, but has continued a weak wait-and-see attitude while waiting for clear signals from the effect of the various vaccines that will begin to be distributed towards the end of the month.

Finally, we would like to dedicate this report to our friend and former employee Christian Gabus, who unfortunately left us hastily on November 29th, 2020.