



GADD SMP FUND

Monthly Report

December 2020

NAV CHF 1'584.05 *

Inception date 05.04.2011 = CHF 1000

* at 31.12.2020

	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 %	3,3 %	7,6 %

Market Comment

The College of Electors in the United States formally voted Joe Biden for the 46th President of the United States on December 14. Biden received 306 votes, against Trump's 232, out of a total of 538 electoral votes. The new president will take office on January 20th. President Trump has not yet admitted defeat and it is doubtful whether he will attend the inauguration ceremony.

Towards the end of the month, the US Congress also approved the long-discussed bailout package totalling \$ 900 billion.

On Christmas Eve, the EU and the UK were able to announce that they had agreed on the rules to apply when the UK left the EU on 31 December after 47 years of cooperation. However, these rules do not cover the important financial services sector. This is while Scotland's Prime Minister Nicola Sturgeon promised to reintroduce Scotland into EU co-operation as soon as possible.

Due to the continued spread of the Coronavirus, most countries in Europe have introduced much stricter rules of conduct over the Christmas weekend and until the end of January. Towards the end of the month, however, the distribution of vaccines against the virus began, which provided support to the financial markets.

The UK announced that it has detected a variant of Covid-19 that is significantly more contagious than the previous strain. Shortly after that announcement, many countries stopped all sea and air traffic from the UK, which, however, did not prevent the new virus from spreading to most countries in Europe. However, the virus has not proven to be any worse symptoms than the previously existing variant and the vaccines that are now being launched on the market are expected to also protect against this.

Towards the end of the month, an investment agreement between the EU and China was signed, after several years of negotiations. This will make it easier for European companies to invest and own assets in China, while at the same time making it easier for Chinese companies to acquire high-tech companies in Europe.

Index	31.12.2019	31.12.20	YTD
MSCI World (USD)	2 358,47	2 690,04	14,1 %
STOXX50 (EUR)	3 745,15	3 552,64	-5,1 %
S&P 500 (USD)	3 230,78	3 756,07	16,3 %
Nasdaq Comp (USD)	8 972,6	12 888,28	43,6 %
Dax (EUR)	13 249,01	13 718,78	3,5 %
SMI (CHF)	10 616,94	10 703,51	0,8 %
OMX30 (SEK)	1 771,85	1 874,74	5,8 %
MSCI Russia (USD)	806,83	668,73	-17,1 %
MSCI China (USD)	85,15	108,41	27,3 %
NIKKEI (YEN)	23 656,62	27 444,17	16,0 %
Swe. Gov Bond. 10 y	0,15 %	0,027 %	

World Index MSCI World (USD) rose 4.1% during the month. The S&P 500 in the US rose 3.7% and the Nasdaq by 5.6%. In Europe, Stoxx 50 rose by 1.7% and Dax by 3.2%. SMI rose 2.2% while OMX in Stockholm fell by 2.2%. MSCI China (USD) rose 2.7% and MSCI Russia (USD) by as much as 9.7%. Nikkei in Japan rose 3.8%.

The Swedish 10-year government bond yield increased from -0.01% to +0.03% per month. It is gratifying for Gadd to see that the fund had a strong development during the last month of the year and thus a significantly better development than OMX30 for the full year 2020.

Activities of the month

During the month, Peab distributed its property portfolio - through the company Annehem - to its shareholders. The fund sold the shares because the exposure to real estate is considered sufficient. The fund also took the opportunity to sell the shares in Scibase after the sharp rise last month. In addition, 1% of the fund's value was subscribed for in Backaheden Fastighets AB and Studentbostäder AB. Backaheden owns a logistics property in Kungsbacka which is leased for 11 years and which is estimated to generate a dividend of 7.5% annually. In the company Studentbostäder, we see an interesting increase in value potential. The "community properties" segment is appreciated thanks to the lower operational risk, while Studentbostäder now has strong and knowledgeable shareholders.

The Douglas family announced that they were selling some of their shares in the family's holding company Latour at a 12% discount, which caused the share to fall and the fund reduced its exposure from 4 to 3%. The fund's exposure, on the other hand, increased from 3 to 4% in each of the investment companies VEF, earlier known as Vostok Emerging Finance and VNV Global, earlier known as Vostok New Ventures. Both companies have shown promising development in recent times.

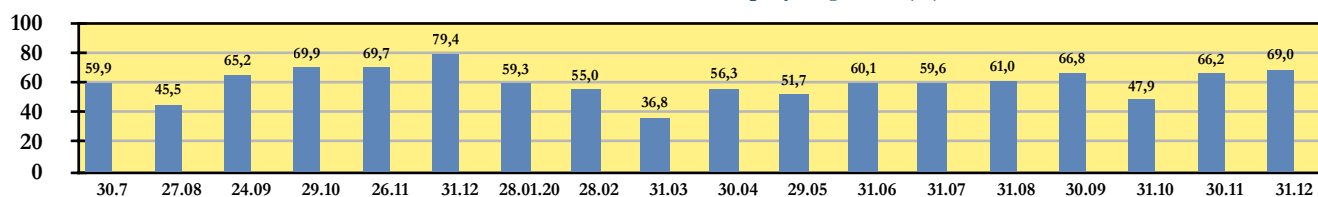
The short-term technical indicator shows a slight decline, while the medium-term and long-term indicators show a consolidation after the strong price increase in November.

Investment strategy

There are many indications that 2021 will be a more stable year than 2020. The United States elected a new president who has an agenda that is easier to predict, which is appreciated by the financial markets. On January 5th, however, the people of the US state of Georgia had to go through with a re-election to the US Senate since the previous election result was so even. The election is important because the Senate has been dominated by the Republican Party, but if the Democrats win the election, the Democratic Party would receive the majority in the Senate. The financial markets prefer the Senate to be dominated by the Republican Party as it reduces the chances for the Democrats - and its president - to implement economically eventually unjustified tax increases.

It now lies in everyone's good hopes that the general vaccination that has now been initiated will radically reduce the spread of the Coronavirus, which would lead to fewer restrictions in society and a positive impact on the world economy.

GADD SMP FUND: Net Equity Exposure (%)



The stock market generally had a positive undertone, especially towards the end of the month, and many of the fund's shares had a positive development. The most notably sharp rises were in Organoclick, which rose by as much as 41.0%, closely followed by QleanAir (38.4%), VNV Global (31.9%) and Swedencare (31.6%). Other companies that had a positive price development during the month were Sdiptech (17.3%), Husqvarna and Hexatronic (16.6%), Momentum Group (12.7%), Lifco (12.6%), Kindred Group (12.3%), Nibe (11.6%), Skistar (8.6%), Enea (10.0%), Indutrade (8.1%), VEF (6.3%) and JM (5.9%).

On the negative side, Latour fell by 11.6%, Africa Energy by 9.9%, Nordea 8.3%, Ericsson 6.9%, SE-banken 6.8%, Telia 6.6%, H&M 5.3% and NGex Minerals 3.7%.

The fund had a relatively balanced equity exposure at the beginning of the month. However, this was reduced during the second half of the month when the more contagious variant of Covid-19 was discovered in the UK, with increased travel restrictions as a result, while negotiations between the EU and the UK made little progress. The share exposure was again increased to just over 70% when it turned out that the negotiations led to an agreement on Christmas Eve.

The large increase in liquidity from the national banks in 2020 must continue to be invested and the central banks' stated ambition is to increase inflation to a level well above 2% before any interest rate increases will be implemented, which should drive the financial markets higher during the year.

Much of this positive scenario is already included in today's stock market prices if you mainly look at different stock market indices. The probability is therefore high that the market will "rotate" from last year's winning shares to shares that have developed weaker over the past period. This scenario would be positive for equities in, for example, the financial, manufacturing, real estate and also the commodities sector at the expense of IT and other growth sectors, which is well suited to the fund's current equity exposure.

Lastly, we at Gadd take the opportunity to thank you all for the trust you placed in us during the past year and wish all readers a **HAPPY NEW YEAR!**