



GADD SMP FUND

Monthly Report February 2021

NAV CHF 1'632.70*

Inception date 05.04.2011 = CHF 1000

* at 28.02.2021

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
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 %
2021	0,0 %	3,1 %											3,1 %

Market Comment

The corona pandemic continued to affect the financial markets during the month of February. Over 500'000 people have died as a result of the Covid-19 virus in the United States by now, which is more than the country lost in war throughout the entire 20th century.

In Europe, restrictions were extended in several places as the spread of the virus worsened while frustration kept growing over the fact that neither the production nor the distribution of vaccines have not been proceeding quite as well as expected.

A previously classified report from the CIA was recently published, describing that Saudi Crown Prince Mohammed bin Salman had personally approved the assassination of journalist Jamal Khashoggi in Istanbul in 2018. President Biden has shown that he will be taking a tougher stance towards Saudi Arabia than his predecessor.

Towards the end of the month, the US conducted airstrikes on Iranian-backed rebel groups in Syria, in retaliation for other Iranian-backed groups attacking US personnel in Iraq. The attacks probably explain in part why Iran declined an invitation from the EU and the US to resume discussions on reviving previous nuclear energy agreements, which the Trump administration unilaterally terminated.

The Italian government crisis was resolved relatively quickly when the country's President Sergio Mattarella gave the former head of the ECB - Mario Draghi - the task of forming a new government. He garnered the trust of all parties, except for the right-wing extremists.

In Myanmar, a military coup backed by China was carried out and Aung San Suu Kyi was put in house arrest. The situation remains volatile and it is hard to predict what it will amount to, although the military has promised new elections within a year.

Back in the US, Congress is likely to approve the Democrats' \$ 1.9 trillion bailout package. Some economists fear that the powerful action program could "overstimulate" the US economy. As a result, US interest rates have risen sharply, contributing to nervous financial markets towards the end of the month.

Index	31.12.20	28.02.21	YTD
MSCI World (USD)	2 690,04	2 726,91	1,4 %
STOXX50 (EUR)	3 552,64	3 636,44	2,4 %
S&P 500 (USD)	3 756,07	3 811,15	1,5 %
Nasdaq Comp (USD)	12 888,28	13 192,35	2,4 %
Dax (EUR)	13 718,78	13 786,29	0,5 %
SMI (CHF)	10 703,51	10 522,22	-1,7 %
OMX30 (SEK)	1 874,74	2 009,9	7,2 %
MSCI Russia (USD)	668,73	666,36	-0,4 %
MSCI China (USD)	108,41	115,18	6,2 %
NIKKEI (YEN)	27 444,17	28 966,01	5,5 %
Swe. Gov Bond. 10 y	0,027 %	0,416 %	

In addition, oil prices have continued to rise and are now at the same level as before the pandemic (around USD 63 per barrel), which also increases the inflation expectations.

Several metal prices also rose sharply during the month and the price of copper rose due to increased demand and limited supply. Copper is an important metal for the production of e.g. electric cars where the consumption is ten times higher than for traditional cars.

The World Index, MSCI World (USD), rose 2.4% during the month. S&P 500 in the US rose 2.6% while Nasdaq rose 0.9%. In Europe, Stoxx 50 rose by 4.5% and Dax 2.6%. SMI fell 0.7% while OMX in Stockholm rose by 3.1%. MSCI

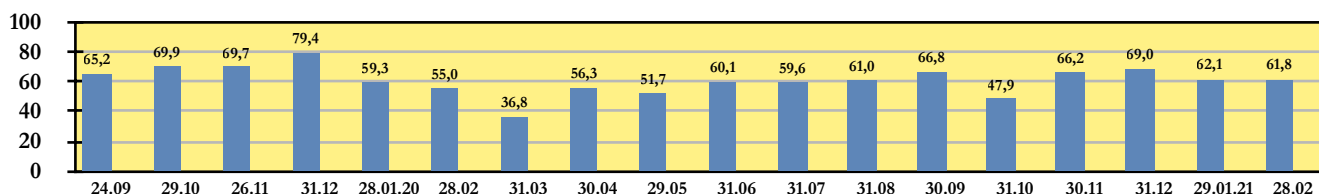
China (USD) fell 1.0% while MSCI Russia (USD) rose 2.5%. Nikkei in Japan rose 4.7%.

It is noteworthy that the 10-year Swedish government bond has risen from close to 0% at the end of the year, to almost 0.5% towards the end of February. This has led to a strengthening of the Swedish crown (SEK) and with an increasingly strong SEK, Sweden's export industry take get a heavy hit. The Swedish 10-year government bond yield rose from 0.105% to 0.416% during the month.

Activities of the month

During February, 1% of the fund's value was subscribed for in the Vesivek bond. The company is active in the renovation of rooftops in Sweden and Finland. The coupon is Stibor + 6.6% and the term is 3 years.

GADD SMP FUND: Net Equity Exposure (%)



Already last month, the fund sold half its holding in the real-estate company Tre Kronor and during the current month, the remaining shares were sold. The company may be considered fully valued and the ambition is to reduce the fund's exposure to high-yielding real estate shares in favour of more cyclical shares.

The positions in IPC and Sdiptech were increased by 1% to 2% each, thanks to the good development of these shares during the month. At the same time, the exposure to the real estate companies Lundbergs and Wihlborgs was reduced by 1% to 3% each due to the companies' weaker development on the stock exchange.

The companies continued to present their year-end reports for 2020, which was generally received positively and provided support to the financial markets. Towards the end of the period, however, nervousness increased over rising interest rates.

Several of the fund's shares had a positive development. Above all, the sharp rise in Kindred rose by as much as 33.4%, closely followed by IPC (30.1%) and Filo Mining (26.0%). Other companies that had a positive price development were Pomegranate Investments (20.0%), Sdiptech (18.6%), NGex Minerals (14.0%), Nordea (12.5%), Indutrade (12.2%), H&M (11.2%), Josemaria Ressources (11.1 %), AarhusKarlshamn (10.6%) and Sandvik (8.6%).

On the negative side, Momentum Group fell 6.2%, Enea 6.1%, VNV Global 6.0%, Skanska 5.4%, Organoclick 5.2%, Wihlborgs and Nibe 5.1% and Lundbergs fastighetsbolag 4.5%.

The fund stayed at 60% equity exposure throughout the month.

The short technical indicator for OMX 30 has turned down and now shows a consolidation phase while the medium and long indicator continue to show a positive trend.

Investment strategy

The sectorial rotation that we had predicted during the month came true. In February, a clear trend shift could be observed in the financial markets: the stocks that were winners during the corona crisis lost momentum at the very same time as the ones that struggled during the crisis rose. Raw materials and oil stocks rose, as did more cyclically sensitive companies, while many investors took the opportunity to take home profits in companies exposed to the internet, real estate and ESG.

The US Congress is likely to approve Joe Biden's \$ 1.9 trillion stimulus package. Many are afraid that this gigantic stimulus package will contribute to rising inflation, which will lead to rising long-term interest rates. It is also likely that inflation figures, calculated on a rolling 12-month basis, will rise sharply in the coming months, as the comparative figures from last year in March and April were very weak, which could have a negative effect on the stock market in the coming months.

Vaccination against Covid-19 is now beginning to gain momentum in the EU and the US, and more and more pharmaceutical companies are getting their vaccines approved. It increases the availability of vaccines while improving the distribution of the vaccine, which over time will reduce the spread of the virus. Pending the corona pandemic showing a clear trend break, the fund maintains a limited equity exposure of approximately 60% until the risk picture clears.

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