



# GADD SMP FUND

## Monthly Report March 2021

NAV EUR 1'767.70\*

Inception date 12.04.2011 = EUR 1000

\* at 31.03.2021

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2014	-0,4 %	5,0 %	-1,6 %	3,1 %	1,4 %	0,9 %	-1,7 %	0,7 %	-2,2 %	0,5 %	3,6 %	1,7 %	11,1 %
2015	0,5 %	5,3 %	-0,2 %	2,0 %	-0,8 %	-4,2 %	0,8 %	-2,3 %	-0,4 %	4,0 %	1,0 %	1,5 %	5,6 %
2016	-4,8 %	1,3 %	2,1 %	3,4 %	3,5 %	-5,3 %	3,4 %	2,5 %	2,1 %	0,1 %	-2,3 %	2,2 %	7,9 %
2017	0,9 %	2,8 %	-2,9 %	3,9 %	1,3 %	0,1 %	-3,0 %	-1,6 %	3,7 %	1,4 %	-1,3 %	-1,1 %	4,0 %
2018	1,5 %	1,1 %	-3,0 %	2,5 %	1,1 %	-0,6 %	0,6 %	3,4 %	-0,9 %	-5,5 %	-2,0 %	-2,9 %	-5,1 %
2019	5,7 %	4,6 %	-0,1 %	4,2 %	0,1 %	1,1 %	0,1 %	-1,6 %	0,5 %	0,1 %	3,1 %	1,8 %	21,4 %
2020	1,6 %	-4,7 %	-15,9 %	9,2 %	4,3 %	1,1%	3,1 %	3,9 %	2,7 %	-3,4 %	5,1 %	3,3 %	8,1 %
2021	0,0 %	3,0 %	2,7 %										5,8 %

### Market Comment

During the past month, mainly England, the USA, and Israel have made good progress in their full-scale Covid-19 vaccination. The EU area has in the meantime fallen far behind. As a result, the United States has been able to ease the fight against the pandemic, unlike the EU, which has instead had to impose further restrictions to reduce the spread of the virus. According to a report by Bloomberg, US GDP is expected to increase by 4.8% in the first quarter of this year, compared with a continued negative development within the EU of 3.6%. England, obviously negatively affected by Brexit, is at a negative 13.3% and Japan -5%.

The US Congress approved President Biden's massive \$1.9 trillion stimulus package, which included direct payments to 90% of all American households. The President has also presented an additional stimulus package of just over \$2 trillion with a focus on benefiting various types of infrastructure investments. It is therefore not surprising that US GDP is expected to rise by almost 7% in 2021.

The Opec 2 surprised during their meeting earlier this month, where it was decided to maintain oil production quotas for all members except for Russia and Kazakhstan, which were allowed to increase their production marginally, which in turn helped support oil prices. When Houthi rebels from Yemen later attacked oil installations in Saudi Arabia with 14 military drones and 8 rockets, the oil price surged to over 70 USD / barrel.

Towards the end of the month, the container ship *Ever Given* blocked the Suez Canal after getting off course partly due to a sandstorm in the area. It took roughly a week before the ship could be released from the grounding. The total closure of the canal also affected the oil price, but above all the Western world was once again reminded of how vulnerable its economy is to possible disruptions. Even if the Suez Canal is no longer blocked, it will take months before transport between Europe and Asia is completely restored.

In Myanmar, at least 100 people were killed in just one day after violent demonstrations against the new military government and the world's opinion against the political repression in the country is getting more pronounced by the day.

Index	31.12.20	31.03.21	YTD
MSCI World (USD)	2 690,04	2 811,7	4,5 %
STOXX50 (EUR)	3 552,64	3 919,21	10,3 %
S&P 500 (USD)	3 756,07	3 972,89	5,8 %
Nasdaq Comp (USD)	12 888,28	13 246,87	2,8 %
Dax (EUR)	13 718,78	15 008,34	9,4 %
SMI (CHF)	10 703,51	11 047,37	3,2 %
OMX30 (SEK)	1 874,74	2 192,86	17,0 %
MSCI Russia (USD)	668,73	701,05	4,8 %
MSCI China (USD)	108,41	107,93	-0,4 %
NIKKEI (YEN)	27 444,17	29 178,8	6,3 %
Swe. Gov Bond. 10 y	0,027 %	0,43 %	

The Turkish lira fell almost 20% when President Erdogan fired the country's central bank governor after raising interest rates to 19% against the president's wishes. Inflation in the country now exceeds 16%.

The United States is still opposing the *Northstream 2* gas pipeline, which is now being completed between Russia and Germany. The USA believes that Germany / EU will become far too dependent on Russian gas if the pipeline is taken into use, at the same time as increased supply of gas from Russia puts price pressure on US gas prices to Europe.

World Index MSCI World (USD) rose 3.1% during the month. The S&P 500 in the US rose 4.2% while the Nasdaq rose barely 0.41%. In Europe, Stoxx 50 rose by 7.8% and Dax 8.9%. SMI rose 5.0% while OMX in Stockholm rose by 9.1%. MSCI China (USD) fell 6.3% while MSCI Russia (USD) rose 5.2%. Nikkei in Japan rose 0.7%.

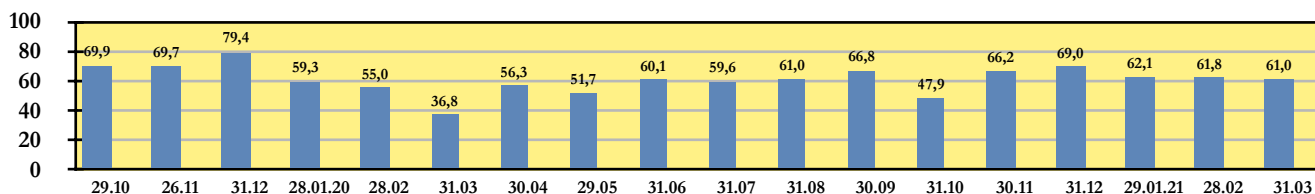
The Swedish 10-year government bond yield rose from 0.416% to 0.43% during the period.

## Activities of the month

During the month, 1% of the fund's shares in each of Wihlborgs and Cibus were sold, but the fund still retains 1% of exposure in each company. The exposure to Vostok Emerging Finance (VEF) and VNV Global was also reduced by 1% to 3% each due to the weak development of the shares in recent months.

The position in QleanAir, on the other hand, increased from 1% to 2% due to recent share growth.

**GADD SMP FUND: Net Equity Exposure (%)**



Several of the fund's shares had a positive development during the month. Above all, the sharp rise in Pomegranate Investment can be mentioned, which rose as much as 36.0%, closely followed by Filo Mining (32.3%) and Husqvarna (21.8%).

Other companies that had a positive price development were QleanAir and Assa Abloy (18.6%), Latour (17.6%), Kindred (14.7%), Momentum Group and Lundbergs (13.5%), Nordea (12.7%), OrganoClick (12.5%), Atlas Copco (10.3%), Industrivärden C (9.9%), Ericsson B (9.6%), SEB (9.5%) and AAK (9.3%).

On the negative side, the development in NGex Minerals, which fell by 15.4%, Student Housing (12.8%), Veoneer (7.9%) and Skistar (5.4%).

The fund had remained unchanged at just over 60% in equity exposure throughout the month.

The short technical indicator for the OMX 30, which previously showed a consolidation phase, has now turned upside down and now, like the medium and long term indicators, shows a positive trend.

## Investment strategy

The market continues to rotate from growth stocks to value stocks - a theme that suits the fund's exposure well.

The US economy is showing increased strength through President Biden's two major stimulus packages. In addition, when the chairman of the Federal Reserve - James Powell - announced that the bank will keep interest rates close to 0% for at least another 2 years, despite already seeing strong signs that the US economy will recover faster than previously estimated, it is understood that many of the market players are optimistic about the future. The counterweight is that the major US stimuli will in the long run drive inflation higher, which should have a negative impact on the financial markets.

In the long run, the strong economic development in the United States, which is likely to exceed China's growth rate this year, will also have a positive impact on the European economy.

At the same time as economic development is advancing and providing support to the financial markets, geopolitical tensions are building up. US relations with Russia and China are deteriorating and China continues to provoke Taiwan through simulated airstrikes over Taiwanese territory.

The United States' relations with Iran will probably also have to further deteriorate before they improve enough to resume negotiations towards reviving the nuclear weapons agreement.

Although the supply of vaccines in the EU remains weak, the production keeps increasing and the number of approved vaccines keeps growing. It is now only a matter of time before everyone who wants to get vaccinated has the opportunity to do so. This will gradually lead to a reduction in the spread of Covid-19, which means that EU members will also be able to open up their economies. This should provide support for European stock exchanges in the coming months.

We at GADD take the opportunity to wish everyone a

**Happy Easter!!**

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