



# GADD SMP FUND

## Monthly Report April 2021

NAV CHF 1'741.30 \*

Date de conception 05.04.2011 = CHF 1000

\* au 30.04.2021

|      | 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 %  | 2,8 %   | 3,8 % |        |        |        |        |        |        |        |        | 9,9 %  |

### Market Comment

After Congress approved President Biden's massive \$1.9 trillion stimulus package last month, the president presented two more important stimulus packages. First the "American Family Plan" of \$1.95 billion and then the "American Jobs Plan" of \$2.25 billion. It was therefore not surprising that the US stock markets developed well in April. These two stimulus packages were presented when it was already known that the US economy created 916'000 new jobs during the month against the expected 650'000, which made it clear that the US economy is already showing strong growth. The now proposed giant stimulus packages have not yet been approved by Congress and since part of their financing will take place through increased taxes, this should in time have a dampening effect on the financial markets. Among other things, a sharply increased capital gains tax is proposed from 20 to almost 40%.

On the geopolitical front, the rhetoric between the United States and China over Taiwan is increasing. The problem is accentuated by the fact that Taiwan is a world leader in semiconductor manufacturing, which is now in great shortage, and both China and the United States are dependent on these products for their defence industry. At the same time, the United States needs China's support to succeed in its efforts to resume negotiations with Iran to revive the nuclear deal.

Tensions between the US and Russia, on the other hand, seem to have eased as Russia has reduced its troop efforts towards the border with Ukraine, while US pressure on Germany not to complete the gas pipeline - Northstream 2 - has diminished.

Within the EU, vaccination against Covid-19 is gaining momentum, which allows for some easing of current restrictions, which gives hope in the financial markets. The spread of the pandemic in India, on the other hand, is out of

control with over 400'000 infected a day and the country is becoming increasingly isolated.

| Index               | 31.12.20  | 30.04.21  | YTD    |
|---------------------|-----------|-----------|--------|
| MSCI World (USD)    | 2 690,04  | 2 938,76  | 9,2 %  |
| STOXX50 (EUR)       | 3 552,64  | 3 974,74  | 11,9 % |
| S&P 500 (USD)       | 3 756,07  | 4 181,17  | 11,3 % |
| Nasdaq Comp (USD)   | 12 888,28 | 13 962,68 | 8,3 %  |
| Dax (EUR)           | 13 718,78 | 15 135,91 | 10,3 % |
| SMI (CHF)           | 10 703,51 | 11 022,34 | 3,0 %  |
| OMX30 (SEK)         | 1 874,74  | 2 217,02  | 18,3 % |
| MSCI Russia (USD)   | 668,73    | 700,39    | 4,7 %  |
| MSCI China (USD)    | 108,41    | 109,37    | 0,9 %  |
| NIKKEI (YEN)        | 27 444,17 | 28 812,63 | 5,0 %  |
| Swe. Gov Bond. 10 y | 0,027 %   | 0,0395 %  |        |

In Germany, it seems that the Green Party will have an increasing influence on German politics when the country goes to the polls in September 2021 to find a replacement for Angela Merkel.

World Index MSCI World (USD) rose 4.5% during the month. The S&P 500 in the US rose 5.2% while the Nasdaq rose 5.4%. In Europe, Stoxx 50 rose by 1.4% and Dax 0.9%. However, SMI fell 0.2% while OMX in Stockholm rose by 1.1%. MSCI China (USD) rose 1.3% while MSCI Russia (USD) fell 0.1%. Nikkei in Japan fell 1.3%.

The Swedish 10-year government bond yield fell from 0.404% to 0.395% during the month.

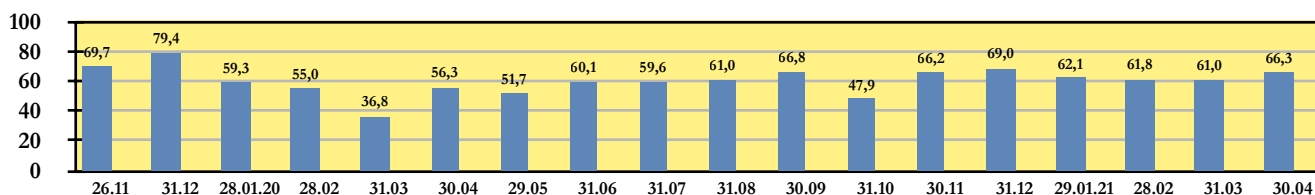
## Activities of the month

In April, most listed companies presented the results for the first quarter of the year. Expectations of better results were largely met and provided good support for most share prices. However, the companies that presented future prospects that were more cautious than the market expected were penalised.

The fund sold its entire holding in Organoclick, corresponding to 1% of the fund's value, and instead bought Implantica for the corresponding amount. Implantica is a medical technology company based in Switzerland with an exciting product portfolio.

- 1) The trend towards more populist political trends is contributing to rising national budget deficits.
- 2) Global trade tends to decline as many countries become increasingly protectionist.
- 3) Consumers are more interested in buying locally produced goods.
- 4) China's working population is fully employed, which means wage inflation in the country if demand increases.
- 5) Demand for raw materials is increasing, which contributes to higher prices and inflation.
- 6) Productivity / employee is steadily declining in the western world, which leads to cost increases.

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



The fund's holdings in SEB and Nordea each increased by 1% to 3 and 4% respectively, which means that the fund now has a total exposure to the banking sector of 7%. The fund's share in Enea increased by 1% to 2%, while its holding in Sandvik decreased by 1% to 3%, which is a more sustainable level for the fund.

Several of the fund's shares had a positive development during the month. Above all, the sharp rise in Hexatronic rose by a full 38.0%, followed by Momentum Group (27.1%) and Lundin Gold (20.2%).

Other companies that had a very positive price development were Peab (15.8%), Filo Mining (15.1%), Latour (14.5%), Sdipotech (14.1%), Lifco (12.2%), Indutrade (9.7%), NGex Minerals (9.1 %) and Cibus Nordic Real Estate (8.9%). On the negative side, developments in Sandvik fell by 12.3%, Africa Energy (10.2%), Student Housing (9.4%), Volvo (8.4%) and Veoneer (6.7%).

The fund increased its equity exposure during the month by 5% to just over 66%.

All three technical indicators (short, medium and long) for the OMX 30 now show a positive trend.

## Investment strategy

The financial markets in Europe developed more cautiously than in the US during the month, which is understandable as the US has presented three powerful stimulus packages to get the country's economy going while successfully vaccinating a much larger proportion of its population than Europe. The question now is whether the US will not overstimulate its economy, which would lead to difficult-to-control inflation. In the long run, there are several macroeconomic variables that indicate that inflationary pressures will intensify rather than what many expect:

- 7) Rising interest rates increase financing costs and inflation.

These factors, among others, mean that the probability of increased inflation is high within a two-year period, which means that the market will continue to rotate from growth equities to value equities - a theme that still suits the fund well.

At the same time as economic development intensifies in the United States and soon also in Europe, which provides support to the financial markets, the geopolitical tensions are building up, above all between the United States and China. The market has also developed strongly in recent months, making it more sensitive to negative news. The fund therefore maintains a relatively balanced equity exposure of 65% for the coming month.

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