



# GADD SMP FUND

## Monthly Report May 2021

NAV CHF 1'741.30\*

Inception date 05.04.2011 = CHF 1000

\* at 31.05.2021

	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%	3,8%								9,9%

### Market Comment

Geopolitical tensions rose again in the Middle East as fighting erupted between Israel and Palestine during the month. Rockets were fired blindly over Israel from the Hamas-controlled Gaza Strip, giving Israel a reason to bomb the area in retaliation. It was only after strong mediation from the United States and Egypt that the fighting ceased, but more than 250 people are estimated to have died during the fighting. It is likely that Hamas, which is led by the Iranian Revolutionary Guards and is opposed to Iran and the United States resuming negotiations to revive the nuclear deal, has been the source of the unrest. However, negotiations between Iran and the United States have continued with some success.

The rhetorical dispute between the United States and China continues. President Biden has given the US intelligence service 90 days to find out how the covid-19 virus originated. It is still strongly believed that it was either spread from live animals on the market in Wuhan, China, or that the virus was spread unintentionally from the national biological laboratory in Wuhan which is researching various virus species. The Chinese president has made his displeasure to the suspicions clear, as China believes that the virus was produced in a laboratory in Fort Detrick, Maryland, USA and then passed on to Wuhan in China.

China, like the other nation in the world, succeeded in landing a spacecraft - *Zhurong* - on Mars, which also contributes to increasing competition between the United States and China.

However, tensions between the United States and Russia have eased and President Biden will meet with President Putin in Geneva on June 16.

The Scottish independence movement lost power after the election results of the Scottish Parliament became known. Despite an intense debate, many question marks need to be resolved before a possible separation from the UK can

take place. Several EU countries, such as Spain, are categorically opposed to accepting breakaway countries.

Index	31.12.20	31.05.21	YTD
MSCI World (USD)	2.690,04	2.975,7	10,6%
STOXX50 (EUR)	3.552,64	4.039,46	13,7%
S&P 500 (USD)	3.756,07	4.204,11	11,9%
Nasdaq Comp (USD)	12.888,28	13.748,74	6,7%
Dax (EUR)	13.718,78	15.421,13	12,4%
SMI (CHF)	10.703,51	11.363,45	6,2%
OMX30 (SEK)	1.874,74	2.241,87	19,6%
MSCI Russia (USD)	668,73	755,69	13,0%
MSCI China (USD)	108,41	109,97	1,4%
NIKKEI (YEN)	27.444,17	28.860,08	5,2%
Swe. Gov Bond. 10 y	0,027%	0,455%	

As a clear sign that the world economy is now starting to pick up again, the copper price rose above 10,000 USD/ton, which is the highest level in 10 years, while Brent oil rose to 71 USD/barrel, the highest level in 2 years.

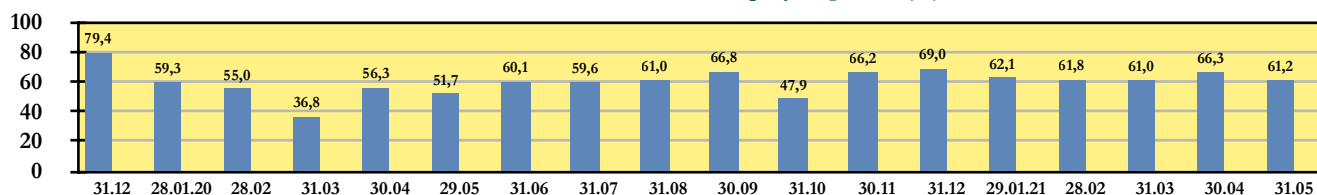
Sveriges Riksbank announced that it intends to issue a bond with a maturity of 50 years for the first time ever. The interest rate is expected to be just over 1%, a yield that will probably not cover inflation during the corresponding period.

World Index MSCI World (USD) rose 1.3% during the month. The S&P 500 in the US rose 0.6% while the Nasdaq fell 1.5%. In Europe, Stoxx 50 rose by 1.6% and Dax 1.9%. SMI rose 3.1% and OMX in Stockholm rose 1.1%. MSCI China (USD) rose 0.6% while MSCI Russia (USD) rose 7.9%. Nikkei in Japan rose 0.2%.

The Swedish 10-year government bond yield rose from 0.395% to 0.455% during the month.

One can also see clear signs that economic policy in China is less expansionary than before, which may also have a negative effect on Western growth rates in the future.

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



## Activities of the month

Several of the fund's shares had a positive development during the month. The most remarkable event in the fund's shares was however when Filo Mining found high levels of copper and gold during its drilling in the Andes that caused the share to rise by as much as 167%. The preliminary results indicate that Filo Mining has found a world-class deposit. As the results from several boreholes remain, we still see good potential in the share. Filo's findings increased interest in the entire sector and Josemaria Resources increased by 26.5% and NGex Minerals by 20%.

Other companies that had a very positive price development were Logistri (19.3%), Pomegranate Investment (16.7%), IPC (16.6%), Nibe (16.5%), Cibus (12.0%), Latour (9.5%), Halmslätten (9.2%), Lundbergs (7.8%), Wihlborgs (7.6%), Dometic and Implantica (7.4%).

On the negative side, the development in Momentum Group fell by 18.5%, Enea and Peab (6.5%), Vostok Emerging Finance (6.1%), Hexatronic (5.4%) and Ericsson (5.2%).

During the month, the fund sold half of its holding in Pomegranate after a sharp rise to subscribe for 1% of the fund's assets in Yabie AB. The company is active in payment solutions and has, among other things, Ikea as one of its main customers. In addition, the fund's holding in Filo Mining increased to 4% due to the share's sharp rise, while its holding in Enea decreased from 2 to 1% due to the share's weak stock market development.

The fund reduced its equity exposure during the month by 5% to around 61% via index futures.

All three technical indicators (short, medium and long) for the OMX 30 show a continued positive trend even though the market is now undergoing a consolidation phase.

## Investment strategy

The financial markets developed, as expected, relatively hesitantly during the month. The rotation from growth shares to value shares continues, which suits the fund well.

Inflation figures are rising, which means higher interest rates. Although the rise is currently considered to be temporary, uncertainty arises in the market in the event of sharp trend changes.

However, economic development continues to intensify in the United States and more recently in Europe, where many countries will ease pandemic restrictions in June. This, in turn, should provide continued support to the financial markets.

The stock market has developed positively since more than a year ago, which, however, makes it more sensitive to any negative news. At the same time, the fund has developed very well through its stock selection. The fund therefore chooses to maintain a relatively balanced equity exposure of 60% for the month ahead, pending the results for the second quarter to be announced in July.

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It is gratifying to note that the fund has fulfilled its ambition to have now, after just over 10 years, doubled its unit value to a risk level equivalent to a bond fund. That is also why the fund has been awarded 5 stars by the two rating institutes Morningstar and Quantalys. We at Gadd thank our unit holders for the trust we have received in managing your capital.

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