



GADD SMP FUND

Monthly Report August 2021

NAV CHF 1'976.69*

Inception date 05.04.2011 = CHF 1000

* at 31.08.2021

	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%	7,2%	0,0%	4,6%	1,3%					24,8%

Market Comment

Following nearly 20 years of military occupation, the US troops withdrew from Afghanistan in early August. After only a few weeks the Taliban managed to seize the capital of Kabul with support from China and Pakistan. Very few expected the US sanctioned government to implode so quickly, and chaos ensued when 120 000 civilians attempted to evacuate at the airport. The Taliban acquisition of power is worrisome, and the implications of the new status quo are hard to predict. However, the new situation in Afghanistan has not yet impacted the financial market.

After imposing restrictions on usage of social media and gaming applications on the internet, the Chinese president Xi Jinping announced an increased income tax for high income, with the aim to reduce the increasing income inequality in the country. The decision affected the western luxury industry negatively.

The Malaysian government, led by PM Muhyiddin Yassin, announced the government's resignation to the king, which most likely will result in new elections.

With hopes of getting reelected for the third time in a row, the Canadian PM Justin Trudeau announced that new elections will take place the 20th of September.

The Swedish PM on the other hand, announced that he will resign at the next party congress. There is not yet a clear successor for the role as party leader and Swedish PM.

Poland has long been the target of harsh criticism from the EU for its new legal reform which allegedly undermines the objectivity and unbiased of the legal system. The leader of the national-conservative party PIS has finally announced that parts of the reform will be removed.

The newly elected Iranian Prime Minister Ebrahim Raisi harshened his tone towards USA, and an agreement between the two countries regarding the dysfunctional JCPOA deal, which limits the country's development of nuclear energy, is unlikely to be reached in the near future.

Index	31.12.20	31.08.21	YTD
MSCI World (USD)	2.690,04	3.141,35	16,8%
STOXX50 (EUR)	3.552,64	4.196,41	18,1%
S&P 500 (USD)	3.756,07	4.522,68	20,4%
Nasdaq Comp (USD)	12.888,28	15.259,24	18,4%
Dax (EUR)	13.718,78	15.835,09	15,4%
SMI (CHF)	10.703,51	12.411,11	16,0%
OMX30 (SEK)	1.874,74	2.351,25	25,4%
MSCI Russia (USD)	668,73	797,02	19,2%
MSCI China (USD)	108,41	94,01	-13,3%
NIKKEI (YEN)	27.444,17	28.089,54	2,4%
Swe. Gov Bond. 10 y	0,027%	0,106%	

The much discussed IPCC-rapport from the UN – regarding the global environmental situation – was published during August, however it did not translate to any significant impact on the financial markets.

The global index MSCI World (USD) rose 2.4% in August. S&P 500 in USA rose 2.9% while Nasdaq rose with 4.0%. In Europe, Stoxx 50 rose by 2.6% and Dax 1.9%. SMI rose 2.4%, but OMX Stockholm decreased by 0.8%. MSCI China (USD) decreased 0.1%, but MSCI Russia (USD) rose 3.6% and Nikkei in Japan rose 3.0%.

It is gratifying to see the funds positive result this month, even though the Swedish indexes have been in decline.

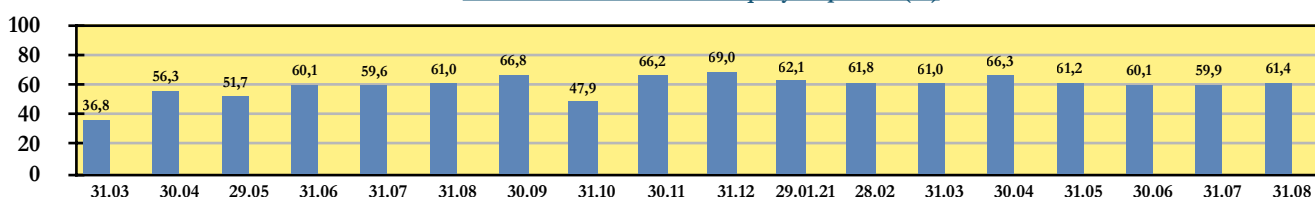
The Swedish 10-year government bond rate increased from 0.106 % to 0.169 % during the period.

Activities of the month

During August, firms continued to publish their half-yearly reports, which in many cases affected their share prices considerably.

The fund purchased shares for 1 % of the assets in Embracer, a producer of games for mobile phones and computers. The company has grown considerably the last few years, but the gaming sector has been under pressure lately, which presented a good buying opportunity.

GADD SMP FUND: Net Equity Exposure (%)



Also, the funds exposure in Hexatronic increased from 2 to 3% after the shares strong development. The fund also decreased its exposure from 2 to 1% in H&M while also decreasing the exposure to Volvo B and Peab from 3 to 2% in each company respectively.

Last month Veoneer performed well thanks to an acquisition offer from Magna Group. There was potential for multiple bids, which caused the share price to increase by a further 16.1 %, and the share price has now risen by 72% since the start of the year.

Hexatronic, thanks to a soaring 49% increase, was the shining star of August. A large success on primarily the US market caused the financial market to value the stock highly.

Further, the following companies saw a very positive development; Africa Energy (28.2%), Nibe (17.0%), Skistar (13.1%), Josemaria Resources (12.9%), Kindred (12.6%), VEF (12.0%), Momentum Group (10.6%), Sdiptech (10.4%), Pomgranate (10.0%) and JM (9.8%).

On the negative side, one can note Latour (-10.7%), Lundbergs (-10.4%), IPC (-9.1%), Industrivärden C (-8.8%), Filo Mining (-8.7%), Enea (-6.7%) and Dometic (-6.4%).

The funds net equity exposure increased slightly from just over 60% to 61.4%.

Due to the weak development of the Stockholm financial market, the short term technical indicator shows a negative trend, the medium term indicator shows a consolidation phase, while the long term indicator shows a continued positive trend for OMX30.

Investment strategy

The Delta variant of Covid-19 is continuing to spread, which forces many countries to reintroduce previous restrictions although most European countries are holding off with the more drastic measures. Most countries can also observe a diminishing increase of cases. The fact that the vast majority of people testing positive for the delta variant are unvaccinated, should encourage younger people to get vaccinated. Furthermore, it is becoming more common in western countries to require so called covid-passes in order to access certain jobs and public spaces. In a speech to Alabama, even the previous vaccine sceptic, Donald Trump, urged everyone to get vaccinated. The hope is that even if cases are many, the situation will not be severe enough to cripple the healthcare sector.

The geopolitical tensions are rising in the Middle East due to the Taliban victory in Afghanistan. It is, however, hard to get a clear picture of the situation as USA and Iran are failing to progress in their discussions.

The companies' Q2 reporting is finished, and Federal Reserves chairman Jerome Powell introduced no imminent changes to US financial policy during his Jackson Hole speech. Both previously stated factors could have affected the financial markets considerably. Consequently, during the month of September, the financial markets will primarily focus on the uncertain geopolitical situation in the world.

The fund therefore chooses to maintain a fairly balanced equity exposure of 60% heading into the coming month, waiting for the market to consolidate after this year's substantial market increase.

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