



GADD SMP FUND

Monthly Report September 2021

NAV CHF 1'955.07*

Inception date 05.04.2011 = CHF 1000

* at 30.09.2021

	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%	-1,1%				23,4%

Market Comment

The financial markets generally had a negative development during the month. It was mainly the uncertainty as to whether China's largest real estate company Evergrande would be able to pay the interest on the loans that fell due during the month. Evergrande has a total debt of USD 305 billion and if the company is unable to pay, it is feared that it will not only affect the Chinese market but also the markets in the USA and Europe.

After an extremely even election, it is clear that the SPD (Social Democrats) will be the largest party in Germany ahead of the CDU / CSU, which had been in power for 16 years. The SPD, on the other hand, will have to ally itself with several other parties in order to achieve a majority in the parliament, and these government negotiations could last for several months. As Angela Merkel now leaves the political scene in Europe, it will affect the EU's future geopolitical influence as it is easy to underestimate her influence on the EU's relations with Russia and China.

In the Norwegian election on the 13th of September, the Social Democratic Party also won over the ruling bourgeois coalition, but even in this case the party must form a coalition in order to constitute a majority government.

In Japan, Fumio Kishida was appointed party leader of the ruling LPD party, becoming the country's prime minister after Yoshihide Suga. The news had a positive effect on the stock market, even though the policy pursued will not be significantly affected.

Towards the end of the month, the US Congress voted in favour of the funding package presented by President Biden. The US administration thus avoids shutting down most federal institutions. However, it has not been agreed on how the so-called debt ceiling should be adjusted. A decision on the matter must be made before the 18th of October.

The inflation rate rose further during the month, which in turn affected interest rates. So far, most central banks, including the Fed in the US, have considered the rise in inflation to be temporary and that the rate will fall within a couple of months. Only Norway's Riksbank raised the country's interest rate from 0 to 0.25% during the month. However, the latest information from Eurostat shows that the inflation rate in the EU rose to 3.4% in September compared with 3.0% in August, which is well above the 2% benchmark.

Index	31.12.20	30.09.21	YTD
MSCI World (USD)	2.690,04	3.006,6	11,8%
STOXX50 (EUR)	3.552,64	4.048,08	13,9%
S&P 500 (USD)	3.756,07	4.307,54	14,7%
Nasdaq Comp (USD)	12.888,28	14.448,58	12,1%
Dax (EUR)	13.718,78	15.260,69	11,2%
SMI (CHF)	10.703,51	11.642,45	8,8%
OMX30 (SEK)	1.874,74	2.259,18	20,5%
MSCI Russia (USD)	668,73	845,61	26,5%
MSCI China (USD)	108,41	89,16	-17,8%
NIKKEI (YEN)	27.444,17	29.452,66	7,3%
Swe. Gov Bond. 10 y	0,027%	0,4%	

The Prime Minister of Canada Justin Trudeau was re-elected for the third time this month, but he will once again lead a minority government.

The Swedish Social Democrats have announced that Magdalena Andersson will be appointed the party's new leader. She will thus probably be elected Sweden's new Prime Minister as successor to Stefan Löfven.

The oil price rose to over 80 USD / barrel during the month. Gas prices also rose to new record levels and risk pushing up inflation.

World Index MSCI World (USD) fell 4.3% during the month. The S&P 500 in the US fell 4.8% while the Nasdaq fell 5.3%. In Europe, Stoxx 50 fell by 3.5% and Dax 3.6%. SMI fell 6.2% and OMX in Stockholm fell 3.9%. MSCI China (USD) fell 5.2%. However, MSCI Russia (USD) rose 6.1% and Nikkei in Japan rose 4.9% during the month.

The Swedish 10-year government bond yield rose sharply from 0.169% to 0.4% during the period.

Activities of the month

During September, most stock exchanges had a negative development. Only the Moscow Stock Exchange (which is heavily weighted against raw materials and oil) and Tokyo (election of a new Prime Minister) had a positive development.

The fund sold its small holding in NGex at a profit after the price rose by more than 30% during the month. The fund's exposure to Industrivärden and Sandvik was also reduced from 3% to 2% and to Husqvarna from 2% to 1% due to the weak development of the shares. Thanks to a strong price increase, however, the fund's exposure to IPC increased from 2% to 3% and Hexatronic from 3% to 4%.

compensated for the negative development on the stock exchange during the month.

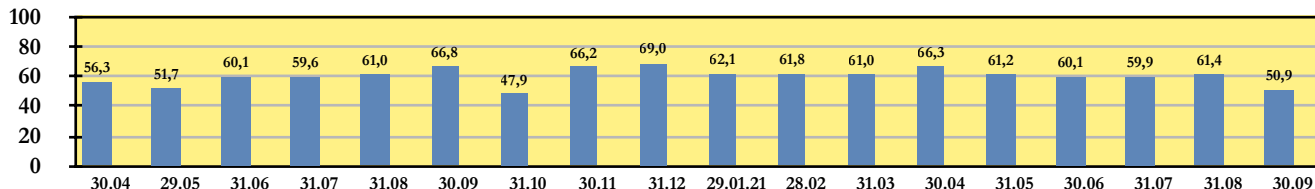
Due to the weak stock market development on the Stockholm Stock Exchange, the short and medium-term technical indicators now show a negative trend, while the long-term indicator shows a continued positive development for OMX30.

Investment strategy

In Europe, restrictions related to Covid-19 are slowly beginning to be lifted. It is also becoming increasingly common to request a so-called "covid certificate" to access work and studies, which incentivises those who have not yet been vaccinated to get vaccinated. The pressure on healthcare systems in most Western countries is also declining, which allows for a more open economy, which in turn leads to increasing economic development.

The financial markets' concerns about the company Evergrande's future will probably be over within a few months. It is very likely that the Chinese government will protect the private individuals who have invested in the company's apartments, as the company's shareholders and bondholders will suffer huge losses. This will adversely affect the Chinese and possibly some related financial markets. In the long run, however, Evergrande's fate is not expected to significantly affect the western world's stock markets.

GADD SMP FUND: Net Equity Exposure (%)



In addition to NGex, the holding company VEF also had a very strong development with an increase of 34.4%. It was mainly the news of the upcoming IPO of the company's large investment in Creditas in Brazil that positively affected the price.

A large number of other companies also had a positive development during the month; IPC (18.6%), Nordea (11.5%), Josemaria Resources (10.5%), Halmslätten (7.5%), SEB (6.9%), Yabi (6.7%), Hexatronic (5.2%), Logistri Fastigheter (4.4%), H&M (3.1%) and Filo Mining (3.0%).

On the negative side, the development in Implantica (-19.0%), Wihlborgs (-16.9%), Kindred (-16.6%), Lundin Gold (-15.3%), Industrivärden C (-14.2%), Embracer (-13.9%), Lundbergs (-12.4%), Peab (-11.9%), Skanska (-11.2%), Atlas Copco (-10.2%), Industrivärden C (-9.6%), Latour (-9.3%), Husqvarna (-9.2%), Pomegranate (-9.1%) and AarhusKarlshamn (-8.6%).

During the period, the fund's net equity exposure was reduced from just over 60% to 50.9% through the sale of index futures. The large holding of index futures largely com-

In view of the current situation, the fund retains a cautious equity exposure of 50% for the month ahead, awaiting the market to more clearly indicate the consequences of Evergrande's loans. Once the company's situation is resolved, the stock market will most probably be positive until the end of the year.

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