



# GADD SMP FUND

## Monthly Report October 2021

NAV EUR 2'192.26\*

Inception date 12.04.2011 = EUR 1000

\* at 31.10.2021

	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%	3,8%	7,2%	0,1%	4,7%	1,4%	-1,1%	6,1%			31,2%

### Market Comment

At the OECD talks in Paris, 130 countries - including all G20 countries - accepted the agreement on new international tax rules. This means that a corporation tax of at least 15% will be levied on multinational companies whose profit margin is over 10% and turnover exceeds EUR 20 billion per year. The tax shall be distributed in relation to the companies' sales in each country and not only go to the country where the company has its head office. The agreement is primarily intended to prevent large multinational companies from tax planning through different company structures in low-tax countries.

Chinese fighter jets flew over Taiwanese airspace several times during the month while President Biden renewed US support for the country. China, for its part, has stated that Taiwan is an "irrevocable" part of China. China and the United States have confirmed that the two presidents will have a virtual meeting before the end of the year, but a final date has not yet been set.

Oil prices continued to rise during the month. OPEC has decided to increase its production quota by 0.4 million barrels / day per month, but it has been shown that some Member States, such as Nigeria and Angola, have so far been unable to meet their respective quotas. This is probably due to the fact that the maintenance of the countries' facilities is neglected. While OPEC sees a continued increase in world oil consumption to 108 million barrels of oil / day until 2035, gas prices have risen to almost 250 USD (boe), which is historically high compared to an oil price around 80 USD / barrel.

The Republican opposition agreed to temporarily raise the US debt ceiling. By doing that the country avoided a shutdown of the administration and gives the Democrats time to negotiate a more permanent solution before the turn of the year. The decision was received positively by the financial markets.

The 35-year-old Austrian Chancellor Sebastian Kurz, who is the leader of the conservative ÖVP party, was forced to resign during the month due to accusations of corruption. It is believed he tried to manipulate the media to highlight his own and the party's successes in opinion polls.

In Japan, the ruling LDP party, led by its newly elected leader Fumio Kishida, unexpectedly won the general election with its own majority in parliament.

Index	31.12.20	31.10.21	YTD
MSCI World (USD)	2.690,04	3.174,73	18,0%
STOXX50 (EUR)	3.552,64	4.250,56	19,6%
S&P 500 (USD)	3.756,07	4.605,38	22,6%
Nasdaq Comp (USD)	12.888,28	15.498,39	20,3%
Dax (EUR)	13.718,78	15.688,77	14,4%
SMI (CHF)	10.703,51	12.108,17	13,1%
OMX30 (SEK)	1.874,74	2.290,85	22,2%
MSCI Russia (USD)	668,73	878,2	31,3%
MSCI China (USD)	108,41	91,95	-15,2%
NIKKEI (YEN)	27.444,17	28.892,69	5,3%
Swe. Gov Bond. 10 y	0,027%	0,368%	

World Index MSCI World (USD) rose 5.6% during the month. The S&P 500 in the US rose 6.9% while the Nasdaq rose 7.3%. In Europe, Stoxx 50 rose by 5.0% and Dax 2.8%. SMI rose 4.0% and OMX in Stockholm rose 1.4%. MSCI China (USD) rose 3.1% and MSCI Russia (USD) rose 3.9%. Nikkei in Japan fell 1.9%.

The Swedish 10-year government bond yield fell from 0.400% to 0.368% during the month.

With an increase of 6.07%, the fund had a very positive development during the month, especially if one considers the fund's limited exposure to equities.

## Activities of the month

In general, numerous share markets were strongly affected when companies presented their quarterly reports for the third quarter during the month.

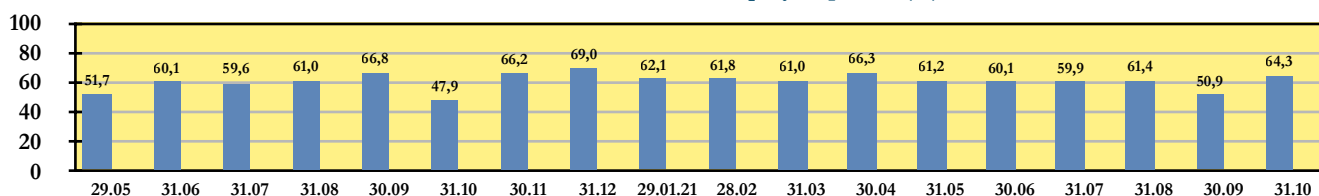
The fund has reduced its participation in Ericsson from 2% to 1%. Ericsson's investment in 5G remains interesting, but the strong exposure of the Chinese company justifies some prudence. Dometic's exposure has also been reduced by 1% to 1%. The fund's exposure to Josemaria Resources on the other hand, has gone from 1% to 2% in the wake of the strong stock market evolution during the period.

At the same time as the world economy strengthens as pandemic restrictions are being lifted, the financial markets fear that rising inflation will have a negative effect on stock prices. In addition to the ever higher energy and raw material prices, inflation is also driven by various supply disruptions in the manufacturing and distribution stages, e.g. shortage of semiconductors and shipping containers.

At the time of writing, the big G26 meeting is taking place in Glasgow, where many of the world's leaders are meeting to discuss and follow up on how to live up to the goal in the so-called Paris Agreement for the environment.

November is the start of the period of the year that has historically been most positive for the financial markets. Concerns about the third quarter's financial statements are over and many players are beginning to strategically review their investments for the coming year, which usually brings with it a technically positive momentum on the stock market.

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



Hexatronic increased by 36.8% during the month. Continued expansion of the business, particularly in the United States and Germany, is increasingly appreciated by the market. Several other fund positions are also well developed. The Josémaria mining company has grown by 26.1%, Filo Mining 20.2%, VNV Global 19.9%, Lundin Gold 19.3%, Peab 18.5%, Wihlborgs 16.5%, Husqvarna 16.3% , Nibe 15.5%, Latour 14.2%, JM et Enea 11.8%, Novo Nordisk 11.0%, Cibus Real Estate 9.8% and SEB 8.4%.

On the negative side, the Implantica fell by 17.2%, Pomgranate 10.0%, Kindred 9.4%, H&M 9.7%, Embracer 5.3%, Ericsson 5.1%, Studentbostäder 3, 7% and Dometic 3.0%.

The fund increased its net exposure to 64.3% shares by buying back futures on indexes during the month.

At present, the technical indicators show an uncertain view on the markets. In the short term, the indicator suggests "weak sales", medium term "weak purchases" and long term "neutral", which indicates that markets are still going through a consolidation phase.

## Investment strategy

The company reporting for the third quarter is almost over and from the companies' comments, one can often read how the managements assess that the companies will end the year. The outlook is again widely split and this has significantly affected the companies' share prices.

The stock market has had a positive development for more than a year, which makes it more sensitive to possible bad, e.g. geopolitical, news. The fund therefore chooses to maintain a relatively balanced equity exposure of 65% for the coming month.

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