



GADD SMP FUND

Monthly Report November 2021

NAV EUR 2'225.42*

Inception date 12.04.2011 = EUR 1000

* at 30.11.2021

	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%	-15.0%	9.2%	4.3%	1.1%	3.1%	3.9%	2.7%	-3.4%	5.1%	3.3%	8.1%
2021	0.0%	3.1%	2.8%	3.8%	7.2%	0.0%	4.6%	1.3%	-1.1%	5.9%	1.5%		33.2%

Market Comment

The new variant of Covid-19, Omicron, turned the positive development of the stock market in the first half of this month into a negative outcome towards the end of the month. This variant was discovered in South Africa and is believed to spread faster than previous variants, but it is not clear whether it is more lethal or whether current vaccines provide good protection against infection.

In addition to this new variant, markets were worried about rising inflation in most countries, as measurable inflation rose even more sharply in October than what many had expected. While most central banks seem to remain calm, markets are starting to fear that central banks might start acting too late. Rising inflation leads to higher interest rates which would have a negative effect on financial markets in the long run.

Germany obtained a coalition government of Social Democrats, Liberals and Greens, replacing the Christian Democratic Union party of Angela Merkel, which had been in power for 16 years. The new government led by the social democrat Olof Scholz has been well received by the financial markets.

The Swedish parliament has approved a new socio-democratic minority government led by Magdalena Andersson, Sweden's first female prime minister.

In the United States, Jerome Powell won a new extended term as head of the Federal Reserve under President Biden. The move was received positively, although there is some concern that he may raise interest rates faster than previously thought. Powell also announced that the bank's bond purchases will be phased out in 2022.

The much-discussed virtual meeting between Joe Biden and Xi Jinping took place during the month, but no

notable decisions taken have had an impact on the markets.

The big G26 meeting in Glasgow, where most of the world's leaders gathered to discuss the goals of the Paris Climate Agreement, ended without any significant effect on financial markets.

Index	31.12.20	30.11.21	YTD
MSCI World (USD)	2'690.04	3'101.8	15.3%
STOXX50 (EUR)	3'552.64	4'063.06	14.4%
S&P 500 (USD)	3'756.07	4'572.79	21.7%
Nasdaq Comp (USD)	12'888.28	15'554.31	20.7%
Dax (EUR)	13'718.78	15'100.13	10.1%
SMI (CHF)	10'703.51	12'159.69	13.6%
OMX30 (SEK)	1'874.74	2'241.66	19.6%
MSCI Russia (USD)	668.73	782.85	17.1%
MSCI China (USD)	108.41	86.44	-20.3%
NIKKEI (YEN)	27'444.17	27'821.76	1.4%
Swe. Gov Bond. 10 y	0.027%	0.144%	

Oil prices fell by more than 15% towards the end of the month due to the economic development outlook dampened by this new variant combined with the United States' announcement to reduce its strategic oil reserves by 50 million barrels to increase the oil supply.

Gas prices have remained high in Europe. The Northstream 2 pipeline, which will transport gas directly from Russia to Germany, is completed but has yet to be commissioned by Germany, which has increased political tensions between the EU and Russia. This has led both to movements of Russian troops on the Ukrainian border and to tensions with Belarus.

In Argentina, the Peronist government in place, led by Alberto Fernandez, lost its majority in the Senate to a bourgeois coalition, which should lead to a less populist policy for the country.

The MSCI World Index (USD) fell 2.3% during the month. The S&P 500 in the United States fell 0.7% while the Nasdaq rose 0.4%. In Europe, Stoxx 50 fell 4.4% and Dax 3.6%. The SMI rose 0.4% while the OMX in Stockholm fell 2.2%. MSCI China (USD) fell 6.0% and MSCI Russia (USD) fell 10.9%. The Nikkei in Japan fell 3.7%.

The yield on 10-year Swedish government bonds fell from 0.368% to 0.144% during the month.

We are pleased to note that the Gadd SMP gained in value during the month even though the world index and the OMX30 in Stockholm experienced negative developments.

Activities of the month

During the month the fund bought 1% of the fund's value in Swedish Match. Nowadays, the company mainly focuses on smokeless products such as snus, but still has profitable cigar production, which means Swedish institutions do not want to own the share. However, the company has announced its intention to distribute the cigar business in 2022, which will hopefully mean that institutional investors will once again be interested in this undervalued company.

The fund also increased its stake from 1% to 2% in Husqvarna after their strong quarterly report. However, the holdings in Lifco and VEF were reduced from 4% to 3%. They are still two very well managed companies, but this is also clearly reflected in today's stock prices. Additionally, exposure to QleanAir has been reduced from 2% to 1%.

Hexatronic grew by 34% and was again the share that increased the most during the month. The continued expansion of the company, especially in the United States and Germany, is receiving increasing attention from the market.

During the month, the fund reduced its net exposure to equities to 54.8% via index futures. At present, only the short technical indicator is showing a declining stock market. The medium and long term indicators show that the stock market is in a phase of consolidation.

Investment strategy

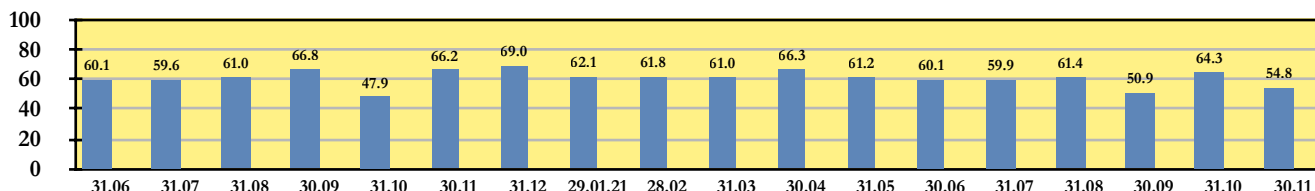
The discovery of the Omicron variant has brought great uncertainty to the financial market. It is not yet clear how dangerous this variant is and whether current vaccines can provide satisfactory protection. However, it is clear that the authorities are acting faster than before to avoid spreading too quickly, but strict restrictions would harm financial markets.

The fear of rising inflation also has a negative effect on stock prices. Besides the ever-higher energy and raw material prices, inflation is also due to various supply disruptions at the manufacturing and distribution stages, eg. lack of semi-conductors and shipping containers. However, further spread of Omicron would reduce fears of rising inflation.

In these uncertain times, the fund prefers to take a more cautious stance while waiting for more knowledge about this new variant and how it may affect future inflation, well aware that historically December has always been a positive stock market month.

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GADD SMP FUND: Net Equity Exposure (%)



Several other positions in the fund also developed well. Embracer grew 22.3%, JM 16.5%, Halmslätten 14.7%, Filo Mining 12.0%, Yabie 10%, Latour 9.6%, Logistri 9.1%, Enea 8.7%, Cibus 8.6% and Veoneer 5.3%.

On the negative side, the development of Implantica fell by 18.1%, Africa Energy 16.4%, Kindred 15.8%, Pomgranate 14.3%, VEF 13.7%, VNV Global 12.3%, Momentum Group 9.3%, Skistar 8.4%, Lundin Gold 8.2% and IPC 7.3%.