



GADD SMP FUND

Monthly Report December 2021

NAV CHF 2'181.65*

Inception date 05.04.2011 = CHF 1000

* at 31.12.2021

	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%	5,9%	1,6%	3,8%	37,7%

Market Comment

During the first part of the month, the financial markets consolidated due to concerns about the continued rapid spread of the omicron variant and the uncertainty about how deadly this virus variant was compared to previous ones. When it turned out that mortality was lower than for previous viruses and that current vaccines provide relatively good protection, the financial markets returned to its upward trend.

The strained political situation between Ukraine and Russia also weighed heavily on financial markets at the beginning of the month, but unrest eased after talks between President Putin and President Biden, which were later followed by a further discussion to find a constructive solution to the demands Russia has put on Ukraine and NATO.

The left-wing radical candidate Gabriel Boric won the presidential election in Chile with a comfortable 11% margin against his conservative candidate. Boric is a 35-year-old former student leaders who want to nationalise several of the country's natural resources, which has the financial markets in Chile worried. However, the new president has no majority support in the country's parliament, which will slow down any planned reforms.

In the US, the Federal Reserve kept interest rates at the same low level as before, but Jerome Powell emphasised that the Federal Reserve will gradually reduce bond purchases as a step to reduce support for the bond market, also called tapering. The expectation is now that the Federal Reserve will raise interest rates three times in 2022, which is clearly different from the bank's opinion just three months ago. At that time, no interest rate increase was expected at all in 2022.

It has been shown that the wind power plants' weather-dependent production has not been able to fully compensate for a reduced production of fossil energy. At the same time, politicians have underestimated an increased need for

energy to convert the economy to a more environmentally friendly production. As a result, more and more politicians within the EU have begun advocating the inclusion of nuclear energy as a complement to other non-fossil energy in order to meet the growing need. In the meantime, Europe in particular has experienced sharply rising electricity and gas / oil prices, which weakens economic development.

Index	31.12.20	31.12.21	YTD
MSCI World (USD)	2.690,04	3.231,73	20,1%
STOXX50 (EUR)	3.552,64	4.298,41	21,0%
S&P 500 (USD)	3.756,07	4.766,18	26,9%
Nasdaq Comp (USD)	12.888,28	15.644,97	21,4%
Dax (EUR)	13.718,78	15.884,86	15,8%
SMI (CHF)	10.703,51	12.875,66	20,3%
OMX30 (SEK)	1.874,74	2.419,73	29,1%
MSCI Russia (USD)	668,73	757,85	13,3%
MSCI China (USD)	108,41	83,7	-22,8%
NIKKEI (YEN)	27.444,17	28.791,71	4,9%
Swe. Gov Bond. 10 y	0,027%	0,238%	

World Index MSCI World (USD) rose 4.2% during the month. The S&P 500 in the US rose 4.2% and the Nasdaq rose 0.6%. In Europe, Stoxx 50 rose by 5.8% and Dax 5.2%. SMI rose 5.9% while OMX in Stockholm rose 7.9%. MSCI China (USD) fell 3.2% and MSCI Russia (USD) fell as much as 3.2%. Nikkei in Japan rose 3.5%.

The Swedish 10-year government bond yield rose from 0.144% to 0.238% during the month.

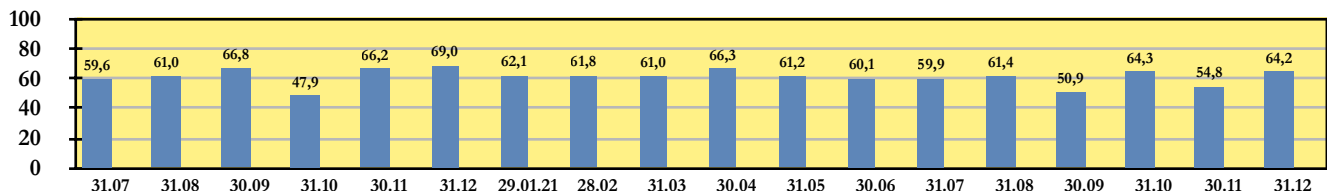
Activities of the month

Lundin Mining announced a takeover bid from Josemaria Ressources during the month, which was well received by the market. Josemaria Ressources intends to build a copper and gold mine in Argentina. The share price has developed well during the year. After the bid, the price increase exceeds 100% in 2021 and the probability that the bid will be accepted is high unless other stakeholders place a higher bid on the company.

Investment strategy

The declining concern that the omicron virus would force countries to shut down completely again has had a positive effect on the financial markets during the latter part of December. To a certain extent, the positive development on the stock exchanges can probably also be attributed to the so-called the December effect, which occurs when professional managers reallocate their assets prior to their year-end reports at the turn of the year.

GADD SMP FUND: Net Equity Exposure (%)



Momentum Group AB, which is a reseller of components to the industry, changed its name to Alligo AB during the month. The holding in the company corresponds to 1% of the fund's assets.

During the month, the fund subscribed for 1% of the fund's value in Viva Wine Group's new share issue - IPO - on the Swedish stock exchange. The company successfully sells wine via Systembolaget in Sweden, but also via the internet in Europe. The issue was heavily oversubscribed.

The holding in Sandvik also increased from 2 to 3% while the holding in Nordea decreased from 4 to 3%. The position in the White Peak bond was also reduced from 2 to 1%.

Viva Wine Group (+21.6%) and Josemaria Ressources (+21.3%) were the shares in the fund that had the best price developments during the month. Several of the fund's other holdings also developed well. Studentbostäder rose by 20.2%, Cibus Nordic 17.8%, Husqvarna 13.7%, Atlas Copco 12.8%, VEF 12.7%, Sandvik 12.6%, IPC 12.4%, Skanska 12.3%, H&M 11.3%, Lifco 10.4% and Halmslätten 10.1%.

On the negative side can be mentioned the development in VNV Global -5.2%, Lundin Gold -4.9%, SEB -4.4%, Dometic -4.2%, Alligo and Wihlborgs -4.0%, Logistri Fastighets AB -2.5%, Yabic -1.8% and Embracer -1.1%.

Following the consolidation period at the beginning of the month, the fund increased its net equity exposure from 54.8% to 64.2%, through the repurchase of index futures.

After the stock market rise at the end of the month, all three technical indicators (short, medium and long) show a continued positive price development for the new year.

There is much to suggest that the financial markets will also develop positively in 2022. The growth rate of the economy should remain strong in most countries, which contributes to rising corporate profits, which in turn are necessary to justify the already relatively high share valuations on the stock exchange. Inflation that rises under controlled forms should also not have a negative effect on markets.

However, the geopolitical situation is developing negatively in several places. Taiwan, Ukraine and Iran currently look like the most critical areas. The financial markets may be adversely affected if constructive solutions are not found that can satisfy stakeholders.

It is difficult, sometimes even impossible to predict geopolitical events in advance and the market will always react too late. Knowing the fund's ability to react quickly when something unforeseen happens, we are confident that the fund will also have a positive development in 2022.

We at GADD would like to take this opportunity to thank you for the trust during the past year and look forward to continued trust in 2022.

Did you know you can follow Gadd & Cie on [LinkedIn](#)? We regularly update it with our current views on the financial markets.