



# GADD SMP FUND

## Monthly Report

### January 2022

NAV EUR 2'147.75\*

Inception date 12.04.2011 = EUR 1'000

\* at 31.01.2022

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2013	2,8%	1,7%	-0,8%	-0,7%	2,4%	-5,7%	6,4%	0,2%	2,8%	0,5%	1,3%	1,9%	13,1%
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%	3,1%	2,8%	3,8%	7,2%	0,0%	4,6%	1,3%	-1,1%	5,9%	1,5%	3,8%	38,2%
2022	-7,0%												-7,0%

## Market Comment

The financial markets were on a consistent negative trend during January. Although the markets started off strong, they quickly turned around when the Federal Reserve announced that the time was now ripe to gradually begin to raise the US interest rate. The 10-year bond yield rose from 1.5% to 1.8% in just a few days, which had a strong negative impact on the financial markets. Many also took the opportunity to sell mainly so-called "growth stocks" that rose sharply in 2021, which put pressure on the prices of certain index-heavy stocks.

The stock market development then worsened further, mainly in Europe, when the United States and NATO, after several meetings at different levels with Russia, could not agree on the situation in Ukraine. Europe is heavily dependent on Russian gas/oil and a large part of the gas is led through Ukraine.

The uncertain geopolitical situation combined with Opec 2.0 only being able to deliver an increase of 1.86 million (out of the promised 2 million) barrels/day has brought the oil price closer to 90 USD/barrel compared to 53 USD/barrel a year ago. This will affect the level of inflation over time.

However, on the positive side, it has been shown that the omicron virus is not as dangerous as previous variants. Despite the rapid spread, the number of deaths has decreased and the health service has been able to handle the patients, much thanks to effective vaccination programs. Several countries in Europe are now beginning to end restrictions, which will open up for increased economic activity.

China is sticking to its zero-tolerance policy against the coronavirus. A contributing factor to this may be that the Chinese vaccines have proven less effective than the Western ones, which has reduced the country's ability to build up pro-

tection against the virus. If the country maintains its strategy, it will mean that they will for a long time be forced to isolate themselves from the western world, which will have a negative effect on the country's export-dependent economy.

All major stock exchanges had a negative development during the month, as is clear in the table above.

Index	31.12.21	31.01.22	YTD
MSCI World (USD)	3.231,73	3.059,05	-5,3%
STOXX50 (EUR)	4.298,41	4.174,6	-2,9%
S&P 500 (USD)	4.766,18	4.515,55	-5,3%
Nasdaq Comp (USD)	15.644,97	14.239,88	-9,0%
Dax (EUR)	15.884,86	15.471,2	-2,6%
SMI (CHF)	12.875,66	12.226,7	-5,0%
OMX30 (SEK)	2.419,73	2.290,16	-5,4%
MSCI Russia (USD)	757,85	688,61	-9,1%
MSCI China (USD)	83,7	81,23	-3,0%
NIKKEI (YEN)	28.791,71	27.001,98	-6,2%
Swe. Gov Bond. 10 y	0,238%	0,404%	

## Activities of the month

During the month of January, the fund subscribed for 1% of the fund's value in a newly issued bond by VNV Global. The bond runs for 3 years with an annual coupon of 5%.

The holdings in Embracer and Ericsson increased from 1 to 2% each, while the holdings in Nibe decreased from 4 to 3% due to the share's sharp price decline. Likewise, the

position in VNV Global (the share) was reduced from 3 to 2%.

It was mainly the fund's holdings in the energy and commodities sectors that continued to show a positive trend during the month. IPC rose 21.2%, Filo Mining 9.7%, Josemaria Resources 8.2% and Africa Energy 1.7%. Ericsson also rose 15% after presenting a good financial statement for 2021. Yabie rose 7.4%. H&M - which also presented good financial statements - rose 3.0%, Alligo 2.1%, Veoneer 1.9% and Industrivärden and Fleming Properties each 1%. The latter shares are characterised by weak development in 2021.

The month was otherwise mainly defined by profit-taking among the companies that developed well in 2021, and since the fund had a large share of these shares, the fund was hit relatively hard by the decline. The worst situation was for Nibe, which fell by 36% during the period, but Hexatronic was also hit hard and fell by 28.1%. Other companies that had a negative development were VNV Global (-23.4%), Latour (-22.2%), Lifco (-20.4%), VEF (-19.9%), Sdiptech (-18.0%), Indutrade (-17.4%), Skistar (-15.8%), JM (-14.1%), Dometic (-14.8%), CleanAir (-13.7%), Atlas Copco (-13.2%), Cibus Nordic (-12.0%), Studentbostäder (-11.5%), Husqvarna (-11.1%), AarhusKarlshamn (-11.0%), Enea (-10.9%), Novo Nordisk (-10.7%) and Halmslätten Fastighets AB (-10.4%). The fund took the opportunity to increase its holdings in several of these shares during the sharp decline.

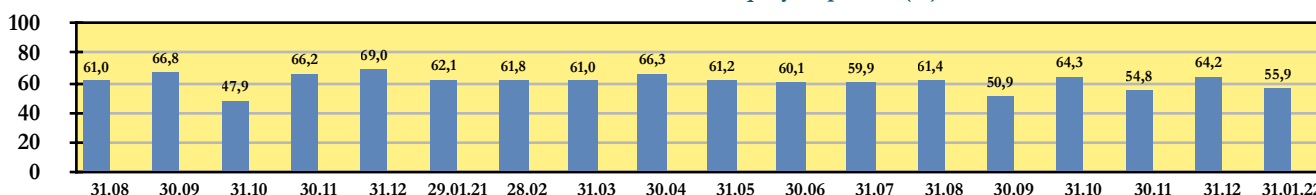
plemented in most European countries would lead to continued economic expansion. That is still the case, but this positive factor is unfortunately overshadowed by the inability of the United States and NATO to agree with Russia on the situation in Ukraine. If there is one thing that the financial markets disapprove of, it is uncertainty and the tense situation in Ukraine lies like a "wet blanket" over the markets. Although the probability of a broader invasion of Ukraine is only estimated to be around 10%, according to experts, many investors prefer to wait.

Although some companies have already presented their company reports for 2021 (and the fourth quarter), most will be published in February and March. If no geopolitical problems arise, they should support the markets, as economic growth remains strong.

In the US, it is now expected that the Federal Reserve will raise the interest rate in March and it can now be considered included in today's exchange rates.

The Winter Olympics are kicking off in China in February. Due to China's zero tolerance for covid, the competitions take place under strict sanitary rules and without an audience. One advantage, however, is that politicians in China should currently be more focused on the Olympics than on the political situation in Taiwan, which should reduce the risk of increased political tensions in the area.

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



All of the fund's bond holdings showed a stable development during the month and were not affected by the downturn on the stock exchange.

During the period, the fund reduced its net exposure from 64.2% to 55.9% via index futures, despite the fact that certain individual shareholdings increased as previously mentioned.

After the sharp stock market decline, the short-term technical indicator now shows that the stock market has reached a bottom in the short term, but the medium-term indicator continues to show a slightly negative trend. The long indicator shows that the market is in a consolidation phase.

While waiting for a resolution of the geopolitical tensions over Ukraine, the fund will take a relatively cautious stance, but after the month's decline there should be plenty favorable investment opportunities presenting themselves over time.

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## Investment strategy

The hope was that the financial markets would be strengthened by the omicron virus proving less dangerous than the previous variants, and that the reliefs now being im-