



# GADD SMP FUND

## Monthly Report

### March 2022

NAV CHF 2'096.92\*

Inception date 05.04.2011 = CHF 1'000

\* at 31.03.2022

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2013	2.9%	1.7%	-0.9%	-0.8%	2.4%	-5.6%	6.3%	0.2%	2.8%	0.5%	1.5%	1.9%	13.3%
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%	-15.0%	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%
2022	-7.1%	-1.8%	5.3%										-3.9%

## Market Comment

The war in Ukraine is not developing as Russia had planned and the Ukrainian population is showing significantly more resilience than Russia expected. The Western world has also shown a united front through economic sanctions against Russia as it has become increasingly clear that Russia has developed into a completely totalitarian state. The invasion has also become an economic disaster for the people of Russia, where the country's GDP is expected to decrease by at least 10% in 2022. The Moscow Stock Exchange was kept closed for almost a month and since it reopened it is only available to local players and western investment in Russia has largely been lost.

Oil and gas prices continued to rise sharply this month as a result of the war. The oil price occasionally exceeded \$130 per barrel. The same principles applied to certain metal prices and certain agricultural products.

In China, the important real estate sector is showing increasing economic problems. This has, in conjunction with the country's zero tolerance for covid, caused internal tensions in the country. Important cities such as Shanghai, Shenzhen and Hong Kong have introduced very strict restrictions, which also contributes to disruptions in deliveries to western countries.

On the positive side, however, it can be stated that although the pandemic continues to spread, now almost all restrictions related to the pandemic have been removed in Europe, which will have a positive effect on private consumption.

Sharply rising energy and commodity prices, shortages of goods due to supply problems from Asia and increased demand for goods and services when covid restrictions decrease

in the western world, however, increase the probability of a sharp rise in inflation.

In the US, the Federal Reserve raised the key interest rate by 0.25%, the first rate hike since 2018. Recent data shows that US consumer inflation rose to 7.9% in February, and the market is now discounting that the Federal Reserve will raise interest rates at all six remaining meetings for the year. Consumer prices are also rising sharply in Europe. In Germany and Spain, for example, prices rise by 7.6% and 8.4% respectively on an annual basis.

Index	31.12.21	31.03.22	YTD
MSCI World (USD)	3'231.73	3'053.07	-5.5%
STOXX50 (EUR)	4'298.41	3'902.52	-9.2%
S&P 500 (USD)	4'766.18	4'530.41	-4.9%
Nasdaq Comp (USD)	15'644.97	14'220.52	-9.1%
Dax (EUR)	15'884.86	14'414.75	-9.3%
SMI (CHF)	12'875.66	12'161.53	-5.5%
OMX30 (SEK)	2'419.73	2'095.17	-13.4%
MSCI Russia (USD)	757.85	0	-100.0%
MSCI China (USD)	83.7	71.81	-14.2%
NIKKEI (YEN)	28'791.71	27'821.43	-3.4%
Swe. Gov Bond. 10 y	0.238%	1.211%	

World Index MSCI World (USD) rose 2.5% during the month. The S&P 500 in the US rose 3.5% while the Nasdaq rose 3.4%. In Europe, STOXX50 fell by 0.5% and Dax 0.3%. SMI rose 1.5% while OMX in Stockholm fell 1.8%.

MSCI Russia (USD) remained closed. MSCI China (USD) fell 8.1%. Nikkei in Japan rose 4.8%. The Swedish 10-year government bond yield more than doubled from 0.541% to 1,211% during the month.

It is of course gratifying to note that our fund Gadd SMP rose during the month, despite the fact that STOXX50 and OMX in Stockholm had a negative development.

## Activities of the month

During the month, the fund sold its entire holding in AAK. The company is the market leader in vegetable oils and fats for the food industry, but it didn't develop as expected. Instead, the fund bought shares for 2% of the assets in Trelleborg after the company announced that they were selling their tire production to a Japanese tire manufacturer. The tire business had a low profit margin and the company can now hopefully invest the result of the sale in more profitable sectors. The fund also subscribed through a new issue of 1% of the assets in RevolutionRace. The company runs a successful production and sale of sportswear via the internet.

Wihlborgs and Cibus 5.1%, Fleming Properties and Halmslätten Fastighets AB 4.9% and Lundbergs 4.3%.

On the negative side, VNV Global fell by 24.2% and H&M 21.4%, the latter after a weak report. QleanAir also fell sharply by 17.0%, Pomegranate 11.8%, Husqvarna 13.8%, Dometic 11.5%, Yabic 9.1%, Nordea 7.9% and SEB 6.6%.

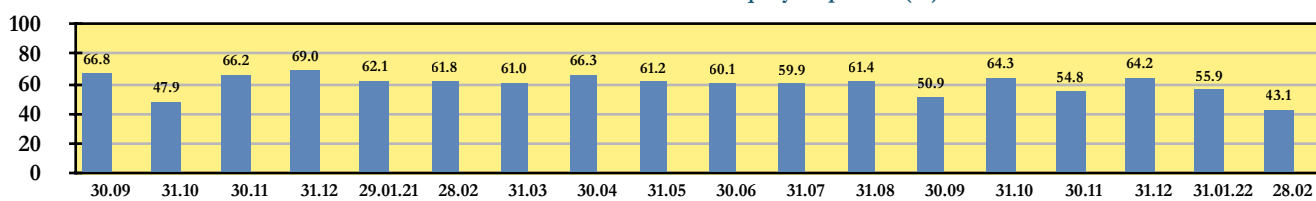
During the month of March, the fund increased its net exposure from 43.1% to 54.3%, primarily through the repurchase of index futures.

The three technical indicators (short, medium and long) show a continued negative development, but the short and long indicators rather show a consolidation phase. At the end of last month, the market was heavily oversold, which is no longer the case.

## Investment strategy

After more than a month of war in Ukraine, the financial markets have begun to adapt to what is likely to be the result of the Russian war of aggression. Russia in its current form will be increasingly economically isolated by the

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



The fund received shares in Momentum Group through a dividend from Alligo. The Momentum Group provides industrial components and industrial services, primarily to the industrial sector.

The real estate company Halmslätten announced that the sale of their properties has been accepted by the shareholders and the company will therefore distribute approximately SEK 180 / share to the shareholders before the company is liquidated. The fund bought the shares for SEK 100 / share and has received an annual dividend of SEK 8.

Filo Mining announced new drilling results from its drilling in the Andes, which was well received by the market. Additional results from the company's drilling are expected in April.

Just like last month, it was mainly the fund's exposure to the energy and commodities sectors that continued to show a positive trend, although pharmaceuticals also developed well. The oil company IPC performed best with an increase of 33.9%. Filo Mining rose by 23.7% and Skistar rose by 23.9% after presenting a very strong report. Many other of the fund's holdings developed well from what might otherwise be considered a difficult month. Nibe increased by 23.7%, Latour 13.9%, Indutrade 12.7%, Lifco 11.1%, Novo Nordisk 9.8%, Implantica 9.4%, AstraZeneca 8.9%, Hexatronic 8.9%, Josemaria Ressources 6.7%, Logistri 5.6%, Lundin Gold 5.3%,

Western world and will therefore be forced to strengthen its ties with China and possibly India in particular, as Russia has not succeeded in annexing Ukraine as quickly as the country had hoped. Europe needs to rethink its energy supply, which will significantly increase energy costs and further amplify the risk of inflation, which in turn will slow down the growth rate in Europe. At the moment, however, the risk of negative growth - stagflation - seems to be small. The adjustment will also take time, which will further exacerbate the costs as long as the new trade relations are not optimised.

The fund generally has a well-balanced exposure to sectors that will develop positively during the year. However, the nervousness will be a significant factor until a better balance emerges in the financial markets. Via index futures, the fund can continue to maintain a limited exposure to the stock market until the market shows improved stability.

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