



# GADD SMP FUND

## Monthly Report

### April 2022

NAV EUR 2'187.20\*

Inception date 05.04.2011 = EUR 1'000

\* at 29.04.2022

	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	-0.4%	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%	3.8%	38.2%
2022	-7.0%	-1.8%	5.4%	-1.6%									-5.3%

## Market Comment

During the month, Russia faced stronger resistance in Ukraine than expected, and at the moment Russia has withdrawn from Kyiv to concentrate its troops in the eastern parts of Ukraine in the Luhansk and Donbass regions.

However, it does not seem to be the continued war in Ukraine that has affected the stock market negatively during the month, as the declines are rather due to the sharp declines in the US and then especially on the technology-heavy Nasdaq stock exchange. It has had the worst four months ever with a decline of 21.2% since the beginning of the year and for the broad S&P 500 it was the worst start since 1939. The explanation can be found in investors' disappointment over some high-value technology companies that presented relatively weak reports for the first quarter of this year and that interest rates in the US continue to rise due to fears that inflation will stick around longer than first expected. The 10-year bond yield reached 3% at the end of the month.

Incumbent President Emanuel Macron won the french elections convincingly against the right-wing nationalist Marine Le Pen, but turnout was unusually low as France's traditionally relatively socialist electorate was not represented in the second and final vote. Macron is expected to continue pushing for the reform of the French economy as a French president can only be re-elected once.

China's zero tolerance for covid is causing tensions both internally and abroad. Large cities such as Shanghai and Shenzhen have been shut down, but Beijing is also now at risk of isolation as the virus continues to spread in the country. In addition to the isolation contributing to major disruptions of deliveries of essential goods to the West, it also brings strong

tensions within the country as the isolation measures affect ever larger parts of the country's population.

Monthly statistics now show that inflation in the western world is rising sharply due to rising energy and commodity prices, as well as a shortage of goods due to supply problems from Asia, while demand is rising in the western world as covid restrictions cease.

Index	31.12.21	29.04.22	YTD
MSCI World (USD)	3'231.73	2'795.62	-13.5%
STOXX50 (EUR)	4'298.41	3'802.86	-11.5%
S&P 500 (USD)	4'766.18	4'131.93	-13.3%
Nasdaq Comp (USD)	15'644.97	12'334.64	-21.2%
Dax (EUR)	15'884.86	14'097.88	-11.2%
SMI (CHF)	12'875.66	12'128.76	-5.8%
OMX30 (SEK)	2'419.73	2'058.9	-14.9%
MSCI Russia (USD)	757.85	0	-100.0%
MSCI China (USD)	83.7	68.85	-17.7%
NIKKEI (YEN)	28'791.71	26'847.9	-6.8%
Swe. Gov Bond. 10 y	0.238%	1.702%	

In several countries the interest rate has been raised and Sweden has not been an exception - the Riksbank decided to raise the interest rate from 0 to 0.25%, despite the fact that Stefan Yngves as recently as February this year maintained that there would be no interest rate increase until the end of 2024.

Even though the oil price has fallen from last month's highs of 130 USD / barrel, the price is still well above 100 USD / barrel. Sales of gas to countries such as Poland and Bulgaria have ceased, after Russia decided that some countries will have to pay their oil / gas purchases in rubles instead of in USD.

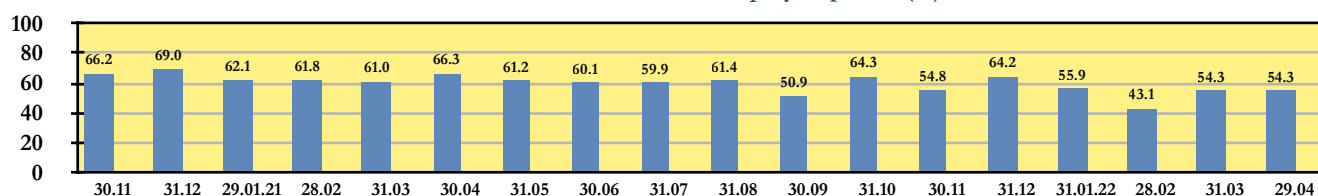
World index MSCI World (USD) fell by as much as 8.4% during the month. The S&P 500 in the US fell 8.8% while the Nasdaq fell 13.3%. In Europe, STOXX50 fell by 2.6% and Dax 2.2%. SMI fell 0.3% while OMX in Stockholm fell 1.7%. MSCI Russia (USD) remained closed. MSCI China (USD) fell 4.1%. Nikkei in Japan fell 3.5%. The Swedish 10-year government bond yield rose again sharply from 1.211% to 1.702% during the month.

On the negative side, Enea can be mentioned, which fell by as much as 35.7% after a weak report. Implantica also had a weak development and decreased by 27.4%. JM fell 23.7%, Alligo 18.9%, VNV Global 18.1%, Embracer 16.1%, Kindred 15.6%, Lifco 13.1%, Wihlborgs 13.0%, Latour 12.6%, VEF 10.9%, Volvo and Skanska 10.3% and Studentbostäder 9.7%.

During the period, the fund maintained a net exposure in equities of 54.3%.

The three technical indicators (short, medium and long) all show a continued negative development. However, the medium-term indicator is approaching a strong support level.

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



## Activities of the month

The majority of companies published their reports for the first quarter of the year during the month of April. Most of the fund's holdings showed a positive economic development, but some companies warned of future problems related to increased production costs or delivery problems due to disruptions in the production chain.

Josemaria Ressources announced that their application to extract copper and gold in Argentina has now been approved by the Argentine authorities. The company is being bought up by Lundin Mining and the fund has requested that its shares be converted to Lundin Mining shares.

During the month, the fund subscribed for 1% of the fund's assets in a newly issued bond by VEF. The coupon is Stibor 3 months + 7.25% SEK with a term of 3 years. The fund already owns shares in the company.

In addition to subscribing to the above bond, minor adjustments were also made to certain holdings during the month. Due to the weak stock market development, the holdings in Nibe were reduced by 1% down to 3% and the holdings in Sandvik and Latour were reduced by 1% down to 2% and in JM by 1% down to 1%.

The best development during the month was continued by Filo Mining, whose share rose by 15%. Other companies that had a positive development on the negative stock exchange were Afrika Energy which rose 12.1%, Yabie 12.0%, Hexatronic 11.9%, Swedish Match 10.9%, Skistar 9.7%, SEB 8.9%, Novo Nordisk 8.5%, IPC 6.5%, Astrazeneca 5.5% and Dometic 4.8%.

## Investment strategy

The weak development on the US stock market has surprised many players, as the US economy is much less affected by the war in Ukraine than the European market. Many quality companies have come down sharply in price, even if it is from high valuations, which should over time provide support to the stock market. Most players also agree that inflation should decline in the second half of the year as we hopefully get a better balance between supply and demand. Of course, a stabilization of the situation in Ukraine would also make it easier to decipher future developments.

The fund has a well-balanced exposure to sectors that will develop positively during the year. However, the continued great uncertainty, both geopolitically and economically, continues to lead to nervous financial markets. Via index futures, the fund can continue to maintain a limited exposure to the stock market until it shows improved stability.

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