



# GADD SMP FUND

## Monthly Report

### June 2022

NAV CHF 1'884.67\*

Inception date 05.04.2011 = CHF 1'000

\* at 30.06.2022

	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%	-1,6%	0,8%	-9,4%							-13,6%

## Market Comment

The war in Ukraine rages on and has now been going on for over 100 days. The fighting continues mainly in the Donbass and Luhansk regions, and although the Ukrainian forces have had some success, they were forced to abandon the important port city of Mariupol.

As a consequence of Russia's invasion of Ukraine, Finland and Sweden have decided to apply for NATO membership. They are hoping their application will be processed quickly, but in order to become a full member of NATO, all current NATO countries must approve the applications. Turkey has opposed Sweden being accepted as a member due to their belief that Sweden protects / supports Turkish extremists.

The EU has decided to impose further sanctions on Russia and its citizens, including a reduction in imports of Russian oil. Hungary, which is in great need of Russian oil via a pipeline directly to the country, was against the ban and a compromise was therefore necessary. The oil price continued to rise during the month and exceeded 123 USD / barrel for a while. As a result of the rising oil price, at the same time as the stock markets weakened, the Saudi oil company Aramco, somewhat symptomatically, has now taken over the place from Apple as the world's most valued company.

In the US, the Federal Reserve decided - not entirely unexpectedly - to raise interest rates by a further 0.5% to 0.75 - 1%, which had a dampening effect on stock market developments in the US.

Towards the end of the month, monthly statistics in the US showed that the high inflation observed in recent months has stabilised and the curves are hinting at a hopefully declining trend.

In Australia, the Labor party, led by Anthony Albanese, won the parliamentary election against the incumbent Liberal government. The election result will have a negative effect on the raw materials sector, which is important for the country, as Labor went to the polls to make the country a superpower for renewable energy.

China's zero tolerance for covid continues to cause

Index	31.12.21	30.06.22	YTD
MSCI World (USD)	3.231,73	2.546,19	-21,2%
STOXX50 (EUR)	4.298,41	3.454,86	-19,6%
S&P 500 (USD)	4.766,18	3.785,38	-20,6%
Nasdaq Comp (USD)	15.644,97	11.028,74	-29,5%
Dax (EUR)	15.884,86	12.783,77	-19,5%
SMI (CHF)	12.875,66	10.741,21	-16,6%
OMX30 (SEK)	2.419,73	1.872,68	-22,6%
MSCI Russia (USD)	757,85	0	-100,0%
MSCI China (USD)	83,7	73,42	-12,3%
NIKKEI (YEN)	28.791,71	26.393,04	-8,3%
Swe. Gov Bond. 10 y	0,238%	1,728%	

tensions both in the country and abroad. However, some restrictions are being lifted in Shanghai, for example, as the spread is currently under control.

World Index MSCI World (USD) fell 0.2% during the month. The S&P 500 in the US was stable, but the Nasdaq fell 2.1%. In Europe, STOXX50 fell by 0.4%, but Dax rose 2.1%. SMI fell 4.3% while OMX in Stockholm fell 0.8%.

MSCI Russia (USD) remained closed. MSCI China (USD) rose 0.9%. Nikkei in Japan rose 1.6%. The Swedish 10-year government bond yield fell from 1,702% to 1,556% during the month.

It is gratifying to note that the fund had a positive development during the month despite the fact that most stock market indices pointed downwards.

## Activities of the month

Despite the fact that most companies have published their results for the first quarter, there were unusually large individual fluctuations on the stock exchange.

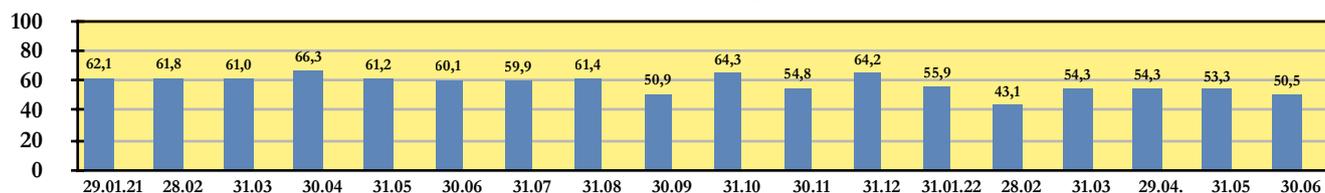
The fund maintained a fairly constant exposure of around 53% to the financial market throughout the period.

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

## Investment strategy

The month of May started negatively, but the market regained courage towards the end of the month when mainly shares that had previously fallen a lot were considered so cheap that they became worth buying.

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



Filo Mining continued to announce good drilling results in Argentina, which had a positive effect on the share price (26.3%). Swedish Match received a takeover bid from Philip Morris, which also had a positive effect on the share price (28.3%), but Implantica accounted for the largest change in value, which rose by as much as 40.1%. IPC announced a repurchase offer of approximately 10% of the company's shares via a so-called Dutch Auction. The maximum price the company offers is SEK101 / share, which also had a positive effect on the price by 10.1%.

As previously announced, Josemaria Ressources was acquired by Lundin Mining. The fund thus has a position of 2% in the mining company, which is a large producer of copper, gold and zinc with activities in Sweden, Portugal, the USA, Brazil, Chile and now also in Argentina.

Halmslätten's sale of its properties was realised and since the company is therefore to be liquidated, the fund took the opportunity to sell its holding with a good profit.

The position in IPC also increased by 1% to 5% due to the good development of the share, while the positions in Peab and VEF were reduced by 1% to 1% each due to their weak development.

Other companies with a good development during the month were Embracer, which rose 33.1%, Kindred 14.6%, Africa Energy and Volvo 8.0%, H & M 7.5% and Sandvik 6.2%.

On the negative side, Peab can mainly be mentioned, which fell by 22.1% closely followed by Momentum Group (-21.1%) after weak reports. VNV Global fell 19.3%, Skistar 16.1%, VEF 12.8%, Nibe 12.7%, Dometic 11.7%, Skanska 11.2%, Revolution Race 9.5%, QleanAir 9.2%, Latour 8.9% and Indutrade 8.1%.

The leading stock markets in the US have fallen by around 20% since the peak at the beginning of the year. Historically, declines of this magnitude have been sufficient for the stock market to begin to consolidate and then start rallying, unless the country's economy enters a recession. However, if a recession follows, it could sink at least another 20% if we look as past cases. Financial experts, like the Fed Reserve, do not believe that the US economy is in danger of a recession within the next two years, which means that the financial markets should recover from these levels. Unfortunately, however, one could argue that the financial markets have sometimes been better at predicting a recession than the financial experts...

The fund therefore has a continued limited exposure to the stock market by selling index futures. In addition, the fund is now well exposed to sectors that are likely to develop positively even if the economy becomes weaker than expected.

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