



GADD SMP FUND

Monthly Report

June 2022

NAV EUR 1'995.58*

Inception date 05.04.2011 = EUR 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	-0,4%	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%	0,8%	-9,5%							-13,6%

Market Comment

In the US, the inflation rate (CPI) rose during the month to 8.6%, which was more than expected 8.3%. It was the highest figure reported in the United States since 1981, which put pressure on the US stock market. It did not help that the US core CPI (excluding food and energy) of 6.0% showed a declining trend. An already weak stock market was further weakened and the first half of the year can now be summed up as the worst first half of the year for the American stock market - S&P 500 - since 1932, ie. at 90 years.

As a reaction to the EU deciding on further sanctions against Russia with e.g. a reduction in imports of Russian oil, Russia decided to reduce gas supplies to Europe, which will hamper Europe's energy supply later this year.

Russia has achieved some success in the Donetsk and Luhansko regions of Ukraine in recent times, which has led the United States and NATO to grant additional military support to Ukraine.

Turkey removed its veto against Sweden and Finland applying for NATO membership after Sweden in particular has clarified / adapted its attitude towards Turkey. All NATO members will now vote on whether Finland and Sweden can join NATO.

The Riksbank, as well as i.a. the Swiss central bank, raised the official interest rate by 0.5% during the month. The Swedish interest rate is now 0.75% while the Swiss interest rate remains negative (-0.25%).

It also became official that Erik Thedéen from Finansinspektionen replaces Stefan Yngves after 17 years as head of the Riksbank from 2023.

Boris Johnson survived a vote of no confidence in Parliament by a weak margin, but his party has weakened and the English economy is approaching a recession, ie. two quarters with negative economic growth.

The covid situation in China has eased and several major cities have been able to reopen, which has had a positive effect on

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%	

the Chinese stock market.

However, the spread of the virus has increased sharply in Europe in recent times. Since most residents are vaccinated, the disease symptoms become relatively mild and few need hospitalization. Sick leave, however, increases drastically and causes problems for e.g. airlines that cancel flights due to staff shortages.

World index MSCI World (USD) fell by as much as 8.8% during the month. The S&P 500 in the US fell 8.4% and the

Nasdaq 8.7%. In Europe, STOXX50 fell by 8.8%, and Dax by 11.2%. SMI fell 7.5% while OMX in Stockholm fell 8.3%. MSCI Russia (USD) remained closed. However, MSCI China (USD) rose 5.7%. Nikkei in Japan fell 3.3%. The Swedish 10-year government bond yield rose from 1,556% to 1,728% during the month.

Activities of the month

The fund only made fewer adjustments during the period. The position in Astra Zeneca rose from 1% to 2% while VNV Global decreased from 2 to 1%.

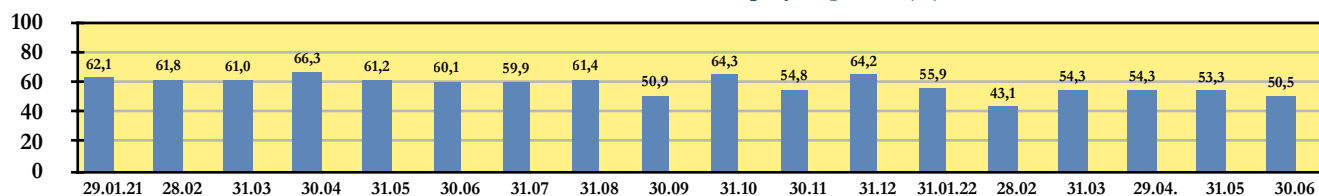
Philip Morris confirmed his bid of SEK 106 / share for Swedish Match, which had a positive effect on the share price.

sector. The share is now traded at a discount of 65% against its NAV / share.

It can also be mentioned that Filo Mining, which has had a very good development since the fund bought the share, fell by 26.8% during the month, despite the company presenting continued drilling successes at the beginning of the month and the company being included in the Toronto Stock Exchange's general index. Unfortunately, it is difficult to avoid radical profit-taking when the market has developed strongly negatively. The fund's net exposure fell from 53% to just over 50% during the month.

The three technical indicators (short, medium and long) all show a continued negative development. The medium-term

GADD SMP FUND: Net Equity Exposure (%)



The oil company IPC as previously offered, via a so-called Dutch auction, repurchase of shares to the equivalent of SEK 101 / share had to increase its bid to the equivalent of SEK 115 / share to achieve acceptance of the offer. The repurchase will not prevent the company from also distributing a proper dividend to the shareholders.

Kindred announced that they have once again received a gaming license in the Netherlands, which is an important market for the company.

Embracer made a directed new issue of SEK 10 billion to Savvy Gaming Group, which is wholly owned by the Kingdom of Saudi Arabia. The issue was made at SEK 103.47 / share, which meant a share price of 15% compared with the current share price.

During the month, few of the fund's holdings developed positively. However, there are AstraZeneca which rose 4.7%, Swedish Match 3.3%, Novo Nordisk 2.5% and Momentum Group which rose 1.7%. On the bond side, there is also the positive development in Acroud, which rose by 4.1% and White Peak, which repaid the loan during the current month, which rose by 1.3%.

On the negative side, we can mainly mention Studentbostäder, which fell by 42.6%, Revolution Race, which fell by 39.6% and VEF by 32.7%. In total, however, these investments make up less than 3% of the fund's total assets. Student housing is affected by rising interest costs, but these should be more than offset by the fact that students move back to the student residences after the Covid restrictions have ceased. RevolutionRace is the fund's latest acquisition and the company has not presented any news since the purchase of the share. However, several competitors in the sector have reported worse results, which has put pressure on the entire sector. VEF is a holding company that invests long-term internationally in the digital

indicator, which broke through a strong support level during the month, is now consolidating at an even stronger support level which will hopefully not be broken.

Investment strategy

After the very poor stock market development during the first six months of the year, the values of many listed companies have become attractive. Technical indicators such as the Hausse Index show an extreme negativity (18%) towards the stock market, which becomes a positive indicator. Insider trading is also at extremely high levels (90%), which provides additional support for the fact that many shares are worth buying.

Today's stock market prices are already discounting that the economy in the US and Europe is entering a recession, although it should not enter a severe recession. Leading indicators, however, continue to show that the US economy will be able to avoid one.

The fund has continued a limited exposure of 50% to the stock market through index futures. However, the hope is to be able to increase the exposure when the trend turns upwards.

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