



GADD SMP FUND

Monthly Report

October 2022

NAV CHF 1'949.41*

Inception date 05.04.2011 = CHF 1'000

* at 31.10.2022

	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%	7.2%	-4.6%	-3.1%	4.4%			-10.6%

Market Comment

The stock markets rose sharply during the month of October, regardless of the inflation figures which turned out to be even higher than expected. A contributing factor was most probably the generally strong quarterly reports, which show that the companies generally continue to increase their sales and profits.

There was also a lot that happening geopolitically during the month:

In China, President Xi Jinping was re-elected for a third term as Party Chairman of the Communist Party. With newly added allies in the Standing Committee, he consolidates his position as China's most powerful leader since Mao Zedong. The Chinese stock market reacted negatively to the decision and has fallen a whopping 47% since the beginning of the year.

In Great Britain, Prime Minister Liz Truss had to hand in her resignation after only 44 days in power. There was uproar in the UK bond market after she presented a mini-budget with a series of unfunded tax cuts. Rishi Sunak is her successor, but the Conservative Party has been greatly weakened.

Giorgia Meloni was elected Italy's first female prime minister. Her post-fascist party "Brothers of Italy" received 26 percent of the vote in the parliamentary election. The government coalition now also includes the far-right Lega party and former prime minister Silvio Berlusconi's Forza Italia. The new government will end up on a collision course with the EU on several points.

In Sweden, the Moderates' Ulf Kristersson took office as prime minister. Elisabeth Svantesson will be the new finance minister and has already announced that the new government will pursue a restrictive financial policy.

In Brazil, left-wing leader Luis Inacio "Lula" da Silva won with 50.9% of the votes over Jair Bolsonaro in the country's presidential election. However, the country's parliament remains dominated by right-wing politicians, which will most likely make it difficult for the newly elected president to implement promised reforms.

Index	31.12.21	31.10.22	YTD
MSCI World (USD)	3'231.73	2'547.72	-21.2%
STOXX50 (EUR)	4'298.41	3'617.54	-15.8%
S&P 500 (USD)	4'766.18	3'871.98	-18.8%
Nasdaq Comp (USD)	15'644.97	10'988.15	-29.8%
Dax (EUR)	15'884.86	13'253.74	-16.6%
SMI (CHF)	12'875.66	10'827.93	-15.9%
OMX30 (SEK)	2'419.73	1'968.53	-18.6%
MSCI Russia (USD)	757.85	0	-100.0%
MSCI China (USD)	83.7	46.92	-43.9%
NIKKEI (YEN)	28'791.71	27'587.46	-4.2%
Swe. Gov Bond. 10 y	0.238%	2.256%	

Opec decided to cut oil production by 2 million barrels a day, to support the oil price, which was strongly opposed by US President Joe Biden. To reduce the damage, the president decided to release additional US oil reserves. It is considered essential that the price of oil does not rise in the US for the Democrats to have a chance of winning the mid-term elections for the US Congress in November.

Thanks to the mild autumn in Europe, the EU has managed to fill its gas stocks to a level that should last through

the winter if it does not get too cold. A lack of storage capacity meant that gas prices were even negative for a short period of time.

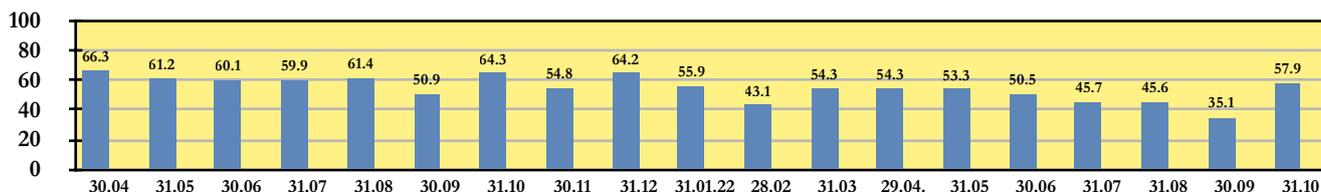
The world index MSCI World (USD) rose by 7.1% during the month. The S&P 500 in the US rose 8.00% and the Nasdaq 3.9%. In Europe, the STOXX50 rose by 9.0% and the Dax by 9.4%. SMI rose 5.5% while OMX in Stockholm rose 7.6%. MSCI Russia (USD) remained closed. MSCI China (USD), on the other hand, fell by as much as 16.8%. Nikkei in Japan rose 6.4%. The Swedish 10-year government bond rate rose from 2.249% to 2.256% during the month.

10.3%, Momentum Group 5.6%, Skistar 4.6% and Backahe-den Fastigheter 4.4%.

The fund's net exposure in shares was increased in two steps from 35.1% to 57.9% during the month by buying back outstanding index futures.

The short-term technical indicator has reversed and is showing a positive trend after the recent rise. The medium-term and the long-term indicators, on the other hand, show a continued negative stock market trend.

GADD SMP FUND: Net Equity Exposure (%)



Activities of the month

Most companies reported the results for the third quarter during the month and as expected most reports were well received by the market and contributed to a strong rise in the stock market.

The fund was an anchor investor when Cinis Fertilizer made a successful IPO. The company intends to manufacture cheap and environmentally friendly mineral fertiliser through a partially patented process that uses by-products from pulp mills and battery factories as raw materials. The first factory will be built in Örnsköldsvik. The introductory price was SEK 29/share and the market price has remained above SEK 40/share since the introduction.

ABB distributed the shares in Accelleron, which manufactures turbocharging solutions for internal combustion engines in, among other things, ships. The item represents less than 0.1% of the fund's assets and is likely to be sold. The position in Nibe was reduced by 1% to 3% due to the share's negative price development during the month. The company is still a favourite, but the stock has become relatively expensive.

Hexatronic's reverse profit warning contributed significantly to the fund's good performance during the month. The company was already the fund's largest holding (5%) and the share rose after the report by as much as 42.2%. Skanska (23.2%) and IPC (22.3%) also had a very good development. Other holdings that rose more than the stock market were VEF (19.4%), Revolution Race and Implantica (16.1%), Trelleborg (15.9), Kindred (14.6%), Volvo (14.4%), Sandvik (13.1%), Atlas Copco (12.6%), Africa Energy (11.3%), Industrivärden C (11.1%), Sdiptech (10.4%) and Nordea and Investor (10.3%).

On the negative side, we can mainly mention Pomgranate which fell by 30.8%, Embracer by 20%, Studentbostäder 16.6%, Yabi 12.5%, Nibe 12.0%, Viva Wine Group

Investment strategy

The recovery that has taken place in the financial markets can primarily be explained by increased optimism that inflationary pressure is starting to decrease. Even if the central banks will still be forced to raise interest rates, it will happen at a gentler pace. The generally positive quarterly reports have also contributed to increased positivism, which means that the markets are no longer oversold.

During the month of October, the negative trend was briefly broken on the stock market, even though the macroeconomic or geopolitical situations have not improved. The war in Ukraine continues and Russia has begun shelling water and power plants throughout the country to destroy the country's infrastructure ahead of winter. Russia's setbacks, on the other hand, are increasing on the ground.

Saudi Arabia fears that Iran will attack the country as Iran accuses Saudi Arabia of promoting unrest in the country which, among other things, affects the price of oil.

The fund has been able to take advantage of October's rise by effectively increasing its exposure to the stock market. However, it is uncertain whether the positive trend will continue. However, the fund has the flexibility to reduce exposure quickly if something unexpected happens in the financial markets.

Although one can expect rising interest rates, the OECD expects continued growth in the world economy during 2023/2024, which in the long run will provide support to the financial markets.

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