



# GADD SMP FUND

## Monthly Report

### November 2022

NAV CHF 2'008.96\*

Inception date 05.04.2011 = CHF 1'000

\* at 30.11.2022

	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%	3.1%		-7.9%

## Market Comment

Stock markets continued to rise in November. Slowing inflation figures in the US, with subsequent falls in interest rates and expectations that the rate hike cycle is about to peak, gave optimism to the market.

In the US, the midterm elections were very close, but after a week of counting, it was clear that the Republicans won the House of Representatives. The Republicans managed to gather the 218 seats needed for a majority in the 435-member House. To the surprise of many, they did not capture the upper house of Congress, the Senate, where the Democrats retained power. This ought to be seen as a victory for President Biden. The Speaker's post will now most likely fall to Kevin McCarthy, replacing Nancy Pelosi.

Former President Trump announced, as expected, that he intends to run in the 2024 presidential election, but his position within the Republican Party is by experts considered weakened, after the majority of Trump's gubernatorial candidates lost in the mid-term elections.

A Russian-made missile exploded in Poland, killing two people and sparked fears of an expanded war. The incident occurred just seven kilometres from the Ukrainian border and prompted an emergency NATO meeting. NATO Secretary General Jens Stoltenberg issued a reassuring statement shortly afterwards, saying the explosion was probably caused by a Ukrainian anti-aircraft missile, and that there was no indication that Russia was planning an attack on NATO.

In Sweden, the Riksbank raised the repo rate by 75 basis points to 2.50%. Peak inflation is still expected to be reached early next year. However, the decline of the rate is expected to be slower, compared to previous assessments. The Riksbank therefore also raised the interest rate path, which

now points to at least another 25-point hike in February or two hikes in the spring. The policy rate is expected to approach 3% before the summer. The Riksbank had previously communicated that any rate cuts could take place during 2024, but now the policy rate is expected to remain at 3% or just below until 2025.

Index	31.12.21	30.11.22	YTD
MSCI World (USD)	3'231.73	2'720.89	-15.8%
STOXX50 (EUR)	4'298.41	3'964.72	-7.8%
S&P 500 (USD)	4'766.18	4'081.11	-14.4%
Nasdaq Comp (USD)	15'644.97	11'468	-26.7%
Dax (EUR)	15'884.86	14'397.04	-9.4%
SMI (CHF)	12'875.66	11'127.77	-13.6%
OMX30 (SEK)	2'419.73	2'102.42	-13.1%
MSCI Russia (USD)	757.85	0	-100.0%
MSCI China (USD)	83.7	60.81	-27.3%
NIKKEI (YEN)	28'791.71	27'968.99	-2.9%
Swe. Gov Bond. 10 y	0.238%	1.861%	

At the beginning of the month, China announced that it was easing Covid restrictions and many real estate and construction companies' share prices turned positive. The good fortune was short-lived as China shortly afterwards experienced another wave of Covid and most cities were quarantined with strong protests followed. At the end of the month, Vice Premier Sun Chunlan declared that China will now try to find a "more humane" way to implement the restrictions. Thanks to a reduction in the number of severe cases of the

omicron variant, higher vaccination rates and the growing experience of controlling and preventing new outbreaks, China's response to the pandemic may be entering a new phase.

The MSCI World (USD) index rose by 6.8% during the month. The S&P 500 in the US rose 5.4% and the Nasdaq rose 4.4%. In Europe, the STOXX50 rose 9.6% and the Dax 8.6%. The SMI rose 2.8% and the OMX in Stockholm rose 6.8%. MSCI Russia (USD) remained closed. MSCI China (USD) rose by 29.6% after Covid restrictions were lifted and the Nikkei in Japan rose 1.4%. The Swedish 10-year government bond yield fell from 2.256% to 1.861% during the month.

## Activities of the month

There was less activity in the fund during the month. Nevertheless, the Fund accepted the increased offer at 116 SEK from Philip Morris for Swedish Match and the shares were redeemed.

Due to strong performance, Atlas Copco increased its size in the fund by 1% to 3%, the same increases were also made by Lifco, Trelleborg and Lundin Gold. Nibes' size in the fund was increased to 4% from 3%. Embracer, which continued its negative share performance, now represents 1% of

above the 200-day moving average, something we last witnessed in January, which is another positive technical sign.

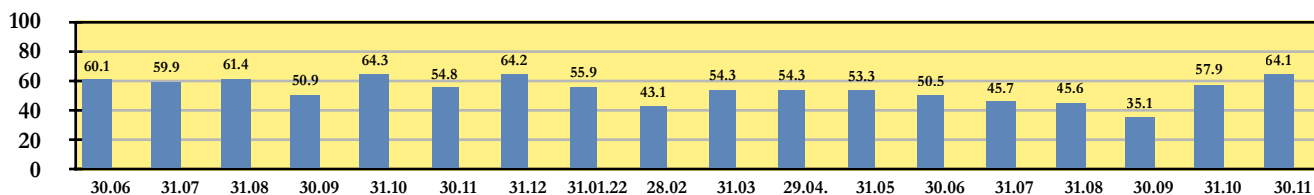
## Investment strategy

The recovery in financial markets can mainly be explained by increased optimism that inflationary pressures are starting to ease. Although central banks will continue to have to raise interest rates, they will do so at a more moderate pace.

During November, as mentioned earlier, the short-term positive trend on the stock market strengthened and the medium-term trend also broke up, with inflation data and softer central banks helping the stock market sentiment.

The Fund took benefit of the rising stock market by increasing its exposure to the equities. December tends to be one of the stronger months of the year, we are hopeful that 2022 will be no exception and at the start of the month the Fund's equity exposure is slightly below 65%. However, the Fund has the flexibility to reduce exposure quickly if something unexpected would happen.

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



the fund compared to previously 2%.

Most of the equities in the fund performed well during the month. RevolutionRace was the best performer, rising by 36.2%, followed by Lundin Gold 27.8% and Husqvarna 23.4%. Other holdings that outperformed were VNB Global 20.7%, Dometic 17.8 %, Indutrade 15.4 %, Filo Mining 15 %, Accelleron 14.6 %, Volvo 14.4 %, Sandvik 13.1 %, Atlas Copco 13.8 %, Sdipotech 13.1 %, Wihlborgs 12.6 %, Lifco 12.5 % and VEF 12.4 %, to name a few.

On the negative side, Africa Energy was the worst performer, down 44.8% after the drill result of the Gazania-1 well within Block 2B came out dry. Pomegranate fell 30.8%, Cinis Fertilizer 26.4%, Embracer 16.5%, Yabi 12.5%, Implantica 7.8%, Fleming Properties 6.6%, Momentum Group 4.4% and Hexatronic fell 3.3%.

The Fund's net exposure to equities increased from 57.9% to 64.1% during the month through the repurchase of index futures.

The short-term technical indicator shows a continued positive trend after the recent rise. The medium-term indicator has also turned slightly positive, while the long-term indicator continues to show a negative trend. It is worth mentioning that the main index in Sweden, once again is trading

Although a slowdown in global economic activity is to be expected, there are signs that could provide support to the market. There are strong indications that inflation, as mentioned earlier, has already peaked and is declining henceforth; this, together with the flattening of the interest rate hike cycle, reduces the uncertainty that the market has been fighting with for some time. The valuation of the MSCI World, for example, has come down substantially in 2022, we have seen earnings growth in low single digits compared to an index that has fallen nearly 16%. Much of the downside is therefore already discounted in today's valuations.

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