



GADD SMP FUND

Monthly Report

January 2023

NAV CHF 2'079.88*

Inception date 05.04.2011 = CHF 1'000

* at 31.01.2023

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
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%	-15.9%	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%	0.3%	-7.6%
2023	3.2%												3.2%

Market Comment

Market players chose to put the gloomy year 2022 behind them, turn the page and instead look ahead. The majority of analysts already see 2023 as a lost year where consumers are burdened by high inflation, high energy prices and rising interest costs. They instead choose to look to 2024. There the picture brightens with expectations of both lower interest rates, lower energy prices and possibly also a real estate market that has bottomed out. The main scenario is also that a possible future recession will be limited, which gave the market permission to buy up the stock market during the month.

The Congress in the United States was able, after strong opposition from a small group within its own Republican Party, to vote through Kevin McCarthy as Speaker of the House of Representatives. It took a total of 15 tries and some concessions for McCarthy to be elected.

As expected, the US hit the debt ceiling and therefore the White House took measures to protect the country's economy and fulfil its commitments on the bond market. The measures are deemed sufficient for the coming months, but will be followed by intense and infected debates in Congress to raise the debt ceiling. If Congress does not raise the cap, payments for federal spending such as defence, health care and social benefits could be suspended.

As expected, the Fed raised interest rates by 25 basis points to a range of 4.5-4.75%. They also signaled some further increases in the future to the range of 5-5.25%. The Fed emphasised that the previous inflation-limiting measures have been successful and that a period of disinflation (!) has now begun. This was interpreted by the markets as an unexpectedly soft message and gave support to the stock market.

The Financial Times reported during the month that Brazil and Argentina are to begin discussions on a common currency. The hope is that a common currency, which Brazil wants to be named "sur" (south), will give a boost to trade in the region and reduce dependence on the dollar. If all of Latin America joins the currency, the new currency union would account for around 5 percent of global GDP.

Index	31.12.22	31.01.23	YTD
MSCI World (USD)	2'602.685	2'785	7.0%
STOXX50 (EUR)	3'793.62	4'163.45	9.7%
S&P 500 (USD)	3'839.5	4'076.6	6.2%
Nasdaq Comp (USD)	10'466.48	11'584.55	10.7%
Dax (EUR)	13'923.59	15'128.27	8.7%
SMI (CHF)	10'729.4	11'285.78	5.2%
OMX30 (SEK)	2'043.404	2'198.54	7.6%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	71.48	11.8%
NIKKEI (YEN)	26'094.5	27'327.11	4.7%
Swe. Gov Bond. 10 y	2.46%	2.127%	

Sweden's GDP continued to decline in December and, together with previous months, gave a weak end to the past year. For the fourth quarter as a whole, seasonally adjusted gross domestic product decreased by 0.6 percent compared to the previous quarter.

After the attention-grabbing Koran burning in Stockholm, President Erdogan announced that Sweden cannot count on Turkey's support to join NATO. Frustration then increased in Finland, which reported that they may pro-

ceed with the NATO application even if Sweden does not participate.

In January, the IMF unexpectedly, but very positively, raised its global growth forecast for 2023. The basis was stronger demand among consumers in the US and Europe, a reduction in energy costs and a restart of China's economy. Growth is now expected to slow to 2.9% instead of 2.7%. They also expect emerging and developing markets to grow by 4% in 2023, up from 3.9% last year, and India to grow by 6%. The IMF also presented astonishing data from BP's energy statistics, where they report that China together with India in 2021 accounted for a whopping 32.4% of the world's total consumption of primary energy sources (fossil fuels, nuclear power and renewable energy sources). Together, the two countries also contributed to 42.7% of the 2021 increase in energy consumption.

The world index MSCI World (USD) rose by 7% during the month. The S&P 500 in the US rose 6.2% and the Nasdaq by as much as 10.7%. In Europe, the STOXX50 rose by 9.7% and the Dax by 8.7%. SMI rose 5.2% and OMX in Stockholm by 7.6%. MSCI Russia (USD) remained closed. MSCI China (USD) rose 11.8% following the easing of Covid restrictions while Japan's Nikkei rose 4.7%. The Swedish 10-year government bond rate fell from 2.46% to a whopping 2.127% during the month.

On the negative side, Pomegranate Investment can mainly be mentioned, which fell by (11.1%) following continued unrest in Iran. Studentbostäder decreased by (9.7%), VEF by (9.6%), Hexatronic (9.5%), IPC (3.8%), Kindred Group (3.2%), AstraZeneca (2.9%), Dometic (2.6%) and Africa Energy (2.1 %).

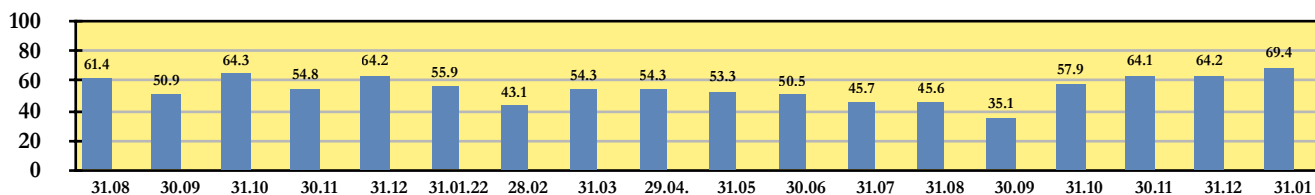
The fund's net exposure in shares was increased by 5 percentage points from the previous 64.2% to 69.4%.

The short technical indicator has, after the recent rise, turned up to a neutral trend from the previous negative trend. The medium-term indicator has also turned up to a positive trend, while the long-term indicator shows a continued negative stock market trend.

Investment strategy

The year has had a strong start with positive results around the world. The fund chose to increase equity exposure by 5% units to close to 70% to take advantage of the stronger sentiment. Despite the fact that only 40% of Swedish companies have so far beaten profit expectations, (according to data from Neuroquant), the market seems to see that it was not as bad as feared and instead looks ahead until the picture brightens. A completely new scenario compared to what we experienced in December when there was a negative interpretation preference.

GADD SMP FUND: Net Equity Exposure (%)



Activities of the month

During the month, the fund invested 1% of the value in a bond issued by Esmacelzadeh holding company with underlying holdings such as Sdiptech, Dentalum, Xbrane Biopharma and Lyvia Group. The bond was issued with a maturity of 2 years and at 92.5%, which together with a Stibor + 750 coupon gives a yield of close to 12%. The fund also subscribed 1% of the value of the newly issued bond by Go North Group. The company is a multi-brand e-commerce company sold and marketed on Amazon. The bond runs over 3 years with a coupon of Stibor + 1100.

Sandvik together with Lifco increased their shares in the fund by 1% to 3% each. Lundin Mining also increased it by 1% to 2%.

The strongest development of the fund's holdings during the month was Alleima, which rose by as much as 35.8%, followed by Momentum Group 29.9%. Other holdings that rose sharply were Cinis Fertilizer 24.2%, Lundin Mining and Husqvarna 21.1%, Lundin Gold 19.6%, Nibe 15.7%, Sandvik 14.3%, ABB 14.3%, H&M 12.8% and JM 12.7%.

The fund has a positive market position for the first half of the year. Declining inflation, lower interest rates and a possible mild recession should give strength to the stock market. However, the fund sees a real threat for the second half of the year. The strength of the economy can then lead to inflation getting stuck at a higher level than what the market is currently pricing in. The fund always has the opportunity to act quickly and reduce the risk, which means that it can now keep the relatively high proportion of shares in order to satisfactorily take advantage of the currently strong stock market climate.

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