



GADD SMP FUND

Monthly Report

February 2023

NAV EUR 2'162.74*

Inception date 05.04.2011 = EUR 1'000

* at 28.02.2023

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
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%	-15.9%	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%	7.7%	-5.0%	-3.5%	4.1%	3.1%	0.4%	-8.1%
2023	3.2%	-1.2%											1.9%

Market Comment

The world's stock markets got off to a flying start after the ECB's and Fed's interest rate announcements at the beginning of February. At the subsequent conference, Fed Chairman Powell gave a softer rate forecast, which sent bond yields lower and the dollar weaker. The Stockholm Stock Exchange rose by a whopping 4.2%, the best stock market day so far this year. Unfortunately, the movements were reversed for the remainder of the month.

US job growth in January beat expectations for the 10th month in a row, while the unemployment rate unexpectedly fell to 3.4 percent, the lowest level since 1969. The expected result was an increase of 185,000 new jobs compared to a reported 517,000. The danger of a recession in the near term can thus be considered averted, but creates even more problems for the Federal Reserve to stop interest rate increases.

On February 22, the minutes of the aforementioned Fed decision were released. There it emerged that there was a large consensus among the Fed members to raise the key interest rate by 25 points. A smaller number wanted to see a 50-point increase. The slightly more hawkish announcement resulted in the majority of analysts revising their policy rate forecasts, where the final peak is reached at 6%, which should be compared with today's level of 4.75%.

The Riksbank decided to raise the policy rate and the interest rate path in line with the market's expectations. Despite this, the interest rate announcement gave rise to major market reactions. The Riksbank somewhat unexpectedly announced that they will start selling government bonds to the value of 3.5 billion a month starting in April. During the press conference, the new central bank governor, Erik Thedéen, expressed that it is the Riksbank's hope that it would make it significantly easier for them to bring down inflation if the sale

of government bonds acts in a strengthening direction for the krona. The statement about a greater krone focus was appreciated by the market and the krone strengthened.

Index	31.12.22	28.02.23	YTD
MSCI World (USD)	2,602.685	2,714.57	4.3%
STOXX50 (EUR)	3,793.62	4,238.38	11.7%
S&P 500 (USD)	3,839.5	3,970.15	3.4%
Nasdaq Comp (USD)	10,466.48	11,455.54	9.4%
Dax (EUR)	13,923.59	15,365.14	10.4%
SMI (CHF)	10,729.4	11,098.35	3.4%
OMX30 (SEK)	2,043.404	2,226.75	9.0%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	64.06	0.2%
NIKKEI (YEN)	26,094.5	27,445.56	5.2%
Swe. Gov Bond. 10 y	2.46%	2.69%	

Rescue work is still ongoing in Turkey after the earthquake disaster that occurred during the night of February 6. The strong quake had a magnitude of 7.7–7.8. Several of the aftershocks measured a magnitude of around 6. In total, over 6,000 aftershocks have been recorded.

Over 44,000 people have so far been found dead in Turkey and Syria after the disaster, according to the official count. The real death toll is feared to be considerably higher.

After wild speculation that the three downed balloons over US and Canadian airspace came from China's espionage program, US National Security Adviser John Kirby was

later able to deny the claims. Japan, on the other hand, stated that three unknown objects that violated the country's airspace between 2019 and 2021 are suspected to have been Chinese spy balloons. Continuation will certainly follow in the so-called "balloon-gate".

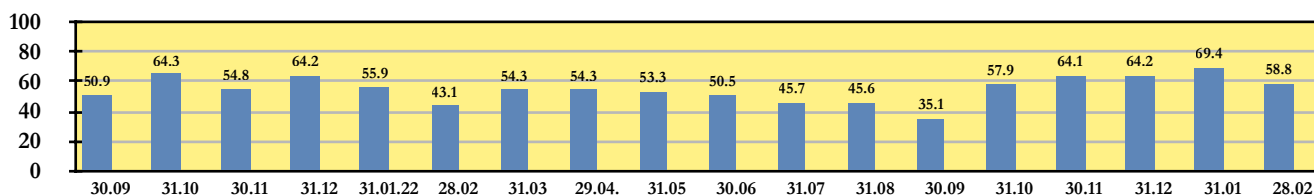
Crypto assets may face an uncertain future. The head of the IMF, Kristalina Georgieva, believes that unregulated crypto-assets can create financial stability risks and if a regulation fails or moves too slowly, an alternative is a ban on privately issued cryptocurrencies. US Treasury Secretary Janet Yellen, who attended the same G20 meeting, stopped short of proposing a ban, but says it is crucial to get a strong regulatory framework in place.

plantica fell by (21.1%), Cibus (15.5%), Lundin Mining (15.2%), Filo Mining (13.4%), Peab (11.4%), VNV Global (11.3%), Lundin Gold (10.4%) and Logistri (7.7%).

The fund's net exposure in shares was reduced by just over 10 percentage points from the previous 69.4% to 58.8%.

The short technical indicator has, after the recent rise, turned up to positive trend from previous neutral trend. As in the previous month, the medium-term indicator continues to show a positive trend and the long-term indicator has also now turned and shows a weak positive stock market trend.

GADD SMP FUND: Net Equity Exposure (%)



The world index MSCI World (USD) fell by (2.5%) during the month. The S&P 500 in the USA fell (2.6%) and the Nasdaq by (1.1%). In Europe, the STOXX50 rose by 1.8% and the Dax by 1.6%. SMI fell by (1.7%) while OMX in Stockholm rose by 1.3%. MSCI Russia (USD) remained closed. MSCI China (USD) fell by a full (10.4%) while the Nikkei in Japan rose 0.4%. The Swedish 10-year government bond yield rose during the month by 56 points, from 2.13% to 2.69%.

Activities of the month

The reporting period is now coming to an end and, overall, it can be deduced that the fund's companies have performed as expected. On the negative side, we find real estate and construction companies where the rise in interest rates has had a strong unfavourable impact. The banks, on the other hand, have been the winners of the same. The industrial companies show a continued strong market with high demand, while the consumer-oriented companies report a more wait-and-see behaviour from customers.

Trelleborg increased its share in the fund by 1% to 3% and Cinis Fertilizer also increased it by 1% to 2% of the fund's value. VEF reduced its share by 1% to 1%.

The strongest development of the fund's holdings during the month was Alligo, which rose by a whopping 27.5%, followed by Enea 13.9%. Other holdings that rose sharply were JM 12.4%, Lifco 9.8%, Nordea 8.9%, Alleima 8.7%, Kindred 8.4%, Accelleron 7.6%, Momentum Group 7.4%, Novo Nordisk 5.6% and Husqvarna 4.9%.

On the negative side, we can mainly mention Fleming Properties which fell by (22.2%) following the announcement of, among other things, a reduced dividend, Im-

Investment strategy

February's stock market performance was mixed. After the strong January, Europe continued to rise, while the US turned down. The fund started the month with an equity exposure of around 70% as the fund expected a strong month. However, the statistics presented during the month showed persistently high inflation and higher interest rates were presented. A decision was therefore made to lower the share exposure to just under 60%.

March is also historically a weaker month where a lower proportion of share exposure may be justified, however, as previously mentioned, the technical signals point upwards, which creates a certain ambivalence for the fund.

The fund still has a positive market position for the first half of the year. After the recent strong stock market where the threat of recession is considered to have been blown away and inflation and lower interest rates priced in, the fund finds, however, a risk that incoming statistics may surprise negatively. The fund thus maintains the reduced share exposure and awaits new statistics before deciding whether the weight should be placed on the brake or gas pedal.

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