



GADD SMP FUND

Monthly Report

March 2023

NAV CHF 2'016.63*

Inception date 05.04.2011 = CHF 1'000

* at 31.03.2023

	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%	-1.5%	-1.6%										0.1%

Market Comment

March was characterised by banking frenzy around the world. First to be affected by outflows from worried customers, so-called "bank run", was Silicon Valley Bank in the US, closely followed by Signature Bank. The Swedish pension company Alecta was unfortunately a major shareholder in both of the aforementioned banks with large losses as a result.

Credit Suisse was next in line. The bank has for a long time been surrounded by scandals with, for example, exposure to the collapsed hedge funds Archegos and Greensill Capital. After several quarters of large customer outflows and with the previously mentioned bank bankruptcies in the USA, the situation became untenable for Credit Suisse. The crisis could not even be avoided with the help of the central bank of Switzerland, which provided a CHF 50 billion credit facility. The solution was that UBS bought Credit Suisse for CHF 3 billion, the Central Bank SNB guarantees UBS a liquidity loan of up to the equivalent of SEK 1'100 billion, and the government undertakes to cover losses of up to SEK 100 billion. The subsequent panic that spread across Europe was due to Credit Suisse's outstanding AT1 bonds, worth just over USD 17 billion, becoming worthless. AT1s, also known as "contingent convertible bonds", or "CoCos", were introduced after the 2008 financial crisis as a way to transfer banking risk from taxpayers to bondholders. In Credit Suisse's case, the shareholders were thus paid by UBS during the takeover, while the AT1 bondholders were left without compensation. It violates the custom in the market, where shareholders are usually punished before bondholders. After large subsequent price falls on AT1 bonds issued by European banks, the ECB issued a message to the market where they advised that in the EU it is the shareholders' capital that is first wiped out before AT1 bonds are possibly affected. This calmed the market.

As expected, the Fed in the US raised the key interest rate by 25 basis points to 4.75-5.0 percent and signaled another rate hike before a likely pause. The 2023 rate forecast was kept unchanged at 5.1 percent in the Fed's "dot plot," and the text of "continued rate hikes" was changed in the press release to "some further tightening may be appropriate." In the subsequent press conference, Fed chief Jerome Powell said: "You can imagine that (the banking crisis) corresponds to an interest rate increase and maybe more than that", which received a positive reception from the market.

Index	31.12.22	31.03.23	YTD
MSCI World (USD)	2'602.685	2'791.44	7.3%
STOXX50 (EUR)	3'793.62	4'315.05	13.7%
S&P 500 (USD)	3'839.5	4'109.31	7.0%
Nasdaq Comp (USD)	10'466.48	12'221.91	16.8%
Dax (EUR)	13'923.59	15'628.84	12.2%
SMI (CHF)	10'729.4	11'106.24	3.5%
OMX30 (SEK)	2'043.404	2'223.75	8.8%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	66.95	4.7%
NIKKEI (YEN)	26'094.5	28'041.48	7.5%
Swe. Gov Bond. 10 y	2.46%	2.28%	

The ECB raised interest rates by 50 basis points, but gave no guidance for future meetings. By not giving a clear message, the ECB managed the inflation challenge it faces, while listening to market turbulence by keeping future decisions open. The market is currently pricing in a further 25 basis point increase from the ECB.

Sweden received another high inflation outcome when CPIF excluding energy came in well above expectations at 9.3 percent for February. The inflation outcome suggests that the Riksbank will move forward faster, but the turbulence on the financial markets is in the other balance. Riksbank governor Erik Thedén announced that it "may be that the inflation process is worse than we thought" and repeated that the main track is an increase of 25 or 50 points, as previously announced.

The French government led by Prime Minister Elisabeth Borne triggered section 49.3 of the constitution when the parliamentary uncertainty about raising the retirement age from 62 to 64 years was great. This gives the Prime Minister the right to push through a proposal regardless of what the members of the National Assembly say. The protests were not long in coming and no less than two votes of no confidence were held against the government of France. The government survived both, but discontent remains strong.

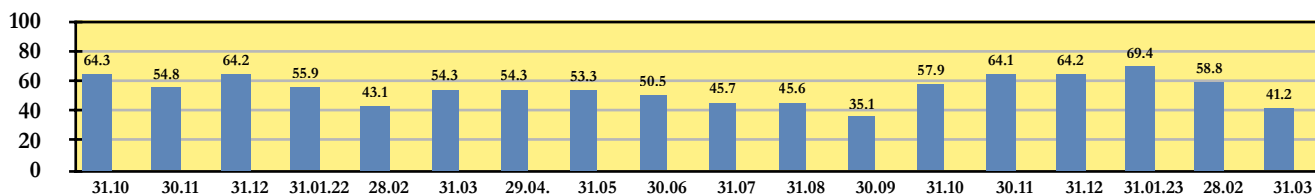
9%, Nibe 8.7%, Alligo 7.4%, Lifco 6.4%, Atlas Copco 5.5%, Skistar 5.3% and Lundin Mining 5.2%.

On the negative side, we can mainly mention Implantica which fell by (28.2%) without any directly negative news, JM fell by (21.3%), VNV Global (20%), Studentbostäder (18.8%), Skanska (16.8%), Nordea (16.6% excl. dividend), VEF (15%), Cibus (13.4%) and SEB (12.7%).

The fund's net exposure in shares was reduced by just over 17 percentage points from the previous 58.8% to 41.2%.

The short-term technical indicator has, after the recent upswing, turned into a positive trend after showing a negative trend during the middle of the month. As in the previous month, the medium-term indicator continues to show a positive trend and the long-term indicator also shows a continued, but weak, positive stock market trend.

GADD SMP FUND: Net Equity Exposure (%)



Elections have been held in Finland where the unity party received 48 seats in the parliamentary elections. The True Finns got 46 and the Social Democrats 43. Finland is now moving towards a new government and a new prime minister.

The world index MSCI World (USD) rose by 2.8% during the month. The S&P 500 in the US rose 3.5% and the Nasdaq by 6.7%. In Europe, the STOXX50 rose by 1.8% and the Dax by 1.7%. The SMI rose by a moderate 0.1%, while the OMX in Stockholm retreated by (0.1%). MSCI Russia (USD) remained closed. MSCI China USD rose 4.5% and Japan's Nikkei rose 2.2%.

The Swedish 10-year government bond rate fell during the month by 41 basis points, from 2.69% to 2.28%.

Activities of the month

During the month, the fund invested 1% of the value in a bond issued by Media and Games Invest. It was issued with a maturity of 4 years, a coupon to 3-month Euribor + 725 points, which together gives a yield of just over 10%.

Atlas Copco increased its share in the fund by 1% to 3% and Skanska also increased it by 1% to 2%. Nordea reduced its share by 1% to 3%.

The strongest development of the fund's holdings during the month was Lundin Gold, which rose by 12.1%, closely followed by H&M 12%. Other holdings that rose sharply were Filo Mining 11.3%, Trelleborg 9.1%, Novo Nordisk

Investment strategy

March's stock market development started tentatively after the strong start to the year. The aforementioned banking crisis gave investors a reason to take home some of the year's profits and a decline began. The Stockholm Stock Exchange was down nearly 8% during the month before a strong recovery began. The fund entered the month with an equity exposure of just under 60%. March is a historically volatile and weak month and this year was no exception. The fund quickly chose to reduce equity exposure to 40% to parry the large price falls in the footsteps of the banking frenzy, the defensive position was intact until the end of the month.

We are entering a better stock exchange period when the first quarterly reports of the year are to be presented. April and May have historically been strong and that, together with the technical signals, increases the likelihood of a continued rise. The fund intends to increase equity exposure in the near term, when the opportunity arises, in order to better enjoy adherence to market developments.

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