



GADD SMP FUND

Monthly Report

May 2023

NAV CHF 1'945.16*

Inception date 05.04.2011 = CHF 1'000

* at 31.05.2023

	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%	-0,5%	-3,3%								-3,5%

Market Comment

After a period of considerable uncertainty in the market where, for example, the rating agency Fitch issued a so-called "negative watch" on the US credit rating and after long negotiations between Republican Chairman Kevin McCarthy and President Joe Biden on raising the US debt ceiling. The bill was first approved by the House Rules Committee and then by the Senate. Now only President Joe Biden's signature remains for completion.

Uncertainty about economic developments was highlighted again at the last Fed meeting, where FOMC members emphasised the importance of incoming information influencing future decisions. Some members noted that the austerity measures are already having an effect and that if the economy develops as expected, it is unlikely that further rate hikes will be needed. Other members noted, on the contrary, that further tightening may be needed if inflation falls too slowly.

Florida Governor and Republican Ron DeSantis is running with the support of Elon Musk in the presidential election next year. As if this were not enough of a headache for former president and presidential candidate Donald Trump, he was convicted by a jury in New York of sexual assault and must pay \$5 million in damages.

A possible recession has not yet made an impression on the Swedish labour market. According to statistics from the Employment Agency, 6.4% of the workforce was registered as unemployed at one of the country's employment agencies in March. This can be compared with March 2022 when the corresponding figure was 7.0%.

Turkey's incumbent President Erdogan narrowly won the second round of the presidential election and will remain as president for another five years. During the election

campaign, Erdogan promised to lower interest rates despite high inflation, and the Turkish lira weakened slightly after the announcement. What effect Erdogan's win will have on Sweden's application to NATO remains to be seen.

Index	31.12.22	31.05.23	YTD
MSCI World (USD)	2.602,685	2.800,56	7,6%
STOXX50 (EUR)	3.793,62	4.218,04	11,2%
S&P 500 (USD)	3.839,5	4.179,83	8,9%
Nasdaq Comp (USD)	10.466,48	12.935,29	23,6%
Dax (EUR)	13.923,59	15.664,02	12,5%
SMI (CHF)	10.729,4	11.217,89	4,6%
OMX30 (SEK)	2.043,404	2.234,96	9,4%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63,948	57,94	-9,4%
NIKKEI (YEN)	26.094,5	30.887,88	18,4%
Swe. Gov Bond. 10 y	2,46%	2,29%	

The minutes from the Australian central bank's latest monetary policy meeting, when the policy rate was unexpectedly raised by 25 basis points to 3.85 percent, show that more rate hikes may be on the cards. The members point to risks of high inflation, a weak currency and rising house prices.

The commodity market's focus is on the OPEC+ meeting in Vienna, which begins on the first Sunday in June. The leaders of the oil producing countries will meet to discuss the amount of oil to be distributed on the world market. News from this meeting could bring significant volatility to oil prices. In April, the market was surprised by a rise in oil prices

following production cuts, but prices have since gradually declined.

The world index MSCI World (USD) fell by 1.3% during the month. The S&P 500 in the US rose 0.3% and the Nasdaq rose by as much as 5.8%. In Europe, the STOXX50 fell by 3.2% and the Dax by 1.6%. SMI retreated by 1.9% and OMX in Stockholm retreated by 1.6%. MSCI Russia (USD) remained closed. The MSCI China USD fell by as much as 8.7%, while the Nikkei in Japan rose 7%.

The Swedish 10-year government bond yield fell during the month by 2 points, from 2.31% to 2.29%.

Activities of the month

After a long period of struggle, the fund chose to divest the holding in QleanAir when the opportunity arose after the report presentation. The fund invested during the month in a bond issued by ADDvise that runs for 3 years with a coupon of just over 9%. The holding in Kindred was reduced after the report presentation. They reported that they were going to do a strategic review, which caused the price to rise. As the rumor of a possible sale of the company has circulated for a long time, the fund chose to take advantage of the opportunity to sell at a good price.

Lundin Gold increased its stake in the fund by 1%

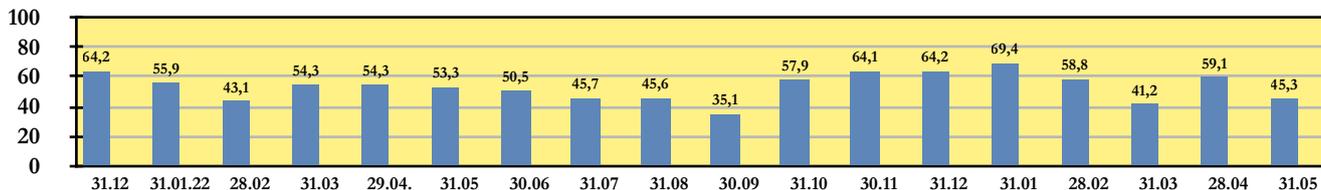
The short technical indicator indicates a positive stance. As in the previous month, the medium-term indicator continues to show a positive trend and the long-term indicator also shows a continued, but weak, positive stock market trend.

Investment strategy

The rise on the Swedish and American stock markets has not been broad since the turn of the year. Instead, a few large companies are responsible for a large part of the rise. In Sweden, the growth-oriented engineering companies at the top of the index are ABB, Alfa Laval, Atlas Copco and Hexagon, as well as other large companies such as AstraZeneca, Evolution and Investor. In the US, it is instead tech companies, such as Apple, Amazon, Alphabet, Microsoft and Nvidia. If we exclude the development for the 5 aforementioned companies as well as Meta and Tesla, this year's development for the SP 500 is instead negative.

Those with a negative view of the stock market see similarities with the dot-com crash in 2000, where a few highly valued IT companies accounted for the lion's share of the rise. In the second scale we find, for example, an analysis from BMO where they have found that 11 of the previous 12 times when a few companies accounted for a similarly large part of the rise, the broad market experienced a positive development on a 3, 6 and 12 month horizon .

GADD SMP FUND: Net Equity Exposure (%)



unit to 4% and AstraZeneca also increased it by 1% unit, but to 3%. Skanska and Embracer reduced their holdings in the fund by 1% unit to 1%.

The strongest development of the fund's holdings during the month was accounted for by Momentum Group, which rose by 28%, followed by QleanAir 15.5%. Other holdings that rose were ABB 7.2%, Atlas Copco 6.7%, Sdiptech 6.7%, Lundin Gold 5.7%, Vostok Emerging Finance 5.3%, Cinis Fertilizer 4.8%, Trelleborg 4.7%, AstraZeneca 4.3% and Indutrade 3.9%.

On the negative side, Embracer was mainly down (53.3%) on the report after they announced that a strategic collaboration that had been negotiated for seven months and had involved \$2 billion in development revenue will not materialize. Studentbostäder decreased by (36.9%), Enea (26.9%), Hexatronic (22%), JM (20.5%), Peab (17.7%), Alleima (15.5%), Skanska (14.6%) and Dometic (13.6%).

The fund's net exposure in shares decreased at the end of the month by just under 14 percentage points, from the previous 59.1% to 45.3%.

The fund has a somewhat defensive share position as a result of us entering a historically weaker period and the index being close to resistance levels. If the stock market finds continued strength and forces the aforementioned resistance, it indicates a continued rise and the fund will then position itself accordingly.

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