



GADD SMP FUND

Monthly Report

June 2023

NAV EUR 2'100.83*

Inception date 05.04.2011 = EUR 1'000

* at 30.06.2023

	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%	-1.6%	-0.4%	-2.8%	1.9%							-1.0%

Market Comment

The stock markets continued to rise even during June, the S&P500 index entered a bull market on June 9, i.e. when the index has risen 20% from the last lowest level. Strong employment figures and company reports in the US together with the increase in the so-called the debt ceiling gave new fuel to the market.

As expected, the FED left the policy rate unchanged in the range of 5 - 5.25%. Jerome Powell and the Fed members were clear in pointing out that this should not be seen as the end of the rate hike cycle, but rather a pause before more rate hikes are implemented.

The charges against Donald Trump were made public during the month. The former president is suspected of 37 crimes in connection with the discovery of classified documents in his residence in Florida. Among other things, the documents are said to contain some of the most sensitive military data, such as information about the US nuclear weapons program. Trump's former Attorney General William Barr commented on the indictment saying that Trump would be in proper trouble if only half of all the charges are true. Unsurprisingly, Trump commented on the reports that he will not withdraw from the presidential campaign - even if he is convicted.

The European Central Bank raised its interest rates by 0.25 percentage points during the month. The most important policy rate, the refi rate, is after an increase of 4.00% and it was the eighth time in a row that the ECB raised the rate. The tightening which began in July 2022 is, by a wide margin, the heaviest tightening ever undertaken by the ECB. At the subsequent press conference, ECB President Lagarde was clear that there is more room for rate hikes and that there will be a hike in July unless something very unexpected happens.

Lagarde also stressed that higher wage increases are a cause for concern and are helping to keep up underlying inflation in the eurozone.

Index	31.12.22	30.06.23	YTD
MSCI World (USD)	2'602.685	2'966.72	14.0%
STOXX50 (EUR)	3'793.62	4'399.09	16.0%
S&P 500 (USD)	3'839.5	4'450.38	15.9%
Nasdaq Comp (USD)	10'466.48	13'787.92	31.7%
Dax (EUR)	13'923.59	16'147.9	16.0%
SMI (CHF)	10'729.4	11'280.29	5.1%
OMX30 (SEK)	2'043.404	2'309.9	13.0%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	59.83	-6.4%
NIKKEI (YEN)	26'094.5	33'189.04	27.2%
Swe. Gov Bond. 10 y	2.46%	2.57%	

It is untimely for the holidays that the Swedish crown is at an all-time low against the euro. The SEK is approaching 12 SEK to 1 EUR and is also close to a record low against the dollar at just under 11 SEK. In trade-weighted terms (KIX), the SEK is 3% from the bottom set at the height of the financial crisis in 2009.

At the end of the month, the Riksbank raised the key interest rate by 25 points to 3.75 percent. The interest rate path indicates a high probability of a single rate hike and interest rate peak in September, which is shared by Nordea's forecast. Handelsbanken goes one step further and sees two further 25 point increases before the peak is reached.

Brazil's Federal Electoral Court has found former President Jair Bolsonaro guilty of abuse of power ahead of the 2022 election. Five out of a total of seven judges have voted to convict Bolsonaro, which means he cannot participate in elections until 2030. Bolsonaro has claimed for years that the electoral system in Brazil facilitated electoral fraud and is also said to have used his position and powers as president to conduct an election campaign.

On Midsummer's Eve, the leader of the Wagner group, Yevgeny Prigozhin, launched a "march for justice" to depose the chief of the general staff and the defence minister of Russia. The next day he had taken control of the city of Rostov-na-Donu and then marched with a well-armed column towards Moscow. Putin denounced Prigozhin as a traitor and promised that all those involved would be dealt with accor-

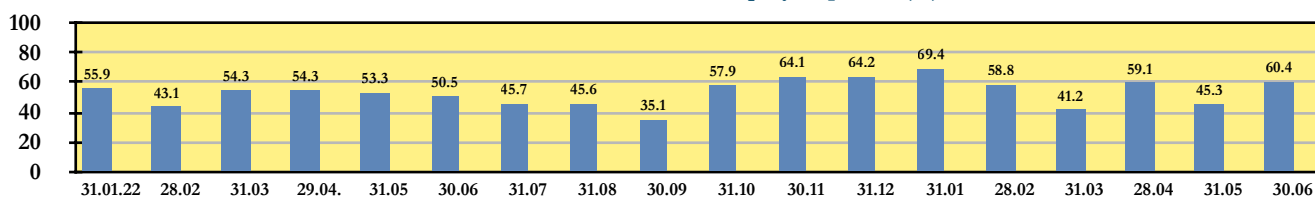
Alleima 10.4%, Sandvik 10.3%, JM 10%, Nordea 10%, Student housing 9.6% and Lundin Mining 9.5%.

On the negative side, Yabie can mainly be mentioned, which fell by (22.2%). Enea fell by (14.6%), Skistar (11%), Kindred (8.1%), VEF (7.8%), Logistri (7.3%), Fleming Properties (6.8%), Lundin Gold (6.4%) and Africa Energy (6.3 %).

The fund's net exposure to shares increased at the end of the month by 15 percentage points, from the previous 45.3% to 60.4%.

The short technical indicator indicates a neutral stance. As in the previous month, the medium-term indicator continues to show a positive trend, while the long-term indicator shows a neutral trend.

GADD SMP FUND: Net Equity Exposure (%)



dingly. That same day, the column suddenly turned back, after an agreement negotiated by Belarusian President Lukashenko was announced. Although the motives behind the actions of the various actors are still unclear, interesting information about Putin emerged. He now admitted for the first time that the Russian state fully financed the elite force Wagner. The admission comes after Putin for years denied any state collusion with the paramilitary group.

The world index MSCI World (USD) rose by 5.9% during the month. The S&P 500 in the US rose 6.5% and the Nasdaq rose by a whopping 6.6%. In Europe, the STOXX50 rose by 4.3% and the Dax by 3.1%. SMI rose 0.6% and OMX in Stockholm rose 3.4%. MSCI Russia (USD) remained closed. The MSCI China USD rose 3.3% while the Nikkei in Japan rose a whopping 7.5%.

The Swedish 10-year government bond yield increased during the month by 28 basis points, from 2.29% to 2.57%.

Activities of the month

After a strong development for the Momentum share with an increase of almost 100% since the turn of the year, the fund chose to take home the profit and sell the holding.

The fund also invested during the month in a bond issued by Secop that runs for 3.5 years with a coupon of nearly 12% in Euros.

During the month, AstraZeneca and Lundin Gold reduced their holdings in the fund by 1% unit to 3% each.

The strongest development of the fund's holdings during the month was Filo Mining, which rose by 25.1%, followed by Husqvarna 21.9%. Other holdings that rose sharply were Hexatronic 19.2%, Dometic 12.2%, Volvo 11.4%,

Investment strategy

The fund entered the month with a somewhat defensive view. The strong rise during the year, technical resistance levels together with the fact that June is a historically weak month resulted in a slightly lower proportion of shares. After an initial strong development, there was a setback during the midsummer week where the Stockholm Stock Exchange fell by just under 6%. The fund took the opportunity and increased the share exposure during the downturn and is now at just over 60%. The reporting month of July has been the strongest stock market month in the last 10 years with an average return of just under 4.2% for the Stockholm Stock Exchange and 3.3% for the S&P500. However, there are clear patterns that show that historically the stock market has shown a stronger development in reporting months, even if historical returns are not a guarantee of future returns

The fund's view at the start of the year was that the first half of the year would offer a positive return, mainly as the stock markets with their large falls had priced in an approaching recession in the near term, something that the fund saw as more distant. Economic data now coming in is mixed, with consumers hit by higher mortgage, energy and food prices while some business sectors are booming. A possible American recession's threat weakens as the economy shows strong resilience and also results in the fund taking a bright view of the coming months.

Did you know you can follow Gadd & Cie on [LinkedIn](#)? We regularly update it with our current views on the financial markets.