



GADD SMP FUND

Monthly Report

August 2023

NAV CHF 1'959.58*

Inception date 05.04.2011 = CHF 1'000

* at 30.08.2023

	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%	1.8%	2.0%						0.3%

Market Comment

Global financial markets fell back in August. After a relatively strong development in June and July, all global indices we follow generated a negative return during the month. Investors shifted their focus to the risk that low unemployment and apparently good demand will keep inflation high and force central banks to raise interest rates further. The lack of significant Chinese stimulus measures to support the country's weak domestic economy also contributed to the stock market's weak performance.

Federal Chairman Powell's speech in Jackson Hole was expected to be somewhat hawkish as he emphasised that continued good growth means a rate hike may be necessary. However, Powell also said that inflation has slowed significantly over the past three to six months, making future data crucial for monetary policy. At the end of the month, there were signs that the hot US labor market is cooling down. The number of job vacancies (JOLI) relative to the unemployment rate, a measure often cited by the Fed chairman, fell more than expected. There were also indicators indicating that the pace of wage growth is slowing. This resulted in market pricing now expecting the Fed to be done with rate hikes.

Moody's cut the credit ratings of 10 US banks and warned that some of the country's biggest banks are under investigation. "Quarterly results for many banks show increasing pressure on margins, which will affect their ability to generate capital," Moody's wrote. A few more banks were placed under observation, which overall, despite Moody's also saying that they see the US banking system as strong, again raised the uncertainty surrounding the situation in the sector.

No dramatic change in the Swedish inflation trend took place during the month. Headline CPI inflation and fixed

rate inflation (CPIF) were both unchanged from June at 9.3% and 6.4% year-on-year respectively. Of course, it may seem a bit gloomy that the decline in inflation took a break in July, but still the overall inflation picture looks very positive.

Index	31.12.22	31.08.23	YTD
MSCI World (USD)	2,602.685	2,986.02	14.7%
STOXX50 (EUR)	3,793.62	4,297.11	13.3%
S&P 500 (USD)	3,839.5	4,507.66	17.4%
Nasdaq Comp (USD)	10,466.48	14,034.97	34.1%
Dax (EUR)	13,923.59	15,947.08	14.5%
SMI (CHF)	10,729.4	11,125.95	3.7%
OMX30 (SEK)	2,043.404	2,184.74	6.9%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	59.8	-6.5%
NIKKEI (YEN)	26,094.5	32,619.34	25.0%
Swe. Gov Bond. 10 y	2.46%	2.71%	

The big national news in Sweden was that Säpo raised the terror threat level from 3 to 4 on the 5-point scale. The country thus goes from an "increased threat" to a "high threat". The threat picture against Sweden has gradually changed and the threat of attacks from actors within violent Islamism has increased during the year. Sweden has gone from being regarded as a legitimate target for terrorist attacks to being regarded as a priority target. This threat is now judged to remain for a longer period of time and therefore security police chief Charlotte von Essen decided to change the terror threat level. The message from the Säpo manager is nevertheless that people in Sweden should continue to live as usual.

Eurozone PMI fell more than expected to 47 in August, the lowest since November 2020. Manufacturing and services are now below 50, the limit for growth. The service sector has so far shown resilience, but now the trend seems to be broken. This should bring some relief to the ECB, although high prices in the service sector continue to be a concern. If you look at individual countries, it is above all Germany that stands out. The German economy faces serious challenges from a weak manufacturing sector, a construction sector hit hard by high interest costs and weak global demand as China falters. Economic indicators that were previously scattered across the Eurozone are sounding more in tune; recession.

Russian authorities and the Wagner Group confirmed that Wagner leader Yevgeny Prigozhin as well as its founder Dmitry Utkin were among the ten people who died in a plane crash. The accident - if it was one - occurred two months after the Wagner group's coup attempt in Russia.

The world index MSCI World (USD) retreated by (2.6%) during the month. The S&P 500 in the US fell by (1.8%) and the Nasdaq by (2.2%). In Europe, the STOXX50 fell by (3.9%) and the Dax by (3.0%). SMI retreated (1.6%) and OMX in Stockholm with (2.9%). MSCI Russia (USD) remained closed. The MSCI China USD fell by a full (9.0%) while the Nikkei in Japan retreated (1.7%).

(13.3%), JM (12.7%), Embracer (12.2%) and Lundin Mining (11.7%).

The fund's net exposure to shares was reduced by 14% points during the month, from previously 61.0% to 46.8%.

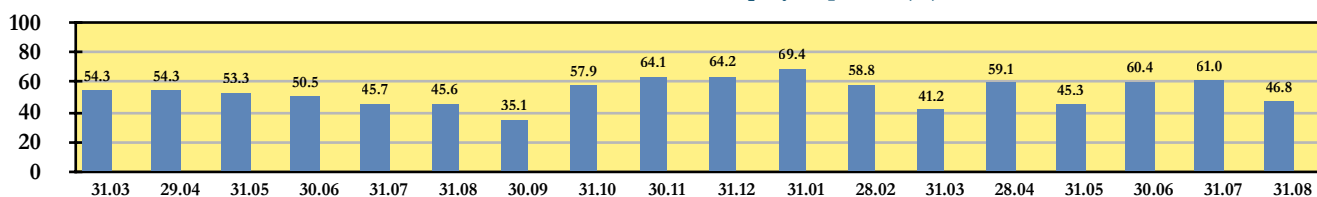
The short technical indicator has turned down and shows a negative stance. The medium-term indicator has also turned down and indicates a negative trend, while the long-term indicator shows, as in the previous month, a weak positive trend.

Investment strategy

As mentioned in the previous monthly letter, the stock market is in a historically weaker period before the usually strong end to the year. August this year was no exception with the stock market index falling in value. Although the fund expected a weaker stock market and was positioned during the month, it unfortunately also backed off.

After the holiday break, the professional investors have returned to the offices and initially their behaviour shows a generally more positive view of the stock market. Other risk assets such as oil and gold have also been bought up. The shorter technical signal is nearing a trend change, but has not yet turned positive.

GADD SMP FUND: Net Equity Exposure (%)



The Swedish 10-year government bond yield rose during the month by 21 points, from 2.50% to 2.71%.

Activities of the month

The fund's bond holding in Mirovia due in July 2024 was called for early redemption the previous month and was redeemed at a small premium to par.

During the month, Novo Nordisk increased its share in the fund by 1% to 5%, Lundin Gold decreased by 1% to 3%.

The strongest development of the fund's holdings during the month was accounted for by Implantica, which rose by 36.3%, followed by Novo Nordisk 16.8%. Other holdings that rose sharply were RevolutionRace 15.1%, Viva Wine Group 13.6% and Alleima 9.9%.

On the negative side, VNV Global can mainly be mentioned, which fell by (27.2%). Hexatronic fell by (25.2%), Filo Mining (14.7%), Kindred (14.1%), Sdipotech (14.0%), Nibe

According to the central banks, interest rates will be maintained at a higher level for a longer time, however, we are probably approaching the end of the rate hike cycle. We will get clearer information when the Fed Beige Book is presented and at the next interest rate decision on September 20.

The fund intends to maintain the restrictive equity exposure until the monetary policy future becomes clearer and the technical signals brighten.

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