



GADD SMP FUND

Monthly Report

October 2023

NAV CHF 1'889.46*

Inception date 05.04.2011 = CHF 1'000

* at 31.10.2023

	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%	-3.0%	-2.3%	-1.3%			-6.2%

Market Comment

After Hamas' terrorist act at the beginning of the month, the eyes of the world turned to Israel. Israel responded by declaring war on Hamas and a very sensitive geopolitical situation has arisen. The financial markets, abhorring uncertainty, reacted with falling stock markets and higher long-term interest rates around the world.

The September minutes from the Fed released at the beginning of the month contained a less hawkish tone than predicted in the Fed's own forecasts. Several members believed that the key interest rate would be likely to be at, or near its peak, and that the focus should shift from how high the interest rate should be raised to how long the key interest rate should be kept at a restrictive level.

On the first day of November, the announcement came from the Fed that the key interest rate and monetary policy will otherwise be left unchanged. Fed chief Powell emphasised that monetary policy is restrictive and that inflation, wages and developments in general are moving in the right direction, albeit gradually.

Mike Johnson eventually became the new Speaker of the US House of Representatives. He is a Republican politician with limited experience and a member of the Baptist Church. Johnson was the Republicans' third choice and finally got confirmed as speaker of the House after Kevin McCarthy was forced to resign in an early October vote. Johnson, 51, has been an ardent supporter of former President Donald Trump and was a key figure in the attempts that failed to nullify the 2020 election.

In early October, the airline SAS announced the outcome of the company's crisis plan. The result was a new ownership consortium with the airline Air France-KLM at the head, which comes in as a major owner and the company is

infused with €1.1 billion. Current shareholders, who at the time of the announcement were around 255,000, can now unfortunately expect that the entire value of the shares will be lost as the share will be delisted.

Index	31.12.22	31.10.23	YTD
MSCI World (USD)	2'602.685	2'768.6	6.4%
STOXX50 (EUR)	3'793.62	4'061.1	7.1%
S&P 500 (USD)	3'839.5	4'193.8	9.2%
Nasdaq Comp (USD)	10'466.48	12'851.2	22.8%
Dax (EUR)	13'923.59	14'810.3	6.4%
SMI (CHF)	10'729.4	10'391.2	-3.2%
OMX30 (SEK)	2'043.404	2'075.8	1.6%
MSCI Russia (USD)	0	0.0	
MSCI China (USD)	63.948	55.6	-13.1%
NIKKEI (YEN)	26'094.5	30'858.9	18.3%
Swe. Gov Bond. 10 y	2.46%	3.00%	

Eurostat's flash estimate showed that the inflation rate (HICP) in the euro area fell to 2.9 percent in October compared to 4.3 percent in September. October was thus another month with surprisingly low inflation. In the past six months, the pace of price increases within the EMU area has more than halved. In Belgium and the Netherlands, deflation was even noted in October with minus 1.7 and minus 1.0 percent respectively.

The incumbent party in Poland, the national conservative Law and Justice (PIS), which has been in power for eight years, did indeed become the largest party in this election

as well. Although this time an opposition coalition, consisting of Donald Tusk's liberal party Citizen Platform, the center-right group Third Way and the Left, collected enough votes to form a majority of their own. Since Donald Tusk and his party, unlike the PIS, have made themselves known for having a pro-EU attitude, a shift in power paves the way for improved cooperation between Poland and the EU.

The war in Ukraine has been relegated to play second fiddle when the world's eyes instead turned towards the Middle East. Israel's security cabinet has formally declared war on Hamas following the terrorist group's attack on October 7. The latest estimates are that at least 1,400 Israelis lost their lives in the terrorist attack and roughly 220 people were taken hostage. On the other side, the Ministry of Health in Gaza, which is run by Hamas, reports that over 9,000 Palestinians have lost their lives since October 7. Israel responded first by stopping all entry of food, water, fuel and medicine into Gaza and then with subsequent ground offensives. In addition to the large-scale airstrikes against the Gaza Strip, Israel also carries out attacks against Syria, Lebanon and the West Bank. Israel also warns of carrying out an attack on Iran if Hezbollah becomes involved in the war.

The world index MSCI World (USD) retreated by (3.0%) during the month. S&P 500 in the USA down (2.2%) and Nasdaq up (2.8%). In Europe, the STOXX50 fell by (2.7%) and the Dax by (3.8%). SMI fell by a full (5.2%) and OMX in Stockholm by (3.7%). MSCI Russia (USD) remained closed. MSCI China USD fell by (4.3%) while Nikkei in Japan retreated (3.1%).

The Swedish 10-year government bond rate rose during the month by 5 points, from 2.95% to 3.00%.

second month in a row) which rose by 18.4%, followed by IPC 12.3%. Other holdings that rose considerably were Lundin Gold 11.2%, Yabie 8.3%, Africa Energy 6.8%, Lifco 6.2%, Novo Nordisk 5.1% and Trelleborg 3.5%.

On the negative side, Hexatronic can mainly be mentioned, which fell by (41.6%). Implantica backed off with (20.4%), JM (19.9%), VEF (18.2%), Embracer (17.4%), VNV Global (14.8%), Lundin Mining (14.7%), and Husqvarna (13.9%).

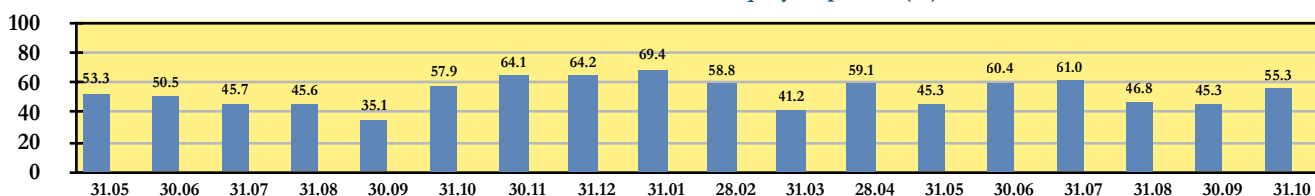
The fund's net exposure in shares was initially kept at a low 45.5%. By the end of the month, it was increased to 55.3% after a strong US GDP number as well as lower European inflation data was presented.

The short technical indicator has turned down from a neutral to a negative stance. The medium-term has also turned down and indicates a negative trend, while the long-term indicator now shows a weak positive trend.

Investment strategy

We can finally leave the month of October behind and look towards the end of the year. October has a record of being a month for stock market crashes. On the 29th of October 1929, the so-called Black Tuesday, the stock market fell by 90%, an event that would trigger the Great Depression. On the 19th of October 1987, known as Black Monday, the stock market fell 22% in one day. Despite the geopolitical unrest, there was no regular stock market crash this year, although this year's result was falling stock markets and the worst October in 5 years, albeit in somewhat more modest forms compared to some historical examples.

GADD SMP FUND: Net Equity Exposure (%)



Activities of the month

The binding bid of SEK 66 in Backaheden from Stenus Fastigheter was accepted by the fund during the month. ADDvise Group increased its bond issue volume and the fund seized the opportunity and increased its holdings. The bond runs until May 2026 with coupon STIBOR + 550 points. The shareholding in Africa Energy was sold almost in its entirety.

During the month, Husqvarna, Hexatronic and Vostok Emerging Finance's grew back from 2% of the value of the fund each to 1%.

The strongest development of the fund's holdings during the month was accounted for by Alleima (this was the

The fund's decision to maintain its defensive stance at the beginning of the month turned out to be correct, it resulted in a significantly smaller decline than the index. The month of November is the start of the period of the year which historically tends to be the most positive for the financial markets. The fund has therefore currently chosen a neutral risk level in anticipation of an easing of geopolitical tensions and a clearer trend that the market has bottomed out.

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