



GADD SMP FUND

Monthly Report

December 2023

NAV CHF 2'029.81*

Inception date 05.04.2011 = CHF 1'000

* at 31.12.2023

	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%	2.3%	5.0%	0.7%

Market Comment

The strong stock market development during November continued in December as well, resulting in a powerful end to the year. Once again, it was the central banks that fueled the stock market rise. Both the Fed and the ECB left their key interest rates unchanged and the Fed indicated that the next announcement will be a rate cut, a statement that caused long-term interest rates to fall and created euphoria on the stock markets.

The Fed's decision to leave the key interest rate unchanged was no surprise, but its adjustment to the interest rate path was all the more so as it indicated that three rate cuts could be expected in the coming year. This is a marked change from the September forecast, which had predicted one hike in 2023 and two cuts in 2024. The reaction to the Fed's interest rate announcement was palpable in the US fixed income market. US interest rates fell significantly and the 10-year Treasury yield fell below the psychologically significant level of 4.00%. This was the first time this had occurred since early August and marks a significant shift in market expectations.

The Supreme Court of the state of Colorado recently made a historic decision by a vote of 4-3, preventing former President Trump from participating in the state's primary election. The decision is based on the ex-president's role during the violent storming of the Capitol in 2021. Trump has announced that he intends to appeal the decision to the US Supreme Court, which currently has a conservative majority.

Sweden's NATO membership came one step closer as the foreign affairs committee in the Turkish parliament said yes to Sweden's application. There are, however, two steps left to a Turkish ratification. An approval in the parliament is needed and then a grant from President Erdogan.

The Tesla strike continues in Sweden and the Finnish automotive and transport union AKT decided to block transport from Finnish ports to Sweden from December 20th. Support measures have already been announced by Danish and Norwegian trade unions. In addition, one of Denmark's largest pension funds, Pension Danmark, announced that it will sell its Tesla holding in sympathy with the unions.

Index	31.12.22	29.12.23	YTD
MSCI World (USD)	2'602.685	3'169.18	21.8%
STOXX50 (EUR)	3'793.62	4'521.65	19.2%
S&P 500 (USD)	3'839.5	4'769.83	24.2%
Nasdaq Comp (USD)	10'466.48	15'011.35	43.4%
Dax (EUR)	13'923.59	16'751.64	20.3%
SMI (CHF)	10'729.4	11'137.79	3.8%
OMX30 (SEK)	2'043.404	2'398.17	17.4%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	55.47	-13.3%
NIKKEI (YEN)	26'094.5	33'464.17	28.2%
Swe. Gov Bond. 10 y	2.46%	2.05%	

As expected, the European Central Bank (ECB) decided to keep interest rates unchanged at its last meeting of the year. The ECB also underlined that no further interest rate hikes are required to deal with inflation. At the subsequent press conference, ECB President Christine Lagarde announced that the issue of interest rate cuts had not been discussed. However, the bank significantly revised down its inflation forecasts for both 2023 and especially for 2024 compared to the previous forecast from September. According to the

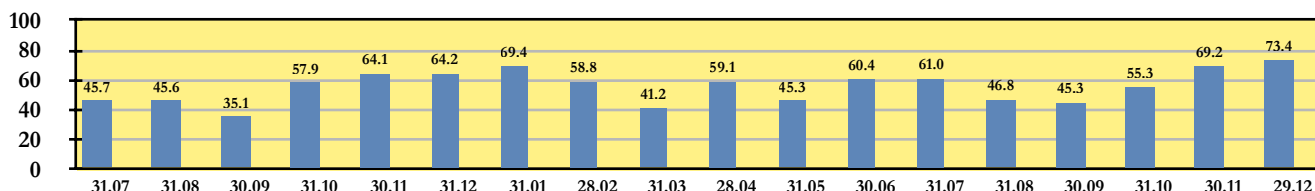
latest figures, the ECB now expects headline inflation to be around 2.7% in 2024, compared to the previous forecast of 3.2%. Lagarde also underlined that despite a decline in inflation, it is expected to temporarily increase in the short term, mainly due to base effects.

At the climate summit in Dubai, the countries finally managed to reach an agreement emphasizing the need for a "fair and orderly transition away from fossil fuels" in the coming decade. This agreement marks a step forward in efforts to combat climate change and transition to more sustain-

wed by Hexatronic with 31.7%. Other holdings that rose significantly were Logistri 24%, JM 21.2%, VNV Global 19.5%, Embracer 18.7%, RevolutionRace 17.7%, Viva Wine Group 16.1% and Peab 15.7%.

On the negative side, Africa Energy can mainly be mentioned, which fell by (6.7%). Studentbostäder retreated with (4.3%), Cinis Fertilizer (3.7%), Go North (3.5%), Vostok Emerging Finance (1.7%), Esmacil Holding (0.5%) and Vesivek (0.5%).

GADD SMP FUND: Net Equity Exposure (%)



nable energy options. Despite progress, however, significant challenges remain. In order to fulfill the goal of doubling global energy efficiency within the same time frame, an enormous financial investment of SEK 300,000 billion is required.

Shipping giants Maersk and Hapag-Lloyd have taken action and ordered their container ships to avoid passage through the Suez Canal due to the escalating attacks carried out by Houthi rebels off Yemen. These attacks have sparked concern and affected trade routes in the Red Sea. The Suez Canal, one of the world's most important trade routes, is once again in focus with this development. The memory of the significant problems and costs incurred when the ship Ever Given blocked the channel in 2021 is still fresh. To address the current threats, several countries, led by the United States, have agreed to conduct patrols in the Red Sea to protect shipping.

The world index MSCI World (USD) rose by 4.8% during the month. The S&P 500 in the US rose by 4.4% and the Nasdaq by 5.5%. In Europe, the STOXX50 increased by 3.2% and the Dax by 3.3%. SMI rose by 2.6% and OMX in Stockholm by as much as 7.4%. MSCI Russia (USD) remained closed. MSCI China USD retreated by (2.6%) and Nikkei in Japan by (0.1%).

The Swedish 10-year government bond rate fell during the month by as much as 40 points, from 3.00% to 2.60%.

Activities of the month

The Vostok Emerging Finance bond with maturity in 2025 was redeemed early and the fund chose to subscribe to the newly issued bond with maturity in 2026 and coupon stibor + 6.5%. During the month, SEB increased its share in the fund by 1 percentage point to 4%.

The strongest development of the fund's holdings during the month was Implantica, which rose by 32.9%, follo-

The fund's net exposure in shares was initially 69.2% and ended at 73.4%. After the weaker start to the year, the short and medium-term technical trends show a neutral direction compared to previously positive, the long-term still shows a positive trend.

Investment strategy

In 2023, the most prominent driver of stock market gains was the failure of the expected recession, while inflation fell. Corporate earnings proved resilient and the Fed surprised markets by shifting to a more dovish forward policy.

Ahead of 2024, it is easy to be strikingly positive, as economic growth has proven more resilient than most might have expected and fears of a recession have subsided. Inflation fell sharply in 2023 and is not far from the Fed's target, while corporate earnings growth is expected to resume in the coming year.

However, stocks and bonds have already priced in many positive expectations for the new year and therefore the fund chose to reduce its exposure to stocks to 60% at the beginning of January. It is wise to be aware of possible exaggerated expectations in the market and to be prepared for different outcomes.

We at GADD would like to take this opportunity to thank you for your trust in the past year and look forward to continued cooperation in 2024.