



# GADD SMP FUND

## Monthly Report

### June 2025

NAV CHF 2'209.14\*

Inception date 05.04.2011 = CHF 1'000

\* at 30.06.2025

|      | Jan.  | Feb.  | Mars   | Apr.  | May   | June  | July  | Aug.  | Sep.  | Oct.  | Nov.  | Dec.  | Year  |
|------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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%  |
| 2024 | -0.3% | 1.4%  | 5.4%   | 1.8%  | 1.3%  | -0.9% | 4.3%  | -0.1% | -1.6% | -2.0% | -0.8% | -2.6% | 5.7%  |
| 2025 | 4.2%  | 0.1%  | -5.2%  | 1.3%  | 2.1%  | 0.6%  |       |       |       |       |       |       | 3.0%  |

## Market Comment

When summarising the first half of the year, we note that despite significant geopolitical unrest, markets have once again shown resilience and started the year positively. Among the indices followed by the fund, the DAX performed strongest with a 20.1% increase, followed by MSCI China, which rose 15.5%. In contrast, the Swedish market saw more subdued development, with the OMXS30 rising only 0.4%. The fund ended the first half with an increase of 3.9%.

This development illustrates how equity markets often climb a “wall of worry”, a term referring to markets defying uncertainties and negative news to continue upwards. Historically, geopolitical events often have significant but short-lived impacts on stock markets. Investors tend to react with initial concern before returning focus to long-term fundamentals and company earnings, leading to relatively quick recoveries after such disruptions.

The Federal Reserve left its key interest rate unchanged at 4.25 - 4.50%, in line with expectations. Its updated forecasts indicate slightly lower growth this year and in 2026, while inflation expectations have been revised upwards for 2025–2027. Trump's tariffs are still viewed as having a temporary impact but are expected to influence inflation in the coming months. The number of projected interest rate cuts has been revised down, and the Fed signalled that a first cut may be delayed. Chairman Powell emphasised the need for clear signs of lower inflation before easing monetary policy.

As expected, the Riksbank cut its key interest rate by 25 basis points to 2.00%. The updated rate path indicates a somewhat softer monetary policy ahead, with close to a 50% probability of another cut in the autumn. Markets currently expect the rate to be lowered to 1.75% in September. The Riksbank's growth and inflation forecasts were revised down

compared to March, assessing that the Swedish economic recovery will be weak and uncertain.

Eurozone inflation in June was 2.0%, in line with the ECB's target, marking some stabilisation after May's 1.9%.

| Index               | 31.12.24   | 30.06.25  | YTD   |
|---------------------|------------|-----------|-------|
| MSCI World (USD)    | 3'707.837  | 4'026.44  | 8.6%  |
| STOXX50 (EUR)       | 4'895.98   | 5'303.24  | 8.3%  |
| S&P 500 (USD)       | 5'881.63   | 6'204.95  | 5.5%  |
| Nasdaq Comp (USD)   | 19'310.792 | 20'369.73 | 5.5%  |
| Dax (EUR)           | 19'909.14  | 23'909.61 | 20.1% |
| SMI (CHF)           | 11'600.9   | 11'921.46 | 2.8%  |
| OMX30 (SEK)         | 2'483.123  | 2'493.49  | 0.4%  |
| MSCI Russia (USD)   | 0          | 0.00      |       |
| MSCI China (USD)    | 64.49      | 74.50     | 15.5% |
| NIKKEI (YEN)        | 39'894.54  | 40'487.39 | 1.5%  |
| Swe. Gov Bond. 10 y | 2.34%      | 2.24%     |       |

However, trends vary among member states: France and Spain reported slightly higher inflation, while Italy saw no change, and Germany recorded an unexpected decline, which could affect ECB strategy. With inflation at target, the ECB is expected to keep rates unchanged at its late July meeting, though a possible September cut remains under discussion depending on economic data.

During Israel's "Operation Rising Lion", several high-ranking Iranian military personnel were killed, including Defence Chief Mohammad Bagheri and Revolutionary Guard

Commander Hossein Salami. Shortly after, the US carried out targeted strikes on Iranian nuclear facilities. President Trump declared Iran's nuclear weapons program defeated for a significant period, though later intelligence reports indicated the facilities were seriously damaged but not destroyed, delaying the program by a few months. Possible Iranian retaliation was discussed, including a temporary closure of the Strait of Hormuz, through which about a quarter of global crude oil exports pass. This would impact oil prices but also significantly harm Iran's own economy. A ceasefire between Iran and Israel was quickly agreed. Despite this, the situation remains uncertain with accusations of violations from both sides, and markets remain sensitive to new developments.

NATO member states agreed to gradually increase defence spending to 5% of GDP by 2035, a historically large rise from the current ~2%. Up to 1.5% of this will be allocated to defence-related infrastructure projects.

The MSCI World Index (USD) rose 4.2% in the month. In the US, the S&P 500 rose 5%, and the Nasdaq gained 6.6%.

In Europe, the STOXX50 fell by (1.2%) and the DAX by (0.4%). The SMI fell (2.5%) and the OMX in Stockholm was down slightly by (0.1%). The MSCI China USD rose by 3.1% and the Nikkei in Japan by 6.7%. Swedish 10-year government bond yields fell by 11 basis points, from 2.35% to 2.24%.

## Activities of the month

The fund participated in the IPO of mortgage bank Enity. As the fund did not receive its desired allocation and the price rose rapidly, it chose to realise the small profit that arose in the initial trading days. Following strong gains in Lifco and Lundin Gold, these positions were partially divested to 4% and 5% units respectively, and no new acquisitions were made. After a weak month, the short-term technical trend turned from neutral to weak sell, while medium- and long-term trends continue to indicate weak sell signals for the Stockholm Stock Exchange.

The fund began the month with an equity exposure of 70%. Following the escalation in Iran, exposure was reduced to 55%, but after the ceasefire, it was increased again, ending the month at approximately 67%.

The strongest development of the fund's holdings during the month was accounted for by IPC, which rose by a total of 14%. Other holdings that increased significantly were

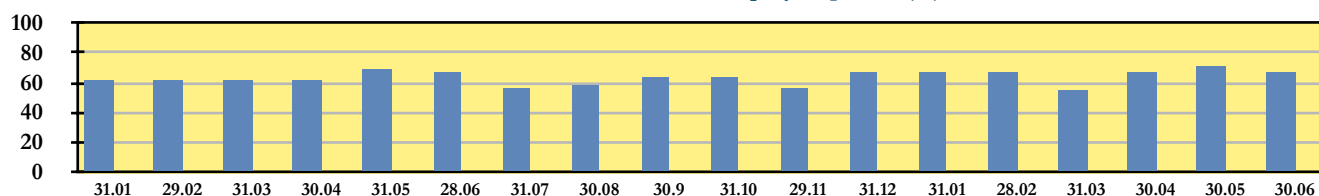
Lundin Mining 10.2%, Fleming Properties 7.1%, Dometic 6.7%, Wihlborgs 6.2% and Lundin Gold 5.6%. On the negative side, Skistar was the most notable, falling (9.1%). PEAB fell (5.8%), Hexatronic (4.9%), Alleima (4.8%), Epiroc (4.2%) and NYAB (3.8%). The results above are not dividend-adjusted.

## Investment strategy

Ahead of Q2 reporting, focus remains on how companies have handled the effects of Trump's tariff policy. The president has clearly signalled that the tariff pause will not be extended beyond July 9, despite agreements only with the UK and a truce with China. Reports indicate the US is nearing agreements with the EU and India, while talks with Japan are delayed. The market appears to expect extensions or key deals, as reintroduction of tariffs of 20–50% is not yet reflected in stock prices or inflation expectations.

The fund will monitor management comments closely to assess whether Europe is nearing an economic bottom

**GADD SMP FUND: Net Equity Exposure (%)**



and if increased activity in coming quarters could justify current valuations.

Finally, if history repeats itself, it is worth noting that the month just passed has historically been one of the worst for the Stockholm Stock Exchange in the past decade, and this year was no exception with a negative return. However, July has often been the strongest month of the year, perhaps because investor optimism during holidays tends to give markets an extra boost.

Everyone at GADD would like to take this opportunity to wish you all a nice summer!

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