



GADD SMP FUND

Monthly Report

July 2025

NAV CHF 2'205.37*

Inception date 05.04.2011 = CHF 1'000

* at 31.07.2025

	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%	-0.2%						2.8%

Market Comment

July was dominated by the United States' assertive trade strategy, with numerous countries entering new agreements that imposed import tariffs ranging from 10 to 20%. The EU reached a deal with the US involving a 15% tariff, \$600 billion in direct investments, and \$750 billion in US energy purchases over three years - all wrapped into the so-called "One Big Beautiful Bill", the Trump administration's sweeping package on trade, investment, and tax policy. Meanwhile, countries such as Switzerland, Brazil, and South Africa have been subjected to even higher tariffs.

While these trade agreements have reduced uncertainty for companies, they may also curb EU exports and add to upward pressure on global inflation. Swedish companies with significant US exposure are expected to be only marginally affected, though future capital investment may increasingly be redirected toward the US.

As anticipated, the Federal Reserve left its policy rate unchanged at 4.25 - 4.50% despite pressure from President Trump. Two members voted in favour of a cut, signalling growing divisions within the Fed. Chair Powell struck a hawkish tone and gave no indication of imminent easing, despite softer economic data. The Fed is expected to require clearer signs of labor-market weakness before a rate cut becomes likely - possibly as soon as September.

US GDP grew at an annualised rate of 3.0% in Q2, beating expectations of 2.6%. However, the upside surprise was largely driven by reduced imports - a factor that boosts GDP mechanically without necessarily reflecting stronger domestic activity. Consumer spending

was moderate, and business investment remained subdued. Core PCE inflation fell to 2.5%, reinforcing expectations for eventual rate cuts.

Index	31.12.24	31.07.25	YTD
MSCI World (USD)	3'707.837	4'076.04	9.9%
STOXX50 (EUR)	4'895.98	5'319.92	8.7%
S&P 500 (USD)	5'881.63	6'339.39	7.8%
Nasdaq Comp (USD)	19'310.792	21'122.45	9.4%
Dax (EUR)	19'909.14	24'065.47	20.9%
SMI (CHF)	11'600.9	11'836.00	2.0%
OMX30 (SEK)	2'483.123	2'580.05	3.9%
MSCI Russia (USD)	0	0.00	
MSCI China (USD)	64.49	77.85	20.7%
NIKKEI (YEN)	39'894.54	41'069.82	2.9%
Swe. Gov Bond. 10 y	2.34%	2.44%	

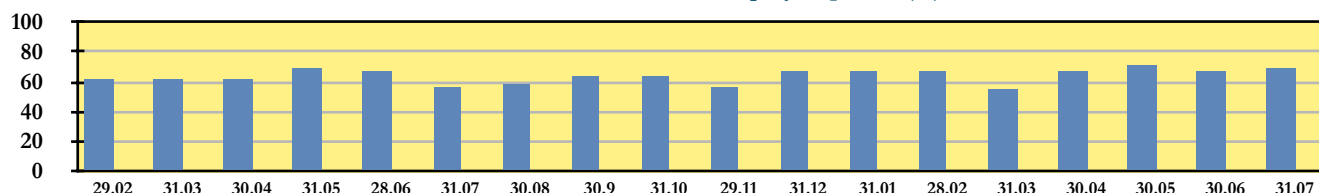
In Sweden, June inflation surprised to the upside: CPIF excluding energy rose to 3.3%, well above both Riksbank and market forecasts. A surge in international travel prices was a key driver. At the same time, retail sales in May fell nearly 5% - the steepest drop since 1994 - reflecting weak consumer sentiment and persistent price pressures. While markets still anticipate two Riksbank cuts this autumn, uncertainty over their timing and pace has increased.

The European Commission, in July, unveiled a nearly €2 trillion budget proposal for 2028-2034 - a substantial increase from previous plans. It prioritises en-

hancing the EU's competitiveness and security, with a fivefold increase in defence spending, alongside significant investments in innovation, clean technology, and the energy transition. A newly proposed European Competitiveness Fund of €451 billion would support these goals and strengthen the EU's global independence. Funding would be partly sourced from new corporate taxes, reducing direct contributions from member states. The pro-

Domestic (+25.5%), NYAB (+20.6%), VNV Global (+16.8%), ABB (+13.6%), and Nibe (+11.8%). On the downside, Novo Nordisk fell 28.5%, Hexatronic dropped 15.9%, Swedencare declined 11.5%, Lifco lost 8.7%, Lundin Gold slipped 7.7%, and Indutrade fell 7.7%. All figures are non-dividend-adjusted.

GADD SMP FUND: Net Equity Exposure (%)



posal has drawn criticism from several countries, including Germany, and negotiations could stretch up to two years.

President Trump has made clear his frustration with President Putin's actions, giving Russia an August 15 deadline to agree to a ceasefire in Ukraine. Failure to comply would trigger 100% tariffs on Russian goods, potentially extending to countries that continue purchasing Russian oil, gas, and uranium. Markets reacted with higher energy prices and rising concerns over global supply, with India, China, and Brazil among the most exposed.

The MSCI World Index (USD) rose 1.2% in July. The S&P 500 gained 2.2%, and the Nasdaq climbed 3.7%. In Europe, the STOXX 50 edged up 0.3% and the DAX rose 0.7%, while the SMI declined 0.7%. Stockholm's OMX gained 3.5%. MSCI China USD advanced 4.5%, and Japan's Nikkei increased 1.4%. Swedish 10-year government bond yields rose 20 basis points over the month, from 2.24 to 2.44%.

Activities of the month

The fund initiated two new positions in July. AAK, a producer of vegetable oils and fats, and Swedencare, an animal-health company entering a promising phase with management optimistic about sales growth through new distribution deals with US retailer Walmart. Concurrently, the fund completed the sale of its remaining stake in Sandvik.

Following a weak month-end, both short- and medium-term technical signals turned bearish, while the long-term trend for the Stockholm Stock Exchange remains neutral. The fund began July with 67% equity exposure, which remained broadly unchanged at around 69% given the absence of major negative market moves.

The best-performing holding was Implantica, which surged 91.2%. Other notable gainers included

Investment strategy

After a relatively subdued start to the year for the Stockholm Stock Exchange, we are now entering a period that historically tends to be softer. The fund's strategy remains based on the expectation of globally low but stable growth, with central banks likely to step in should energy prices or geopolitical uncertainty rise again.

Second-quarter earnings have been mixed. In the US, many technology companies have exceeded expectations with robust profit growth. In Europe and Sweden, results have been more varied - weak demand in industry and retail, but some margin improvements. Overall, corporate guidance remains cautious, reflecting uncertainty around Trump's trade agenda and the outlook for global demand.

The fund enters August with slightly higher equity exposure, despite muted seasonal and technical signals. July saw new all-time highs in the US, UK, and Germany - milestones that often fuel investor optimism. When markets set fresh records, psychology shifts: instead of warning of high valuations, it signals strength and momentum, triggering "fear of missing out" among investors. Those previously under-invested increase positions, pushing prices higher, while algorithmic and trend-following strategies generate further buying. This self-reinforcing cycle can sustain upward momentum - until fundamental conditions change.

The flexibility to swiftly reduce risk in the event of unforeseen developments allows the fund to stay positioned for the prevailing strong trend.

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