



GADD SMP FUND

Monthly Report

October 2025

NAV CHF 2'310.54*

Inception date 05.04.2011 = CHF 1'000

* at 31.10.2025

	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%	2.4%	-0.7%	3.0%			7.7%

Market Comment

October ended on a strong note for global equity markets, led by Japan. The technology sector continued to fuel gains, with the Nasdaq advancing nearly 5%, supported by solid Q3 earnings that exceeded expectations. In Europe and Sweden, performance was more mixed, yet several fund holdings stood out positively. Swedencare delivered both growth and improved margins, while Lifco and Assa Abloy maintained stable profitability despite moderate expansion. Gränges showed a clear increase in volumes, and Hexatronic is now exhibiting signs of organic growth when adjusting for currency effects. Signs of recovery are also emerging across the continent. The automotive sector, with Renault and Stellantis, reported increased registrations, and retail activity strengthened in response to the ECB's monetary easing. In the euro area, consumer confidence rose to -14.2 in October, its highest level in eight months. This indicates that households are gradually becoming more inclined to spend, particularly in retail and durable goods, as inflation continues to ease. For Swedish and European companies, this suggests that underlying demand could become more visible in the months ahead, while the United States remains the main driver of global growth.

In the U.S., the federal government remains partially shut down, now surpassing day 34. Without a breakthrough in Congress, the 2018-2019 record of 35 days risks being exceeded. Analysts point to mounting economic costs and growing political pressure, particularly on Democrats, to reach an agreement.

President Trump and Xi Jinping met in Busan - their first in-person meeting since 2019. Trump announced that the U.S. will reduce the average tariff rate on Chinese goods from 57% to 47%. In return, China is expected to resume purchases of U.S. agricultural products and delay export restrictions on

rare earth metals. A follow-up meeting is planned for April next year.

As widely expected, the Federal Reserve cut its key rate by 25 basis points to a range of 3.75-4.00%. The decision exposed sharp divisions within the FOMC, as the absence of clear supporting data was viewed as problematic. Chair Powell emphasized during his press conference that further easing in December is "not a given." Alongside the rate cut, the Fed also announced it will end its quantitative tightening (QT) program on December 1.

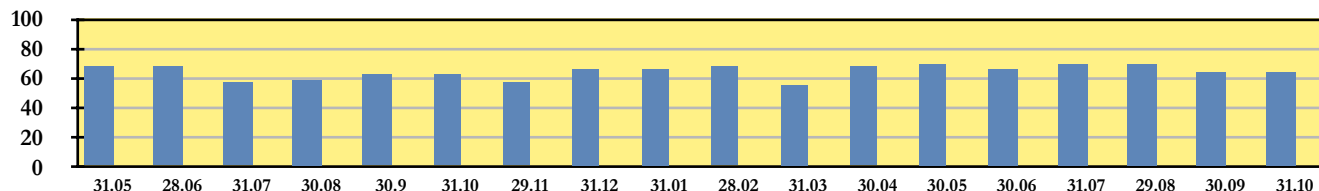
Index	31.12.24	31.10.25	YTD
MSCI World (USD)	3'707.837	4'390.42	18.4%
STOXX50 (EUR)	4'895.98	5'662.04	15.6%
S&P 500 (USD)	5'881.63	6'840.20	16.3%
Nasdaq Comp (USD)	19'310.792	23'724.96	22.9%
Dax (EUR)	19'909.14	23'958.30	20.3%
SMI (CHF)	11'600.9	12'234.50	5.5%
OMX30 (SEK)	2'483.123	2'767.07	11.4%
MSCI Russia (USD)	0	0.00	
MSCI China (USD)	64.49	85.98	33.3%
NIKKEI (YEN)	39'894.54	52'411.34	31.4%
Swe. Gov Bond. 10 y	2.34%	2.55%	

In Europe, the ECB left interest rates unchanged. Lagarde noted that inflation is nearing the 2% target and that policy is currently "in a good place." Her remarks suggest that the central bank prefers a wait-and-see approach, reflected in markets' lowered expectations for a December rate cut.

In France, Prime Minister Sébastien Lecornu - reinstated after his earlier resignation - has taken bold steps to stabilize his government amid a divided parliament. He proposed postponing the 2023 pension reform, which would raise the retirement age from 62 to 64, until after the 2027 presidential election, securing temporary support from the Socialist

ded Gränges (+19.3%), Indutrade (+17.7%), Lifco (+15.9%), Alleima (+15.5%), and Hexatronic (+13.6%). On the downside, Implantica was the weakest performer (-20.3%), followed by Accroud (-8.4%), Novo Nordisk (-8.3%), VNV Global (-8.0%), IPC (-6.0%), and Dometic (-4.9%). The results above are not adjusted for dividends.

GADD SMP FUND: Net Equity Exposure (%)



Party. The party subsequently confirmed it would not bring down the government for now. Markets responded positively, with French bond yields declining and the euro strengthening. However, France's public debt remains a concern, projected to reach 121% of GDP by 2027.

After months of conflict, Hamas and Israel have reached an initial ceasefire. Prisoners and hostages have been released, and limited humanitarian aid is now reaching the worst-affected areas. Former President Donald Trump has been cited as an influential mediator in parts of the negotiation. Hamas is to be disarmed, and Gaza's future governance remains under discussion. Trump has proposed an international transitional authority under which the Palestinian Authority would assume control, with no role for Hamas.

The global MSCI World Index (USD) rose 1.9% during the month. In the U.S., the S&P 500 gained 2.3% and the Nasdaq 4.7%. In Europe, the STOXX50 increased 2.4%, the DAX 0.3%, and the SMI 1%. The OMX Stockholm index rose 3.9%. The MSCI China USD declined 3.9%, while Japan's Nikkei surged 16.6%. The Swedish 10-year government bond yield fell by 8 basis points, from 2.63% to 2.55%.

Activities of the month

The fund slightly reduced its holdings in Lundin Gold and IPC following their strong performance, while increasing its position in Lifco from 3% to 4% and in RevolutionRace from 2% to 3%.

After a strong month, the short-, medium-, and long-term technical trends all turned positive from previously neutral levels. The fund began October with an equity exposure of 64%. Following turmoil in the credit market - where First Brands and Tricolor filed for bankruptcy - the VIX, known as the "fear index," spiked to 28. As a precaution, the fund reduced its equity exposure to 55%. When markets showed resilience and no major reaction occurred, exposure was raised back to its previous level.

The strongest performer in the portfolio was RevolutionRace, which rose 31.4%. Other top contributors inclu-

Investment strategy

Global inflation continues to decline and is approaching central bank targets of around 2%, while interest rates normalize and the global economy shows gradual stabilization. Nonetheless, uncertainties remain - including geopolitical tensions, political developments in the U.S. and Europe, and the ongoing federal shutdown, now in its 34th day. According to the Congressional Budget Office (CBO), a four-week shutdown could reduce U.S. GDP by up to one percentage point. At the same time, growing concern surrounds the concentration risk in the AI sector, where a handful of companies - such as Nvidia, Microsoft, and Alphabet - are driving a disproportionate share of global equity returns. The so-called "Magnificent Seven" now represent more than one-third of the S&P 500's market weight and account for 75% of its recent gains, raising systemic risk reminiscent of the dot-com era.

In Europe, consumer confidence continues to recover alongside improving real incomes. The European Commission forecasts a gradual rebound in demand through 2026. Sweden stands out positively, with falling interest rates, a strong industrial base, and households benefiting from rising real wages. The OECD projects Swedish GDP growth of 1.6% this year and 2.3% next year, supported by stronger private consumption and modest employment gains, with unemployment currently around 8.5%.

For investors, this environment offers opportunities in consumer-driven sectors and resilient companies, particularly in Sweden where growth prospects remain favorable. While potential volatility may arise from the U.S. shutdown or concentration risks in AI-related equities, the overall outlook remains constructive - both globally and domestically.

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