GADD SMP FUND
Monthly Report
July 2026

NAV CHF 2’446.15*

Inception date 05.04.2011 = CHF 1’000

* at 31.07.2026

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2026	0.0%	5.1%	-4.5%	1.4%	1.1%	-1.3%	1.3%						2.9%
2025	4.3%	0.2%	-5.1%	1.7%	2.3%	0.8%	0.0%	2.5%	-0.5%	3.2%	2.1%	0.9%	10.8%
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%
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%
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%
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%
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%
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%
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%
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%

Market Comment

July was characterised by continued solid performance on European equity markets, while US markets lagged. The primary explanation was a sharp correction in the technology sector, where semiconductor companies in particular came under pressure after an extended period of strong price appreciation. Growing uncertainty around elevated valuations led investors to seek out other sectors, resulting in a more pronounced sector rotation compared to earlier in the year.

The long-term drivers of the market remained intact, however. AI investment and technology companies' expansion plans continued to attract attention, even as valuation concerns within the sector increased. In Europe, stronger-than-expected corporate earnings and signs of improved industrial momentum supported markets. Investments in defence, electrification and energy infrastructure continue to benefit European companies, contributing to European equities outperforming their US counterparts in July.

The Federal Reserve held its policy rate unchanged at the July meeting in the range of 3.50-3.75%, in line with market expectations. The decision was not unanimous, however - three of twelve members voted for a rate hike due to persistent inflation concerns. The split illustrates diverging views on the US economy and inflation, while uncertainty about the future path of monetary policy persists. Markets will now watch how new Fed Chair Kevin Warsh balances the inflation target against political pressure from the White House, where President Trump continues to advocate for lower rates.

The Swedish economy continued to show signs of strength in July, performing better than many comparable European economies. Both the National Institute of Economic Research's confidence indicator and the Purchasing Managers' Index (PMI) pointed to business confidence above its historical average, while Statistics Sweden's GDP indicator surprised to the upside, reinforcing the picture of a broader recovery. Industry is developing strongly and household consumption has gradually increased, despite continued subdued consumer confidence.

Inflation fell further in June, though underlying price developments were somewhat higher than expected. The stronger growth also suggests Sweden is well positioned to continue its recovery in the second half. The labour market remains the weakest link, but overall Swedish economy appears relatively well positioned compared to its peers.

Index	31.12.25	31.07.26	YTD
MSCI World (USD)	4'430.38	4'847.89	9.4%
STOXX50 (EUR)	5'791.41	6'358.01	9.8%
S&P 500 (USD)	6'845.50	7'489.72	9.4%
Nasdaq Comp (USD)	23'241.99	25'373.85	9.2%
Dax (EUR)	24'490.41	25'629.24	4.7%
SMI (CHF)	13'267.48	14'346.14	8.1%
OMX30 (SEK)	2'882.97	3'246.92	12.6%
MSCI Russia (USD)	13'041.79	13'914.54	
MSCI China (USD)	82.58	75.42	-8.7%
NIKKEI (YEN)	50'339.48	64'299.39	27.7%
Swe. Gov Bond. 10 y	2.78%	3.03%	

The ECB left both its policy rate and its message unchanged at the July meeting, as expected. The central bank signalled neither a clearly more restrictive nor more expansionary stance, meaning markets continue to price in some probability of one further rate hike before year-end. The gradual recovery in the European economy also supports the case for the ECB to continue monitoring incoming data.

Outside the world of central banks, the UK provided an unusual moment when Downing Street cat Larry welcomed his seventh Prime Minister since 2011. The new government has presented an ambitious reform agenda, but with public debt above 100% of GDP, markets will closely follow how the plans are to be funded and whether increased investment can be combined with maintained confidence in the bond market.

The summer's extreme weather also serves as a reminder that Europe's challenges are not solely political or geopolitical. The prolonged drought has led to low water levels in several of the continent's major rivers, limiting shipping and disrupting the transport of industrial goods among other things. In several locations, energy production has also been affected as nuclear power plants have struggled to use river water for cooling. Combined with strained natural gas inventories ahead of winter, the risk of higher energy and transport costs is increasing.

Japan was in focus during July after the country's authorities, together with the US, conducted a large-scale intervention to strengthen the yen and dampen currency market volatility. The move provided a short-term boost to the currency, but the underlying challenges remain. The wide interest rate differential against the US, high public debt and uncertainty around the Bank of Japan's continued rate hikes suggest pressure on the yen may persist. US participation should also be seen in the context of Japan's large holdings of US Treasuries, where continued currency weakness risks creating additional upward pressure on US long-term rates.

MSCI World (USD) rose 0.5% during the month, S&P 500 fell -0.1% and the Nasdaq fell -3.2%. In Europe, STOXX 50 rose 0.5%, DAX 2.5% and SMI 1.1%. MSCI Nordic Countries gained 1.0% and OMXS30 in Stockholm 1.4%. MSCI China (USD) rose 8.6% while the Nikkei in Japan fell -8.2%.

The Swedish 10-year government bond yield rose 36 basis points during the month, from 2.67% to 3.03%.

Activities of the month

The AAK holding was sold in its entirety during the month. SEB and Indutrade were each increased by 1 percentage point to 4% and 3% respectively, while ABB and AstraZeneca were each reduced by 1 percentage point to 4% and 2%.

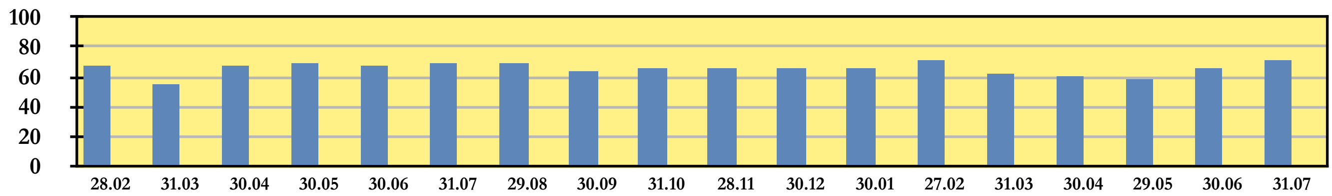
Following a continued slightly rising market, the short-, medium- and long-term trends all point in a positive direction. The fund began the month with equity exposure of approximately 65%, increasing it to just above 70% as the trend strengthened.

The strongest performer among fund holdings during the month was Indutrade, up 19.2% in total. Other gainers included SEB +15.8%, Volvo +10.6%, RevolutionRace +7.6% and Nibe +5.9%.

On the negative side, the main detractor was ABB, down -10.8%. AstraZeneca fell -10.6%, Epiroc -8.2%, JM -6.9% and Beijer Ref -5.6%.

Returns above are not adjusted for dividends.

GADD SMP FUND: Net Equity Exposure (%)



Investment strategy

The fund enters the late summer with a cautiously positive view on equities. Historically August tends to be characterised by more sideways trading, but several factors suggest the market has the potential to continue higher. The global economic cycle is showing signs of stabilisation and corporate earnings prospects are improving. During the reporting season, analysts have progressively raised their earnings forecasts for both 2026 and 2027, providing stronger fundamental support for equity markets.

At the same time, the outlook remains dependent on energy prices and interest rates. Lower oil prices would support both inflation and the rate market, while the ongoing sector rotation from highly valued technology companies toward more cyclical names is creating a broader base for the equity rally. The fund continues to see good conditions for European and Nordic equities, where improving earnings prospects and investment in industry, defence and energy infrastructure provide market support.

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