GADD SMP FUND
Monthly Report
October 2026

NAV EUR 2'748.59*

Inception date 05.04.2011 = EUR 1'000 * at 31.10.2026

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2026	0.3%	5.4%	-4.4%	1.5%	1.3%	-1.1%	1.4%	1.7%	-0.4%	-1.9%			3.6%
2025	4.3%	0.2%	-5.1%	1.7%	2.3%	0.8%	0.0%	2.5%	-0.5%	3.2%	2.1%	1.1%	13.1%
2024	-0.1%	1.5%	5.4%	1.8%	1.4%	-0.7%	4.6%	0.1%	-1.5%	-1.8%	-0.6%	-2.3%	7.7%
2023	3.2%	-1.2%	-1.6%	-0.4%	-2.8%	1.9%	2.2%	-2.9%	-2.3%	-1.0%	2.5%	5.4%	2.7%
2022	-7.0%	-1.8%	5.4%	-1.6%	0.8%	-9.5%	7.7%	-5.0%	-3.5%	4.1%	3.1%	0.4%	-8.1%
2021	0.0%	3.1%	2.8%	3.8%	7.2%	0.0%	4.6%	1.3%	-1.1%	5.9%	1.5%	3.8%	38.2%
2020	1.6%	-4.7%	-15.9%	9.2%	4.3%	1.1%	3.1%	3.9%	2.7%	-3.4%	5.1%	3.3%	8.1%
2019	5.7%	4.6%	-0.1%	4.2%	0.1%	1.1%	0.1%	-1.6%	0.5%	0.1%	3.1%	1.8%	21.4%
2018	1.5%	1.1%	-3.0%	2.5%	1.1%	-0.6%	0.6%	3.4%	-0.9%	-5.5%	-2.0%	-2.9%	-5.1%
2017	0.9%	2.8%	-2.9%	3.9%	1.3%	0.1%	-3.0%	-1.6%	3.7%	1.4%	-1.3%	-1.1%	4.0%

Market Comment

October was a month of high volatility in which central banks paused rather than acted. The Federal Reserve left its policy rate unchanged at 3.75-4.00%, but the decision was not unanimous. Fed Chair Warsh struck a slightly softer tone than expected, and the market now prices in just over a 70% probability of a hike in December. The ECB held rates unchanged after a unanimous decision, while Christine Lagarde announced that she will step down as President in February. US long-term yields reached new highs early in the month, with the 10-year yield above 5.35%, the highest level in 24 years, but subsequently fell back as investors left equities for safer fixed-income securities.

The oil price fluctuated between 97 and 117 dollars per barrel during the month, driven by continued attacks around the Strait of Hormuz and on Saudi Arabia's oil infrastructure, before falling almost 8% in early November on hopes of indirect talks between the US and Iran.

Against this backdrop, equity market performance was mixed, with indices heavily weighted towards AI companies having a difficult month. An unexpectedly high US CPI print in mid-month triggered sharp falls in Japan (-5%) and Korea (-8%), and concerns over the durability of the AI trend weighed on Nvidia, Meta and SpaceX, among others. Nasdaq, S&P 500 and Kospi were hit by the declines, and the Nasdaq 100 is now in correction territory, more than 10% below its peak. Several European indices with lower exposure to the AI theme fared better, and DAX, SMI and MSCI Nordic Countries strengthened during the month.

The Riksbank made no rate announcement in October, but the minutes from the September meeting confirmed the hawkish shift. They also showed that views still differ within the Executive Board and that members remain vague about the pace of further hikes. A hike in November from the current 1.75% to 2.00% appears very likely, and several observers expect further hikes in February and May. Lower-than-expected inflation figures in October, with underlying pressures more subdued despite high energy prices, may however create some hesitation within the Board.

Index	31.12.25	31.10.26	YTD
MSCI World (USD)	4'430.38	4'862.38	9.8%
STOXX50 (EUR)	5'791.41	6'131.31	5.9%
S&P 500 (USD)	6'845.50	7'580.07	10.7%
Nasdaq Comp (USD)	23'241.99	25'437.00	9.4%
Dax (EUR)	24'490.41	25'818.21	5.4%
SMI (CHF)	13'267.48	14'810.66	11.6%
OMX30 (SEK)	2'882.97	3'271.40	13.5%
MSCI Russia (USD)	13'041.79	14'183.22	
MSCI China (USD)	82.58	66.36	-19.6%
NIKKEI (YEN)	50'339.48	63'082.27	25.3%
Swe. Gov Bond. 10 y	2.78%	3.14%	

The Swedish economy continues to grow strongly. The GDP indicator for August rose 1.1% month-on-month and 3.5% year-on-year, and the flash estimate for the third quarter points to continued solid growth. Outgoing Finance Minister Elisabeth Svantesson expects growth of 3% this year and 2.7% next year. However, last month's bright spot, household confidence, lost momentum. The NIER Economic Tendency Survey showed a clear decline and SEB's Housing Price Indicator fell five points to 38, although the level still points to rising house prices.

In Europe, the focus was on France. The government aims to cut the deficit by 43 billion euros for 2027, from 5.4% to 5% of GDP, but large deficits and weak productivity pushed the 10-year yield above 5%. Protests over the high cost of living and shortcomings in schools resulted in fires and looting and have spread to Italy, Belgium and Germany, among others.

France avoided a downgrade as Moody's kept its credit rating unchanged at Aa3 with a negative outlook, while Fitch lowered its outlook from stable to negative. The French debt spiral, where the interest rate of around 4.8% exceeds long-term nominal growth of around 3%, is a fundamental challenge, although concerns have not yet spread to the banking system, which sets it apart from the euro crisis.

The conflict with Iran remained a dominant risk factor in October. Houthi rebels attacked airports in Saudi Arabia and Aramco's headquarters. The number of incidents in the Strait of Hormuz remained high, and Trump alternated between statements that no attacks would take place before the midterm elections and reports of preparations for new ones. To bring down high diesel prices, the US eased sanctions on Russian diesel producers and paused the planned sanctions package against Russia for 60 days, a decision strongly criticised by Ukraine, among others. The US is now to mediate talks between Ukraine and Russia in Abu Dhabi on 10-11 November.

Activities of the month

Indutrade and Assa Abloy were each increased by 1 percentage point to 4%, and Skanska, Skistar, Hexatronic and AstraZeneca by 1 percentage point each to 3%. The Vostok Emerging Finance bond was redeemed early and the Dometic shareholding was sold.

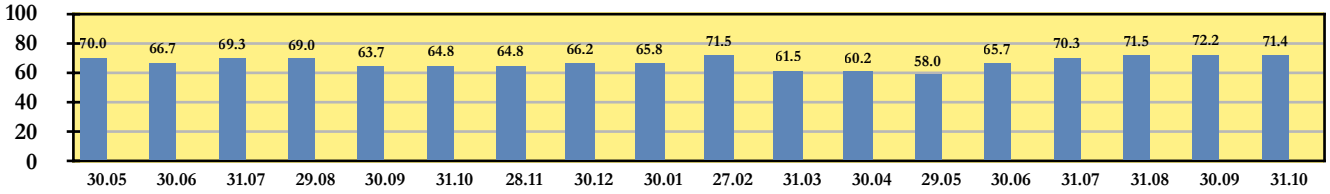
Following weaker market performance during the month, the short-term trend now shows a slightly negative direction, from neutral previously, while the medium- and long-term trends retain a positive direction.

The fund entered the month with an equity exposure of around 70%, but after weak performance it was reduced to around 60%. Once the Stockholm market settled above its support level, equity exposure was restored to around 70%.
The strongest performance among the fund's holdings during the month was IPC, which rose by a total of 16%. Other holdings that rose were Hexatronic 15.3%, Skistar 13.4%, Assa Abloy 10.5% and AstraZeneca 10.2%.

On the negative side, Lucara Diamond stands out with -27.3%. LunR posted -14.5%, Lifco -13.2%, Nordea -11.7% and Atlas Copco -10.9%.

Returns above are not adjusted for dividends.

GADD SMP FUND: Net Equity Exposure (%)



Towards the end of the month, the AI theme took another turn when Anthropic filed for a listing on Nasdaq on 26 October. The prospectus specifies neither the size nor the price range of the offering, but according to the Wall Street Journal the capital raise amounts to 100 billion dollars or more, with valuation estimates of between 1.5 and 2 trillion dollars. This would make it one of the largest IPOs ever. The news gave US equity markets a lift, but came at a time when the market is increasingly questioning how the AI build-out will be financed.

The MSCI World Index (USD) returned -0.8% during the month, the S&P 500 in the US -0.9% and Nasdaq -5.3%. In Europe, STOXX 50 posted -2.2%. DAX rose by 2.5% and SMI by 7.1%. MSCI Nordic Countries gained 2.7% and OMXS30 in Stockholm 0.1%. MSCI China (USD) rose by as much as 7.7%, while Nikkei in Japan posted -5.7%.

The Swedish 10-year government bond yield fell by 12 basis points during the month, from 3.24% to 3.10%.

Investment strategy

The fund maintains a positive view of the equity market and has found no reason to change its assessment since the previous month. The Swedish reporting season has generally been strong, with many companies delivering good results. A particularly positive signal is that analysts have raised their earnings estimates for 2027 following the reports, indicating continued confidence in corporate earnings growth.

The US midterm elections taking place on 3 November also deserve attention. The stock market has tended to perform well after midterm elections regardless of the outcome, and the three quarters around and after the election have historically delivered positive returns.

Overall, we continue to see support for the equity market, although the fund is naturally monitoring developments in interest rates, geopolitics and US politics.

Disclaimer: This document does not constitute an offer or solicitation to purchase the shares in the fund describe here-in. Past performance is not a guarantee of future returns. The value of investments may fall as well as rise. Any decision to invest should be based on a full reading of the fund prospectus and the most recent financial statements. This monthly report should be read in connection with prospectus, the trust agreement and the Key Investor Information Document (the « KIID ») which can be found on the website of the LAFV Liechtenstein Investment Fund Association at www.lafv.li.