



GADD SMP FUND

Monthly Report July 2021

NAV CHF 1'950.70*

Inception date 05.04.2011 = CHF 1000

* at 30.07.2021

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2014	-0,3%	4,9%	-1,6%	3,1%	1,4%	0,3%	-1,6%	0,6%	-2,2%	0,4%	3,6%	1,8%	11,0%
2015	0,8%	4,4%	-0,4%	1,9%	-0,7%	-4,4%	0,7%	-2,5%	-0,5%	4,0%	1,0%	1,4%	5,3%
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%						23,2%

Market Comment

The government in Beijing has started tightening its grip on the country's major internet and technology giants over the past few weeks. Two political decisions drew market players' attention to the risks of investing in a totalitarian state, while the Chinese cybersecurity authority unexpectedly decided to shut down the leading carpooling company - Didi Chuxing - in the days after the company was listed on the New York Stock Exchange. Other companies such as Tencent and Alibaba also fell sharply due to the political uncertainty for the companies' future.

The Chinese authorities then also cracked down on the education sector by announcing that all online training, run by private companies, would be free. The explanation was that the education costs too much for most families, but there are also suspicions that the government wants full control over all education in the country.

Internet applications have developed so strongly in China that it worries political leadership to the point that they prefer to shut down a large industry in order to achieve social and political goals.

In Sweden, a majority of the Riksdag approved a new Social Democratic government with the support of the Center Party, which again prevented the formation of a bourgeois government. However, the new government no longer has the support of the Liberals.

In the United States, President Biden received Senate approval for his massive one trillion dollar infrastructure project. The number of votes was 67 - 32, which means that 17 Republicans voted for the Democrats' proposal. For the incumbent, it was a great success to have managed to break the political stalemate between Democrats and Republicans and shows a rising confidence in him both at home and around the world.

Haitian President Jovenel Moise was shot dead at his home in Port-au-Prince at the age of 53. He was elected the country's president in 2015, but has for a long time been criticised for not, as promised, getting rid of corruption in the country.

Index	31.12.20	30.07.21	YTD
MSCI World (USD)	2.690,04	3.069,25	14,1%
STOXX50 (EUR)	3.552,64	4.089,3	15,1%
S&P 500 (USD)	3.756,07	4.395,26	17,0%
Nasdaq Comp (USD)	12.888,28	14.672,68	13,8%
Dax (EUR)	13.718,78	15.544,39	13,3%
SMI (CHF)	10.703,51	12.130,44	13,3%
OMX30 (SEK)	1.874,74	2.369,89	26,4%
MSCI Russia (USD)	668,73	769,48	15,1%
MSCI China (USD)	108,41	94,07	-13,2%
NIKKEI (YEN)	27.444,17	27.283,59	-0,6%
Swe. Gov Bond. 10 y	0,027%	0,106%	

Unrest and demonstrations also erupted in Tunisia after the country's president, Kais Saied, ousted the country's prime minister over misconduct. The country's parliament is also suspended until a new prime minister is appointed.

World Index MSCI World (USD) rose 1.7% during the month. The S&P 500 in the US rose 4.6% while the Nasdaq rose a modest 1.2%. In Europe, Stoxx 50 rose by 0.6% and Dax 0.1%. SMI rose 1.6% and OMX in Stockholm rose 4.7%. MSCI China (USD) fell as much as 14.2%, MSCI Russia (USD) fell 2.0% and Nikkei in Japan fell 5.2%.

The Swedish 10-year government bond yield fell from 0.333% to 0.106% during the month.

Activities of the month

During the month, most companies presented their half-yearly reports. In most cases, these were well received by the stock exchange, although the profit improvements were in some cases expected and already discounted at current stock market prices.

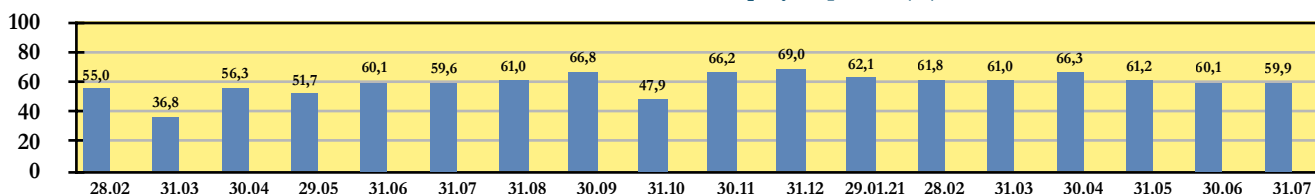
The fund bought in on 1% of the assets in a bond issued by Mirovia AB. The bond runs for 3 years at an interest rate of 8.25%. Mirovia is a newly established investment company that focuses on in acquiring mature / specialised companies in the IT consulting industry and software. The majority owners are Saeid Esmailzadeh (founder of Sdiptech, among others) and Fredrik Holmström (founder of Magnolia, among others).

Investment strategy

As the companies presented their half-yearly reports, there was a great deal of activity during the month and stock market prices were strongly affected by the reports, but above all by the management's comments on their respective companies' future prospects.

During the month, the earlier signs of a weaker economic development in China were confirmed. Together with the negative political decisions, this contributes to MSCI China having a negative development of as much as 13.2% during the year, which is very different from the mostly positive development on other major stock exchanges. However, the fund has no direct equity exposure to China.

GADD SMP FUND: Net Equity Exposure (%)



In addition, the fund's exposure increased from 3 to 4% in Lifco after the share's strong development, while the exposure to VEF increased from 2% to 3%.

Veoneer rose 34.3% thanks to a bid from US Magna Group. Even if the offer has broad support from several major shareholders, it is possible that other competing offers can be presented as the potential in the company far exceeds the current price.

Other share prices that developed extremely well were Hexatronic, which rose by 36.7%, Indutrade 28.2%, Lifco 26.3% and VEF 23.7%.

The following companies also had a very positive development during the month; Latour 19.8%, Studentbostäder 18.5%, Enea 15.3%, Cibus Nordic 14.8%, Nibe 14.2%, Skistar 12.8%, Lundbergs 11.3%, Atlas Copco 11.1%, Novo Nordisk 10.4%, Momentum Group 9.7%, VNV Global 9.2%, Wahlborgs 8.0%, Assa Abloy 7.1%, Skanska and AAK 7.0%, Husqvarna 6%, Nordea 5.9%, IPC 5.6%, Industrivärden 5.3% and Kindred 5.1%.

On the negative side, the development in H&M -11.3%, NGex -10.3%, Ericsson B -8.1%, Africa Energy -6.6%, Sdiptech -6.2%, Peab -5.0% and Filo Mining -4.0%.

During the period, the fund's net equity exposure decreased marginally from just over 60% to 59% via index futures.

All three technical indicators (short, medium and long) for the OMX 30 show a continued positive trend.

The delta variant of Covid-19 is spreading faster and faster, forcing several countries to reintroduce restrictions to curb the spread, although most countries in Europe are waiting until the holiday season is over. The hope is that, even if many people become infected, the consequences will not be so severe that too many people need hospital care.

The stock market has developed positively since more than a year ago, which makes it more sensitive to any negative news. The fund therefore chooses to continue to maintain a relatively balanced equity exposure of 60% ahead of the month that awaits the market to melt the results from the July half-yearly reporting.

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