



# GADD SMP FUND

## Monthly Report

### November 2023

NAV CHF 1'933.15\*

Inception date 05.04.2011 = CHF 1'000

\* at 31.11.2023

	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%	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%		-4.1%

## Market Comment

After three consecutive months of negative development, the trend reversed in November. Global stocks posted their largest monthly gain in three years as investors chose to buy risk assets amid a growing belief that the Federal Reserve (Fed) and other major central banks may be close to winning the fight against inflation. The MSCI All-Country World Index rose 9 percent in November, marking the global equity index's best month since November 2020.

Core inflation in the US increased by only 0.2 percent in October, indicating a moderate rise. The October data provides further evidence that the Fed has halted its rate hikes, and the market now views another Fed hike as unlikely. During the month, the US Senate passed a bill that keeps the US government apparatus open. The new temporary budget is effective until January 19, 2024.

US President Joe Biden and China's leader Xi Jinping met in San Francisco for the second time during Biden's presidency. When the issue of Taiwan was raised, Biden emphasised the need for "peace and stability" in the Taiwan Strait, while Xi called on the United States to stop sending military equipment to Taiwan. The meeting resulted in an agreement to limit the production of the drug fentanyl and to reopen military communication channels, among other things.

After eight consecutive rate hikes to 4.00 percent, the Riksbank decided to leave the policy rate unchanged. The decision, considered somewhat surprising and dovish, is believed to signal the end of the Riksbank's rate hike cycle. However, Theodén emphasised readiness to raise the interest rate again if inflation "should surprise negatively."

In late October, Tesla workshops in Sweden went on strike as they had not negotiated a collective agreement for five years. Sympathetic strikes led to dock workers refusing to unload Tesla cars in Swedish ports, postal workers no longer distributing license plates, and electricians halting service to charging stations. Tesla has sued Postnord, but the district court has not yet reached a final decision. The strike has attracted international attention due to the company's policy of not entering into collective agreements.

Index	31.12.22	30.11.23	YTD
MSCI World (USD)	2'602.685	3'023.63	16.2%
STOXX50 (EUR)	3'793.62	4'382.47	15.5%
S&P 500 (USD)	3'839.5	4'567.8	19.0%
Nasdaq Comp (USD)	10'466.48	14'226.22	35.9%
Dax (EUR)	13'923.59	16'215.43	16.5%
SMI (CHF)	10'729.4	10'854.32	1.2%
OMX30 (SEK)	2'043.404	2'232.46	9.3%
MSCI Russia (USD)	0	0	
MSCI China (USD)	63.948	56.93	-11.0%
NIKKEI (YEN)	26'094.5	33'486.89	28.3%
Swe. Gov Bond. 10 y	2.46%	2.60%	

In Argentina, the ultra-liberal outsider candidate Javier Milei won a clear victory in the decisive vote of the presidential election. Milei, compared to Trump in some circles, has promised radical changes to Argentina's economy, plagued by persistently high inflation, including major budget cuts. He is also often compared to Donald Trump, who predicted Milei would "truly make Argentina great again" through a post on

his Truth Social account, while Brazil's ex-president applauded a victory for "honesty, progress and freedom". Argentina's Merval share index initially rose over 20% in response to the election result, and the fund's holdings with Argentine exposure followed suit. Argentina's economic decline has persisted for almost 100 years, and it remains to be seen how the country will develop under the new government.

The OECD presented its Economic Outlook, painting a picture of subdued global growth. Central banks are expected to wait longer with interest rate cuts compared to many other forecasters. Global GDP is expected to be just under 3% over the next three years, slightly below the historical average but still indicative of a soft landing. Regarding the Swedish economy, the OECD presents a much more gloomy picture, predicting GDP growth of only 0.9% for 2024 and a somewhat more positive development of 2.6% for 2025.

The MSCI World Index (USD) rose by 9.2% during the month. The S&P 500 in the US increased by 8.9%, and the Nasdaq by 10.7%. In Europe, the STOXX50 increased by 7.9%, and the Dax by 9.5%. SMI rose by 4.5%, and OMX in Stockholm by 7.5%. MSCI Russia (USD) remained closed. MSCI China (USD) rose by 2.5%, and Nikkei in Japan by 3.1%.

The Swedish 10-year government bond rate fell during the month by 40 basis points, from 3.00% to 2.60%.

at 21.9%, Cibus at 21.1%, Peab at 19%, Wihlborgs at 18%, and Indutrade at 16.7%.

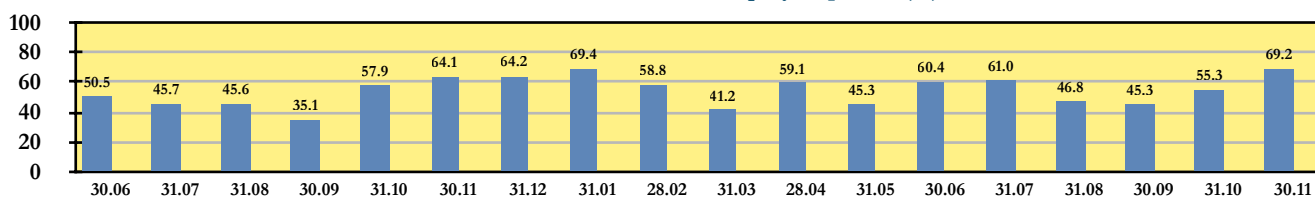
On the negative side, Hexatronic fell by (20.1%), Vesivek backed with (19.8%), Logistri (18.7%), Go North (14%), Lundin Gold (10.2%), and Africa Energy (8.8%).

The fund's net exposure in shares was initially kept at a neutral 45.3%, later increasing to the current 69.2% following a trend of broader share gains, lower long-term interest rates, a weaker USD, and dovish statements from several central banks. After the recent stock market rally, the technical trend across all time horizons—short, medium, and long term—shows a positive trend.

## Investment strategy

In the previous newsletter, we highlighted that November typically marks the start of the strongest stock market period during the year. The start of the year did not disappoint, and the coming month of December is usually characterised by weak but positive development. Before the end of the year, with the subsequent annual reporting in mind, the so-called "window-dressing" phenomenon occurs. Professional investors choose to sell poorly performing stocks and invest in those with the best development. This results in weaker stocks continuing to decline in December, while those with the strongest development show the opposite tendency. Signs

GADD SMP FUND: Net Equity Exposure (%)



## Activities of the month

After a strong price rise during the year, the fund decided to reduce its investment in the Danish pharmaceutical company Novo Nordisk from over 5% to the current 4%. The fund still has strong faith in the company but finds greater opportunities elsewhere. Vostok Emerging Finance offered current bondholders the option to early redeem their 2025 bond at a rate of 103.625%. The fund chose to accept the offer and subscribe to the newly issued bond that runs until 2026.

During the month, Volvo and Industrivärden increased their shares in the fund by 1% each to 4%. Hexatronic reduced its stake in the fund by 1% to 1%.

The strongest development of the fund's holdings during the month was RevolutionRace, which rose by 32.9%, followed by Embracer at 27.3%. Other holdings that rose significantly were VNV Global at 23.6%, JM at 23.3%, Latour

suggest that 2023 may be an exception, as the recent stock market rise primarily benefited smaller companies that outperformed the OMXS30, containing the largest companies, after a long period of weak relative development.

The fund's strategy of investing outside of the largest companies and balancing the risk by selling all OMXS30 futures benefits in the current climate. Therefore, the fund feels remarkably confident in the near term. As global economic dynamics continue to evolve, the fund remains vigilant and adaptable, ready to seize emerging opportunities and navigate potential challenges on behalf of its investors.

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