



GADD SMP FUND

Monthly Report

May 2024

NAV CHF 2'230.32*

Inception date 05.04.2011 = CHF 1'000

* at 31.05.2024

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
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%	5.0%	0.7%
2024	-0.3%	1.4%	5.4%	1.8%	1.3%								9.9%

Market Comment

In May, the markets were characterised by continued belief in a soft landing in the US and expectations of future interest rate cuts led to rising prices for both stocks and bonds. US assets outperformed other global assets, while US Treasury yields fell as PCE inflation came in within expectations. US stocks led the rise, as they have done on several occasions in the past, but Eurozone and UK stocks also posted robust returns. Indications are that growth outside the US is starting to catch up, providing support to equity markets in Europe and other regions.

During the month, the US presidential candidates made several statements. Trump is promising big tax cuts for all income brackets and businesses as an alternative to the increase that Biden is advocating. He also plans to introduce 10% import duties to the US, except from China where the duties will be 60%. Biden is trying to trump Trump by confirming a quadrupling of tariffs from 25% to 100% on Chinese electric cars to protect the US auto industry. This is important because the Chinese automotive industry, especially in electric cars, is a leader. On one side, domestic industries, jobs and votes weigh in, while higher prices and the risk of trade wars weigh in on the other.

The ongoing circus surrounding Donald Trump continued and he was convicted on all 34 counts of accounting crimes, making him the first former president to be convicted of a crime. It is also the first time that an ongoing presidential candidate has been convicted. The penalty, which will be announced on July 11, can be imprisonment, a suspended sentence or a fine. Although Trump is found guilty, he is expected to avoid prison time.

In recent years, the Swedish economy has struggled with high inflation and rising interest rates, which has had a

negative impact on both households and businesses. Now Danske Bank predicts that growth is on its way back. During the first quarter, Sweden's GDP increased by 0.7 percent compared to the previous quarter, an unexpectedly positive development. The PMI index for May rose to 54.0, indicating improved industrial activity. Future prospects now point to a GDP increase of 1.4% this year and 2.0% next year according to Danske Bank. The bank also anticipates that inflation will be kept under control and that interest rate cuts will contribute to a stable price level. These signals are welcome after a few economically weak years in Sweden.

Index	31.12.23	31.05.24	YTD
MSCI World (USD)	3'169.18	3'445.17	8.7%
STOXX50 (EUR)	4'521.65	4'983.67	10.2%
S&P 500 (USD)	4'769.83	5'277.51	10.6%
Nasdaq Comp (USD)	15'011.35	16'735.02	11.5%
Dax (EUR)	16'751.64	18'497.94	10.4%
SMI (CHF)	11'137.79	12'000.86	7.7%
OMX30 (SEK)	2'398.17	2'604.1	8.6%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	58.94	6.3%
NIKKEI (YEN)	33'464.17	38'487.9	15.0%
Swe. Gov Bond. 10 y	2.05%	2.44%	

The IMF raises its growth forecast for China to 5% from 4.6% and also revises the GDP forecast for 2025 to 4.6% from the previous 4.1%. This increase for the current year reflects a positive picture of China's economy, but an uncertain property market and subdued domestic consump-

tion remain concerns. At the same time, Bloomberg reports that a study shows that European business leaders are becoming increasingly pessimistic about future cooperation with China. During a state visit to Germany, Emmanuel Macron emphasized the importance of Europe no longer being naive in the competition with the US and China. He proposes a "buy European" strategy in key sectors such as defense and a doubled EU budget to meet member states' large investment needs.

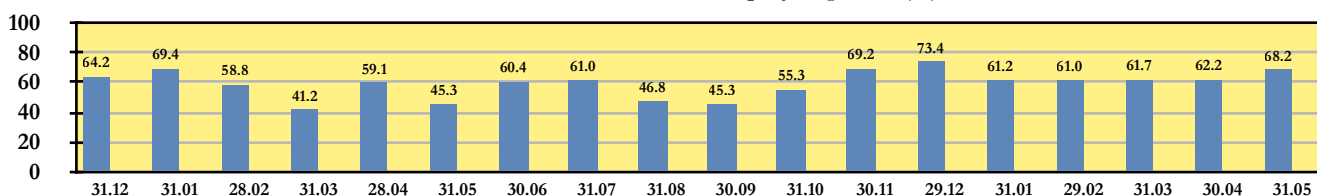
After the OPEC+ organization's last six-month meeting, it was announced that previously decided production cuts will continue. To increase the supply of oil to the world market, better support from the demand side, higher growth and lower interest rates are required. Some additional voluntary national cuts of 2 million barrels per day will be phased out, but if demand deteriorates, these could be reinstated to main-

After another positive month, the short, medium and long technical trends in Stockholm all show a continued positive direction.

The strongest development of the fund's holdings during April was Hexatronic, which rose by 29.5%, followed by Fleming Properties 27.4%. Other holdings that rose significantly were Sdiptech 19.7%, Vostok Emerging Finance 16%, Cinis Fertilizer 13.5%, Viva Wine Group 12.3%, Implantica 8.9%, Latour 8.3% and Wihlborgs 7.2%.

On the negative side, we can mainly mention RevolutionRace which fell (15.6%) weighed down by the market's expectations of continued sales from the major owners, Embracer retreated with (6.8%), Dometic (6.5%), Filo Mining (6.1%), Lundin Mining (5.5%), Husqvarna (4.4%) and Skanska (3.4%).

GADD SMP FUND: Net Equity Exposure (%)



tain oil prices. Since the beginning of April, the price of oil has fallen from above 90 to below 80 dollars per barrel, and the previous rise of almost 20 percent for the year is now completely erased.

The world index MSCI World (USD) increased by 4.2% during the month. The S&P 500 in the US rose by 4.8% and the Nasdaq by as much as 6.9%. In Europe, the STOXX-50 increased by 4.2% and the Dax by 3.2%. SMI rose by 6.6% and OMX in Stockholm by 1.9%. MSCI China USD rose 2.1% and Japan's Nikkei by 0.2%.

The Swedish 10-year government bond yield fell during the month by 4 points, from 2.48% to 2.44%.

Activities of the month

The fund invested 1% of assets in US 10-year Treasury bonds at a 4.6% yield. The fund sees a good opportunity given the risk of increased long-term interest rates limited to a level of around 5%, while the possibility of lower interest rates in the event of possible interest rate cuts or economic unrest as satisfactory. The fund participated in Storskogen's bond issue, the allocation was unfortunately very low and the fund intends to divest the position. During the month, Hexatronic and Vostok Emerging Financer increased their shares in the fund by 1% to 2%.

The fund's net exposure in shares was initially 62.2%. After strong economic data and restrained inflation statistics were presented, the fund chose to increase net exposure slightly and ended the month at 68.2%.

Investment strategy

The fund once again had a positive monthly return and ended the month with a slightly higher equity exposure as the expectation, at the time of writing, is that the ongoing rebound is temporary. Global growth continues to improve and the world manufacturing PMI hit a new high in May at 50.9, the highest level since July 2022. US inflation data for April showed the first clear slowdown in 2024, and the inflation fears that particularly plagued the US market in early the second quarter now seems to be slowing down. If interest rates start to fall as the fund expects, the stock market will react positively, especially as this coincides with improving global macro indicators.

On the negative side, however, there is, for example, weaker American economic data, and if the labor market there follows the same trend, there is every reason for concern.

The fund's positive stance is intended to be maintained until either economic data or technical signals point to sustained falling rates.

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