



GADD SMP FUND

Monthly Report

June 2024

NAV CHF 2'210.40*

Inception date 05.04.2011 = CHF 1'000

* at 30.06.2024

	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%	-0.9%							8.9%

Market Comment

When the first half of the year is summed up, it can be stated that stock markets around the world have had a good return. The US has had a particularly strong start, thanks in large part to its AI-successful companies, but Europe has also shown positive developments. The market has been marked by the AI boom, continued inflation fears, discussions about soft landing versus no landing in the US, weak economic development in Europe, and the fact that it is a super election year where over 70 countries will choose leaders. Despite global concerns, the market has once again shown its strength and can look back on a strong six months.

After the disastrous American election debate, where the economy, immigration, and wars in the outside world were discussed, among other things, demands are now increasing for Biden to step down. Despite this, Biden says he will continue, and the Democratic Party is supporting him so far. However, the mood among leading Democrats is described as panicky, both regarding Biden's chances of winning a new election and the risk that his weak position could harm other Democratic candidates. The betting companies have lowered the probability of Biden winning the election to just under 20% from the previous 35%. The question of replacing Biden before this summer's convention, something that was previously ruled out, is now openly discussed.

The Federal Reserve, as widely expected, left the key interest rate range unchanged at 5.25-5.50%. The median forecast from the members' dot plot was revised down more than expected and now indicates just one rate cut this year, compared to three in the previous forecast. At the same time, an additional rate cut was added to the dot plot for next year, which means a total of four cuts, and indicates a policy rate of 4.00-4.25% at the end of next year.

The Riksbank's interest rate statement on an unchanged key rate of 3.75% was expected. The Riksbank noted that inflation has basically developed favourably, despite a minor setback in May, and adjusted the forecast for the key interest rate down slightly. In doing so, they opened up the possibility that there may be two to three further reductions in the key interest rate already this year, which is in line with the somewhat surprising statement from Finance Minister Svanteson that the fight against Swedish inflation has been won.

Index	31.12.23	28.06.24	YTD
MSCI World (USD)	3'169.18	3'511.78	10.8%
STOXX50 (EUR)	4'521.65	4'894.02	8.2%
S&P 500 (USD)	4'769.83	5'460.48	14.5%
Nasdaq Comp (USD)	15'011.35	17'732.6	18.1%
Dax (EUR)	16'751.64	18'235.45	8.9%
SMI (CHF)	11'137.79	11'993.83	7.7%
OMX30 (SEK)	2'398.17	2'569.45	7.1%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	57.39	3.5%
NIKKEI (YEN)	33'464.17	39'583.08	18.3%
Swe. Gov Bond. 10 y	2.05%	2.20%	

The ECB also did not surprise the market but, as expected, lowered the key interest rate by 25 basis points to 3.75%. No clear future commitments were made, and decisions will be made meeting by meeting based on inflation data. However, the signals were somewhat hawkish, and the inflation forecast was revised upwards, with the expectation that

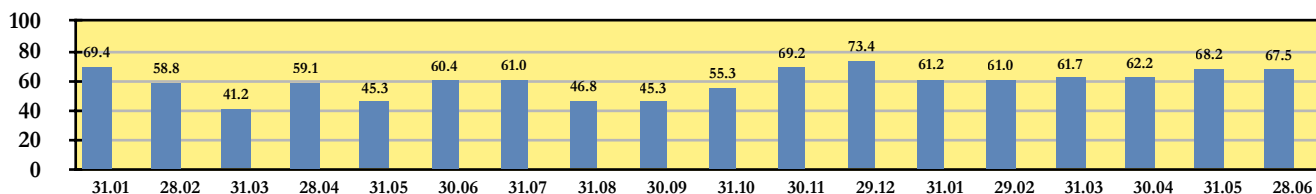
the inflation target will not be reached until some time into 2025.

Macron's unexpected decision to dissolve the National Assembly and call new elections after the disastrous European Parliament elections, in which his center alliance went from over 22% in 2019 to 15%, has sent shockwaves through the political establishment. The financial markets also reacted with concern, leading to a sharp rise in French interest rates and a 6.5% decline in the CAC40 stock index in the post-election period.

Despite a weaker 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 June was once again Hexatronic, which rose by 14.5%, followed by Implantica 10.6%. Other holdings that rose significantly were Novo Nordisk 8.4%, Viva Wine Group 7.1%, Fleming Properties 6.6%, SEB 4.9%, Lifco 4.8%, Skanska 3.0%, and Cibus 3.0%.

GADD SMP FUND: Net Equity Exposure (%)



In the subsequent new election, according to early assessments, the extreme right won, but the margin is not large enough to form a government with its own majority. The markets interpret the election result as something positive, which has led to falling interest rates for French bonds. In the parliamentary election, Marine Le Pen's National Rally received 33% of the vote, while the leftist coalition and Macron's Renaissance received 28% and 21%, respectively. Turnout was the highest in 25 years, which may indicate that Macron mobilized centrist voters to block Le Pen. The second round of elections will be held on July 7, but it can already be stated that Macron's chance to call new elections has not gone well.

The world index MSCI World (USD) increased by 1.9% during the month. The S&P 500 in the US rose by 3.5% and the Nasdaq by as much as 6.0%. In Europe, the STOXX-50 retreated by 1.8% and the Dax by 1.4%. SMI was basically unchanged with a loss of 0.1% and OMX in Stockholm fell by 1.3%. The MSCI China USD also had a negative return of 2.6%, while the Nikkei in Japan rose by 2.9%.

The Swedish 10-year government bond yield fell back during the month by 24 basis points, from 2.44% to 2.20%.

Activities of the month

The fund invested 1% of its assets in the luxury cruise operator Ritz-Carlton's 4-year bond at a yield of 11.88%. The bond holding in Storskogen, on the other hand, was sold. The fund also chose to sell its holdings in Embracer and Husqvarna after a long period of weak performance. During the month, ABB increased its share in the fund by 1% to 3%.

The fund's net exposure in shares was initially 68.2%. After divergent movements, with a strong American stock market but a weaker European one, the fund chose to maintain its net exposure while waiting to see if the US would once again act as a locomotive. Net exposure closed at 67.5%.

On the negative side were Yabie, which fell by 20%, Nibe by 15.8%, RevolutionRace by 13.9%, Embracer by 11%, Cinis Fertilizer by 10.4%, Dometic by 9.4%, and Vostok Emerging Finance by 8.7%.

Investment strategy

The fund ended the previous month with the view that the rebound we saw was temporary. The US has since hit new all-time highs, while Europe, weighed down by political unrest, has yet to recover. The technical picture in Stockholm remains positive, and the purchasing index for the Swedish industrial sector points to continued expansion. Together with falling interest rates, this can create a stable foundation for the stock market.

The fund notes that since 1950, every year in which the S&P 500 gained more than 10% in the first half has ended with a positive return, averaging over 26%. Although this data is anecdotal, it is nonetheless interesting to those of us looking for patterns.

We are soon entering the second reporting period of the year, and July has been the strongest stock market month in Sweden for the past 10 years, with an average rise of 3.4%. Whether the historical pattern repeats itself remains to be seen. The fund focuses on the upcoming reporting period and may provide feedback in the next monthly comments on the outcome.

We at GADD want to take the opportunity to wish you all a wonderful and sunny summer! We look forward to continuing our journey together and look forward to the fall. Take care and enjoy the sun and warmth!

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