



GADD SMP FUND

Monthly Report

September 2024

NAV CHF 2'265.54*

Inception date 05.04.2011 = CHF 1'000

* at 30.09.2024

	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%	4.3%	-0.1%	-1.6%				11.6%

Market Comment

September began similarly to August, with declines in the stock market following weak ISM data from the US. Several profit warnings from companies created further anxiety among investors, leading to large stock price swings. Many companies now anticipate worse third-quarter results than previously forecasted. Additionally, several CEO resignations have fuelled uncertainty, as these are often interpreted as signs of internal challenges. Geopolitical unrest persisted, marked by a second assassination attempt on presidential candidate Trump and an escalation of conflict in the Middle East. Despite these factors, the market found support and ended the month on a positive note, largely due to interest rate cuts and dovish signals from both the Fed and the ECB.

The markets eagerly awaited the Federal Reserve's interest rate announcement, with a mix of anticipation and nervousness. A reduction was anticipated, but it was unclear whether the cut would be 0.25 or 0.50 percentage points. The Fed ultimately chose to reduce the rate by 0.50 percentage points to a range of 4.75–5.00%. The Fed cited significant progress in combating inflation, allowing it to shift focus more toward supporting the labor market and broader economy.

The debate between Trump and Harris was, as expected, heated, centring on abortion rights, the economy, and foreign policy. Harris came out ahead in both polls and betting odds. Trump has since declined another debate, claiming that Harris is only interested in a rematch because he "clearly won."

The 58-year-old man suspected of planning an attack on Donald Trump denies all charges. On September 15, the Secret Service discovered a rifle aimed at Trump's golf course in Florida. The suspect fled but was arrested shortly afterward, and no shots were fired.

In Sweden, the inflation battle seems to have made temporary progress as the CPIF dropped to 1.2% in August, down from 1.7% in July—0.5 percentage points below the Riksbank's forecast. In response, the Riksbank lowered the policy rate to 3.25% and signalled that more cuts may follow, with 2–3 expected over the remainder of the year and another 1–2 in early 2025. The cut aligned with market expectations, and projections indicate further reductions of 50 basis points in November and 25 basis points in December, potentially lowering the policy rate to 2.50% by year-end.

Index	31.12.23	30.09.24	YTD
MSCI World (USD)	3'169.18	3'723.03	17.5%
STOXX50 (EUR)	4'521.65	5'000.45	10.6%
S&P 500 (USD)	4'769.83	5'762.48	20.8%
Nasdaq Comp (USD)	15'011.35	18'189.17	21.2%
Dax (EUR)	16'751.64	19'324.93	15.4%
SMI (CHF)	11'137.79	12'168.87	9.3%
OMX30 (SEK)	2'398.17	2'626.44	9.5%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	69.97	26.1%
NIKKEI (YEN)	33'464.17	37'919.55	13.3%
Swe. Gov Bond. 10 y	2.05%	1.93%	

Hezbollah leader Hassan Nasrallah was killed in an Israeli attack on Beirut, further worsening the already tense situation in the Middle East. Nasrallah, who led Hezbollah for over 30 years, was a central figure in the organisation, which has close ties to Iran. Many now fear that the conflict could escalate further.

China's central bank, the PBOC, has announced new stimulus measures to support the struggling economy and housing market. The PBOC is also considering a capital injection of up to \$142 billion for state-owned banks and plans to issue government bonds to boost investment. The market has responded positively, rising 16% in recent days, though it remains uncertain whether these measures will be sufficient to achieve China's 5% growth target.

Following a historic election in Germany, where the far-right AfD party made gains, Austria has now also experienced a significant rightward shift. In the Austrian parliamentary elections, the right-wing nationalist, pro-Russian, and EU-skeptic FPÖ party won with 28.8% of the vote, followed by the ruling conservative party with 26.3%, and the Social Democrats with 21.1%. However, it is unclear whether the FPÖ will be part of the government, as other parties have expressed reluctance to cooperate. This trend of political change in Europe, especially in Germany and France, is causing concern in Brussels, where domestic issues seem to be taking precedence over common EU challenges.

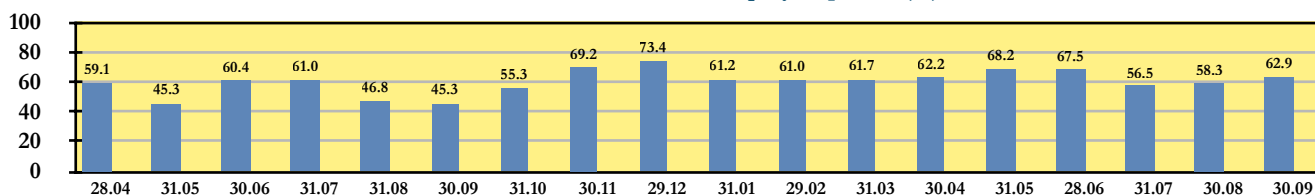
IPC by 1% to 4%, Novo Nordisk by 1% to 3%, and AstraZeneca by 1% to 2%.

The month began with a neutral equity exposure of 58%, as the fund anticipated continued market challenges. Following recent interest rate cuts from various central banks, the fund slightly increased equity exposure within the neutral range, ending the month at 63%.

Despite another highly volatile month, the short-term trend now indicates a buy signal, shifting from a previously neutral stance. The medium-term trend is also positive, while the long-term technical trend in Stockholm remains pending.

The fund's best-performing holding in September was Vostok Emerging Finance, which rose by 14.5%. Other holdings with significant gains included Nibe at 9.9%, Wihlborgs at 8.6%, Lundin Gold at 7.1%, Cibus at 6.2%, Logistri at 5.8%, Atlas Copco at 5.5%, Sandvik at 3.9%, and Peab at 3.8%.

GADD SMP FUND: Net Equity Exposure (%)



The MSCI World Index (USD) increased by 1.7% over the month. In the U.S., the S&P 500 rose by 2%, while the Nasdaq returned 2.7%. In Europe, the STOXX50 increased by 0.9%, and the DAX rose by 2.2%. The SMI fell by 2.2%, while the OMX in Stockholm saw positive growth of 1.2%. The MSCI China USD had a notable return of 23.6%, while the Nikkei in Japan declined by 1.9%.

On the downside, Pomegranate declined by 20%, IPC fell by 18.9%, Novo Nordisk dropped 16.1%, Hexatronic by 15%, Dometic by 13.5%, Yabie by 12.5%, and NYAB by 12.4%.

The yield on Swedish 10-year government bonds fell by 11 basis points during the month, from 2.04% to 1.93%.

Activities of the month

During the month, the fund invested in a newly issued bond by Betsson, with a 4-year term and a yield of Euribor + 3.25%. The fund also participated in the refinancing of the VNV bond maturing at the beginning of 2025. The new bond has a 3-year term and offers a yield of Stibor + 5.50%. Notably, the issue price was set 1% below par. The fund divested from the refrigeration company Secop's bond after Dometic, one of its clients, issued a warning about declining demand; the fund chose to secure profits. Additionally, the Sandvik spin-off Alleima, which was previously a minor holding, has now been increased to a 1% position.

Over the month, the fund raised its stake in both Vostok Emerging Finance and Logistri by 1%, bringing each to a total of 2%. In contrast, the fund reduced its positions in

Investment strategy

September began much like August, with economic uncertainty, falling indices, and volatile tech stocks. Despite this, the stock markets recovered and ended the month on a positive note. However, the fund's efforts to capitalise on the upswing were hindered by weak performance in its pharmaceutical and oil industry holdings. The fund is maintaining a neutral equity position in anticipation of the upcoming earnings season, which is expected to shed light on the economic outlook and order trends. Recent profit warnings have raised concerns, leading to several downward revisions in companies' earnings forecasts.

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