



GADD SMP FUND

Monthly Report

October 2024

NAV CHF 2'220.38*

Inception date 05.04.2011 = CHF 1'000

* at 31.10.2024

	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%	2.9%	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%	-2.0%			9.4%

Market Comment

The third-quarter reporting season opened with heightened market expectations, especially in Europe, where investors sought indicators of a potential economic rebound to ease concerns about a looming recession. However, industrial companies largely remained cautious, often declining to provide specific forecasts, underscoring the overall economic uncertainty. While banks posted robust results, consumer-focused companies continued to report weak demand, a trend that signals ongoing challenges in sectors heavily influenced by consumer sentiment. Broadly, larger global corporations have reported steady demand, whereas smaller companies with a local sales focus still grapple with subdued market conditions. The lack of definitive guidance from companies, combined with ongoing concerns around the U.S. election and an uptick in long-term interest rates, contributed to losses in global stock markets.

Without a new rate announcement from the Fed, markets analysed the latest "Beige Book," which showed stable economic activity from early September to mid-October. The industrial sector remained weak, employment rose slightly, and wages and consumer prices increased modestly. The report pointed to continued cautious economic development, with no major changes since the last interest rate decision.

The U.S. election has dominated headlines in recent weeks, and the fund eagerly awaits a clear outcome to avoid a prolonged and potentially destabilising process, similar to previous election cycles. Polling data now suggests a 55% probability of a Trump victory, down from nearly 65% a week prior, with Republicans also appearing to hold a lead in both Congressional

chambers. Despite these projections, significant doubts persist regarding the reliability of U.S. opinion polls, adding to the general atmosphere of uncertainty. The fund hopes for a decisive result that will reduce market volatility and support a clearer outlook for policy direction.

Index	31.12.23	31.10.24	YTD
MSCI World (USD)	3'169.18	3'647.14	15.1%
STOXX50 (EUR)	4'521.65	4'827.63	6.8%
S&P 500 (USD)	4'769.83	5'705.45	19.6%
Nasdaq Comp (USD)	15'011.35	18'095.15	20.5%
Dax (EUR)	16'751.64	19'077.54	13.9%
SMI (CHF)	11'137.79	11'792.92	5.9%
OMX30 (SEK)	2'398.17	2'542.41	6.0%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	65.78	18.6%
NIKKEI (YEN)	33'464.17	39'081.25	16.8%
Swe. Gov Bond. 10 y	2.05%	2.10%	

In the eurozone, recent economic data for third-quarter growth showed slightly stronger-than-expected progress, with GDP expanding by 0.4% over the previous quarter. Within the region, economic performance remains uneven, with Spain displaying stable and resilient growth while Italy's GDP stagnates. Germany's economy also showed positive growth; however, recent downward revisions to second-quarter figures, coupled with signs of underlying weaknesses, indicate that Europe's largest economy still faces structural challenges. These dispariti-

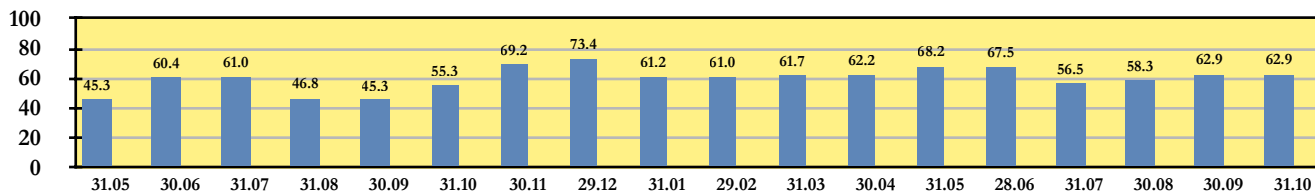
es underscore the ongoing complexity of the economic recovery in the euro area.

France recently announced a major austerity budget, led by Prime Minister Michel Barnier, totaling €60 billion in an effort to address the nation's significant budget deficit. Key measures include temporary taxes on large corporations, a tax on stock buybacks, cuts to healthcare expenditures, reduced unemployment benefits, and a decrease in government jobs. Fitch Ratings, meanwhile, issued a negative credit outlook for France, cautioning that the country's fiscal situation could lead to

2025, was called early, with the fund participating in refinancing efforts. The fund increased its holdings in ABB and Assa Abloy by 1% each, bringing both to 3%, and Peab by 1% to 2%, while reducing its stake in Vostok Emerging Finance by 1% to 1%.

Anticipating a challenging market with heightened volatility due to third-quarter corporate earnings and the upcoming U.S. election, the fund maintained a neutral equity exposure of approximately 63%. The fund expects to gain a clearer view of the market landscape soon.

GADD SMP FUND: Net Equity Exposure (%)



higher borrowing costs if the rating is downgraded. The budget aims to reduce the deficit to 5% of GDP by 2025, though approval by parliament is not guaranteed, especially given the complexities of governing with a minority government.

Over the past month, China has rolled out extensive stimulus measures to bolster the economy and support financial markets. The government injected roughly \$560 billion in liquidity and capitalized the six largest state-owned banks through bond purchases. Despite a slight deceleration in GDP growth to 4.6% in the third quarter, the economy remains close to the national growth target of 5%. Further stimulus is expected on November 8, potentially providing additional support to the country's stock markets and easing investor concerns amid global economic headwinds.

Global equity indices displayed mixed performance over the past month. The MSCI World (USD) declined by 2%, with the S&P 500 in the U.S. falling by 1% and the Nasdaq down by 0.5%. In Europe, the STOXX 50 lost 3.5% and Germany's DAX fell by 1.3%, while Switzerland's SMI decreased by 3.1% and Stockholm's OMX dropped by 3.2%. The MSCI China USD index experienced significant volatility, ending down by 6%, while Japan's Nikkei rose by 3.1%, reflecting diverse trends across regions. Meanwhile, Sweden's 10-year government bond yield rose by 17 basis points, moving from 1.93% to 2.10%, signaling potential shifts in fixed-income markets.

Activities of the month

In October, the fund continued to divest its position in Viva Wine Group, aiming for a complete exit in November. The VNV Global bond, maturing January

After a negative month, short-term technical indicators have shifted to neutral, while the medium-term trend remains positive. The long-term trend in Stockholm, however, is currently in a wait-and-see phase.

Top-performing holdings in October included Lundin Gold (+17.4%), Volvo (+8.6%), and Nordea (+4.3%). Significant declines included Pomegranate (-25%, representing only 0.11% of the fund's assets), Sdiptech (-19.5%), and Cinis Fertilizer (-16.3%).

Investment strategy

Preceding the U.S. earnings season, market uncertainty was high, as reports from major American stocks were crucial to the market's rise over the past year. Fortunately, results proved stable overall, with Tesla's strong quarterly report and positive forecast driving a 22% share price gain, boosting Elon Musk's net worth to \$270 billion.

The U.S. economy continues to expand without clear recessionary signs. Anticipated interest rate reductions by central banks in the U.S. and Sweden should provide relief to consumers. If the U.S. election yields a decisive winner, combined with reduced market volatility and stable long-term interest rates, this could support a strong end to the year.

Pending the election results, the fund hopes to increase equity exposure to capture potential year-end strength.

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