



GADD SMP FUND

Monthly Report

November 2024

NAV CHF 2'203.07*

Inception date 05.04.2011 = CHF 1'000

* at 29.11.2024

	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%	-2.0%	-0.8%		8.5%

Market Comment

In November, U.S. stock markets outperformed their European counterparts with stronger gains. Trump's return as president and his "America First" policy already seem to be making an impact, as the market has responded positively to signals of tax cuts and investments in American businesses. While the tech sector had a challenging month due to weak reports from several major players and Trump's threats of new export tariffs targeting Canada, Mexico, and China, investor optimism about the U.S. economy remained undeterred.

At the Federal Reserve's latest meeting, the interest rate was cut by 25 basis points, in line with expectations. However, the central bank signaled a cautious approach moving forward, focusing on incoming data before making further decisions. Several members emphasised uncertainties surrounding economic development and inflation outlooks, leading the market to speculate on a slower pace of future rate cuts. Still, the market is pricing in a significant probability of another rate cut in December.

In November, Trump made several notable appointments to his upcoming administration. Howard Lutnick, a well-known China critic, was nominated as Secretary of Commerce, and Robert F. Kennedy Jr. was appointed Secretary of Health. Kennedy's well-documented criticism of the pharmaceutical industry has raised concerns within the sector about potential regulatory threats and price controls. Elon Musk and Vivek Ramaswamy were assigned to head the newly established Department of Government Efficiency (DOGE). DOGE's mission is to streamline the federal bureaucracy through regulatory simplifications, personnel reductions, and significant cuts to federal spending, aiming to complete these reforms by the U.S.'s 250th anniversary in 2026.

The Swedish central bank, Riksbanken, also met expectations by lowering the policy rate by 50 basis points. It indicated that further cuts might be necessary if economic conditions remain unchanged. The bank anticipates lower policy rates in December and throughout the first half of 2025. Despite the rate cut, uncertainty persists in the Swedish economy. Export companies reported a decline in demand from Western Europe, reflected in Business Sweden's export index, which fell to 48.8 from 50.4 in the fourth quarter.

Index	31.12.23	29.11.24	YTD
MSCI World (USD)	3'169.18	3'810.14	20.2%
STOXX50 (EUR)	4'521.65	4'804.4	6.3%
S&P 500 (USD)	4'769.83	6'032.38	26.5%
Nasdaq Comp (USD)	15'011.35	19'218.17	28.0%
Dax (EUR)	16'751.64	19'626.45	17.2%
SMI (CHF)	11'137.79	11'764.2	5.6%
OMX30 (SEK)	2'398.17	2'513.85	4.8%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	62.83	13.3%
NIKKEI (YEN)	33'464.17	38'208.03	14.2%
Swe. Gov Bond. 10 y	2.05%	1.94%	

Europe is marked by political uncertainty. At the time of writing, France is in a governmental crisis after Prime Minister Barnier failed to secure support for his budget. This led to a vote of no confidence, which has now brought down the French government, further increasing political uncertainty in the country and placing additional pressure on the Eurozone. The situation is exacerbated by the fact that France's public

finances are expected to show a deficit of over 6% of GDP next year.

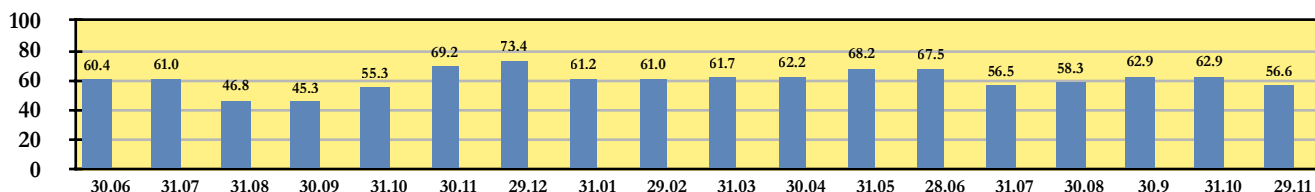
In Germany, uncertainty is also high. Chancellor Scholz has dismissed his finance minister. A vote of confidence is scheduled for January, and if the government falls, this could move the German parliamentary elections from autumn 2025 to March 2025.

In summary, Europe is characterized by weak economic growth and political uncertainty, with several countries facing internal challenges that risk worsening the continent's economic situation.

Despite a negative month, the short-term technical trend now indicates a positive signal compared to the neutral signal from the previous month. The medium-term trend remains neutral, while the long-term trend in Stockholm is positive. This provides technical support for the fund to increase its equity exposure in December.

The strongest performer among the fund's holdings in November was Alleima, which rose by a total of 17.7%. Other significant gainers included Skanska +5.2%, ABB +4.5%, Lifco +4.4%, IPC +3.0%, Skistar +2.4%, Filo Mining +2.2%, Lundin Mining +2.2%, and Trelleborg +2.0%.

GADD SMP FUND: Net Equity Exposure (%)



China has intensified its stimulus measures to support its economy. The focus has been on boosting both domestic consumption and investment. The government has also introduced support for the real estate sector and increased funding for local governments. In October, retail sales rose by 4.8%, indicating some recovery. However, the fact that China's 10-year government bond is trading below 2% for the first time since 2002 suggests that all is not well in the Chinese economy. The country is also preparing to take countermeasures in response to potential tariffs from Trump by adjusting its trade regulations to mitigate the impact of further trade restrictions.

The MSCI World Index (USD) rose by 4.5% during the month. The S&P 500 in the U.S. increased by 5.7%, and the Nasdaq climbed 6.2%. In Europe, the STOXX 50 declined by 0.5%, while the DAX rose by 2.9%. The SMI fell by 0.2%, and the OMX in Stockholm dropped by 1.1%. The MSCI China Index (USD) decreased by 4.5%, and Japan's Nikkei fell by 2.2%.

The Swedish 10-year government bond yield declined by 16 basis points during the month, from 2.10% to 1.94%.

Activities of the month

The fund divested its entire holding in Viva Wine Group during November. It also partially divested its position in the Addvise bond and intends to sell the entire position.

During the month, the fund reduced its holdings in Indutrade and Latour by 1%, bringing the total holdings in each to 2%.

The fund anticipated that a clear winner in the U.S. presidential election would lead to stronger stock markets. As a result, the fund decided to increase its equity exposure to nearly 70% following the election results. However, when U.S. and European markets diverged, the fund opted to lower its exposure to a defensive level of approximately 56%.

On the negative side, Cinis Fertilizer saw the largest decline, falling by 24.5%. Other notable decliners included RevolutionRace -14.9%, Hexatronic -13.4%, Implantica -12.4%, Nibe (10.1%), NYAB -8.3%, and Vostok Emerging Finance -6.7%.

Investment strategy

December appears to offer favorable opportunities for a stock market rally, driven by several positive factors. The Federal Reserve is expected to cut interest rates by 25 basis points, a move the market has already priced in with a 76% probability, and the ECB is anticipated to follow with a similar cut. These monetary policy easings could provide additional liquidity to the markets. Moreover, macroeconomic data points to stabilization, with an improved ISM index in the U.S. and increased business optimism following the election.

In China, for the optimists, its economic stimulus measures appear to be having an effect, particularly in PMI data and the real estate sector. This could help support both global and European demand.

Despite some uncertainties surrounding U.S. tariff threats and political instability in Europe, there are strong conditions to end the year with positive market performance.

Did you know you can follow Gadd & Cie on [LinkedIn](#)? We regularly update it with our current views on the financial markets.