



# GADD SMP FUND

## Monthly Report

### December 2024

NAV CHF 2'145.66\*

Inception date 05.04.2011 = CHF 1'000

\* at 31.12.2024

	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%	-2.6%	5.7%

## Market Comment

The stock market year 2024 began with a strong rise on the Stockholm Stock Exchange, driven by interest rate breaks from the Riksbank, weaker inflation and improved global optimism. During the spring, the stock market continued to rise, but towards the summer the rise slowed. Slack demand from Europe, especially in export-related sectors, and continued pressure on the property sector weighed on the market. Despite the Riksbank's aggressive interest rate cuts and liquidity support, the Swedish property sector remained in difficulty, affected by high debt and a weak housing market. During the autumn, the stock market performance weakened further. Geopolitical concerns, including potential trade restrictions from the US, dampened investor sentiment. OMXS30 ended with an increase of approximately 3.5% for 2024, which was weaker than several European indices, such as STOXX50 and DAX. Despite the global challenges, it should be noted that Swedish companies in terms of profit growth performed on par with, or even better than, many European countries in 2024.

At the last minute, the US Congress managed to agree on a provisional budget that is now valid until March 14. This agreement represents a first and tangible defeat for both Donald Trump and Elon Musk as Congress refrained from immediately making a decision on raising, pausing or abolishing the debt ceiling. The current debt ceiling of \$31,400 billion will likely need to be raised by the end of 2025 to prevent a potential "bankruptcy" for the US. Despite these political twists and turns, the US economy continues to perform strongly. GDP figures showed an upward revision of growth for the third quarter to 3.1%, from a previous 2.8%.

The Fed did not surprise the market and lowered the key interest rate by 25 basis points to a range of 4.25 and 4.50%. The inflation forecast was raised, partly with reference

to the incoming administration's policies. The interest rate path was adjusted up and indicates only a 50 basis point lower policy rate in 2025, compared to 100 basis points lower in September.

President-elect Trump nominated crypto advocate Paul Atkins as the new head of the US financial regulator SEC. The price of bitcoin surged on the announcement and recorded a new "all-time high" of over \$104,000.

Index	31.12.23	31.12.24	YTD
MSCI World (USD)	3'169.18	3'707.837	17.0%
STOXX50 (EUR)	4'521.65	4'895.98	8.3%
S&P 500 (USD)	4'769.83	5'881.63	23.3%
Nasdaq Comp (USD)	15'011.35	19'310.792	28.6%
Dax (EUR)	16'751.64	19'909.14	18.8%
SMI (CHF)	11'137.79	11'600.9	4.2%
OMX30 (SEK)	2'398.17	2'483.123	3.5%
MSCI Russia (USD)	0	0	
MSCI China (USD)	55.47	64.49	16.3%
NIKKEI (YEN)	33'464.17	39'894.54	19.2%
Swe. Gov Bond. 10 y	2.05%	2.34%	

In December, the Riksbank lowered the policy rate by 25 basis points to 2.50 percent and stated that if the outlook for the economy and inflation remain unchanged, another cut could occur in the first half of 2025. This is in line with previous announcements from the Riksbank in September and November. The Riksbank's interest rate path indicates a high probability of another cut in January or March.

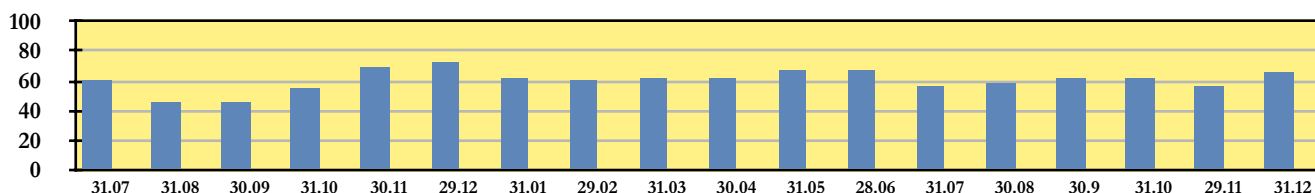
German Chancellor Olaf Scholz lost a confidence vote in parliament on 16 December 2024, as expected. This opens the way for new elections to the Bundestag on 23 February 2025. The government's collapse was due to disagreements over the budget, but the ideological differences between the parties have also been evident for some time. The short-term result is expected to be austerity, with a provisional budget at the 2024 level pending the next government's decision.

Michel Barnier and his centre-right government did not even last six months in power. The French National Assembly brought down the government in a confidence vote after Barnier unilaterally decided on the social security budget without allowing parliament to vote. François Bayrou now

Despite another negative month, the short-term technical trend continues to show a weak positive signal, the medium-term and long-term trends in Stockholm are neutral.

The strongest development of the fund's holdings during the month was accounted for by Trelleborg, which rose by a total of 5%. Other holdings that rose were Sdiptech 3.9%, RevolutionRace 3.6%, Vostok Emerging Finance 2.8%, Skanska 2.3%, Fleming Properties 1.9%, IPC 1.6%, and Cibus 0.9%. On the negative side, Cinis Fertilizer was the most notable, falling (18.8%). Novo Nordisk fell (17.6%), Lundin Mining (11.9%), NYAB (8.1%), Lundin Gold (7%), Nibe (6.4%) and Dometic (5.9%).

**GADD SMP FUND: Net Equity Exposure (%)**



takes over as prime minister, but he faces immediate challenges as Moody's downgraded France's government bonds to Aa3 from Aa2. With an ongoing government crisis in neighbouring Germany, it is clear that Europe will end 2024 in political stalemate. None of the major economies have stable governments with majorities that can handle the increasing geopolitical risks and challenges such as the Trump administration's possible trade policy.

After several years of conflict and ongoing offensives from, among others, the rebel group HTS, the Assad regime has lost power and Assad has fled to Russia. The geopolitical situation in Syria remains uncertain.

The MSCI World (USD) world index fell by (2.7%) during the month. The S&P 500 in the US fell by (2.5%) while the Nasdaq rose by 0.5%. In Europe, the STOXX50 rose by 1.9% and the Dax by 1.4%. The SMI fell by (1.4%) and the OMX in Stockholm (1.2%). The MSCI China USD rose by 2.7% and the Nikkei in Japan rose by a whopping 4.4%.

The Swedish 10-year government bond yield increased by 40 basis points during the month, from 1.94% to 2.34%.

## Activities of the month

The fund sold its entire holding in Pomegranate during December. The holding in Filo Mining was partially sold, the share is trading at the bid level from Lundin Mining and the upside is limited. The fund invested in a newly issued bond by Creditas, a South American fintech company, with a maturity of 3.5 years and a yield of 10.5%. During the month, the fund reduced its holding in Sandvik by 1% to a total of 2% and increased its holding in IPC by 1% to 5%.

## Investment strategy

In 2025, the Stockholm Stock Exchange is expected to benefit from several positive factors, especially the Swedish interest rate policy. The Riksbank's expected continued dovish stance and lower interest rates can stimulate both consumption and investment, creating a favorable climate for Swedish companies. This is further supported by the fact that global stimuli, especially from Europe and China, can help to lift global demand and thereby support Swedish export companies.

However, one risk factor is the political uncertainty surrounding President Trump's re-election, where his economic policies could create uncertainty around trade agreements, inflation and geopolitical issues.

In summary, the conditions for the Stockholm Stock Exchange look positive in 2025, driven by a more stimulus-friendly interest rate policy, potential global economic recovery and a strong position in exports and industry. However, the political risks surrounding US economic policies are something to consider.

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