



GADD SMP FUND

Monthly Report

January 2025

NAV EUR 2'449.47*

Inception date 05.04.2011 = EUR 1'000

* at 31.01.2025

	Jan.	Feb.	Mars	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2016	-4.8%	1.3%	2.1%	3.4%	3.5%	-5.3%	3.4%	2.5%	2.1%	0.1%	-2.3%	2.2%	7.9%
2017	0.9%	2.8%	-2.9%	3.9%	1.3%	0.1%	-3.0%	-1.6%	3.7%	1.4%	-1.3%	-1.1%	4.0%
2018	1.5%	1.1%	-3.0%	2.5%	1.1%	-0.6%	0.6%	3.4%	-0.9%	-5.5%	-2.0%	-2.9%	-5.1%
2019	5.7%	4.6%	-0.1%	4.2%	0.1%	1.1%	0.1%	-1.6%	0.5%	0.1%	3.1%	1.8%	21.4%
2020	1.6%	-4.7%	-15.9%	9.2%	4.3%	1.1%	3.1%	3.9%	2.7%	-3.4%	5.1%	3.3%	8.1%
2021	0.0%	3.1%	2.8%	3.8%	7.2%	0.0%	4.6%	1.3%	-1.1%	5.9%	1.5%	3.8%	38.2%
2022	-7.0%	-1.8%	5.4%	-1.6%	0.8%	-9.5%	7.7%	-5.0%	-3.5%	4.1%	3.1%	0.4%	-8.1%
2023	3.2%	-1.2%	-1.6%	-0.4%	-2.8%	1.9%	2.2%	-2.9%	-2.3%	-1.0%	2.5%	5.4%	2.7%
2024	-0.1%	1.5%	5.4%	1.8%	1.4%	-0.7%	4.6%	0.1%	-1.5%	-1.8%	-0.6%	-2.3%	7.7%
2025	4.3%												4.3%

Market Comment

Global stock markets started the year on a strong note. After several years of underperformance relative to U.S. markets, European equities experienced a much-needed rebound. Whether this signals the beginning of a sustained trend reversal remains uncertain. The ongoing earnings season has generally met or exceeded expectations, providing support to the markets.

Beyond market fundamentals, two key developments shaped sentiment in January. First, concerns over competition from China's DeepSeek disrupted the AI sector, a major driver of recent U.S. stock market gains. DeepSeek's AI engine, R1, is reportedly capable of challenging Western models at significantly lower costs. In response, Nvidia plummeted nearly 17% in a single trading session, erasing \$600 billion in market capitalisation - the largest one-day loss for any U.S. company in history. Simultaneously, U.S. authorities launched an investigation into whether DeepSeek circumvented export restrictions by acquiring advanced Nvidia chips via Singapore.

Second, the Federal Reserve left its key interest rate unchanged at 4.25% - 4.50%, as widely expected. Neither the official statement nor Chairman Powell's press conference indicated any immediate urgency to lower rates.

Meanwhile, former President Donald Trump continued to generate headlines. During a press conference, he reiterated his ambition for Canada to become part of the United States and proposed renaming the Gulf of Mexico the "Gulf of America." He also suggested imposing punitive tariffs or even taking military action against Denmark if Greenland was not ceded to the U.S.

Additionally, Trump threatened a 25% tariff on Colombian imports, prompting the Colombian government to reverse its decision to halt U.S. deportation flights. He further

announced sweeping trade measures, including a 25% tariff on all imports from Mexico and Canada, as well as an additional 10% tariff on Chinese goods. Justifying these moves, Trump cited concerns over illegal immigration and drug smuggling. In response, Mexico committed 10,000 troops to border security, leading Trump to postpone the tariffs by one month.

Index	31.12.24	31.01.25	YTD
MSCI World (USD)	3'707.837	3'836.583	3.5%
STOXX50 (EUR)	4'895.98	5'286.87	8.0%
S&P 500 (USD)	5'881.63	6'040.53	2.7%
Nasdaq Comp (USD)	19'310.792	19'627.441	1.6%
Dax (EUR)	19'909.14	21'732.05	9.2%
SMI (CHF)	11'600.9	12'597.09	8.6%
OMX30 (SEK)	2'483.123	2'670.5361	7.5%
MSCI Russia (USD)	0	0	
MSCI China (USD)	64.49	64.897	0.6%
NIKKEI (YEN)	39'894.54	39'572.49	-0.8%
Swe. Gov Bond. 10 y	2.34%	2.20%	

In Sweden, the Riksbank continued its easing cycle with a 25-basis-point rate cut, lowering the key rate to 2.25%. However, its accompanying statement signaled a pause in further cuts, a slightly more hawkish stance than the market had anticipated.

The European Central Bank (ECB) followed suit, cutting its key rate by 25 basis points to 2.75%, in line with expectations. Policymakers reiterated their commitment to a data-driven approach for future monetary policy decisions.

In Germany, Friedrich Merz, the CDU's chancellor candidate, faced a political setback as the Bundestag rejected his party's proposal for stricter asylum policies. The measure, supported by the far-right AfD, was voted down, potentially impacting the CDU's electoral prospects ahead of the February 23 election.

On January 15, Qatar's Prime Minister announced a ceasefire agreement between Israel and Hamas. The deal consists of three phases, beginning with a six-week ceasefire from January 19. Negotiations for the second phase are set to begin on day 16 of the truce, though experts caution that achieving the later phases will require difficult negotiations.

Meanwhile, NATO intelligence revealed that Russia has allegedly planned the assassination of senior executives at European defence firms, including Rheinmetall CEO Armin Papperger. Companies such as BAE Systems, Airbus Defence

and Space, Leonardo, Thales, and Sweden's Saab have also been identified as potential targets. These threats are reportedly part of a broader sabotage campaign, which includes train derailments, arson, and attacks on politicians' properties.

Financial markets reflected these developments. The MSCI World (USD) index gained 3.5% in January. In the U.S., the S&P 500 rose 2.7%, while the Nasdaq advanced 1.6%. European markets outperformed, with the STOXX50 surging 8.0% and the DAX climbing 9.2%. The Swiss SMI gained 8.6%, while Stockholm's OMX rose 7.6%. Meanwhile, the MSCI China USD index edged up 0.6%, and Japan's Nikkei fell by 0.8%. Sweden's 10-year government bond yield declined by 14 basis points, from 2.34% to 2.20%.

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Activities of the month

In January, Lundin Mining finalised its acquisition of Filo Mining. Over 80% of the transaction was settled in cash, with the remainder paid in Lundin Mining shares. The fund fully divested its bond holdings in Addvise, halved its position in Esmailzadeh Holding AB, and completed the sale of the remaining shares in early February.

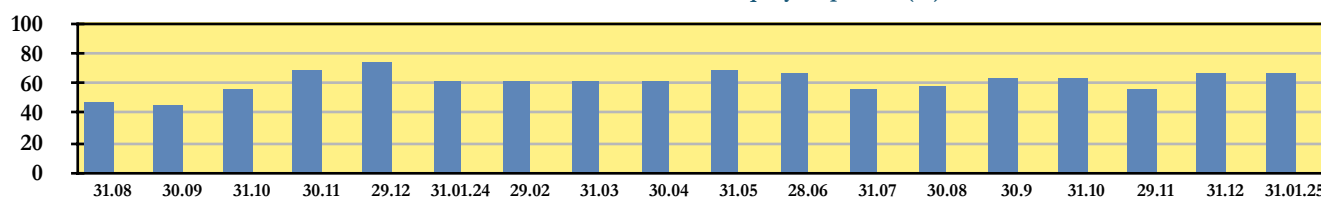
Anticipating increased market volatility amid Trump's return and the uncertainty surrounding his policies, the fund maintained a neutral equity exposure of approximately 65% at the start of the month. Throughout January, the fund selectively increased its holdings in companies such as RevolutionRace, Atlas Copco, Assa Abloy, Novo Nordisk, and Peab. Following the completion of the Filo Mining transaction, the fund's equity exposure remained largely unchanged.

From a technical perspective, Stockholm's short-, medium-, and long-term market trends turned increasingly positive following a strong month.

Among the fund's best-performing holdings in January, Alleima led with a 22.8% gain, followed by RevolutionRace (+20.7%), VNV Global (+20.3%), Lundin Gold (+19.3%), IPC (+16.4%), Sandvik (+16.0%), Volvo (+14.2%), and Lifco (+13.8%).

On the downside, Cinis Fertilizer was the fund's weakest performer, plummeting 40.7%, though it accounted for just 0.20% of the portfolio. Other laggards included Vostok Emerging Finance (-22.0%), Lundin Mining (-4.9%), Sdiptech (-4.4%), Novo Nordisk (-2.7%), JM (-1.3%), and Fleming Properties (-1.0%).

GADD SMP FUND: Net Equity Exposure (%)



Investment strategy

The recent outperformance of European markets relative to the U.S. can be attributed to shifting global fund flows. In particular, capital inflows into global index funds—historically skewed toward expensive U.S. tech stocks—have slowed. Additionally, Europe's more effective inflation control has enabled the ECB to implement larger rate cuts than the Federal Reserve.

Another positive signal came from Europe's composite PMI, which rose above 50 in January for the first time in seven months, indicating a return to economic expansion and raising hopes for a cyclical recovery.

Despite these encouraging trends, the fund maintains a neutral stance, recognising that markets may soon shift their focus back to company fundamentals once Trump's initial political rhetoric has played out during his first 100 days in office.

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