



# GADD SMP FUND

## Monthly Report

### February 2024

NAV CHF 2'237.37\*

Inception date 05.04.2011 = CHF 1'000

\* at 28.02.2025

	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%
2025	4.2%	0.1%											4.3%

## Market Comment

European stock markets continued the positive trend from January and outperformed their American counterparts. After the reporting season ended, it can be seen that it provided further support to the market with revenues and profits that were slightly better than expected, while order intake increased. This has led to slightly increased profit forecasts. The US is struggling with continued high inflation and various statements from President Trump. Europe has its own political problems, but where a possible peace agreement in Ukraine could have positive consequences. Europe also has a valuation support compared to the US, where it can be mentioned that all "magnificent seven" companies except Meta are negative this year. The worst in the class is Tesla with minus 28%.

A press conference at the White House between Trump and Zelenskyj regarding a mineral agreement ended in a major brawl. The brawl started when a Polish reporter questioned the role of the US, which led to Vice President JD Vance criticizing Zelenskyj for a lack of gratitude. Trump warned Zelenskyj that Ukraine was at risk of a third world war. After the heated atmosphere, the planned lunch was canceled and the mineral agreement was never signed. Trump later wrote on Truth Social that Zelensky was welcome back "when he is ready for peace", while Zelensky expressed gratitude to the US on social media.

At the time of writing, Trump has paused all military aid to Ukraine and imposed 25 percent tariffs on Mexico and Canada, as well as an additional 10 percent tariff, now totaling 20 percent, on China.

Swedish inflation in January landed at 2.2%, which is above the 2% target. Economists believe that CPIF inflation

will remain above 2.5% for most of the year, which makes it difficult for further interest rate cuts despite weak economic conditions. The Riksbank has probably finished cutting, and both variable and fixed mortgage rates may have bottomed out.

Ahead of the ECB's interest rate decision on March 6, the market expects a 25 basis point cut. Morgan Stanley is forecasting another cut in April and expects a key rate of 1% in June 2026. Much lower than other analysts.

Index	31.12.24	28.02.25	YTD
MSCI World (USD)	3'707.837	3'805.33	2.6%
STOXX50 (EUR)	4'895.98	5'463.54	11.6%
S&P 500 (USD)	5'881.63	5'954.50	1.2%
Nasdaq Comp (USD)	19'310.792	18'847.28	-2.4%
Dax (EUR)	19'909.14	22'551.43	13.3%
SMI (CHF)	11'600.9	13'004.48	12.1%
OMX30 (SEK)	2'483.123	2'724.70	9.7%
MSCI Russia (USD)	0	0.00	
MSCI China (USD)	64.49	72.53	12.5%
NIKKEI (YEN)	39'894.54	37'155.50	-6.9%
Swe. Gov Bond. 10 y	2.34%	2.23%	

The German election results were in line with opinion polls. The AfD doubled its support to 21%, while the CDU/CSU increased to 29%. At the same time, the Social

Democrats, the Liberals and the Greens fell sharply. CDU leader Friedrich Merz declared himself the winner and aims to form a government by Easter. He wants to start quick negotiations with the SPD, but the Social Democrats' historic defeat makes cooperation uncertain. At the same time, Germany faces major challenges; the economy is weak, defense spending must increase and financing is still unclear. To prevent blockages from the AfD and the Left, Merz is considering various strategies, including a vote on the debt brake before March 24.

On the third anniversary of Russia's invasion of Ukraine, the UN adopted a resolution calling for a Russian withdrawal, but neither of the two resolutions put forward was legally binding. The first, supported by Europe, was adopted by a narrower majority than previous Ukraine resolutions, while the second, by the US, was rejected by the General Assembly. The US proposal, which did not mention Russia's responsibility for the war or Ukraine's right to territorial sove-

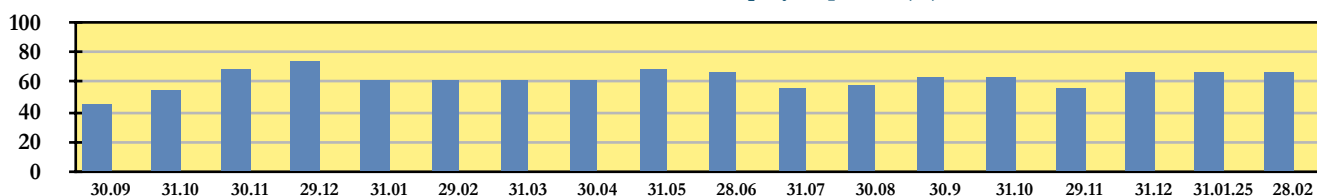
After another strong month, the short and long technical trends continue to show positive signals while the medium-term has turned down to neutral.

The fund maintained its equity exposure at a neutral level of approximately 65% during the month. Knowing the difficult geopolitical situation, the fund chose to be somewhat more restrained despite a strong reporting season and positive technical signals.

The strongest development of the fund's holdings during the month was accounted for by Fleming Properties, which rose by a total of 15.4%. Other holdings that increased were SEB 10%, Volvo 8.6%, Lundin Gold 8.4%, Nordea 7.1%, Skanska 7.1%, Novo Nordisk 6.1%, and IPC 4.6%.

On the negative side, Cinis Fertilizer was the most notable, falling (36.2%). However, it only represents 0.1% of the fund. Hexatronic fell (15%), RevolutionRace (11.8%), Cibus (9.8%), Nibe (9.8%), Dometic (9.5%) and JM (8.2%).

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



reignty, reflected a changing dynamic in which the US is taking a harder line on Ukraine and for peace talks with Russia without the presence of Europe or Ukraine. At the London summit on 3 March, France and Britain proposed a limited one-month ceasefire that would apply to air and sea combat and to the protection of power lines and power plants. Ground combat is not included, as it is considered difficult to verify compliance by the Russian side. The proposal reflects a shift in European security policy, with Britain and France having opened up to peacekeeping forces in Ukraine, but not in the immediate future. British Prime Minister Keir Starmer called the meeting a historic crossroads and stressed the strong European unity and that the United States remains a reliable ally, despite recent tensions.

The MSCI World (USD) index fell by (0.8%) during the month. The S&P 500 in the US by (1.4%) and the Nasdaq fell by (4%). In Europe, the STOXX50 increased by 3.3% and the Dax by 3.8%. The SMI rose by 3.2% and the OMX in Stockholm by 2%. The MSCI China USD advanced by a whopping 11.8% while the Nikkei in Japan fell by (6.1%). The Swedish 10-year government bond yield rose by 3 basis points during the month, from 2.20% to 2.23%.

## Activities of the month

Magnolia mortgage bond matured and was repaid during the month, no new bond holdings were purchased. The fund chose to increase its holding in Lundin Mining to 3% as the fund received fewer shares in the company for the payment of Filo Mining than expected.

## Investment strategy

European stock markets have had a strong start to the year, but things are looking worse in the US. The trade war is escalating as Trump imposes tariffs. Canada and China respond with their own tariffs and blacklist US companies. At the same time, weak manufacturing data points to an economic slowdown while inflation remains around 3%. The Fed faces a dilemma – increased tariffs could drive up inflation, but failure to cut interest rates could weaken the economy. The Atlanta Fed now forecasts that GDP will shrink by 2.8% in the first quarter, which is a sharp decline from previous growth forecasts. Together with high valuations, this contributes to negative sentiment despite indices near all-time highs.

Given the geopolitical uncertainty, the fund chooses to maintain a neutral equity exposure of around 65%. Despite positive technical signals and a strong reporting season, the fund sees risks in increasing exposure further at this time. Developments are being closely monitored and the strategy is being adjusted as the macroeconomic situation becomes clearer.

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