

ODIN Small Cap 31/03/2025

The fund has share classes in SEK, NOK and EUR: A, B, C, D and U

FUND COMMENTARY

March was a negative month for the fund, although significantly better than the benchmark index, which performed even weaker. The reporting season had essentially ended, so it was mainly geopolitical events that affected the market during the month. So far this year, the fund has not performed as well as the index, but we regained some of the losses in March.

Changes in the portfolio During the month, we reduced our position in Fortnox after the main owner, together with EQT, made a bid for the company. We chose to participate in the listing of Asker during the month. A company that provides additional alternative drivers to the fund and contributes with a fine underlying profit growth and value-creating acquisitions with a strong governance model. To make room for Asker, we sold Avanza, which has been a good contributor to the fund since we bought it. We saw it as a natural shift given that Asker was a slightly larger company and that we also have Nordnet in the fund, which has similar drivers and opportunities.

Sustainability remains at the center of our investment strategy, even in a time of uncertainty on the global and European stage. We focus on aligning our portfolios with the Paris Agreement and engage in dialogue with our companies about their emissions and measures to reduce them. By the end of the first quarter of 2025, more than 50 percent of the fund's value will be invested in 18 companies that already have, or have committed to setting, climate targets according to the Science Based Targets initiative.

In addition to climate impact, we also discuss other sustainability aspects and ESG risk management with the companies we own, such as how their products contribute to sustainable goals. In February, we visited CTT Systems where we, together with the management, reviewed the company's offerings. Through dehumidification and humidification solutions for commercial aircraft, CTT helps airlines save fuel and reduce emissions, while improving the working environment for pilots and flight personnel.

Company visits and market insights As usual in March, the focus has mostly been on company meetings and visits to operations.

- The reporting period is now over, with only Sectra remaining in March. Sectra's report showed fine organic growth and came in slightly above analysts' expectations. During March, we also participated in Sectra's capital markets day and were, as usual, impressed by the fantastic company culture that exists in the company. We had individual meetings with the management of, among others, cBrain, Vaisala, Engcon, Asker, and nomination committee meetings in Medistim and Nimbus.
- During the month, we also took the opportunity to visit a Momentum Group subsidiary, Askalon in Karlstad, and Alligo's central warehouse in Örebro.
- We were also in Germany and saw how the production of BMW cars takes place in Munich and learned about Siemens, Infineon, and Siemens Energy's operations. We were also at Autoliv's R&D center and MAN production in Munich, which gave us interesting insights into the European economy.
- We ended the month in Italy where we visited some holdings but also some other operations that provided interesting lessons. We were among others at AQ and Beijer Ref, which are holdings in ODIN Sweden. Of Small Caps holdings, we visited Bufab's latest acquisition Vital and Satech, which is a subsidiary of Troax operating in mesh panels. The trip ended at NCAB where we gained insights into their development and acquisition journey in Italy.

The strongest and weakest stocks of the month

The stocks that performed the strongest were Fortnox (bid), cBrain, and Medistim. The weakest stocks were MIPS, Thule, and Engcon.

Conclusion: Five years of value creation in a long-term marathon

After a turbulent quarter, we can conclude that it is important to focus on the Odin model and the companies' value creation and balance the fund accordingly. Thank you very much for your trust!

Portfolio Managers:



Jonathan Schönbäck



Carolina Ahnemark



Philip Mesch

Why invest in this fund?

The Nordic region is perfect for small companies with international ambitions. Corruption is low, living standards are high, ownership structures are clear and there is a culture of investing abroad. We see great potential for increased returns in Nordic small caps, especially the Swedish ones, which is where the main focus lies. Swedish small caps have done better than those in the USA, Europe and the other Nordic countries over the past decade. We believe this trend will continue. As active owners of smaller companies, we also have great influence and can bring about major changes.

How is the fund positioned?

The main focus is on Swedish small caps, as Sweden has the largest investment universe for smaller companies in the Nordic region, with around 350 out of 675 companies in all. The companies in ODIN Small Cap all have a sustainable profile in line with our investment philosophy, the Odin-model. We invest in companies with a strong corporate culture, which are constantly improving through established brands, clear niches, efficiency gains and acquisitions.