

ODIN Sustainable Corporate Bond 28/02/2025

The fund has unit classes in SEK, NOK and EUR: A, B, C, D and E

MANAGER COMMENT

ODIN Sustainable Corporate Bond generated a positive return in February but lagged its benchmark index.

Market commentary

We saw a significant decline in long-term U.S. interest rates in February, and a more limited drop in long-term German rates. The U.S. 10-year Treasury yield fell by 33 basis points to 4.2 percent over the course of the month, while the equivalent German yield dropped by 5 basis points, ending at 2.4 percent. The market appears to be more focused on the growth-dampening effects of the trade war rather than its inflationary impact, leading to falling interest rates. Several sentiment-based macro indicators have also started pointing to economic weakness, likely linked to increased uncertainty. However, there is a lag before such leading indicators translate into actual consumer and business behavior, and sentiment is fluctuating significantly due to the constant flow of news. As a result, there is considerable uncertainty about how the situation will ultimately unfold.

Political turmoil and stock market volatility had little impact on the European credit market in February. Credit spreads ended the month roughly where they started, at historically low levels, both in the "investment grade" segment and in high yield. Investor appetite for new transactions has been strong so far this year.

Investments in four bonds in February

In February, the fund invested in four bonds.

Renewable energy in the Italian power grid

The fund invested in a green bond issued by the Italian power grid company Terna SpA. Terna manages the high- and extra-high-voltage transmission network in Italy and plays a key role in integrating renewable energy into the country's electricity system. The proceeds from the bond are primarily earmarked for connecting renewable energy sources to the power grid, as well as modernizing grid infrastructure to accommodate an increasing share of renewable energy.

Sustainable transport development in Norway

The fund also invested in a green bond issued by the Norwegian toll company Ferde AS. The proceeds are primarily allocated to the development of Bybanen in Bergen, an electric public transportation system, while a smaller portion is designated for the expansion of pedestrian and bicycle infrastructure in the city. These projects contribute to reducing greenhouse gas emissions from the transport sector and support Norway's zero-growth goal, which aims for all growth in urban passenger transport to come from public transport, cycling, and walking rather than increased car usage.

Social initiatives in Germany

Furthermore, the fund invested in a social bond issued by the German bank Hamburger Sparkasse, with the loan proceeds being allocated to various social initiatives. These include financing of healthcare and educational facilities, providing access to affordable housing for marginalized groups, and supporting programs for the homeless.

Sustainability-linked financing in the security sector

The fund also invested in a sustainability-linked bond (SLB) issued by the Swedish security company Securitas AB. This bond is tied to Securitas' goal of reducing carbon emissions in its operations and value chain, illustrating how service-oriented companies with relatively low carbon footprints can also contribute to the sustainable transition.

Portfolio Managers:



Mariann
Stoltenberg Lind



Nils Hast

Why invest in this fund?

ODIN Sustainable Corporate Bond is an actively managed bond fund which aims to produce good risk-adjusted returns through sustainable investments. The fund invests primarily in bonds issued by Nordic and European companies which make a positive contribution to one or more of seven selected sustainability issues.

The fund invests in medium-term interest-bearing securities, and the duration will be from 0-5 years. The units will fluctuate in value, but expected returns and risk will be less than for combination funds and equity funds. ODIN Sustainable Corporate Bond is a fixed income fund geared to an investment horizon of 1-2 years and up.

How is the fund positioned?

The fund invests in fixed income instruments, mainly bonds issued by Nordic and European companies. The fund can only invest in securities that have a credit quality of at least BBB- (investment grade) or equivalent at the date of investment.

The fund reports in accordance with Article 9 of the SFDR, and companies or bonds that it invests in must meet its sustainability criteria.