

# ODIN Sustainable Corporate Bond 31/03/2025

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

## MANAGER COMMENT

ODIN Sustainable Corporate Bond generated a negative return in March and underperformed against its benchmark index.

The U.S. 10-year Treasury yield remained unchanged at 4.2 percent in March, while the German equivalent rose by as much as 33 basis points to end at 2.7 percent. Almost the entire increase occurred within a single day – Wednesday, March 5 – following an agreement in Germany on a major upgrade of defense and infrastructure, which will be financed through borrowing. This means that more government bonds will need to be issued in the future, and a higher expected supply of bonds contributes to falling prices and higher yields. The large investments will have a very positive impact on activity in the German economy, and increased activity and higher expected inflation also push up long-term interest rate expectations. The European Central Bank (ECB) nevertheless lowered the interest rate in March to 2.5 percent, while the U.S. Federal Reserve (Fed) kept the rate unchanged at 4.5 percent.

Uncertainty about an escalating trade war, weaker economic outlooks, and persistent inflation has gradually begun to translate into higher risk premiums in the credit market. This applies not least to high-yield bonds, but credit spreads also increased in the low-risk segment last month.

### Investments in three bonds in March

During March, the fund invested in three bonds. The fund invested in green bonds issued by the Swedish real estate companies Castellum and Atrium Ljungberg. The loan amounts from both bonds will finance the upgrading of existing buildings, as well as the construction of new, sustainable buildings. The majority of the funds will go towards upgrading existing buildings to reduce energy consumption and improve environmental impact. The measures will particularly focus on increasing energy efficiency, as the energy use of buildings significantly contributes to greenhouse gas emissions. For the new buildings, in addition to energy efficiency, the emphasis will be on sustainable solutions such as the use of circular materials, reduced emissions in the construction process, and consideration of biodiversity. This underscores a holistic view of sustainability that takes into account both the environmental impact of the construction phase and the building's lifecycle.

The fund also invested in a green bond issued by Neste, a Finnish company that has transitioned from being a traditional oil refinery company to becoming a leading player in renewable fuels and the circular economy. The money from the bond will finance the expansion of Neste's facility in Rotterdam, where waste will be converted into sustainable fuel alternatives such as biofuels for aviation and renewable diesel. The funds from the bond are earmarked and cannot be used to finance activities related to fossil energy.

Neste is an example of a company undergoing a transition, and it is in such processes that we see the greatest potential for positive environmental impact. The company's transition to renewable products and a circular economy supports other industries, such as transport and aviation, in their own phase-out of fossil fuels. Although Neste still produces fossil products, it is transforming its oil refinery into a facility for renewable and circular solutions. The company has set a goal to cease refining crude oil during the 2030s and is a clear example of how traditional industries can be part of the solution to climate challenges.

## 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.