

ODIN USA NOK 31/03/2025

The fund has share classes in SEK, NOK and EUR: A, B, C, D, D2, F, G, H, I and J

FUND COMMENTARY

The US stock market continued its weak performance through March. The US market has had to deal with tariffs, which are a form of tax on consumers, fiscal tightening in the form of a focus on efficiency (DOGE), reduction of immigration, uncertainty regarding the effects of new policies, and changed foreign policy priorities. At the same time, fears have increased for weaker growth prospects for the economy and for the performance of companies. This leads to uncertainty among both investors and companies.

It was therefore good timing for our recent tour in the USA, where we visited several companies in Atlanta, Washington DC, Virginia, Houston, Dallas, and Phoenix. We met several different companies within industry, construction, technology, and more. A recurring theme for several of the company meetings was uncertainty, and one company we met stated that they thought there would be less uncertainty after the election, but instead the opposite has been the case. The new tariffs make it more challenging to plan. Therefore, one company reported that, as a consequence of the continuous changes, they wait 24 hours before making decisions regarding statements from President Trump. This can be compared to taking a deep breath and counting to ten before doing something rash. It is sensible, but at the same time indicates that it is difficult to plan and commit to decisions when uncertainty is higher. The challenge is that the longer the uncertainty continues, the greater the risk that projects will be postponed, which in turn affects investments and hiring. As one CFO stated: "Uncertainty is the enemy of capital formation."

We like to meet the people behind the companies we invest in. First and foremost, it is useful to understand how management thinks about two central aspects of investing in a company, namely how they think about the operation of the company and how they think about the allocation of surplus capital. Warren Buffett has stated that management that annually retains 10 percent of the equity in a company will, over a ten-year period, be responsible for allocating approximately 60 percent of all the capital employed in the company. Before we make any investment, it is useful to understand how management thinks strategically about the operation of the company, how they develop the organization, and how they think about the allocation of the company's capital.

Core & Main, the USA's leading distributor of water and sewer systems, drainage solutions, and fire protection equipment, delivered strong results in March and is a good example of a company that allocates capital in a way that creates value over time. As the leading national player in a highly fragmented market, the company has good opportunities for profitable growth, both through organic expansion and acquisitions of smaller local and regional players. The strong return on invested capital, combined with attractive opportunities for reinvestment, paves the way for a long-term and sustainable growth path. We like that the company has shown great flexibility in capital allocation, balancing acquisitions with buybacks of its own shares when the valuation is low. This contributes to increased value creation over time. High ownership among management also ensures that management cares about the long-term development of the company.

We have met several companies that are interesting candidates for the fund, and we will work with several of these afterwards. Many of these fit with the ambition to assemble a balanced and diversified portfolio across sectors, business models, and degree of reinvestment in relation to dividends and/or buybacks.

Managers:



Robin Øvrebø



Harald Nissen

Why invest in this fund?

ODIN USA provides good exposure to a dynamic American business community. In the USA, we find many good companies in several different industries.

A large domestic market gives American companies scope to grow big and achieve high profitability. In the US market, we also find companies that are global leaders in their industry.

How is the fund positioned?

ODIN USA is positioned around companies with strong competitive advantages and a good basis to grow bigger over time. The fund invests in companies that have the potential to deliver revenue growth more than the average growth in the market. Profitable growth creates value, and these companies' value creation drives share prices over time. The fund is well diversified and is composed of companies with well-established business models in industries with good long-term growth prospects. The companies are financially strong and are led by managers who can take a long-term view.