ODIN USA 30/11/2025

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

FUND COMMENTARY

George Soros has throughout his career highlighted the concept of reflexivity. In classical economic theory, it is assumed that markets seek equilibrium. Soros, however, points out that market perceptions influence fundamental conditions, which in turn feed back into the perceptions of market participants. This creates a self-reinforcing feedback loop. The dynamic works both ways and can pull markets out of equilibrium, both on the upside and the downside. It also means that stock prices can influence companies' strategic decisions.

This mechanism has been less discussed in the context of today's investments in artificial intelligence. Companies investing in AI have so far been rewarded with higher share prices and multiples in the equity market. Rising valuations act as a mandate for these companies to continue investing, even though earnings directly tied to AI remain limited. We saw this particularly in September, when every new company announcing a partnership with OpenAI was rewarded with positive share price reactions.

Viewed through Soros' reflexivity framework, this means that as long as market appetite for AI investments remains high, companies will continue to invest, regardless of whether end-use generates real earnings. Market sentiment, however, is volatile, and reflexivity also works in the opposite direction. If markets at some point begin to punish companies for AI investments, it would be equivalent to the mandate being withdrawn. This could slow investments and affect the entire AI value chain. It is therefore noteworthy that Meta was punished for its increased investments following the last quarterly report, and that Oracle's share price has returned to the level before signing its $300 billion agreement with OpenAI. This suggests that the market has become somewhat more selective in its approach to such investments.

Google's launch of Gemini 3 in November, trained on its own data chips, stands as the latest and perhaps clearest example of this dynamic. The market reception was overwhelmingly positive, sending Alphabet's stock to new record highs. The narrative around Google has long been that it lagged in the AI race, but in fact Alphabet has invested in its own data chips for over a decade. We have for a long time held Alphabet as one of our largest positions because we believe it is an exceptionally strong company. The company continues to deliver solid growth in Search and YouTube, while being a fully integrated technology player well positioned in artificial intelligence:

- They have their own hardware and have developed their own data chips (TPUs), investing in this for over a decade.
- They operate their own cloud business and data centers.
- They build their own models (Gemini) trained on internal data such as Search, Gmail, YouTube, and more.

This vertical integration provides a structural cost advantage. Proprietary chips and models trained on internal data, combined with applications to distribute these to customers, make Google well positioned. As the market shifts from model training to inferencing (application use), cost efficiency becomes increasingly important. Alphabet should be well positioned in such a scenario, as the estimated costs of using proprietary chips are significantly lower than using third-party chips, where gross margins are around 75 percent. This translates into lower cost per unit of computing power. It also gives Alphabet strategic flexibility: they can either offer services at lower prices than competitors or maintain higher margins and profitability. They also have the option to compete directly with Nvidia by selling their chips externally.

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.