

FUND COMMENTARY

The U.S. equity market has moved sideways since the end of October, leaving the S&P 500 trading in the narrowest range seen in 50 years. Beneath the surface, however, the picture is quite different. The gap between index volatility and single-stock volatility is now the widest it has been in decades. According to the article “Listless US Stock Market Masks Record Volatility Beneath Surface,” volatility at the individual stock level is seven times higher than that of the broader market — the largest divergence in at least 30 years.

The negative sentiment toward companies linked to the digital economy has contributed to this pattern and has even earned its own labels, such as “SaaSageddon.” Another term being used is “AI-2026,” drawing parallels to COVID-19 and how the pandemic triggered massive dispersion across industries. Artificial intelligence is now spreading in a similar manner, impacting software companies, information-services firms, financial companies, consulting businesses, and other models perceived to be at risk. Previously, the narrative focused on productivity gains and the positive effects of the investment cycle, but it has now shifted toward fears of disruption. Many investors are asking: Why pay a premium for specialized software when autonomous AI agents can perform the same tasks using compute power? This uncertainty has driven a massive repricing of companies that were previously regarded as structural winners. It serves as a reminder that technology not only creates value — it also redistributes it.

After reading several articles about how easily beginners can use Claude Code to build their own applications, we felt compelled to test the hypothesis ourselves. We used the tool to develop simple applications for internal use. The experience was striking. We were able to write code and build software with no prior coding experience whatsoever. This illustrates an important point: AI makes development faster and cheaper. This could reduce barriers to entry and increase the supply of software. At the same time, certain types of software businesses will continue to benefit from scaling advantages. In the past, having skilled developers may have been an advantage; today, the advantage lies in having data that no one else has, licenses that others cannot obtain, or users who do not leave each other.

Nicolas Bustamante, Founder and CEO of Fintool, has written insightful commentary on this topic. He argues that software companies whose advantage lies in users learning a user interface (UI), building up business logic over time, or relying on publicly available data, may be particularly vulnerable. If AI can replicate the functionality, differentiation erodes. However, Bustamante identifies four advantages that appear more durable:

1. Proprietary data: access to unique, quality-assured, historically accumulated information.
2. Regulatory barriers: licenses, requirements, and security constraints that limit competition.
3. Network effects: the value lies in who uses the platform, not the underlying technology.
4. Transaction infrastructure: companies that manage the actual flow of money are difficult to replace.

In summary, the technical and usability-driven barriers are weakening. The advantage no longer lies in the technology itself, but in what a company owns (data), who it has access to (networks), and the trust it has established (regulation and infrastructure).

So far, the market has broadly sold off across the sector with little sensitivity to the differences between companies. Over time, however, real competitive advantages will assert themselves, and companies with genuine structural strengths will adapt and differentiate themselves from those whose edge was purely technological.

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.