

ODIN Bærekraft (ODIN Sustainable Equities) 28/02/2025

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

FUND COMMENTARY

Donald Trump is threatening to impose a 25% tariff on EU imports, while the EU is warning of a swift and targeted response against unfair trade barriers. Warren Buffett stated in a recent interview: "They're (tariffs) are an act of war, to some degree." A trade war can provide short-term benefits for certain sectors, but in the long run, it weakens global economic growth, increases inflation, and exacerbates geopolitical tensions. The month ended with a heated meeting at the White House between Trump and Zelensky regarding the war in Ukraine.

Two portfolio companies that have recently been negatively affected by the current policies are the environmental consulting firm Tetra Tech and the health insurance company Molina Healthcare. Tetra Tech's stock price fell in February as investors are concerned about the Trump administration's potential cuts to federal projects, particularly USAID work, which creates uncertainty around the company's contracts in water, environment, and sustainability. We took advantage of the price drop to slightly increase our position. The administration's health policy has also created uncertainty around future Medicaid funding, which affects Molina, as it relies on stable government programs to serve its customers. These concerns have led to Molina Healthcare being priced low relative to historical earnings.

The cable manufacturer Nexans made good progress on their goal of becoming a pure global leader in electrification, and the valuation appears attractive. EDP Renovaveis, a developer and operator of renewable energy, disappointed the market with weaker-than-expected numbers and a significant write-down in an offshore wind project after Trump's order halted new federal approvals of projects under development in the USA. A lower growth rate in new capacity is also expected going forward. The stock fell over 10% after the report, and we still see challenges related to the development of renewable energy.

During the month, we built a smaller position in the Swedish company Beijer Ref. Beijer Ref is one of the world's largest wholesalers of cooling technology and HVAC products. The company operates under a decentralized model, which strengthens the decision-making ability of local managers. Beijer Ref has strong partnerships with leading suppliers such as Toshiba, Carrier, Mitsubishi Heavy Industries, Danfoss, and Bitzer. Acquisitions are an important part of their growth strategy, where, for example, the acquisition of the American HVAC distributor Heritage has given the company a stronger foothold in the American market. Stricter regulations leading to a transition to natural refrigerants (from harmful F-gases) are helping to drive growth forward. The same goes for the increased focus on energy efficiency in buildings and industry. Beijer Ref contributes to sustainable development by delivering energy-efficient cooling systems based on environmentally friendly natural refrigerants and new HVAC products, which reduce both greenhouse gas emissions and energy consumption in buildings and industry.

Portfolio Managers:



Alexander
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Harald Nissen

Why invest in this fund?

ODIN Bærekraft is a fund that is based on sustainable investments. This means that the fund invests in companies that help to achieve selected sustainability goals.

The fund's defined sustainability goals are inspired by the EU's environmental and social goals. We look for robust companies that contribute to the transition to a better climate and environmental footprint and/or better health and quality of life and the fund's goal is to create good risk-adjusted returns by being part of **this transition**.

How is the fund positioned?

ODIN Bærekraft invests in carefully selected companies that contribute to, and benefit from, the transition to a more sustainable society. The fund is invested in companies whose products, services and technology directly contribute to our defined sustainability goals, as well as transition companies that are contributing by changing their value chain to make it more sustainable. ODIN Bærekraft has a global investment mandate and invests in well-established companies with a good financial record, in several different industries.