

ODIN Norge NOK 28/02/2025

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

FUND COMMENTARY

After a very strong start to the year, the Oslo Stock Exchange moved more sideways through February. A larger share of companies' reports for the 4th quarter were presented, this time with more variation in actual figures compared to expectations than previously. Our portfolio companies still seem to be doing relatively well.

AutoStore delivered relatively good numbers in terms of both revenue and margins, and the market seems to be bottoming out after a few years of headwinds. Kitron also presented a good report in our view, although the underlying market is still somewhat sluggish – except for the security and defense segment, which we have high expectations for going forward. Orkla delivered mixed results but announced the sale of hydropower assets at a good value during the month, followed by a dividend announcement. The structural change in the company initiated a few years ago seems to be working well, as we expected at the time. Subsea7 continues its journey towards higher margins in a cycle we expect to continue over several years.

The month was once again marked by news about geopolitics, particularly actions and statements from the Trump administration in the USA. The stock markets have not been particularly nervous so far in the context of the headlines in the newspapers, but it is well known that the market does not like uncertainty over time, and if this spreads, it can affect stock prices. Investment appetite among companies is also normally negatively affected by great uncertainty.

In such a situation, it is reassuring to rely on an investment philosophy that focuses on quality companies. We trust that the companies can adapt to whatever may come in their respective industries.

Portfolio changes: We have primarily made minor changes during the month.

Odin Norway as a contrarian investor: There are many paths to success in investing, as in many other disciplines. At Odin Forvaltning, we have chosen a long-term focus on quality. In practice, this means that we do not speculate on stocks on a short-term basis, nor do we use momentum strategies that involve trends in stock prices. On the contrary, we are more contrarian in our style, meaning we go against the flow.

We have many examples of this, and a relatively recent example is the investment in AutoStore. We bought into the company for the first time in 2024, and this is a stock where there is relatively high disagreement among leading investors in Norway. We believe the company is very well positioned and that earnings are sufficiently strong while we wait for a market upswing. On the opposite side are our opponents who fear that the market position is under pressure and that margins will disappoint. It remains to be seen how this will play out, but it is in such situations where the interpretation of the prospects for a quality company is so different that one can really create excess returns in an equity fund.

In fact, it is only in special situations where there is great disagreement that quality companies become mispriced. Then it is important to conduct a thorough and open analysis of fundamental conditions to see if the attractiveness is good enough and to make a decision under uncertainty. It often takes a long time before the result is clear, and this approach requires a certain patience. It rarely plays out exactly as we thought (we cannot predict...), but we always try to ensure that we at least have good odds.

Managers:



Atle Hauge



Vigdis Almestad

Why invest in this fund?

The Norwegian economy is robust and developing well. A free currency and sound government finances mitigate the effects of fluctuations in commodity prices. An investment in ODIN Norge provides exposure to a good domestic market as well as attractive positions in companies targeting the world market.

How is the fund positioned?

ODIN Norge is composed of 25-35 companies that have exposure to different drivers and are well positioned for value growth over time. The fund can be divided into three groups. The first consists of companies with strong market positions directed at domestic consumers. The second consists of global companies targeting attractive commodity markets with good cost positions. The last group consists of companies with unique technological positions aimed at attractive niche markets. The fund is entirely made up of solid companies with attractive positions delivering good returns on capital. We believe they will continue to deliver good returns going forward.