

# ODIN Norge 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

March was a positive month for the Oslo Stock Exchange and also for the fund. The news continues to be dominated by geopolitical unrest, especially following the inauguration of the new administration in the USA. It is relatively challenging for companies to navigate this uncertainty, but the companies in the portfolio have shown that they are adaptable.

Throughout March, we received the remaining quarterly reports, and the main conclusion is that earnings are relatively good. A relatively new company in the fund is Envipco Holding, which provides products and services related to the circular economy. Specifically, Envipco supplies reverse vending machines in the USA and Europe, similar to the more well-known Norwegian company Tomra. We believe the company is well-positioned and can achieve a relatively high market share as new markets open in Europe. The quarterly report supported our view of prospects for good growth and higher margins.

In connection with company updates, management often makes statements about the outlook, usually for the coming year. We found the communication somewhat more uncertain than before, particularly related to the geopolitical situation. This is probably not surprising for those who follow the media. Especially, investments among companies may be postponed if the uncertainty is perceived as too great, which becomes a brake on the economy. This is about capital discipline, which we are also concerned with for our portfolio companies. At the same time, such a situation can create opportunities for vigilant actors.

**Changes in the portfolio:** During the month, we increased our holdings in Sparebanken Vest and slightly reduced our holdings in SpareBank1 Sør-Norge, as well as an increase in Schibsted.

The three components of investment evaluations: A common method for valuing or assessing the attractiveness of an investment is the so-called discounted cash flow. This may sound dry, but it represents a fairly precise description of what really matters to an investor – and for a board in a company making investment decisions.

The method suggests that there are three important components:

- Cash flow – this is simply the profit that the investment generates in the future – the larger, the better, of course.
- Time – a krone earned today is better than a krone earned in 10 years. The closer in time the investment generates profit, the better. This has to do with opportunity cost.
- Risk – choosing a specific investment project normally involves a certain amount of risk, and this risk must be compensated.

Even in a "calm, normal" world, these factors can be challenging to assess. In today's situation with increased geopolitical noise and changes, this becomes even more difficult. What profit can one really expect if the framework conditions change? Will there be greater uncertainty regarding the timeline? With increased risk, a higher expected return is required, which thus sets a higher threshold for investing.

All of this must be considered by a company's board, and in turbulent times, investment decisions will often at least be postponed. This can create an investment vacuum that is overall negative for the economy. But as mentioned, someone's hesitation can be another's opportunity. We trust that our quality companies make good choices.

### 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.