

ODIN Global 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

February was a somewhat weak month for ODIN Global.

So far this year, ODIN Global is ahead of its benchmark index.

February was a month marked by new statements from President Donald Trump, and especially his comments on higher tariffs negatively affected market sentiment. The American stock market fell during the month, while European stocks performed better and ended the month in positive territory. We also saw that U.S. Treasury yields fell significantly, a sign that the market has become more concerned about the economic outlook going forward. Technology stocks performed particularly weakly.

We must expect that the large fluctuations in the stock, bond, and currency markets will continue, given that the new American president is spreading uncertainty around the economic and geopolitical frameworks we have been accustomed to in recent decades. Part of the recipe for navigating through uncertainty and major changes is to have a diversified portfolio of solid companies that are financially strong and able to adapt to a changing world.

Among the best contributors to the fund's return in February were Visa, Judges Scientific, and Verisign. Visa recently held an investor day where they described how they view the company's growth prospects going forward. The company envisions growing by 9-12 percent, driven partly by the growth in the number of payments made with Visa cards, but even more by the growth in new payment flows and other services they can offer users of Visa's network. American Verisign, which is responsible for the operation and sale of .com domain names, delivered good numbers for the fourth quarter. Growth in the number of new domain names, combined with a capital-light model, contributed to a 12 percent growth in free cash flow and a cash flow margin of 56 percent.

Among the companies that contributed negatively to the return this month were Alphabet, Wolters Kluwer, and Interpump. Italian Interpump is still struggling with weak demand for the company's hydraulic solutions used in tractors, excavators, etc., so we need to be a bit more patient here and take the opportunity to buy more shares at what we believe is a very attractive stock price. Dutch Wolters Kluwer delivered solid numbers for the fourth quarter but indicated that growth in 2025 might be somewhat weaker, which the market reacted to by sending the stock price down. Alphabet and the other major technology giants Amazon and Microsoft delivered good numbers but still somewhat weaker than the high expectations and ended among the stocks in the fund that performed weakly in February.

We sold our position in the American e-commerce platform Etsy. Etsy has been a disappointing investment for us. The company has not been able to capitalize on the strong position they built during Covid. Tough competition from both Chinese and American competitors, a weak strategy for sales through social media, and weak discretionary consumption have weighed on the stock.

We also sold our position in Swedish Lifco. Lifco has been a very good investment for us over a long period. We bought the stock for the first time in January 2015 at 26 Swedish kronor (adjusted for stock splits). We sold the last shares at a price of 362 kronor. When we now choose to leave Lifco in favor of our other investments, it is after a careful assessment of the company's future prospects relative to the stock's valuation. Lifco has increased earnings by 18% annually since they went public in 2014. At the same time, the pricing multiple has gone from about 18x the last 12 months' earnings to almost 50x, which will significantly dampen future returns. We hope to have the opportunity to buy Lifco back into the portfolio at a multiple that again allows good earnings development to translate into strong stock price development. We did not add any new companies to the fund in February.

Portfolio Managers:



Harald Nissen



Håvard Opland

Why invest in this fund?

ODIN Global is an index-independent fund with no restrictions on geography, sectors or company size. ODIN Global is managed according to a disciplined and proven investment philosophy. The fund focuses on long-term ownership in quality companies that can grow profitably over time without taking on too much debt. ODIN Global has a concentrated portfolio and deviates widely from the index.

How is the fund positioned?

The size of the fund enables investments in smaller companies. We believe in excess returns in small high-quality companies, so a large proportion of the fund is invested in these. As well as positioning the fund for strong and predictable growth drivers, acquisitions are a key value driver for many of our decentralized business models. We have also invested in a set of large companies with unique global market positions in markets with predictable growth.