ODIN Emerging Markets 30/11/2025

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

FUND COMMENTARY

In November, we were on the road again, this time traveling to Korea and Taiwan. The main theme of the trip was technology and the suppliers supporting the strong growth in data center infrastructure. These two countries possess technology and companies that are absolutely critical to the development of this infrastructure.

If we compare a data center to the human body, it becomes easier to understand how complex this universe is. All components are tightly integrated and mutually dependent, just like in the human body. Often, attention is directed toward the "brain" of the data center and its various functions. One can draw parallels between a CPU and the frontal lobe, which is responsible for thinking, planning, rationalizing, and logical decision-making. A GPU processes millions of signals simultaneously, recognizes patterns, and works in parallel—similar to the functions of the brain's visual cortex. Short-term and long-term memory are represented by memory chips, namely DRAM/HBM and SSD/HDD.

For the brain to function, other systems are also needed. The nervous system can be compared to the network components of the data center. The heart and blood vessels correspond to the power system that stabilizes and distributes energy. In addition, a cooling system is required—represented in the body by skin and sweat glands.

All these components, and more, are necessary for the "brain" of the data center to function optimally. Most of them are produced in Taiwan and Korea. As a result, there is a wide range of suppliers delivering equipment to the major American data center developers. The enormous demand for infrastructure creates significant bottlenecks for suppliers, many of which are Taiwanese or Korean companies.

In Korea, we find the two largest players in memory chip technology, SK Hynix and Samsung. Based on investment estimates in AI, we still see a large gap between supply and demand, which creates scarcity and strong pricing power for these companies. The same applies in Taiwan, where one of the world's most important companies, TSMC, produces chips for American technology giants and acts as a gatekeeper through its control of production lines.

In addition, there is a comprehensive ecosystem of suppliers in testing equipment, cables, networks, materials, cooling systems, as well as companies that assemble, package, and test the chips. These too are experiencing enormous demand. Here we see that capacity does not reflect the need, and it will take several years to expand production to a level that meets demand. Many of the companies we met were aware of the situation but hesitant to build new capacity out of fear of overcapacity—a well-known trait of this cyclical industry. This means that many of these companies may experience strong growth and increased profitability going forward.

Korea and Taiwan are among the largest markets in Emerging Markets, and not something one normally gains exposure to through typical global funds. We therefore believe that including Emerging Markets in a fund portfolio is sensible in order to achieve broader exposure.

ODIN Emerging Markets holds several companies that are well positioned within this supplier segment, including TSMC, Samsung, Chroma, Aspeed, and Vitrox.

Portfolio Managers:

Dan Erik Glover

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Why invest in this fund?

ODIN Emerging Markets targets long-term growth drivers in emerging economies, such as increased purchasing power among consumers and technological development. We have a "defensive" fund for those customers who want to participate in the growth and rising prosperity in emerging markets, but do not want too much risk.

How is the fund positioned?

ODIN Emerging Markets currently consists of companies in emerging markets with strong market positions, high returns on capital and what we judge to be good corporate governance. Many of our companies sell their products directly to the consumer and will thus benefit from growth in the middle classes while being largely shielded from political influence. With a focus on stable business models with good growth potential, the fund is well positioned to generate good returns in the years ahead. We want companies that operate in different markets and sell different products to different customers.

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