

ODIN Emerging Markets 28/02/2025

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

FUND COMMENTARY

February was marked by strong performance in Chinese technology companies. After the DeepSeek breakthrough at the end of January, investors have once again turned their attention to Chinese technological development, supported by strong positive results and several investor announcements in AI. Tencent has announced a collaboration with DeepSeek's AI model in the Weixin app (known as WeChat) to improve search quality. By leveraging DeepSeek's advanced AI model, Weixin can offer users a more intelligent and personalized experience, especially in search functions. This can lead to increased user engagement and satisfaction, further consolidating Weixin's position as an indispensable platform in the daily lives of millions of Chinese users.

Alibaba, best known as an e-commerce platform, is also China's largest provider of cloud-based solutions. They have also developed their own AI models that can compete with the best models on the market. Apple announced that they will collaborate with Alibaba, where AI solutions on Apple's products sold in China will be integrated with Alibaba's AI model. This has led to a significant stock price increase for Alibaba, which was previously very attractively priced.

Travelsky is a Chinese provider of data systems for booking airline tickets and operating IT systems for Chinese airports. The company reported significant earnings growth driven by strong growth in air traffic in China.

We have both Alibaba and Travelsky in the fund, as well as Naspers, which is the main owner of Tencent, all of which have contributed positively in February. Unfortunately, we are underweight in China as a market and have therefore not had the same development in the fund as the market in general. This is because we are conservative when investing in China given greater geopolitical uncertainty. We have also had negative development in our Indian investments as India as a market has been somewhat weaker after a strong last year. Underlying, we still see strong development in our Indian positions and continue to believe that the companies will create value over time. Markets will fluctuate a lot, but it is the underlying value creation that generates results over time.

The fund also added a new company in February. We have tried to take advantage of the weak sentiment in Brazil by adding a new company, GPS Participações e Empreendimentos S.A., abbreviated Grupo GPS. The company is an acquisition model in Brazil across many different sectors in the service industry. The model is quite similar to several Nordic acquisition models in the same industry, such as Danish ISS or Swedish Securitas. They have a decentralized model where new acquisitions are primarily to acquire customer relationships where they can create added value through cross-selling. The company is one of Brazil's largest employers and has established a strong brand with professional handling of employees, which is key in the service industry. Despite the company's size, they only have a market share of 4.5% in a market characterized by small and regional players, and therefore still have significant growth opportunities in Brazil. The company has solid corporate governance and is entrepreneur-driven, which is in line with the ODIN model. Given the weak sentiment in Brazil, the stock price has come down significantly in recent months, making the company very attractively priced given its position, competitive advantages, and corporate governance.

Portfolio Managers:



Dan Erik Glover



Håvard Opland

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.