ODIN Small Cap 31/12/2025

The fund has share classes in SEK, NOK and EUR: A, B, C, D and U

FUND COMMENTARY

2025 was a challenging year for the fund and for small-cap companies overall. At the beginning of the year, small caps performed well up until Liberation Day. At that point, risk appetite declined significantly, and it was not until late summer that small caps recovered again. By the end of the summer, the fund had performed well both in absolute terms and relative to its benchmark. However, during the autumn, as risk appetite for smaller companies weakened and interest shifted from quality companies toward value companies, the fund declined both in absolute and relative terms. Quality companies and true small caps, which are the fund's focus, have historically outperformed the broader market, but 2025 proved to be a challenging year for this type of investment. We have promised our clients a focus on high quality companies in a smaller format, and we choose to maintain this approach even though it has weighed on performance recently. We continue to see outflows from the small cap segment, which has pressured some holdings, although the fund experienced positive inflows during the year. December was slightly positive for the index and slightly negative for the fund.

Our portfolio companies continue to perform well operationally, although organic growth was weaker for smaller companies than for larger ones during the year.

In December, we held individual company meetings with **VBG Group** and **Nimbus** and met with **Absolent's** new CEO, Peter Unelind. We also held nomination committee meetings and board interviews at **CTT Systems** and **Inwido**. Finally, we attended Inwido's capital markets day.

Contributors

The strongest contributor of the year was **Bredband2**, which continued to deliver solid reports and, most importantly, received a takeover offer from Telia at the end of the summer. The offer was conditional on approval from the competition authority, which was granted in late December, leaving only shareholder acceptance outstanding.

Medistim, Hanza and **OEM International** also contributed significantly to the fund's performance during the year.

Medistim once again began to show strong growth in several key markets in 2025 after a challenging period. In markets where the company has taken over distribution itself, growth has picked up. As a result, the company benefited from the operational measures that weighed on results in 2024.

Hanza performed strongly during the year, driven by several major acquisitions and solid operational development. In September, after a very strong share price performance over the past year, we sold the remaining shares.

One of the weakest contributors to the fund was **BTS Group**. The company, which works with implementing strategies and corporate cultures through consultants and software, experienced several cancelled major client events as customers became more cautious. There were also discussions about how AI might affect their business model, and we chose to sell our remaining shares in December. **CTT Systems** and **Green Landscaping** also had a challenging year.

For **CTT Systems**, it has continued to be difficult for customers Airbus and Boeing to increase production rates of new aircraft in which CTT's products can be installed. However, in the second half of 2025, production began to pick up, and the outlook for 2026 looks promising. The company has continued to maintain good profitability, but it has been a special year for them, which has also been reflected in the share price. Green Landscaping was weighed down by weaker markets and increased competition, and we chose to sell the remaining shares in October after the position had become very small.

Portfolio Managers:

Jonathan Schönbäck

Carolina Ahnemark

Philip Mesch

Why invest in this fund?

The Nordic region is perfect for small companies with international ambitions. Corruption is low, living standards are high, ownership structures are clear and there is a culture of investing abroad. We see great potential for increased returns in Nordic small caps, especially the Swedish ones, which is where the main focus lies. Swedish small caps have done better than those in the USA, Europe and the other Nordic countries over the past decade. We believe this trend will continue. As active owners of smaller companies, we also have great influence and can bring about major changes.

How is the fund positioned?

The main focus is on Swedish small caps, as Sweden has the largest investment universe for smaller companies in the Nordic region, with around 350 out of 675 companies in all. The companies in ODIN Small Cap all have a sustainable profile in line with our investment philosophy, the Odin-model. We invest in companies with a strong corporate culture, which are constantly improving through established brands, clear niches, efficiency gains and acquisitions.

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In December, the strongest contributors were **Inwido, Bredband2** and **Tomra**. Inwido recovered after a challenging autumn and also held a capital markets day during the month, which we attended. The weakest contributors were **cBrain, HMS Networks** and **Lime**.

Changes in Holdings

Our fundamental idea when we buy a new holding for the fund is that we want to own it forever. Unfortunately, things sometimes happen in companies or in the markets in which they operate that force us to change our view and either reduce or sell the holding entirely. As always, we work with a strong bench of potential replacements that continuously challenge the existing holdings and can replace those that do not develop as expected.

During the year, we added five new holdings: **Asker, Dynavox, Momentum, VBG Group** and **Plejd**. We sold the remaining shares in **Avanza, Fortnox, MIPS, NCAB, Hanza, Sectra, Green Landscaping** and **BTS Group** during 2025. It has therefore been a year with an unusually high number of changes, beginning with the sale of Avanza in favour of Asker. Asker was listed in the spring, and we had held several meetings with the company before the listing and saw that it complemented the portfolio well with unique drivers. Avanza is a well managed company, but the position was relatively small, and we also hold Nordnet in the fund, so we sold Avanza in favour of Asker. At the same time, we chose to increase the weight in Nordnet.

Dynavox, which sells communication equipment for people with congenital or illness related communication challenges, was part of ODIN Micro Cap since launch but became too large in market value for that fund. We therefore chose to include it in ODIN Small Cap to continue participating in the long term journey of a well managed company that truly improves society and has strong long term value creation potential.

We have also owned **VBG Group** in ODIN Micro Cap but sold it when the company became too large for that fund and expectations were very high. After a period of waiting, we chose to reintroduce it into the fund at the end of the summer when demand appeared to have bottomed out.

Momentum Group is a holding in ODIN Micro Cap, and we are impressed by the company's development, where it continuously adds well managed smaller companies that create strong conditions for long term value creation. After a period of more sideways development, we chose to include it also in ODIN Small Cap.

We have followed **Plejd** for a long time, but there was a period when cash flows were somewhat weak, and based on the Odin model, we could not invest earlier. We have now taken an initial cautious position after a strong share price performance because we want to be part of the long term journey.

After selling **Avanza** at the beginning of the year, a takeover offer was made for Fortnox, and we chose to sell immediately as we considered the likelihood of competing bids to be very low given the strong position of the bidding consortium. We also sold the remaining shares in **MIPS** during the spring after the position had become very small. After the summer, we sold the remaining shares in **NCAB**, which we had gradually reduced since the main shareholder R12 sold its stake and the company's development did not meet our expectations. We sold Hanza after a very strong share price performance driven by several major acquisitions and solid operational development. Sectra, which has been a holding in the fund since inception, has had a very strong performance, and we chose to sell when the company became too large for the fund with a market value of around SEK 70 billion. Green Landscaping and BTS Group were the final holdings we sold during the year after weaker than expected performance.

For the sales we carried out in the second half of 2025, we increased our positions in **Engcon, Nordnet, Lime, Mycronic** and **Bergman & Beving**. In December, as mentioned, we sold the remaining shares in BTS Group, but otherwise made only minor adjustments to the portfolio.

ESG

In ODIN Small Cap, our focus is to identify companies with robust business fundamentals and credible sustainability work – in line with the Odin model. 2025 has clearly demonstrated that these characteristics are crucial for long term value creation. Although some reporting requirements have been eased through omnibus adjustments, we see increasing pressure from both investors and society for transparency and credibility. Our portfolio companies continue to invest in climate solutions and in strengthening governance structures, confirming that sustainability is an integrated part of their business models.

An important indicator we monitor is the share of companies with science-based climate targets (SBTi). At year end, 13 companies – corresponding to 43% of the fund's value – had validated targets. Among the year's achievements is HMS Networks, which has committed to reducing emissions in Scope 1 and 2 by 55.9% and Scope 3 by 51.6% by 2030. These commitments strengthen competitiveness and reduce risk.

Active ownership is central to our work. During the year, we held 79 dialogues focusing on governance, corporate culture, climate and transparency. This also includes thematic dialogues led by our sustainability specialists, where topics such as climate targets and defence exposure were discussed. Our engagement helps ensure that companies meet increasing demands for credibility and integrate sustainability into their strategies – which is at the core of the ODIN model. We are convinced that investments in transparency and sustainability – both by our portfolio companies and by ourselves – lay the foundation for long term value creation, regardless of the external noise surrounding the market.

Outlook

We have no idea how the stock market will develop in 2026. However, the Swedish market looks promising, with an improving situation for consumers and solid expected GDP growth. Small cap companies have not kept pace with larger companies for several years now, which is highly unusual, and the conditions for smaller companies are steadily improving. We believe we have a robust portfolio with many different drivers that together create strong conditions for long-term, sustainable and profitable growth. This gives us confidence that value creation in the companies will continue, although short-term share price movements are far more difficult to predict. It is a constant evolution and never a revolution – fully in line with the Odin model, which is our focus for long term value creation and a better future for all of us.