ODIN Norden 31/12/2025

The fund features the unit classes in SEK, NOK and EUR: A, B, C, D, D2, F, G, H, I and J

FUND COMMENTARY

ODIN Norden rose by 10 per cent in 2025, while the benchmark index increased by 14 per cent over the same period. Small and mid-cap companies as a group significantly underperformed large-cap companies during the year. At the same time, quality companies delivered materially weaker performance than the benchmark index.

The fund’s underperformance relative to the benchmark in 2025 is primarily attributable to its investment strategy, which focuses on high-quality companies and maintains a higher exposure to small and mid-cap stocks compared to the benchmark.

To place performance in a longer-term perspective, the fund has delivered an annual return of 14.8 per cent over the past three years, 8.6 per cent over the past five years, 10 per cent over the past ten years, and 13.2 per cent annually since inception 34 years ago.

The Fund and Market Developments in 2025

At the start of 2025, expectations for equity markets were cautious. With President Trump returning to the White House, a fragmented geopolitical backdrop, trade barriers and the introduction of tariffs, the outlook pointed towards a challenging environment for investors. Although political developments caused periods of market volatility, they did not define the year as a whole.

A steady stream of monetary and fiscal stimulus helped support economic activity. Despite disruptions surrounding what President Trump referred to as “Liberation Day” and ongoing uncertainty across several regions, 2025 turned out to be a positive year for equity markets. The path through the year was uneven, but the overall outcome was far better than many had anticipated at the beginning of the year.

Inflation continued to ease gradually, albeit at a slower pace than expected. Across Europe, commitments to increase defence spending over the coming decade have laid the foundation for a sustained period of public investment. Capital expenditure was a key contributor to U.S. growth in 2025, driven in large part by AI-related investments a

The U.S. dollar weakened by approximately 8 per cent against a basket of global currencies. Lower expectations for U.S. economic growth, narrowing interest rate differentials and stronger economic performance elsewhere all contributed to the decline. Global equity markets delivered solid returns in 2025, although performance varied significantly across regions. European equity markets outperformed the U.S. market during the year.

Developments in commodity markets were mixed. Oil prices declined by around 20 per cent, while gold rose by approximately 60 per cent. Silver increased by roughly 140 per cent, and copper rose by 43 per cent.

Nordic Equity Markets in 2025

Equity markets across the Nordic countries showed diverging performance in 2025. The Danish market was the weakest, declining by 21 per cent, while the Helsinki stock exchange was the strongest, rising by 31 per cent. The Stockholm Stock Exchange increased by 23 per cent, and Oslo Børs rose by 18 per cent, all measured in Norwegian kroner.

When analysed by company size, large-cap stocks outperformed small and mid-cap stocks across the Nordic markets.

From a sector perspective, financials and industrials were the strongest performers, while healthcare and consumer discretionary were the weakest sectors during the year.

Corporate Earnings in 2025

By November, companies had largely reported their third-quarter results, with full-year 2025 results scheduled for release in January and February 2026.

Portfolio Managers:

Vigdis Almestad

Atle Hauge

Why invest in this fund?

A world in miniature – sector-wise diversification in line with the global index. You get exposure to niche companies that are making a global journey. Nordic companies typically have great transparency and good corporate governance.

Historically, companies in the Nordic region have delivered world-class profitability. As a result, price movements in the equity markets in the Nordic region have been at their peak in terms of returns, although there are slightly more fluctuations.

How is the fund positioned?

ODIN Norden has a concentrated portfolio. The best ideas from the country funds compete with each other in a Nordic context. The fund consists of quality companies that deliver good returns on capital and have identified competitive advantages. This makes the fund resilient, for continued solid development over time.

Comparing the first three quarters of 2025 with the corresponding period in 2024, the portfolio companies collectively delivered revenue growth of 3 per cent, primarily organic.

Operating profit also increased by 3 per cent, while earnings per share declined by 2 per cent. Cash flow per share was unchanged compared with the previous year. Performance varied significantly between individual companies. Taken as a whole, and in light of the economic environment and prevailing expectations, we are broadly satisfied with the earnings development of the companies in the portfolio.

Quality-Based Investment Philosophy

ODIN Norden is managed according to a quality-based investment philosophy in which companies' long-term fundamental development forms the basis for long-term returns. We seek and hold companies with high returns on capital that are reinvested in stable, profitable growth, combined with low levels of debt. Companies with these characteristics have built strong competitive advantages that enable them to sustain and enhance their profitability over time.

Management quality and corporate culture are critical in maintaining and further developing a strong market position and attractive profitability.

We monitor our portfolio companies closely, focusing on their market positioning, outlook and the development of their long-term competitive advantages. These factors are key determinants of profitability and growth prospects.

Short-term fluctuations from quarter to quarter may be partly random, and results that fall somewhat short of expectations do not necessarily alter the long-term fundamental value of a company, even if they lead to short-term movements in share prices and valuations. Over time, share price performance will reflect the underlying long-term fundamental development of the company.

The companies in the portfolio are generally robust, moderately leveraged and well positioned to perform satisfactorily in the event of an economic downturn.

The Portfolio

In ODIN Norden, we invest in high-quality companies that deliver strong performance over time, supported by sound balance sheets and robust business models.

Our focus is on growth in the companies' underlying operations and intrinsic value. We are satisfied with what we observe among our portfolio companies. Over the past year, many holdings have completed acquisitions that have strengthened their position within existing activities or established new positions in adjacent segments. As long-term owners of solid, high-quality companies, we believe the portfolio is well positioned to deliver attractive long-term returns.

Largest Positive Contributors

<u>Protector Forsikring</u>

Protector was among the fund's strongest contributors over the past year, with a share price increase of 84 per cent. Protector Forsikring is a non-life insurance company focused on the commercial insurance market, particularly public sector clients and parts of the corporate market. Founded in Norway in 2004 and listed in 2007, the company expanded into Sweden in 2011, Denmark in 2012 and the UK in 2016, and has recently initiated operations in France.

The company has experienced strong growth, primarily through the use of insurance brokers with established customer relationships. Over recent years, profitability has improved significantly. Insurance risk has been reduced by shifting away from long-tail business towards predominantly short-tail insurance. The company operates with high cost efficiency, leveraging the broker network, and has demonstrated substantial profitability improvements following a strategic shift.

On the investment side, Protector assumes somewhat higher risk than its peers and has delivered strong investment returns. Combined with a low claims ratio and a low cost ratio, this has resulted in very strong earnings and returns on capital. Growth in recent years has largely been driven by the Motor and Property segments. As of year-end 2024, gross written premiums amounted to approximately NOK 10 billion.

<u>NCC</u>

The construction and engineering company NCC also contributed positively to returns in ODIN Norden in 2025. Construction companies are generally relatively asset-light and have historically delivered solid profitability, although performance varies among individual players.

CEO Thomas Carlsson has implemented significant profitability improvements at NCC by deliberately avoiding large, low-margin projects and materially improving margins. Further restructuring is ongoing, including potential divestments of the industrial operations and the sale of completed buildings owned by the company.

NCC is currently involved in a dispute with the Swedish Transport Administration, which has terminated its contract with the NCC-led consortium WLC for the West Link (Västlänken) project, citing substantial cost overruns. NCC has contested the termination.

Margins and earnings have improved, and the company has become more disciplined in contract selection and execution. At the same time, extensive restructuring measures are underway, which we believe will help unlock shareholder value.

Ringkjøbing Landbobank
The Danish bank Ringkjøbing Landbobank has been a strong contributor to ODIN Norden for several years and delivered a total return of 30 per cent in 2025. Supported by solid loan growth, high cost efficiency and very low credit losses, the bank has generated strong returns on equity over an extended period. Despite a lower interest rate environment, we believe the bank's disciplined operations and strong fundamentals will continue to support attractive profitability.

Largest Negative Contributors

Novo Nordisk
Novo Nordisk was the largest negative contributor during the period, affected by a significant share price decline driven by market share losses, increased price pressure and the appointment of a new CEO.

During 2025, the share price of Novo Nordisk declined sharply, falling by approximately 48 per cent. Former CEO Lars Fruergaard Jørgensen and the entire Board of Directors were replaced during the year. The new CEO is Mike Maziar Doustdar, previously head of International Operations. The new Chairman of the Board is Lars Rebien Sørensen, former CEO of Novo Nordisk and current Chairman of Novo Holdings. Both individuals have very long tenures within Novo Nordisk.

The company has disappointed on growth and has revised its growth outlook downward. It has lost market share to competitor Eli Lilly as well as to sellers of copycat products, often referred to as "compounders".

In response to increased competition and price pressure, Novo Nordisk has reduced prices on several of its medicines across selected markets. While this may support higher volumes, it has come at the cost of lower margins. In December, the company also reported that its Alzheimer's study with Semaglutide did not achieve statistical significance.

Novo Nordisk continues to focus on the global rollout of its diabetes and weight-loss treatments and has adjusted pricing strategies to regain market share. The company has expanded its commercial efforts into sales channels previously dominated by competitors. At the same time, it has sharpened its focus on research and development and initiated a significant cost-reduction programme. The share price has declined substantially, alongside lower margin and growth expectations. We believe the company has now taken important and necessary steps to strengthen its competitive position and support profitability going forward.

Thule
Thule's share price declined by 30 per cent over the past year, with disappointing sales development being the primary driver of the decline. Thule develops and sells sports and leisure products for an active lifestyle and is a market leader in roof boxes and bicycle carriers for cars. The company also produces child car seats and bicycle seats, strollers and other products, as well as equipment for the RV market. Thule has a strong brand and has historically delivered very strong profitability. Following the pandemic and a period of supply chain disruptions, both Thule and its customers were left with elevated inventory levels. Reducing these inventories has taken time, while end-market demand has also remained weak. CEO Mattias Ankarberg, who took over in 2023, has announced a strategy focused on prioritizing a smaller number of products. The company has set targets of 7 per cent organic growth, a 20 per cent operating margin and a payout ratio of 75 per cent of profits as dividends.

Instalco
The share price of Instalco declined by 21 per cent in 2025. Following a downturn in revenues and margins, former CEO Robin Boeman was replaced in July 2025 by Chairman of the Board and former CEO Per Sjöstrand. The leadership change reflects a strategic shift towards improving operational efficiency and placing greater emphasis on profitability, after several years marked by a strong focus on acquisitions. We believe that the appointment of a CEO with extensive experience within the company positions Instalco well to improve operational performance and achieve stronger profitability going forward.

Changes to the Fund
We added AstraZeneca to the portfolio. The company has a broad product and research pipeline within oncology, respiratory diseases, cardiovascular and rare diseases. AstraZeneca has several promising compounds with significant potential pending regulatory approval. The share price had declined substantially prior to our investment, partly due to heightened uncertainty

regarding potential U.S. tariffs under the Trump administration. Given a moderate valuation combined with attractive long-term prospects, we believe this will be a strong investment over time.

We also added AarhusKarlshamn (AAK) to the portfolio. AAK produces plant-based oils and fats for the food industry, cosmetics and technical applications. The confectionery and chocolate sector is a major customer and is represented by a dedicated division within the company. AAK holds a strong market position, working closely with customers to develop tailored solutions. The company has a large market share, strong growth and high returns on capital.

AAK is a global company with production and sales operations across multiple countries. Its business model focuses on earnings per kilogram, which has driven steadily improving profitability. Going forward, the company also intends to place greater emphasis on revenue growth. Following a recent share price decline, we believe that, based on valuation, market position and our assumptions, AAK represents an attractive investment opportunity.

DNB is also a new addition to the portfolio. DNB is Norway's largest bank and, in addition to traditional banking products, offers services within real estate brokerage, insurance, savings and capital markets advisory. The bank has delivered high returns on equity over time, with particularly strong earnings growth in recent years. While a lower interest rate environment is likely to put some pressure on net interest margins going forward, we continue to expect strong profitability, supported by high credit quality and growth in capital-light income streams. Given these factors, along with the prospect of significant dividends and share buybacks, we believe DNB represents an attractive investment.

We exited Coloplast from the portfolio, as we considered the valuation to be high relative to the company's underlying growth. In addition, the company completed several relatively expensive acquisitions outside its core business areas, increasing overall risk. Following our exit, the share price has declined meaningfully.

We also chose to sell Tryg Insurance, as both earnings and share price performance have been relatively flat over several years. Profitability and operational performance at Tryg have lagged those of peer insurance companies.

In addition, we sold our position in Gjensidige. The share price had increased substantially following a significant price increase across its insurance portfolio, clearly demonstrating the company's strong pricing power.

Competition within the insurance sector has historically been limited, but the introduction of artificial intelligence may gradually change this dynamic. AI is likely to make it easier to compare policy terms and pricing, which could lead to increased competition across the industry. In light of this potential development, we have chosen to reduce our exposure to insurance companies.

Major Portfolio Weight Changes

Over the course of the year, we chose to reduce our positions in Addtech, Addlife, Sweco, Protector Forsikring, Assa Abloy, Instalco and Schouw. Taking into account position size, risk and liquidity considerations, we decided to reduce our holdings in these companies.

Conversely, we increased the fund's positions in Mowi, SalMar, Novo Nordisk, VEND and Hexagon. Attractive valuations and improved outlooks were the key reasons behind increasing exposure to these companies.

Significant Company Events

<u>Essity – New CEO and Focus on Operational Efficiency</u>

In June, Ulrika Kolsrud assumed the role of CEO, succeeding Magnus Groth. Ulrika brings extensive experience from Essity, spanning innovation, production and sales. She has initiated efforts to strengthen profitability and growth, including a decentralisation of responsibility and decision-making authority, with the aim of improving operational efficiency.

Essity has launched a cost-reduction programme of SEK 1 billion, scheduled for completion by the end of 2026. The company will focus on product categories and segments with the greatest potential for profitable growth, supported by stronger customer and consumer orientation and an increased pace of innovation.

<u>Hexagon AB – New CEO and Spin-Off of a Business Division</u>

In July 2025, Anders Svensson took over as CEO of Hexagon. He joined from Konecranes and brings long-standing leadership experience from industrial technology and engineering companies.

Hexagon has decided to create two more focused companies by spinning off the Asset Lifecycle Intelligence (ALI) division, along with related operations, into a separate company to be listed independently in the United States. Following the spin-off, the remaining core Hexagon business will employ approximately 18,000 people.

The rationale behind this split is to create clearer strategic focus and to achieve valuations that more accurately reflect the underlying value of the two businesses, based on their differing risk profiles, market outlooks and business models. Cost savings, internal restructuring, growth in robotics, positioning and measurement technologies, as well as acquisitions and investments funded by divestment proceeds, are expected to support improved profitability going forward.

Instalco – New CEO
In July 2025, Per Sjöstrand took over as CEO of Instalco, succeeding Robin Boeman. Per Sjöstrand previously served as Chairman of the Board and has also held the CEO role at Instalco in the past. The leadership change reflects a strategic shift towards improving operational efficiency and strengthening profitability following many years of growth. We believe that the appointment of a CEO with deep company-specific experience positions Instalco well to improve performance and profitability.

DSV – Schenker Acquisition Completed and Integration Progressing as Planned
DSV completed its acquisition of DB Schenker in April. The transaction, valued at EUR 14.3 billion, is the largest acquisition in DSV's history and makes DSV the world's largest transport and logistics company, with approximately 160,000 employees across 90 countries.

DSV has estimated total synergies of EUR 9 billion, to be fully realized by the end of 2028. Integration is progressing according to plan and is currently ahead of budget. The integration is expected to generate substantial scale and network effects, benefiting both customers and shareholders. Significant synergies are anticipated on both the cost and revenue sides, driven by the consolidation of transport and logistics networks, shared use of IT and infrastructure, and the streamlining of administrative functions.

Sampo – New CEO
Morten Thorsrud assumed the position of CEO of Sampo, succeeding Torbjørn Magnusson. Morten Thorsrud has worked within the Sampo Group for more than 20 years and has held a number of senior leadership roles in non-life insurance, including Head of the group's largest operating unit, If P&C Insurance.

Active Ownership
We are active owners and closely monitor our portfolio companies. In addition to regular dialogue with company management, we cast 856 votes at 44 general meetings during the year.

We also serve on three nomination committees within portfolio companies – Munters, Medistim and Addlife. The role of the nomination committee is to propose board candidates, an important responsibility that we undertake together with other major shareholders.

Our Objective
Our objective with the fund is clear. Leveraging our analytical tools and extensive experience, we aim to deliver attractive risk-adjusted returns for our unitholders. We seek to invest in companies with proven performance records, strong competitive positions, solid long-term prospects and valuations that we consider attractive. We are a long-term investor with a concentrated portfolio. Value creation within companies occurs over time and share prices will often fluctuate more than the underlying value creation. We focus on identifying companies that are well positioned to deliver strong long-term returns.

Outlook
At ODIN, we invest in companies that we believe will create shareholder value over the long term. The value created within the companies we own is ultimately reflected in the value delivered to our unitholders. We take a long-term approach because we invest in businesses that generate value year after year. Our investment horizon is long, and our ambition is to provide our clients with exposure to companies throughout their value-creation journey. Owning high-quality companies with strong competitive positions has historically delivered attractive returns over time, benefiting our unitholders.

Regardless of short-term market developments, we will continue to seek out companies of high quality with strong prerequisites for long-term value creation.

There are numerous risk factors that may disrupt future developments. The geopolitical environment is more uncertain and challenging than at any point in modern times. Against this backdrop, we remain focused on building a portfolio of high-quality companies at reasonable valuations.

We will continue to work diligently to ensure that ODIN Norden consists of portfolio companies of high quality, acquired at attractive prices.

ODIN Norden is expected to deliver a dividend yield of approximately 2.6 per cent for the year. The fund is currently valued at 17.7 times earnings for the current year. Over the past five years, the companies in the portfolio have generated an average return on capital of 22 per cent.

The portfolio currently consists of approximately 20 per cent small-cap companies, 16 per cent mid-cap companies and 64 per cent large-cap companies. We search for attractive investment opportunities regardless of company size.

It is impossible to predict market movements over the short term. As active investors, we are constantly seeking high-quality investment opportunities—companies that we believe will create value for shareholders in the years ahead. We believe selectivity will be particularly important going forward. Companies that can demonstrate strong returns on capital and profitable growth are always present, even in challenging markets, and can often be acquired at attractive valuations.

We wish you a successful investment year ahead.