ODIN Sverige 31/12/2025

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

FUND COMMENTARY

The fund delivered a positive return during the year but significantly weaker than the benchmark index, which we are not satisfied with. The year 2025 started strongly, and both the fund and the benchmark index were up approximately 10% in February. Thereafter, the stock market's focus was primarily on Trump's various statements, particularly regarding tariffs, which culminated in Liberation Day with sharp market declines as a result. The fund outperformed during this volatile period, and at the beginning of July the fund was slightly ahead of the benchmark index.

The second half of the year was, however, considerably more challenging in relative terms (but sideways in absolute terms), with underperformance every month except during the reporting periods in July and October, when the fund outperformed. While it is encouraging that the fund performed well during the reporting periods, it was not enough to withstand the rotation out of quality companies and small- and mid cap companies that we observed in the second half of the year. We have promised our clients a focus on high quality companies regardless of size, and we choose to continue doing so even though it has weighed on performance recently. Looking back over the long term, it is also this type of company that has generated strong returns in the fund.

The fund rose slightly in December but performed weaker than the benchmark index as the movement seen in November continued into December.

Contributors Full Year 2025

The three strongest contributors in 2025 were **Beijer Alma, ABB** and **AstraZeneca**.

Beijer Alma performed strongly during the year with an increase of 86%. It has been an eventful year for Beijer Alma, where the chairman temporarily took over as CEO and implemented several organisational measures aimed at restoring the company's decentralised structure, which the market interpreted positively. When the results of these changes began to show in the numbers already in the second half of the year, the positive development continued. Even though the share has performed strongly, we maintain our position, partly because the valuation was low, but primarily because we believe there is strong potential for long term value creation, both through margin improvement and better capital allocation.

After Beijer Alma, **ABB** was the fund's second best contributor with a total return of 18% combined with a high portfolio weight. The company has continued to demonstrate its ability to capitalise on strong market positions in structurally growing markets through higher organic order intake than historically, while continuing its internal efficiency programme, resulting in higher operating margins.

AstraZeneca delivered a total return of 20%, which combined with a high portfolio weight made it the fund's third best contributor. For AstraZeneca, it was a relatively volatile year, as the company and the pharmaceutical sector were in Trump's focus, leading to concerns about future pricing. However, the company continued to perform well fundamentally, and after announcing an agreement with the U.S. administration in October, the market regained confidence. Our thesis has consistently been that the company has developed into one of the strongest pharmaceutical companies in terms of R&D capacity, which, combined with its more defensive characteristics, continues to justify a high portfolio weight.

The three weakest contributors in 2025 were **Thule, Hemnet** and **Essity**, all of which share varying degrees of consumer exposure.

Thule delivered a total return of –27% during the year, which combined with a medium portfolio weight makes it the weakest contributor to the fund. This can be summarised by the fact that the market's expectations for organic growth in 2025 proved too high, resulting in lower than expected earnings and multiple contraction. Profitability-wise, however, Thule has performed well with increasing gross margins in a challenging market, which indicates good operational leverage if the consumer returns.

Portfolio Managers:

Peter Nygren

Philip Mesch

Jonathan Schönbäck

Why invest in this fund?

There are many good companies in Sweden. Several of these are niche players with small home markets, which have gradually built-up solid positions in Europe and the rest of the world. We aim to invest in companies that show good results, are in a strong competitive position for the future and are attractive pricewise.

How is the fund positioned?

ODIN Sverige is an all-cap fund, comprising of small, medium-sized and large companies. At the sector level, the fund has significant exposure to manufacturing and consumer goods. The fund has little exposure to real estate and property developers, and limited exposure to construction-related companies. We also have little exposure to the banking sector. We are a long-term stock-picker with few companies in the portfolio to maximize our investment ideas, and we know that value creation takes time. That is why it is important to find the companies that are well positioned in the long term, rather than those delivering good figures in the short term.

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Hemnet was the share that fell the most during the year, delivering a total return of –48%, making it the fund's second weakest contributor despite a low weight at the beginning of the year. The share fell due to a continued weak housing market and therefore fewer listings, concerns about competitor Booli, and uncertainty about how the business model will hold up in an AI driven world with increasing search activity via, for example, ChatGPT or similar. We have previously sold a large part of our position and have not increased it.

Essity was also among the weakest contributors in 2025 with a total return of –8%, but with a relatively high portfolio weight.

Portfolio Changes 2025
During the year we sold **Fortnox, NIBE, Vitec, Byggmax, AQ Group** and **Fenix Outdoor**, while we added **Inwido** and **Medicover**. The portfolio currently consists of 27 companies.

Vitec was sold in January 2025 as we did not consider the valuation sufficiently attractive given capital allocation, return on capital, and market conditions going forward with increased competition in the acquisition of vertical software.

NIBE was sold in February after having been held since 2016. The market in which the company operates has been and will continue to be undergoing significant change. We chose to step aside as we believed these changes created substantial uncertainty regarding the company's future position, a view we still hold.

Fortnox was divested in April following the takeover bid announced at the end of March. It is unfortunate that the company was taken off the stock exchange, but we saw no possibility of a higher bid or resistance and therefore chose to sell our shares.

Fenix Outdoor was sold in September after having been a small position for an extended period. The company's performance has weakened significantly over time, and we assess that competition has increased, which combined with extremely low liquidity in the share means it no longer fits the ODIN model.

In October we sold our remaining shares in **Byggmax** and **AQ Group**.

In April we added **Inwido**, which operates in window manufacturing with a highly decentralised structure. The company has previously been part of ODIN Micro Cap and is also a holding in ODIN Small Cap. Despite the underlying market having been very challenging for a long time, the company has managed profitability well and continued the consolidation of the European window market. With a relatively new CEO at the helm, together with an extremely experienced and knowledgeable CFO and staff, we believe the company will continue to develop well when the market turns. This is partly driven by increased regulatory requirements and customer demand due to rising energy efficiency requirements. In June we added Medicover to the portfolio after following the company for several years and visiting them in Warsaw. Medicover is a healthcare and diagnostics company operating in countries where public healthcare is relatively underdeveloped (e.g., Poland, Romania and India). Organic growth has historically been high, while profitability has been dampened by investments in capacity and expanded customer offerings, which have strengthened the company's market position. We see that the business model has an attractive financial profile that will become more evident as profitability improves in line with increased utilisation of capacity. From a portfolio perspective, Medicover also contributes a substantially different business model and revenue exposure compared with our other portfolio companies.

ESG
During 2025, we continued to apply our investment philosophy according to the ODIN model: quality, long term focus and active ownership, with sustainability integrated into the company analysis. Our conclusion is clear: Swedish quality companies with strong governance and credible sustainability work are structurally well positioned, even when ESG sentiment shifts from quarter to quarter. The sustainable transition is driven by competitiveness, technological development and long term capital allocation – not by day-to-day debates. International analyses point in the same direction: the transition continues regardless of political winds and is becoming increasingly important for profitability and market position.

In the portfolio, we see concrete evidence of this. Twenty three companies – corresponding to 83% of the fund's value – have validated climate targets according to SBTi, demonstrating that our holdings are aligned with the Paris Agreement and have clear interim targets for emissions reduction. During the year, we conducted 57 dialogues with our companies, of which 14 were thematic dialogues led by our sustainability specialists focusing on climate targets and transparency in sustainability reporting. Other key areas we discuss with companies include corporate culture, strategy and financial performance.

Looking ahead, we expect margin stability and long term capital allocation to strengthen companies that have invested early in low carbon solutions, energy efficiency and high quality reporting. At the same time, the proposed changes to the new SFDR, if adopted, are expected to simplify categorisation and increase comparability – which is likely to benefit companies with credible transition plans. Therefore, we continue to invest in Swedish companies where sustainability is an integrated part of the business model, and where transition targets are anchored in strategy, governance and capital allocation – not treated as a separate track.

Outlook for 2026

We operate according to a simple strategy: to buy high quality companies at reasonable prices that reflect their opportunities and risks and then hold them for a long time. This means that we will also own them during periods when their share prices fall, either in absolute terms or relative to other investment styles. What matters most to us is that the companies develop well fundamentally – that is, that they continue to generate a high return on the capital they use in their operations, and that they can reinvest their profits at similarly high returns. This is the recipe for long term, sustainable earnings and value growth, and it is this we aim to participate in.