



December 2011 and future outlook

2011 was a rollercoaster year for ODIN Europa. The year started well with general strength in the world economy fuelling beliefs that the global economy was definitely exiting the financial crisis and heading for a period of stability again. The stock market performed well, and ODIN Europa was ahead of its benchmark. As summer came, the sovereign debt crisis and political turmoil grabbed the steering wheel. This led to a sharp sell-off of risky assets. Oil services, industrials, materials, financials and the auto sector declined disproportionately.

Actions

During 2011 we have repositioned the profile of our portfolio towards larger companies. We have also balanced out the portfolio more across geographies and sectors. Funding for smaller companies remains tough in the current tight credit markets. This is the main reason why we have chosen to reduce exposure to smaller companies. The companies in ODIN Europa have solid balance sheets and good access to funding and will experience limited challenges if current credit markets remain constrained for a longer period.

Contributions

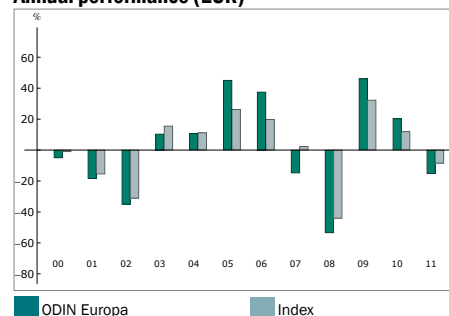
ODIN Europa benefited from having limited exposure to financials in 2011. The financial sector is struggling with both weak balance sheets and tight funding, with a correspondingly weak share price development. In the consumer staples sector we had positive contributions from our investments in Diageo, Anheuser-Busch InBev and Unilever. We also had very good performances from Rolls-Royce and Astaldi. Both these stocks were driven by excellent operational execution and large order books. Our investment in the relatively defensive healthcare stocks Smith & Nephew and Sanofi contributed positively to the performance.

When the sovereign debt crisis exploded last summer, investors shied away from cyclical stocks. For ODIN Europa this meant weak returns in oil services stocks PGS and Subsea 7, materials stocks ThyssenKrupp, BASF and Smurfit Kappa, as well as autostocks like Daimler, Michelin and Valeo. These are all high quality companies with exciting opportunities ahead and we are confident in their ability to create stockholder value. When the dust settles around the Euro-crisis and the market realizes that the world will not go under, we are convinced these companies will lead the recovery.

Outlook

If you are a holder of units in ODIN Europa, you own a part of many leading brands and products, such as Adidas and Reebok, Thyssen elevators, Mercedes cars, Budweiser beer, Rolls Royce airplane engines, Louis Vuitton accessories, Lipton tea and many, many more. You are participating in companies with great prospects, good earnings and solid cash flows. However, despite being global companies, they are listed on European exchanges and are therefore cheaper than their US peers. On average, the European stock market is priced 45 percent lower than the US stock market. Europe is currently the most under-weighted geography in the world,

Annual performance (EUR)



ODIN Europa

Portfolio manager

Alexandra Morris

Benchmark index

MSCI Europe net Index USD

Annual management fee:	2%
Established:	11/15/1999
Managed by ODIN since:	11/24/2004
Assets u. Man. (mill. EUR):	101

Performance per 12/31/2011

Last month	0,47%
Year to date	-15,13%
Last 12 months	-15,13%
Last 5 years	-9,96%
Last 10 years	-0,64%
Since inception	-1,74%

5 largest sectors

Auto Components	11,54%
Energy Equipment & Services	8,38%
Beverages	7,99%
Machinery	7,96%
Pharmaceuticals	6,89%
Other	57,24%

10 largest holdings

Petroleum Geo-Services	4,42%
Anheuser-Busch InBev	4,39%
Rolls-Royce Holdings	4,16%
SAP AG	4,02%
Prysmian	3,82%
Sanofi	3,79%
Carnival	3,65%
Diageo	3,60%
Telefonica	3,35%
Sulzer	3,32%
Other	61,49%

Fund commentary ODIN Europa



as well as the most attractively priced. If you believe, as we do, that there will be a resolution to the European debt crisis, then ODIN Europa is positioned for a very promising future.

About ODIN Europa

ODIN Europa freely invests, regardless of the industry, in limited liability companies listed on the stock exchange, whose head offices or origins are in Europe. The long-term aim of the fund is to give a higher return than the European equity market.

We would like to remind you that...

In this report ODIN has referred to sources that are regarded as reliable. ODIN can however not guarantee that the information derived from these sources is either accurate or complete. Statements made in this report reflect ODIN's market view when the report was produced.

Employees in ODIN are entitled to trade on own account in several financial instruments. This implies that employees in ODIN may hold securities in companies mentioned in this report as well as units in ODIN's funds. Employees' own account trading shall comply with ODIN's internal guidelines. These guidelines are prepared in accordance with the Norwegian Act on Securities Trading and business standards issued by the Norwegian Mutual Fund Association.

Past performance is no guarantee for future performance. Future performance will depend, among other things, on movements in the market, the manager's skills, the fund's level of risk and the subscription, management and redemption costs. The value of the fund may decline as a result of a general fall in share prices.

For further information please visit www.odinfundmanagement.com

About ODIN

ODIN is a boutique manager specializing in focused, bottom-up value investing. Our 20 years of experience in asset management have taught us valuable lessons.

Lesson 1: Focus on the horizon

In ODIN, we focus on fundamentals, basing our expectations on competitive advantages, product development, financial viability, leadership and strategic positioning of individual companies. These factors tend to be consistent across short term business cycles. Our confidence in the long term viability of our investments means that we are prepared to stay invested for a long time, and engage actively in corporate governance. Sound and sustainable value creation is a slow and steady process, not a get rich quick-scheme. But we find it is worth the wait.

Lesson 2: Think independently

Unlike passive investors, insights gained through thorough analysis enable us to form an independent view of the fundamental value of a company. This is key in order to identify companies where strong companies are available with compelling value propositions. And in our experience opportunities abound, especially in periods where fear and panic are driving the markets. Under such circumstances many investors fail to maintain focus on the fundamental value of individual companies.

Lesson 3: Stay on target

Strategy drift is an expression used to describe how some asset managers try to adjust their investment process according to what the market currently seems to favour. We do not adjust our philosophy to the latest fads or fashions in the investment industry. We are constantly on alert to avoid letting fear or greed cloud our judgment and steal our attention away from the fundamentals of individual companies.