



December 2011 and future outlook

2011 was a year of misery in the Nordic equity markets. The Nordic stock markets are heavily influenced by cyclical companies, and the year's macro turbulence affected the markets noticeably. Unfortunately, ODIN Norden was not able to ease the pain for its shareholders as it underperformed the index.

Actions

2011 has been all about re-shaping the portfolio for the future. The common denominator has been focus, concentration and liquidity considerations. The number of positions has been taken down significantly from 96 to currently 60, to focus the portfolio and align more to conviction bets. The tail positions with a portfolio weight below 1% is accordingly down from 59 to 12 with a total weight down from 31% to 6%.

The Swedish part of the portfolio has been increased as the Norwegian part has been reduced. The liquidity in the portfolio has been catered for given the wish for better company and sector switch flexibility.

On the top 10 list Subsea7, Autoliv and Hennes&Mauritz are new acquaintances to the fund. SCA and DetNor have been elevated due to performance.

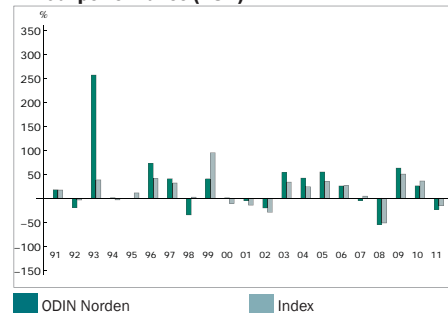
Contributions

In general, we gained from underweight in IT and good stock selection in financials. However, our underweight in health care, overweight in consumer staples with struggling fish farmers and struggling shipping companies in the industrials sector pulled the relative performance into negative territory.

On a stock specific level, the by far best contributor to this year's performance was Det norske Oljeseskap. Detnor hit the jack-pot with its license ownership in what might turn out to be the single largest oil-field discovery in the North Sea ever, the combined Aldous Major / Avaldsnes field. This discovery has also benefited our holdings in Aker ASA, which is the majority owner in Detnor. Our stake in the P&C insurance company Gjensidige has also given us pleasantly surprising results throughout the year, and thus secures a top 2 position on the rostrum this year.

Unfortunately, the number of detractors outweigh the contributors. 2011 was a year in which cyclical companies were out of favor, and our Norwegian companies give us a full six-pack on the losing end. The fish-farming companies Austevoll and Salmar got hit by the spring-collapse in salmon-prices given a spike on the supply side, and the sector turned out to be a disaster return wise. High debt levels in the oil-services company Solstad gave investors a chill this year, which sent the price down. The FPSO operator BW Offshore struggled with a couple of projects. General economic uncertainty weighted on the car- and "high and heavy" logistics company Wilh. Wilhelmssen, as well as the integrated aluminum producer Norsk Hydro.

Annual performance (EUR)



ODIN Norden

Portfolio manager

Truls Haugen

Benchmark index

VINX Benchmark Cap NI

Annual management fee:	2%
Established:	6/1/1990
Assets u. Man. (mill. EUR):	816

Performance per 12/31/2011

Last month	1,96%
Year to date	-22,94%
Last 12 months	-22,94%
Last 5 years	-7,19%
Last 10 years	9,02%
Since inception	12,64%

5 largest sectors

Energy Equipment & Services	10,64%
Marine	10,08%
Machinery	9,00%
Insurance	7,14%
Construction & Engineering	5,80%
Other	57,34%

10 largest holdings

Wilh. Wilhelmssen Holding B	4,06%
Kongsberg Gruppen	3,37%
Solstad Offshore	3,23%
Sampo A	3,04%
Subsea 7	2,97%
Autoliv	2,94%
Fortum	2,92%
Svenska Cellulosa B	2,68%
Stolt Nielsen	2,60%
Hennes & Mauritz B	2,59%
Other	69,60%

Fund commentary ODIN Norden



Outlook

Whatever one expects from 2012, it looks to be anything but unexciting. Uncertainty prevails in a number of areas, but then again we all know that, don't we? The key question is how much of the uncertainty is already discounted into current share prices. I say a lot. Can the stock markets go further down? Yes, we are still not at trough-valuation levels. But the risk-reward picture has become increasingly favorable for the long-term stock investor throughout 2011.

About ODIN Norden

ODIN Norden freely invests, regardless of the industry, in limited liability companies listed on the stock exchange, whose head offices or origins are in Sweden, Finland, Denmark or Norway. The long-term aim of the fund is to give a higher return than the Nordic 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.