



Portfolio manager: Nils Petter Hollekim

ODIN Norden

The year 2008 ended with a 43.9 per cent decline for ODIN Norden. The fund's reference index ended down 39.5 per cent during the same period.

Last year was marked by a sharp price fall on the Nordic equity markets and in the rest of the world. The Norwegian market distinguished itself with a decline of almost 60 per cent from September to the end of the year. Falling oil prices resulted in a substantial fall in share prices for oil companies and companies associated with the oil services industry. The lower level of economic activity also has an impact on companies in industrial shipping. Finland's proximity to Russia and the rest of Eastern Europe has now been focused on and seen as a problem, and the share prices for companies with activities related to the aforementioned areas have fallen sharply.

Astra Zeneca was one of the few portfolio companies that generated a positive return last year. The security companies *Securitas* and *Group 4 Securicor* performed significantly better than the market. In addition, we received a good premium through the sale of the product carrier company *Broström* to *Mærsk* in the autumn.

The greatest negative contributors were the car carrier and logistics company *Wilb. Wilhelmsen*, as well as the subsea supply and contractor company *Solstad Offshore*. Both of the companies are trading at historically low financial ratios and with a significant discount in relation to their underlying assets. The defence technology company *SAAB* was also a disappointment after generating a positive contribution in the first half of the year.

At the end of the year the Norwegian market was priced significantly lower than the rest of the Nordic markets. We are maintaining, therefore, overweighting in Norway. We have a strong focus on the companies' balance sheets and capacity to generate stable cash flows in the future. It is also important that new portfolio companies have a certain market capitalisation and good liquidity.



Portfolio manager: Truls Haugen

ODIN Finland

The year 2008 ended with a 38.9 per cent decline for ODIN Finland. The fund's reference index ended down 34.6 per cent during the same period.

After the first six months ODIN Finland was down 12 per cent, while the reference index was down 15 per cent. The second half of the year was marked by accelerating price falls and extreme volatility – the fund performed poorer than the market during this period.

The main reason for this was the fact that we underestimated the strength of the economic recession and what effect this would have on portfolio companies exposed to cyclical industries and consumer goods. The fund's exposure to Eastern Europe was also challenging. Shares such as *Ramirent*, *Amer*, *YIT*, *Cramo*, *Metso*, *Marimekko*, *Lenminkäinen*, *Rautaruuki* and *Wartsila* all struggled during this period.

Atria, *Rapala*, *Olvi* and *Huhtamaki* are all examples of portfolio companies in ODIN Finland that outperformed the market throughout last year.

At the start of 2009 we can rejoice in the fact many companies appear to be very cheap – when sensible estimates for future earnings are used. Many of them are trading at very large discounts in relation to their underlying assets.

We must probably struggle a while longer macroeconomically, but much worse news is already currently priced into the share prices. When the investors regain confidence in the market's earning estimates and trust the pricing of the companies we observe, we think that it will be very favourable to be invested in the equity market.



Portfolio manager: Jarl Ulvin

ODIN Norge

The year 2008 ended with a 50.9 per cent decline for ODIN Norge. The fund's reference index ended down 57.7 per cent during the same period.

We have never experienced such a sudden and fast fall in share prices on Oslo Børs as we experienced in the second half of last year. The backdrop for the stock exchange decline in Norway included increased credit unrest, falling oil prices, and weak international equity markets. Today very many companies on Oslo Børs are emerging as low-priced – for investors with a somewhat longer term perspective.

Kongsberg Gruppen was an important contributor for ODIN Norge in 2008 – the share performed about 40 per cent better than the index. We still have faith in good earnings and price performance, and we believe that the company is worth far more than its current share price.

We underestimated the sharp increase in prices for food and fertilizer products in the first half of 2008, which resulted, for example, in the fantastic price performance of the fertilizer manufacturer *Yara*. As a result of the fact that we did not own the share, we escaped *Yara's* dramatic price drop in the autumn.

ODIN Norge was not invested in *Telenor* through most of last year. The share fell more than the Oslo Børs in 2008 – which made a positive contribution to the fund's relative return. At the end of 2008 we purchased shares in both *Telenor* and *Yara*, since we believe that the share prices in these companies have fallen too much in relation to their underlying assets.

Shares on Oslo Børs are trading now at levels we have not seen for many years. Today we find many companies that satisfy our strict value criteria. We believe that this is a favourable time to invest in ODIN Norge – for those who have a savings horizon of five years or more.

Return per 31.12.2008 (NOK):

ODIN Norden	-43.9%	ODIN Finland	-38.9%	ODIN Norge	-50.9%
Benchmark	-39.5%	Benchmark	-34.6%	Benchmark	-57.7%



Portfolio manager: Nils Petter Hollekim

ODIN Sverige

The year 2008 ended with a 35.3 per cent decline for ODIN Sverige. The fund's reference index ended down 33.6 per cent during the same period.

Last year was marked by a sharp price fall in the equity markets. We have to go all the way back to the early 1930s to find a corresponding fall. The autumn was particularly difficult. The companies experienced a significant slowdown in the level of activity, and the analysts reduced their earning estimates for the coming years significantly.

Very few companies showed a positive return for the year as a whole. Among the exceptions, we can mention the pharmaceutical company *Astra Zeneca*, which eventually showed its defensive qualities. Our investment in the engineering company *ABB* also made a positive contribution. Otherwise we can point out *Gunnebo Industrier* and *Zodiac Television*, both of which were the object of acquisitions. During the year we also accepted takeover bids for the shipping company *Broström* and the kitchen and bathroom manufacturer *Ballingslöv*.

The greatest negative contribution has been from *Trelleborg* and *Haldex*. Most of *Haldex's* activities focus on the commercial vehicle industry. Almost 20 per cent of *Trelleborg's* activities focus on the passenger car industry. These sectors have performed clearly poorer than we could have imagined at the start of the year.

The Swedish market is priced at a significant discount in relation to its historical average – even when we take the lowered estimates into account. The fund is priced in turn at a significant discount in relation to the market.

The portfolio is structured around large, liquid companies, with predictable cash flows and strong balance sheets. These companies should be well-positioned when the unrest abates, and we can start to concentrate on valuation and fundamentals again.

Return per 31.12.2008 (NOK):

ODIN Sverige	-35.3%	ODIN Europa	-42.3%	ODIN Europa SMB	-39.5%
Benchmark	-33.6%	Benchmark	-30.3%	Benchmark	-40.3%



Portfolio manager: Alexandra Morris

ODIN Europa

The year 2008 ended with a 42.3 per cent decline for ODIN Europa. The fund's reference index ended down 30.3 per cent during the same period.

In September it was if the whole world drove into the fog and slammed on the emergency brakes. Many companies sat on the fence and started to drain their inventories instead of buying anything. It became a chain reaction – brutal, sudden and incredibly fast.

It was good to have the pharmaceutical companies in the portfolio in the second half of the year. This included the Swiss company *Acino*, which develops and manufactures generic preparations, the Swedish/British pharmaceutical group *Astra Zeneca*, and the vaccine company *Intercell*, all of which made a positive contribution. Another company that made a positive contribution was the Irish company *CRH*, which will benefit from the stimulus package that has been flagged by the coming administration in the US due to its exposure to infrastructure there.

The Norwegian offshore companies *BW Offshore* and *Petroleum Geoservices*, as well as the Swedish defence technology company *SAAB*, were among the negative contributors to the portfolio's return. Fear for the cancellation of investments from oil companies contributed to a sharp fall for the oil services companies in general and for *BW Offshore* and *PGS* in particular. *SAAB*, which was one of the best contributors in the portfolio in the first half of the year, suffered a sharp price fall when the Norwegian Armed Forces chose the JSF fighter instead of *SAAB's* JAS Gripen. On the continent it was the electronics company *Austriamicrosystems* that was the greatest disappointment in the portfolio.

We believe that the current share prices reflect a lot of bad news. The combination of historically low pricing and companies with solid balance sheets make us confident that the portfolio companies are well-positioned for the new year, and that we will manage to generate a good return over time.



Portfolio manager: Truls Haugen

ODIN Europa SMB

The year 2008 ended with a 39.5x per cent decline for ODIN Europa SMB. The fund's reference index ended down 40.3 per cent during the same period. After the first six months the fund was down 13.6 per cent, while the reference index was down 16.1 per cent. The second half of the year was marked by accelerating price falls and extreme volatility – the fund performed poorer than the market during this period.

Under the prevailing market conditions in the second half of the year there was very little in the fund that contributed a positive return. The Italian company *Ansaldo*, the fund's largest investment, was, however, a bright spot. The company, which is a world leader in signalling and monitoring systems for railways and metro lines, could report good results and many new contracts on multiple continents. The German company, *Vossloh*, which also focuses on railway infrastructure, performed well too.

We experienced takeover bids for the Swiss company *Sia Abrasives* and the Norwegian company *Aker Yards* during the period, while the Swiss company *Schweiter* sold its largest division and was left with more cash on its balance sheet than the company's market capitalisation.

On the negative side we can point out the Norwegian companies *Bonheur* and *Camillo Eitzen* – both of which should have benefited more with respect to their prices by the excess value on their balance sheets. Companies such as the German company *Demag Cranes and Krones*, as well as the Irish company *Glanbia*, experienced sharp price falls even through they delivered good results. The Finnish company *Ramirent*, Dutch company *Ordina* and German company *Deutz*, delivered poor results – and were deservedly punished for it.

Many companies are priced historically low today in relation to their underlying assets. In 2009 we will find out how quickly the substantial monetary and financial policy measures will start to show results. When confidence returns, we believe that it will be very favourable to be invested in the equity market.



Co manager: Vegard Søraunet
Portfolio manager: Jarl Ulvin

ODIN Global

The year 2008 ended with a 38.6 per cent decline for ODIN Global. The fund's reference index ended down 24.3 per cent during the same period. In the second half of the year we experienced a lower return in relation to the reference index, due, for example, to our exposure to oil services.

Some of the trends we are exposed to in ODIN Global are infrastructure, railways, energy-related industry, food/agriculture, and greater prosperity in emerging markets. The drivers behind these underlying trends fluctuate far less than share prices, and they will endure despite a period of lower economic growth in the world.

The Irish company *CRH*, which is a major global infrastructure player, was last year's best contributor. The German company *Vossloh*, which manufactures rail fasteners, and *China Mobile* were also good contributors in the fund. We believe that *China Mobile* is well-positioned for when more Chinese consumers start to use mobile phones.

Consumer-oriented companies such as *Kingboard Chemical*, *Whirlpool* and *Hyundai Motor* had a negative impact on the year, even though their underlying exposure to emerging economies continued to perform well. Otherwise our exposure to oil services (*Pride*, *Vallourec*, *Rowan*) was marked by the sharp fall in oil prices.

The market decline we experienced last year makes it much easier to find companies that fit in with our value philosophy. We see that many quality companies with strong balance sheets, good market positions and exceptional products are trading far below fair value now.

We envision great opportunities for patient investors. As investor legend Warren Buffet says, it is when fear is greatest that the really good buys can be made. ODIN Global is priced below book value now and far below the underlying assets – in other words the fear is reflected in the pricing.



Co manager: Oddbjørn Dybwad
Portfolio manager: Jarl Ulvin

ODIN Global SMB

The year 2008 ended with a 40 per cent decline for ODIN Global SMB. The fund's reference index ended down 26.4 per cent during the same period. The year was marked by great unrest on the world credit markets followed by lower economic growth globally. The US economy was in recession throughout all of 2008.

We have believed in a renaissance for train-related industries for a long time. Among the strongest contributors in 2008 we find the US manufacturer of braking systems for the train industry, *Wabtec*, the German manufacturer of railway fasteners, *Vossloh*, and the Italian company *Ansaldo*, which supplies signalling systems. Other positive contributors have included the US company *SkyWest* and the Chinese vegetable and noodle manufacturer, *China Green*.

Austevoll Seafood was the weakest contributor in the fund in 2008. We believe the price performance does not reflect the underlying assets in the company. *Austevoll Seafood* has a global business model, and it is a leading manufacturer of fish meal and oil. Another weak performer was the Korean manufacturer of automation and logistics systems, *SFA Engineering*. The price performance of the *KNM Group* from Singapore was also poor. The latter is a global niche supplier of industrial applications.

The equity market is a market of expectations that moves in advance of the real economic developments. When growth in the world economy resumes, we believe that the share prices will also rise well in advance.

Our investments are based on a long-term perspective, and the fund consists of well run, solid global companies. We believe that this is a good time to invest in the fund for those who have a savings horizon of five years or more.



Portfolio manager: Lars Mohagen

ODIN Maritim

The year 2008 ended with a 55.7 per cent decline for ODIN Maritim. The fund's reference index ended down 32.8 per cent during the same period.

The volatility of share prices and foreign exchange rates at historically high levels, a great deal of uncertainty with respect to the macroeconomic developments, and enormous challenges in the credit markets, formed the backdrop for last autumn.

Last year the shipping markets were marked by major fluctuations in the rates – from historical highs to the lowest lows. In the second half of the year we experienced falling rates and ship values in most segments, especially in dry cargo. The fund had and still has very modest exposure to the dry cargo companies.

The large gap between the performance of the fund and its reference index is due to limited exposure to three large Japanese companies NYK, Mitsui and K line – companies we considered to be too expensive based on our value philosophy at the start of last year. The companies fluctuated a great deal throughout the year, but they fell on an annual basis somewhat less than the other shipping companies. Due to the sharp appreciation of the Japanese Yen, however, the companies' price fall was minimal measured in Norwegian kroner. These three companies represented around 50 per cent of the fund's reference index.

With the major challenges associated with the financing of new projects, for both shipowners and shipyards, combined with falling rates and values, we have now started to look at a number of cancellations for unstarted new-build orders. This will lay the foundation for a better balance and rates in the market when the economic outlook starts to improve.

After sharp falls a number of companies are emerging as attractively priced in a somewhat longer term perspective. We are maintaining our exposure to companies in industrial shipping that focus on longer term contracts.

Return per 31.12.2008 (NOK):

ODIN Global	-38.6%	ODIN Global SMB	-40.0%	ODIN Maritim	-55.7%
Benchmark	-24.3%	Benchmark	-26.4%	Benchmark	-32.8%

The portfolio managers' assessments

Summary of 2008 and outlook 2009



Portfolio manager: Lars Mohagen

ODIN Offshore

The year 2008 ended with a 56.7 per cent decline for ODIN Offshore. The fund's reference index ended down 49.6 per cent during the same period.

The year 2008 was a particularly volatile year – especially for oil prices. At the start of the year the price of Brent oil was around USD 97 per barrel. After reaching a peak of USD 145 in July, the price of oil ended approximately up at USD 40 per barrel at the end of the year. During the same period the US dollar fluctuated greatly in relation to most other currencies – and in the opposite direction of the price of oil.

The acquisition of the Norwegian rig companies *Awilco* and *Ocean Rig* represented the greatest contributors to the fund's return. Among the negative contributors, we can point out the Norwegian companies *BW Offshore* and *PGS*.

The sharp decline in oil prices, combined with the credit crisis, has resulted in several smaller oil companies cutting their exploration and development budgets for 2009. On average the oil companies use around USD 65 per barrel as a prerequisite for the development of fields. This varies, however, significantly from company to company. For example, a significantly greater portion of the world's oil reserves are controlled by national companies, who are expected to base their plans on a longer term perspective.

In a long-term perspective, the oil industry still has a substantial challenge associated with low reserve replacement, falling production and the depletion of mature fields combined with increased demand. Cutting investments today will postpone the problems and increase the risk of even higher oil prices in the future.

Several portfolio companies are currently priced significantly lower based on financial ratios than when the price of oil was USD 10 per barrel in 1998. We believe that the market has priced in a scenario that is too pessimistic, and we see a significant potential in a somewhat longer perspective.



Portfolio manager: Nils Petter Hollekim

ODIN Eiendom

The year 2008 ended with a 29.5 per cent decline for ODIN Eiendom. The fund's reference index ended down 22.4 per cent during the same period.

The Nordic real estate market has experienced yet another turbulent year. In the last half of the year, an exceptionally limited number of real estate transactions were conducted in the Nordic markets. This created uncertainty about what the correct price level was for commercial real estate. It is worth noting that the listed property companies are down more than 50 per cent over the last two years. We have not experienced the same price decline directly in the market for commercial property. In spite of the uncertainty associated with the values, there is a substantial discount now in relation to the market values the companies operate with themselves in their value estimates. It will be interesting to follow the companies' fourth quarter reporting to see whether write-downs will be necessary.

Not owning the Swedish listed company *Fabege* and being significantly underweighted in some cases in the Swedish company *Kungsleden* made a positive contribution to the return relative to the Nordic real estate index.

The companies that have made a negative contribution include the Norwegian company *Olav Thon Eiendomsselskap*, Finnish company *Technopolis Oyj*, and the Norwegian logistic property company *Northern Logistic Property ASA*.

It will be interesting to see what effect lower interest rates will have in the future on the companies' current earnings and valuations in general. The interest rate cuts implemented by Sveriges Riksbank and Norges Bank will undoubtedly help with the financial expenses. It will be interesting to see what effect increased unemployment will have on vacancy rates and rent levels. We will maintain our strategy of focusing on companies with solid balance sheets and a good dividend capacity.

This is how we invest

ODIN is an active manager that is free to invest in companies, independent of size or weight in a market index. We invest in companies that we believe have the characteristics necessary to become "tomorrow's winners".

Our job as a fund manager is to give the unit holders participation in the companies' value increase. At ODIN we understand the importance of making own independent investment choices.

Our investments are carried out on the basis of thorough company analyses in industries and markets that we know and understand – where we know what creates the results. We are long-term owners that tolerate short-term disturbance from the markets.

We prefer so-called value companies rather than growth companies. These are companies with a solid sales volume and good profit development that are underestimated in relation to the estimates for long-term profit development and book values. That the companies actually earn money and have actual value implies that normally there are few potential castles in the sky among the value companies.

It is all well and good to read reports about different countries and political changes. To see it with one's own eyes provides even better knowledge and a deeper understanding. An important part of the job of ODIN's managers comprises travelling and visiting different markets and companies. In discussions with the companies' management we acquire more knowledge and an increased understanding of the culture in which they operate. Such knowledge comprises an important part of the total analysis we do on the companies in which we are considering investment.

In the short term the share markets are characterised by disturbance and irrational market price fluctuations. The share prices fluctuate more than the company values, something that provides opportunities for active managers. The fluctuations enable us to purchase shares at a price far below the true value and later sell them at the true value.

We believe that it is possible to discover good, underestimated companies, again and again – companies we believe will be "tomorrow's winners". Ever since ODIN was established we have followed the same investment philosophy. The philosophy combined with good management tools, has given the unit holders in ODIN's mutual fund high additional profits for many years. You can see the results in the return overview on page 13.

ODIN Offshore **-56.7%**
Benchmark **-49.6%**

ODIN Eiendom **-29.5%**
Benchmark **-22.4%**