

Origo SELEQT Earns Top Morningstar Rating at Three-Year Mark

Origo Fonder launched its long-only fund, Origo SELEQT A, in March 2022, exactly one month after Russia's invasion of Ukraine. The launch coincided with the beginning of a challenging period both macroeconomically and geopolitically. Fast forward to today, Origo SELEQT reached its three-year track record in March and was soon awarded Morningstar's top five-star rating – reserved for the top 10 percent of funds in each category – highlighting its strong performance in the competitive Nordic and Swedish small-cap equity space.

"With hindsight, these three years have been considerably more depressing macro-wise and geopolitically than we suspected," says Stefan Roos, founder and co-CIO of Origo Fonder. "But we knew that this type of alpha-oriented fund was needed in the market and that we would be able to find attractive investments." Despite the tougher-than-expected environment, Roos highlights that the market has still presented "fantastic opportunities, not least among the smaller companies, and we have been fortunate to be successful with our stock-picking." He adds, "I am most proud that the fund has performed so stably throughout the period, irrespective of short-term market fluctuations."

Launched amid the turbulent market conditions of 2022, Origo SELEQT ended its first year with a decline of 9.5 percent. The fund rebounded in 2023 with a 5.9 percent gain, followed by a strong 25.3 percent return in 2024 – placing it at the top of Morningstar's ranking of 78 Nordic small-cap equity funds. In the first four months of 2025, the fund advanced a further 2.3 percent. With its three-year track record now established, Origo SELEQT* has earned Morningstar's highest five-star rating, awarded to the top ten percent of funds in its category based on risk-adjusted performance.

Small-Cap Tailwinds and Structural Shifts

After an extended period where large-cap stocks outperformed small cap – an anomaly from a historical perspective – the tide may finally be turning. "Small caps started catching up in 2024," notes Roos. "A large share of small-cap companies have surprised positively in the last two reporting seasons, while large caps are no longer beating expectations. We believe the cycle has shifted, and small caps are now set to regain the honor on the global stock market for many years to come."

Looking ahead, Origo Fonder sees structural changes underway in Europe that could fuel a new growth cycle. "Europe is fundamentally changing now and we sketch a scenario where Europe, including the Nordics, breaks all previous capex records in the next 10-year period," especially across infrastructure, defense, and energy. "This will act as a new engine for the Nordic industrial sector and benefit the broader economy, including consumers." While short-term volatility may persist and some investors will want to wait for more clarity – particularly around the impact of tariffs – Roos believes "we are now laying the foundation for the next supercycle, one that will be driven by innovative small and mid-cap companies."

A Distinctive, Specialist Approach to Nordic Small Caps

Roos and co-CIO Per Johansson have long believed in the innovative strength and long-term growth potential of small and mid-cap companies. With decades of experience in Nordic equities – dating back to the late 1980s – they have developed deep expertise in this segment. "At Origo, we've taken it a step further by focusing exclusively on Nordic small caps," says Roos.

Origo Fonder's investment strategy is built on a deep understanding of company fundamentals, quality, and a forward-looking evaluation of change and transformation – with a distinct focus on Nordic small caps. "We are quite alone in this approach, and we notice that many institutions and family offices increasingly want to collaborate with specialists," notes Johansson.

With a tightly knit team of 4-5 people, Origo Fonder aims to expand further. "By being a large team and specializing in small and mid-caps, we can put more resources into each company," says Johansson. "This, in turn, means that we can work with greater conviction and have a comparative advantage compared to many fund companies that run all kinds of fund strategies and have one manager per fund, or even worse, several funds on one manager."

Crucially, Origo Fonder runs both a long-only strategy and a long/short equity fund (Origo Quest), enabling a more nuanced and objective understanding of the small-cap universe. "This gives us a very comprehensive and perhaps more objective analysis of the small caps than managers who run long-only mandates," points out Johansson. "Several of our clients have chosen us precisely because we have a track-record from both long/short and long-only and can therefore handle perhaps the biggest deadly sin of all, the risk of confirmation bias," notes Johansson.

Even after earning a five-star rating from Morningstar, Origo Fonder's founder, Stefan Roos, emphasizes that the team remains focused on continuous improvement. "We're not satisfied, we are constantly working to improve our processes," he says. "You never become fully educated and must constantly be humble because the forecasts and assumptions we make can be completely wrong."

*Origo SELEQT's A share class has received Morningstar's top five-star rating.