

Pareto Bond Funds - Update

Nordic Economies and Nordic Bond Markets in February 2025

Nordic markets have been diverging in February, on both the bond and on the equity side, respectively. The Riksbank and the ECB have lowered their policy rates by 25 bps, while Norges Bank has held steady during the month. And while interest rate markets on the short end were little changed in both EUR and in SEK, the 2-year rate in NOK has come down by 36 bps to 3.61% - a clear indication that the market believes Norges Bank will have to follow suit, soon. Swedish inflation came in significantly higher than in Riksbank's forecast, which raises questions about further cuts in the key interest rate. Nevertheless, the market is pricing in a 50% probability of a 0.25 percentage points lower key interest rate before the summer. Overall, Norwegian bond markets were still optimistic with high-yield spreads near historical lows, and new issuance continuing to be at high levels.

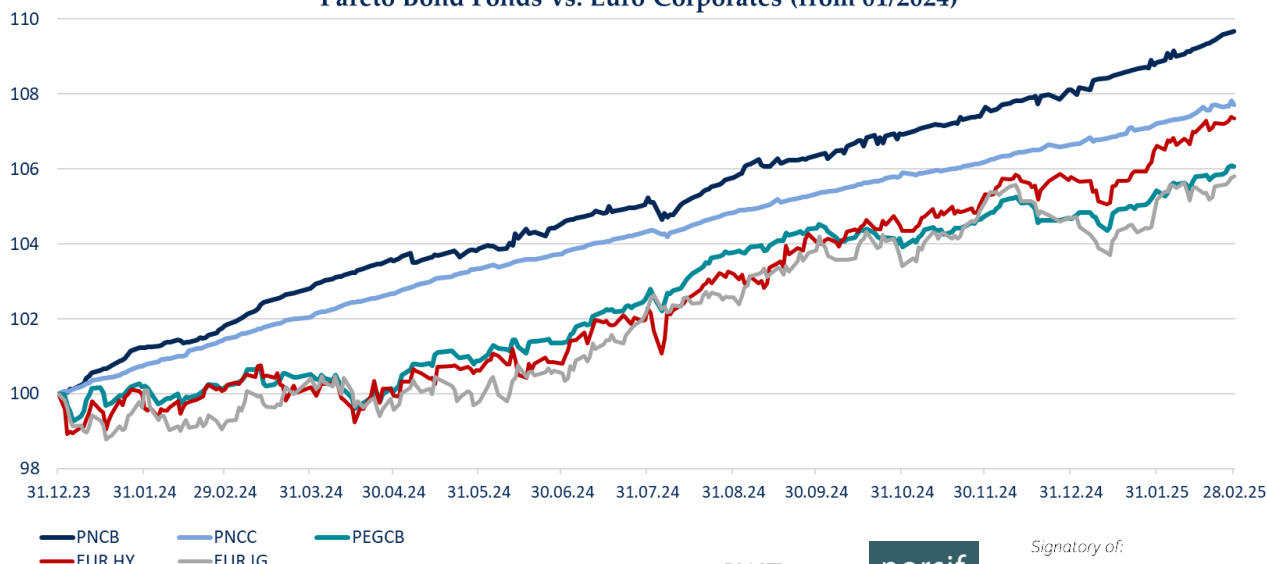
Pareto Nordic Cross Credit [Article 8 of SFDR]	Pareto Nordic Corporate Bond [Article 8 of SFDR]	Pareto ESG Global Corporate Bond [Article 9 of SFDR]
Highly diversified Nordic credit fund. The fund excludes investments into oil-related activities, holding a fossil free profile guided by sound ESG principles. It offers broad access to the quality end of high-yield and crossover segment with ultrashort duration and relatively short time to maturity. Strategy inception was in 2001, initially as a Norwegian fund.	Diversified across some 120 issuers in a wide range of business sectors. Conservative style based on deep inhouse credit analysis. Local market knowledge offers opportunities in this predominantly unrated market. Short duration and attractive credit spreads in an economically strong region. Strategy inception in 2006, initially as a Norwegian fund.	Fund with well-diversified portfolio of global credits, managed from our Nordic base, yet with a global view. As a Nordic Swan ECO labeled fixed income fund, it follows strict requirements on sustainability criteria for every investment made. Focus is on non-cyclical businesses in the US, European and Nordic regions with relatively short duration.

The core of every Pareto bond strategy is a bespoke credit assessment process, based on long-standing proprietary credit evaluation models, combined with dedicated local expertise and access to the issuers. The approach provides a Nordic/Global corporate credit exposure with **low geopolitical risk and a sound ESG profile**.

	Pareto Nordic Cross Credit	Pareto Nordic Corporate Bond	Pareto ESG Global Corporate Bond
Yield to Maturity NOK	5.9%	7.5%	6.4%
Yield to Maturity EUR	4.0%	5.6%	4.5%
Average Spread-to-Worst	136 bps	308 bps	222 bps
Modified Duration	0.3	1.0	2.5
Credit Spread Duration (Sensitivity)	2.1	2.1	3.0
Time to Maturity	2.5	2.7	3.9
Assets under Management (mEUR)	850	1,655	228
# of Issuers	139	113	83
2025 YtD Return EUR	1.0%	1.4%	1.3%

Pareto Nordic Cross Credit [Article 8 of SFDR]	Pareto Nordic Corporate Bond [Article 8 of SFDR]	Pareto ESG Global Corporate Bond [Article 9 of SFDR]
<p>The fund has had another strong month with returns above coupon in February. Further spread tightening has resulted in spreads contributing about one third to the monthly returns. Continuing inflows and currency effects have pushed the fund's assets above 10 bn NOK for the first time.</p> <p>The bond market has continued its strong trend. More companies have entered the market, and the total issue volume is at a record high. With high investor interest, most issuances are several times oversubscribed. Risk appetite is high, which indicates a combination of optimism and good liquidity among investors.</p> <p>The fund has returned 0.5% in EUR terms, and 0.6% in NOK terms for the month, respectively. This brings year-to-date performance to 1.0% in EUR and 1.3% in NOK, respectively.</p> <p>The reporting period has passed without drama. Overall, the reports are solid with an optimistic view of the future.</p> <p>The fund participated in issuances from Emilshus, Gränges, Hofseth International, Landsbankinn, Nortura, Protector Forsikring, Scatec and Trianon.</p>	<p>In February, Pareto Nordic Corporate Bond Fund delivered a return above its underlying portfolio carry, driven by spread contraction and lower rates in USD and EUR.</p> <p>The fund has returned 0.8% in EUR terms, and 0.9% in NOK terms for the month, respectively. This brings year-to-date performance to 1.4% in EUR and 1.7% in NOK, respectively.</p> <p>The primary high-yield market continued to deliver in February, with issuance of NOK 29 bn. As in January, this is twice the average February volumes for 2024 and 2023. In total 24 issuers came to the market with 9 new issuers being priced.</p> <p>In February, the fund added three new issuers: Archer, Hofseth International and Protector Forsikring. Archer is an oil and gas services firm operating in a range of services related to oil and gas producers. Hofseth International is a vertically integrated Norwegian company specialising in the production, processing, and distribution of Atlantic salmon and trout. Protector Forsikring is a specialised P&C insurance company operating mainly in the Nordics and UK.</p>	<p>February continued the positive trend from January, recording a good performance in line with the cash yield of the fund.</p> <p>Markets were in general calm in February, as spreads in US high yield widened slightly during the month, while spread ended unchanged in the European high yield. The ECB cut its policy rate by 25 basis points to 2.5%, with further cuts expected in 2025.</p> <p>The fund has returned 0.6% in EUR terms, and 0.7% in NOK terms for the month, respectively. This brings year-to-date performance to 1.3% in EUR and 1.6% in USD, respectively.</p> <p>In the primary market, the activity was a bit calmer than in January. The fund participated in three new deals: Scatec, a known name for the fund, did a green 4-year NOK floating bond, priced at NIBOR + 315bps. The other issuers are new in the fund. Landsbankinn is a government owned Icelandic bank that issued a USD AT1 bond yielding 8.125%. Gen Digital is a leading global cybersecurity company that issued a USD 950m bond at a yield of 6.25%.</p>

Pareto Bond Fonds vs. Euro Corporates (from 01/2024)

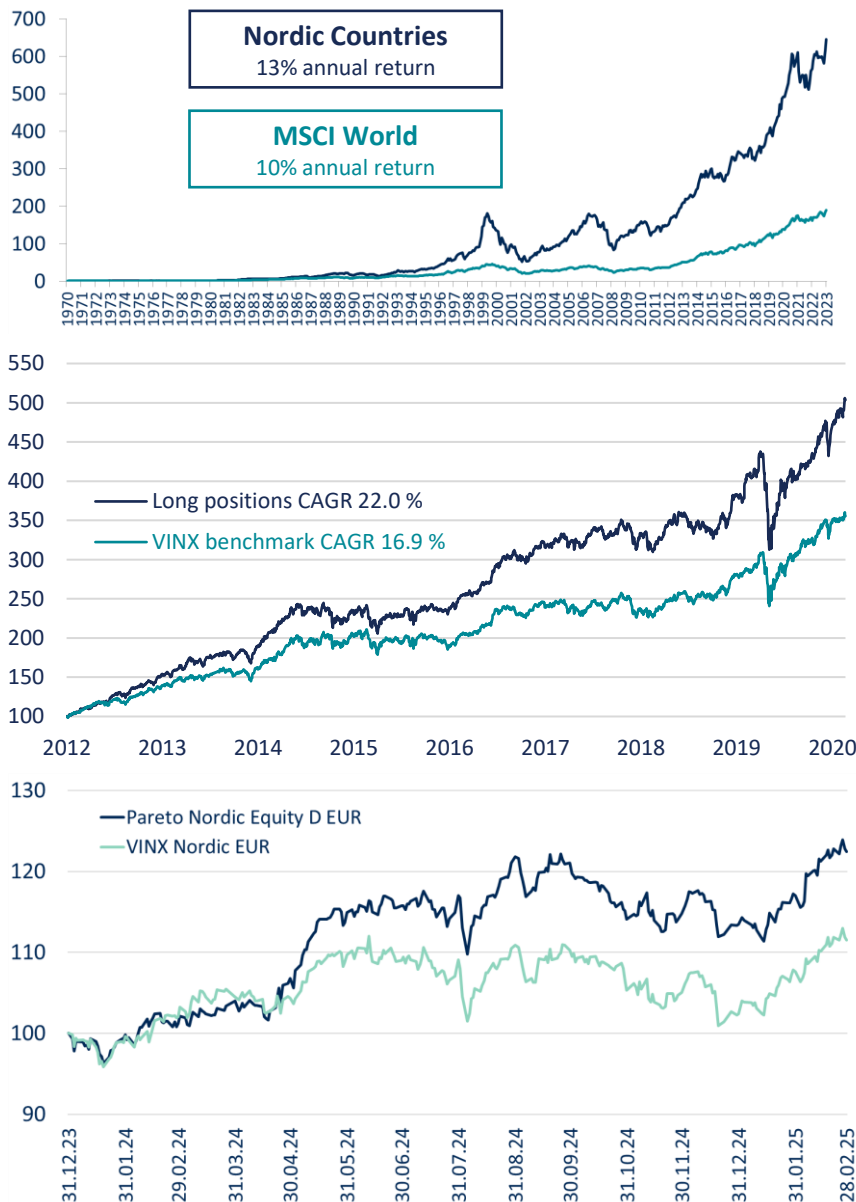


Pareto Nordic Equity - Update

Pareto Nordic Equity in February 2025

Most portfolio companies delivered stronger than expected reports for Q4 2024. This bodes well for 2025. Although the U.S. keep announcing tariff measures almost daily, portending a possible trade war, we are very confident that our portfolio companies are robust in either scenario as the vast majority have production facilities in the USA.

Positive news came from Volvo Group, one of the largest companies in our portfolio. The company announced an increase in European production by 10% on the back of strong recent order intake in the truck division. The stock is up by around 25% this year, and we are strongly convinced that Volvo will continue to deliver solid results in 2025.



Nordic Outperformance

The Nordic equity markets have shown superior performance over many years, characterized by being top notch in sustainability implementation. A consistently business friendly and innovative environment, with strong governance: The Nordics provide a great setting for value creation.

Pareto Track Record

The fund's lead portfolio manager has managed a Nordic mixed fund since 2012; the performance of the long equity positions from 2012 to 2020 have outperformed the Nordic Index by 5% (22.0% vs. 16.9%) p.a.

Value Creation

A concentrated portfolio of sustainability leaders and a focus on long-term capital return. The investment process is seeking companies with low financial leverage and good predictability of earnings, for a portfolio with downside protection and long-term out-performance.

Fund Key Data [Art. 8 of SFDR]

Return YTD [D EUR]	7.9%
Volatility (1 year, ann.)	12.6%
# Holdings	24
AuM [in m€]	164

Signatory of:

Bond Fund Share Classes (sample) [min. initial investment]	Pareto Nordic Cross Credit	Pareto Nordic Corporate Bond	Pareto ESG Global Corporate Bond
R / A / A EUR [1 €]	LU2200514128	LU1608101579	LU1327537681
R / A / - NOK [1 €]	LU2200513666	LU0922130215	
A / H / H EUR [1/5m €]	LU2023199552	LU1311575093	LU1199946242

Equity Fund Share Classes (sample) [min. initial Investment]	Pareto Nordic Equity D EUR [min. 5m €]	Pareto Nordic Equity D NOK [min. 50m NOK]	Pareto Nordic Equity B NOK [min. 1 share]
ISIN	LU1904797732	LU1653072915	LU1904797575



Dr. Oliver Roll
Niederlassungsleiter / Country Head

+49 69 333 983 522
+49 176 3666 5211

Oliver.Roll@paretoam.com



**Branch Germany /
Niederlassung Frankfurt**

+49 69 333 983 520

Gräfrasse 97 [Moving in August 2025]
60487 Frankfurt / Germany



Thorsten Dierich
International Business Development

+49 69 333 983 524
+49 160 813 4426

Thorsten.Dierich@paretoam.com



Ivan Mlinaric
International Business Development

+49 69 333 983 523
+49 160 817 0253

Ivan.Mlinaric@paretoam.com

Disclaimer

- This is a marketing communication, not a contractually binding document. Please refer to the prospectus of the fund and do not base any final investment decision on this communication alone. Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skills, the fund's/portfolio's risk profile, as well as fees for subscription, management and redemption. Returns may be negative as a result of negative price developments.
- Pareto Asset Management seeks to the best of its ability to ensure that all information given is correct, however, makes reservations regarding possible errors and omissions. Statements in the report may reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without prior notice. The distribution of this information may be restricted by law in certain jurisdictions and this information is not intended for distribution to any person or entity in such jurisdiction.
- This presentation should not be perceived as an offer or recommendation to buy or sell financial instruments. Pareto Asset Management does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the presentation.
- Subscription and redemption fees are not taken into account in the historical performance given for our funds, this could affect the return adversely.
- Unless otherwise stated, the performance information given does not take into account any tax that may be incumbent on the product and / or customer. The tax treatment of the funds depends on the personal circumstances of each client and can be subject to future changes.
- Expectations of future performance should not be used as a reliable indicator of future performance. Such expectations do not take into account the effects of inflation and taxes, which will have a negative impact in real terms.
- In preparing this document we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us or otherwise reviewed by us. The information contained in this document has been taken from sources deemed to be reliable. We do not represent that such information is accurate or complete and it should not be relied on as such. Any opinions expressed herein reflect our judgment at this date, all of which are accordingly subject to change. Pareto Asset Management AS accepts no liability whatsoever for any direct, indirect or consequential loss arising from the use of this document or its contents.
- Fund prospectus, KIID, annual and semi-annual reports are available here www.paretoam.com/en/fund-reports. Other information is available at www.paretoam.com/en/client-information. Financial information and information about management and control is available from <https://www.paretoam.com/clientinformation>
- Employees of Pareto Asset Management AS have holdings in the mutual fund described herein.
- The source is Pareto Asset Management unless otherwise stated. Read more about us, our products and risks associated with financial instruments on our website www.paretoam.com.