Pareto Aksje Norge D

Pareto Asset Management

This is marketing communication

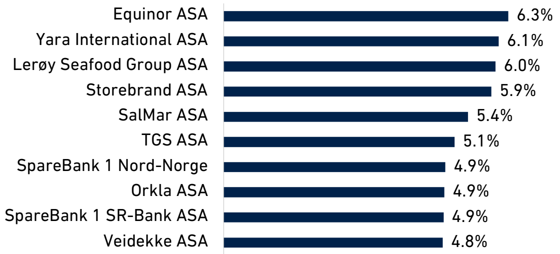
Report date: 31 March 2025

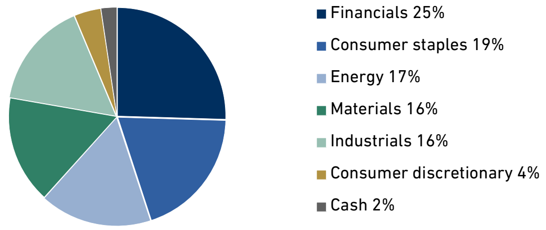
Fund: Pareto Aksje Norge	Category: equity fund	**Unit class D**	
Inception date: 6 September 2001	Legal structure: UCITS	NAV as at 31 Mar 2025: 2 825.66	Minimum investment: NOK 50 000 000
AUM: NOK 10.7 billion	Domicile: Norway	NAV currency: NOK	ISIN: NO0010740608
Benchmark: Oslo Børs Mutual Fund Index	Dealing days: all Norwegian business days	Launch date: 13 July 2015	Bloomberg ticker: PAAKNOD NO
PRIIPs KID risk score from 1 (low) to 7 (high): 4			

Norwegian equity fund focused on sectors where Norwegian companies have global competitive advantages

Investment criteria:
- Sound balance sheets
- Strong historical returns on equity
- Reasonable pricing

Top ten holdings and sector allocation





Key figures*

	Fund	Index
Accumulated returns	1350 %	717 %
Annualised returns	12.0 %	9.3 %

Risk figures*

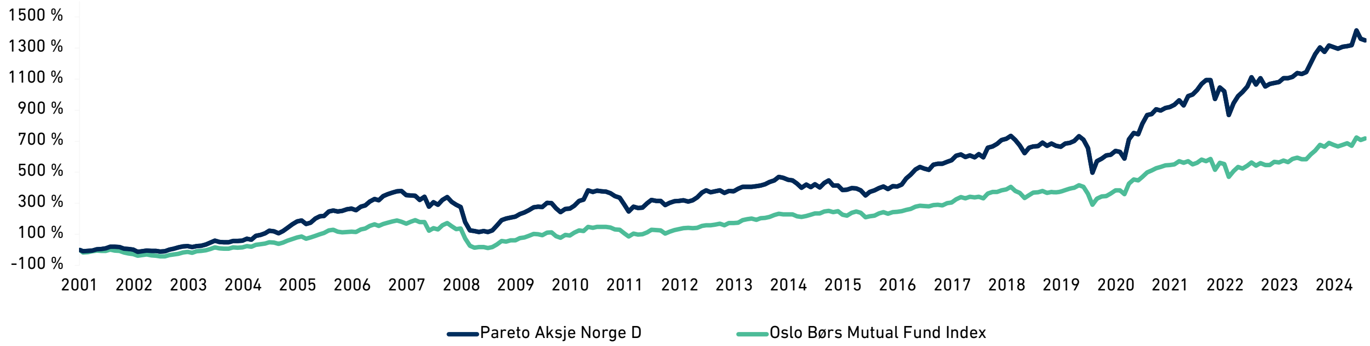
	Fund	Index
Standard deviation (annualised)	18.6%	20.0%
Tracking error (annualised)	8.5%	n.a.
Information ratio	0.3	n.a.
Sharpe ratio (SOL1X)**	0.6	0.43
Beta	0.8	n.a.

**ST1X was used until 29.01.21

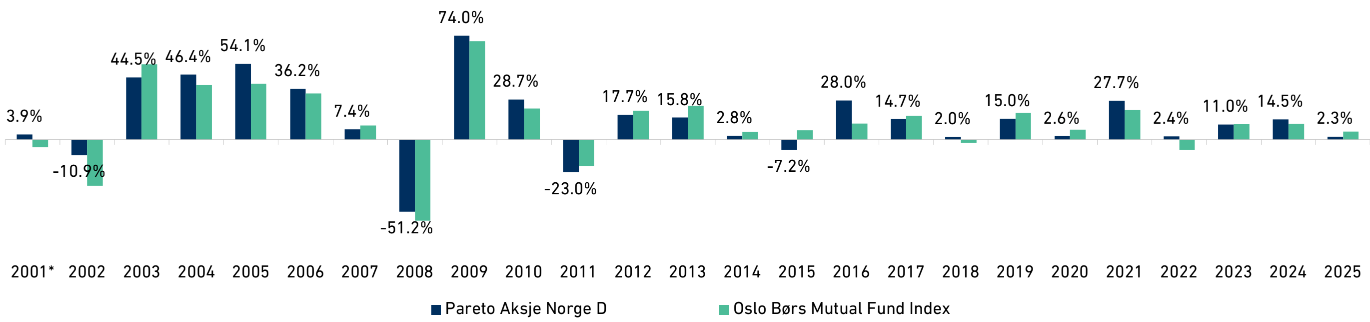
Performance by periods

	Fund	Index
Last month	-0.6%	1.3%
Year to date	2.3%	6.0%
Last 12 months	11.3%	14.3%
Three years (annualised)	7.4%	6.3%
Five years (annualised)	19.4%	15.9%
Ten years (annualised)	11.2%	9.3%
Since inception* (annualised)	12.0%	9.3%

Performance history*



Annual returns*



The Fund is exposed to the following materially risks: liquidity risk, operational risk and sustainability risk. Please refer to the Fund's prospectus for further information about the fund's risk exposure. The Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. The decision to invest in the Fund should take into account all the characteristics or objectives of the Fund as described in its prospectus. Further information about the sustainability-related aspects of the Fund is available in the SFDR pre-contractual disclosures in the Fund's prospectus and the SFDR website disclosure available on https://paretoam.com/en/our-funds/.

*Reporting start date: 06.09.2001. Simulated returns from 06.09.2001–13.07.2015 are based on historical returns for unit class I, adjusted for management fees for unit class D. Simulated returns and risk figures are provided for illustrative purposes only. All figures are based on internationally recognised standards for publishing performance data. Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on, market developments, the portfolio manager's skill, the fund's risk profile, as well as fees for subscription, management and redemption. Returns may become negative as a result of negative price developments. The performance data do not take account of the fees incurred on subscription and redemption of units/shares.

Pareto Aksje Norge

Portfolio management team

Einar Løvoll
Portfolio Manager

Besim Zekiri
Portfolio Manager

Eirik Andresen
Portfolio Manager

March was a relatively flat month for the portfolio, albeit somewhat volatile, largely driven by new initiatives from the US President Donald Trump. Another day, another tariff announcement. We repeat the message from our previous report – we are confident that those of our companies affected by this will manage the situation well.

Our savings banks have stood out in a positive sense this year. Recent inflation figures came in somewhat above expectations and Norges Bank chose to postpone the planned interest rate cut. They are now outlining two cuts in 2025. This will maintain today's attractive net interest income for longer, which contributed to good bank returns in March.

In addition to savings banks, we have Storebrand as a heavyweight in the portfolio. The share was dealt a blow after the fourth quarter figures, where the insurance business in particular disappointed. According to management, it was extraordinarily high claims in Group Life that drove the segment into negative territory. The share has since recovered well and the market has probably recognised that you cannot extrapolate weak insurance results into eternity, given the broad improvement we are seeing in the industry. The company expects a claims and expense ratio measured against insurance premiums of 90-92 per cent this year, down from 100 per cent last year.

Another company that has held up well this year is Orkla. Although the fourth quarter figures were not extraordinarily good, the share price rose sharply on the reporting day. This was due to rumours about the value of a possible IPO of Orkla India, which is likely to be the next step in Orkla's streamlining strategy. The Indian press speculated on a value of $1.4 billion for the Indian assets, which was well above market expectations.

Elopak has had a tough start to the year, particularly driven by Trump's announcement of tariffs against neighbouring Canada and Mexico. While a 25 per cent tariff seems dramatic, less than 20 per cent of Elopak's revenue is affected. Furthermore, there are clauses in the contracts that transfer this burden to customers. Although the tariffs have contributed to increased uncertainty, there are major investment needs for customers if they want to move away from Elopak's cartons, and given the tight market in the US, we do not see a major risk of this. New capacity in Arkansas, which will be coming on stream shortly, is not affected by tariffs.

Dividends to be paid this year have largely been announced. With the current pricing we are looking at a dividend yield of around 5.5 per cent in the portfolio, which is a nice basis for returns. On top of this, several companies have allocated capital to buy back their own shares, which amounts to around one per cent. It's worth remembering that dividends 'only' account for about half of our companies' earnings, the rest of which will be utilised through growth initiatives. This too provides returns over time
The portfolio can be bought at 9.5 times expected earnings in the current year and 8.3 times expected earnings for next year.

Such pricing indicates an earnings yield of 10.6 and 12.1 per cent, respectively. Set against a ten-year government bond yield of just over 4.1 per cent, this means that the portfolio can be purchased with a considerable margin of safety.

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