

Report date: 29 April 2022

Fund: Pareto Global
 Inception date: 12 August 2005
 AUM: NOK 3.5 billion
 Benchmark: MSCI World, dividend adjusted
 Risk score from 1 (low) to 7 (high): 5

Category: equity fund
 Legal structure: UCITS
 Domicile: Norway
 Dealing days: all Norwegian business days

Unit class A
 NAV as at 29 Apr 2022: 3 634.74
 NAV currency: NOK
 Launch date: 12 August 2005

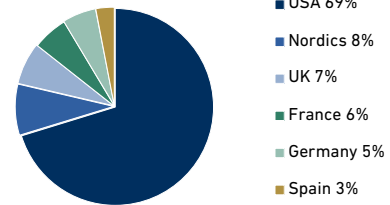
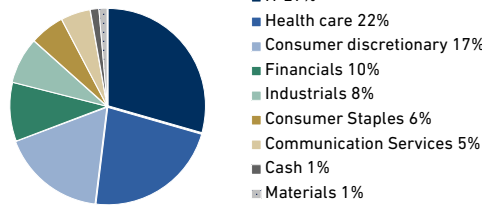
Minimum investment: NOK 500
 ISIN: N00010279979
 Bloomberg ticker: PAAKTLG NO

Global equity fund that invests in companies with a solid market position and stable strong earnings ability.

- Investment criteria:
- High returns on equity
 - Strong balance sheets
 - Stable earnings power

Top ten holdings, sector allocation and geographical distribution

Microsoft Corp	7.3%
Centene Corp	6.0%
Boston Scientific Corp	5.4%
Visa Inc	4.9%
Alphabet Inc	4.9%
FIS	4.2%
Labcorp	4.2%
Anthem Inc	4.2%
SAP SE	4.0%
Otis Worldwide Corp	3.9%



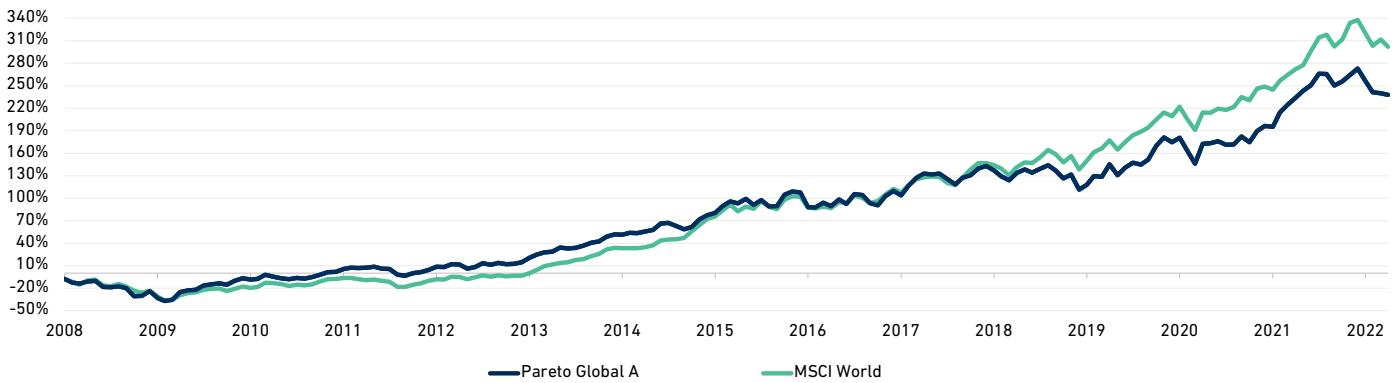
Key figures since inception*

Risk figures since inception*

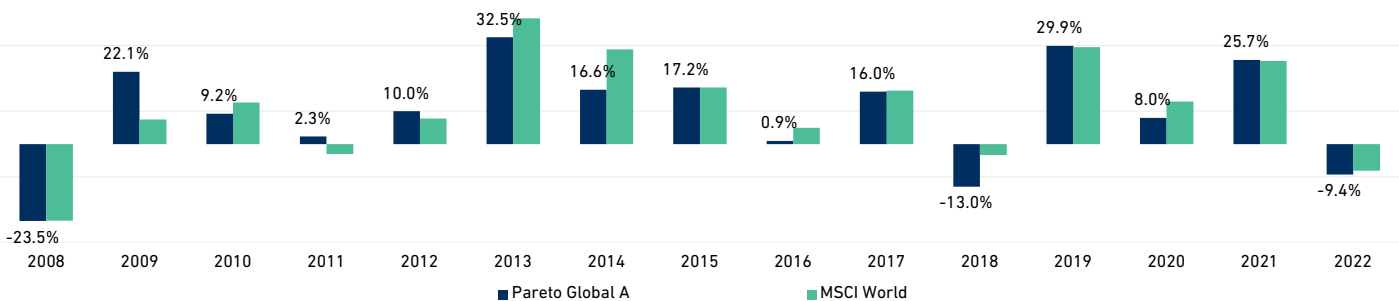
Performance by periods

	Fund	Index		Fund	Index		Fund	Index
Accumulated returns	238 %	302 %	Standard deviation (annualised)	14.0%	12.0%	Last month	-0.6%	-2.3%
Annualised returns	8.9 %	10.2 %	Tracking error (annualised)	6.1%	n.a.	Year to date	-9.4%	-8.1%
			Information ratio	-0.2	n.a.	Last 12 months	1.2%	8.1%
			Beta	1.1	n.a.	Three years (annualised)	11.3%	13.2%
						Five years (annualised)	7.7%	12.0%
						Ten years (annualised)	11.7%	15.5%
						Since inception* (annualised)	8.9%	10.2%

Performance history*



Annual returns*



*Returns with current management team from 31.12.2007. 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 Asset Management seeks to the best of its ability to ensure that all information given in this report 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 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. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. This is a marketing communication. This is 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. Pareto Asset Management does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report.

Monthly commentary - April 2022

By Andreas Sørbye and Andreas Kamvissis

As in March, Pareto Global also had a flat development in April. So far, 18 of our 28 portfolio companies have submitted their reports for Q1. Even with a weak backdrop of war, inflation and rising interest rates, 15 of the reports were as expected or better. The main contributors this month were the hygiene and paper towels manufacturer **Essity**, the health insurance company **Anthem**, and **Boston Scientific**, which produces medical equipment. Those who pulled the most down were the internet company **Alphabet**, the insurance company **Prudential** and the consulting company **AFRY**.

Kering and Adobe were new companies in the portfolio, while **Reckitt** was sold. As for Reckitt, it has become increasingly clear that it is difficult to grow in the product categories in which they operate. As the price level in relation to private labels is already significantly higher, this will limit the possibility of raising prices in line with cost inflation on input factors.

Kering is a globally leading luxury company with brand names such as Gucci, YSL, Bottega Veneta, Balenciaga, Alexander McQueen and Boucheron. The most important product categories are clothing, leather, shoes, jewelry and glasses. The company is family-run, and the family still owns 42 per cent of the shares. They operate more than 1,500 stores directly, half of which are in emerging countries such as China, Southeast Asia and Latin America. For the past 15 years, the company has undergone a transformation in which it has divested retail and non-luxury brands. Gucci has developed into the leading brand in leather and has had a growth rate twice as high as its competitors. The billion-euro brands YSL and Balenciaga have been built from scratch.

Financially, the company has the qualities we are looking for, such as stable growth, low investment needs and high free cash flow. Return on equity is over 25 per cent. The company is debt free. Kering has worked actively with sustainability since they established their first ethical guidelines in 1996. As a counterweight to fast fashion, they focus on accumulated emissions over the life cycle of products and place high social and environmental demands on their entire supply chain.

Adobe develops software for creative professions. In photo and video editing, Photoshop, Illustrator and Premiere Pro have become industry standards. Acrobat with the well-known "pdf" format is used for document management. For website and e-commerce development, they offer a number of solutions. Artificial intelligence is used to create customer profiles so that the internet pages are adapted to each individual customer. This contributes to increased customer satisfaction and increased sales.

Adobe has a large customer base with high costs associated with a change to an alternative. The company is a leader in new functionality, which is very labour-saving for users. Just think of how long it takes to edit a feature film full of special effects. Integration between the company's various software packages and towards third parties is also an important competitive advantage. The willingness to pay for the software is high, as it constitutes an almost insignificant part of the total cost, while being absolutely decisive for the end result.

The valuation of some IT companies has come well down this year. Adobe is no exception. The share price has fallen from around 700 dollars in November to 400 now, whereupon we took the opportunity to buy this very well-run company. We expect revenues to grow in double digits in the future with industry-leading profitability and high free cash flow. Revenue stability is high, as the company has moved away from one-time payment for the software licenses, in favour of a subscription model with monthly payments.

Portfolio management team: Andreas Sørbye and Andreas Kamvissis