

**Report date: 28 April 2023**

Fund: Pareto Nordic Alpha  
Umbrella fund: Pareto SICAV  
Inception date: 23 June 2017  
AUM: NOK 155 million  
Benchmark: n.a.  
Risk score from 1 (low) to 7 (high): 7

Category: long/short fund  
Legal structure: UCITS  
Dealing days: all coinciding banking days in Norway, Sweden and Luxembourg

Domicile: Luxembourg  
Management company: FundRock Management Comp. S.A.  
Investment manager: Pareto Asset Management AS  
Custodian: Skandinaviska Enskilda Banken AB (publ) Luxembourg Branch

**Share class A**

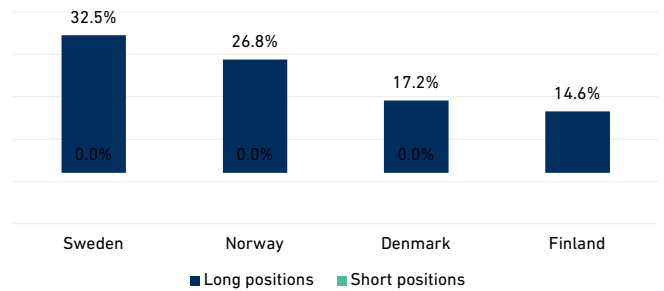
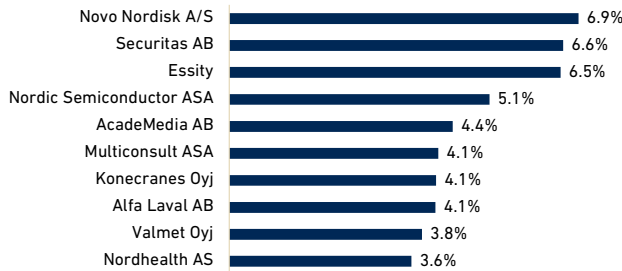
Launch date: 23 June 2017  
NAV as at 28 April 2023: 217.56  
NAV currency: NOK  
Minimum investment: n.a.  
ISIN: LU1471696044  
Bloomberg ticker: PNRDAAN LX

Flexible fund investing in Nordic shares, through a variable equity exposure and with access to short sales

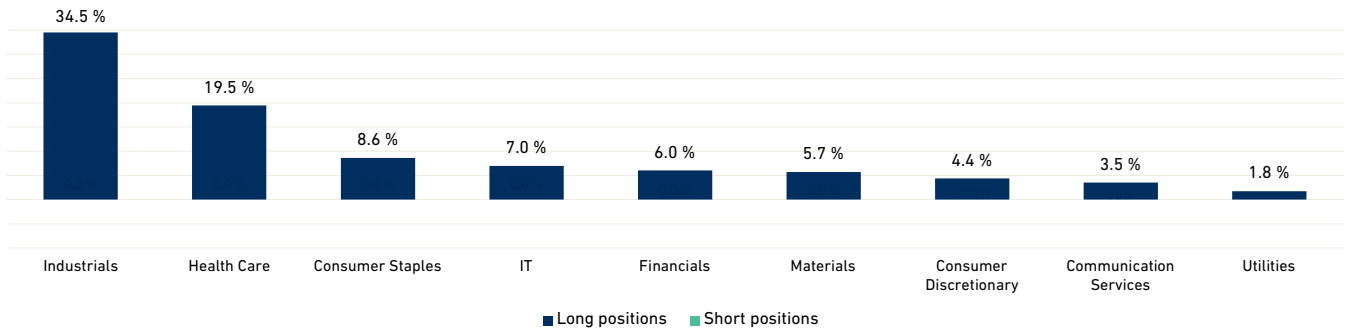
**Investment criteria:**

- Good growth and cash flow
- Strong capital return and balance sheet
- Attractive valuation

**Top ten holdings and geographical distribution**



**Sector allocation**



**Key figures since inception\***

	Fund HFRUEH*	SOL1X
Accumulated returns	117.6%	105.0%
Annualised returns	7.7%	7.1%
Best month	6.6%	6.1%
Weakest month	-5.6%	-5.5%
Positive months	82	78
Negative months	44	48

**Risk figures since inception\***

	Fund	HFRUEH	SOL1X
Standard dev (ann.)	8.0%	7.1%	0.2%
Sharpe ratio (SOL1X)**	0.9	0.9	n.a

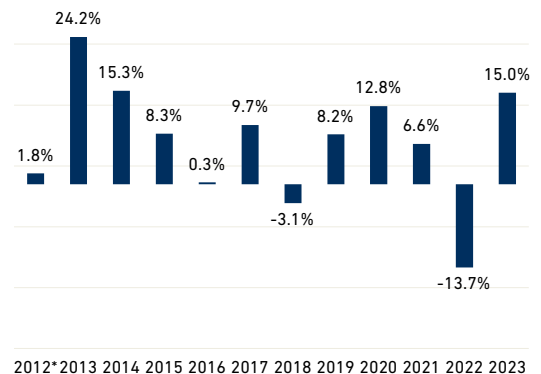
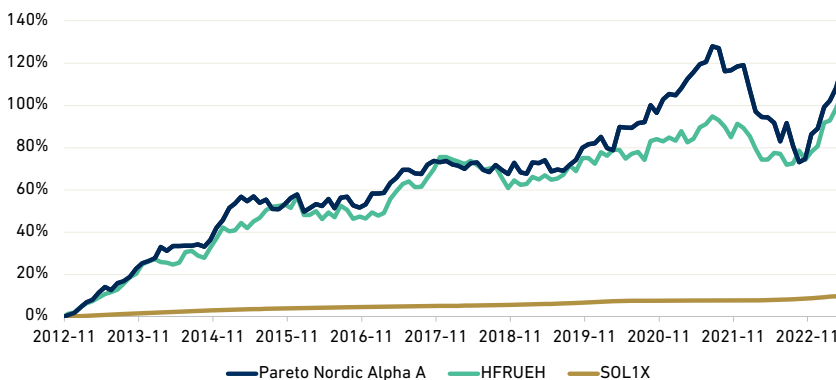
\*\*ST1X was used until 29.01.21

**Performance by periods**

	Fund	HFRUEH	SOL1X
Last month	4.5%	3.3%	0.2%
Year to date	15.0%	13.4%	0.9%
Last 12 months	12.0%	17.6%	1.9%
Two years (annualised)	0.4%	5.5%	1.1%
Three years (annualised)	4.7%	4.6%	0.8%
Five years (annualised)	4.7%	3.4%	0.9%
Since inception* (annualised)	7.7%	7.1%	0.9%

\*HFRUEH: HFRU Equity Hedge Index (global long/short UCITS index), ST1X: Norway Government Bond 0.25 y

**Performance history\***



\*Reporting start date: 12.11.2012. Returns from 12.11.2012–23.06.2017 are based on the historical performance of Pareto Nordic UCITS - Pareto Nordic Alpha. The funds were merged as at 23.06.2017, where Pareto SICAV-Pareto Nordic Alpha was the receiving fund. 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.

Fund prospectus, KIID, annual and semi-annual report are available at fundinfo.fundrock.com/Pareto. The representative in Switzerland is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich. The paying agent in Switzerland is NPB Neue Private Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The relevant documents such as the prospectus, the key investor information document (KIIDs), the statutes or the fund contract as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

## Monthly commentary - April 2023

By Christian Nygaard and Ole Jørgen Grøneng Nilsen

April was a good month for the fund, characterised by encouraging news flows from a vast majority of our portfolio companies. A third of the companies in our portfolio have already presented their first quarter results. We are happy to note that the good growth levels observed in 2022 have so far been well exceeded. Median organic revenue growth accelerated from 9 per cent in the fourth quarter of 2022 to 16 per cent year-on-year in the first quarter of 2023. The corresponding numbers for operating profit are 12 per cent and 30 per cent. That is truly impressive, although we should see lower growth from the companies yet to report. Valmet, Alfa Laval, ABB, Konecranes and Afry stand out and have been rewarded with higher share prices.

Deutsche Börse offered to buy our Danish financial software maker SimCorp for about €3.9 billion to expand its data and analytics business. The German exchange offered 735 Danish kroner a share in cash – recommended by the board of directors and representing a full 45 per cent premium over the three-month average price. Our position was built over the last few months at an average purchase price of around 500 Danish kroner. We believe the intrinsic value is even higher than the current offer price and would not be surprised if other suitors emerge.

Nykode, the Oslo-based biopharmaceutical platform company, presented final results from its phase 2 trial in patients with advanced stage HPV16-positive cervical cancer. The results show durable anti-tumour activity, a strong safety profile and superior outcomes versus all currently approved drugs. The data confirms best-in-disease potential and adds confidence in the potentially registrational trial, expected to be initiated late this year, and in the platform generally.

Nordic Semiconductor was the loser of the month after warning that revenue growth in 2023 will be hampered by declining demand, which suddenly became apparent during March. The healthcare and industry segments grow well, but the consumer electronics segment is weak due to falling demand from consumers and inventory corrections between Nordic Semiconductor and the manufacturers of finished products. This double whammy will turn into rapid growth, but nobody knows when. What we do know is that the current share price discounts too much on the downside. With R&D costs of USD 160 million last year, 21 per cent of sales, the company's technological lead in accommodating the internet of things is advancing further.

In April we became shareholders of ALK-Abelló, a Danish specialty pharmaceutical company focused on allergy immunotherapy treatments. We took the opportunity after their preliminary first quarter figures sent the share down 25 per cent. While headline numbers were in line, the product mix disappointed as tablet sales, representing half of total sales, were flat in Europe. We view this lack of growth as temporary and see several additional growth and profitability drivers ahead.

We also added Novozymes, the Danish world leader in biosolutions and enzymes, to the portfolio. The share price is down 20 per cent after the announcement of the proposed combination with microbial solutions leader Chr Hansen. We believe the combined biosolutions powerhouse will have strong prospects for stepping up growth and value creation, and the current below average valuation multiples represent an attractive entry point.

The new positions were partially financed by an exit in Royal Unibrew, which performed strongly after our purchase in December.

**Portfolio management team:** Christian Nygaard and Ole Jørgen Grøneng Nilsen