

Report date: 29 April 2022

Fund: Pareto Nordic Alpha
Umbrella fund: Pareto SICAV
Inception date: 23 June 2017
AUM: NOK 491 million
Benchmark: n.a.

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 B

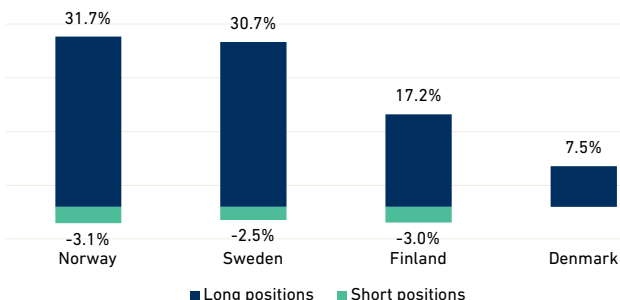
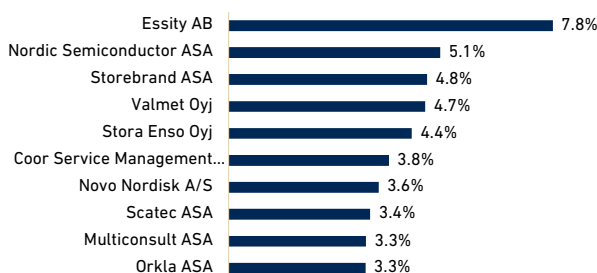
Launch date: 23 June 2017
NAV as at 29 April 2022: 200.45
NAV currency: NOK
Minimum investment: 10 000 000
ISIN: LU1471697281
Bloomberg ticker: PNRDABN LX

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

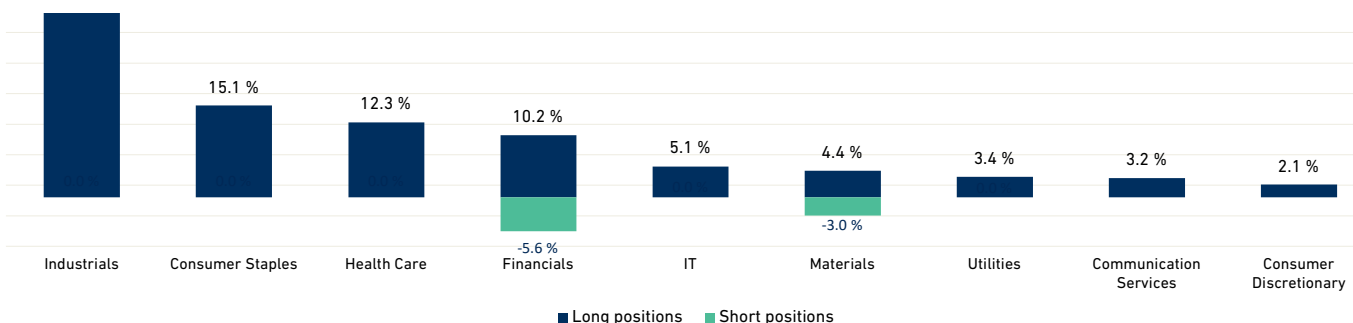
Investment criteria:

- 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	100.5%	72.0%
Annualised returns	7.7%	6.0%
Best month	6.2%	5.1%
Weakest month	-5.4%	-5.5%
Positive months	74	69
Negative months	39	44

Risk figures since inception*

	Fund	HFRUEH	SOL1X
Standard dev (ann.)	7.1%	6.9%	0.2%
Sharpe ratio (SOL1X)**	1.0	0.7	n.a

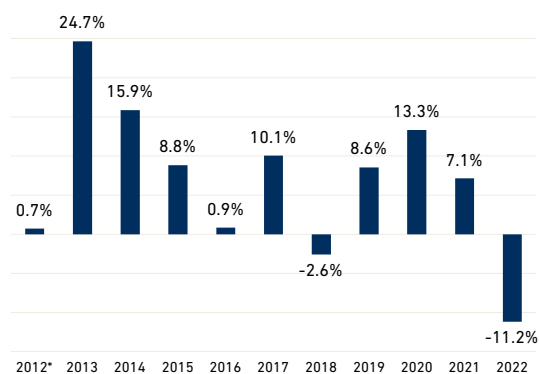
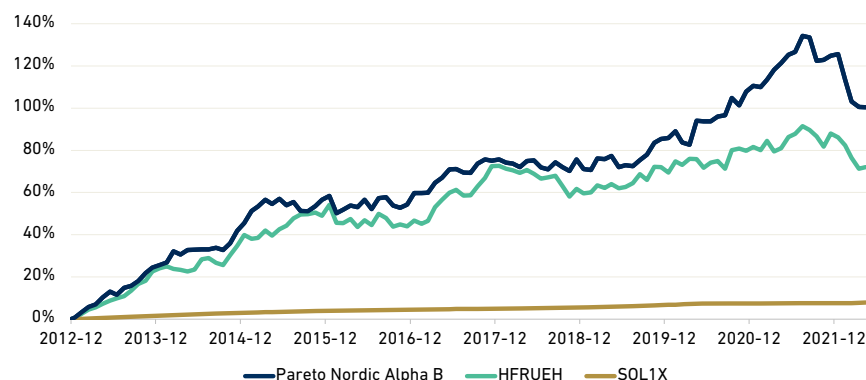
**ST1X was used until 29.01.21

Performance by periods

	Fund	HFRUEH	SOL1X
Last month	0.0%	0.4%	0.1%
Year to date	-11.2%	-7.6%	0.2%
Last 12 months	-9.4%	-5.0%	0.3%
Two years (annualised)	1.6%	-1.1%	0.2%
Three years (annualised)	4.2%	1.6%	0.6%
Five years (annualised)	3.7%	1.9%	0.6%
Since inception* (annualised)	7.7%	6.0%	0.8%

**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 2022

By Christian Nygaard and Ole Jørgen Grøneng Nilsen

The fund was virtually flat in April, slightly better than the broader Nordic equity market. The focus of the month was directed towards the companies' reports for the first quarter. About half of the companies in the portfolio have reported. The general observation is revenues and profits continue to grow. The most striking element is, however, very strong order intake growth (for those companies where this measure is relevant). We ascribe most of this growth to hoarding behaviour. Customers accelerate purchases in advance of price hikes, which are abnormally large and frequent, and to secure delivery in time. We believe this effect will backfire during the year and, obviously, avoid companies which have been rewarded excessively for delivering order intake growth.

The winner of the month was **Essity**. The share price of this hygiene and health products company has been under heavy pressure this year as meaningful and persistent input cost inflation has taken its toll on margins. Management has been determined to implement price hikes to fully compensate for higher costs, but the time lag between higher prices in versus out has made the investment community skeptical to the company's pricing power.

But the skeptics were proven wrong. Essity came back with a vengeance in the first quarter and exceeded the market's operating profit estimate by some 20 per cent. Price hikes and volume growth contributed in equal parts to the impressive 15 per cent organic revenue growth. We have added to our large position throughout this challenging period, as we have observed Essity managing these cycles successfully in the past. Our patience was finally rewarded in April, and we believe the rerating is just getting started. Topline momentum and margin recovery are set to be strong, and multiples are still well below peers.

The runner-up was **Coor**, the pan-Nordic facilities services company. The company delivered a good first quarter report, and the share price has been supported by the stability of revenues and profits and much less uncertainty related to sourcing of input components, which is restricting most parts of the economy these days.

Nykode, a promising clinical-stage biopharmaceutical company, was the biggest loser in the fund in April. With limited revenues and negative profits for still some years to come, the company is an obvious prey in an increasingly skeptical stock market where high multiple companies are slaughtered.

Nordic Semiconductor was the second-weakest link in the portfolio and victim to the same dynamics as Nykode. This company has been frequently discussed among other winners in our monthly reports over many years. Revenues grew by 50 per cent in 2021 and without limited supply of wafers we believe they could have matched that level also this year. Instead, revenue growth now seems to end up in the 30 to 40 per cent range. We added to our position around the lowest point in the middle of the month and have already been well rewarded as the strong first quarter report, released at the end of April, boosted the share price by ten per cent.

Portfolio management team: Christian Nygaard and Ole Jørgen Grøneng Nilsen