

Report date: 29 July 2022

Fund: Pareto Nordic Equity
Umbrella fund: Pareto SICAV
Inception date: 31 October 2018
AUM: NOK 1064 million
Benchmark: VINX Nordic Equity Index
Risk score from 1 (low) to 7 (high): 5

Category: equity 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

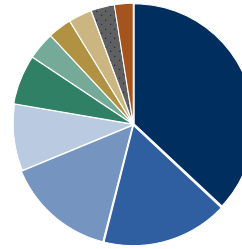
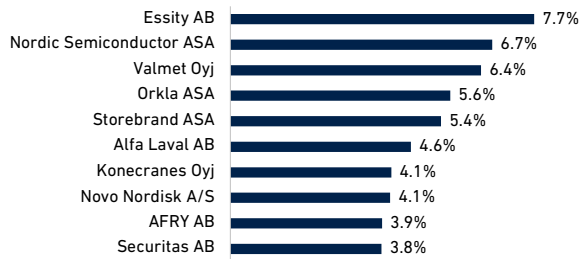
Launch date: 20 November 2018
NAV as at 29 Jul 2022: 127.33
NAV currency: EUR
Minimum investment: n.a.
ISIN: LU1904797575
Bloomberg ticker: PANEQBE LX

Nordic equity fund with quality bias and high active share on both company and industry level

Investment criteria:

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

Top ten holdings and sector allocation



Key figures since inception

	Fund	Index
Accumulated returns	27.3%	63.6%
Annualised returns	6.8%	14.3%
Best month	18.8%	12.4%
Weakest month	-26.1%	-14.7%
Positive months	26	31
Negative months	19	14

Risk figures since inception

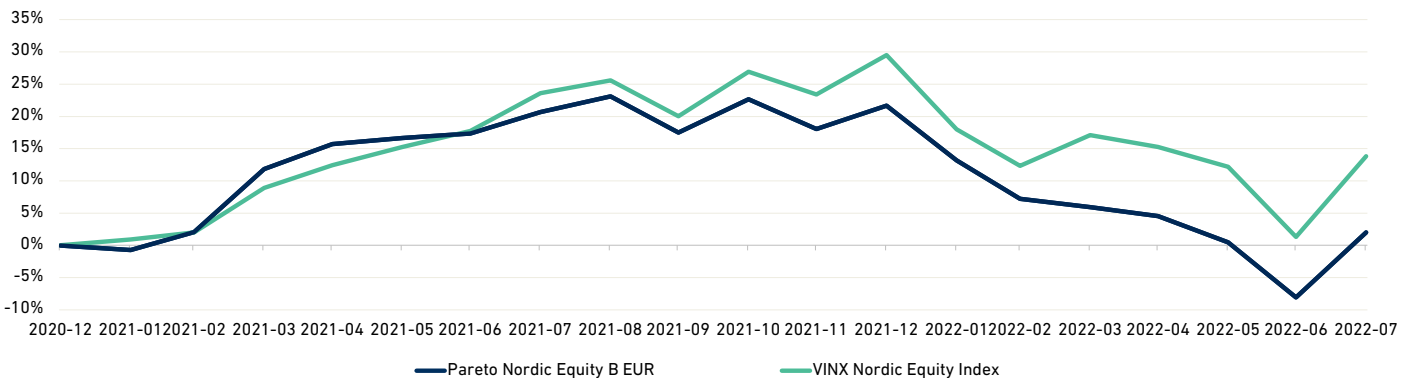
	Fund	Index
Standard deviation (annualised)	24.8%	18.1%
Tracking error (annualised)	11.1%	n.a.
Information ratio	-0.7	n.a.
Sharpe ratio (SOL1X)**	0.3	0.8

**ST1X was used until 29.01.21

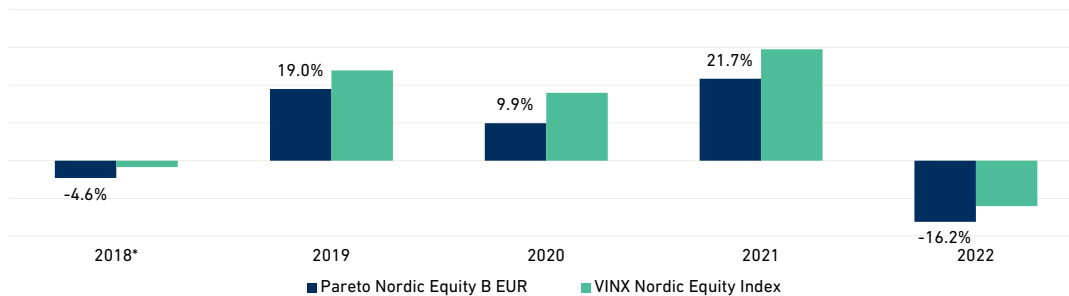
Performance by periods

	Fund	Index
Last month	11.0%	12.4%
Year to date	-16.2%	-12.1%
Last 12 months	-15.5%	-7.9%
Since inception (annualised)	6.8%	14.3%
Since new management team (01.01.21)	2.0 %	13.9 %

Performance history of current management team (since 1 Jan 2021)



Annual returns



*From launch of the share class. 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 - July 2022

By Christian Nygaard and Ole Jørgen Grøneng Nilsen

July ended with the funds' net value at a higher level. As we discussed last month, the market's fear of higher interest rates culminated in June. Now an important issue is whether we will see a severe economic recession as a result of high inflation and the increased interest rates. We believe lower volumes for some industries are unavoidable, but whether that will lead to a recession is less certain.

Our focus during July has been directed towards the second quarter reports from quite a few of the Nordic companies that we follow. The main take-aways are positive. A common denominator is good revenue growth and order intake. Higher costs cancel out the revenue growth for some, but most companies report higher profits compared to the same quarter last year.

Regarding important issues for the future, we typically hear from top management in companies in industrial segments that "we still do not see any weakness in demand, but we are preparing the organisation for it" and "the challenges to sourcing and logistics peaked in the second quarter and will gradually improve during the year". These are quite positive statements.

On the other hand, companies selling discretionary consumer products have a tougher market situation. Several are now starting to downgrade volume expectations. The market has sent the share price of many of those down by half, and we believe that when management finally warns about weaker demand, we do expect some attractive entry points to emerge. We currently have very limited exposure to this category of companies.

Obviously, any new portfolio company will have to meet our other investment criteria apart from valuation: long term credible revenue growth, strong capital returns and wise capital allocation, active owners and products that contribute to solving global challenges.

Portfolio management team: Christian Nygaard and Ole Jørgen Grøneng Nilsen