

Report date: 30 September 2021

Fund: Pareto Nordic Equity
Umbrella fund: Pareto SICAV
Inception date: 31 October 2018
AUM: NOK 961 million
Benchmark: VINX Nordic Equity Index

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

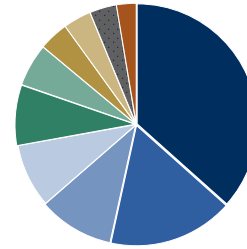
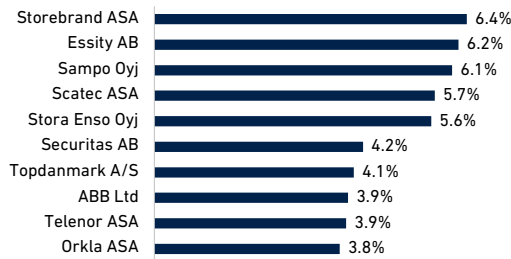
Share class D
Launch date: 31 October 2018
NAV as at 30 Sep 2021: 1 531.86
NAV currency: NOK
Minimum investment: 50 000 000
ISIN: LU1653072915
Bloomberg ticker: PANEQDN LX

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



Industrials	36%
Financials	16%
Consumer Staples	10%
Utilities	8%
Health Care	8%
Materials	6%
Communication Services	6%
IT	4%
Consumer Discretionary	4%
Cash	3%

Key figures since inception

	Fund	Index
Accumulated returns	53.2%	75.9%
Annualised returns	15.7%	21.4%
Best month	13.1%	7.8%
Weakest month	-18.1%	-5.8%
Positive months	26	26
Negative months	9	9

Risk figures since inception

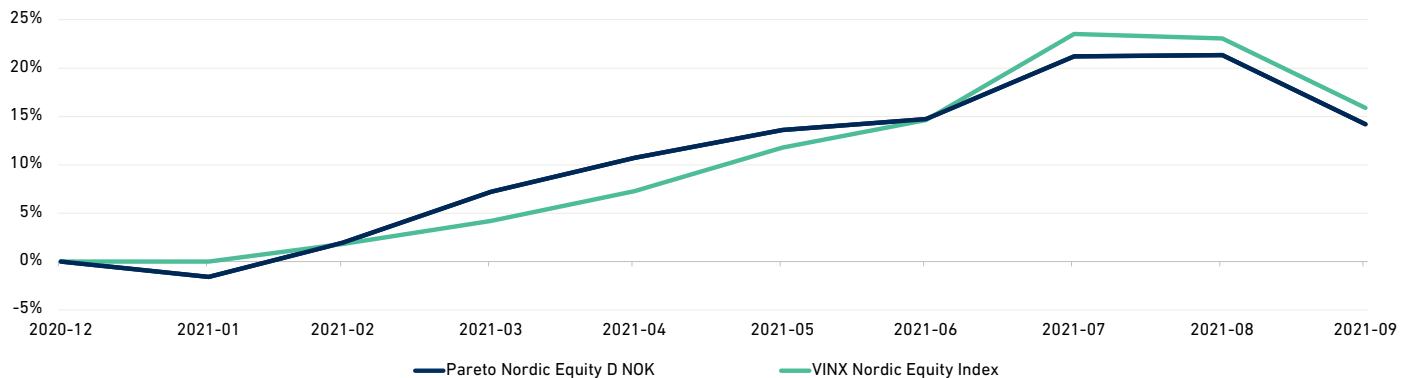
	Fund	Index
Standard deviation (annualised)	19.0%	11.3%
Tracking error (annualised)	13.1%	n.a.
Information ratio	-0.4	n.a.
Sharpe ratio (SOL1X)**	0.8	1.8

**ST1X was used until 29.01.21

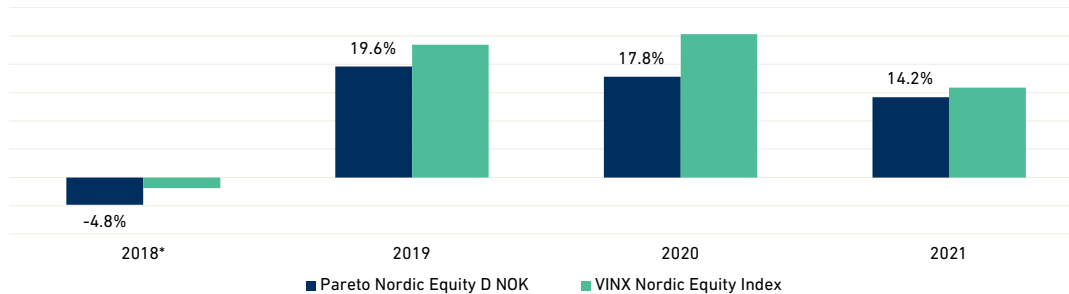
Performance by periods

	Fund	Index
Last month	-5.9%	-5.8%
Year to date	14.2%	15.9%
Last 12 months	31.9%	20.6%
Since inception (annualised)	15.7%	21.4%
Since new management team (01.01.21)	14.2%	15.9%

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 an advertising document. 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 – September 2021

By Christian Nygaard and Ole Jørgen Grøneng Nilsen

September was a weak month for the Nordic market, and the fund performed in line. Higher global interest rates, rising uncertainty about the Chinese real estate market and a flurry of news about congested supply chains may all contribute to weaker profit growth for Nordic companies.

The best contributors to the fund in September were Storebrand, benefitting from higher interest rates, and Fortum, on the back of electricity prices hitting levels not seen since 2010.

Nordhealth, a leading Practice Management Software (PMS) company in the veterinary and therapy niches, contributed positively in September after delivering a solid first report after the IPO. The company grew recurring revenue by 124 per cent year-over-year in the first half, mainly driven by the acquisition of the Norwegian company Aspit. The organic growth of 36 per cent was driven equally by net upselling to existing customers and new customer recruitments.

The software provider is targeting close to EUR 25 million of annual recurring revenue at year end. We are excited about the value creation opportunity in capturing the shift from legacy on-premise or hosted PMS to cloud-based PMS through a combination of M&A and organic growth.

Stora Enso, the Finnish forestry company, together with **Academedia**, the private education group based in Sweden, had the most negative impact on the return in September.

Stora Enso is on the right track in terms of capital allocation and operations but is suffering from weak pulp prices in China. The country accounts for two thirds of the global pulp demand growth and imports most of the necessary volumes. Troubled logistics, which is impacting companies across the world, has reduced Chinese exports of paper and packaging board, leading to a temporary halt in pulp purchases.

We remain optimistic about the company's future. Its € 150 million annual research and development budget is starting to materialise in tangible products. They recently presented ambitious plans to replace polluting graphite in battery anodes with carbon from lignin, a by-product in the pulp process. Apart from boosting capital return and profits for the company, this environmentally friendly product also contributes to better battery performance than current products do.

Since buying **Academedia**, we have been aware of the political risk from left-leaning parties working to ban profits for private education providers. This month, the Swedish minority government's Minister for Education said that her party's board will propose to a congress later this year that the Social Democrats implement a profit cap for private education companies. Thereby, this issue may become central in the 2022 parliamentary election. Currently, about 60 per cent of the delegates are against such a cap.

Close to 20 per cent of Swedish pupils attend private schools with public grants, slightly higher than the OECD average. The value of the company is in our view highly attractive assuming no such cap, but we will continuously monitor the share price against polls leading up to next year's elections.

Portfolio management team: Christian Nygaard and Ole Jørgen Grøneng Nilsen