

Report date: 30 September 2021

Fund: Pareto Nordic Omega
Inception date: 2 December 2005
AUM: NOK 245 million
Benchmark: n.a.

Category: long/short fund
Structure: QIAIF
Domicile: Ireland
Dealing days: monthly

Investment manager (AIFM): Pareto Asset Management AS
Administrator: SMT Fund Services (Ireland) Ltd.
Custodian: SMT Trustees (Ireland) Ltd.

Unit class I

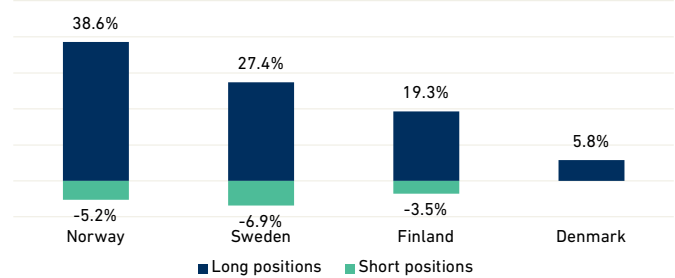
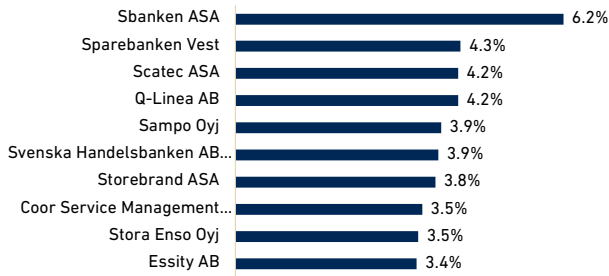
Launch date: 31 May 2018
NAV as at 30 September 2021: 136.63
NAV currency: NOK
Minimum investment: 20 000 NOK
ISIN: IE00BFMCJZ69

Flexible long/short fund with Nordic equities and variable net exposure.
Higher share in small cap companies

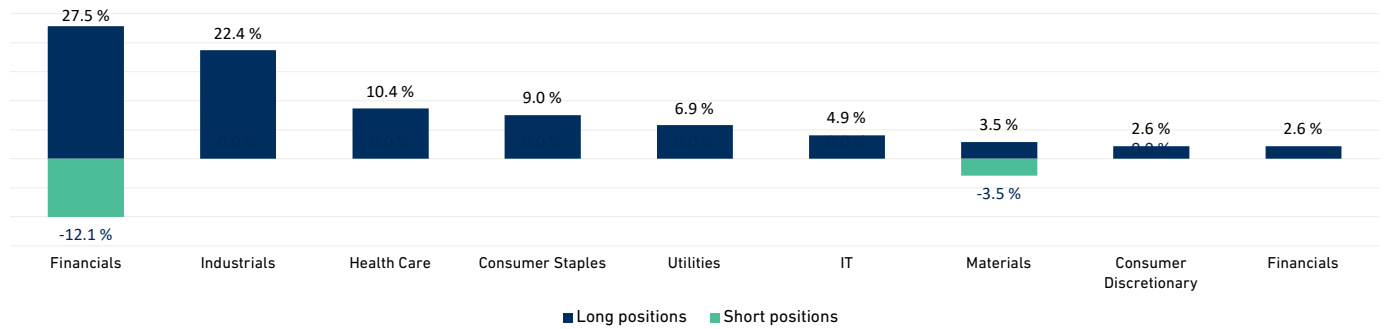
Investment criteria:

- 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
Accumulated returns	36.6%
Annualised returns	9.8%
Best month	7.0%
Weakest month	-6.5%
Positive months	26
Negative months	14

Risk figures since inception

	Fund
Standard deviation (annualised)	8.7%
Sharpe ratio (SOL1X)**	1.0

**ST1X was used until 29.01.21

Performance by periods

	Fund
Last month	-3.9%
Year to date	6.0%
Last 12 months	12.5%
Three years (annualised)	11.1%
Five years (annualised)	n.a.
Ten years (annualised)	n.a.
Since inception (annualised)	9.8%

Performance history in per cent

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2021	-1.33	1.82	2.97	1.72	1.83	-0.60	3.85	-0.26	-3.90				6.0
2020	2.96	-0.70	-6.47	7.04	1.84	1.47	2.79	-0.05	4.27	-0.77	5.12	1.70	20.2
2019	0.15	3.46	0.48	0.68	-2.53	0.54	-1.73	1.44	2.11	2.15	1.53	1.40	10.0
2018						-1.67	1.31	1.23	-1.08	-2.59	2.52	-2.13	-2.5

Pareto Nordic Omega is a sub-fund of Pareto plc. Pareto plc is an investment company according to Irish legislation and consists of sub-funds with segregated liability. The fund is an Irish Qualifying Investor Alternative Investment Fund. The fund is regulated by the Central Bank of Ireland. Any information about Pareto Nordic Omega in this presentation must be read in conjunction with the prospectus for Pareto Nordic Omega and the fund's latest annual report. Information about risk is included in the first document. The prospectus also regulates the alternative investment fund. The fund can only be marketed to Qualifying Investors, as described in the prospectus page 11. 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.

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