

# Prospectus Pareto Nordic Return Verdipapirfond

## 1. Information about the management company

Company: Pareto Asset Management AS "Pareto Asset Management"  
Registered address: Dronning Mauds gate 3, 0250 Oslo, Norway  
Postal address: P.O. Box 1810 Vika, NO-0123 Oslo.  
Organisation number: 977 287 677

### Date of incorporation

The company was incorporated at 12.02.1997.  
The company was granted licence as management company 30.09.2003.

### Subscribed capital

Pareto Asset Management's subscribed capital is NOK 15 466 080 (fully paid-up).

### Securities funds managed by Pareto Asset Management

The company manages several collective investment schemes (CIS). For further information about other CIS managed by the company, please visit the company's website [www.paretoam.com](http://www.paretoam.com).

### Ownership

The company's owners with more than 10 per cent ownership: Pareto AS with 87 per cent.

### Chairman of the board

- Lasse Ruud  
Pilestredet 98 C, 0358 Oslo

### Board of Directors

#### Elected by the shareholders

- Erik Bartnes  
Slyngveien 10, 0376 Oslo
- Svein Støle (Owner Pareto AS)  
Bützenweg 20, CH-6300 Zug, Switzerland

#### Elected by the unit-holders

- Christopher M. Bjerke  
Båttstjørdet 67, 1367 Høvik
- Liv Monica Stubholt  
Guribakken 2, 1470 Lørenskog

### Deputy board members

#### Elected by the shareholders

- Anders Haugan (Sales, Pareto Asset Management)  
Solveien 138 B, 1167 Oslo
- Finn Øystein Berg (Chief Economist & Strategist, Pareto Asset Management)  
Nordraaks gate 10, 0260 Oslo

#### Elected by the unit-holders

- Lars Irgens, Trosterudveien 36 A, 0778 Oslo

Total directors' remuneration was NOK 450,000 for 2017.

### Key Company staff

Eric von Koss Torkildsen (CEO, Pareto Asset Management)  
Jensmessveien 13 B, 0376 Oslo  
The CEO receives a fixed salary of NOK 1,200,000 and in addition a performance based compensation.

### Auditor

Deloitte AS, Dronning Eufemias gate 14, 0191 Oslo.

### Other information

Pareto Asset Management has entered into an outsourcing agreement with Pareto Securities AS. The outsourced services consist of ICT services.

## 2. Information about the securities fund

Fund: Pareto Nordic Return  
Organisation number: 942 643 896  
Date of incorporation: 18.02.1987

### Auditor

Deloitte AS, Dronning Eufemias gate 14, 0191 Oslo.

### Custodian

Company: DNB Bank ASA  
Registered address: Dronning Eufemias gate 30, 0191, Oslo.  
Company structure: Public Company  
Organisation number: 984 851 006.  
Major type of business: Banking.

### Fees

#### Classes of units and management fee

Unit class	Subscription fee*	Redemption fee	Management fee
A	Up to 1.00 %	Up to 0.50 %	1.20 %
B	Up to 1.00 %	Up to 0.50 %	0.95 %
C	Up to 1.00 %	Up to 0.50 %	0.50 %

\*The Board of Directors of Pareto Asset Management may decide that the charges shall increase by up to 5 per cent of the subscription amount. The difference between 1 per cent and the adopted increased subscription fee of up to 5 per cent shall accrue to the fund. The Board may set an increased subscription fee for a certain period with the possibility of extension or shortening by board resolution.

Cf. the articles of association § 5 and § 7 for further information on management fee.

The fixed management fee is calculated daily and charged monthly.

Apart from the management fee, the following costs may also be covered by the fund: transaction costs for the fund's investments, payment of any taxes imposed on the fund, interest on borrowings and extraordinary costs necessary to protect the interests of unit-holders.

Subscription or redemption fees may not be charged on a securities fund's investment in units in a securities fund managed by the same management company as the investing fund.

### Objective and investment strategy

The fund's objective is to achieve the highest possible return, relative to the risk taken by the fund.

The fund is a balanced fund, with discretionary allocation between equity and fixed income. The fund invest primarily in financial instruments listed on a stock exchange or other regulated market in the Nordics.

The fund is actively managed. This means that investment decisions are taken on the basis of internal analysis. The investment philosophy is based on analyses of economic conditions, industry-specific factors and individual companies.

Investment in other securities funds may not constitute more than 10 per cent of the fund's assets.

Derivatives may be used as part of the risk management of the fund. Derivatives will not normally be used as an active financial instrument when engaging in general management, but may be used under special circumstances. Expected risk and expected return on the fund's underlying securities portfolio shall remain unchanged as a result of derivative investments. At times expected risk and return may be reduced as a result of derivative investments.

The fund is permitted to lend securities for a limited period of time against payment from the borrower. Lending of securities will not normally be

used, but may under specific circumstances with strong financial incentives be used by the fund.

Pareto Asset Management works systematically on ethical considerations in the management of the fund. Pareto Asset Management shall not invest in companies which constitute an unacceptable risk of the fund contributing to unethical acts or omissions. Such contributions could reduce sustainability and long-term value creation. Pareto Asset Management's ethical guidelines are based on the guidelines of Statens pensjonsfond (the Norwegian Government Pension Fund).

#### Benchmark index

The fund does not follow a benchmark index.

#### Risk profile

The fund is characterised by a relatively high volatility. The fund's risk profile is described in more detail in the Key Investor Information Document of the fund.

#### Articles of Association

The fund's Articles of Association are approved by Finanstilsynet (the Financial Supervisory Authority of Norway) and are attached to the Prospectus.

### 3. Information to unit-holders

Pareto Asset Management shall for each securities fund publish an annual report with annual financial statements and a director's report within four months of the end of the fiscal year, and a semi-annual report within two months of the expiry of the reporting period.

The end of the fund's fiscal year: 31.12 each year.

The unit-holders shall periodically receive information about their holding of units in the fund and the value of the holding and their return in the period and the current year. The information shall be given to unit-holders for the first and second half of each year, and shall be given no later than one month after the expiry of each period.

This information will be distributed via MIN SIDE at [www.paretoam.com](http://www.paretoam.com).

Annual and semi-annual reports, Key Investor Information Documents, subscription and redemption materials as well as other information are available free of charge upon request from the management company by telephone: (+47) 22 87 87 00, e-mail [post@paretoam.com](mailto:post@paretoam.com) or at [www.paretoam.com](http://www.paretoam.com).

### 4. Unit-holder register

The unit-holder register is maintained by VPS, the Norwegian Central Securities Depository. Verdipapirsentralen ASA, P. O. Box 4, 0051 Oslo.

The unit(s) will be registered in the name of the unit-holder.

A nominee with authorisation pursuant to the Norwegian Regulation on Securities Funds § 13-2 may be entered in the unit-holder register instead of the beneficial owner of the unit(s).

### 5. Nature and character of the unit

Each unit-holder has an undivided share in the securities fund which corresponds to the unit-holder's share of total issued fund units. Each unit in a securities fund confers an equal right in the fund.

A unit-holder may not demand that the securities fund be split up or dissolved.

Beyond their unit investment, unit-holders are not liable for the fund's obligations.

Unit-holders are not obliged to make further investments in the fund.

All unit-holders or their appointed proxies have the right to vote at the unit-holder meeting for Pareto Nordic Return and election meeting for the securities funds managed by Pareto Asset Management.

The management company's Board of Directors consists of five members, of whom two members are elected by the unit-holders. The elections take place at election meetings convened and conducted in accordance with rules set out in the management company's Articles of Association.

After permission from Finanstilsynet, the management company may decide that funds managed by the company shall wind up. Information shall be communicated to unit-holders pursuant to the Norwegian Act on Securities Funds § 5-7.

Furthermore, Finanstilsynet may grant permission to the management company to transfer the management of a fund to another management company.

### 6. Trading via a regulated market

The units are not admitted to trading on a regulated market.

### 7. Calculation and publication of Net Asset Value per unit

When calculating the net asset value (NAV), the basis shall be the market value of the portfolio of financial instruments and deposits with credit institutions, the value of the fund's liquid assets and other receivables, the value of accrued income not yet due and the value of any tax loss carry forwards, less liabilities and accrued expenses not yet due, including deferred tax liabilities.

In the case of no observable market prices, the management company determines a value on based on objective criteria and in accordance with recognised principles of valuation, including the Norwegian Fund and Asset Management Association industry recommendation, Valuation of illiquid equity capital instruments, which is available at [www.vff.no](http://www.vff.no).

The net asset value per unit is calculated on each Norwegian banking day, with the exception of days when local markets are closed.

The net asset value is normally published five times a week. Publication is made through Oslo Børs ASA.

### 8. Subscription of units

Requests for subscription shall be submitted to the management company in writing or electronically.

Subscription of new units shall take place at the unit price calculated at the first valuation after the time of subscription (which is when the subscription form has been received by the management company, funds in accordance with subscription is received and a customer due diligence has been performed), with the addition of any charges relating to the subscription. The time of subscription must fall within 12.00 (GMT +1) for the first valuation point after subscription to apply.

Unit class	Minimum initial subscription amount
A	2000
B	10 000 000
C	50 000 000

The fund receives capital deposits from the general public.

According to the Norwegian Act on cancellation/cooling-off periods, consumers may have the right to cancel agreements concerning financial services concluded with distance selling or outside the fixed place of business. In case of distance selling, there is no right of cancellation when the price of the services depends on fluctuations in the financial markets, in which a service provider cannot influence, and which may occur in the period allowed for cancellation. This includes financial instruments such as mutual funds. The information provided for in the act on cancellation/cooling-off periods is available at [www.paretoam.com/Kundeinformasjon](http://www.paretoam.com/Kundeinformasjon).

## 9. Redemption of units

Unit-holders that request redemption shall have their units redeemed in cash.

Requests for redemption shall be submitted to the management company in writing or electronically.

Redemption shall take place at the unit price calculated on the first valuation after receipt of the request for redemption by the management company.

The redemption request must reach the management company by 12.00 (GMT +1) in order for the first valuation following receipt of the redemption request to be used as the basis.

Charges related to the redemption of units will be deducted from the redemption amount. Settlement shall take place as soon as possible and not later than two weeks after the request for redemption was presented.

### Suspension of redemption claim

In the event of stock exchange closure, or other extraordinary circumstances, including in special instances the protection of unit-holders' interest, the management company may, with the consent of Finanstilsynet, either wholly or partially suspend the value assessment and payment of redemption claims.

If called for in the interests of the unit-holders or the public, Finanstilsynet may order the management company to wholly or partially suspend the right of redemption.

## 10. Historical returns and risk

For updated information about the fund's historical returns and risks, please refer to the fund's monthly reports and Key Investor Information Document.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile, as well as fees for subscription, management and redemption. The returns may become negative as a result of negative price developments.

The fund's performance may vary substantially over the course of a year. Gains or losses for individual unit-holders will therefore depend on the exact timing of the subscription and redemption of units.

## 11. Taxation

The information below does not constitute tax advice, but reproduces only the basic tax rules for funds and unit-holders who are taxable in Norway according to current tax rules.

Investors are advised to contact their own tax advisors to identify the tax consequences of subscription, holding and redemption of units in securities funds.

### General tax rules for securities funds

- Securities funds are exempt from tax on gains and are not entitled to deduct losses from realisation of shares in companies domiciled in countries both within and outside the EEA.
- Dividends from companies within the EEA, are as a general rule, taxable for the fund with an effective tax rate of 0.66 per cent (3 per cent of the dividends are taxed at 22 per cent). If the company is domiciled in a low-tax country within the EEA, and the company has no actual establishment and conducts no real business activity in that EEA country, dividends are taxed at 22 per cent.
- Dividends from companies domiciled outside the EEA are taxable at a tax rate of 22 per cent.

- Net interest income and realised gains on fixed income, are taxable at a tax rate of 22 per cent.
- Operating expenses are deductible. Securities funds can claim a deduction for distributions to unit-holders to the extent the distribution is taxed as interest income for unit-holders.
- Securities funds are exempt from capital tax.

### Investors liable to taxation in Norway

#### All investors

Unit-holders are taxed for distributions based on the ratio between equity and other securities held by the fund per 1 January each year. The following principles apply:

- Distributions from securities funds where the equity portion exceeds 80 per cent will be taxed as dividends.
- Distributions from securities funds where the equity portion is less than 20 per cent will be taxed as interest income.
- Distributions from securities funds where the equity portion is between 20 – 80 per cent will be taxed pro rata, as dividend and interest income.

The equity portion is calculated as follows: 
$$\frac{\text{Value of equity}}{\text{Net assets} - \text{cash}}$$

#### General rules relating to private investors

Distributions from the fund as described above have the following tax consequences for private unit-holders:

- Distributions which are considered dividends are taxed at an effective tax rate of 31.68 per cent, after the deduction of a risk-free interest rate ("skjermingsrente").
- When calculating the deduction, only the unit value equivalent to the equity share at the year of acquisition shall be included in the calculation.
- Distributions that are taxed as interest income are taxed at a tax rate of 22 per cent. The deduction of a risk-free interest rate ("skjermingsrente") does not apply.

Unit-holders are taxed on gains on realisations. Gains related to the equity portion are taxed at an effective tax rate of 31.68 per cent and losses deducted accordingly. Other gains (i.e. gains arising from the interest portion) is taxed at a tax rate of 22 per cent and losses deducted accordingly. The equity portion is the average of the equity portion in the acquisition year and in the year of sale. Unused deduction of the risk free interest rate ("skjermingsrenten") may be deducted from the profit, also the portion of the gains not related to equity.

The tax related value of units in securities funds is set 1st January in the year of assessment. The equity share in securities fund is subject to a 25 per cent "valuation discount". Provided the equity share exceeds 80 per cent, the units' tax related value is 75 per cent of the market value. Provided the equity share is below 20 per cent, no "valuation discount" is applicable. The maximum capital tax rate is 0.85 per cent.

#### General rules relating to companies (legal entities)

Unit-holders who are limited companies and equivalent companies are taxed by the same principles as personal shareholders, cf. above. Distributions from the fund as described above have the following tax consequences for unit-holders who are limited companies and equivalent companies:

- Distributions which are considered as dividends fall under the exemption method ("fritaksmetoden") and are taxed at an effective tax rate of 0.66 per cent.
- Distributions which are considered interest income are taxed at a rate of 22 per cent.

Limited companies and equivalent companies are exempt from tax on gains from the equity portion on realisation. The equity portion is the average of the equity portion in the acquisition year and in the year of sale. Other gains (i.e. gains arising from the interest portion) is taxed at a tax rate of 22 per cent and losses deducted accordingly.

#### **Tax rules for foreign unit-holders**

Foreign unit-holders in balanced funds (i.e. unit-holders who are tax resident/ domiciled abroad) are not subject to tax deducted at source according to the Norwegian Taxation act § 10-13 from income and capital gains distributed by the fund on the interest portion. These distributions are treated as other interest income after Norwegian domestic law, and are not subject to withholding tax to Norway.

Distributions to foreign unit-holders, which are classified as dividends, are subject to withholding tax at a rate of 25 per cent. Unit-holders who are corporations or equivalent companies domiciled within the EEA may, however, qualify for the exemption method and thus receive a dividend from the fund without withholding tax, provided that the company is actually established and conducts real business activity in an EEA country. Withholding tax may be reduced by a tax treaty between Norway and the relevant unit-holder's country of domicile/tax residency.

Gains / losses on foreign unit-holders' realisation of units in securities funds entails no tax liability in Norway, provided that the unit-holder does not have limited tax liability to Norway for the exercise of or participation in operations in Norway and the proportion is associated with the operations in Norway.

Investors that are taxable to countries other than Norway should examine current tax rules in the respective countries.

#### **Changes in tax rules**

If the tax rules are changed in Norway or in the unit-holder's home state and/or new tax treaties are entered into, the above rules may be changed. The fund must at all times comply with the applicable regulations.

#### **CRS and FATCA**

Securities fund and management companies are required to report on the financial accounts of unit-holders and beneficial owners to The Norwegian Tax Administration. If the unit-holders are tax resident or domiciled in another state or jurisdiction than Norway, The Norwegian Tax Administration will forward the information to the respective states or jurisdictions pursuant to FATCA (Foreign Account Tax Compliance Act), CRS (Common Reporting Standards) or other bilateral tax treaties.

## **12. Marketing of securities funds in other EEA-member states**

Pareto Asset Management shall ensure that subscription and redemption of units are completed pursuant to section 8 and 9 when marketing securities funds in another EEA-member state.

Statutory fund information adapted to unit holders from other EEA-member states is available through our webpage [www.paretoam.com](http://www.paretoam.com) (English).

## **13. Resolution of disputes**

The management company is affiliated with the Norwegian Financial Services Complaints Board.

## **14. Policies**

### **Remuneration policy**

Pareto Asset Management AS has adopted a remuneration policy that is consistent with and promotes sound and effective risk management in line with the business strategy, objectives, values and interests of the collective investment schemes (CIS) under management. The remuneration policy does not encourage risk taking which is inconsistent

with the risk profiles, rules or instruments of incorporation of the CIS under management, and includes measures to avoid conflicts of interest.

The remuneration policy applies to all employees in the company. All employees shall have a competitive total remuneration and may in addition to the fixed salary receive a performance related variable compensation. Incentive schemes shall promote long-term interests and accountability among employees. Where remuneration is performance-related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or CIS concerned and as to their risks and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria.

The remuneration policy includes special remuneration requirements for identified staff. Where such remuneration is performance-related, fixed and variable components of total remuneration shall be appropriately balanced. Also, at least 50% of the variable remuneration is retained by the company as deferred capital and invested in the company's CIS. The deferred capital is paid out in equal portions over a period of at least three years, adjusted for higher or lower returns in the period. The CEO, CSO, CIO, CFO, Head of Compliance, Head of risk management and senior portfolio managers are covered by the special remuneration requirements.

The management company has a remuneration committee appointed by the Board of Directors. The committee shall prepare all matters concerning the remuneration policy to be determined by the Board. The committee consists of the Chairman, as well as one shareholder-elected director and one director elected by the unit-holders who is independent of the management of the company. The committee proposes the variable remuneration for the CEO and identified staff to the Board, and supervises the CEO's decisions concerning variable compensation for other employees.

### **Best Execution**

According to the Securities Funds Regulation § 2-28 and § 2-29, Pareto Asset Management shall upon the execution of decisions to deal and when placing order to deal with other entities for execution, take all reasonable measures to achieve the best possible outcome for the fund with regard to price, costs, speed, likelihood of execution and settlement, volume, type and other relevant considerations.

PAM has established a policy to ensure compliance with the provisions regarding Best Execution.

### **Exercise of voting rights**

PAM has guidelines for determining when and how voting rights attached to securities of the fund are to be exercised, to the exclusive benefit of the securities fund concerned.

Exercise of voting rights shall be in accordance with relevant norms, especially NUES (Norwegian Code of Practice for Corporate Governance). In addition, ownership rights shall be in accordance with PRI, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Details of the action taken on the basis of these guidelines shall be made available to the unit-holders free of charge and on their request.

### **Complaints handling**

Pareto Asset Management AS has guidelines for complaints handling. These guidelines are available to unit-holders upon request at the registered office of Pareto Asset Management AS and on the website [www.paretoam.com](http://www.paretoam.com).

### **Conflict of interest**

PAM will take reasonable measures to prevent the occurrence of any conflicts of interest. PAM has prepared internal guidelines with the purpose of uncovering, and reducing the scope for, any conflicts of interest.

## 15. Other matters

This prospectus is only directed to investors in jurisdictions where the fund is authorised for sale, marketing and distribution, or where no such authorisation is required.

The fund is not registered under the United States Securities Act of 1933 or the U. S. Investment Companies Act 1940, or other applicable US regulation. In view of this, the fund may not be marketed, transmitted or otherwise distributed to "US persons" as defined under Regulation S.

## 16. Board of Directors' responsibility

The Board of Directors of the management company is responsible for ensuring that the prospectus meets the requirements of law and regulations.

The Board of Directors of Pareto Asset Management hereby declares that, to the best of their knowledge, the prospectus reflects the actual facts and does not contain omissions of a nature liable to alter the meaning of the prospectus.

Approved by the Board of Directors of Pareto Asset Management AS 11 March 2021.

# Articles of Association for Pareto Nordic Return Verdipapirfond

## § 1 Name of the fund and the management company

The securities fund Pareto Nordic Return Fund ("the fund") is managed by the management company Pareto Asset Management AS. The fund is authorised in Norway and regulated by Finanstilsynet (The Financial Supervisory Authority of Norway).

The fund is regulated pursuant to the Norwegian Act No 44 of 25 November 2011 on securities funds (hereinafter referred to as "the Norwegian Securities Funds Act").

## § 2 UCITS fund

The fund is a UCITS fund that complies with the investment rules in chapter 6 of the Norwegian Securities Funds Act, and the provisions on subscription and redemption of the Norwegian Securities Funds Act § 4-9 (1) and § 4-12 (1).

The fund has unit classes which are described in more detail in Article 7 of the present Articles of Association.

## § 3 Rules for the investment of the securities fund's assets

### The fund's investment area and risk profile

The fund is a balanced fund, with discretionary allocation between equity and fixed income. The fund invest primarily in financial instruments listed on a stock exchange or other regulated market in the Nordics. The fund's investment mandate is further described in the Prospectus. The fund's risk varies with the proportion invested in stocks. Investing in stocks is typically characterised by relatively high volatility. The risk profile is specified in the fund's Key Investor Information Document.

### General information about the investment area

The fund's assets may be invested in the following financial instruments and/or deposits with credit institutions:

transferable securities	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
securities fund units	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
money market instruments	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
derivatives	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
deposits with credit institutions	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Regardless of the investment options in this section, the fund may hold liquid assets.

The fund's investments in securities fund units shall, together with its other investments, be in accordance with these Articles of Association.

Investments in other securities funds may not constitute more than 10 per cent of the fund's assets:

yes  no

Investments in non-UCITS securities funds meets the conditions stated in § 6-2 (2) of the Norwegian Securities Funds Act and may not in aggregate constitute more than 10 per cent of the fund's assets:

yes  no

Securities funds in which investment is placed may themselves invest a maximum of 10 per cent of the fund's assets in securities fund units:

yes  no

The fund's assets may be invested in money market instruments normally traded on the money market, which are liquid and can be valued at any time:

yes  no

The fund may use the following derivative instruments: options, forward rate agreements, and swaps with financial instruments as specified above as underlying assets and with indices featuring the financial instruments specified above as underlying assets.

Furthermore, the securities fund may use options, futures and swaps with interest rates, currencies or exchange rates as underlying assets.

Expected risk and expected return on the fund's underlying securities portfolio shall remain unchanged as a result of derivative investments. At times expected risk and expected return may be reduced as a result of derivative investments.

### Liquidity requirements

The fund's assets may be invested in financial instruments which:

- are admitted to official quotation or are traded on a regulated market in an EEA state, including a Norwegian regulated market, as defined in Directive 2004/39/EC Article 4 (1) no 14 and the Stock Exchange Act § 3 (1),  yes  no
- are traded on another regulated market in an EEA state which functions regularly and is open to the public,  yes  no
- are admitted to official quotation on a stock exchange in a country outside the EEA or dealt in on another regulated market in such a country which operates regularly and is open to the public,  yes  no

All stock exchanges or regulated markets worldwide are of interest. The majority of the investments of the fund will be headquartered in developed markets. The selective asset management style of the fund suggests that the fund will not at all times be invested in all the specified markets or regions.

- are recently issued provided a condition for issue is that admission to trading will be applied for on a stock exchange or market as stated in item 1- 3 above. Admission to trading must take place not later than one year after expiry of the subscription deadline.  yes  no

The fund's assets may be invested in money market instruments traded on a market other than stated in items 1 - 3 above if the issue or the issuer of the instrument is regulated for the purpose of protecting investors and savings, and the instruments fall within the scope of § 6-5 (2) of the Norwegian Securities Funds Act.

The fund's assets may be invested in derivatives traded on another market than stated in items 1-4 above.

Up to 10 per cent of the fund's assets may be invested in financial instruments other than those stated in this section.

### Investment restrictions – the fund's assets

The fund's holdings of financial instruments shall have a composition providing an appropriate spread of risk of loss.

The fund's investments shall at all times be in compliance with the investment restrictions in § 6-6 and § 6-7 (1), (2) and (4) of the Norwegian Securities Funds Act.

### Investment restrictions – ownership interest with issuer

The fund's investments shall at all times be in compliance with the investment restrictions in § 6-9 of the Norwegian Securities Funds Act.

### Lending of financial instruments

The fund may lend financial instruments pursuant to § 6-11 of the Norwegian Securities Funds Act.  
All income from lending shall accrue to the fund.

### § 4 Realised gains and dividends

Realised gains shall be reinvested in the fund.  
Dividends are not distributed to unit-holders.

### § 5 Costs

The management fee is the management company's compensation for managing the fund. The basis for the calculation of the management fee shall be the fund's current value. When calculating the fund's value (total net assets), the basis shall be the market value of the portfolio of financial instruments and deposits with credit institutions, the value of the fund's liquid assets and other receivables, the value of accrued income not yet due and the value of any loss carry forward, less liabilities and accrued costs not due, including latent tax liabilities.

The following costs may be covered by the fund in addition to the management fee:

1. transaction costs connected with the fund's investments,
2. payment of any taxes levied on the fund,
3. interest on borrowings as mentioned in § 6-10 of the Norwegian Act on Securities Funds and
4. extraordinary costs which are necessary to safeguard the unit-holders' interests cf. § 4-6 (2) of the Norwegian Act on Securities Funds.

The management company may charge a fixed management fee to one or more of the unit classes of the fund. The fixed management fee is calculated and accrued on a daily basis and charged on a monthly basis.

The management fee shall be divided equally among all units in a particular unit class of the fund. The size of the management fee is stated in Section 7 of the present Articles of Association.

The fund's assets may invest in sub-funds that charge a maximum management fee of 2.00 per cent per annum. The management fee charged to the sub-funds will be additional to the management fee applicable to each unit class.

All fees received from the sub-funds shall accrue to the main fund.

### § 6 Subscription and redemption of units

The fund is normally open for subscription on every business day.

The fund is normally open for redemption on every business day.

A subscription fee of up to 1 per cent of the subscription amount may be charged for subscription of units.

The Board of Directors of Pareto Asset Management may decide that the fee shall increase by up to 5 per cent of the subscription amount. The difference between 1 per cent and the adopted increased subscription fee of up to 5 per cent shall accrue to the fund. The Board may set an increased subscription fee for a certain period with the possibility of extension or shortening by board resolution.

A redemption fee of up to 0.5 per cent of the redemption amount may be charged for the redemption of units.

### § 7 Unit classes

The fund's portfolio of assets shall be divided into the following unit classes.

Unit class	Base currency	Minimum subscription value	Management fee
A	NOK	2000	1,20 %
B	NOK	10 000 000	0,95 %
C	NOK	50 000 000	0,50 %

#### Management fee

The management company may charge a fixed management fee to one or more of the unit classes. In addition, the management company may charge a performance-related management fee to one or more of the unit classes of the fund.

The management fee is allocated equally to each unit within each unit class of the fund.

The fixed management fee is calculated and accrued on a daily basis and charged on a monthly basis.

The fixed management fee shall be deducted prior to the calculation of any performance related fee.

The performance related management fee is calculated and accrued on a daily basis and charged at year-end.

The various unit classes are characterised by the following:

#### Unit class A

The management fee is 1.20 per cent per annum.  
The unit class has a minimum subscription value of NOK 2000.

#### Unit class B

The management fee is 0.95 per cent per annum.  
The unit class has a minimum subscription value of NOK 10 000 000.

#### Unit class C

The management fee is 0.50 per cent per annum.  
The unit class has a minimum subscription value of NOK 50 000 000.

#### Minimum subscription value

Total cost for each unit-holder's total subscriptions and redemptions in a unit class is calculated the last business day of the first and third quarter.

If a unit-holder's total cost or market value at the time of calculation meets the minimum subscription value in a comparable unit class with lower management fee, the client's holdings will be converted to this unit class.

If a unit-holder's total cost at time of calculation does not meet the minimum subscription value in the unit class invested, the clients' holdings may be converted to a comparable unit class in which the client meets the minimum subscription value.

In the event where the unit-holder's unit-value has previously been converted to a comparable unit class with lower management fees as a result of positive developments in the market, the client will not be moved back to the original unit class based on negative developments in the market. This assumes that unit-holders have not redeemed units after the original conversion.

Conversion of unit value to a comparable unit class shall be registered on the same day that the calculation is carried out and communicated to unit-holders as soon as possible.