

Pareto Bond Funds - Update

Nordic Economies and Nordic Bond Markets in February 2025

Reported inflation rates for January were somewhat elevated at 3.6% y-o-y in Norway, which led to some added volatility and rising interest rates on the NOK. This was also supportive for FX rates helping NOK appreciate versus the Euro. By contrast, inflation rates in Sweden and in Denmark remained subdued with 0.5% and 0.8%, respectively. Finland even went negative with -0.2% in January. The developments starting on the last days in February did not affect results in February.

Given the low inflation numbers, central banks have kept their policy rates unchanged during February. Despite some interest rate volatility following the January inflation spike, Norges bank has also maintained its policy rate unchanged at 4.0%.

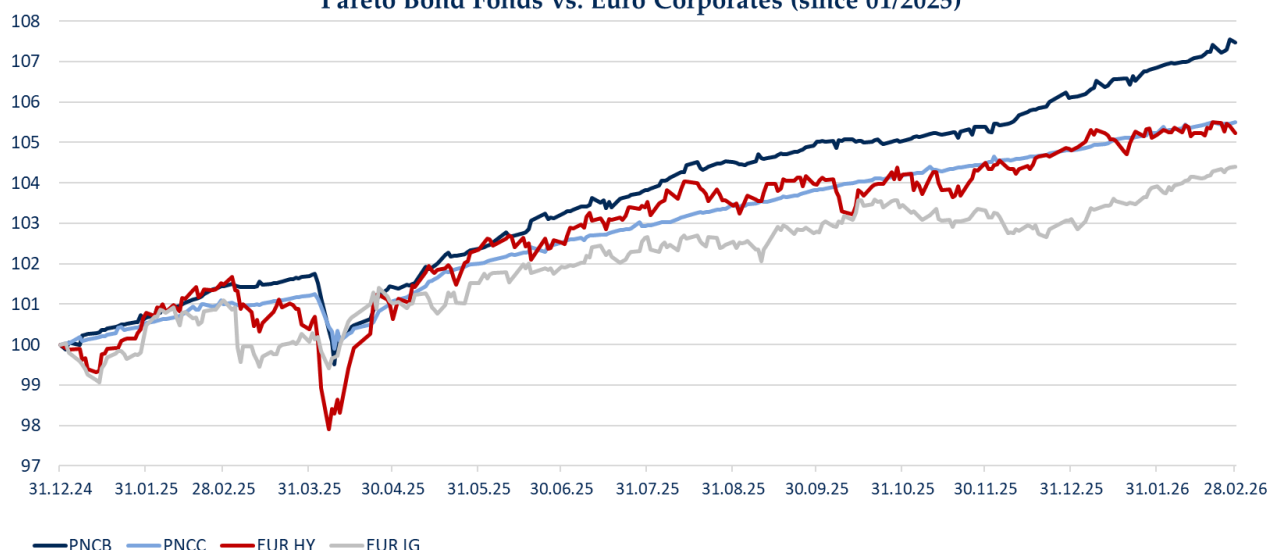
Pareto Nordic Cross Credit [Article 8 of SFDR]	Pareto Nordic Corporate Bond [Article 8 of SFDR]	Pareto ESG Global Corporate Bond [Article 9 of SFDR]
Highly diversified Nordic credit fund. The fund excludes investments into oil-related activities, holding a fossil free profile guided by sound ESG principles. It offers broad access to the quality end of high-yield and crossover segment with ultrashort duration and relatively short time to maturity. Strategy inception was in 2001, initially as a Norwegian fund.	Diversified across some 120 issuers in a wide range of business sectors. Conservative style based on deep inhouse credit analysis. Local market knowledge offers opportunities in this predominantly unrated market. Short duration and attractive credit spreads in an economically strong region. Strategy inception in 2006, initially as a Norwegian fund.	Fund with well-diversified portfolio of global credits, managed from our Nordic base, yet with a global view. As a Nordic Swan ECO labeled fixed income fund, it follows strict requirements on sustainability criteria for every investment made. Focus is on non-cyclical businesses in the US, European and Nordic regions with relatively short duration.

The core of every Pareto bond strategy is a bespoke credit assessment process, based on long-standing proprietary credit evaluation models, combined with dedicated local expertise and access to the issuers. The approach provides a Nordic/Global corporate credit exposure with **low geopolitical risk and a sound ESG profile**.

	Pareto Nordic Cross Credit	Pareto Nordic Corporate Bond	Pareto ESG Global Corporate Bond
Yield to Maturity NOK	5.4%	7.0%	6.6%
Yield to Maturity EUR	3.1%	4.7%	4.3%
Average Spread-to-Worst	111 bps	293 bps	224 bps
Modified Duration	0.4	0.9	2.4
Credit Spread Duration (Sensitivity)	1.8	2.1	3.1
Time to Maturity	2.1	2.6	4.0
Assets under Management (mEUR)	1,065	1,749	181
# of Issuers	144	110	90
2026 YtD Return EUR	0.4%	0.7%	0.6%

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<p>The fund delivered a return for February in line with the portfolio's current yield. Credit spreads in the Nordic bond markets developed sideways to marginally tighter throughout the month.</p> <p>The fund has returned 0.1% in EUR terms, and 0.2% in NOK terms for the month, respectively. This brings the year-to-date performance to 0.6% in EUR, and 0.9% in NOK, respectively.</p> <p>The fund participated in new two issuances. Both were significantly oversubscribed, resulting in low allocations. In a hot market, we sold both quickly at a good profit. We traded a total of approximately NOK 947m in bonds during the month, with a 90/10 ratio between purchases and sales. Most of the trading was thus conducted in the secondary market.</p> <p>The Norwegian seafood company Grøntvedt has encountered financial challenges, and a financial restructuring was completed during the month. The fund has a marginal position in Grøntvedt, i.e. given the size of the position, this will not have any material impact on future returns.</p>	<p>The February return for the fund was in line with the underlying portfolio carry. The Nordic high-yield market was broadly flat over the month, while European and US markets saw modest spread widening in both cash and synthetic instruments.</p> <p>The fund has returned 0.5% in EUR terms, and 0.6% in NOK terms for the month, respectively. This brings year-to-date performance to 1.2% in EUR and 1.5% in NOK, respectively.</p> <p>While the fund did not participate in any primaries during the month, the primary market remained active in February. A total of 17 transactions and a volume of NOK 14.9bn were priced, including 5 debut issuers. Overall, the primary market has started on a slower footing than last year, but still in line with the start of the four-year period preceding last year's exceptional volumes. The fund holds a marginal position in Grøntvedt, where a restructuring was concluded during the month; this is not expected to have any significant impact on future returns of the portfolio.</p>	<p>Despite renewed tariff uncertainty and AI concerns, Pareto ESG Global Corporate Bond delivered stable performance during the month, benefiting from limited exposure to software and business development companies. Performance slightly exceeded the fund's current yield, primarily driven by the high carry in the fund and lower US rates.</p> <p>The fund has returned 0.3% in EUR terms, and 0.5% in USD terms for the month, respectively. This brings year-to-date performance to 0.8% in EUR and 1.1% in USD, respectively.</p> <p>Mobico, which struggled last year, released a good 2025 report, and its outstanding bonds have continued to rebound following the results. We can generally observe cautious optimism in forecasts for 2026.</p> <p>In the primary market, we participated in two deals by Azelis and Wesco, both of which we are already invested in. Both issuers plan to use the proceeds to refinance existing debt. In the secondary market, we added slightly to shorter-dated Deutsche Bank AT1 bonds.</p>

Pareto Bond Funds vs. Euro Corporates (since 01/2025)

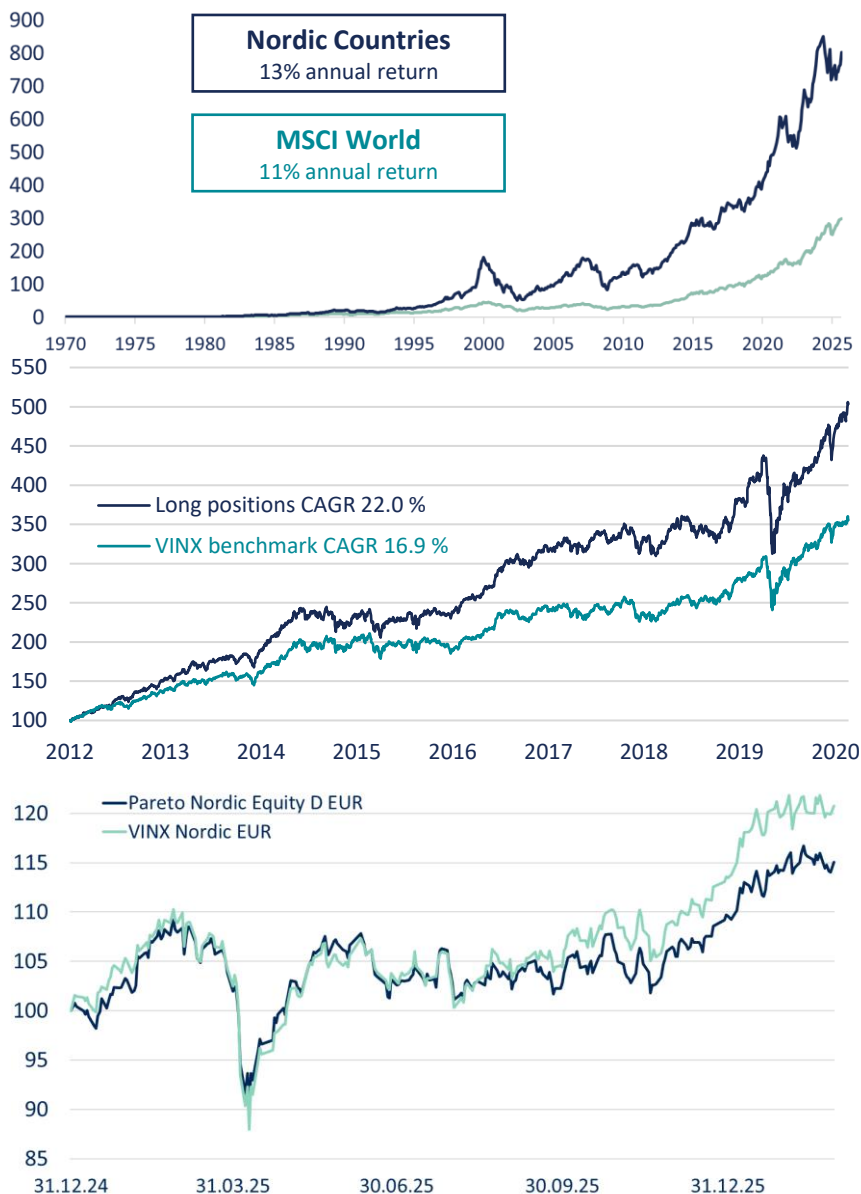


Pareto Nordic Equity - Update

Pareto Nordic Equity in February 2026

February was marked by several portfolio companies reporting fourth quarter and full year 2025 results. Most holdings reported positive figures. Most notably, Securitas, Alfa Laval and Storebrand reported noted improvements in margins and results. The achieved operational progress strengthens our case for these holdings.

Novo Nordisk had a more challenging month. The company lowered its full year outlook, and results from the REDEFINE 4 study showed significant weight loss, but not superior efficacy to tirzepatide. This dampened expectations around the product's positioning. At the same time, the launch of the oral version of Wegovy in the US may help expand the market by reaching patients who prefer an oral treatment option.



Nordic Outperformance

The Nordic equity markets have shown superior performance over many years, characterized by being top notch in sustainability implementation. A consistently business friendly and innovative environment, with strong governance: The Nordics provide a great setting for value creation.

Pareto Track Record

The fund's lead portfolio manager has managed a Nordic mixed fund since 2012; the performance of the long equity positions from 2012 to 2020 have outperformed the Nordic Index by 5% (22.0% vs. 16.9%) p.a.

Value Creation

A concentrated portfolio of sustainability leaders and a focus on long-term capital return. The investment process is seeking companies with low financial leverage and good predictability of earnings, for a portfolio with downside protection and long-term out-performance.

Fund Key Data [Art. 8 of SFDR]

Return YTD [D EUR]	5.0%
Volatility (1 year, ann.)	16.7%
# Holdings	22
AuM [in m€]	201

Bond Fund Share Classes (sample) [min. initial investment]	Pareto Nordic Cross Credit	Pareto Nordic Corporate Bond	Pareto ESG Global Corporate Bond
R / A / A EUR [1 €]	LU2200514128	LU1608101579	LU1327537681
R / A / - NOK [1 €]	LU2200513666	LU0922130215	
A / H / H EUR [1/5m €]	LU2023199552	LU1311575093	LU1199946242

Equity Fund Share Classes (sample) [min. initial investment]	Pareto Nordic Equity D EUR [min. 5m €]	Pareto Nordic Equity D NOK [min. 50m NOK]	Pareto Nordic Equity B NOK [min. 1 share]
ISIN	LU1904797732	LU1653072915	LU1904797575



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