

Monthly commentary

Optimism around trade agreements and interest rate cuts

The S&P 500 rose 5% in June to new record levels, driven by expectations of upcoming interest rate cuts from the Fed and optimism around trade talks. The index has rebounded by around 20% since bottoming in April - something few had predicted when Trump announced new tariffs at the beginning of the month.

The Stockholm Stock Exchange rose by 0.5% (SIXPRX in SEK) during the month. Interest-rate-sensitive segments such as property and growth companies performed particularly strongly. The Carnegie Small Cap Index outperformed the broad Swedish market with a gain of 1.8% (in SEK).

Positive trend for Pareto Småbolagsfond

Pareto Småbolagsfond fell by 0.0% in June, which means a rise of 7.3% so far this year. Since the fund's inception in September 2015, the fund has returned a total of 274% (Pareto Småbolagsfond A in SEK), corresponding to an average annual return of 14.5%.

June was characterised by several transactions in the market, with several IPOs and capital raisings. The Fund did not participate in any of these, but we are pleased that the market is showing activity - a sign of risk appetite, which is favourable for the market as a whole.

We did, however, sell our holding in Fortnox to bidders. We would have preferred the bid not to go through, as our assessment is that the company could have grown into the valuation premium implied by the bid in about a year's time. In the short term, however, the deal contributed positively to the fund's return.

We welcome HMS Networks to the portfolio

We have partly invested the proceeds from the Fortnox deal in HMS Networks, a company that has long been on our watch list. We have previously refrained from investing - partly due to high valuation, partly due to a negative earnings trend after profits were temporarily inflated during the period of delivery disruptions, when customers over-ordered.

Despite weak sales development, HMS has managed to maintain high profitability, which we see as a clear sign of quality. Now that inventory levels have normalised, we expect sales to develop in line with underlying demand, which we believe will improve.

The company's products enable communication between machines and control systems in factories - a key component in automated production. We believe that demand in this segment will remain good. The supply chain problems that arose a few years ago have accelerated the trend to move production closer to the customer. We believe that the US tariff policy will reinforce this trend, which favours HMS.

The quarterly reports will be an important reconciliation

We are now approaching the second quarter reporting period, which will be an important indicator of corporate health and earnings performance. It will be interesting to see what impact the Trump administration's trade policy has had on demand and supply flows.

The quarterly reports will be the first concrete data point that can provide insight into these effects. For our small cap fund, direct exposure to the US is limited, as companies generally have small export flows to the US and are more dependent on Nordic and European economic conditions. However, many are affected by the general economic climate, which is likely to be reflected in the reports.



Fund facts

Fund managers: Jon Hylltner and Oscar Karlsson
Governance: Mutual Fund
Benchmark: CSRX (Carnegie Small Cap Sweden Return Index)
Trading: Daily
Currency: EUR
Management fee/year: 1.8% + maximum 0.10%
Risk level: 5 out of 7 (see fact sheet for more info)
Disclosure level: Light green (Article 8)
Subscription account: 5565-82 526 28
ISIN: SE0022243614
Start date: 2024-09-09
Starting price: 100



Return after fees

	YTD	1 year	2 years	3 years	5 years	Since inception
Pareto Småbolagsfond E	7,34%	-	-	-	-	2,15%

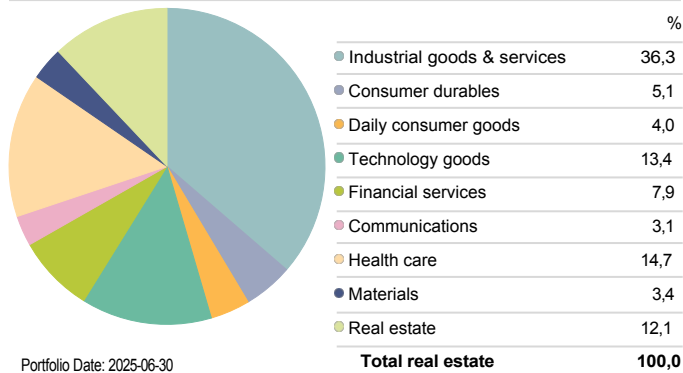
Monthly return after fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	5,95%	-1,02%	-3,81%	2,24%	4,09%	-0,01%							7,34%
2024	-	-	-	-	-	-	-	-	-	-6,91%	-0,22%	2,45%	-
2023	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-	-

Investing in funds always involves some risk. Past performance is no guarantee of future returns. The value of fund units can go down as well as up and can be affected by currency movements. There is no guarantee that investors will get back the full value of their investment. Investors should consult an independent financial adviser if they are unsure whether this type of investment is suitable for them. We also recommend that investors read our prospectuses, key investor information documents, annual reports and half-yearly reports. These documents are available here on our website, and can also be ordered directly from Pareto Asset Management AB (Fondbolaget). Please note that advice and Funds are not available to US clients as defined by Regulation S.

Source: Morningstar Direct

Sector categorisation



The 10 largest holdings

	Portfolio weighting %
Karnov Group AB	4,04
AB Sagax Class B	3,92
AAK AB	3,81
OEM International AB Class B	3,79
Avanza Bank Holding AB	3,76
Nordnet AB (publ) Ordinary Shares	3,74
Dynavox Group AB	3,54
Lagercrantz Group AB Class B	3,43
NP3 Fastigheter AB	3,06
Mycronic AB	3,05

Top contribution during the month (%)

	Portfolio weight	Yield.	Contribution
Karnov Group AB	3,58	11,36	0,43
Swedish Logistic Property	2,28	7,48	0,18
Note AB	1,94	8,05	0,16
Addnode Group AB Class B	2,83	5,05	0,15
BTS Group AB Class B	2,26	5,95	0,14

Bottom contribution during the month (%)

	Weight	Yield.	Contribution
AAK AB	4,02	-9,60	-0,40
Avanza Bank Holding AB	4,05	-8,55	-0,36
Sdiptech AB Class B	3,05	-5,72	-0,18
Nordnet AB (publ) Ordinary Shares	3,82	-3,51	-0,14
Lifco AB Class B	2,96	-4,43	-0,14

Glossary of terms

Standard deviation

A measure of how much the fund's value fluctuates around the fund's average value, or simply put, 'deviations from the mean'. The higher the standard deviation, the higher the risk.

Active share

A measure of how much the fund's investments deviate from the weight of the investments in the benchmark index. It measures how active the fund's management is compared to index management.

Active risk (Tracking error)

A measure of how much the fund's return varies compared to the return of the fund's benchmark index. The higher the active risk, the lower the tracking error. Measured as the annualised standard deviation of the monthly excess/deficit return compared to the index.

Portfolio data

Average annual return (since inception)	-
Standard deviation (3 years)	-
Morningstar Rating	-
Active share	80,20
Active risk	7,40
Fund's carbon footprint CO2 (measured quarterly)	9,50
Benchmark's carbon footprint CO2	-

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