

## Report date: 30 April 2024

Fund: Pareto Aksje Norge  
Inception date: 6 September 2001  
AUM: NOK 12.9 billion  
Benchmark: Oslo Børs Mutual Fund Index  
UCITS KIID risk score from 1 (low) to 7 (high): 6

Category: equity fund  
Legal structure: UCITS  
Domicile: Norway  
Dealing days: all Norwegian business days

**Unit class B**  
NAV as at 30 Apr 2024: 3 632.55  
NAV currency: NOK  
Launch date: 31 December 2005

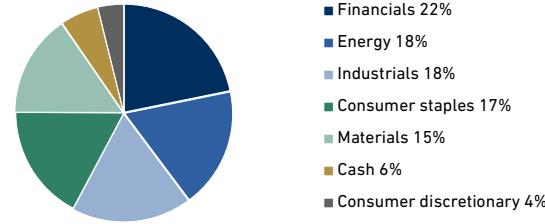
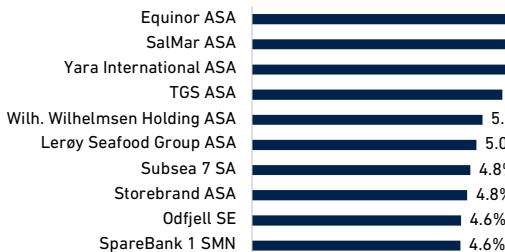
Minimum investment: NOK 500  
ISIN: NO0010297898  
Bloomberg ticker: PRVERDI NO

**Norwegian equity fund focused on sectors where Norwegian companies have global competitive advantages**

### Investment criteria:

- Sound balance sheets
- Strong historical returns on equity
- Reasonable pricing

## Top ten holdings and sector allocation

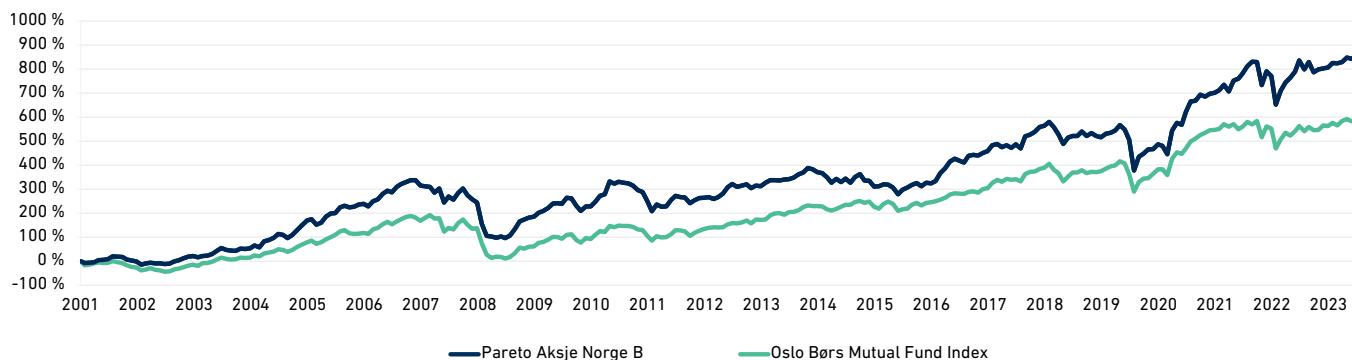


## Key figures since inception\*

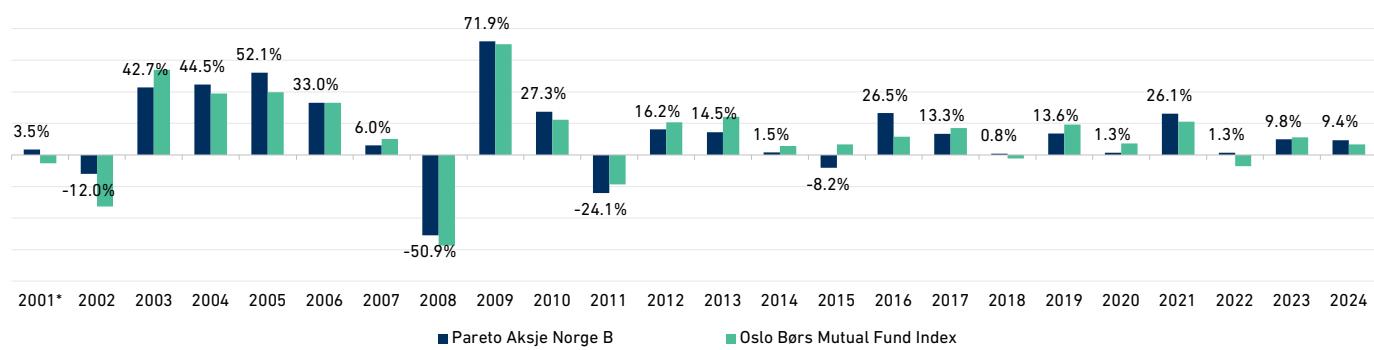
	Fund	Index		Fund	Index		Fund	Index
Accumulated returns	938 %	639 %	Standard deviation (annualised)	18.8%	20.3%	Last month	4.3%	3.3%
Annualised returns	10.9 %	9.2 %	Tracking error (annualised)	8.6%	n.a.	Year to date	9.4%	6.6%
			Information ratio	0.1	n.a.	Last 12 months	11.7%	12.1%
			Sharpe ratio (SOL1X)**	0.5	0.43	Three years (annualised)	10.5%	6.5%
			Beta	0.8	n.a.	Five years (annualised)	10.1%	9.0%
						Ten years (annualised)	8.5%	9.0%
						Since inception* (annualised)	10.9%	9.2%

\*\*ST1X was used until 29.01.21

## Performance history\*



## Annual returns\*



The Fund is exposed to the following materially risks: liquidity risk, operational risk and sustainability risk. Please refer to the Fund's prospectus for further information about the fund's risk exposure. The Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. The decision to invest in the Fund should take into account all the characteristics or objectives of the Fund as described in its prospectus. Further information about the sustainability-related aspects of the Fund is available in the SFDR pre-contractual disclosures in the Fund's prospectus and the SFDR website disclosure available on <https://paretoam.com/en/our-funds/>.

\*Reporting start date: 06.09.2001. Simulated returns from 06.09.2001–31.12.2005 are based on historical returns for unit class I, adjusted for management fees for unit class B. Returns from 31.12.2005–10.07.2015 are achieved in Pareto Verdi. The fund continues as unit class B in Pareto Aksje Norge. Simulated returns and risk figures are provided for illustrative purposes only. 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.

By Besim Zekiri and Eirik Osberg Andresen

The favourable trend continued in April. The portfolio ended up another four plus per cent, this time also well ahead of the market. The upturn was broad-based, and we registered positive return contributions from most of our companies that have reported figures for the first quarter.

These reports showed that our financial companies have started the year well. Perhaps most pleasing of all was to see a positive surprise from **Storebrand**, with the savings and insurance segment in particular helping to deliver a return on equity above their target level of 14 per cent. The savings segment is in a good position to take part in the market growth in savings in Norway and the Nordic region, and total assets saw double-digit year-on-year growth in the first quarter.

Furthermore, Storebrand is solid, with a solvency ratio of 191 per cent, and the company has clear ambitions to distribute excess capital to shareholders. They have therefore continued a share buyback programme of NOK 1.1 billion and maintain the plan to buy back shares worth NOK 12 billion by 2030, in addition to steadily increasing dividends. Otherwise, the opening of the public pension market, totalling NOK 800 billion, is very exciting and could be a potential carrot.

Of our banks, **Sparebanken Møre**, **Sparebank 1 SR-Bank** and **Sparebanken Vest** have reported figures for the first quarter. Although all of them delivered a return on equity above their respective target levels, it is the latter in particular that really impresses. Sparebanken Vest delivers both fantastic profitability and solid growth, and a return on equity of 21.6 per cent is certainly acceptable, even if it is somewhat inflated by an artificially low tax rate. Their cost focus is impressive, and the bank actually manages to reduce costs (!) from the same quarter last year. This gives a cost/income ratio as low as 26 per cent.

While pricing discipline and a cost focus seem to guide their operations, the bank is experiencing strong growth in both loans and deposits. The Bulder concept bank in particular is taking large market shares and has now passed NOK 52 billion in loans. The concept bank's share of deposits is also increasing, and there is currently a positive profit contribution from the unit. We will probably have to wait a little longer before it increases profitability in the group, but the current development is promising.

All our materials companies have also reported figures for the quarter, but these have been a little more mixed. While **Norsk Hydro** and **Borregaard** delivered solid reports, **Elkem** and **Yara** performed slightly below expectations. Elkem is still struggling with overcapacity of silicones in China, which is slowing down the recovery, and for Yara it was weak price realisation that pulled down, while volumes actually surprised on the upside. Looking beyond today's challenging market, Yara sees healthy demand growth and limited supply increases. This will support a tighter market balance.

Common to all are small market improvements, reduced destocking and a healthier market balance. Volatile energy prices, geopolitical uncertainty and high costs of capital will put pressure on new projects and capacity expansions.

The portfolio can be purchased at 8.6 times expected 2024 earnings and 8.1 times expected 2025 earnings. This pricing indicates an earnings yield of 11.6 and 12.4 per cent, respectively. Set against a ten-year government interest rate of 3.8 per cent, this means that the portfolio can be purchased with a significant margin of safety.

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