

Pareto Bond Funds - Update

Nordic Economies and Nordic Bond Markets in August 2025

The Nordic central banks have left their policy rates unchanged, in-line with their Eurozone and U.S. peers. Overall, interest rates trended sideways with long-term Swedish rates trending slightly up. One development to keep an eye on is the weaker U.S. Dollar, losing year-to-date 12% against the Norwegian Krone NOK and 14% against the Swedish Krona SEK, respectively, as almost a quarter of all exports from these economies is invoiced in USD. In the second half of the month, Nordic primary bond markets seemingly woke up from their 'summer slumber' with a bang. Activity picked up so fast that it made this August into the most active August for HY primary activity for as long as our data goes back. We take this as a sign of bond optimism and a positive indication for great activity this fall.

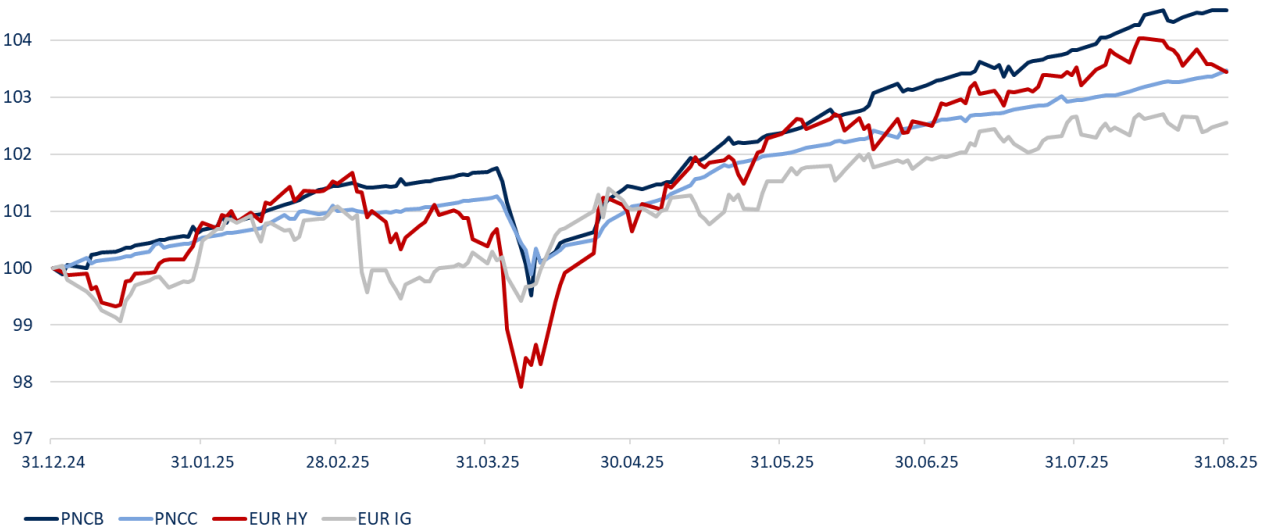
Pareto Nordic Cross Credit [Article 8 of SFDR]	Pareto Nordic Corporate Bond [Article 8 of SFDR]	Pareto ESG Global Corporate Bond [Article 9 of SFDR]
Highly diversified Nordic credit fund. The fund excludes investments into oil-related activities, holding a fossil free profile guided by sound ESG principles. 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	5.7%	7.1%	6.4%
Yield to Maturity EUR	3.6%	4.9%	4.2%
Average Spread-to-Worst	151 bps	308 bps	230 bps
Modified Duration	0.4	1.0	2.5
Credit Spread Duration (Sensitivity)	2.1	2.0	3.1
Time to Maturity	2.5	2.7	4.0
Assets under Management (mEUR)	818	1,677	190
# of Issuers	140	117	86
2025 YtD Return EUR	3.4%	4.5%	3.1%

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<p>The return for the month came in slightly above the fund's current yield. For the fund, credit spreads fell marginally in August and combined with the fund's current yield, it was another good month.</p> <p>The fund has returned 0.5% in EUR terms, and 0.7% in NOK terms for the month, respectively. This brings year-to-date performance to 3.4% in EUR, and 4.7% in NOK, respectively.</p> <p>Activity in the Nordic primary market picked up after a quiet summer month. Although August is usually a quiet month too in the primary market for high-yield bonds, this year saw the highest level of activity ever recorded in our database, which bodes well for an active autumn.</p> <p>We traded bonds worth approx. NOK 260 million this month, mainly buying in the secondary market and within the banking/insurance sector. We also bought a Norwegian government bond with a fixed interest rate and five years to maturity, as market movements have made this a temporarily more attractive liquid alternative than covered bonds.</p>	<p>Pareto Nordic Corporate Bond's return for the month was above the underlying portfolio carry, driven by coupon carry and a positive contribution from lower US rates. Credit spreads tightened modestly in the Nordic and US market, while widening in Europe month-over-month.</p> <p>The fund has returned 0.7% in EUR terms, and 0.9% in NOK terms for the month, respectively. This brings year-to-date performance to 4.5% in EUR and 5.9% in NOK, respectively.</p> <p>Primary activity in the Nordic high yield marked picked up at the end of August, with a total of 14 deals and a volume of NOK 10.2 bn being priced, including three debut issuers. While August is a seasonally quiet month, this was the most active August on record, indicating strong momentum heading into the autumn.</p> <p>Pareto Nordic Corporate Bond participated in one primary issue: Ocean Yield (shipping).</p>	<p>The fund had a stable performance in August, driven by the yield carry and duration, slightly offset by spread widening.</p> <p>The fund has returned 0.4% in EUR terms, and 0.6% in USD terms for the month, respectively. This brings year-to-date performance to 3.1% in EUR and 4.6% in USD, respectively.</p> <p>Most companies have now reported results for Q2. Overall, the reporting season has been stable, with limited downside surprises. Most companies are showing steady revenues and maintaining margins. Our in-house grading system indicates that 85% of reports have been satisfactory or better. Some weaker results stem from companies exposed to highly cyclical markets, particularly construction, as well as those tied to political risks, such as publicly financed healthcare, which face headwinds as governments tighten fiscal balances.</p> <p>August was a muted month in the primary market. In the secondary market, we reduced our exposure to Profine and increased our position in Opella.</p>

Pareto Bond Fonds ggü. Euro Corporates (seit 01/2025)

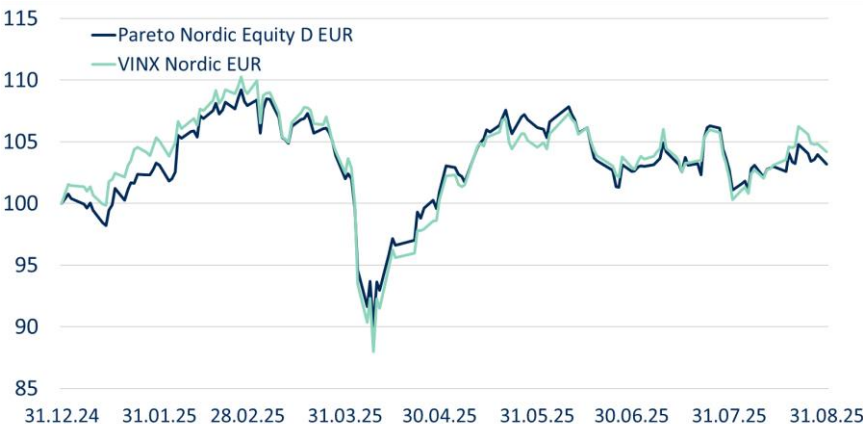
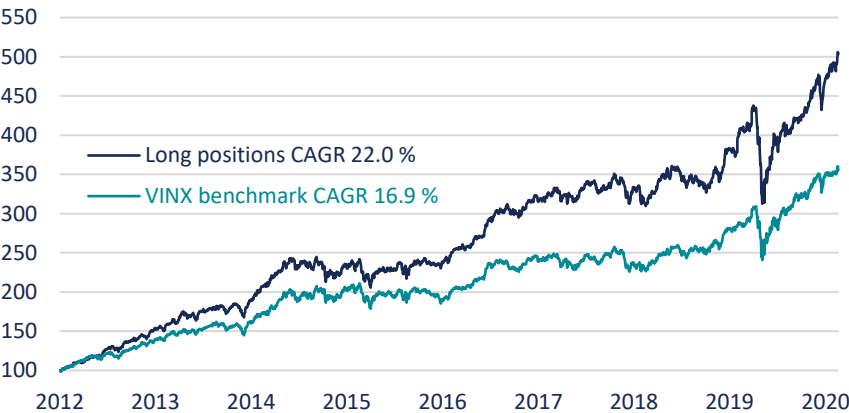
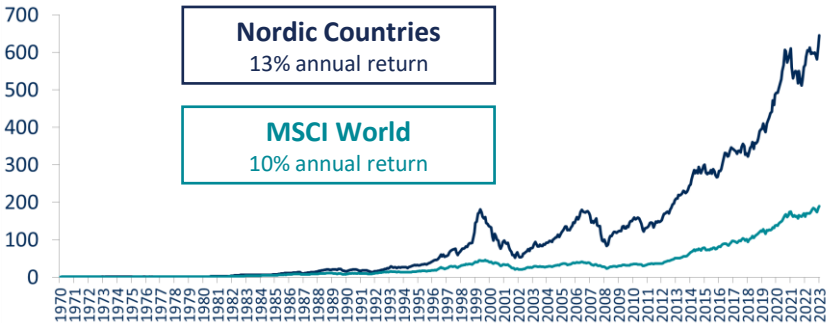


Pareto Nordic Equity - Update

Pareto Nordic Equity in August 2025

August returns were largely coloured by the companies' second quarter reports. In aggregate, operating profit keeps growing, despite demand headwinds related to US tariff policy. In addition, the second quarter saw a negative impact of a weaker US dollar, which was down five per cent against the Swedish Krona.

In August, we initiated a position in Investor AB, Sweden's leading industrial holding company, founded more than a century ago and still controlled by the Wallenberg family. Through its long-term, active ownership model, Investor takes meaningful stakes in high-quality businesses and works closely with management to drive growth, strengthen operations, and build resilience, making it one of the most competitive investment alternatives in the Nordic region.



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]	2.5%
Volatility (1 year, ann.)	16.1%
# Holdings	23
AuM [in m€]	169

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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