

# Annual report 2021

## Mutual funds



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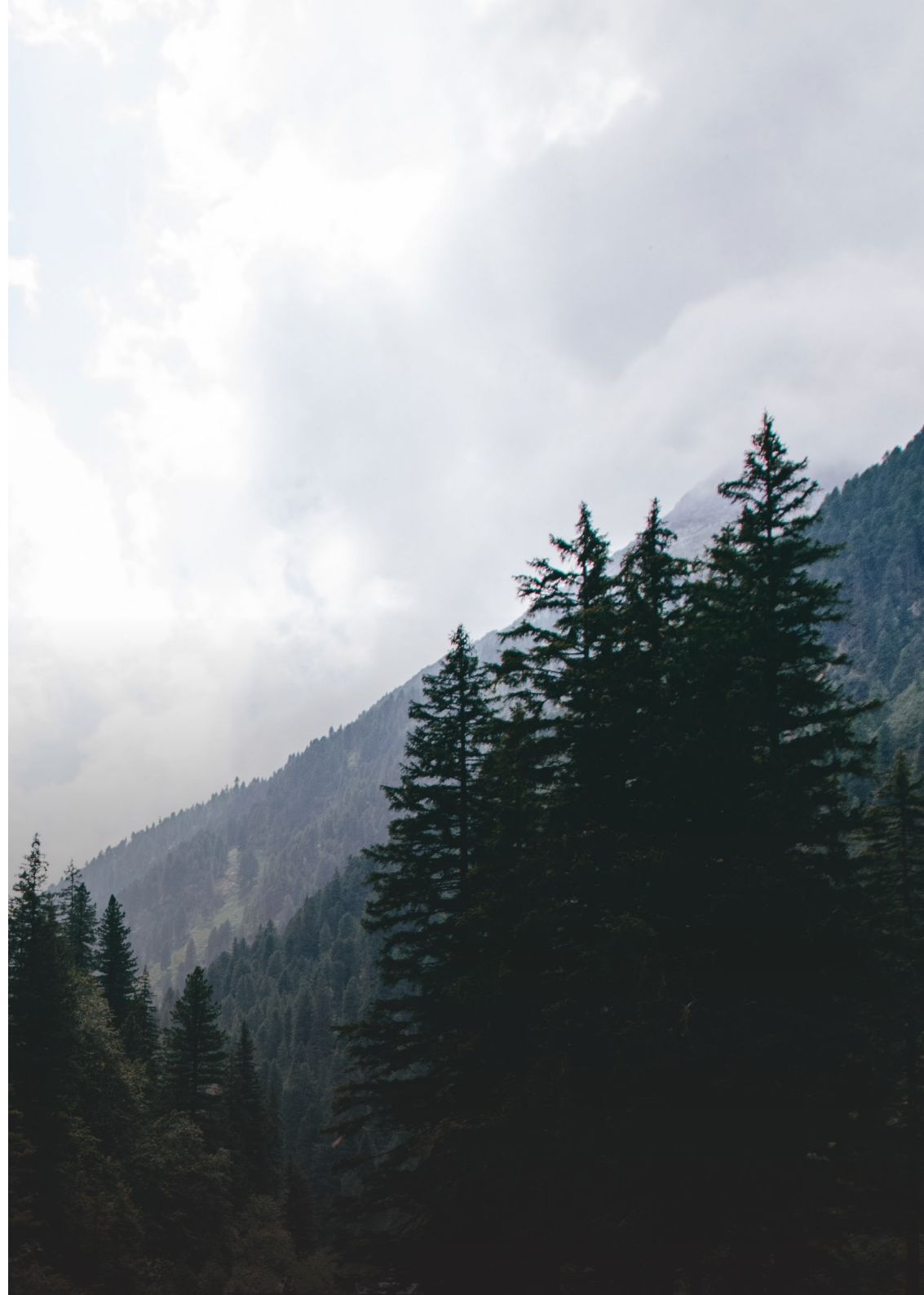
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# Directors' report

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# Directors' report 2021

Annual report for our Norwegian-registered funds with information on the management company and other financial products.

## Market summary

At the outset of 2021, financial markets had shaken off the shock following the outbreak of the pandemic in the winter/spring of 2020. Governments in a number of countries had launched comprehensive countermeasures, with swift interest rate cuts, bond purchases, expansionary fiscal policies and direct support to vulnerable companies and consumers. This had helped calm nerves and build confidence, which in turn had lifted financial markets to new all-time highs.

It was not until 2021, however, that these countermeasures began to take full effect. Meanwhile, a lot of demand had been put on hold due to uncertainty and direct restrictions on the supply side, not least travel, restaurant visits and other services with physical customer contact. With the easing of restrictions, households had significant amounts of cash ready to be spent.

Alas, easing was not a one-way street. The fight against the pandemic was to have several setbacks, in the form of new virus variants and new restrictions. Towards the end of the year came the omicron variant, which proved to be much more contagious than previous mutations. Thus, the year ended with new restrictions and partial lockdowns in several countries.

However, these setbacks were not only negative for the financial markets. They may also have contributed to prolonging the expansionary economic policies, as they made the recovery somewhat more subdued in the short term and the risk of overheating was reduced.

In any case, there were signs of rising inflation. Already at the beginning of the year, it was clear that record-low interest rates and rapidly increasing money supply could breathe life into inflation. In turn, this would have to be met with higher interest rates, an obvious menace to both the stock and bond markets. All releases from the US Federal Reserve were scrutinised, hunting for signs of imminent tightening.

Furthermore, the combination of lockdowns in many countries and significant backlogs also led to bottlenecks in a number of supply chains in many industries. This, too, was clearly driving inflation. Headline inflation rose, while underlying inflation remained relatively calm for the time being.

Many central banks, including Norges Bank, nevertheless initiated a cautious process of tightening. In Norway, we got two interest rate increases, each of a quarter of a percentage point, before the year was through. In the US, the Federal Reserve had clearly communicated that they were ready to begin tapering, which they did in November. All in all, however, modest tightening measures were implemented in 2021.

## Nice, predictable weakness

Microsoft had a poor start to this millennium. Over almost 15 years, from Christmas in 1999 to July 2014, total return was a dismal zero. The company was rattled by Apple's new iPhone and Google's fantastic growth. The market was disappointed and sent P/E multiples down from over 25 to below 10.

In November 2012, Pareto Global bought Microsoft. The stock was cheap, but earnings were weak. Over the next four years, there was zero growth in earnings per share. The lack of growth did not come as a shock to the portfolio managers, though. Microsoft was in the process of implementing a strategic shift, from up-front revenues to annual revenues from ongoing licenses and subscriptions. Cloud-based solutions were about to replace one-time licenses from sales of personal computers with Windows operating systems.

The problem was that costs came immediately, while revenues would only roll in over the next few years. The transition to subscription revenues thus put pressure on earnings in the short term. The market did not applaud.

In 2017, the cloud investment began to pay off, and earnings accelerated. In recent years, the average earnings growth has been over 20 per cent. And now the market applauded. Since Pareto Global's initial investment, pricing has roughly tripled, contributing to a further price increase. Total return during these nine years is approaching 2,000 per cent, corresponding to a compound return of almost 40 per cent. Today, Microsoft is the world's second largest company, measured in stock market capitalisation.

Why aren't the managers selling now? Because they see good, further growth for a well-run company which last year increased earnings per share by 38 per cent. After all, it is the commercial success of the company that drives long-term stock returns.

Thus, the year ended with relatively favourable business conditions in both the economy and the financial markets. A modest increase in interest rates was negative for long-term global investment grade bonds, but otherwise had little impact on the markets in 2021.

Since the expansionary policies had now worked for a while and consumers had, after all, found more to spend money on, growth picked up significantly. The result was that the world economy went from a sharp decline in 2020 to an exceptional upswing, probably the highest global growth rate since 1973.

Many companies used the low interest rates and the appreciation of the crisis to deleverage. They therefore met the recovery in good shape and earnings picked up significantly in 2021. This not only became a significant driver behind the bull market; it contributed to earnings multiples being lower at the end of 2021 than one year before.

All in all, 2021 was a very good year in the markets where Pareto Asset Management has invested clients' capital.

### Outlook

In the first few weeks of 2022, inflation fears have moved even further into the spotlight. The Federal Reserve expects to increase the pace of tapering, in part on the back of an annual headline inflation that had reached 7.0 per cent at the end of 2021.

This turn of events is clearly reflected in the market through higher interest rates and weaker share prices. While the market in 2021 repeatedly shook off such concerns, inflation fears have become a real factor.

With strong demand and supply-side restrictions, higher price growth is a predictable outcome. The question is whether the original price impulses will subside before higher wage demands and wage growth set in motion a stickier inflation dynamic.

While the extent of interest rate hikes is uncertain, there is little doubt about the direction. With higher benchmark rates and a likely end to bond purchases, there is every reason to expect higher interest rates at both the short and the long end of the curve, although much is probably discounted. In Norway, another increase in the key policy rate is expected as early as March.

For bonds with a long maturity and a fixed coupon rate, this will be negative. For somewhat shorter floating-rate bonds, which characterise the Nordic market for corporate bonds and also most of our bond funds, this will mainly be positive.

Credit spreads are clearly more difficult to estimate. They have tightened quite a bit since they shot up in March 2020. At present levels, spreads are not far below their 10-year median, but of course that's no guarantee they don't get higher.

In the stock market, earnings – and earnings estimates for 2022 – have risen faster than stock prices. Unless earnings fail dramatically, there should be little reason to fear a significant decline. Still, rising interest rates will also weigh on the stock market.

However, this will be disproportionately tough for growth stocks, with much of their expected earnings further into the future. Over the past 15 years, such stocks have outperformed more fundamentally priced value stocks, driven by ever-lower interest rates. It is also the case that high-priced growth stocks have pulled many stock indices upwards, as even higher pricing has translated into even higher market values.

Shorter-term stock price movements confirm that growth shares are particularly sensitive to interest rates. Hence, with expectations of a somewhat higher interest rate level, there is reason to expect value stocks to do better. And, accordingly, there is reason to believe that many active managers – including Pareto Asset Management – will do better than their respective benchmark indices.

The Board of Pareto Asset Management acknowledges that there is always a significant element of uncertainty in securities management. Nonetheless, we believe that our portfolios of equities and fixed income instruments are both well equipped to withstand turbulent markets and well positioned to create further returns for our customers.

### Update – Russia's invasion of Ukraine

On February 24, 2022, Russia invaded Ukraine. With that, the country crossed a border – literally – that no one thought any European country would cross in modern times. Russia's unlawful invasion has created a humanitarian crisis for the civilian population in Ukraine and triggered very extensive sanctions against Russia from a large number of countries around the world, with counter-sanctions from Russia. This has caused unrest in the capital markets. The Moscow Stock Exchange plummeted, although a major rebound reduced losses, and Western stock markets were in no way untouched.

What does this entail for the market outlook?

Geopolitical unrest always hits markets in the short term. In due time, however, the financial markets have always been able to shake it off. The question is whether the current situation is so dramatically different that it becomes pointlessly perfunctory to brush it off with a reference to historical figures. The picture is certainly so hazy that a detailed review may soon be outdated.

There are, however, grounds for some more general reflections. We can start by noting that Russia accounts for about 3 per cent of the world economy, measured in purchasing power-adjusted GDP. This figure is inflated by the fact that the Russian price level is relatively low. Measured by GDP in current market prices, which better reflects the volume of international trade, the share falls to 1.7 per cent.

For companies with relations to the Russian market, of course, it may still be devastating. The US and a number of other countries have imposed strong sanctions. But sanctions will be met with reverse sanctions, and it will not be easier to sell Norwegian salmon there than it has been for the past eight years. Presently, a total of 1-1.5 per cent of the revenues of the portfolio companies in our equity funds go to companies in Russia and Ukraine. Obstacles in Russian-related supply chains can also affect price growth in the West and contribute to stronger inflationary pressures.

The effect on the energy market is the most palpable. The situation has led to very high oil and gas prices. With the mothballing of the new gas pipeline from Russia, Nord Stream 2, we will have a tighter energy balance, and with further uncertainty about supply in existing agreements, oil and gas prices may be propped up for years to come. Whereas, in isolation, this is to Norway's advantage, it is negative for the world economy. However, the contractionary effect is significantly weaker than during previous oil crises, simply because oil accounts for a much smaller share of global GDP.

The political and economic consequences of the invasion and sanctions adopted are uncertain. Whereas Russia and Ukraine constitute a very limited part of the global economy, the economic sanctions may have a noticeable impact on the global economic development, risk assessments and investor behaviour.

### Current status in the firm

In recent years, Pareto Asset Management has gained an increasingly strong Nordic profile, not least after the acquisition of Stockholm-based Enter Fonder AB in January 2019. Including wholly owned Enter Fonder, which manages Swedish equity and fixed income funds, total assets under management reached a record level equivalent to 79 billion Norwegian NOK at the end of 2021. This represented an increase of NOK 21 billion.

The increase was almost equally divided between fund returns and net sales, with much of the sales going to customers abroad. In 2021, we gained new customers from Belgium, Finland, France, Germany, Spain and Switzerland.

While Enter Fonder manages mutual funds registered in Sweden, Pareto Asset Management manages mutual funds registered in Ireland, Luxembourg and Norway.

In 2021, the hybrid fund Pareto Nordic Return was merged into the equity fund Pareto Investment Fund. The merging funds had the same management team and fairly overlapping stock portfolios. Pareto Investment Fund is principally a Norwegian stock fund, but it may invest up to 20 per cent of its capital in other securities. The fund therefore has a modest share invested in other Nordic stocks.

For the third year in a row, the company organised internships for highly competent students. Like the year

before, much of their resources were spent evaluating the sustainability quality in several of our funds. One of the preceding year's summer interns was hired as a full-time equity analyst. The company views this as a favourable potential recruitment channel.

Pareto Asset Management now has a staff of 68, including the company's Stockholm branch, our Frankfurt office and Enter Fonder. During the year, Rune Selmar succeeded our previous CEO Lasse Ruud as chairman of the board.

As part of our adaptation to the EU regulation SFDR (Sustainable Finance Disclosure Regulation), one of our bond funds was classified as an Article 9 fund. The company is considering whether more funds can be classified in this way.

#### Assets under management

As at the end of 2021, Pareto Asset Management manages Norwegian-registered mutual funds with total assets of NOK 14.1 billion, distributed as follows (difference due to rounding):

- Norwegian equity funds NOK 8.8 billion
- Global equity fund NOK 3.7 billion
- Fixed income funds NOK 1.5 billion

In addition, the company has NOK 9.0 billion\* in discretionary management of shares and fixed income instruments for individual clients and NOK 33.6 billion\* in

other funds / investment companies, of which NOK 26.8 billion\* in mutual funds registered in Luxembourg and NOK 6.8 billion\* in mutual funds registered in Ireland. At the end of 2021, Enter Fonder manages values equivalent to more than NOK 22 billion\* through Swedish-registered equities and fixed-income funds.

Approximately NOK 22.1 billion\* of assets under management in our Norwegian business are now owned by foreign clients. Assets under management in Enter Fonder are mainly owned by Swedish clients. Just over half of assets under management in our Norwegian business are invested in equities, while the rest are in fixed income instruments.

Combined, companies, partners and employees in the Pareto group are our largest «customer», with more than NOK 7 billion of total assets. Extensive investments in our own products demonstrate strong faith in our ability to make good investments, our work processes and management philosophy.

#### Fund performance

In 2021, asset under management by Pareto Asset Management had an aggregate return of just over NOK 6 billion, more than 90 per cent of which in equity funds or related discretionary mandates.

This year, value stocks and growth stocks had more or less similar returns both globally and in the Nordic region. The market climate was thus fairly neutral for

#### A catch indeed

In 2004, Pareto Aksje Norge invested in Lerøy Seafood Group, a stock market rookie with a market value of just over one billion. The former family-owned company had its roots in wholesale business and seafood exports but wanted to develop and take part in the consolidation of the industry.

The listing provided access to capital and the opportunity to make acquisitions by issuing shares. In the following years, the group invested significant amounts in farming, processing and sales of salmon and trout, as well as whitefish. Lerøy is thus, as they put it themselves, a fully integrated company with control and management of an entire range of seafood products from sea to consumer.

Acquisitions are often bad news for the shareholders. And seafood shares, even in more diversified companies, are very sensitive to changes in salmon prices. This has produced some difficult periods for shareholders, such as in 2011 and 2018-2020.

The managers of Pareto Aksje Norge have used some share price hiccups to trade shares, but never sold out of Lerøy. Why so faithful?

A simple reason: They have had confidence in the business. With but a simple question, you may get a long corridor lecture on all sorts of operational details in Lerøy Seafood Group. That knowledge has given them confidence in the quality of operations, development and strategy.

Since the fund's initial investment, Lerøy Seafood Group has returned a total of 3,344 per cent, corresponding to 21.8 per cent a year. The share has thus contributed well to the return in the fund, which in the same period has been 722 per cent (12.4 per cent a year). In comparison, the mutual fund index has delivered 574 per cent (11.2 per cent).

\*Unaudited figures.



our equity funds, which have a pronounced overweight of value stocks.

### **Our Norwegian-registered funds**

In 2021, our largest Norwegian equity fund, Pareto Aksje Norge, generated a return of 25.2 per cent in share class A, which due to the good return became the share class with the highest fee. In comparison, the mutual fund index ended the year with a return of 21.1 per cent.

Our other Norwegian equity fund, Pareto Investment Fund, achieved a return of 24.3 per cent for share class A, which is also the share class with the highest fee.

Furthermore, Pareto Global, our global equity fund, managed to deliver excess returns. The excess return varied from 0.3 to more than three percentage points, depending on the share class.

We can thus conclude that all our Norwegian-registered equity funds managed to achieve excess returns in 2021.

In fixed income, only investment grade bond funds are now registered in Norway. The low interest rate level translates into low absolute returns for such funds. Of these, only Pareto Obligasjon has a benchmark index. The benchmark index returned 0.8 per cent, while the fund's return ranged from 0.9 to 1.1 per cent.

The board wishes to emphasise that, in general, the performance of our mutual funds in 2021 was in

accordance with the funds' risk profiles; the results are within the range to be expected in a long-term perspective. The board also wishes to express its satisfaction with the aggregate excess return.

### **Our foreign-registered funds**

Inasmuch as many of our Norwegian clients are also invested in our foreign-registered funds, we will provide a brief mention of performance in these funds.

Our largest foreign-registered fund, Pareto Nordic Corporate Bond, is also our largest fund regardless of registration. The fund received a return of 6.1-6.6 per cent. This was a clear improvement from the more modest return in the first year of the pandemic and almost on a par with 2019.

Pareto Nordic Cross Credit, which in 2020 merged with the former Pareto Høyrente, managed a return of 2.8 to 3.2 per cent in 2021. The fund is managed from both Oslo and Stockholm and has had good growth in assets under management over the past year.

In 2021, Pareto Total delivered a return of 22.7 per cent (share class B). The fund is set up to derive most of its return from long-term investments in solid and profitable companies, but it also has the liberty to leverage stock investments, sell stocks short or buy bonds.

Unfortunately, things did not go as well for Pareto Nordic Equity. While the Nordic index had a return of 23.8 per

cent, the return for the best share class (Pareto Nordic Equity I) was only 17.8 per cent. This fund had a relatively defensive portfolio in what turned out to be a very good year in the stock market.

On the other hand, Enter Småbolagsfond A achieved a return of as much as 48.7 per cent – following 65.5 per cent the year before and 49 per cent the year before that. The fund invests in smaller Swedish companies, but it must be emphasised that it includes companies that are significantly larger than what we usually define as small companies in Norway. It also includes a much larger number of companies.

Mention should also be made of Enter Sverige Pro, which received a return of 46.3 per cent. This fund invests in Swedish equities of all sizes.

### **Corporate responsibility and sustainability**

Pareto Asset Management has ethical guidelines to ensure that we avoid contributing to human rights abuses, labour rights violations, corruption, environmental damage or other unethical acts. Furthermore, we believe that responsible investments are important for achieving the best possible risk-adjusted return for our unitholders and customers. Sustainability and sound corporate governance can provide companies with competitive advantages and contribute to long-term value creation.

In practice, this entails, among other things, that we do not invest in companies on the exclusion list of the



Norwegian Government Pension Fund Global. In addition, we may exclude companies on our own initiative and engage in dialogue with the companies' management or government bodies if we believe it is necessary to resolve critical issues or change their behaviour.

Pareto Asset Management has signed the UN principles for responsible investment (PRI). We are also a member of Norsif, an independent association of asset owners and asset managers, service providers and industry associations with an interest in, and activities related to, responsible and sustainable investments, where the company's chief economist and strategist is a board member.

We continuously follow the European Union's development of the so-called taxonomy (classification of and reporting on sustainable investments) and the implementation of this in Norwegian law. The regulations will specify the expectations for sustainability in all investments. In adapting to the European regulation on sustainability-related disclosures in the financial services sector (SFDR), a so-called SFDR Fund Statement has been prepared for each of the funds that we classify as article 8 or article 9 funds. So far, only Pareto ESG Global Corporate Bond has been classified as an article 9 fund. This fund has also received the Nordic Swan Ecolabel. A dedicated ESG analyst monitors the investments in the fund, to ensure that they are in line with the fund's purpose and the Nordic Swan Ecolabel requirements.

Twice a year Pareto Asset Management publishes a separate report on responsible investments. In this report we present our own guidelines as well as our efforts to comply with them, and we highlight investments that have been the object of company discussions on sustainability. We also present our work on engagement and active ownership. The report is available to all our customers and is published on our website, based on the idea that transparency is important for ourselves as well. Similarly, we provide transparency in our PRI reporting through a so-called Transparency Report.

Enter Fonder, which has long emphasised responsible investments, produces a sustainability report four times a year. This report deals with their sustainable investment efforts and typically highlights investigations into a couple of companies. The company works systematically on sustainability and integrates such evaluations into all their stock investments. One of the employees is dedicated to sustainability work.

Enter Fonder is a member of Swesif and has signed the UN principles for responsible investment (PRI). Enter too makes its Transparency Report publicly available.

Both Pareto Asset Management and Enter Fonder hold that concentrated, fundamentally oriented securities management provides proximity to the portfolio companies, facilitating responsible investments. We are convinced that active securities management is

### **Salmon from the greater Oslo area**

The Norwegian capital market has indeed become increasingly internationalised. To wit: Pareto Investment Fund now owns shares in three Icelandic fish farming companies.

The first investment was Icelandic Salmon (formerly Arnarlax), where the fund took a small stake in 2018. Back then, the company was unlisted and had a license to produce 26,000 tonnes of salmon a year. Actual volumes were much lower, partly due to operational problems.

Next came Ice Fish Farm, which the fund bought at the IPO in 2020. Here, volumes were small, but the company was well-run and attained good prices with a strong brand.

The last one was Arctic Fish, listed in 2021. Pricing was lower, perhaps because of a lower growth potential, but the company had strong operations, industry-leading costs and an undeniable marketing potential.

Icelandic salmon farming is at an early stage. The biology is favourable, with low water temperatures and few producers in each fjord. This provides better disease control. The fish has a higher marine content and a greater harvest value. Relative to the coastline, there are fewer licenses than in Chile, the Faroe Islands and Norway. However, Icelandic politicians see the export potential and have become more inclined to handing out new licenses.

So far, it's been profitable for the fund. The largest position is Icelandic Salmon, close to 2.5 per cent, where the average annual cash-weighted return is 29 per cent, significantly better than the seafood sector on Oslo Børs.

The other two have also beat the sector, especially Arctic Fish. Strategically, however, these shares should probably be viewed as a single venture into an alternative seafood area – and as a less risky growth alternative to land-based farming.

particularly well suited for working with responsible and sustainable investments.

### Risk management in our Norwegian-registered securities funds

To deliver returns in excess of the risk-free interest rate, one must assume some risk. This means that the returns in the individual funds can be both higher and lower than expected; the unitholders may make a loss on their investment. For funds with a benchmark index, there is also a risk that returns may be lower than the returns of the benchmark index. In turn, this entails risk for Pareto Asset Management, placing demands on risk management.

The Board of Directors of Pareto Asset Management has approved the risk profile for each fund we manage. The risk profile for each fund is regulated by its respective prospectus and statutes. The risk classification, as defined in relevant EU regulations, can be found in the specific pages for each fund in this annual report. The risk indicator is based on weekly fluctuations in the Fund's price over the past five years.

Pareto Asset Management has compliance and risk management functions that control the risk profiles of the funds. These are independent functions that regularly report to management and the board on compliance of the current risk level for each fund to its established risk profile. Regular analyses are made of the correspondence between the funds' risk profiles and

actual risk.

Investing in equities is typically characterised by a relatively high risk of fluctuations (volatility). The risk in fixed income funds will vary, depending on e.g. credit and interest rate risk. For hybrid funds, the risk will also vary with the proportion of the fund invested in equities.

### Market risk

Market risk is defined as the risk that the value of a portfolio falls due to changes in financial markets or macroeconomic conditions. Market risk in a portfolio may be absolute (passive) and/or relative (active), provided the portfolio is measured against a benchmark. It may be expressed as risk ex ante (expected) and ex post (realised). Our securities management is governed by the first expression of risk and measured by the second.

Sources of market risk may be changes in e.g. interest rates and exchange rates or general corrections in the stock market, as well as unique exposure to factors such as oil prices and salmon prices.

Other key risks to which the funds are exposed, and which are not sufficiently taken into account by historical fluctuation risk / market risk, are as follows:

### ESG risk

ESG risk is defined as the risk of losses due to changes in ESG factors in the funds' investments and/or changes in the markets' assessment of ESG factors.

Here we define ESG factors as environmental (E), social (S) and governance (G) attributes of the companies in the funds' portfolios.

Furthermore, the company has a pronounced ESG profile through its guidelines for responsible investments, with analyses of and reports on ESG factors in the companies in which capital is invested. A further ESG risk may therefore occur if wrongful analyses form the basis of investments and/or are communicated to clients.

As an active manager, we see that ESG risk represents a significant part of the price risk in the securities we manage.

### Credit risk

The issuer may get into a situation where it cannot meet its payment obligations when the debt matures. Uncertainty about the issuer's solvency may cause temporary or persistent loss of value in the security. The credit risk in Pareto Likviditet and Pareto Obligasjon is low. Moreover, there will be a counterparty risk in derivatives trading, cf. the section on Financial risk.

Our fixed income management is based on fundamental analysis of the companies we invest in, and the managers spend a lot of time following up existing loans in the portfolio. Good diversification of the portfolios should limit the impact of any credit events that may occur.

### Liquidity risk

Insufficient liquidity in a security could make the valuation or sale of such security at a given time difficult.

The company bases its NAV calculations on the daily bond prices set by Nordic Bond Pricing. At times, the price of shares in smaller companies can also be affected by liquidity. This applies to some investments in our Norwegian equity portfolios.

### Operational risk

Operational risk is the risk of errors occurring due to inadequate procedures or systems, human error or the fund not being managed in accordance with its investment strategy and risk profile. Pareto Asset Management has developed IT systems and internal procedures to reduce the probability of operational errors, and we focus constantly on quality assurance through communication, training and documentation.

Specific areas of operational risk are the calculation of net asset values, the calculation of performance fees, investment limits, trading errors, information in legal

documents, best execution, measures against market abuse and IT risk.

### Financial risk

None of our Norwegian-registered stock funds utilise financial leverage. All funds have the opportunity to use financial derivatives.

In 2020, only Pareto Investment Fund used derivatives. This was done as currency hedging of one share which is listed and bought in another currency (USD). The NAV of the fund is calculated in NOK, while the fund's investments can be bought in other currencies.

In order to reduce this type of currency exposure, currency derivatives can be used as part of the risk management in the fund. Currency derivatives can only be used to hedge the fund's investments.

### Redemptions

During the period, there have been no extraordinarily large redemptions that have affected the market values and thereby the unit values.

## Fund performance in 2021

	Return	Net increase <sup>1</sup>
Pareto Aksje Norge A	25.2%	58 463
Pareto Aksje Norge B	26.1%	171 829
Pareto Aksje Norge C	27.0%	155 954
Pareto Aksje Norge D	27.7%	14 388
Pareto Aksje Norge I	28.0%	1 005 534
Pareto Investment Fund A	24.3%	413 635
Pareto Investment Fund B	25.3%	19 491
Pareto Investment Fund C	25.9%	-3 776
Oslo Børs Fondsindeks	21.1%	
Pareto Global A	25.7%	61 693
Pareto Global B	27.1%	297 485
Pareto Global C	27.6%	-27 718
Pareto Global D	28.2%	16 865
Pareto Global I	28.5%	222 214
MSCI World	25.4%	
Pareto Obligasjon A	0.9%	30 009
Pareto Obligasjon B	1.0%	49 701
Pareto Obligasjon C	1.1%	533 251
NORM123FRN <sup>3</sup>	0.8%	
Pareto Likviditet	0.4%	141 088

<sup>1</sup>Net income + subscription/redemption

<sup>2</sup>NBP Norwegian RM1-RM3 Floating Rate Index (NOK)

### Administration

Our Norwegian registered mutual funds have no employees of their own. They are managed through contracts with the management company Pareto Asset Management, which is also the business manager. DNB Bank ASA is the custodian of all funds. Pareto Asset Management has its head office in Oslo. The business does not pollute the external environment.

### Going concern

The Board is of the opinion that the accounts for our Norwegian-registered securities funds give a true picture of the mutual funds' assets and liabilities, financial position and results. The funds' statements have been prepared under the going concern assumptions.

### Allocation of profits

The Board proposes the allocation of profits from the Norwegian-registered funds as stated in the overview below. The Board believes that the income statements, balance sheets and portfolio reports with accompanying notes offer sufficient information about this year's activities and the mutual funds' positions at year end.

#### Allocation of profit for our Norwegian registered mutual funds:

Fund	Profit	Allocation to unitholders	To/from retained earnings	Equity 31.12.21
Pareto Aksje Norge	1 459 773 562		1 459 773 562	6 817 449 334
Pareto Investment Fund	460 946 326		460 946 326	2 002 631 511
Pareto Global	830 927 625		830 927 625	3 747 549 433
Pareto Obligasjon	5 695 239	8 316 724	-2 621 485	896 894 301
Pareto Likviditet	2 240 777	4 638 251	-2 397 475	617 825 635

### Board of directors Pareto Asset Management AS Oslo, 10 March 2022

Rune Selmar  
Chairman

Erik Bartnes  
Board member

Henrik Lindquist  
Board member

Svein Støle  
Board member

Christopher M. Bjerke  
Board member  
(elected by unitholders)

Liv Monica Stubholt  
Board member  
(elected by unitholders)

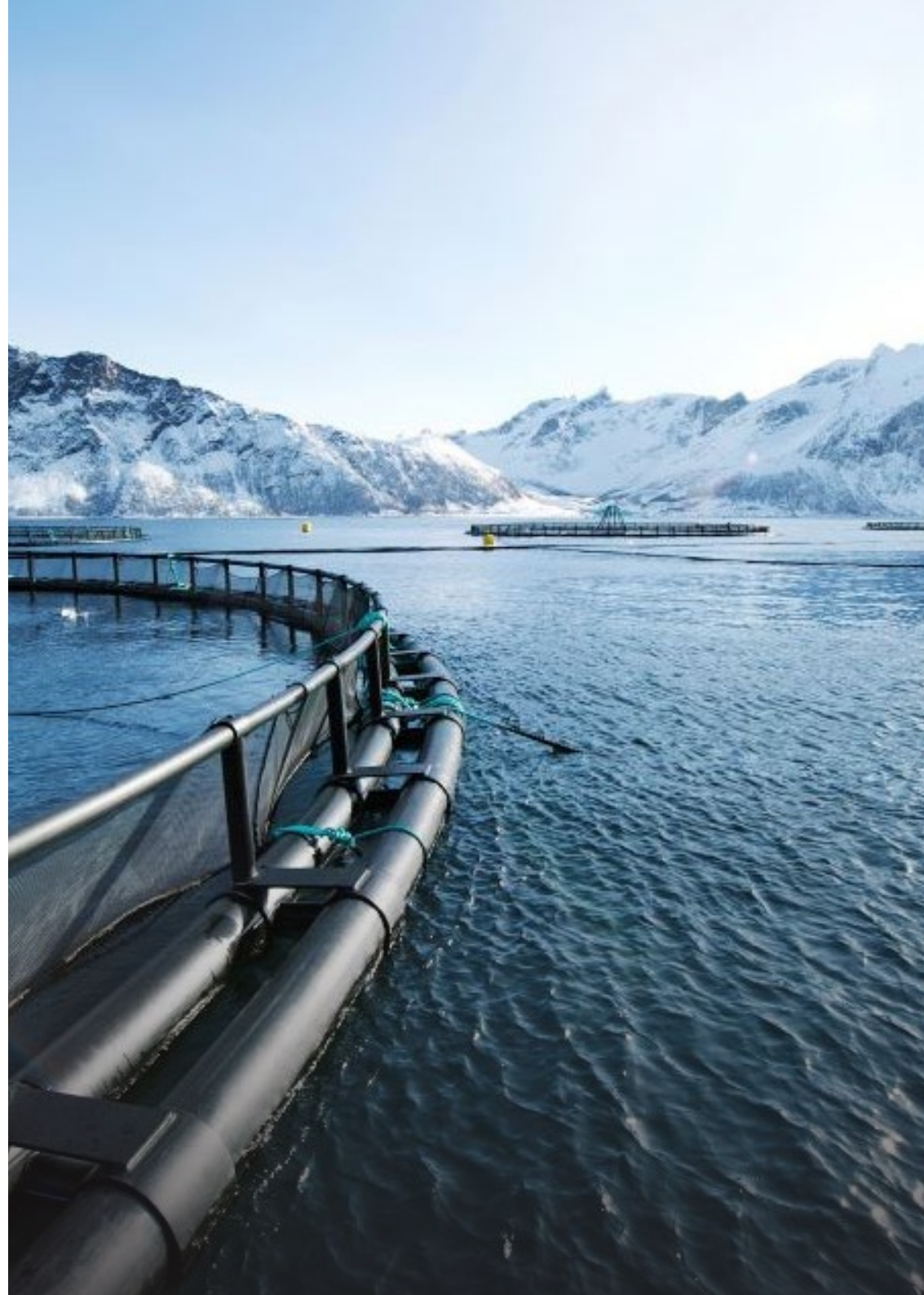
Eric von Koss Torkildsen  
CEO

Note: This translation from Norwegian has been prepared for information purposes only.



# Pareto Aksje Norge

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## Portfolio manager commentary

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The portfolio developed strongly in 2021. The rise was broadly based. It was gratifying to note that two out of three portfolio companies delivered a higher return than the market return of just over 21 per cent. This can be attributed to better business conditions for our companies and good operations, which in turn have resulted in an increased rate of value creation.

We had great faith that our companies would improve their results in 2021, but the power of the recovery surprised us in a positive way. At the beginning of the year, our expectation for value creation, measured as return on equity, was just over nine per cent. Following the third quarter, the rate of value creation has been raised to well over 13 per cent. This is as much as 60 per cent higher than the five-year average.

The pricing of the portfolio at the beginning of the year was just under 13 times expected 2021 earnings and just over 11 times expected 2022 earnings. As we settle the score for 2021, the portfolio is priced at just over 12 times last year's earnings and 10.5 times the expected earnings in 2022. This means that last year's increase can be attributed to strong earnings growth in our portfolio companies, and that the portfolio appears cheaper in an earnings perspective.

Our finance companies delivered solidly throughout the year. Sparebank 1 SMN, Sparebank 1 Nord-Norge and Sparebank 1 SR-Bank excelled in particular, with a return of around 58 per cent. The solid increase can mainly be attributed to earnings growth from the year before. Increased lending rates and a somewhat lower upward adjustment of the deposit rate, following two interest rate hikes from Norges Bank, will have full effect through 2022 for our savings banks and contribute to further earnings growth. More interest rate hikes from the central bank, as is now expected, will strengthen the tailwind. All of our banks are well capitalised. We sold out of DNB completely in the second half of the year after just over five years as co-owners in the bank and a 19 per cent annual average return. Overall, finance contributed almost 12 percentage points to this year's return.

In energy, the development through 2021 stands in stark contrast to the year before. The reopening contributed to the strongest growth rate the world has seen in decades. As far as the oil market is concerned, OPEC+ complied with its gradual phasing in of the production cuts as agreed in 2020. This contributed to a faster balancing of inventories than previously assumed. For Equinor, this turned out to be

positive. In 2021, we were able to note a historically high oil price measured in Norwegian kroner, while consumption again exceeded 100 million barrels per day. Throughout the autumn and winter, we saw how the energy crisis erupted in Europe, contributing to historically high gas prices and electricity prices. High oil prices and record high gas prices have a strong effect on Equinor's cash flow. The share rose by 68 per cent in 2021. However, our oil service companies, TGS and Subsea 7, had another demanding year and fell by 33 and 26 per cent, respectively. We register that it has not been more profitable to search for oil and gas in over two decades. Record-low exploration costs, high oil prices and high free cash flow at the oil companies suggest that the appetite for exploration will pick up. The contribution from our energy companies in 2021 was about one percentage point.

The consumer companies had a positive development. All our seafood companies could point to a strong upturn. For 2022, Kontali, which is an independent world-leading provider of data and analyses covering aquaculture, indicates supply growth of less than five per cent, slightly below the five-year average. This indicates a continued good market for our seafood companies. Orkla had a somewhat more demanding

development, due to increased raw material costs. We believe the company is able to pass this on to the end user in the form of price increases with some time lag. It is gratifying to note that KID Interiør delivered another strong lap time. Since we became co-owners in 2016, the company has delivered an annual return of almost 39 per cent, or just over 450 per cent in total. Our consumer companies will see increased input prices, but they will be able to pass part of this on to the consumer. The contribution from our consumer investments was just over five percentage points.

Our industrial companies had a very good year, driven by good company reports and significantly improved profitability. For several of our raw materials companies, profitability is at record-high levels. Our largest investment, Yara International, rose by 37 per cent. The company has paid NOK 40 per share in dividends due to good free cash flow and the sale of operations in Qatar.

We register that all of our industrial companies are important pieces in the "green shift", while their access to clean hydropower provides significant long-term competitive advantages if regulatory changes were to be introduced in the form of carbon taxes.

Not only did several of our industrial companies generate high free cash flow in 2021; in all probability, it will increase further in 2022. The combination of low debt and high free cash flow allows for increased distributions to shareholders through dividends and repurchases. There have been a number of substantial achievements in this part of the portfolio, and we note that Veidekke delivers high margins. Since we became a co-owner in 2017, the company has given us an annual return of just under 36 per cent. In total, our industrial companies contributed just over ten percentage points of the return in 2021.

The year's solid earnings performance will result

in increased dividends. Present pricing indicates a dividend yield this year of close to five per cent. Dividends are an important part of the return. For the portfolio, around 40 per cent of the return achieved has come from dividends. Given predictable dividends, a fall in the stock price of 20 per cent will lead to a 25 per cent higher dividend yield. This means a lot for both safety and long-term return.

The portfolio is priced at 10.5 times this year's expected earnings, which indicates a current earnings yield of 9.5 per cent. Compared to ten-year government bond yields in Norway at 1.7 per cent, this gives a risk premium of 7.8 percentage points. We believe that the combination of earnings growth, low pricing of earnings and solid balances provides a good starting point for a long-term positive return.

Portfolio management team  
Einar Løvoll, Besim Zekiri

# Performance history

Typically invest in sectors where Norwegian companies have global competitive advantages. Long term, actively managed, based on fundamental advantages.

Inception date: 06.09.2001

Benchmark: Oslo Børs Mutual Fund Index (OSEFX)

Legal structure: UCITS

Dealing days: all Norwegian banking days except 31.12.



Lower risk  
Typically lower rewards

Higher risk  
Typically higher rewards

The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the fund.

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.

## Performance by periods

Name	2021	2020	2019	2018	2017
Pareto Aksje Norge A <sup>1</sup>	25.2%	1.7%	12.6%	1.0%	12.4%
Pareto Aksje Norge B <sup>2</sup>	26.1%	1.3%	13.6%	0.8%	13.3%
Pareto Aksje Norge C	27.0%	2.1%	14.4%	1.5%	14.2%
Pareto Aksje Norge D	27.7%	2.6%	15.0%	2.0%	14.7%
Pareto Aksje Norge I	28.0%	2.9%	15.3%	2.3%	15.0%
Oslo Børs Mutual Fund Index	21.1%	7.3%	19.2%	-2.2%	17.0%

## Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Aksje Norge A <sup>1</sup>	09.09.2002	12.7%	10.2%	9.8%	11.9%
Pareto Aksje Norge B <sup>2</sup>	31.12.2005	13.2%	10.6%	10.0%	7.1%
Pareto Aksje Norge C	13.07.2015	14.1%	11.5%	-	12.3%
Pareto Aksje Norge D	13.07.2015	14.6%	12.0%	-	12.3%
Pareto Aksje Norge I	06.09.2001	14.9%	12.3%	11.6%	12.8%
Oslo Børs Mutual Fund Index		15.7%	12.2%	12.8%	

## Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Aksje Norge A	500	NO0010160575	POAKTNY NO
Pareto Aksje Norge B	500	NO0010297898	PRVERDI NO
Pareto Aksje Norge C	20 million	NO0010740590	PAAKNOC NO
Pareto Aksje Norge D	50 million	NO0010740608	PAAKNOD NO
Pareto Aksje Norge I	100 million	NO0010110968	POAKTIV NO

<sup>1</sup>Returns until 13.07.2015 are achieved in Pareto Aktiv. The fund continues as unit class A in Pareto Aksje Norge.

<sup>2</sup>Returns until 13.07.2015 are achieved in Pareto Verdi. The fund continues as unit class B in Pareto Aksje Norge.



# Pareto Aksje Norge

Income statement	Notes	2021 01.01-31.12	2020 01.01-31.12
<b>Portfolio income and expenses</b>			
Interest received		85 862	184 882
Dividends		248 946 505	195 923 656
Realised capital gain/loss	4	269 921 996	123 956 993
Net unrealised capital gain/loss	4	1 008 075 323	-69 239 641
<b>Portfolio profit</b>		<b>1 527 029 686</b>	<b>250 825 890</b>
<b>Asset management revenue and costs</b>			
Subscription/redemption fees	8	1 466 243	661 806
Custodian charges on purchases and sales of securities		-26 700	-40 830
Management fees	5	-68 695 668	-44 494 868
Subscription/redemption fees to the management company	8	0	0
Other income/expenses		0	-13
<b>Asset management revenues</b>		<b>-67 256 125</b>	<b>-43 873 905</b>
<b>Profit before taxation</b>		<b>1 459 773 562</b>	<b>206 951 985</b>
<b>Income tax</b>	6	<b>0</b>	<b>0</b>
<b>Profit for the financial year</b>		<b>1 459 773 562</b>	<b>206 951 985</b>
<b>Allocation of profit</b>			
Transferred to/from equity		1 459 773 562	206 951 985
<b>Total allocations and equity transfers</b>		<b>1 459 773 562</b>	<b>206 951 985</b>
<b>Balance sheet</b>		<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Assets</b>			
Securities at market value	2,3,9	6 683 744 151	5 407 828 428
Cash and cash equivalents		167 613 332	40 859 870
Other assets		3 332 664	8 917 705
<b>Total assets</b>		<b>6 854 690 147</b>	<b>5 457 606 004</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unit capital at par value		1 175 314 844	1 196 072 097
Premium		-3 484 933 439	-3 452 085 349
Retained earnings		9 127 067 930	7 667 294 368
<b>Total equity</b>	7,8	<b>6 817 449 334</b>	<b>5 411 281 116</b>
<b>Liabilities</b>			
Accrued management fees		32 562 313	18 920 479
Other liabilities		4 678 500	27 404 409
<b>Total liabilities</b>		<b>37 240 813</b>	<b>46 324 888</b>
<b>Total equity and liabilities</b>		<b>6 854 690 147</b>	<b>5 457 606 004</b>

## Board of directors Pareto Asset Management AS Oslo, 10 March 2022

Rune Selmar  
Chairman

Erik Bartnes  
Board member

Henrik Lindquist  
Board member

Svein Støle  
Board member

Christopher M. Bjerke  
Board member (elected by unitholders)

Liv Monica Stubholt  
Board member (elected by unitholders)

Eric von Koss Torkildsen  
CEO

Note: This translation from Norwegian has been prepared for information purposes only.

# Pareto Aksje Norge

## Notes

### 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and the regulations relating to Annual financial statements for mutual funds.

#### Financial instruments

Securities are recognised at fair value (market price) as at 31.12.2021. For securities where no exchange rate information from stock exchanges or any other official sources are available, the valuation will be based on either the last trading price, valuations made by leading brokerage houses, and/or internal valuations. Dividends from shares are recognized as income when the share price is quoted exclusive of dividends. Accrued non-accrued interest income is recognized in the accounts. Assets that are valued at market value are recognized in the accounts on a continuous basis.

#### Foreign currency

The funds accounting currency is NOK. Investments in foreign currency is converted into NOK at the market exchange rate as at 31.12.2021.

#### Transaction fees

Transaction fees to the custodian are expended on a monthly basis. Other expences to the custodian is covered by the management company. Management fees are registered at the time of transaction, and will thus be included in the security cost at acquisition, and selling price at realisation.

#### Tax related issues

Securities funds are exempt from tax on profit and are not entitled to deduct for loss, upon the realization of shares

in companies domestically resident within and outside the EEA. Change in unrealised gain/loss for all inventories is not taxable but may be subject to deferred tax calculation. 3% of the net dividend on shares in companies domiciled within the EEA is taxable. Other income and expenses are respectively taxable and deductible.

A mutual fund has deductibility rights for the portion of the dividend that is taxed as interest income by the unitholders. The distribution will reduce the NAV equivalent to dividend per unit at the day of distribution. For funds that have distributed taxable income per 31.12.2021, this is distributed in the allocation of the profit for the year.

All dividends to unitholders are treated as surplus exposures in accordance with the regulations on financial statements for mutual funds. Dividends are reinvested as new shares in the fund during the fiscal year and are accounted accordingly.

### 2 Financial market risk and use of derivatives

Verdipapirfond Investments in Norwegian companies are exposed to stock price and liquidity risk. Investments in foreign companies are exposed to stock price, currency and liquidity risk. Investments in fixed income instruments are exposed to interest rate, credit and liquidity risk. If an interestbearing paper is issued in foreign currency, then the fund is also exposed to currency risk, although hedging can be undertaken to reduce this risk. Bank deposits in foreign currency are also exposed to currency and credit risk.

Pareto Aksje Norge has not used any derivatives in 2021.

### 3 Turnover ratio

The portfolio's turnover ratio is 0.13.

The turnover rate is a measure of the average duration of the fund's investments.

The turnover rate is calculated by dividing the lesser of total purchases or total sales of securities in the portfolio during the year by the average total net assets during the year. The formula is an approximation to calculating the fund's turnover rate.

### 4 Brokerage fees

Brokerage fees are included in the securities cost price. Total fee in 2021 is NOK 1.280.232.

### 5 Management fees

The fund is charged a daily management fee per annum of the total portfolio. Rates apply per unit class.

- Pareto Aksje Norge A: 1.50% per annum

At a percentual higher performance than ST1X (Government Bond Index 0.25). the management company will charge a 20 per cent remuneration of this difference. Total management fee shall not exceed 3.0 per cent per annum. At a percentual lower performance than ST1X (Government Bond Index 0.25) the management company will deduct 20 per cent of this difference from the management fee. The total management fee shall not be less than 0.0 per cent per annum.

- Pareto Aksje Norge B: 2.00% per annum
- Pareto Aksje Norge C: 1.25% per annum
- Pareto Aksje Norge D: 0.75% per annum
- Pareto Aksje Norge I: 0.50% per annum

# Pareto Aksje Norge

## 6 Tax

	2021
Profit before taxation	1 459 773 562
Permanent differences	
Realised capital gains	-269 935 643
Unrealised capital gains (change)	-1 008 075 323
Custodian charges equity fund	26 700
Dividends within EEA (gross)	-248 946 505
3% of dividends within EEA (net)	7 468 395
Withholding tax outside the EEA	0
Total taxable income	-59 688 814
Use of losses carried forward	0
Tax base	0
Assessed tax in Norway	0
<b>Specification of tax expense</b>	
Income tax Norway	0
Withholding tax within the EEA	0
Withholding tax outside the EEA	0
Total recognised tax expense	0

## 7 Equity

	2021
Equity 1.1	5 411 281 116
+ subscription/redemption	-53 605 344
+ profit for the financial year	1 459 773 562
<b>Equity 31.12</b>	<b>6 817 449 334</b>

## 8 Issued units

Unit class A	31.12.2021	31.12.2020	31.12.2019
Number of units	109 426.41	128 900.37	148 244.27
Net asset value	9 082.24	7 256.56	7 137.33
Redemption price	9 036.83	7 220.28	7 101.64
Unit class B	31.12.2021	31.12.2020	31.12.2019
Number of units	215 028.73	198 494.38	204 854.36
Net asset value	2 983.80	2 366.68	2 335.34
Redemption price	2 968.88	2 354.85	2 323.66
Unit class C	31.12.2021	31.12.2020	31.12.2019
Number of units	211 613.24	172 445.44	267 310.27
Net asset value	2 056.12	1 618.76	1 585.50
Redemption price	2 045.84	1 610.67	1 577.57
Unit class D	31.12.2021	31.12.2020	31.12.2019
Number of units	276 239.42	343 971.41	285 925.84
Net asset value	2 123.14	1 663.24	1 621.09
Redemption price	2 112.52	1 654.92	1 612.99
Unit class I	31.12.2021	31.12.2020	31.12.2019
Number of units	363 007.04	352 260.49	323 673.06
Net asset value	11 460.97	8 956.10	8 707.39
Redemption price	11 403.67	8 911.32	8 663.86

Net asset value (NAV) is the market value per unit after deductions of the fund's costs.

NAV at subscription is NAV including a maximum subscription fee of 1.0 per cent. NAV at redemption is NAV less a maximum redemption fee of 0.5 per cent. A maximum of 0.2 per cent in subscription/redemption fees accrues to the fund.

## 9 Securities portfolio as at 31.12.2021

See next page.

# Pareto Aksje Norge

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## Securities portfolio as at 31 December 2021

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
<b>Financials</b>									
SpareBank 1 Nord-Norge	NO0006000801	Oslo	2 939 719	138 746 607	331 012 359	192 265 752	4.8	2.9	NOK
SpareBank 1 SMN	NO0006390301	Oslo	2 888 391	214 537 079	430 370 259	215 833 180	6.3	2.2	NOK
SpareBank 1 SR-Bank ASA	NO0010631567	Oslo	2 738 521	182 150 937	364 770 997	182 620 060	5.3	1.1	NOK
Sparebanken Møre	NO0006390004	Oslo	250 257	55 869 268	111 114 108	55 244 840	1.6	2.5	NOK
Sparebanken Vest	NO0006000900	Oslo	1 719 062	102 793 083	172 250 012	69 456 929	2.5	1.6	NOK
Storebrand ASA	NO0003053605	Oslo	3 415 221	235 310 762	302 315 363	67 004 601	4.4	0.7	NOK
<b>Total financials</b>				<b>929 407 736</b>	<b>1 711 833 098</b>	<b>782 425 362</b>	<b>24.9</b>		
<b>Energy</b>									
Bonheur ASA	NO0003110603	Oslo	557 795	86 020 751	198 017 225	111 996 474	2.9	1.3	NOK
Equinor ASA	NO0010096985	Oslo	1 252 233	190 388 828	295 401 765	105 012 937	4.3	0.0	NOK
Subsea 7 SA	LU0075646355	Oslo	2 666 575	237 658 346	168 474 209	- 69 184 137	2.5	0.9	NOK
TGS ASA	NO0003078800	Oslo	2 449 645	381 167 936	207 190 974	- 173 976 962	3.0	2.1	NOK
<b>Total energy</b>				<b>895 235 861</b>	<b>869 084 173</b>	<b>- 26 151 688</b>	<b>12.7</b>		
<b>Materials</b>									
Borregaard ASA	NO0010657505	Oslo	1 336 776	98 654 044	296 764 272	198 110 228	4.3	1.3	NOK
Elkem ASA	NO0010816093	Oslo	8 068 100	235 825 520	240 590 742	4 765 222	3.5	1.3	NOK
Norsk Hydro ASA	NO0005052605	Oslo	4 466 760	166 874 085	310 529 155	143 655 070	4.5	0.2	NOK
Yara International ASA	NO0010208051	Oslo	1 219 154	376 726 874	542 523 530	165 796 656	7.9	0.5	NOK
<b>Total materials</b>				<b>878 080 523</b>	<b>1 390 407 699</b>	<b>512 327 176</b>	<b>20.2</b>		
<b>Consumer discretionary</b>									
Kid ASA	NO0010743545	Oslo	2 109 785	79 947 618	237 561 791	157 614 173	3.5	5.2	NOK
Lumi Gruppen AS	NO0010927288	Oslo Merkur	1 003 371	50 225 249	48 161 808	- 2 063 441	0.7	2.8	NOK
<b>Total consumer discretionary</b>				<b>130 172 867</b>	<b>285 723 599</b>	<b>155 550 732</b>	<b>4.2</b>		



# Pareto Aksje Norge

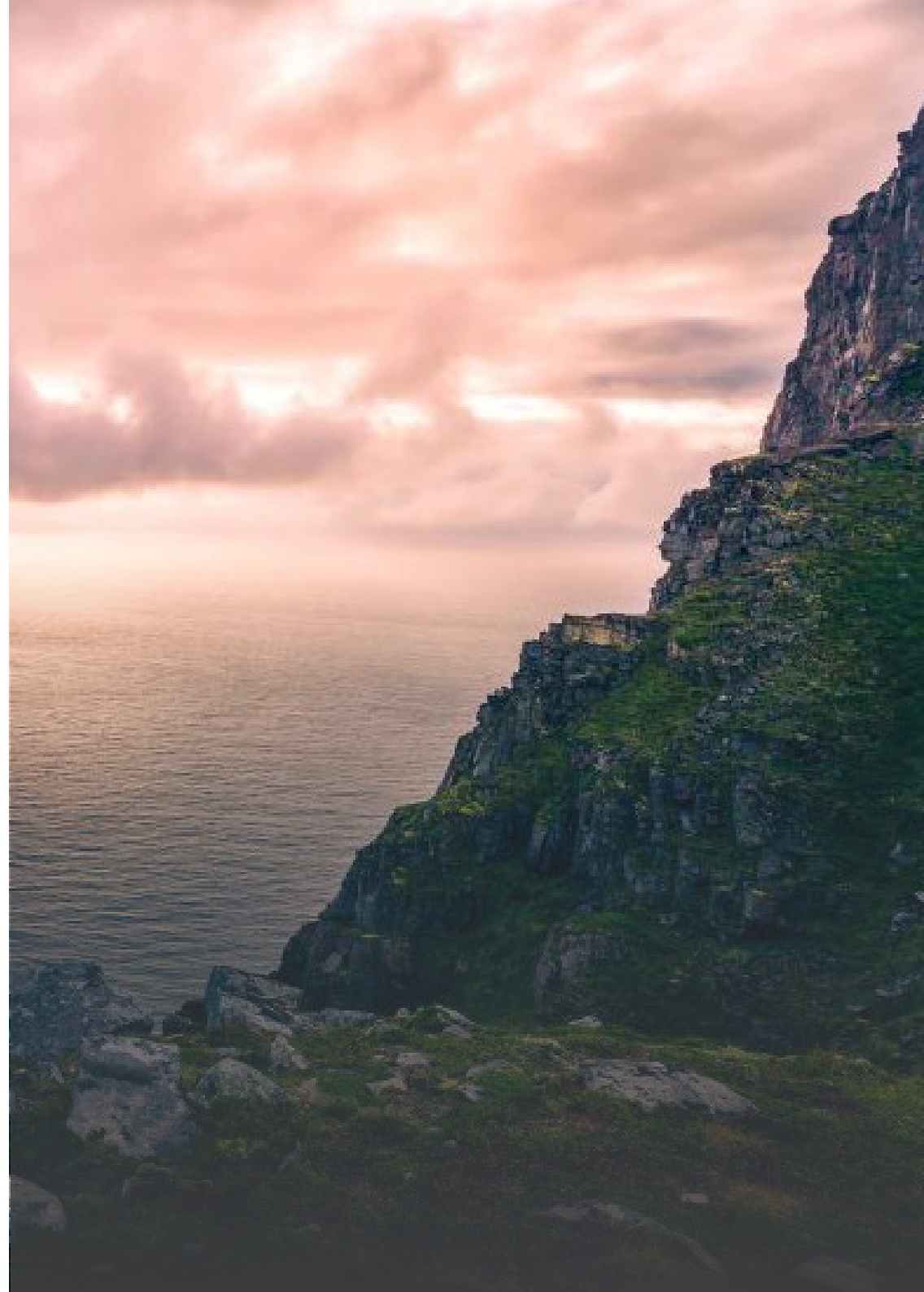
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Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
<b>Industrials</b>									
AKVA Group ASA	N00003097503	Oslo	1 417 981	95 424 574	125 065 924	29 641 351	1.8	3.9	NOK
Elopak ASA	N00011002586	Oslo	4 611 541	127 812 371	123 566 241	- 4 246 129	1.8	1.7	NOK
GC Rieber Shipping ASA	N00010262686	Oslo	1 478 737	28 751 572	13 382 570	- 15 369 002	0.2	1.7	NOK
Multiconsult ASA	N00010734338	Oslo	618 953	102 943 909	96 556 668	- 6 387 241	1.4	2.3	NOK
Odffjell SE ser. A	N00003399909	Oslo	2 048 516	100 041 802	68 830 138	- 31 211 665	1.0	3.1	NOK
Odffjell SE ser. B	N00003399917	Oslo	1 105 261	57 980 846	35 368 352	- 22 612 494	0.5	5.2	NOK
Veidekke ASA	N00005806802	Oslo	2 242 870	231 298 698	296 955 988	65 657 290	4.3	1.7	NOK
Wallenius Wilhelmsen ASA	N00010571680	Oslo	1 884 246	69 595 233	95 342 848	25 747 614	1.4	0.4	NOK
Wilh. Wilhelmsen Holding ASA ser. A	N00010571698	Oslo	1 126 710	178 863 033	233 228 970	54 365 937	3.4	3.3	NOK
Wilh. Wilhelmsen Holding ASA ser. B	N00010576010	Oslo	649 794	90 831 701	129 958 800	39 127 099	1.9	6.1	NOK
<b>Total industrials</b>				<b>1 083 543 739</b>	<b>1 218 256 499</b>	<b>134 712 760</b>	<b>17.7</b>		
<b>Consumer staples</b>									
Austevoll Seafood ASA	N00010073489	Oslo	2 092 555	112 061 545	222 647 852	110 586 307	3.3	1.0	NOK
Lerøy Seafood Group ASA	N00003096208	Oslo	7 398 809	230 867 678	510 221 869	279 354 191	7.4	1.2	NOK
Orkla ASA	N00003733800	Oslo	1 971 097	120 470 652	174 166 131	53 695 479	2.5	0.2	NOK
SalMar ASA	N00010310956	Oslo	495 729	133 727 144	301 403 232	167 676 088	4.4	0.4	NOK
<b>Total consumer staples</b>				<b>597 127 019</b>	<b>1 208 439 084</b>	<b>611 312 065</b>	<b>17.6</b>		
<b>Sum aksjer</b>				<b>4 513 567 747</b>	<b>6 683 744 151</b>	<b>2 170 176 404</b>	<b>97.6</b>		
Accrued custodial fee				- 2 280	- 2 280	0	0.0		
Transaction account (NOK)				167 613 332	167 613 332	0	2.4		
<b>Total</b>				<b>4 681 178 799</b>	<b>6 851 357 483</b>	<b>2 170 176 404</b>	<b>100.0</b>		

<sup>1</sup>Does not include received dividends

# Pareto Investement Fund

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## Portfolio manager commentary

2021 was a satisfactory year for the fund, both in the absolute sense and relative to the fund's benchmark index. Since the fund has a clear predominance of small and medium-sized companies, the return was enhanced by such companies having a very strong end to the year – including several of our companies.

During the year, the hybrid fund Pareto Nordic Return was merged into the fund. This hybrid fund had many of the same shares as Pareto Investment Fund, as well as the same management team. Thus, the merger does not represent any changes in the fund's profile.

On a sector basis, the most important contributions came from IT, industry, retail, shipping and raw materials, while renewable energy and oil services pulled in the opposite direction. Portfolio companies Scatec and Hydrogenpro fell during the year by 55 and 75 per cent, respectively. We are still of the opinion that both are well positioned for the green shift that is coming, but perhaps too much was baked into the price at the beginning of the year.

As for oil service, we have had an overweight throughout the year and a counterbalancing underweight in oil. This has proven to be wrong so far, but we believe that the strong order intake will continue for our companies and thus strengthen these shares in the coming year.

Protector Forsikring, which has had a couple of difficult years, ended the year at a historic peak. The company has once again had a turnaround in operations after, among other things, having increased insurance premiums significantly, while the financial return has been good. Since we bought the share in 2014, it has made a solid contribution to the return, becoming another good example of how a long-term perspective pays off.

Nordic Semiconductor has had a formidable development since the stock market bottomed out during the pandemic outbreak. The company has seen a tremendous growth in order intake in the core area Bluetooth Low Energy. In addition, we begin to sense the contours of the growth we have assumed that the company will have in the new area: Internet of Things. If the company succeeds, we will see sales at a completely different level. Historically, the company has shown that there are significant economies of scale in the business. We assume that the same will apply to the new area.

The company was listed on the stock exchange in 1996 and has managed to keep the lead over its competitors when it comes to technology. The stock is stiffly priced, but the outlook has never been better either. We therefore believe it is right to maintain a significant

shareholding even though we have sold some shares at increasingly higher prices.

We can also enjoy the fact that in 2021 we finally got well paid for a couple of technology companies in the early development phase, including Elliptic Labs and poLight. We bought them too early, but the development has been good and steady. One lesson to be learned is that with small organisations, it often takes longer to break through with the large customers, who are often quite conservative in utilising new technology. But we were at least right that both companies offer unique and useful technologies, and during the year both companies made great commercial progress.

Into the new year, we have a portfolio with pricing in line with the market, but with stronger balances and significantly higher growth potential. We believe it provides a basis for both robustness and upside and are optimistic about continued excess returns for shareholders.

Portfolio management team  
Tore Været, Patrick Meum

# Performance history

Norwegian companies with sound and solid business models. Actively managed, seeks undervalued companies with good growth prospects.

Inception date: 1985

Benchmark: Oslo Børs Mutual Fund Index (OSEFX)

Legal structure: UCITS

Dealing days: all Norwegian banking days except 31.12.



Lower risk  
Typically lower rewards

Higher risk  
Typically higher rewards

The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the fund.

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.

## Performance by periods

Name	2021	2020	2019	2018	2017
Pareto Investment Fund A	24.3%	5.7%	20.0%	-7.7%	9.1%
Pareto Investment Fund B	25.3%	6.6%	21.0%	-6.9%	10.0%
Pareto Investment Fund C	25.9%	7.1%	21.5%	-6.5%	10.5%
Oslo Børs Mutual Fund Index	21.1%	7.3%	19.2%	-2.2%	17.0%

## Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Investment Fund A	1985	16.4%	9.7%	15.4%	8.8% *
Pareto Investment Fund B	29.11.2013	17.3%	10.6%	-	13.6%
Pareto Investment Fund C	29.11.2013	17.9%	11.1%	-	14.1%
Oslo Børs Mutual Fund Index		15.7%	12.2%	12.8%	

## Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Investment Fund A	500	N00010040496	ORFINF NO
Pareto Investment Fund B	10 million	N00010694771	ORFINBB NO
Pareto Investment Fund C	50 million	N00010694789	ORFINBC NO

\*From start with current portfolio manager 01.01.2007

# Pareto Investment Fund

Income statement	Notes	2021 01.01-31.12	2020 01.01-31.12
<b>Portfolio income and expenses</b>			
Interest received		72 643	218 821
Dividends		42 215 984	71 289 901
Realised capital gain/loss	5	422 964 652	-36 943 851
Net unrealised capital gain/loss	5	14 826 708	-167 586 615
<b>Portfolio profit</b>		<b>480 079 987</b>	<b>-133 021 744</b>
<b>Asset management revenue and costs</b>			
Subscription/redemption fees	9	739 489	4 264 836
Custodian charges on purchases and sales of securities		-52 288	-56 160
Management fees	6	-20 026 806	-19 934 468
Subscription/redemption fees to the management company	9	0	0
Other income/expenses	10	71	-70
<b>Asset management revenues</b>		<b>-19 339 533</b>	<b>-15 725 861</b>
<b>Profit before taxation</b>		<b>460 740 454</b>	<b>-148 747 605</b>
<b>Income tax</b>	7	<b>-205 872</b>	<b>0</b>
<b>Profit for the financial year</b>		<b>460 946 326</b>	<b>-148 747 605</b>
<b>Allocation of profit</b>			
Transferred to/from equity		460 946 326	-148 747 605
<b>Total allocations and equity transfers</b>		<b>460 946 326</b>	<b>-148 747 605</b>
<b>Balance sheet</b>		31.12.2021	31.12.2020
<b>Assets</b>			
Securities at market value	3,4,10	1 958 918 885	1 550 936 710
Accrued dividend		0	0
Cash and cash equivalents		50 906 420	26 946 052
Other assets		585	1 235 619
<b>Total assets</b>		<b>2 009 825 890</b>	<b>1 579 118 381</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unit capital at par value		333 204 436	399 537 808
Premium		-892 561 035	-537 797 832
Retained earnings		2 561 988 109	1 711 548 983
<b>Total equity</b>	8,9	<b>2 002 631 511</b>	<b>1 573 288 959</b>
<b>Liabilities</b>			
Accrued management fees		2 187 647	1 461 908
Other liabilities		5 006 732	4 367 513
<b>Total liabilities</b>		<b>7 194 379</b>	<b>5 829 422</b>
<b>Total equity and liabilities</b>		<b>2 009 825 890</b>	<b>1 579 118 381</b>

## Board of directors Pareto Asset Management AS Oslo, 10 March 2022

Rune Selmar  
Chairman

Erik Bartnes  
Board member

Henrik Lindquist  
Board member

Svein Støle  
Board member

Christopher M. Bjerke  
Board member (elected by unitholders)

Liv Monica Stubholt  
Board member (elected by unitholders)

Eric von Koss Torkildsen  
CEO

Note: This translation from Norwegian has been prepared for information purposes only.



# Pareto Investment Fund

## Notes

### 1 Merger

Pareto Investment Fund merged with Pareto Nordic Return on 30 September 2021. All assets in Pareto Nordic Return were transferred to Pareto Investment Fund, and all unit holders in Pareto Nordic Return acquired new units in Pareto Investment Fund.

### 2 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and the regulations relating to Annual financial statements for mutual funds.

### Financial instruments

Securities are recognised at fair value (market price) as at 31.12.2021. For securities where no exchange rate information from stock exchanges or any other official sources are available, the valuation will be based on either the last trading price, valuations made by leading brokerage houses, and/or internal valuations. Dividends from shares are recognized as income when the share price is quoted exclusive of dividends. Accrued non-accrued interest income is recognized in the accounts. Assets that are valued at market value are recognized in the accounts on a continuous basis.

### Foreign currency

The funds accounting currency is NOK. Investments in foreign currency is converted into NOK at the market exchange rate as at 31.12.2021.

### Transaction fees

Transaction fees to the custodian are expended on a monthly basis. Other expences to the custodian is covered by the management company. Management fees are registered at the time of transaction, and will thus be included in the

security cost at acquisition, and selling price at realisation.

### Tax related issues

Securities funds are exempt from tax on profit and are not entitled to deduct for loss, upon the realization of shares in companies domestically resident within and outside the EEA. Change in unrealised gain/loss for all inventories is not taxable but may be subject to deferred tax calculation. 3% of the net dividend on shares in companies domiciled within the EEA is taxable. Other income and expenses are respectively taxable and deductible.

A mutual fund has deductibility rights for the portion of the dividend that is taxed as interest income by the unitholders. The distribution will reduce the NAV equivalent to dividend per unit at the day of distribution. For funds that have distributed taxable income per 31.12.2021, this is distributed in the allocation of the profit for the year.

All dividends to unitholders are treated as surplus exposures in accordance with the regulations on financial statements for mutual funds. Dividends are reinvested as new shares in the fund during the fiscal year and are accounted accordingly.

### 3 Financial market risk and use of derivatives

Investments in Norwegian companies are exposed to stock price and liquidity risk. Investments in foreign companies are exposed to stock price, currency and liquidity risk. Investments in fixed income instruments are exposed to interest rate, credit and liquidity risk. If an interestbearing paper is issued in foreign currency, then the fund is also exposed to currency risk, although hedging can be undertaken to reduce this risk. Bank deposits in foreign currency are also exposed to currency and credit risk.

Throughout the year, the fund also used currency derivatives (futures) to reduce the risk associated with currency fluctuations on stocks quoted in the US Dollar.

### 4 Turnover ratio

The portfolio's turnover ratio is 0.36.

The turnover rate is a measure of the average duration of the fund's investments.

The turnover rate is calculated by dividing the lesser of total purchases or total sales of securities in the portfolio during the year by the average total net assets during the year. The formula is an approximation to calculating the fund's turnover rate.

### 5 Brokerage fees

Brokerage fees are included in the securities cost price. Total fee in 2021 is NOK 968.991.

### 6 Management fees

The fund is charged a daily management fee per annum of the total portfolio. Rates apply per unit class.

- Pareto Investment Fund A: 1.80% per annum
- Pareto Investment Fund B: 0.95% per annum
- Pareto Investment Fund C: 0.50% per annum

# Pareto Investment Fund

## 7 Tax

	2021
Profit before taxation	460 740 454
Permanent differences	
Realised capital gains	-423 327 946
Unrealised capital gains (change)	-14 826 708
Custodian charges equity fund	52 288
Dividends within EEA (gross)	-34 431 117
3% of dividends within EEA (net)	1 032 934
Withholding tax outside the EEA	205 872
Total taxable income	-10 554 224
Use of losses carried forward	0
Tax base	0
Assessed tax in Norway	0
<b>Specification of tax expense</b>	
Income tax Norway	0
Withholding tax within the EEA	0
Withholding tax outside the EEA	-205 872
Total recognised tax expense	-205 872

## 8 Equity

	2021
Equity 1.1	1 573 288 959
+ subscription/redemption	-453 413 868
+ deposited other equity	421 810 094
+ profit for the financial year	460 946 326
Equity 31.12	2 002 631 511

## 9 Issued units

Unit class A	31.12.2021	31.12.2020	31.12.2019
Number of units	2 573.51	2 021.04	3 057.56
Net asset value	436 409.69	351 040.43	332 196.11
Redemption price	434 227.64	349 285.23	330 535.13
Unit class B	31.12.2021	31.12.2020	31.12.2019
Number of units	12 245.11	14 475.12	16 988.01
Net asset value	27 988.46	22 330.11	20 952.84
Redemption price	27 848.52	22 218.46	20 848.08
Unit class C	31.12.2021	31.12.2020	31.12.2019
Number of units	18 501.82	23 457.62	91 491.59
Net asset value	29 014.15	23 045.41	21 526.82
Redemption price	28 869.08	22 930.18	21 419.18

Net asset value (NAV) is the market value per unit after deductions of the fund's costs.

NAV at subscription is NAV including a maximum subscription fee of 1.0 per cent. NAV at redemption is NAV less a maximum redemption fee of 0.5 per cent. A maximum of 0.2 per cent in subscription/redemption fees accrues to the fund.

## 10 Securities portfolio as at 31.12.2021

See next page.

# Pareto Investment Fund

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## Securities portfolio as at 31 December 2021

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
<b>Energy</b>									
Aker BP ASA	N00010345853	Oslo	576 000	134 495 442	156 441 600	21 946 158	7.8	0.2	NOK
BW Energy Ltd	BMG0702P1086	Oslo	485 000	13 596 296	9 748 500	- 3 847 796	0.5	0.2	NOK
BW Offshore Ltd	BMG1738J1247	Oslo	2 235 000	82 523 704	59 451 000	- 23 072 704	3.0	1.2	NOK
Flex LNG Ltd	BMG359472021	Oslo	350 000	46 115 961	68 950 000	22 834 039	3.4	0.6	NOK
Frontline Ltd	BMG3682E1921	New York	318 000	31 988 122	19 822 009	- 12 166 113	1.0	0.2	USD
Magseis Fairfield ASA	N00010663669	Oslo	3 077 319	52 246 393	12 478 529	- 39 767 865	0.6	1.1	NOK
Subsea 7 SA	LU0075646355	Oslo	737 000	77 230 819	46 563 660	- 30 667 159	2.3	0.2	NOK
<b>Total energy</b>				<b>438 196 737</b>	<b>373 455 298</b>	<b>- 64 741 440</b>	<b>18.6</b>		
<b>Financials</b>									
B2Holding ASA	N00010633951	Oslo	2 625 000	38 514 116	27 195 000	- 11 319 116	1.4	0.6	NOK
Nordic Capital Partners II AS	N00003112401	Unlisted	5 000	4 345 000	13 550	- 4 331 450	0.0	0.0	NOK
Protector Forsikring ASA	N00010209331	Oslo	533 000	31 307 161	57 777 200	26 470 039	2.9	0.6	NOK
TF Bank AB	SE0007331608	Stockholm	237 000	27 460 131	52 977 321	25 517 190	2.6	1.1	SEK
<b>Total financials</b>				<b>101 626 408</b>	<b>137 963 071</b>	<b>36 336 663</b>	<b>6.9</b>		
<b>Industrials</b>									
Frøy ASA	N00010936792	Oslo	650 000	39 475 843	33 800 000	- 5 675 843	1.7	0.8	NOK
HydrogenPro AS	N00010892359	Oslo Merkur	841 000	18 754 300	12 581 360	- 6 172 940	0.6	1.5	NOK
Multiconsult ASA	N00010734338	Oslo	274 000	26 952 811	42 744 000	15 791 189	2.1	1.0	NOK
Norse Atlantic ASA	N00010946445	Oslo Merkur	1 610 000	32 200 000	24 069 500	- 8 130 500	1.2	2.1	NOK
Troax Group AB	SE0012729366	Stockholm	50 000	6 241 612	22 572 450	16 330 838	1.1	0.1	SEK
Zaptec AS	N00010713936	Oslo Merkur	1 076 000	16 648 211	64 829 000	48 180 789	3.2	1.4	NOK
<b>Total industrials</b>				<b>140 272 777</b>	<b>200 596 310</b>	<b>60 323 533</b>	<b>9.9</b>		
<b>Consumer discretionary</b>									
Autoliv Inc ser. SDR	SE0000382335	Stockholm	17 000	10 116 449	15 564 520	5 448 071	0.8	0.0	SEK
Elektroimportøren AS	N00010911902	Oslo	587 000	28 639 258	49 096 680	20 457 422	2.4	2.8	NOK
Europris ASA	N00010735343	Oslo	1 285 000	43 930 361	90 592 500	46 662 139	4.5	0.8	NOK
Kid ASA	N00010743545	Oslo	469 000	17 248 361	52 809 400	35 561 039	2.6	1.2	NOK
Komplett ASA	N00011016040	Oslo	475 000	28 333 189	32 252 500	3 919 311	1.6	0.7	NOK
Spinova Plc	FI4000507595	Helsinki	426 000	33 062 552	57 361 695	24 299 143	2.9	0.8	EUR
<b>Total consumer discretionary</b>				<b>161 330 170</b>	<b>297 677 295</b>	<b>136 347 125</b>	<b>14.8</b>		

# Pareto Investment Fund

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Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
Utilities									
Scatec ASA	NO0010715139	Oslo	647 000	86 018 034	98 829 250	12 811 216	4.9	0.4	NOK
Consumer staples									
Arctic Fish Holding AS	NO0010917719	Oslo Merkur	351 000	21 538 021	31 239 000	9 700 979	1.6	1.1	NOK
Bakkafrost P/F	FO0000000179	Oslo	80 000	49 685 635	46 688 000	- 2 997 635	2.3	0.1	NOK
Grieg Seafood ASA	NO0010365521	Oslo	916 000	56 617 519	76 119 600	19 502 081	3.8	0.8	NOK
Ice Fish Farm AS	NO0010884794	Oslo Merkur	621 000	22 663 016	25 833 600	3 170 584	1.3	1.2	NOK
Icelandic Salmon AS	NO0010724701	Oslo Merkur	335 000	23 045 451	49 580 000	26 534 549	2.5	1.1	NOK
Mowi ASA	NO0003054108	Oslo	292 000	67 930 895	60 940 400	- 6 990 495	3.0	0.1	NOK
Total consumer staples				241 480 537	290 400 600	48 920 063	14.5		
Information technology									
Elliptic Laboratories AS	NO0010722283	Oslo Merkur	2 128 000	35 449 937	59 052 000	23 602 063	2.9	2.0	NOK
GFjord Invest AS	NO0010827934	Unlisted	257 000	23 570 741	205 600	- 23 365 141	0.0	0.5	NOK
Huddly AS	NO0010776990	Oslo Merkur	2 081 000	32 116 644	20 310 560	- 11 806 084	1.0	1.0	NOK
Kitron ASA	NO0003079709	Oslo	1 577 000	15 712 441	37 217 200	21 504 759	1.9	0.9	NOK
Mercell Holding AS	NO0010307143	Oslo	4 220 000	35 531 458	28 274 000	- 7 257 458	1.4	0.8	NOK
Nordic Semiconductor ASA	NO0003055501	Oslo	450 000	27 779 637	133 920 000	106 140 363	6.7	0.2	NOK
poLight ASA	NO0010341712	Oslo	159 000	17 316 957	29 637 600	12 320 643	1.5	1.5	NOK
Total information technology				187 477 815	308 616 960	121 139 145	15.4		
Materials									
Borregaard ASA	NO0010657505	Oslo	229 000	13 621 936	50 838 000	37 216 064	2.5	0.2	NOK
Yara International ASA	NO0010208051	Oslo	147 000	54 093 355	65 415 000	11 321 645	3.3	0.1	NOK
Total materials				67 715 291	116 253 000	48 537 709	5.8		
Health care									
Nanoform Finland Plc	FI4000330972	Helsinki	387 000	22 975 366	25 531 317	2 555 952	1.3	0.5	EUR
Nykode Therapeutics AS	NO0010714785	Oslo Merkur	866 000	53 258 571	69 886 200	16 627 629	3.5	0.3	NOK
PhotoCure ASA	NO0010000045	Oslo	365 000	27 169 447	37 485 500	10 316 053	1.9	1.4	NOK
Total health care				103 403 384	132 903 017	29 499 634	6.7		
Total equities				1 527 521 150	1 956 694 801	429 173 651	97.7		

# Pareto Investment Fund

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Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
<b>Cash</b>									
Påløpt rente				555	585	31	0.0		USD
Påløpt Depotgebyr				- 4 660	- 4 660	0	0.0		NOK
Kurtasjeavsetning (NOK)				780	780	0	0.0		NOK
Bankkonto DKK (PIF)				- 90 021	- 88 861	1 160	0.0		DKK
Bankkonto EUR (PIF)				- 152 615	- 153 689	- 1 073	0.0		EUR
Bankkonto PIF				33 198 224	33 198 224	0	1.4		NOK
Bankkonto SEK (PIF)				18 526 048	17 980 559	- 545 488	0.9		SEK
Bankkonto USD (PIF)				- 30 037	- 29 814	223	0.0		USD
<b>Total cash</b>				<b>51 448 272</b>	<b>50 903 125</b>	<b>- 545 147</b>	<b>2.3</b>		
<b>Total bonds</b>									
				<b>2 003 782</b>	<b>1 993 902</b>	<b>- 9 880</b>	<b>0.1</b>		
<b>Warrants</b>									
NOK Forward fredag 14. januar 2022			11 694 670	11 694 670	11 694 670	0	0.6		NOK
USD Forward fredag 14. januar 2022			-1 300 000	- 11 694 670	- 11 464 488	230 182	-0.6		USD
<b>Total warrants</b>				<b>0</b>	<b>230 182</b>	<b>230 182</b>	<b>0.0</b>		
<b>Total</b>									
				<b>1 580 980 491</b>	<b>2 009 825 305</b>	<b>428 848 806</b>	<b>100.0</b>		

<sup>1</sup>Does not include received dividends



# Pareto Global

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## Portfolio manager commentary

Although the pandemic has dragged on, global stock markets delivered another good year. Until early summer, value stocks did far better than growth stocks, which remained stagnant. Pareto Global responded very well to this. While the stock market continued to tick upwards for the rest of the year, growth stocks caught up, and growth and value ended the year about the same. The fund nevertheless managed to achieve an excess return compared to its benchmark index.

Since the end of the financial crisis in 2008, growth stocks have delivered more than twice as high a return as value stocks. While value stocks have returned in line with their historical average, growth stocks have been lifted by multiple expansion. Today, the difference in valuation between value and growth stocks is historically high.

The fund had a strong end to the year, with a monthly return in line with the annual rate. Health stocks, which make up nearly a quarter of the fund, had the top three contributors in December: Centene, CVS Health and Boston Scientific. This was a reversal from the previous month, when our health stocks had a weak period. Both Centene and CVS Health held their Capital Markets Day in December, with both companies raising the outlook.

In November, it became known that the activist fund Politan Capital Management had acquired Centene with the aim of changing the board, increasing the company's margins and making values visible. At the Capital Markets Day, it was announced that Chairman

of the Board and CEO Michael Neidorff will retire after 25 years in the company, and five new board members were presented. The company set itself the goal of increasing margins through cost reductions and optimisation of medical payments. With increased public support for health insurance, repurchase of own stocks and low valuation, we still see a significant upside in the stock.

Oracle, which has deviating financial years, beat expectations for both revenue and earnings in the last quarter. Revenues grew by six per cent over last year, compared to the expected four per cent. Cloud-based services, which account for a quarter of the revenues, grew by 22 per cent, led by Fusion ERP\* Cloud and NetSuite ERP Cloud. License revenues increased by 13 per cent, which showed that the database is growing again. The company continued the repurchases of its own stock. In the last 10 years, the company has bought back 47 per cent of the outstanding stocks at an average price that is half of the current price. The quarterly report sent the stock up 16 per cent on increased growth expectations.

One and a half weeks later, Oracle announced the acquisition of Cerner, a provider of software to healthcare companies. At \$28 billion, it will be the largest acquisition in Oracle's history. We see the transaction as an exciting opportunity for Oracle, which already has industry-specific ERP systems for the healthcare sector. If the acquisition is completed, Oracle will be the largest provider of software to this rapidly evolving sector. Artificial intelligence

and machine learning will be important in the future for interpreting health data, for diagnostics and for planning the course of a disease. There are also obvious synergies with the acquisition. Oracle is a leader in data security, and this can provide further growth for Oracle's databases and cloud-based services, as well as complement ERP solutions. The stock market was more sceptical and sent the stock back to the level before the quarterly report.

Towards the end of the year, we chose to say goodbye to Michelin, which weighed 2.3 per cent in the fund, after just over three years in the portfolio. The company has proven itself good at raising prices when commodity prices increase, which has been important this year. On the other hand, we have become more sceptical about the company's growth and capital allocation. Although the company has historically spent around eight per cent of its revenues on investments in operations, growth including acquisitions has been below one per cent. To compensate for this, Michelin has set itself ambitious goals to grow in new business areas such as fuel cells and 3D printing. Our view is that this is too far from the core business. It therefore involves too great a risk, especially considering the company's mixed capital allocation history. During the investment period, we have had a total return of over 50 per cent, or 14 per cent per year.

Portfolio management team  
Andreas Sørbye, Andreas Kamvissis

\*Enterprise resource planning (ERP) is a software to manage day-to-day business activities such as accounting, logistics, project management, reporting, analysis as well as payroll and HR.

# Performance history

Global, well-run companies in developed markets. Actively managed, seeks solid companies with strong earnings power.

Inception date: 12.08.2005

Benchmark: MSCI World (NOK)

Legal structure: UCITS

Dealing days: Norwegian banking days except 31.12 and days when local markets are closed



Lower risk  
Typically lower rewards

Higher risk  
Typically higher rewards

The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the fund.

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.

## Performance by periods

Name	2021	2020	2019	2018	2017
Pareto Global A	25.7%	8.0%	29.9%	-13.0%	16.0%
Pareto Global B	27.1%	9.4%	31.2%	-14.5%	17.3%
Pareto Global C	27.6%	9.7%	31.7%	-14.2%	17.7%
Pareto Global D <sup>1</sup>	28.2%	10.3%	32.4%	-13.7%	18.3%
Pareto Global I	28.5%	10.6%	32.7%	-13.5%	18.6%
MSCI World (NOK)	25.4%	12.9%	29.6%	-3.3%	5.0%

## Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Global A	12.08.2005	20.8%	12.2%	13.6%	9.9%*
Pareto Global B	01.11.2012	22.2%	12.9%	-	14.5%
Pareto Global C	01.11.2012	22.6%	13.3%	-	15.1%
Pareto Global D <sup>1</sup>	22.11.2006	23.2%	13.8%	15.3%	11.4%*
Pareto Global I	13.07.2015	23.5%	14.1%	-	12.1%
MSCI World (NOK)		22.4%	15.6%	17.2%	

## Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Global A	500	NO0010279979	PAAKTGL NO
Pareto Global B	500	NO0010660434	PAAKTGB NO
Pareto Global C	20 million	NO0010660459	PAAKTGC NO
Pareto Global D	50 million	NO0010342892	PARAKSJ NO
Pareto Global I	100 million	NO0010740624	PAAKTGI NO

<sup>1</sup>Returns until 13.07.2015 are achieved in Pareto Global I (formerly Pareto Aksje Global). Unit class D is a continuation of Pareto Global I and was established after the merger of Pareto Global and Pareto Global I as at 13.07.2015.

\*From start with current portfolio manager 01.01.2008.

# Pareto Global

Income statement	Notes	2021 01.01-31.12	2020 01.01-31.12
<b>Portfolio income and expenses</b>			
Interest received		-160 109	777 297
Dividends		41 401 533	64 337 175
Realised capital gain/loss	4	259 345 332	691 981 998
Net unrealised capital gain/loss	4	576 095 873	-376 917 837
<b>Portfolio profit</b>		<b>876 682 630</b>	<b>380 178 631</b>
<b>Asset management revenue and costs</b>			
Subscription/redemption fees	8	305 508	174 414
Custodian charges on purchases and sales of securities		-51 580	-126 789
Management fees	5	-43 712 664	-42 767 759
Subscription/redemption fees to the management company	8	0	0
Other income/expenses		174	78 037
<b>Asset management revenues</b>		<b>-43 458 563</b>	<b>-42 642 097</b>
<b>Profit before taxation</b>		<b>833 224 067</b>	<b>337 536 534</b>
<b>Income tax</b>	6	<b>-2 296 442</b>	<b>-3 549 056</b>
<b>Profit for the financial year</b>		<b>830 927 625</b>	<b>333 987 478</b>
<b>Allocation of profit</b>			
Transferred to/from equity		830 927 625	333 987 478
<b>Total allocations and equity transfers</b>		<b>830 927 625</b>	<b>333 987 478</b>
<b>Balance sheet</b>		31.12.2021	31.12.2020
<b>Assets</b>			
Securities at market value	2,3,9	3 539 419 068	3 099 744 006
Accrued dividend		0	0
Cash and cash equivalents		222 632 428	88 798 115
Other assets		598 714	3 195 870
<b>Total assets</b>		<b>3 762 650 210</b>	<b>3 191 737 991</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unit capital at par value		1 345 782 217	1 459 243 919
Premium		-2 826 237 249	-2 679 203 052
Retained earnings		5 228 004 465	4 397 076 840
<b>Total equity</b>	7,8	<b>3 747 549 433</b>	<b>3 177 117 707</b>
<b>Liabilities</b>			
Accrued management fees		15 100 376	14 385 684
Other liabilities		400	234 600
<b>Total liabilities</b>		<b>15 100 776</b>	<b>14 620 284</b>
<b>Total equity and liabilities</b>		<b>3 762 650 210</b>	<b>3 191 737 991</b>

## Board of directors Pareto Asset Management AS Oslo, 10 March 2022

Rune Selmar  
Chairman

Erik Bartnes  
Board member

Henrik Lindquist  
Board member

Svein Støle  
Board member

Christopher M. Bjerke  
Board member (andelseiervalgt)

Liv Monica Stubholt  
Board member (andelseiervalgt)

Eric von Koss Torkildsen  
CEO

Note: This translation from Norwegian has been prepared for information purposes only.

# Pareto Global

## Notes

### 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and the regulations relating to Annual financial statements for mutual funds.

### Financial instruments

Securities are recognised at fair value (market price) as at 31.12.2021. For securities where no exchange rate information from stock exchanges or any other official sources are available, the valuation will be based on either the last trading price, valuations made by leading brokerage houses, and/or internal valuations. Dividends from shares are recognized as income when the share price is quoted exclusive of dividends. Accrued non-accrued interest income is recognized in the accounts. Assets that are valued at market value are recognized in the accounts on a continuous basis.

### Foreign currency

The funds accounting currency is NOK. Investments in foreign currency is converted into NOK at the market exchange rate as at 31.12.2021.

### Transaction fees

Transaction fees to the custodian are expended on a monthly basis. Other expenses to the custodian is covered by the management company. Management fees are registered at the time of transaction, and will thus be included in the security cost at acquisition, and selling price at realisation.

### Tax related issues

Securities funds are exempt from tax on profit and are not entitled to deduct for loss, upon the realization of shares in companies domestically resident within and outside the EEA. Change in unrealised gain/loss for all inventories is not

taxable but may be subject to deferred tax calculation. 3 % of the net dividend on shares in companies domiciled within the EEA is taxable. Other income and expenses are respectively taxable and deductible.

A mutual fund has deductibility rights for the portion of the dividend that is taxed as interest income by the unitholders. The distribution will reduce the NAV equivalent to dividend per unit at the day of distribution. For funds that have distributed taxable income per 31.12.2021, this is distributed in the allocation of the profit for the year.

All dividends to unitholders are treated as surplus exposures in accordance with the regulations on financial statements for mutual funds. Dividends are reinvested as new shares in the fund during the fiscal year and are accounted accordingly.

### 2 Financial market risk and use of derivatives

Investments in Norwegian companies are exposed to stock price and liquidity risk. Investments in foreign companies are exposed to stock price, currency and liquidity risk. Investments in fixed income instruments are exposed to interest rate, credit and liquidity risk. If an interestbearing paper is issued in foreign currency, then the fund is also exposed to currency risk, although hedging can be undertaken to reduce this risk. Bank deposits in foreign currency are also exposed to currency and credit risk.

Pareto Global has not used any derivatives in 2021.

### 3 Turnover ratio

The portfolio's turnover ratio is 0.19.

The turnover rate is a measure of the average duration of the fund's investments.

The turnover rate is calculated by dividing the lesser of total purchases or total sales of securities in the portfolio during the year by the average total net assets during the year. The formula is an approximation to calculating the fund's turnover rate.

### 4 Brokerage fees

Brokerage fees are included in the securities cost price. Total fee in 2021 is NOK 270.386.

### 5 Management fees

The fund is charged a daily management fee per annum of the total portfolio. Rates apply per unit class.

- Pareto Global A: 1.50% per annum  
At a percentual higher performance than ST1X (Government Bond Index 0.25) the management company will charge a 20 per cent remuneration of this difference. Total management fee shall not exceed 3.0 per cent per annum. At a percentual lower performance than ST1X (Government Bond Index 0.25) the management company will deduct 20 per cent of this difference from the management fee. The total management fee shall not be less than 0.0 per cent per annum.
- Pareto Global B: 1.60% per annum
- Pareto Global C: 1.25% per annum
- Pareto Global D: 0.75% per annum
- Pareto Global I: 0.50% per annum



# Pareto Global

## 6 Tax

	<b>2021</b>
Profit before taxation	833 224 067
Realised capital gains	-258 468 888
Unrealised capital gains (change)	-576 095 873
Custodian charges equity fund	51 580
Other non-deductible expenses	0
Dividends within EEA (gross)	-16 585 110
3% of dividends within EEA (net)	497 554
Total taxable income	-17 376 671
Use of losses carried forward	0
Tax base	0
Calculated payable tax	0
Credit deduction withholding tax outside the EEA	-2 543 148
Assessed tax in Norway	0
<b>Specification of tax expense</b>	
Income tax Norway	0
Withholding tax within the EEA	-246 706
Withholding tax outside the EEA	2 543 148
<b>Total recognised tax expense</b>	<b>2 296 442</b>

## 7 Equity

	<b>2021</b>
Equity 1.1	3 177 117 707
+ subscription/redemption	-260 495 898
+ profit for the financial year	830 927 625
<b>Equity 31.12</b>	<b>3 747 549 433</b>

## 8 Issued units

<b>Unit class A</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Number of units	109 860.84	118 724.73	155 958.08
Net asset value	4 009.67	3 190.68	2 954.26
Redemption price	3 989.62	3 174.73	2 939.49
<b>Unit class B</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Number of units	377 110.37	370 229.77	384 061.18
Net asset value	3 465.13	2 726.02	2 492.54
Redemption price	3 447.81	2 712.39	2 480.08
<b>Unit class C</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Number of units	88 633.60	122 838.01	113 102.60
Net asset value	3 615.05	2 834.08	2 582.32
Redemption price	3 596.97	2 819.91	2 569.40
<b>Unit class D</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Number of units	40 239.02	45 894.91	35 779.83
Net asset value	3 800.31	2 964.52	2 687.37
Redemption price	3 781.31	2 949.70	2 673.93
<b>Unit class I</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Number of units	729 938.39	801 556.50	1 936 960.10
Net asset value	2 092.06	1 627.91	1 472.17
Redemption price	2 081.60	1 619.77	1 464.81

Net asset value (NAV) is the market value per unit after deductions of the fund's costs.

NAV at subscription is NAV including a maximum subscription fee of 1.0 per cent. NAV at redemption is NAV less a maximum redemption fee of 0.5 per cent. A maximum of 0.2 per cent in subscription/redemption fees accrues to the fund.

## 9 Securities portfolio as at 31.12.2021

See next page.

# Pareto Global

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## Securities portfolio as at 31 December 2021

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
<b>Information technology</b>									
Fidelity National Information Services	US31620M1062	New York	135 901	150 124 777	130 781 866	- 19 342 911	3.5	0.0	USD
Jackson Financial Inc.	US46817M1071	New York	26 848	3 702 475	9 901 499	6 199 024	0.3	0.0	USD
Keysight Technologies Inc	US49338L1035	New York	67 517	54 049 097	122 929 287	68 880 189	3.3	0.0	USD
Microsoft Corp	US5949181045	New York Nasdaq GS	96 684	37 919 968	286 687 292	248 767 324	7.6	0.0	USD
Oracle Corp	US68389X1054	New York	151 233	76 736 473	116 282 401	39 545 928	3.1	0.0	USD
SAP SE	DE0007164600	Xetra	142 379	123 128 620	178 297 289	55 168 669	4.7	0.0	EUR
Visa Inc	US92826C8394	New York	84 800	162 644 422	162 022 729	- 621 693	4.3	0.0	USD
<b>Total information technology</b>				<b>608 305 832</b>	<b>1 006 902 363</b>	<b>398 596 530</b>	<b>26.8</b>		
<b>Consumer staples</b>									
Essity AB ser. B	SE0009922164	Stockholm	479 000	137 914 010	137 817 688	- 96 322	3.7	0.1	SEK
Kroger Co	US5010441013	New York	195 900	71 270 830	78 171 802	6 900 972	2.1	0.0	USD
Reckitt Benckiser Group Plc	GB00B24CGK77	London	136 520	95 928 203	103 391 548	7 463 345	2.7	0.0	GBP
<b>Total consumer staples</b>				<b>305 113 043</b>	<b>319 381 038</b>	<b>14 267 995</b>	<b>8.5</b>		
<b>Health care</b>									
Anthem Inc	US0367521038	New York	30 447	60 040 822	124 432 223	64 391 401	3.3	0.0	USD
Attendo AB	SE0007666110	Stockholm	919 902	76 892 717	34 495 405	- 42 397 312	0.9	0.6	SEK
Boston Scientific Corp	US1011371077	New York	474 900	151 208 794	177 863 902	26 655 108	4.7	0.0	USD
Centene Corp	US15135B1017	New York	274 525	137 000 720	199 439 074	62 438 354	5.3	0.0	USD
CVS Health Corp	US1266501006	New York	193 870	125 153 945	176 328 731	51 174 786	4.7	0.0	USD
Laboratory Corp of America Holdings	US05040R4092	New York	56 200	78 609 365	155 688 830	77 079 466	4.1	0.1	USD
<b>Total health care</b>				<b>628 906 363</b>	<b>868 248 165</b>	<b>239 341 803</b>	<b>23.0</b>		
<b>Financials</b>									
Affiliated Managers Group Inc	US0082521081	New York	95 900	117 101 204	139 095 169	21 993 966	3.7	0.2	USD
Discover Financial Services Inc	US2547091080	New York	62 450	46 814 374	63 626 951	16 812 578	1.7	0.0	USD
Goldman Sachs Group Inc	US38141G1040	New York	9 923	17 647 492	33 468 198	15 820 706	0.9	0.0	USD
M&G plc	GB00BKFB1C65	London	1 075 228	24 559 253	25 615 686	1 056 432	0.7	0.0	GBP
Prudential Plc	GB0007099541	London	1 075 428	140 565 438	163 574 662	23 009 224	4.3	0.0	GBP
<b>Total financials</b>				<b>346 687 760</b>	<b>425 380 666</b>	<b>78 692 906</b>	<b>11.3</b>		

# Pareto Global

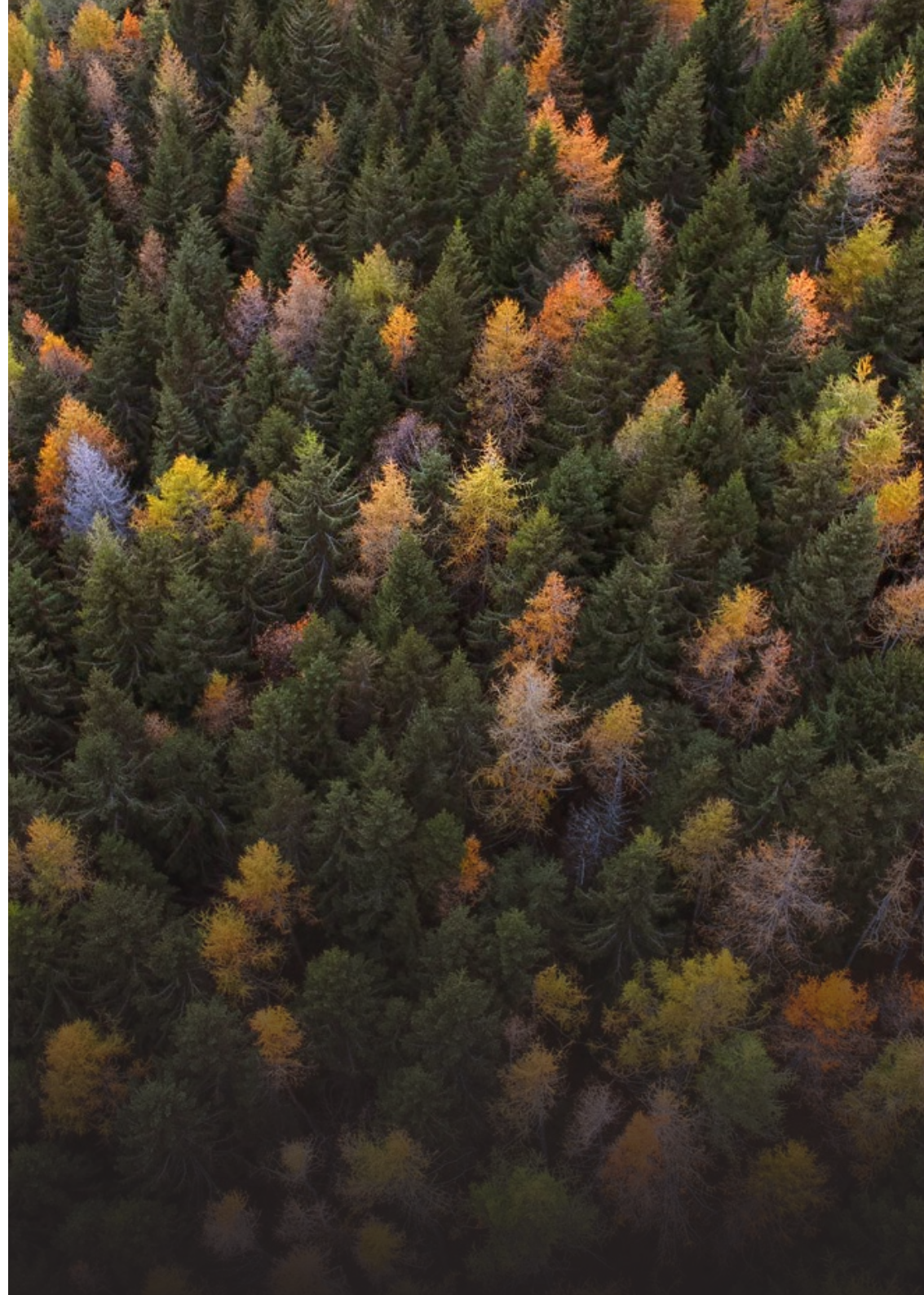
2/2

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss <sup>1</sup>	Share in % of portfolio	Share in % of company	Currency
<b>Industrials</b>									
AFRY AB ser. B	SE0005999836	Stockholm	576 754	70 350 113	143 248 391	72 898 278	3.8	0.5	SEK
<b>Consumer discretionary</b>									
Compass Group plc	GB00BD6K4575	London	346 793	55 064 898	68 372 257	13 307 359	1.8	0.0	GBP
EssilorLuxottica SA	FR0000121667	Euronext	77 507	89 178 635	145 504 332	56 325 697	3.9	0.0	EUR
Industria de Diseno Textil SA	ES0148396007	Madrid	340 400	87 226 084	97 370 564	10 144 481	2.6	0.0	EUR
Polaris Industries Inc	US7310681025	New York	88 078	65 301 053	85 350 445	20 049 392	2.3	0.1	USD
Ralph Lauren Corp	US7512121010	New York	117 410	89 113 742	123 038 762	33 925 020	3.3	0.2	USD
<b>Total consumer discretionary</b>				<b>385 884 412</b>	<b>519 636 360</b>	<b>133 751 949</b>	<b>13.9</b>		
<b>Materials</b>									
BASF SE	DE000BASF111	Xetra	95 224	74 016 678	58 983 520	- 15 033 158	1.6	0.0	EUR
<b>Communication</b>									
Alphabet Inc ser. C	US02079K1079	New York Nasdaq GS	7 747	78 583 839	197 638 563	119 054 724	5.3	0.0	USD
<b>Total equities</b>				<b>2 497 848 041</b>	<b>3 539 419 068</b>	<b>1 041 571 027</b>	<b>94.2</b>		
<b>Cash</b>									
Påløpt aksjeutbytte (USD)				604 920	598 714	- 5 542	0.0		USD
Påløpt Depotgebyr				- 400	- 400	0	0.0		NOK
Transaksjonskonto (CAD)				5 199	5 871	672	0.0		CAD
Transaksjonskonto (CHF)				277	311	34	0.0		CHF
Transaksjonskonto (DKK)				- 1 637	- 1 622	15	0.0		DKK
Transaksjonskonto (EUR)				88 024	86 973	- 1 050	0.0		EUR
Transaksjonskonto (GBP)				3 430	3 395	- 34	0.0		GBP
Transaksjonskonto (NOK)				12 156 031	12 156 031	0	0.3		NOK
Transaksjonskonto (SEK)				5 323 607	5 333 132	9 525	0.1		SEK
Transaksjonskonto (USD)				206 807 717	205 048 337	- 1 759 380	5.4		USD
<b>Total cash</b>				<b>224 986 903</b>	<b>223 231 142</b>	<b>- 1 755 760</b>	<b>5.8</b>		
<b>Total</b>				<b>2 722 840 751</b>	<b>3 762 650 210</b>	<b>1 039 815 267</b>	<b>100.0</b>		

<sup>1</sup>Does not include received dividends

# Pareto Obligasjon

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# Performance history

Legal structure: UCITS

Dealing days: all Norwegian banking days except 31.12.

## Pareto Obligasjon

The fund invests in interest-bearing securities with good credit quality (investment grade) denominated in Norwegian kroner.

Benchmark: NBP Norwegian RM1-RM3 Floating Rate Index (NOK)

Other relevant information: The fund invests in issuers with good credit quality (investment grade). Investments in interest-bearing securities where the issuer is considered to have a lower credit quality than the investment grade after the investment date may represent a maximum of 10 per cent of the fund's total assets.



Lower risk  
Typically lower rewards

Higher risk  
Typically higher rewards

The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the fund.

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.

## Performance by periods

Name	2021	2020	2019	2018	2017
Pareto Obligasjon A	0.9%	3.3%	0.3%*	-	-
Pareto Obligasjon B	1.0%	3.4%	0.3%*	-	-
Pareto Obligasjon C	1.1%	2.6%**	-	-	-
NORM123FERN <sup>1</sup>	0.8%	1.4%	2.3%	1.4%	2.0%

## Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Obligasjon A	11.11.2019	-	-	-	2.1%
Pareto Obligasjon B	11.11.2019	-	-	-	2.2%
Pareto Obligasjon C	25.02.2020	-	-	-	2.0%
NORM123FERN <sup>1</sup>		1.5%	1.6%	1.9%	

## Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Obligasjon A	500	NO0010025190	POOBLII NO
Pareto Obligasjon B	10 million	NO0010864069	PAOBLIB NO
Pareto Obligasjon C	50 million	NO0010864077	PAOBLIC NO

\* Inception date 11.11.2019

\*\* Inception date 25.02.2020

<sup>1</sup>NBP Norwegian RM1-RM3 Floating Rate Index (NOK)



# Pareto Obligasjon

Income statement	Notes	2021 01.01-31.12	2020 01.01-31.12
<b>Portfolio income and expenses</b>			
Interest received		9 882 058	4 616 206
Realised capital gain/loss	4	-237 672	960 173
Net unrealised capital gain/loss	4	-2 621 334	1 827 044
<b>Portfolio profit</b>		<b>7 023 052</b>	<b>7 403 423</b>
<b>Asset management revenue and costs</b>			
Custodian charges on purchases and sales of securities		-7 115	-6 785
Management fees	5	-1 320 698	-622 067
Other income/expenses		0	0
<b>Asset management revenues</b>		<b>-1 327 813</b>	<b>-628 852</b>
<b>Profit before taxation</b>		<b>5 695 239</b>	<b>6 774 571</b>
<b>Income tax</b>	6	<b>0</b>	<b>0</b>
<b>Profit for the financial year</b>		<b>5 695 239</b>	<b>6 774 571</b>
<b>Allocation of profit</b>			
Net distributed to unitholders during the year		8 316 724	4 460 894
Allocated for distribution to unitholders		0	0
Transferred to/from equity		-2 621 485	2 313 677
<b>Total allocations and equity transfers</b>		<b>5 695 239</b>	<b>6 774 571</b>
<b>Balance sheet</b>		31.12.2021	31.12.2020
<b>Assets</b>			
Securities at market value	2,3,9	874 076 469	272 657 965
Accrued interests	9	1 818 656	639 478
Cash and cash equivalents		21 150 997	10 702 840
<b>Total assets</b>		<b>897 046 122</b>	<b>284 000 283</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unit capital at par value		888 295 778	278 319 774
Premium		9 632 619	4 026 325
Retained earnings		-1 034 096	1 587 389
<b>Total equity</b>	7,8	<b>896 894 301</b>	<b>283 933 488</b>
<b>Liabilities</b>			
Accrued management fees		151 821	66 555
Other liabilities		0	240
<b>Total liabilities</b>		<b>151 821</b>	<b>66 795</b>
<b>Total equity and liabilities</b>		<b>897 046 122</b>	<b>284 000 283</b>

## Board of directors Pareto Asset Management AS Oslo, 10 March 2022

Rune Selmar  
Chairman

Erik Bartnes  
Board member

Henrik Lindquist  
Board member

Svein Støle  
Board member

Christopher M. Bjerke  
Board member (elected by unitholders)

Liv Monica Stubholt  
Board member (elected by unitholders)

Eric von Koss Torkildsen  
CEO

Note: This translation from Norwegian has been prepared for information purposes only.

# Pareto Obligasjon

## Notes

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#### Financial instruments

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#### Foreign currency

The funds accounting currency is NOK. Investments in foreign currency is converted into NOK at the market exchange rate as at 31.12.2021.

#### Transaction fees

Transaction fees to the custodian are expended on a monthly basis. Other expences to the custodian is covered by the management company. Management fees are registered at the time of transaction, and will thus be included in the security cost at acquisition, and selling price at realisation.

#### Tax related issues

Securities funds are exempt from tax on profit and are not

entitled to deduct for loss, upon the realization of shares in companies domestically resident within and outside the EEA. Change in unrealised gain/loss for all inventories is not taxable but may be subject to deferred tax calculation. 3% of the net dividend on shares in companies domiciled within the EEA is taxable. Other income and expenses are respectively taxable and deductible.

A mutual fund has deductibility rights for the portion of the dividend that is taxed as interest income by the unitholders. The distribution will reduce the NAV equivalent to dividend per unit at the day of distribution. For funds that have distributed taxable income per 31.12.2021, this is distributed in the allocation of the profit for the year.

All dividends to unitholders are treated as surplus exposures in accordance with the regulations on financial statements for mutual funds. Dividends are reinvested as new shares in the fund during the fiscal year and are accounted accordingly.

### 2 Financial market risk and use of derivatives

Investments in Norwegian companies are exposed to stock price and liquidity risk. Investments in foreign companies are exposed to stock price, currency and liquidity risk. Investments in fixed income instruments are exposed to interest rate, credit and liquidity risk. If an interestbearing paper is issued in foreign currency, then the fund is also exposed to currency risk, although hedging can be undertaken to reduce this risk. Bank deposits in foreign currency are also exposed to currency and credit risk.

Pareto Obligasjon has not used any derivatives in 2021.

### 3 Turnover ratio

The portfolio's turnover ratio is 0.44.

The turnover rate is a measure of the average duration of the fund's investments.

The turnover rate is calculated by dividing the lesser of total purchases or total sales of securities in the portfolio during the year by the average total net assets during the year. The formula is an approximation to calculating the fund's turnover rate.

### 4 Brokerage fees

Brokerage fees are included in the securities cost price. Total fee in 2021 is NOK 0.

### 5 Management fees

The fund is charged a daily management fee per annum of the total portfolio. Rates apply per unit class.

- Pareto Obligasjon A: 0.35% per annum
- Pareto Obligasjon B: 0.25% per annum
- Pareto Obligasjon C: 0.15% per annum
- Pareto Obligasjon D: 0.15% per annum

# Pareto Obligasjon

## 6 Tax

	2021
Profit before taxation	5 695 239
Permanent differences	
Distribution to unitholders	-8 316 724
Realised capital gains	0
Unrealised capital gains (change)	2 621 334
Dividends within EEA (gross)	0
3% of dividends within EEA (net)	0
Withholding tax outside the EEA	0
Total taxable income	-150
Use of losses carried forward	0
Tax base	0
Assessed tax in Norway	0
<b>Specification of tax expense</b>	
Income tax Norway	0
Withholding tax within the EEA	0
Withholding tax outside the EEA	0
Total recognised tax expense	0

## 7 Equity

	2021
Equity 1.1	283 933 488
+ subscription/redemption	607 265 574
- distribution to unitholders	-8 316 724
- allocated for distribution	0
+ reinvested in the fund	8 316 724
+ profit for the financial year	5 695 239
Equity 31.12	896 894 301

## 8 Issued units

Unit class A	31.12.2021	31.12.2020	31.12.2019
Number of units	95 524.20	65 932.26	23 478.51
Net asset value	1 023.87	1 028.25	1 014.32
Redemption price	1 023.87	1 028.25	1 014.32
Unit class B	31.12.2021	31.12.2020	31.12.2019
Number of units	262 070.49	212 377.33	173 916.64
Net asset value	1 014.34	1 017.66	1 002.88
Redemption price	1 014.34	1 017.66	1 002.88
Unit class C	31.12.2021	31.12.2020	31.12.2019
Number of units	530 701.09	10.19	0.00
Net asset value	1 004.82	1 007.10	0.00
Redemption price	1 004.82	1 007.10	0.00
Unit class D	31.12.2021	31.12.2020	31.12.2019
Number of units	0.00	0.00	0.00
Net asset value	0.00	0.00	0.00
Redemption price	0.00	0.00	0.00

Net asset value (NAV) is the market value per unit after deductions of the fund's costs.

Subscription and redemption of units is made at net asset value. No transaction fees are charged when redeeming units.

## 9 Securities portfolio as at 31.12.2021

See next page.

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## Securities portfolio as at 31 December 2021

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date <sup>1</sup>	Principal	Cost price NOK	Yield <sup>2</sup>	Market value +acc. interest NOK	Unrealised gain/loss	Share in % of portfolio	Currency	Risk- class <sup>3</sup>
<b>Financials</b>													
Arion Banki hf 19/29 FRN NOK C SUB	XS2025568846	Luxembourg	09.07.2029	4.28	10.01.2022	5 000 000	5 050 000	3.63	5 127 358	28 614	0.6	NOK	100
Bank Norwegian ASA 19/22 FRN	NO0010863574	Oslo	16.09.2022	2.13	16.03.2022	5 000 000	5 044 500	1.25	5 036 971	- 12 262	0.6	NOK	20
Bank Norwegian ASA 19/22 FRN	NO0010848591	Oslo	29.03.2022	2.46	29.03.2022	5 000 000	5 044 400	1.25	5 015 986	- 29 439	0.6	NOK	20
BN Bank ASA 18/23 FRN	NO0010823636	Nordisk ABM	30.08.2023	1.47	28.02.2022	5 000 000	4 794 400	1.04	5 043 134	242 201	0.6	NOK	20
Danske Bank A/S 19/22 FRN	NO0010852106	Dublin	16.05.2022	1.92	16.02.2022	15 000 000	15 156 050	1.06	15 086 132	- 106 718	1.7	NOK	20
DNB Bank ASA 17/27 FRN C SUB	NO0010782386	Oslo	19.01.2027	2.45	19.01.2022	10 000 000	10 132 400	1.43	10 055 787	- 126 974	1.1	NOK	100
DNB Bank ASA 20/30 FRN C SUB	NO0010883341	Oslo	28.05.2030	3.11	28.02.2022	2 000 000	2 000 000	1.72	2 096 778	91 076	0.2	NOK	100
Drangedal Spb 20/23 FRN	NO0010890957	Nordisk ABM	17.08.2023	1.51	17.02.2022	15 000 000	15 120 600	1.11	15 129 581	- 19 332	1.7	NOK	20
Eika Boligkreditt AS 18/28 FRN C SUB	NO0010814916	Nordisk ABM	02.02.2028	2.14	02.02.2022	5 000 000	4 688 000	1.48	5 055 086	349 253	0.6	NOK	100
Eika Gruppen AS 21/24 FRN	NO0010917438	Nordisk ABM	15.01.2024	1.31	17.01.2022	7 000 000	7 000 000	1.21	7 036 470	16 602	0.8	NOK	20
Fana Spb 18/28 FRN C SUB	NO0010818586	Nordisk ABM	21.03.2028	2.09	21.03.2022	10 000 000	10 121 000	1.61	10 067 659	- 59 727	1.1	NOK	100
Gjensidige Fors ASA 14/44 FRN STEP C SUB	NO0010720378	Oslo	03.10.2044	2.08	03.01.2022	9 000 000	9 209 430	1.53	9 182 331	- 73 379	1.0	NOK	100
Grong Spb 18/23 FRN	NO0010832082	Nordisk ABM	12.09.2023	1.53	14.03.2022	15 000 000	15 143 700	1.10	15 125 715	- 30 097	1.7	NOK	20
Høland og Setskog Spb 17/27 FRN C SUB	NO0010786668	Nordisk ABM	22.02.2027	3.07	22.02.2022	12 000 000	12 144 000	1.78	12 063 911	- 121 022	1.3	NOK	100
Høland og Setskog Spb 19/29 FRN C SUB	NO0010861248	Nordisk ABM	28.08.2029	2.81	28.02.2022	4 000 000	4 098 720	2.11	4 083 309	- 25 714	0.5	NOK	100
Jæren Spb 18/28 FRN C SUB	NO0010825292	Nordisk ABM	20.06.2028	2.48	21.03.2022	3 000 000	3 033 600	1.74	3 036 100	20	0.3	NOK	100
Kredittforeningen for Spb 21/24 FRN	NO0010921380	Nordisk ABM	03.05.2024	1.14	03.02.2022	14 000 000	14 000 000	1.09	14 046 160	20 003	1.6	NOK	20
Landsbankinn hf. 19/22 FRN NOK	XS1953243950	Dublin	21.02.2022	2.57	21.02.2022	15 000 000	15 166 223	1.30	15 070 504	- 138 552	1.7	NOK	20
Nordea Bank Abp 18/23 FRN	NO0010832363	Dublin	18.09.2023	1.71	18.03.2022	16 000 000	16 164 300	1.14	16 169 331	- 4 089	1.8	NOK	20
OBOS-banken AS 17/27 FRN C SUB	NO0010792484	Nordisk ABM	18.05.2027	2.28	18.02.2022	11 000 000	11 114 300	1.42	11 068 054	- 76 899	1.2	NOK	100
Pareto Bank ASA 19/23 FRN	NO0010846892	Nordisk ABM	20.04.2023	1.61	20.01.2022	10 000 000	10 080 500	1.02	10 111 390	- 1 757	1.1	NOK	20
Protector Forsikring ASA 17/47 FRN C SUB	NO0010790074	Oslo	31.03.2047	3.85	31.03.2022	10 000 000	10 050 000	2.75	10 029 418	- 21 651	1.1	NOK	100
Resurs Bank AB 21/23 FRN	NO0011018996	Oslo	14.06.2023	1.79	14.03.2022	10 000 000	10 000 000	1.61	10 038 570	29 620	1.1	NOK	20
Resurs Bank AB 21/24 FRN	NO0011083453	Oslo	02.09.2024	1.90	02.03.2022	8 000 000	8 000 000	1.90	8 014 931	2 265	0.9	NOK	20
Sandnes Spb 18/28 FRN C SUB	NO0010816101	Nordisk ABM	16.02.2028	2.33	16.02.2022	2 000 000	2 021 860	1.53	2 024 556	- 3 258	0.2	NOK	100
Sandnes Spb 18/28 FRN C SUB	NO0010834310	Nordisk ABM	16.10.2028	2.59	17.01.2022	2 000 000	2 057 400	1.54	2 048 879	- 19 313	0.2	NOK	100
Sbanken ASA 21/25 FRN C	NO0011087587	Nordisk ABM	08.09.2025	1.31	07.03.2022	7 000 000	7 000 000	1.37	6 992 891	- 13 732	0.8	NOK	20
Skue Spb 19/23 FRN	NO0010851850	Nordisk ABM	15.05.2023	1.41	15.02.2022	2 000 000	1 997 900	1.03	2 014 644	13 062	0.2	NOK	20
Spb 1 Boligkreditt AS 18/28 FRN C SUB	NO0010826696	Nordisk ABM	22.06.2028	2.37	22.03.2022	12 000 000	12 223 800	1.65	12 138 810	- 92 890	1.4	NOK	100
Spb 1 Gudbrandsdal 17/27 FRN C SUB	NO0010793367	Nordisk ABM	24.05.2027	2.72	24.02.2022	5 000 000	5 067 500	1.64	5 036 419	- 45 437	0.6	NOK	100

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Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date <sup>1</sup>	Principal	Cost price NOK	Yield <sup>2</sup> +acc. interest NOK	Market value	Unrealised gain/loss	Share in % of portfolio	Currency	Risk-class <sup>3</sup>
Spb 1 Helgeland 18/28 FRN C SUB	N00010820723	Nordisk ABM	11.04.2028	2.03	11.01.2022	3 000 000	3 023 670	1.40	3 038 909	1 367	0.3	NOK	100
Spb 1 Nord-Norge 18/28 FRN C SUB	N00010830334	Nordisk ABM	28.08.2028	2.21	28.02.2022	8 000 000	8 104 010	1.58	8 102 408	- 17 808	0.9	NOK	100
Spb 1 SMN 18/28 FRN C SUB	N00010830755	Nordisk ABM	04.09.2028	2.27	04.03.2022	5 000 000	5 079 200	1.59	5 066 561	- 20 837	0.6	NOK	100
Spb 1 Sørøst-Norge 20/25 FRN	N00010876196	Nordisk ABM	28.02.2025	1.39	28.02.2022	5 000 000	4 651 059	1.16	5 042 653	385 223	0.6	NOK	20
Spb 1 Østlandet 17/27 FRN C SUB	N00010810088	Nordisk ABM	16.11.2027	2.18	16.02.2022	23 000 000	23 242 200	1.43	23 221 388	- 84 880	2.6	NOK	100
Spb 1 Østlandet 18/28 FRN C SUB	N00010824964	Nordisk ABM	20.06.2028	2.25	21.03.2022	5 000 000	4 700 000	1.58	5 054 752	351 002	0.6	NOK	100
Spb DIN 17/27 FRN C SUB	N00010809957	Nordisk ABM	08.11.2027	2.79	08.02.2022	13 200 000	13 416 216	1.82	13 368 369	- 103 089	1.5	NOK	100
Spb Sør 18/28 FRN C SUB	N00010837313	Nordisk ABM	23.11.2028	2.46	23.02.2022	3 000 000	3 070 290	1.61	3 056 933	- 21 352	0.3	NOK	100
Spb Sør 21/27 FRN C	N00010920788	Nordisk ABM	10.02.2027	1.54	10.02.2022	10 000 000	10 000 000	1.51	10 027 005	4 761	1.1	NOK	20
Spb Øst Boligkreditt AS 19/24 FRN C COVD	N00010841034	Oslo	19.06.2024	1.29	21.03.2022	4 000 000	4 024 000	0.97	4 033 792	8 072	0.4	NOK	10
SSB Boligkreditt AS 18/24 FRN C COVD	N00010833254	Nordisk ABM	27.09.2024	1.42	28.03.2022	5 000 000	5 025 000	1.07	5 049 404	23 418	0.6	NOK	10
Stadshypotek AB 19/24 ADJ C COVD	N00010847114	Oslo	19.03.2024	1.12	21.03.2022	10 000 000	10 065 300	0.93	10 047 398	- 21 635	1.1	NOK	10
Storebrand Liv AS 14/PERP FRN STEP C SUB	N00010706021	Oslo	31.12.2099	3.62		20 000 000	20 663 700	0.93	20 517 626	- 156 130	2.3	NOK	100
Storebrand Livsforsik AS 20/50 FRN C SUB	N00010886153	Oslo	19.06.2050	2.88	21.03.2022	2 000 000	2 000 000	2.14	2 019 275	17 355	0.2	NOK	100
Strømmen Spb 17/27 FRN C SUB	N00010791023	Nordisk ABM	21.04.2027	2.99	21.01.2022	3 200 000	3 248 000	1.78	3 231 361	- 35 775	0.4	NOK	100
Sydbank A/S 20/24 FRN C	N00010907454	Dublin	25.11.2024	1.81	25.02.2022	6 000 000	6 000 000	1.37	6 062 465	51 303	0.7	NOK	20
Totens Spb 19/29 FRN C SUB	N00010856420	Nordisk ABM	14.06.2029	2.44	14.03.2022	15 000 000	15 400 500	1.74	15 277 767	- 141 033	1.7	NOK	100
Tryg Forsikri A/S 13/PERP FRN STEP C SUB	N00010672355	Nordisk ABM	31.12.2099	4.58		7 000 000	7 370 000	1.14	7 229 458	- 151 229	0.8	NOK	100
Ørland Spb 21/24 FRN	N00010921216	Nordisk ABM	29.04.2024	1.19	31.01.2022	15 000 000	15 000 000	1.12	15 062 027	30 294	1.7	NOK	20
Collector Bank AB 21/23 FRN	N00011152449	Oslo	17.11.2023	1.98	17.02.2022	20 000 000	20 000 000	2.05	20 031 736	- 17 764	2.2	NOK	20
DNB Boligkreditt AS 17/22 FRN C COVD	N00010802960	Oslo	28.11.2022	1.16	28.02.2022	30 000 000	30 111 180	0.83	30 126 388	- 16 692	3.4	NOK	10
Haugesund Spb 19/29 FRN C SUB	N00010850084	Nordisk ABM	23.04.2029	2.43	24.01.2022	6 000 000	6 097 560	1.75	6 122 984	- 2 116	0.7	NOK	100
KLP Boligkreditt AS 18/23 FRN C COVD	N00010822380	Oslo	15.06.2023	1.16	15.03.2022	27 000 000	27 151 659	0.85	27 142 576	- 23 873	3.0	NOK	10
Tolga-Øs Spb 17/27 FRN C SUB	N00010789522	Nordisk ABM	28.03.2027	3.17	28.03.2022	13 200 000	13 263 360	1.95	13 244 305	- 23 705	1.5	NOK	100
<b>Total financials</b>							<b>513 431 487</b>		<b>514 224 405</b>	<b>- 194 649</b>	<b>57.5</b>		
<b>State/County</b>													
Bergen komm 18/22 FRN	N00010818305	Oslo	07.03.2022	1.12	07.03.2022	31 000 000	31 050 220	0.99	31 033 028	- 42 176	3.5	NOK	20
Namsos komm 20/23 FRN	N00010877194	Oslo	15.03.2023	1.35	16.03.2022	25 000 000	25 162 500	0.90	25 156 000	- 22 438	2.8	NOK	20
Oslo komm 15/24 2.35%	N00010752702	Oslo	04.09.2024	2.35	04.09.2024	13 000 000	13 471 900	1.82	13 274 919	- 296 269	1.5	NOK	20
Oslo komm 19/24 2.05%	N00010867575	Oslo	31.10.2024	2.05	31.10.2024	12 000 000	12 322 800	1.85	12 105 807	- 258 677	1.3	NOK	20
Trøndelag fylke 17/22 FRN	N00010799331	Oslo	23.06.2022	1.33	23.03.2022	20 000 000	20 051 680	0.99	20 041 462	- 16 886	2.2	NOK	20
<b>Total state/county</b>							<b>102 059 100</b>		<b>101 611 216</b>	<b>- 636 446</b>	<b>11.3</b>		

# Pareto Obligasjon

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Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date <sup>1</sup>	Principal	Cost price NOK	Yield <sup>2</sup> +acc. interest NOK	Market value	Unrealised gain/loss	Share in % of portfolio	Currency	Risk-class <sup>3</sup>
<b>Real estate</b>													
Entra ASA 17/22 FRN	N00010811649	Oslo	14.10.2022	1.39	14.01.2022	15 000 000	15 063 600	1.05	15 088 795	- 20 559	1.7	NOK	100
OBOS BBL 21/26 FRN	N00010946494	Nordisk ABM	10.03.2026	1.66	10.03.2022	9 000 000	9 000 000	1.67	9 000 884	- 8 246	1.0	NOK	100
Olav Thon Eiendomsselskap ASA 20/23 FRN	N00010911894	Oslo	14.12.2023	1.62	14.03.2022	15 000 000	15 093 150	1.42	15 075 992	- 29 308	1.7	NOK	100
Steen & Strøm AS 17/22 FRN	N00010805799	Oslo	14.09.2022	1.49	14.03.2022	5 000 000	5 023 250	1.22	5 014 121	- 12 855	0.6	NOK	100
Norwegian Property ASA 19/24 FRN	N00010856826	Oslo	20.06.2024	1.77	05.01.2022	20 000 000	20 269 600	1.28	20 333 853	- 22 280	2.3	NOK	100
OBOS BBL 19/22 FRN	N00010864614	Nordisk ABM	26.09.2022	1.69	28.03.2022	10 000 000	10 034 930	1.38	10 027 553	- 9 724	1.1	NOK	100
<b>Total real estate</b>							<b>74 484 530</b>		<b>74 541 198</b>	<b>- 102 972</b>	<b>8.4</b>		
<b>Energy</b>													
Heimstaden Bostad AB 21/24 FRN	N00010976319	Oslo	22.04.2024	1.49	24.01.2022	16 000 000	16 000 000	1.50	16 050 269	3 251	1.8	NOK	100
<b>Utilities</b>													
Glitre Energi AS 21/24 FRN	N00010935489	Oslo	24.04.2024	1.14	24.01.2022	10 000 000	10 000 000	1.16	10 021 198	- 335	1.1	NOK	100
Ringerikskraft AS 19/22 FRN	N00010852197	Nordisk ABM	16.05.2022	1.43	16.02.2022	5 000 000	4 998 500	1.22	5 013 548	5 912	0.6	NOK	100
<b>Total utilities</b>							<b>14 998 500</b>		<b>15 034 746</b>	<b>5 577</b>	<b>1.7</b>		
<b>Consumer staples</b>													
Nortura SA 16/22 FRN	N00010778236	Nordisk ABM	11.02.2022	2.00	11.02.2022	30 000 000	30 052 800	1.32	30 109 252	- 28 548	3.3	NOK	100
Nortura SA 21/26 FRN	N00011136624	Unlisted	04.11.2026	1.89	04.02.2022	9 000 000	9 000 000	1.89	9 015 493	- 11 912	1.0	NOK	100
Tine SA 18/23 FRN	N00010816309	Nordisk ABM	21.02.2023	1.47	21.02.2022	20 000 000	20 102 600	1.09	20 123 237	- 12 030	2.2	NOK	100
<b>Total consumer staples</b>							<b>59 155 400</b>		<b>59 247 982</b>	<b>- 52 490</b>	<b>6.5</b>		
<b>Materials</b>													
Elkem ASA 21/24 FRN FLOOR	N00010937469	Oslo	26.02.2024	1.80	28.02.2022	9 000 000	9 000 000	1.53	9 070 432	54 232	1.0	NOK	100
Norsk Hydro ASA 20/23 FRN	N00010882327	Oslo	15.05.2023	3.69	15.02.2022	20 000 000	20 946 655	1.20	20 782 936	- 260 069	2.3	NOK	100
Yara International ASA 21/26 FRN	N00011146391	Oslo	10.11.2026	1.46	10.02.2022	18 000 000	18 000 000	1.49	17 999 186	- 38 774	2.0	NOK	100
<b>Total materials</b>							<b>47 946 655</b>		<b>47 852 554</b>	<b>- 244 611</b>	<b>5.3</b>		
<b>Communication</b>													
Schibsted ASA 17/23 FRN	N00010797541	Oslo	22.06.2023	2.29	22.03.2022	2 000 000	2 036 800	1.27	2 031 761	- 6 312	0.2	NOK	100
Schibsted ASA 20/23 FRN	N00010878960	Oslo	23.10.2023	3.13	24.01.2022	4 000 000	4 000 000	1.20	4 164 506	140 857	0.5	NOK	100
Schibsted ASA 21/26 FRN	N00011157323	Oslo	25.11.2026	1.59	25.02.2022	15 000 000	15 000 000	1.64	14 977 224	- 47 289	1.7	NOK	100
<b>Total communication</b>							<b>21 036 800</b>		<b>21 173 491</b>	<b>87 256</b>	<b>2.4</b>		



# Pareto Obligasjon

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Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date <sup>1</sup>	Principal	Cost price NOK	Yield <sup>2</sup>	Market value +acc. interest NOK	Unrealised gain/loss	Share in % of portfolio	Currency	Risk- class <sup>3</sup>
<b>Consumer discretionary</b>													
BMW Finance N.V. 19/22 FRN NOK	XS2043949382	Luxembourg	22.08.2022	1.35	22.02.2022	5 000 000	4 997 950	1.16	5 014 274	8 824	0.6	NOK	50
Scania CV 20/23 FRN NOK	XS2108433371	Luxembourg	24.01.2023	1.33	24.01.2022	5 000 000	5 000 000	1.10	5 025 896	13 335	0.6	NOK	100
Volkswagen Financial Servi 21/24 FRN NOK	XS2292344632	Luxembourg	01.02.2024	1.48	01.02.2022	16 000 000	16 000 000	1.26	16 119 094	78 970	1.8	NOK	100
<b>Total consumer discretionary</b>							<b>25 997 950</b>		<b>26 159 264</b>	<b>101 129</b>	<b>3.0</b>		
<b>Total bonds</b>							<b>875 110 422</b>		<b>875 895 125</b>	<b>- 1 033 953</b>	<b>97.9</b>		
Transaction account (NOK)							21 150 997		21 150 997		2.4	NOK	
<b>Total</b>							<b>896 261 419</b>		<b>897 046 122</b>	<b>- 1 033 953</b>	<b>100.0</b>		

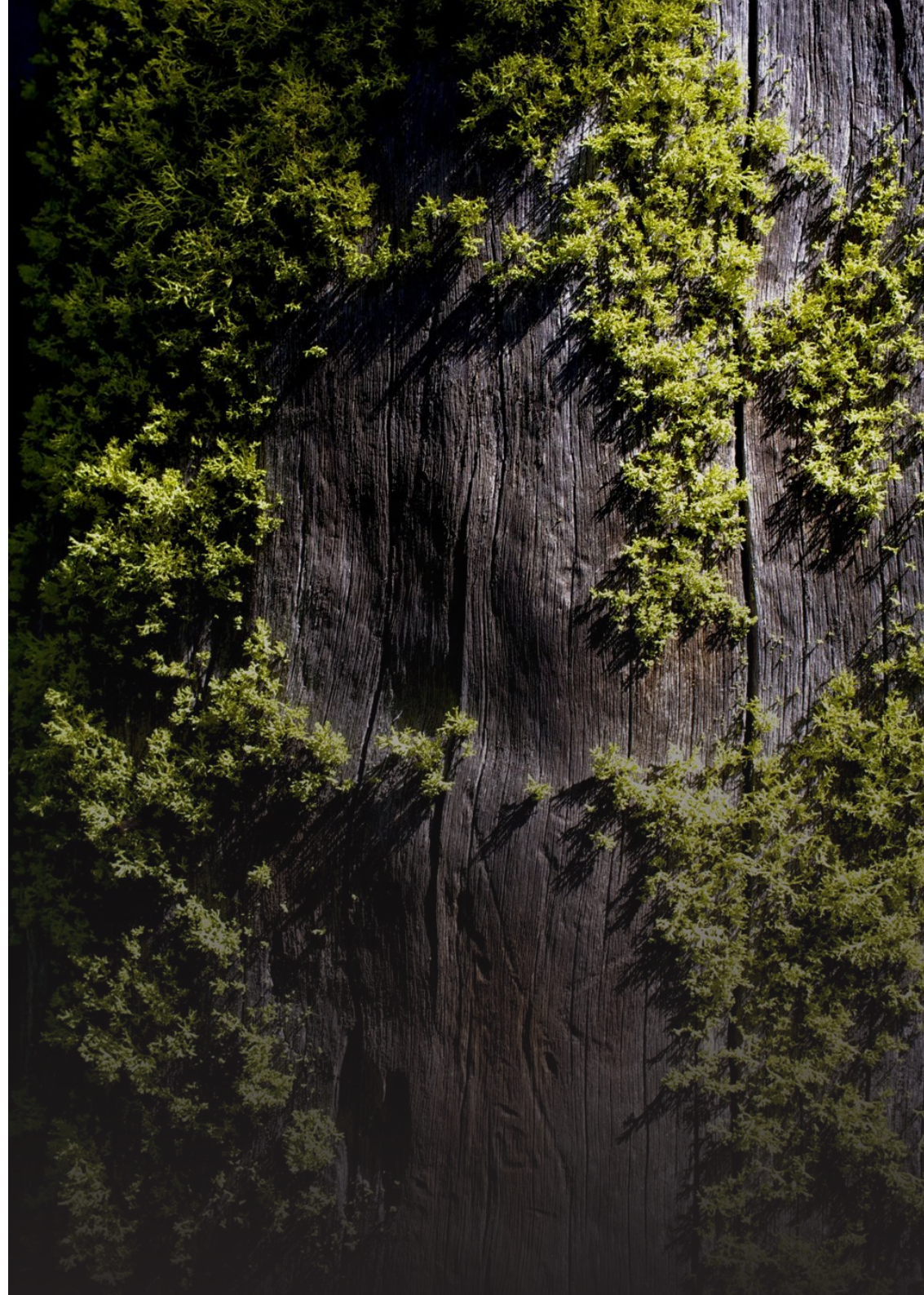
1. Applicable only to floating rate bonds.

2. Yield to maturity is the average annual rate of return of a bond held to maturity. The yield to maturity will change from day to day, and is no guarantee of performance in the period.

3. The risk classes refer to the risk weighting of various issuers in accordance with the capital adequacy regulations and the Bank of International Settlements (BIS).

# Pareto Likviditet

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# Performance history

Legal structure: UCITS

Dealing days: all Norwegian banking days except 31.12.

## Pareto Likviditet

The fund invests in senior loans to financial institutions and covered bonds.

Benchmark: n.a

Other relevant information: The fund has authorisation from Finanstilsynet to invest up to 100 per cent of the fund's assets in transferable securities or money market instruments issued by Den norske stat. The investments must include at least six different issues, and investments from one and the same issue must not exceed 30 per cent of the fund's total assets.



Lower risk  
Typically lower rewards

Higher risk  
Typically higher rewards

The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the fund.

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.

## Performance by periods

Name	2021	2020	2019	2018	2017
Pareto Likviditet	0.4%	1.7%	1.7%	1.1%	1.3%

## Annualisert avkastning

Name	Inception date	3 years	5 years	10 years	From start
Pareto Likviditet	27.09.1999	1.2%	1.2%	1.6%	3.1%

## Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Likviditet	2 million	NO0010025174	POLIKV NO

# Pareto Likviditet

Income statement	Notes	2021 01.01-31.12	2020 01.01-31.12
<b>Portfolio income and expenses</b>			
Interest received		7 381 421	8 940 610
Realised capital gain/loss	4	-1 051 297	-2 838 885
Net unrealised capital gain/loss	4	-2 397 378	4 002 749
<b>Portfolio profit</b>		<b>3 932 747</b>	<b>10 104 474</b>
<b>Asset management revenue and costs</b>			
Custodian charges on purchases and sales of securities		-5 220	-5 850
Management fees	5	-1 686 753	-1 362 431
Other income/expenses		3	0
<b>Asset management revenues</b>		<b>-1 691 970</b>	<b>-1 368 281</b>
<b>Profit before taxation</b>		<b>2 240 777</b>	<b>8 736 193</b>
<b>Income tax</b>	6	<b>0</b>	<b>0</b>
<b>Profit for the financial year</b>		<b>2 240 777</b>	<b>8 736 193</b>
<b>Allocation of profit</b>			
Net distributed to unitholders during the year		4 638 251	4 733 377
Allocated for distribution to unitholders		0	0
Transferred to/from equity		-2 397 475	4 002 816
<b>Total allocations and equity transfers</b>		<b>2 240 777</b>	<b>8 736 193</b>
<b>Balance sheet</b>		31.12.2021	31.12.2020
<b>Assets</b>			
Securities at market value	2,3,9	599 252 735	463 533 657
Accrued interests	9	1 049 003	585 847
Cash and cash equivalents		17 655 041	21 729 014
<b>Total assets</b>		<b>617 956 778</b>	<b>485 848 516</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unit capital at par value		622 556 653	478 894 974
Premium		3 116 623	3 293 227
Retained earnings		-7 847 641	-5 450 166
<b>Total equity</b>	7,8	<b>617 825 635</b>	<b>476 738 035</b>
<b>Liabilities</b>			
Accrued management fees		130 964	106 220
Other liabilities		179	9 004 261
<b>Total liabilities</b>		<b>131 143</b>	<b>9 110 481</b>
<b>Total equity and liabilities</b>		<b>617 956 778</b>	<b>485 848 516</b>

## Board of directors Pareto Asset Management AS Oslo, 10 March 2022

Rune Selmar  
Chairman

Erik Bartnes  
Board member

Henrik Lindquist  
Board member

Svein Støle  
Board member

Christopher M. Bjerke  
Board member (elected by unitholders)

Liv Monica Stubholt  
Board member (elected by unitholders)

Eric von Koss Torkildsen  
CEO

Note: This translation from Norwegian has been prepared for information purposes only.



# Pareto Likviditet

## Notes

### 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and the regulations relating to Annual financial statements for mutual funds.

#### Financial instruments

Securities are recognised at fair value (market price) as at 31.12.2021. For securities where no exchange rate information from stock exchanges or any other official sources are available, the valuation will be based on either the last trading price, valuations made by leading brokerage houses, and/or internal valuations. Dividends from shares are recognized as income when the share price is quoted exclusive of dividends. Accrued non-accrued interest income is recognized in the accounts. Assets that are valued at market value are recognized in the accounts on a continuous basis.

#### Foreign currency

The funds accounting currency is NOK. Investments in foreign currency is converted into NOK at the market exchange rate as at 31.12.2021.

#### Transaction fees

Transaction fees to the custodian are expended on a monthly basis. Other expences to the custodian is covered by the management company. Management fees are registered at the time of transaction, and will thus be included in the security cost at acquisition, and selling price at realisation.

#### Tax related issues

Securities funds are exempt from tax on profit and are not

entitled to deduct for loss, upon the realization of shares in companies domestically resident within and outside the EEA. Change in unrealised gain/loss for all inventories is not taxable but may be subject to deferred tax calculation. 3% of the net dividend on shares in companies domiciled within the EEA is taxable. Other income and expenses are respectively taxable and deductible.

A mutual fund has deductibility rights for the portion of the dividend that is taxed as interest income by the unitholders. The distribution will reduce the NAV equivalent to dividend per unit at the day of distribution. For funds that have distributed taxable income per 31.12.2021, this is distributed in the allocation of the profit for the year.

All dividends to unitholders are treated as surplus exposures in accordance with the regulations on financial statements for mutual funds. Dividends are reinvested as new shares in the fund during the fiscal year and are accounted accordingly.

### 2 Financial market risk and use of derivatives

Investments in Norwegian companies are exposed to stock price and liquidity risk. Investments in foreign companies are exposed to stock price, currency and liquidity risk. Investments in fixed income instruments are exposed to interest rate, credit and liquidity risk. If an interestbearing paper is issued in foreign currency, then the fund is also exposed to currency risk, although hedging can be undertaken to reduce this risk. Bank deposits in foreign currency are also exposed to currency and credit risk.

Pareto Likviditet has not used any derivatives in 2021.

### 3 Turnover ratio

The portfolio's turnover ratio is 0.85.

The turnover rate is a measure of the average duration of the fund's investments.

The turnover rate is calculated by dividing the lesser of total purchases or total sales of securities in the portfolio during the year by the average total net assets during the year. The formula is an approximation to calculating the fund's turnover rate.

### 4 Brokerage fees

Brokerage fees are included in the securities cost price. Total fee in 2021 is NOK 0.

### 5 Management fees

The fund is charged a daily management fee of 0.25 per cent per annum of the total portfolio.

Subscriptions of more than 25 000 units are given a discounted management fee.

# Pareto Likviditet

## 6 Tax

	2021
Profit before taxation	2 240 777
Permanent differences	
Distribution to unitholders	-4 638 251
Realised capital gains	0
Unrealised capital gains (change)	2 397 378
Dividends within EEA (gross)	0
3% of dividends within EEA (net)	0
Withholding tax outside the EEA	0
Temporary differences	
Unrealised gains/losses after merger	0
Total taxable income	-96
Use of losses carried forward	0
Tax base	0
Assessed tax in Norway	0

### Specification of tax expense

Income tax Norway	0
Withholding tax within the EEA	0
Withholding tax outside the EEA	0
Total recognised tax expense	0

## 7 Equity

	2021
Equity 1.1	476 738 035
+ subscription/redemption	138 846 823
- distribution to unitholders	-4 638 251
- allocated for distribution	0
+ reinvested in the fund	4 638 251
+ profit for the financial year	2 240 777
Equity 31.12	617 825 635

## 8 Issued units

	31.12.2021	31.12.2020	31.12.2019
Number of units	622 556.65	478 894.97	621 781.81
Net asset value	992.40	995.50	987.71
Redemption price	992.40	995.50	987.71

Net asset value (NAV) is the market value per unit after deductions of the fund's costs.

Subscription and redemption of units is made at net asset value. No transaction fees are charged when redeeming units.

## 9 Securities portfolio as at 31.12.2021

See next page.



# Pareto Likviditet

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## Securities portfolio as at 31 December 2021

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date <sup>1</sup>	Principal	Cost price NOK	Yield <sup>2</sup> +acc. interest NOK	Market value	Unrealised gain/loss	Share in % of portfolio	Currency	Risk-class <sup>3</sup>
<b>Financials</b>													
Andebu Spb 19/22 FRN	NO0010856255	Nordisk ABM	07.06.2022	1.32	07.03.2022	14 000 000	14 051 100	1.03	14 031 642	- 32 291	2.3	NOK	20
Askim & Spydeberg Spb 18/22 FRN	NO0010815970	Nordisk ABM	09.02.2022	1.46	09.02.2022	15 000 000	14 959 700	0.97	15 040 523	48 582	2.4	NOK	20
Bank Norwegian ASA 19/22 FRN	NO0010848591	Oslo	29.03.2022	2.46	29.03.2022	10 000 000	10 025 000	1.25	10 031 972	4 922	1.6	NOK	20
Bien Spb ASA 17/22 FRN	NO0010788938	Nordisk ABM	14.03.2022	1.82	14.03.2022	6 000 000	6 049 440	1.12	6 014 137	- 40 763	1.0	NOK	20
Brage Finans AS 18/22 FRN	NO0010830516	Nordisk ABM	21.02.2022	1.50	21.02.2022	15 000 000	15 063 000	1.06	15 034 774	- 53 226	2.4	NOK	20
Danske Bank A/S 19/22 FRN	NO0010852106	Dublin	16.05.2022	1.92	16.02.2022	10 000 000	10 073 000	1.06	10 057 421	- 40 112	1.6	NOK	20
Haugesund Spb 18/22 FRN	NO0010815061	Nordisk ABM	26.01.2022	1.33	26.01.2022	20 000 000	20 085 800	0.94	20 055 258	- 80 048	3.2	NOK	20
Jernbanepersonalets Spb 18/22 FRN	NO0010830532	Nordisk ABM	22.08.2022	1.38	22.02.2022	15 000 000	15 084 450	0.96	15 065 564	- 41 886	2.4	NOK	20
Jæren Spb 17/22 FRN	NO0010790595	Nordisk ABM	07.04.2022	1.45	07.01.2022	20 000 000	19 914 400	0.75	20 107 656	123 978	3.2	NOK	20
Melhus Spb 18/22 FRN	NO0010836554	Nordisk ABM	13.05.2022	1.38	14.02.2022	10 000 000	10 049 700	0.94	10 034 765	- 32 952	1.6	NOK	20
Orkla Spb 17/22 FRN	NO0010809387	Nordisk ABM	31.01.2022	1.47	31.01.2022	15 000 000	15 077 700	0.97	15 045 791	- 71 109	2.4	NOK	20
Resurs Bank AB 21/23 FRN	NO0011018996	Oslo	14.06.2023	1.79	14.03.2022	18 000 000	18 058 680	1.61	18 069 426	- 5 364	2.9	NOK	20
Romerike Spb 18/22 FRN	NO0010837172	Nordisk ABM	20.05.2022	1.39	21.02.2022	20 000 000	19 889 400	0.97	20 064 645	144 356	3.2	NOK	20
Rørosbanken Røros Spb 17/22 FRN	NO0010795578	Nordisk ABM	01.06.2022	1.70	01.03.2022	10 000 000	10 085 100	1.02	10 043 808	- 55 931	1.6	NOK	20
Skagerrak Spb 18/22 FRN	NO0010839327	Nordisk ABM	13.06.2022	1.51	14.03.2022	15 000 000	15 107 250	0.98	15 049 178	- 70 026	2.4	NOK	20
Skudenes & Aakra Spb 17/22 FRN	NO0010802226	Nordisk ABM	15.08.2022	1.48	15.02.2022	15 000 000	15 094 350	0.95	15 080 042	- 43 292	2.4	NOK	20
Spb 1 Helgeland 16/22 FRN	NO0010781255	Nordisk ABM	16.03.2022	1.66	16.03.2022	20 000 000	19 984 200	1.01	20 043 376	43 498	3.2	NOK	20
Spb 1 Lom og Skjåk 19/22 FRN	NO0010840747	Nordisk ABM	10.05.2022	1.59	12.01.2022	13 000 000	13 084 500	-5.07	13 058 522	- 55 835	2.1	NOK	20
Spb 1 Sørøst-Norge 17/22 FRN	NO0010783020	Nordisk ABM	02.02.2022	1.47	02.02.2022	20 000 000	19 784 000	0.91	20 059 490	226 490	3.2	NOK	20
Spb 1 Østfold Akershus 17/22 FRN	NO0010790652	Nordisk ABM	07.04.2022	1.31	07.01.2022	15 000 000	15 091 950	0.72	15 071 152	- 67 740	2.4	NOK	20
Spb 68 grader Nord 19/22 FRN	NO0010861610	Nordisk ABM	29.08.2022	1.34	28.02.2022	19 000 000	19 087 590	0.98	19 070 698	- 40 231	3.1	NOK	20
Spb DIN 17/22 FRN	NO0010791528	Nordisk ABM	27.04.2022	1.65	27.01.2022	20 000 000	20 167 000	0.92	20 108 784	- 118 716	3.2	NOK	20
Spb Møre 19/22 FRN	NO0010849748	Oslo	12.04.2022	1.04	12.01.2022	10 000 000	9 779 800	0.72	10 032 823	229 623	1.6	NOK	20
Spb Narvik 18/22 FRN	NO0010835374	Nordisk ABM	02.11.2022	1.34	02.02.2022	20 000 000	20 125 000	0.89	20 123 123	- 46 544	3.2	NOK	20
Spb Sogn og Fjordane 19/22 FRN	NO0010842248	Nordisk ABM	28.02.2022	1.35	28.02.2022	15 000 000	15 054 263	0.95	15 028 592	- 44 234	2.4	NOK	20
Spb Sør 17/22 FRN	NO0010782253	Nordisk ABM	17.02.2022	1.53	17.02.2022	15 000 000	14 839 500	0.94	15 040 773	172 585	2.4	NOK	20
Spb Vest 17/22 FRN	NO0010790041	Nordisk ABM	30.06.2022	1.61	30.03.2022	15 000 000	15 100 050	1.04	15 045 629	- 55 763	2.4	NOK	20
Storebrand ASA 17/22 FRN	NO0010793524	Nordisk ABM	23.05.2022	2.36	23.02.2022	15 000 000	15 074 250	1.02	15 118 747	6 147	2.4	NOK	20
Voss Veksel ASA 17/22 FRN	NO0010790538	Nordisk ABM	31.03.2022	1.85	31.03.2022	20 000 000	19 912 600	1.12	20 038 260	124 632	3.2	NOK	20
Collector Bank AB 21/23 FRN	NO0011152449	Oslo	17.11.2023	1.98	17.02.2022	20 000 000	20 000 000	2.05	20 031 736	- 17 764	3.2	NOK	20

# Pareto Likviditet

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Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date <sup>1</sup>	Principal	Cost price NOK	Yield <sup>2</sup>	Market value +acc. interest NOK	Unrealised gain/loss	Share in % of portfolio	Currency	Risk-class <sup>3</sup>
Spb 1 Nordmøre 18/23 FRN	NO0010818545	Nordisk ABM	13.03.2023	1.45	14.03.2022	18 000 000	18 144 900	0.99	18 117 547	- 41 128	2.9	NOK	20
Søgne og Greipstad Spb 19/23 FRN	NO0010852932	Nordisk ABM	22.05.2023	1.44	22.02.2022	20 000 000	20 127 400	1.12	20 126 408	- 32 992	3.3	NOK	20
Tolga-Øs Spb 21/24 FRN	NO0011162166	Nordisk ABM	04.03.2024	1.15	04.03.2022	10 000 000	10 000 000	1.21	9 999 653	- 10 889	1.6	NOK	20
Volvofinans Bank AB 18/23 FRN	NO0010824154	Stockholm	08.06.2023	1.51	08.03.2022	10 000 000	10 083 600	1.09	10 073 418	- 20 249	1.6	NOK	20
<b>Total financials</b>							<b>524 108 673</b>		<b>525 015 333</b>	<b>5 728</b>	<b>85.1</b>		
<b>State/County</b>													
Indre Østfold komm 18/22 FRN	NO0010819956	Oslo	21.03.2022	1.13	21.03.2022	20 000 000	20 014 000	1.01	20 012 503	- 8 372	3.2	NOK	20
Lillestrøm komm 17/22 1.82%	NO0010807134	Oslo	03.10.2022	1.82	03.10.2022	10 000 000	10 081 100	1.23	10 088 609	- 36 980	1.6	NOK	20
Steinkjerbygg KF 21/23 FRN	NO0011017766	Oslo	15.03.2023	0.95	16.03.2022	20 000 000	20 022 000	0.94	20 014 577	- 16 376	3.2	NOK	20
Vestland fylke 17/22 1.82%	NO0010807142	Oslo	03.10.2022	1.82	03.10.2022	15 000 000	15 121 650	1.23	15 132 913	- 55 470	2.4	NOK	20
Østre Toten komm 20/23 FRN	NO0010895147	Oslo	06.07.2023	0.87	06.01.2022	10 000 000	10 017 200	0.77	10 037 806	- 419	1.6	NOK	20
<b>Total state/county</b>							<b>75 255 950</b>		<b>75 286 408</b>	<b>- 117 617</b>	<b>12.0</b>		
<b>Total bonds</b>							<b>599 364 623</b>		<b>600 301 738</b>	<b>- 111 887</b>	<b>97.1</b>		
Accrued custodial fee							- 180		- 180		0.0	NOK	
Transaction account (NOK)							17 655 041		17 655 041		2.9	NOK	
<b>Total</b>							<b>617 019 484</b>		<b>617 956 599</b>	<b>- 111 887</b>	<b>100.0</b>		

1. Applicable only to floating rate bonds.

2. Yield to maturity is the average annual rate of return of a bond held to maturity. The yield to maturity will change from day to day, and is no guarantee of performance in the period.

3. The risk classes refer to the risk weighting of various issuers in accordance with the capital adequacy regulations and the Bank of International Settlements (BIS).

# Auditor's report

**Deloitte.**

Deloitte AS  
Dronning Eufemias gate 14  
Postboks 221 Sentrum  
NO-0103 Oslo  
Norway  
Tel: +47 23 27 90 00  
www.deloitte.no

To the Board Meeting of Pareto Asset Management AS

INDEPENDENT AUDITOR'S REPORT

## Opinion

We have audited the financial statements of mutual funds managed by Pareto Asset Management AS (the Company):

Pareto Aksje Norge

Pareto Investment Fund

Pareto Global

Pareto Obligasjon

Pareto Likviditet

The financial statements comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to

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Pareto Asset Management IS

be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 10 March 2022

# Auditor's report

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Independent Auditor's Report -  
Pareto Asset Management IS

Deloitte AS

**Roger Furholm**  
State Authorised Public Accountant

*Note: This translation from Norwegian has been prepared for information purposes only.*

# Remuneration policy

Pareto Asset Management has adopted a remuneration policy that aims to promote good governance of the company's risk in accordance with the company and the funds' strategy, objectives, risk tolerance and long-term interests.

The remuneration policy shall discourage risk taking which is inconsistent with the risk profiles, articles of association or other constitutional documents of the securities fund under management, as well as measures to avoid conflicts of interest. Integration of sustainability risk is part of the overall risk assessment for our investment products and is therefore included in all risk references in the guidelines on remuneration.

The remuneration policy applies to all employees of Pareto Asset Management and shall promote long-term interests and accountability among employees.

In addition to the fixed salary, all employees can receive a discretionary variable remuneration.

Certain employees, "identified staff" are subject to special requirements of a proper balance of variable to fixed remuneration and retention of variable remuneration. For identified staff, at least half of the discretionary, variable remuneration is subject to deferral. The deferred capital is withheld by the company as contingent capital and invested in the company's securities funds. Deferred capital is paid in equal portions over a three year period, adjusted for profits and losses in the period. The chief executive officer, head of sales, chief investment officer, chief financial officer, chief compliance officer, chief risk officer, branch manager and portfolio managers are subject to the special provisions of the remuneration policy.

Pareto Asset Management has a remuneration committee consisting of three people appointed by the Board of Directors. The board appoints the chairman of the committee, and the committee must have at least one shareholder-elected director and one director elected by the unit-holders who is independent of the management of the company. The chairman of the board must be among the members of the remuneration committee. The committee proposes the variable remuneration for the CEO and identified staff to the board.

The remuneration policy is revised annually, including updating which individuals are covered by the remuneration policy as identified staff.

## Remuneration for 2021

	Number of beneficiaries	Total remuneration NOK	Fixed remuneration NOK	Variable remuneration* NOK
Sum all employees	54	119 256 990	32 775 048	86 481 942
Employees categorised as identified staff i.a.w. the remuneration policy	15	57 451 629	11 776 629	45 675 000
Senior management and employees with supervisory responsibilities	6	21 580 940	5 155 940	16 425 000
Risk takers	9	35 870 688	6 620 688	29 250 000

\*For employees categorised as identified staff, 50% is subject to malus, with a deferral period of 3 years, and vested pro rata on a yearly basis. This is not taken into account in the table above.

Pareto Asset Management AS  
Dronning Mauds gate 3  
0250 Oslo

P.O. Box 1810, Vika  
NO-0123 Oslo  
Norway

t: 22 87 87 00  
f: 22 01 58 50  
e: [post@paretoam.com](mailto:post@paretoam.com)

Org. nr.: 977 287 677

The fund's KIIDs, prospectuses, annual and semiannual reports are available from [paretoam.com/en/fund-related-documents](http://paretoam.com/en/fund-related-documents). Other information is available at [paretoam.com/en/important-documents](http://paretoam.com/en/important-documents).

[www.paretoam.com](http://www.paretoam.com)

