

Annual report 2022

Mutual funds



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Directors' report



Directors' report 2022

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

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

Including wholly owned Enter Fonder, which manages Swedish equity and fixed income funds, total assets under management stand at a level equivalent to approximately 66 billion Norwegian NOK as at the end of 2022. This is lower than in 2021, mostly due to the weaker markets, but clearly above the level in 2020.

By the very nature of this business, assets under management move with the ebb and flow of financial markets. There is also a well-documented tendency of investors to act in a procyclical manner. Given the weak markets in 2022, the board is encouraged to see that net subscription in the parent company's long-only equity funds was positive through the year.

In 2022, the management fees in Pareto Aksje Norge A and Pareto Global A were redesigned. They now include a performance fee related to the relative return vs. their respective benchmarks, whereas these

funds previously had a variable fee unrelated to their benchmarks.

For the fourth 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 these summer interns was hired as a full-time analyst, to assume her work when she graduates in 2023. The company views this as a favourable potential recruitment channel.

As of year-end 2022, Pareto Asset Management has a staff of 74, including the company's Stockholm branch, our Frankfurt office and Enter Fonder. At the start of 2023, a new investment grade analyst assumed his duties, reflecting our ambitions of increasing efforts in this area.

Assets under management

As at the end of 2022, Pareto Asset Management manages Norwegian-registered mutual funds with total assets of NOK 14.8 billion, distributed as follows (difference due to rounding):

- Norwegian equity funds NOK 8.4 billion
- Global equity fund NOK 3.7 billion
- Fixed income funds NOK 2.7 billion

In addition, the company has NOK 8.7 billion* in discretionary management of shares and fixed income instruments for individual clients and NOK

Active patience

In 2022, Pareto Global sold most of its position in Goldman Sachs. The remainder was sold in early January 2023. At that point, the fund had been invested in the US investment bank for almost 13 years.

We dare say the return was satisfactory. Starting in April 2010, the stock had an annual average return of 13.46 per cent, better than both the fund itself and the benchmark index.

In the meantime, however, there were many weak periods. Every so often, the fund managers were asked if they shouldn't perhaps have sold their shares (oh yes, there's a lot of clever hindsight in such questions).

Did they become too passive?

It may look like that, but they didn't sit still for 13 years. The advantage of owning a stock for that long is that you really get to know both the stock and the company, making it easier to see when it is especially cheap or expensive. And this was something that the fund managers managed to exploit.

During their period of ownership, a great number of transactions were made, both buying and selling. And they were made at beneficial times. The money-weighted return of this holding reached 14.78 per cent, i.e. 1.32 percentage points better than the stock itself.

If you now commit the error of thinking that this was a humble figure, let us add that while Goldman Sachs delivered an accumulated return of 398 per cent, the fund's investment in the same company yielded 477 per cent.

Please forgive us for driving it home: A long-term investment may be nothing like a passive investment.

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28.4 billion* in other funds / investment companies, of which NOK 21.8 billion* in mutual funds registered in Luxembourg, NOK 6.0 billion* in mutual funds registered in Ireland, and NOK 0.6 billion in other Norwegian mandates. At the end of 2022, Enter Fonder manages values equivalent to approximately NOK 14 billion* through Swedish-registered equities and fixed-income funds.

Approximately NOK 18.1 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 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.

Market summary

At the outset of 2022, all eyes were on inflation figures. The US annual headline inflation had reached 7.0 per cent and there was widespread speculation as to the actions of the US Federal Reserve. Tapering of the quantitative easing measures had begun, but the Fed funds rate still had a target range of 0-0.25%. It was

to remain at that level until the middle of March.

In the meantime, on 24 February, Russia crossed a border – literally – that few thought any European country would cross in modern times: It invaded neighbouring Ukraine. Besides the horror and appalling moral aspect sending geopolitical shockwaves throughout the world, the invasion impacted financial markets in several ways.

It soon became apparent that Russia would cut its gas supplies to Europe, or imply threats to do so, as a means of forcing major European countries – Germany in particular – to curtail their support to Ukraine. Lower volumes and unscheduled maintenance cuts did not keep Germany from mothballing the planned Nordstream 2 pipeline, whereupon the existing Nordstream 1 pipeline was suddenly destroyed through a mysterious explosion in the Baltic Sea.

This pushed European prices on natural gas sky-high, reaching \$400 per barrel of oil equivalent shortly after the invasion and then \$530 per boe in August. As it became clear that Germany had acquired enough natural gas to last it through the winter, 2022 ended with natural gas for European delivery at approximately \$140 per boe.

A closer look at gas prices reveals that the gas threat was probably prepared months in advance, as reduced volumes had made prices rise from the sum-

mer of 2021. Crude oil also became more expensive during this time, but after climbing to almost \$130 per barrel in March, it slowly fell to \$86 before the year was through.

Higher gas prices also led to higher electricity prices in Europe, fuelling inflation. In addition, as a consequence of the war, shipments of grain and other commodities from Ukraine were cut back or cut completely. In addition, bottlenecks arising from the pandemic had still not been resolved, adding to both a commodity boom and increasing inflationary pressures.

As the year came to an end, the Fed funds rate had been hiked by a total of 4.25 percentage points, with hints of more to come. The European Central Bank (ECB), which maintained a negative deposit rate all the way until the end of July, increased its key rates by 3.0 percentage points through the remaining five months.

The sharply higher interest rates had a devastating impact on global bond markets, dominated by long-duration bonds with fixed coupons. The S&P US Treasury Bond 10+ Year Index, meant to capture the performance of long-dated US government bonds (duration 16.3), fell by a staggering 29.4 per cent, after falling by 5.0 per cent the preceding year. In credit terms, these are as close to risk-free as can be had in capital markets. In terms of interest-rate risk, obviously, they are not.

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Global stock markets were not jubilant either. The S&P 500 fell by more than 18 per cent (total return), with the MSCI World Index close behind at a loss of almost 16 per cent.

Some stock markets managed much better, however. In particular, the Norwegian OSE benchmark index fell by a mere one per cent. This relatively strong performance was partly due to the strong performance of local giant Equinor, on the back of higher gas prices as Norway and Equinor took center stage in supplying gas to Europe. In comparison, the local mutual fund index, mimicking UCITS regulations – meaning that Equinor is capped at below 10 per cent – fell by more than 7 per cent.

As a general conclusion, there is no doubt that 2022 was a challenging year for the markets in which Pareto Asset Management has invested clients' capital.

Fund performance

In 2022, assets under management by Pareto Asset Management had an aggregate return of approximately NOK -1,4 billion, most of which in equity funds or related discretionary mandates.

Aggregate excess return, measured against benchmarks, was positive. In part, this may have been due to remarkably different returns for value stocks and growth stocks, with the latter pummeled by the higher interest rates. Our equity funds have an overweight of value stocks.

Our Norwegian-registered funds*

In 2022, our largest equity fund, Pareto Aksje Norge, recorded a return of 2.7 per cent (share class I), versus -7.1 per cent for the Oslo Børs Mutual Fund Index. Pareto Global I, our second-largest Norwegian-registered equity fund, recorded a return of -3.3 per cent, against -8,5 per cent for the MSCI World Index in Norwegian kroner. This was the reason for the aggregate excess return. Both funds also had positive net subscription figures.

On the other hand, Pareto Investment Fund had a negative excess return of more than 8 percentage points against the mutual fund index.

In fixed income, we now only have investment grade bond funds registered in Norway. Pareto Likviditet and Pareto Obligasjon, which due to the rough market were among our best in absolute terms, enjoyed substantial net subscription of NOK 1.2 billion. Of these, only Pareto Obligasjon has a benchmark. The fund returned slightly less than the benchmark's 1.4%.

The board wishes to emphasise that, in general, the performance of our mutual funds in 2022 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.

In fixed income, returns were impacted by the increasing interest rates and spread levels. Our largest fixed-income fund, Pareto Nordic Corporate Bond, ended the year just below zero (share class B), after strong headwinds in the first half of the year and a brisk recovery in the second half. Our only Article 9-classified fund according to the SFDR regulation, Pareto ESG Global Corporate Bond, being more exposed to changes in interest rates, lost approximately 7 per cent in NOK terms depending on share class.

Pareto Nordic Cross Credit, a cross-over fund, registered a positive return in NOK terms, although only half a per cent or less, depending on share class.

In 2022, Pareto Total delivered a return of -11.2 per cent (share class B). Modest leverage hurts performance in the short run but enables the fund to increase investment at what it deems to be favourable levels during a downturn.

In Pareto Nordic Equity, performance was not satisfactory. The fund lost 17.4% (share class I), vs. 12.9% for the VINX benchmark index. Part of the underperformance may be due to a somewhat higher share of interest-sensitive stocks with higher expected growth. In addition, the fund does not own any energy

*Unaudited figures.

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stocks, which had a bumper year. Swedish small-cap fund Enter Småbolagsfond, which delivered an annual average return of more than 54 per cent over the previous three years, lost almost 43 per cent in 2022. In this fund, the combination of small stocks and high expected growth turning from being an advantage to a disadvantage.

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. In 2022, Pareto ESG Global Corporate Bond became the first fixed income fund to be awarded the new license approval for the Nordic Swan Ecolabel 2.0.

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

A nice, regrettable profit

In November 2022, Pareto Investment Fund sold the rest of its shares in the shipping company Flex LNG, after holding the stock for 4+ years. It turned out to be a good investment for the fund, with an annual average return of more than 33 per cent. But that's not how it looked in March 2020.

Flex LNG carries natural gas. The investment idea was that there would be increased shipments of gas, as an environmentally friendly alternative to coal. Little tonnage had been built, and Flex LNG had a modern fleet, a solid balance sheet and a reassuring contract coverage.

This scenario didn't play out, however, at least not for quite some time. Low prices on natural gas reduced the shipping volumes and in March 2020, in the midst of the worst pandemic shock, the stock price fell to NOK 40, more than NOK 100 below the initial price. Shipping was really out of favour, due to market fears that the pandemic would trigger a severe recession.

Then, in February 2022, Russia invaded Ukraine. As less gas was delivered from Russia to Europe through pipelines, more gas had to be shipped from the US. The Nord Stream 1 sabotage made markets firmer also for deliveries further into the future. Rising shipping rates had no more than an indirect effect on Flex LNG, due to the long-term contract coverage, but higher rates implied a higher fundamental value.

Towards the end of 2022, the fund manager reached the conclusion that most of the underlying value was priced in, after the share had risen by a factor of 10 since March 2020. He also thought that the main shareholder was too stingy with dividends and thus decided to sell.

Alas, the satisfaction of having made a big profit was not quite unadulterated: There really should have been a totally different cause.

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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 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),

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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.

Sometimes, a bargain is just a bargain

Industrial giant Elkem was delisted in 2005 and relisted in 2018. The following year it got to be a part of the portfolio in Pareto Aksje Norge – in hindsight a very profitable move.

However, going into 2022, key figures looked distinctly weird. The share was priced at 4 times 2021 earnings and 5 times expected 2022 earnings. Such pricing generally indicates a looming danger of bankruptcy or at least plummeting earnings.

It turned out to be an eventful year. Demand for silicon and silicone follows a rapidly changing world, with electrification of the car fleet and new renewable energy capacity leading the way. The long-term demand trends are in place.

Now, production of silicon and silicone is very energy intensive. Significant capacity has been shut down due to excessively high energy prices. This has not affected Elkem, which has a significant competitive advantage: access to both clean and cheap Norwegian energy. But it did lead to higher product prices.

Thus, Elkem earned more than NOK 15 per share in 2022, corresponding to over 40 per cent of the year-end share price. That's right: its 2022 P/E was more than halved, to a record low of 2.3.

And it wasn't because the share price had fallen. On the contrary: The share rose by 27 per cent in 2022.

The managers did not foresee such a rosy year. They were not that concerned with earnings estimates either. But they saw clear competitive advantages, a sharp operational focus, healthy project prospects and attractive pricing. This provided comfort to sit through commodity market fluctuations, which we know are coming – and to reap peak year profits.

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In 2022, 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.

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 materially pollute the external environment.

Outlook

Towards the end of 2022 and a few weeks into 2023, market comments have been dominated by "central-bankology" – trying to divine the future course of interest rates through closely interpreting central bank statements after each new relevant indicator release.

Part of the heightened attention can be ascribed to fears of a looming recession. Decidedly contractionary monetary policies, budding inflation, unresolved bottlenecks and, not least, an ongoing war in Europe have one thing in common: They are not good news for the real economy. After many years of boom and a surprisingly insuppressible bull market, recession and a bear market did not seem implausible. Accordingly, warnings of a hard landing for the economy were not in short supply.

An interesting situation has arisen, however: Whereas central banks still highlight the need for further rate hikes, in a necessary attempt to bring down inflation, financial markets now seem to believe that we are actually getting a lot closer to the end of this rate cycle. Market rates have fallen, and credit spreads have fallen, with securities prices rising sharply. In the space of a few short weeks, belief in a soft landing seems to have gained strength.

The appreciating prices do have fundamental support. In terms of earnings, stocks on both sides of the Atlantic are still priced quite a bit lower than, say, two years ago. In fact, earnings and also earnings estimates have been remarkably resilient. Most likely, earnings will fall should there be a recession. The aggregate opinion of security analysts, then, is that we will not have a recession in 2023.

In its latest update, the International Monetary Fund

(IMF) revised its 2023 global growth estimate upwards, to 2.9% from 2.7%, after a number of downward revisions during the past year. This both reflects the somewhat lighter mood and serves as a reminder that economic growth will, after all, be modest or muted in 2023. The impact on financial markets will largely depend on the path of concurrent and expected interest rates.

We have no particular qualification trying to anticipate the development and possible outcome of the war in Ukraine, but we do wish to point out that this may have a major impact on financial markets – as it did in 2022.

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.

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.

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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.

Fund performance in 2022

	Return	Net increase
Pareto Aksje Norge A	1.1%	-58 491 706
Pareto Aksje Norge B	1.3%	329 607 470
Pareto Aksje Norge C	1.9%	80 739 838
Pareto Aksje Norge D	2.4%	-123 461 304
Pareto Aksje Norge I	2.7%	409 359 878
Pareto Aksje Norge N	0.5%	57 222 414
Pareto Investment Fund A	-16.3%	-466 868 391
Pareto Investment Fund B	-15.5%	-208 584 593
Pareto Investment Fund C	-15.2%	-464 261 458
Oslo Børs Fondsindeks	-7.1%	
Pareto Global A	-4.6%	-31 730 883
Pareto Global B	-4.3%	-1 845 814
Pareto Global C	-4.0%	-23 408 069
Pareto Global D	-3.5%	94 794 643
Pareto Global I	-3.3%	-43 755 589
Pareto Global N	-4.6%	10 464
Pareto Global B SEK		10 990
Pareto Global I SEK		11 073
MSCI World	-8.5%	
Pareto Obligasjon A	1.1%	-20 005 862
Pareto Obligasjon B	1.2%	28 054 256
Pareto Obligasjon C	1.3%	236 787 671
NORM123FRN	1.4%	
Pareto Likviditet A	1.6%	-500 829 983
Pareto Likviditet B	1.7%	244 082 686
Pareto Likviditet C	1.7%	1 161 822 388

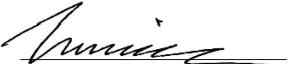
Allocation of profit for our Norwegian registered mutual funds

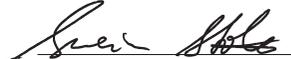
Fund	Profit	Allocation to unitholders	To/from retained earnings	Equity 31.12.22
Pareto Aksje Norge	158 558 704		158 558 704	7 512 425 922
Pareto Investment Fund	-269 504 156		-269 504 156	862 924 997
Pareto Global	-142 434 113		-142 434 113	3 741 735 896
Pareto Obligasjon	14 238 185	24 279 424	-10 041 238	1 141 730 358
Pareto Likviditet	17 643 117	19 720 127	-2 077 010	1 522 900 748

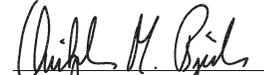
**Board of directors Pareto Asset Management AS
Oslo, 9 March 2023**

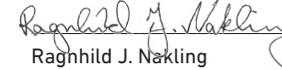

Rune Selmar
Chairman


Erik Bartnes
Board member


Henrik Lindquist
Board member


Svein Støle
Board member


Christopher M. Bjerke
Board member (elected by
unitholders)


Ragnhild J. Nakling
Board member (elected by
unitholders)


Eric von Koss Torkildsen
CEO

Pareto Aksje Norge



Did you know Veidekke developed a new type of asphalt that reduces the carbon footprint by up to 80%?

Veidekke was one of five companies in the initial portfolio of Pareto back in 1995 and has been followed closely by the Norwegian portfolio management team ever since. The company accounted for 3.9% of the portfolio at the end of 2022.

Portfolio manager commentary

We'd be hard pressed to speak of a Christmas rally, but December was nevertheless a good month for our portfolio, designating the end of a strong 2022. The portfolio made it into positive territory for the year, clearly ahead of the benchmark index, which lost seven per cent.

Such a moderate movement in market values might have led us to believe that this was an uneventful year. On the contrary: The war in Ukraine and still rigid Covid restrictions have contributed to inflationary pressures in many value chains. Galloping inflation has been met by rapid rate hikes, putting double pressure on consumers. The "overnight" rent tax proposal tarnished Norway's reputation as a country with low political risk and stable business conditions. In short: In 2022, we've had a number of events with, generally, a negative sign. Still, the portfolio in aggregate has never made more money. Perplexing? Not really.

We have always been of the opinion that our portfolio companies have clear competitive advantages in their respective industries, with favourable cost positions and control of their value chains. In a market environment where war, energy prices and logistics problems destroy value chains, such competitive advan-

tages emerge more clearly. Let's take a closer look at this year's events, sector by sector.

Our finance companies delivered good growth and strong earnings in 2022. Banking is one of the few sectors that actually profit from increasing interest rates. While interest rates are being increased, however, the full effect is not seen immediately, due to the notice period for setting interest rates to customers. This will normalise in 2023 and we remain optimistic. Even with lower lending growth and somewhat higher losses, much is in place for increased value creation in our banks. For the year, our financial investments reduced the portfolio return by one percentage point.

Our industrial investments delivered very good value creation, with a strong earnings development. Yara managed to navigate especially well in a very demanding time with gas prices at record-high levels. The company will triple earnings per share, compared to the previous year, and more than double free cash flow. The share price is only up six per cent.

Industrial shipping companies Wallenius Wilhelmsen and Odfjell performed superbly, quadrupling and quintupling, respectively, their operating earnings

(EBIT). This explains the remarkable share price appreciation in these companies. In aggregate, our industrial companies pulled up the fund return by five percentage points.

The consumer companies had a more arduous year. Operationally, our seafood companies performed very well, and with an average salmon price in excess of NOK 80 through the year, record earnings should be within grasp. Nevertheless, the introduction of a rent tax on sea farming stole the show. The proposal led to a sharp drop in the market value of the companies concerned. It has been submitted for consultation but will be introduced with effect from January 1, 2023.

Orkla, Lumi Gruppen and Kid also had a weak year. Lumi had a lower intake of private candidate students, while there was a shift from physical to digital teaching. The company has adjusted its cost base into 2023 and we expect a more normal intake for the 2023/2024 school year.

Orkla has had challenges in keeping pace with input cost inflation. This has led to margin pressure, but there are many indications that the bottom has been reached and that they will manage to adjust this du-

Portfolio manager commentary

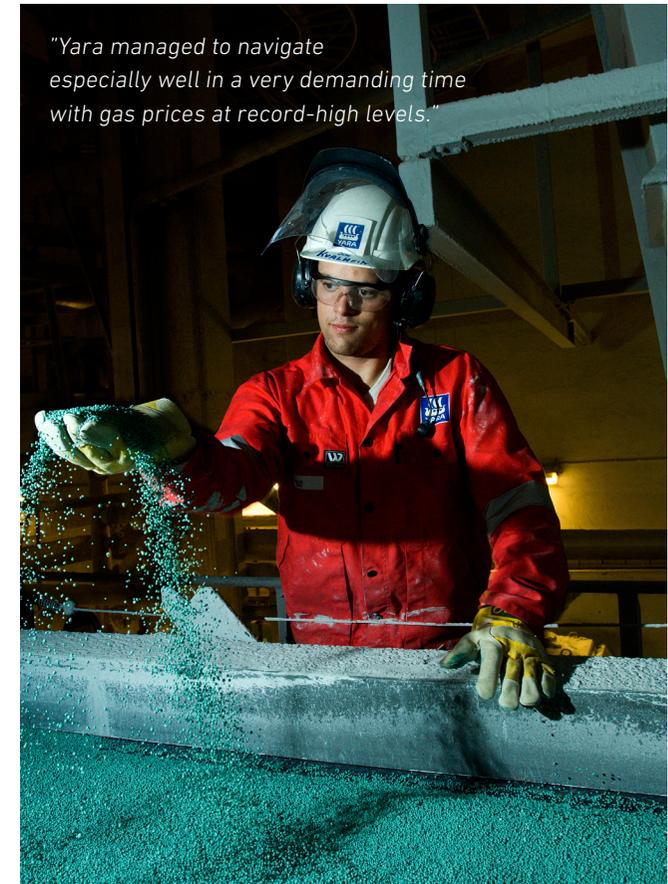
ring 2023. Kid has had challenges with higher freight rates, which affected the gross margin in the second half of the year. The retail trade sentiment is negative going into 2023 in light of rising interest rates and reduced consumer purchasing power. Nevertheless, Kid is probably one of the retail companies that will fare relatively well, as they offer low-priced goods and have lower inventory risk than, for example, sports stores. Our consumer investments reduced the return by seven percentage points.

Energy and energy security were on everyone's lips this year. The war in Ukraine highlighted the importance of energy supply security. The sanctioning of Russian gas and oil helped push prices up sharply, which in turn led to record high profitability for Equinor's oil and gas operations. In the supplier industry, our assumptions about an activity upswing in 2022 seem to be right. Both TGS and Subsea 7 had good profit progress and a solid price rise of 63 and 81 per cent, respectively, for the year. In aggregate, our energy investments raised the return by six percentage points.

Upon entering 2022, our portfolio had a high fundamental rate of value creation. There was no indication that this would slow down, and we were optimistic for

2022. Now, results in hand, it is clear that we were indeed too cautious in our assumptions. If we look at the portfolio as a conglomerate group of companies, turnover is up 34 per cent. Operating earnings before depreciation and write-downs are up 51 per cent from the same period last year – considerably more than expected.

For us as co-owners, it is important to see that turnover and earnings are converted into cash. This cash can be used to reduce the financial risk in the business through debt repayment, reinvested in profitable growth initiatives or distributed to us through cash dividends or share buybacks. We register that free cash flow in the "group" of our Norwegian shares has more than doubled, compared to the same time last year. Measured against the combined market value at the end of the year, this corresponds to a current free cash flow return of 15 per cent. If half of this is distributed as dividends, we will have a dividend yield of 7.5 per cent. The earnings yield, based on a portfolio pricing of only 7.5 times next year's expected earnings, is above 13 per cent. We believe this indicates that the portfolio can be purchased with a high margin of safety.



"Yara managed to navigate especially well in a very demanding time with gas prices at record-high levels."

Portfolio management team
Einar Løvoll, Besim Zekiri and Eirik Andresen (analyst)

Performance history

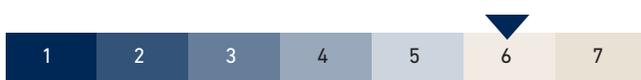
Typically invest in sectors where Norwegian companies have global competitive advantages. Long term, actively managed, based on fundamental advantages.

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

1/2

Name	2022	2021	2020	2019	2018
Pareto Aksje Norge A ¹	1.1%	25.2%	1.7%	12.6%	1.0%
Pareto Aksje Norge B ²	1.3%	26.1%	1.3%	13.6%	0.8%
Pareto Aksje Norge C ³	1.9%	27.0%	2.1%	14.4%	1.5%
Pareto Aksje Norge D ⁴	2.4%	27.7%	2.6%	15.0%	2.0%
Pareto Aksje Norge I	2.7%	28.0%	2.9%	15.3%	2.3%
Pareto Aksje Norge N ⁵	0.5%	27.2%	2.4%	14.7%	1.8%
Oslo Børs Mutual Fund Index	-7.1%	21.1%	7.3%	19.2%	-2.2%

Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Aksje Norge A ¹	09.09.2002	8.8%	7.9%	8.4%	10.6%
Pareto Aksje Norge B ²	31.12.2005	9.0%	8.2%	8.5%	10.6%
Pareto Aksje Norge C ³	13.07.2015	9.8%	9.0%	9.3%	11.4%
Pareto Aksje Norge D ⁴	13.07.2015	10.3%	9.5%	9.8%	12.0%
Pareto Aksje Norge I	06.09.2001	10.6%	9.8%	10.1%	12.3%
Pareto Aksje Norge N ⁵	21.04.2022	9.4%	8.9%	9.4%	11.1%
Oslo Børs Mutual Fund Index		6.5%	7.1%	9.9%	9.0%

¹Simulated returns from 06.09.2001–09.09.2002 are based on historical returns for unit class I, adjusted for management fees for unit class A. Returns from 09.09.2002–10.07.2015 are achieved in Pareto Aktiv. The fund continues as unit class A in Pareto Aksje Norge.

²Simulated returns from 06.09.2001–31.12.2005 are based on historical returns for unit class I, adjusted for management fees for unit class B. Returns from 31.12.2005–10.07.2015 are achieved in Pareto Verdi. The fund continues as unit class B in Pareto Aksje Norge.

³Simulated returns from 06.09.2001–13.07.2015 are based on historical returns for unit class I, adjusted for management fees for unit class C.

⁴Simulated returns from 06.09.2001–13.07.2015 are based on historical returns for unit class I, adjusted for management fees for unit class D.

⁵Simulated returns from 06.09.2001–13.07.2015 are based on historical returns for unit class I, adjusted for management fees for unit class N.

Performance history

Other information

2/2

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Aksje Norge A	500	N00010160575	POAKTNY NO
Pareto Aksje Norge B	500	N00010297898	PRVERDI NO
Pareto Aksje Norge C	20 million	N00010740590	PAAKNOC NO
Pareto Aksje Norge D	50 million	N00010740608	PAAKNOD NO
Pareto Aksje Norge I	100 million	N00010110968	POAKTIV NO
Pareto Aksje Norge N	500	N00012459306	PAAKNON NO

The information on this page is based on unaudited figures.

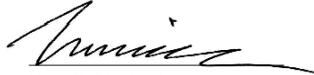
Pareto Aksje Norge

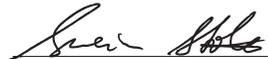
Income statement	Notes	2022 01.01-31.12	2021 01.01-31.12
Portfolio income and expenses			
Interest received		2 006 049	85 862
Dividends		342 620 977	248 946 505
Realised capital gain/loss	2	141 198 762	269 921 996
Net unrealised capital gain/loss	2	-259 674 365	1 008 075 323
Portfolio profit		226 151 422	1 527 029 686
Asset management revenue and costs			
Subscription/redemption fees	3	1 694 865	1 466 243
Custodian charges on purchases and sales of securities		-75 060	-26 700
Management fees	4	-69 214 658	-68 695 668
Subscription/redemption fees to the management company	3	0	0
Other income/expenses		2 135	0
Asset management revenues		-67 592 718	-67 256 125
Profit before taxation		158 558 704	1 459 773 562
Income tax	5	0	0
Profit for the financial year		158 558 704	1 459 773 562
Allocation of profit			
Transferred to/from equity		158 558 704	1 459 773 562
Total allocations and equity transfers		158 558 704	1 459 773 562
Balance sheet			
		31.12.2022	31.12.2021
Assets			
Securities at market value	6,7,9	7 466 077 598	6 683 744 151
Cash and cash equivalents		85 849 580	167 613 332
Other assets		0	3 332 664
Total assets		7 551 927 178	6 854 690 147
Equity and liabilities			
Equity			
Unit capital at par value		1 333 493 221	1 175 314 844
Premium		-3 106 693 932	-3 484 933 439
Retained earnings		9 285 626 634	9 127 067 930
Total equity	3,8	7 512 425 922	6 817 449 334
Liabilities			
Accrued management fees		6 733 723	32 562 313
Other liabilities		32 767 533	4 678 500
Total liabilities		39 501 256	37 240 813
TOTAL EQUITY AND LIABILITIES		7 551 927 178	6 854 690 147

Board of directors Pareto Asset Management AS Oslo, 9 March 2023


Rune Selmar
Chairman


Erik Bartnes
Board member


Henrik Lindquist
Board member


Svein Støle
Board member


Christopher M. Bjecke
Board member (elected by unitholders)


Ragnhild J. Nakling
Board member (elected by unitholders)


Eric von Koss Torkildsen
CEO

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 31.12.2022. 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 31.12.2022.

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 31.12.2022, 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 BROKERAGE FEES

Brokerage fees are included in the securities cost price. Total fee in 2022 is NOK 1.520.537.

3 ISSUED UNITS

	31.12.2022	31.12.2021	31.12.2020
Unit class A	101 819.84	109 426.41	128 900.37
Net asset value	9 186.28	9 082.24	7 256.56
Redemption price	9 140.35	9 036.83	7 220.28
Unit class B	321 270.69	215 028.73	198 494.38
Net asset value	3 023.03	2 983.80	2 366.68
Redemption price	3 007.91	2 968.88	2 354.85
Unit class C	246 115.09	211 613.24	172 445.44
Net asset value	2 095.94	2 056.12	1 618.76
Redemption price	2 085.46	2 045.84	1 610.67

	31.12.2022	31.12.2021	31.12.2020
Unit class D	212 876.90	276 239.42	343 971.41
Net asset value	2 175.12	2 123.14	1 663.24
Redemption price	2 164.25	2 112.52	1 654.92
Unit class I	388 221.67	363 007.04	352 260.49
Net asset value	11 771.04	11 460.97	8 956.10
Redemption price	11 712.18	11 403.67	8 911.32
Unit class N	63 189.04	0.00	0.00
Net asset value	905.58	0.00	0.00
Redemption price	901.05	0.00	0.00

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.

4 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 + performance fee
- Pareto Aksje Norge N: 0.95% per annum + performance fee

Performance fee is calculated daily as 15.00 per cent of the relative value development in the unit class compared to the benchmark index, Oslo Stock Exchange Mutual Fund Index, (OSEFX). Performance fee is payable (crystallized) annually per 31 December. The performance fee in a given year is payable only if the accumulated relative value development

Pareto Aksje Norge

in the unit class compared to the benchmark index from the previous payment of performance fee, up to and including the given year, is greater than zero. Any underperformance of the unit class compared to the benchmark index is clawed back before any performance fee becomes payable. Underperformance in a given year that is not recovered within five years (the reference period) can be reset. Thus, the total management fee for a given year will never be lower than the fixed management fee.

- Pareto Aksje Norge B: 1.80% 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

5 TAX

	2022
Profit before taxation	158 558 704
Permanent differences	
Realised capital gains	-141 022 921
Unrealised capital gains (change)	259 674 365
Custodian charges equity fund	75 060
Dividends within EEA (gross)	-342 620 977
3% of dividends within EEA (net)	10 278 629
Withholding tax outside the EEA	0
Total taxable income	-55 057 139
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

6 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 2022.

7 TURNOVER RATIO

The portfolio's turnover ratio is 0.05.

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.

8 EQUITY

	2022
Equity 1.1.	6 817 449 334
+ subscription/redemption	536 417 884
+ profit for the financial year	158 558 704
Equity 31.12.	7 512 425 922

9 SECURITIES PORTFOLIO AS AT 31.12.2022

See next page.

Pareto Aksje Norge

Securities portfolio as at 31 December 2022

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
COMMON STOCK									
Energy									
Bonheur ASA	N00003110603	Oslo	578 367	95 477 812	165 991 329	70 513 517	2.2	1.4	NOK
Equinor ASA	N00010096985	Oslo	1 281 733	217 995 460	450 913 669	232 918 210	6.0	0.0	NOK
Subsea 7 SA	LU00075646355	Oslo	2 842 725	252 811 031	321 370 061	68 559 030	4.3	0.9	NOK
TGS ASA	N00003078800	Oslo	3 279 795	495 519 427	432 932 940	- 62 586 487	5.8	2.6	NOK
Total energy				<u>1 061 803 730</u>	<u>1 371 207 999</u>	<u>309 404 270</u>	<u>18.3</u>		
Financials									
SpareBank 1 Nord-Norge	N00006000801	Oslo	3 741 661	212 088 198	359 199 456	147 111 258	4.8	3.7	NOK
SpareBank 1 SMN	N00006390301	Oslo	2 903 393	231 845 557	369 892 268	138 046 711	4.9	2.2	NOK
SpareBank 1 SR-Bank ASA	N00010631567	Oslo	2 952 845	211 134 390	356 408 392	145 274 001	4.7	1.2	NOK
Sparebanken Møre	N00012483207	Oslo	1 372 768	65 628 286	115 875 347	50 247 061	1.5	2.8	NOK
Sparebanken Vest	N00006000900	Oslo	1 870 462	118 170 586	172 830 689	54 660 103	2.3	1.7	NOK
Storebrand ASA	N00003053605	Oslo	3 726 471	261 703 410	318 240 623	56 537 213	4.2	0.8	NOK
Total financials				<u>1 100 570 427</u>	<u>1 692 446 775</u>	<u>591 876 347</u>	<u>22.5</u>		

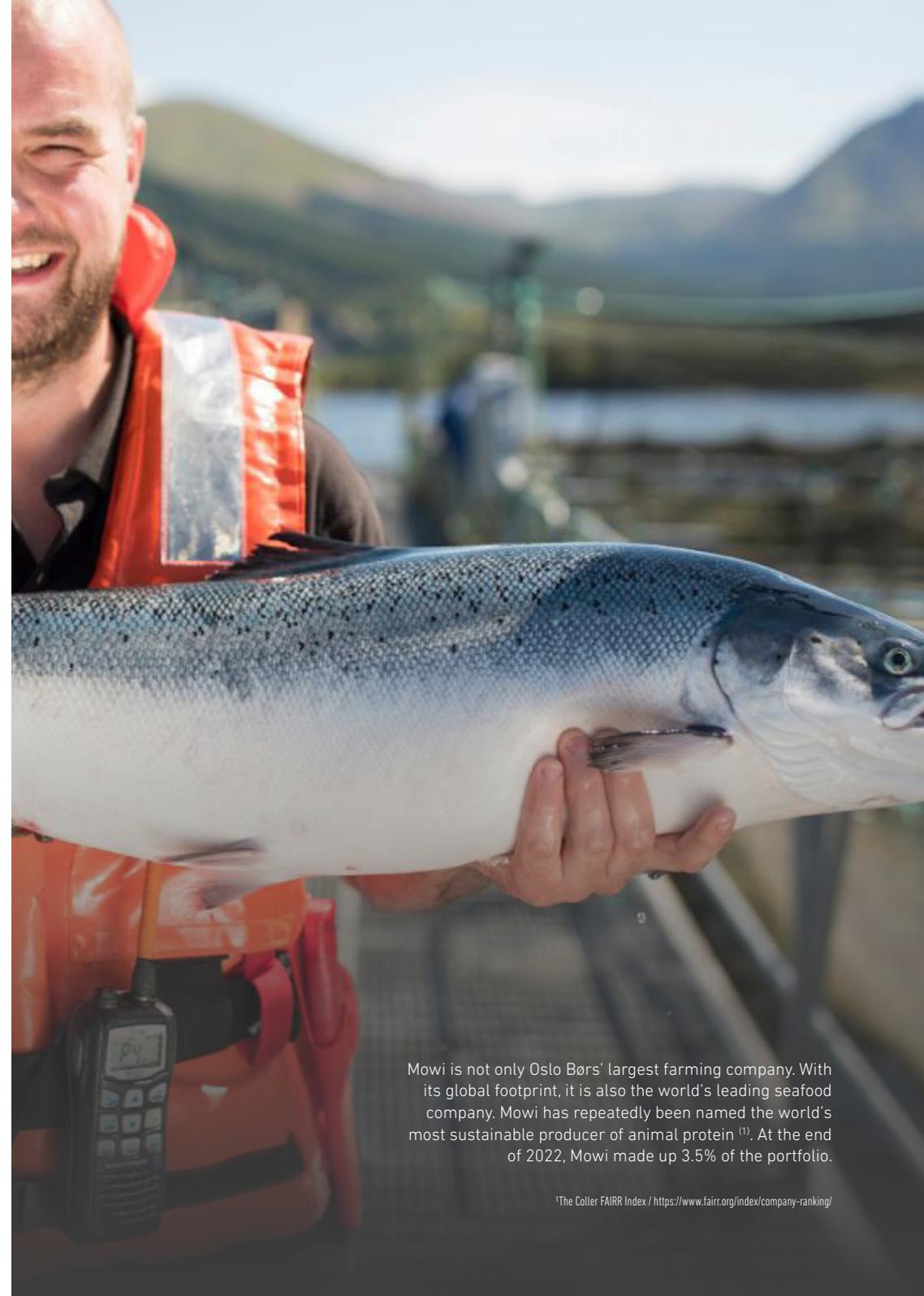
Pareto Aksje Norge

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
Industrials									
AKVA Group ASA	N00003097503	Oslo	1 586 131	106 403 126	90 409 467	- 15 993 659	1.2	4.3	NOK
Elopak ASA	N00011002586	Oslo	5 029 041	135 147 707	125 726 025	- 9 421 682	1.7	1.9	NOK
GC Rieber Shipping ASA	N00010262686	Oslo	722 930	14 040 103	7 373 886	- 6 666 217	0.1	0.8	NOK
Multiconsult ASA	N00010734338	Oslo	660 535	108 424 392	91 814 365	- 16 610 027	1.2	2.4	NOK
Odfjell SE ser. A	N00003399909	Oslo	2 187 274	107 695 050	194 667 386	86 972 336	2.6	3.3	NOK
Odfjell SE ser. B	N00003399917	Oslo	1 135 261	59 691 227	95 929 555	36 238 328	1.3	5.4	NOK
Veidekke ASA	N00005806802	Oslo	3 050 288	315 988 462	295 267 878	- 20 720 584	3.9	2.3	NOK
Wallenius Wilhelmsen ASA	N00010571680	Oslo	1 400 381	54 554 232	135 906 976	81 352 745	1.8	0.3	NOK
Wilh. Wilhelmsen Holding ASA ser. A	N00010571698	Oslo	1 268 941	213 758 460	347 689 834	133 931 374	4.6	3.7	NOK
Wilh. Wilhelmsen Holding ASA ser. B	N00010576010	Oslo	687 355	99 985 287	180 087 010	80 101 723	2.4	6.5	NOK
Total industrials				<u>1 215 688 046</u>	<u>1 564 872 382</u>	<u>349 184 337</u>	<u>20.8</u>		
Consumer staples									
Austevoll Seafood ASA	N00010073489	Oslo	2 763 705	197 610 412	244 449 707	46 839 295	3.3	1.4	NOK
Lerøy Seafood Group ASA	N00003096208	Oslo	8 352 809	297 759 113	460 657 416	162 898 303	6.1	1.4	NOK
Orkla ASA	N00003733800	Oslo	2 994 597	206 962 921	212 436 711	5 473 791	2.8	0.3	NOK
SalMar ASA	N00010310956	Oslo	531 878	179 433 398	204 666 654	25 233 257	2.7	0.4	NOK
Total consumer staples				<u>881 765 844</u>	<u>1 122 210 488</u>	<u>240 444 646</u>	<u>14.9</u>		

Pareto Aksje Norge

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
Consumer discretionary									
Kid ASA	N00010743545	Oslo	2 279 435	97 125 437	165 031 094	67 905 657	2.2	5.6	NOK
Lumi Gruppen AS	N00010927288	Oslo Mercur	3 571 253	146 566 254	42 497 911	- 104 068 343	0.6	9.9	NOK
Total consumer discretionary				<u>243 691 691</u>	<u>207 529 005</u>	<u>- 36 162 686</u>	<u>2.8</u>		
Materials									
Borregaard ASA	N00010657505	Oslo	1 768 584	168 846 814	268 824 768	99 977 954	3.6	1.8	NOK
Elkem ASA	N00010816093	Oslo	9 761 626	272 834 601	343 609 235	70 774 635	4.6	1.5	NOK
Norsk Hydro ASA	N00005052605	Oslo	4 400 210	182 344 419	322 623 397	140 278 978	4.3	0.2	NOK
Yara International ASA	N00010208051	Oslo	1 330 129	428 029 991	572 753 547	144 723 557	7.6	0.5	NOK
Total materials				<u>1 052 055 825</u>	<u>1 507 810 947</u>	<u>455 755 124</u>	<u>20.1</u>		
TOTAL COMMON STOCK				<u>5 555 575 563</u>	<u>7 466 077 598</u>	<u>1 910 502 038</u>	<u>99.4</u>		

Pareto Investement Fund



Mowi is not only Oslo Børs' largest farming company. With its global footprint, it is also the world's leading seafood company. Mowi has repeatedly been named the world's most sustainable producer of animal protein ⁽¹⁾. At the end of 2022, Mowi made up 3.5% of the portfolio.

¹The Collier FAIRR Index / <https://www.fairr.org/index/company-ranking/>

Portfolio manager commentary

With the books closed for 2022, we have to acknowledge that it was a weak year for the fund, both in an absolute sense and in relation to the benchmark index. Most of the damage, and especially in the relative perspective, already occurred during the first two months of the year. From March, the fund developed in line with the benchmark index, with no Christmas rally in December.

The main reason for this outcome is the weak development within the growth-oriented part of the fund in the industries IT, health, industry and renewables. In this part of the market, pricing has come down, after both inflation and interest rate rises have been consistently stronger than expected. With a few exceptions, the portfolio's holdings in this group performed well in 2022, but share prices nevertheless fell back.

Now, we have also owned cyclical shares which enjoyed an upswing – reinforced by the same drivers of higher inflation and interest rates. While the underweight in raw materials made a negative relative contribution to the return, energy and seafood made a positive contribution this year. Energy had, as most people probably realised, a particularly strong year, driven by the war in Ukraine and the supply situation in Europe. Equinor was particularly well paid for this, with its large gas production, and was the major stock market locomotive in Norway this year with an increase of around 60 per cent. The company alone accounted for more than four percentage points of the return in the benchmark index – a product of high weight and high added value.
The energy part of the portfolio rose by around 40

per cent. Relative to the benchmark index, the underweight in oil and gas production and Equinor made a negative contribution, but this was offset by the overweight exposure to oil service and energy shipping, including tank and natural gas chartering. Although it was wrong not to own Equinor in 2022, it is worth remembering that the stock has experienced many years of desert wandering. Rather than buying today at a price reflecting super profits, we believe it is better to look for investment alternatives with better prospects for organic growth, for example further down the value chain.

Seafood exposure in the fund has generally remained flat. This is despite the proposal for a resource rent tax on aquaculture in Norway, and thanks to exposure to companies with operations outside the country's borders – for instance in Iceland.

The fund first invested in farming in Iceland in 2018, and we have followed developments in the industry since then. Biologically, Iceland is reminiscent of the farming conditions found in Troms and Finnmark, and with experienced Norwegian farmers as part owners, our assessment has been that investing here is a reasonable growth alternative to land-based farming with lower operational risk. As the political risk in Norway suddenly seemed to increase this autumn, Iceland appears even more interesting. The fact that the world's largest sea farmer, Mowi, bought a majority share in Arctic Fish this autumn, goes a long way to confirming this view.

At the company level, the largest positive return contributions in 2022 came from Flex LNG, Aker BP,

Subsea 7, Frontline and Protector Forsikring, while Nykode Therapeutics, Nordic Semiconductor, Zaptec, Scatec and Komplett were the biggest detractors.

Not all the negative contributions were due to negative developments in the companies, however. Nordic Semiconductor delivered its best results ever in 2022. Due to a shortage of components, sales did not grow as much as analysts expected a year ago, but in return the company was able to extract higher gross margins due to strong demand. Zaptec, for its part, increased sales in 2022 by 60 per cent and more than expected at this time last year. But here, scarce access to components had the opposite effect and earnings estimates have come down. In both cases, we expect sales growth to continue in 2023 and nominal earnings to grow as well. If we are right, the valuation of the companies should be higher than what it is now.

Going into the new year, the five largest positions in the fund are Aker BP, Nordic Semiconductor, Europris, BW Offshore and Grieg Seafood. In sum, we have a portfolio with good sector diversification across larger and smaller companies with favourable growth prospects despite an expected recession, with the energy, seafood and IT sectors as the three largest. The portfolio's pricing in terms of 2022 earnings is higher than that of the market, but with a smaller element of cyclical exposure and significantly higher structural growth prospects. We think this makes sense, now that the peak of inflation is behind us.

Portfolio manager
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	2022	2021	2020	2019	2018
Pareto Investment Fund A	-16.3%	24.3%	5.7%	20.0%	-7.7%
Pareto Investment Fund B ¹	-15.5%	25.3%	6.6%	21.0%	-6.9%
Pareto Investment Fund C ²	-15.2%	25.9%	7.1%	21.5%	-6.5%
Oslo Børs Mutual Fund Index	-7.1%	21.1%	7.3%	19.2%	-2.2%

Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Investment Fund A	03.01.1985	6.3%	4.4%	10.4%	7.2%*
Pareto Investment Fund B ¹	29.11.2013	7.2%	5.3%	11.3%	8.1%
Pareto Investment Fund C ²	29.11.2013	7.7%	5.8%	11.8%	8.6%
Oslo Børs Mutual Fund Index		8.2%	7.9%	9.7%	9.1%

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

¹ Simulated returns from 31.12.2006–29.11.2013 are based on historical returns for unit class A (established 1985), adjusted for management fees for unit class B.

² Simulated returns from 31.12.2006–29.11.2013 are based on historical returns for unit class A (established 1985), adjusted for management fees for unit class C.

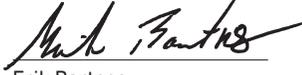
*From start with current portfolio manager 01.01.2007

Pareto Investment Fund

Income statement	Notes	2022 01.01-31.12	2021 01.01-31.12
Portfolio income and expenses			
Interest received		194 692	72 643
Dividends		41 549 835	42 215 984
Realised capital gain/loss	2	160 716 498	422 964 652
Net unrealised capital gain/loss	2	-454 099 885	14 826 708
Portfolio profit		-251 638 860	480 079 987
Asset management revenue and costs			
Subscription/redemption fees	3	652 485	739 489
Custodian charges on purchases and sales of securities		-98 623	-52 288
Management fees	4	-18 269 705	-20 026 806
Subscription/redemption fees to the management company	3	0	0
Other income/expenses		239	71
Asset management revenues		-17 715 604	-19 339 533
Profit before taxation		-269 354 464	460 740 454
Income tax	5	149 691	-205 872
Profit for the financial year		-269 504 156	460 946 326
Allocation of profit			
Transferred to/from equity		-269 504 156	460 946 326
Total allocations and equity transfers		-269 504 156	460 946 326
Balance sheet			
		31.12.2022	31.12.2021
Assets			
Securities at market value	6,7,9	862 497 539	1 958 918 885
Accrued dividend		0	0
Cash and cash equivalents		1 023 711	50 906 420
Other assets		553 762	585
Total assets		864 075 013	2 009 825 890
Equity and liabilities			
Equity			
Unit capital at par value		104 168 802	333 204 436
Premium		-1 533 727 759	-892 561 035
Retained earnings		2 292 483 954	2 561 988 109
Total equity	3,8	862 924 997	2 002 631 511
Liabilities			
Accrued management fees		1 147 595	2 187 647
Other liabilities		2 420	5 006 732
Total liabilities		1 150 015	7 194 379
TOTAL EQUITY AND LIABILITIES		864 075 013	2 009 825 890

Board of directors Pareto Asset Management AS Oslo, 9 March 2023

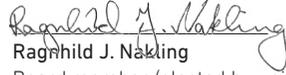

Rune Selmar
Chairman


Erik Bartnes
Board member


Henrik Lindquist
Board member


Svein Støle
Board member


Christopher M. Bjecke
Board member (elected by unitholders)


Ragnhild J. Næbling
Board member (elected by unitholders)


Eric von Koss Torkildsen
CEO

Pareto Investment Fund

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.

Securities are recognised at fair value (market price) as at 31.12.2022. 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 31.12.2022.

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 31.12.2022, 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 BROKERAGE FEES

Brokerage fees are included in the securities cost price. Total fee in 2022 is NOK 766.143.

3 ISSUED UNITS

	31.12.2022	31.12.2021	31.12.2020
Unit class A	1 795.58	2 573.51	2 021.04
Net asset value	365 471.32	436 409.69	351 040.43
Redemption price	363 643.96	434 227.64	349 285.23
Unit class B	5 674.15	12 245.11	14 475.12
Net asset value	23 640.06	27 988.46	22 330.11
Redemption price	23 521.86	27 848.52	22 218.46
Unit class C	2 947.14	18 501.82	23 457.62
Net asset value	24 618.13	29 014.15	23 045.41
Redemption price	24 495.04	28 869.08	22 930.18

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

4 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

5 TAX

	2022
Profit before taxation	-269 354 464
Permanent differences	
Realised capital gains	-162 597 943
Unrealised capital gains (change)	454 099 885
Custodian charges equity fund	98 623
Dividends within EEA (gross)	-32 996 626
3% of dividends within EEA (net)	989 899
Withholding tax outside the EEA	-149 691
Total taxable income	-9 910 318
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	-149 691
Total recognised tax expense	-149 691

Pareto Investment Fund

6 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.

7 TURNOVER RATIO

The portfolio's turnover ratio is 0.22.

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.

8 EQUITY

	2022
Equity 1.1.	2 002 631 511
+ subscription/redemption	-870 202 359
+ profit for the financial year	-269 504 156
Equity 31.12.	862 924 997

9 SECURITIES PORTFOLIO AS AT 31.12.2022

See next page.

Pareto Investment Fund

Securities portfolio as at 31 December 2022

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
COMMON STOCKS									
Energy									
Aker BP ASA	N00010345853	Oslo	247 000	63 529 725	75 112 700	11 582 975	8.7	0.0	NOK
Aker Solutions ASA	N00010716582	Oslo	550 000	21 328 813	20 570 000	- 758 813	2.4	0.1	NOK
BW Energy Ltd	BMG0702P1086	Oslo	482 119	13 199 520	12 120 472	- 1 079 049	1.4	0.2	NOK
BW Offshore Ltd	BMG1738J1247	Oslo	1 497 000	53 711 356	37 215 420	- 16 495 936	4.3	0.8	NOK
Frontline plc	CY0200352116	New York	75 000	7 544 368	8 968 971	1 424 603	1.0	0.1	USD
Subsea 7 SA	LU0075646355	Oslo	67 000	6 905 402	7 574 350	668 948	0.9	0.0	NOK
Total energy				<u>166 219 184</u>	<u>161 561 913</u>	<u>- 4 657 272</u>	<u>18.7</u>		
Finance									
Nordic Capital Partners II AS	N00003112401	Unotert	5 000	4 345 000	11 650	- 4 333 350	0.0	0.0	NOK
Protector Forsikring ASA	N00010209331	Oslo	211 000	12 628 798	26 543 800	13 915 002	3.1	0.3	NOK
TF Bank AB	SE0007331608	Stockholm	204 178	24 353 974	34 081 865	9 727 892	3.9	0.9	SEK
Total finance				<u>41 327 772</u>	<u>60 637 315</u>	<u>19 309 544</u>	<u>7.0</u>		
Utilities									
Scatec ASA	N00010715139	Oslo	364 000	48 377 079	28 610 400	- 19 766 679	3.3	0.2	NOK
Total utilities				<u>48 377 079</u>	<u>28 610 400</u>	<u>- 19 766 679</u>	<u>3.3</u>		

Pareto Investment Fund

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
Health care									
Nanoform Finland Plc	FI4000330972	Helsinki	600 259	31 838 394	20 198 091	- 11 640 303	2.3	0.8	EUR
Nykode Therapeutics ASA	NO0010714785	Oslo	1 050 000	57 555 140	29 526 000	- 28 029 140	3.4	0.4	NOK
PhotoCure ASA	NO0010000045	Oslo	225 226	17 199 410	24 054 137	6 854 727	2.8	0.8	NOK
Total health care				<u>106 592 944</u>	<u>73 778 228</u>	<u>- 32 814 716</u>	<u>8.5</u>		
Industrials									
Frøy ASA	NO0010936792	Oslo	510 500	30 583 772	25 269 750	- 5 314 022	2.9	0.6	NOK
Multiconsult ASA	NO0010734338	Oslo	158 000	15 602 604	21 962 000	6 359 396	2.5	0.6	NOK
Norse Atlantic ASA	NO0010946445	Oslo Merkur	1 239 000	24 780 000	2 484 195	- 22 295 805	0.3	0.6	NOK
Troax Group AB	SE0012729366	Stockholm	46 000	5 742 283	7 939 302	2 197 019	0.9	0.1	SEK
Zaptec ASA	NO0010713936	Oslo	1 200 000	24 716 479	25 896 000	1 179 521	3.0	1.6	NOK
Total industrials				<u>101 425 138</u>	<u>83 551 247</u>	<u>- 17 873 891</u>	<u>9.7</u>		
Information technology									
Elliptic Laboratories ASA	NO0010722283	Oslo	1 278 000	21 470 144	28 179 900	6 709 756	3.3	1.2	NOK
GFjord Invest AS	NO0010827934	Unlisted	257 000	23 570 741	179 900	- 23 390 841	0	0.2	NOK
Huddly AS	NO0010776990	Oslo Merkur	1 807 000	27 887 927	6 640 725	- 21 247 202	0.8	0.8	NOK
Kitron ASA	NO0003079709	Oslo	959 000	10 125 871	26 899 950	16 774 079	3.1	0.5	NOK
Nordic Semiconductor ASA	NO0003055501	Oslo	364 000	34 406 336	59 659 600	25 253 264	6.9	0.2	NOK
poLight ASA	NO0012535832	Oslo	628 000	13 712 062	11 618 000	- 2 094 062	1.3	1.2	NOK
Total information technology				<u>131 173 081</u>	<u>133 178 075</u>	<u>2 004 994</u>	<u>15.4</u>		

Pareto Investment Fund

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
Consumer staples									
Arctic Fish Holding AS	N00010917719	Oslo Merkur	132 900	8 181 118	13 183 680	5 002 562	1.5	0.4	NOK
Bakkafrost P/F	F00000000179	Oslo	45 000	27 600 465	27 720 000	119 535	3.2	0.1	NOK
Grieg Seafood ASA	N00010365521	Oslo	426 000	30 220 204	33 483 600	3 263 396	3.9	0.4	NOK
Ice Fish Farm AS	N00010884794	Oslo Merkur	601 572	21 586 648	16 844 016	- 4 742 632	2.0	0.7	NOK
Icelandic Salmon AS	N00010724701	Oslo Merkur	185 000	13 100 859	27 750 000	14 649 141	3.2	0.6	NOK
Mowi ASA	N00003054108	Oslo	182 000	39 209 134	30 430 400	- 8 778 734	3.5	0.0	NOK
Total consumer staples				139 898 428	149 411 696	9 513 268	17.3		
Consumer discretionary									
Elektroimportøren AS	N00010911902	Oslo	327 445	15 990 872	15 258 937	- 731 935	1.8	1.5	NOK
Europris ASA	N00010735343	Oslo	729 000	26 877 063	50 045 850	23 168 787	5.8	0.4	NOK
Kid ASA	N00010743545	Oslo	313 000	12 779 394	22 661 200	9 881 806	2.6	0.8	NOK
Komplett ASA	N00011016040	Oslo	1 145 000	39 404 646	16 533 800	- 22 870 846	1.9	0.7	NOK
Spinnova Plc	FI4000507595	Helsinki	242 552	18 824 854	13 874 758	- 4 950 096	1.6	0.5	EUR
Total consumer discretionary				113 876 829	118 374 545	4 497 716	13.7		

Pareto Investment Fund

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
Materials									
Borregaard ASA	N00010657505	Oslo	136 000	9 544 149	20 672 000	11 127 851	2.4	0.1	NOK
Yara International ASA	N00010208051	Oslo	76 000	29 309 592	32 725 600	3 416 008	3.8	0.0	NOK
Sum Materials				38 853 741	53 397 600	14 543 859	6.2		
SUM COMMON STOCKS				887 744 196	862 501 019	- 25 243 177	100.0		
WARRANTS									
NOK Forward fredag 20. januar 2023			3 933 336	3 933 336	3 933 336		0.5		NOK
USD Forward fredag 20. januar 2023			-400 000	- 3 933 336	- 3 936 817	- 3 481	-0.5		USD
SUM WARRANTS					- 3 481	- 3 481	0.0		

Pareto Global



Boston Scientific is a world-leading medical device company, known for their innovations within noninvasive medical solutions. Its first major product was an angioplasty balloon for cardiovascular treatments, introduced in the late-1970s. At the end of 2022, Boston Scientific accounted for 5.9% of the portfolio.

Portfolio manager commentary

Ever since 1981, interest rates have been in a long-term downward trend. Together with economic growth, productivity improvements, technological innovations and globalisation, this has been the foundation for the companies' increasingly high value creation. It would be surprising if over 40 years of falling interest rates hadn't done anything to investor mentality. This era perhaps reached its peak in the period from 2009 to 2021, when the risk-free interest rate fell to almost zero and the willingness to take risks among many investors became very high. Frustration among lenders and value investors was all the higher.

This was turned upside down during the past year. It began with rising inflation at the beginning of 2021. After initially claiming that inflation was temporary, caused by bottlenecks after the pandemic and the war in Ukraine, the US Federal Reserve completely turned around and implemented the fastest interest rate increases in history. Easy access to capital disappeared, and so did the overly optimistic investors.

In contrast to the low-interest rate era from 2009 to 2021, investors can now manage to reach their return targets without going far out on the risk curve. If one believes that the investment climate continues to be different from the past 13 years, the best investment strategies are likely to be different as well. Value-oriented investors now have better cards in hand. Pareto Global had a strong relative finish to the year. In December, Prudential was the top contributor. Prudential, which sells insurance and savings products in Asia, was hit hard by the pandemic. They use Hong

Kong as a distribution center for all of China, and the corona restrictions made new sales difficult. New political signals about the reopening of society and the end of travel restrictions bode well for sales going forward. We increased our holdings in the stock at low levels in September. Alphabet and Microsoft were the weakest stocks, with no significant news.

In 2022, OTIS, Adobe, Kering and Nestlé became new portfolio companies. At the end of the year, these companies accounted for 13 per cent. We said goodbye to CVS Health, Kroger, Reckitt, M&G, Attendo and Jackson Financial. Together, these companies made up 13 per cent of the fund.

Our healthcare companies, which contributed the most to returns for the year, were led by Boston Scientific, Elevance Health and Centene. What these companies have in common is solid growth, while valuation has been low. Kroger, which was only part of the portfolio in the first months of the year, was the fund's third best share.

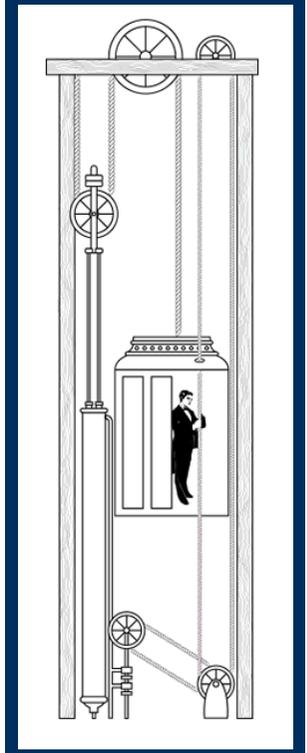
Technology companies Alphabet, Microsoft and FIS had the weakest development. They are likely to deliver earnings in line with or higher than previous years. Admittedly, expectations were too high at the beginning of the year. Depressed by lower valuations, share prices have fallen to a level that we believe is very attractive. Relative to the IT sector, our companies fared well, as especially companies without earnings got hammered. Goldman Sachs' index for unprofitable IT companies has fallen by as much as 77 per cent since its peak in February 2021. In

this sector, Pareto Global is mainly invested in software companies that deliver critical solutions to the corporate market. In a possible recession, these revenues will remain stable.

Although the post-pandemic recovery was more measured than first expected, our portfolio companies are on course towards increasing their profit by nine per cent over last year. This is completely in line with their long-term historical average. In a more challenging macro environment, our companies' secular growth, i.e. the ability to grow without being bolstered by general economic growth, will be decisive. Lower valuation in relation to earnings provides the portfolio with a good margin of safety. This bodes well for the return in the coming year.

Portfolio management team
Andreas Sørbye,
Andreas Kamvissis

Did you know elevators account for more than 1 percent of the total electricity consumption in New York City? OTIS was one of the new additions to the portfolio in 2022. Founded in 1853, the company now employs more than 69,000 people across the world.



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	2022	2021	2020	2019	2018
Pareto Global A	-4.6 %	25.7 %	8.0 %	29.9 %	-13.0 %
Pareto Global B ¹	-4.3 %	27.1 %	9.4 %	31.2 %	-14.5 %
Pareto Global C ²	-4.0 %	27.6 %	9.7 %	31.7 %	-14.2 %
Pareto Global D	-3.5 %	28.2 %	10.3 %	32.4 %	-13.7 %
Pareto Global I ³	-3.3 %	28.5 %	10.6 %	32.7 %	-13.5 %
Pareto Global N ⁴	-4.6 %	28.1 %	10.2 %	32.2 %	-13.8 %
MSCI World (NOK)	-8.5 %	25.4 %	12.9 %	29.6 %	-3.3 %
Pareto Global B SEK ⁵	-11.5 %	38.0 %	-0.5 %	37.7 %	-0.3 %
Pareto Global I SEK ⁶	-12.5 %	36.6 %	-1.6 %	36.2 %	-1.4 %

Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Global A	12.08.2005	9.0 %	7.9 %	12.0 %	8.8 %
Pareto Global B ¹	01.11.2012	10.0 %	8.3 %	12.6 %	9.4 %
Pareto Global C ²	01.11.2012	10.4 %	8.7 %	13.1 %	9.8 %
Pareto Global D	22.11.2006	10.9 %	9.3 %	13.6 %	10.3 %
Pareto Global I ³	13.07.2015	11.2 %	9.5 %	13.9 %	10.6 %
Pareto Global N ⁴	21.04.2022	10.4 %	8.9 %	13.4 %	10.1 %
MSCI World (NOK)		10.9 %	10.8 %	12.8 %	9.8 %
Pareto Global B SEK ⁵	21.04.2022	9.7 %	9.6 %	11.4 %	8.5 %
Pareto Global I SEK ⁶	21.04.2022	9.0 %	10.2 %	15.3 %	9.7 %
MSCI World (SEK)		8,8 %	11,4 %	14,1 %	8,8 %

¹Simulated returns from 31.12.2007–01.11.2012 are based on historical returns for unit class D (inception date 22.11.2006), adjusted for management fees for unit class B.

²Simulated returns from 31.12.2007–01.11.2012 are based on historical returns for unit class D (inception date 22.11.2006), adjusted for management fees for unit class C.

³Simulated returns from 31.12.2007–01.11.2012 are based on historical returns for unit class D (inception date 22.11.2006), adjusted for management fees for unit class I.

⁴Simulated returns from 31.12.2007–01.11.2012 are based on historical returns for unit class D (inception date 22.11.2006), adjusted for management fees for unit class N.

⁵Simulated returns from 31.12.2007–21.02.2022 are based on historical returns for unit class B (NOK), adjusted for differences in denomination currency between the two share classes.

⁶Simulated returns from 31.12.2007–21.02.2022 are based on historical returns for unit class I (NOK), adjusted for differences in denomination currency between the two share classes.

*From start with current portfolio manager 01.01.2008.

Performance history

Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Global A	500	N00010279979	PAAKTGL NO
Pareto Global B	500	N00010660434	PAAKTGB NO
Pareto Global C	20 million	N00010660459	PAAKTGC NO
Pareto Global D	50 million	N00010342892	PARAKSJ NO
Pareto Global I	100 million	N00010740624	PAAKTGI NO
Pareto Global N	500	N00012459330	PAAKTGN NO
Pareto Global B SEK	500	N00012459314	PAAKTBS NO
Pareto Global I SEK	100 million	N00012459322	PAAKTIS NO

The information on this page is based on unaudited figures.

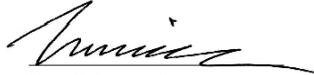
Pareto Global

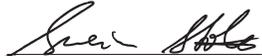
Income statement	Notes	2022 01.01-31.12	2021 01.01-31.12
Portfolio income and expenses			
Interest received		1 514 128	-160 109
Dividends		51 034 964	41 401 533
Realised capital gain/loss	2	162 739 942	259 345 332
Net unrealised capital gain/loss	2	-313 257 024	576 095 873
Portfolio profit		-97 967 990	876 682 630
Asset management revenue and costs			
Subscription/redemption fees	3	501 852	305 508
Custodian charges on purchases and sales of securities		-55 750	-51 580
Management fees	4	-40 097 816	-43 712 664
Subscription/redemption fees to the management company	3	0	0
Other income/expenses		-205 002	174
Asset management revenues		-39 856 716	-43 458 563
Profit before taxation		-137 824 706	833 224 067
Income tax	5	-4 609 406	-2 296 442
Profit for the financial year		-142 434 113	830 927 625
Allocation of profit			
Transferred to/from equity		-142 434 113	830 927 625
Total allocations and equity transfers		-142 434 113	830 927 625
Balance sheet			
		31.12.2022	31.12.2021
Assets			
Securities at market value	6,7,9	3 668 108 457	3 539 419 068
Accrued dividend		686 440	0
Cash and cash equivalents		80 232 129	222 632 428
Other assets		0	598 714
Total assets		3 749 027 026	3 762 650 210
Equity and liabilities			
Equity			
Unit capital at par value		1 386 915 208	1 345 782 217
Premium		-2 730 749 664	-2 826 237 249
Retained earnings		5 085 570 352	5 228 004 465
Total equity	3,8	3 741 735 896	3 747 549 433
Liabilities			
Accrued management fees		7 288 430	15 100 376
Other liabilities		2 700	400
Total liabilities		7 291 130	15 100 776
TOTAL EQUITY AND LIABILITIES		3 749 027 026	3 762 650 210

Board of directors Pareto Asset Management AS Oslo, 9 March 2023


Rune Selmar
Chairman


Erik Bartnes
Board member


Henrik Lindquist
Board member


Svein Støle
Board member


Christopher M. Bjerke
Board member (elected by unitholders)


Ragnhild J. Nakling
Board member (elected by unitholders)


Eric von Koss Torkildsen
CEO

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 31.12.2022. 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 31.12.2022.

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 31.12.2022, 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 BROKERAGE FEES

Brokerage fees are included in the securities cost price. Total fee in 2022 is NOK 354.864.

3 ISSUED UNITS

	31.12.2022	31.12.2021	31.12.2020
Unit class A	106 856.27	109 860.84	118 724.73
Net asset value	3 825.46	4 009.67	3 190.68
Redemption price	3 806.33	3 989.62	3 174.73
Unit class B	393 691.72	377 110.37	370 229.77
Net asset value	3 314.50	3 465.13	2 726.02
Redemption price	3 297.93	3 447.81	2 712.39

	31.12.2022	31.12.2021	31.12.2020
Unit class B SEK	10.59	0.00	0.00
Net asset value	1 037.67	0.00	0.00
Redemption price	1 032.48	0.00	0.00
Unit class C	85 593.56	88 633.60	122 838.01
Net asset value	3 469.96	3 615.05	2 834.08
Redemption price	3 452.61	3 596.97	2 819.91
Unit class D	67 571.06	40 239.02	45 894.91
Net asset value	3 666.00	3 800.31	2 964.52
Redemption price	3 647.67	3 781.31	2 949.70
Unit class I	733 172.85	729 938.39	801 556.50
Net asset value	2 023.16	2 092.06	1 627.91
Redemption price	2 013.04	2 081.60	1 619.77
Unit class I SEK	10.59	0.00	0.00
Net asset value	1 045.56	0.00	0.00
Redemption price	1 040.33	0.00	0.00
Unit class N	10.00	0.00	0.00
Net asset value	1 046.90	0.00	0.00
Redemption price	1 041.67	0.00	0.00

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

Pareto Global

4 MANAGEMENT FEES

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

- Pareto Global A: 1.30% per annum + performance fee
- Pareto Global N: 0.85% per annum + performance fee

Performance fee is calculated daily as 15.00 per cent of excess return of the value development in the unit class compared to the benchmark index, Morgan Stanley Capital International (MSCI) Daily Total Return Net World USD Index, measured in NOK. Performance fee is calculated daily and payable (crystallized) annually per 31 December. The performance fee in a given year is payable only if the accumulated relative value development in the unit class compared to the benchmark index from the previous payment of performance fee, up to and including the given year, is greater than zero. Any underperformance of the unit class compared to the benchmark index is clawed back before any performance fee becomes payable. Underperformance in a given year that is not recovered within five years (the reference period) can be reset. Thus, the total management fee for a given year will never be lower than the fixed management fee.

- Pareto Global B: 1.60% per annum
- Pareto Global B SEK: 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 I SEK: 0.50% per annum

5 TAX

	2022
Profit before taxation	-137 824 706
Realised capital gains	-154 269 809
Unrealised capital gains (change)	313 257 024
Custodian charges equity fund	55 750
Other non-deductible expenses	209 714
Dividends within EEA (gross)	-22 522 418
3% of dividends within EEA (net)	675 673
Total taxable income	-418 773
Use of losses carried forward	0
Tax base	0
Calculated payable tax	0
Credit deduction withholding tax outside EEA	-3 710 988
Assessed tax in Norway	0
Specification of tax expense	
Income tax Norway	0
Withholding tax within the EEA	898 418
Withholding tax outside the EEA	3 710 988
Total recognised tax expense	4 609 406

6 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 2022.

7 TURNOVER RATIO

The portfolio's turnover ratio is 0.27.

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.

8 EQUITY

	2022
Equity 1.1	3 747 549 433
+ subscription/redemption	136 620 575
+ profit for the financial year	-142 434 113
Equity 31.12	3 741 735 896

9 SECURITIES PORTFOLIO AS AT 31.12.2022

See next page.

Pareto Global

Securities portfolio as at 31 December 2022

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
COMMON STOCKS									
Communication services									
Alphabet Inc ser. C	US02079K1079	New York Nasdaq GS	180 740	112 395 867	157 974 665	45 578 798	4.2	0	USD
Total communication services				<u>112 395 867</u>	<u>157 974 665</u>	<u>45 578 798</u>	<u>4.2</u>		
Finance									
Affiliated Managers Group Inc	US0082521081	New York	97 650	119 676 540	152 395 574	32 719 034	4.1	0.3	USD
Discover Financial Services Inc	US2547091080	New York	63 750	50 117 102	61 434 868	11 317 766	1.6	0	USD
Goldman Sachs Group Inc	US38141G1040	New York	10 123	19 618 694	34 241 038	14 622 344	0.9	0	USD
Prudential Plc	GB0007099541	London	1 267 728	162 280 740	169 352 396	7 071 655	4.5	0	GBP
Total finance				<u>351 693 076</u>	<u>417 423 876</u>	<u>65 730 799</u>	<u>11.2</u>		
Health care services									
Boston Scientific Corp	US1011371077	New York	484 050	158 405 050	220 623 824	62 218 774	5.9	0	USD
Centene Corp	US15135B1017	New York	279 875	148 953 349	226 096 377	77 143 028	6	0	USD
Elevance Health Inc	US0367521038	New York	34 647	87 276 947	175 073 449	87 796 502	4.7	0	USD
Laboratory Corp of America Holdings	US50540R4092	New York	63 200	107 223 701	146 599 939	39 376 238	3.9	0.1	USD
Total health care services				<u>501 859 047</u>	<u>768 393 589</u>	<u>266 534 542</u>	<u>20.5</u>		

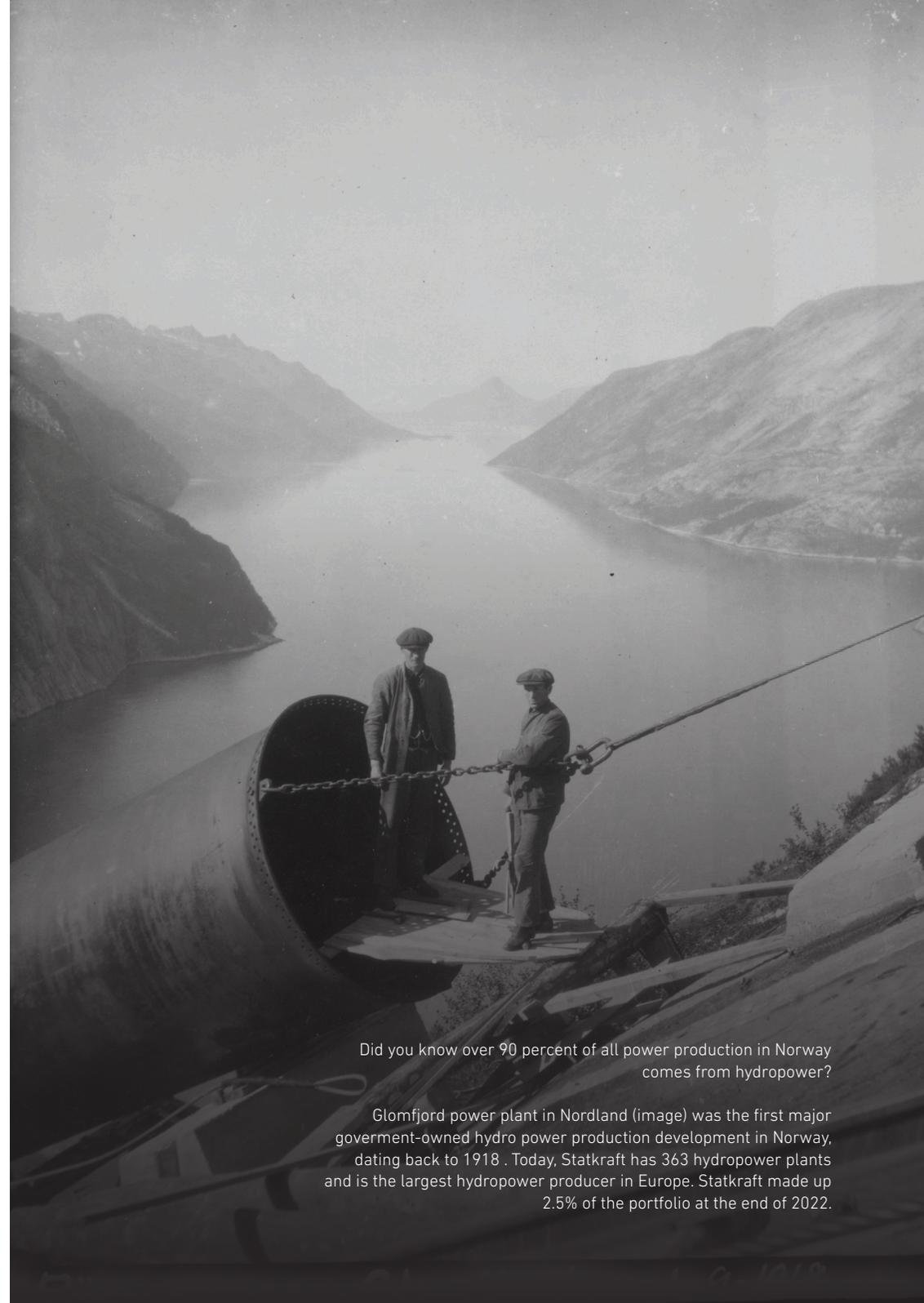
Pareto Global

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss	Share in % of portfolio	Share in % of company	Currency
Industrials									
AFRY AB ser. B	SE0005999836	Stockholm	867 013	129 930 954	140 052 668	10 121 714	3.7	0.8	SEK
Otis Worldwide Corp	US68902V1070	New York	267 750	192 293 126	206 542 480	14 249 354	5.5	0.1	USD
Total industrials				322 224 080	346 595 148	24 371 068	9.3		
Information technology									
Adobe Systems Inc	US00724F1012	New York Nasdaq GS	30 207	105 899 426	100 136 882	- 5 762 543	2.7	0	USD
Fidelity National Information Services	US31620M1062	New York	158 751	167 771 977	106 103 328	- 61 668 649	2.8	0	USD
Keysight Technologies Inc	US49338L1035	New York	93 867	96 368 988	158 179 237	61 810 249	4.2	0.1	USD
Microsoft Corp	US5949181045	New York Nasdaq GS	98 284	64 674 695	232 183 261	167 508 566	6.2	0	USD
Oracle Corp	US68389X1054	New York	180 183	100 021 642	145 081 197	45 059 556	3.9	0	USD
SAP SE	DE0007164600	Xetra	145 279	128 434 447	147 250 402	18 815 955	3.9	0	EUR
Visa Inc	US92826C8394	New York	86 400	166 414 588	176 822 841	10 408 253	4.7	0	USD
Total information technology				829 585 763	1 065 757 148	236 171 387	28.5		
Consumer staples									
Essity AB ser. B	SE0009922164	Stockholm	522 450	138 637 612	134 960 935	- 3 676 677	3.6	0.1	SEK
Nestlé SA	CH0038863350	Zürich	41 257	44 662 690	47 080 349	2 417 659	1.3	0	CHF
Total consumer staples				183 300 302	182 041 284	- 1 259 018	4.9		

Pareto Global

Securities	ISIN	Listing	No. of shares	Cost price NOK	Market value NOK	Unrealised gain/loss1	Share in % of portfolio	Share in % of company	Currency
Consumer discretionary									
Compass Group plc	GB00BD6K4575	London	584 843	105 027 900	132 868 912	27 841 013	3.6		0 GBP
EssilorLuxottica SA	FR0000121667	Euronext	63 607	78 825 901	113 168 859	34 342 958	3		0 EUR
Industria de Diseno Textil SA	ES0148396007		453 400	106 785 805	118 475 780	11 689 974	3.2		0 EUR
Kering SA	FR0000121485	Euronext	23 000	117 147 206	115 000 578	- 2 146 628	3.1		0 EUR
Polaris Industries Inc	US7310681025	New York	89 828	69 912 380	89 370 829	19 458 449	2.4		0.2 USD
Ralph Lauren Corp	US7512121010	New York	109 310	86 965 872	113 782 189	26 816 317	3		0.3 USD
Total consumer discretionary				<u>564 665 064</u>	<u>682 667 147</u>	<u>118 002 083</u>	<u>18.2</u>		
Materials									
BASF SE	DE000BASF111	Xetra	96 874	73 258 203	47 255 599	- 26 002 604	1.3		0 EUR
Total materials				<u>73 258 203</u>	<u>47 255 599</u>	<u>- 26 002 604</u>	<u>1.3</u>		
TOTAL COMMON STOCKS				<u>2 938 981 402</u>	<u>3 668 108 457</u>	<u>729 127 055</u>	<u>98</u>		

Pareto Obligasjon



Did you know over 90 percent of all power production in Norway comes from hydropower?

Glomfjord power plant in Nordland (image) was the first major government-owned hydro power production development in Norway, dating back to 1918 . Today, Statkraft has 363 hydropower plants and is the largest hydropower producer in Europe. Statkraft made up 2.5% of the portfolio at the end of 2022.

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	2022	2021	2020	2019	2018
Pareto Obligasjon A	1.1%	0.9%	3.3%	0.3%*	-
Pareto Obligasjon B	1.2%	1.0%	3.4%	0.3%*	-
Pareto Obligasjon C	1.3%	1.1%	2.6%**	-	-
NORM123FRN ¹	1.4%	0.8%	1.4%	0.3%	-

Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Obligasjon A	11.11.2019	1.8%	-	-	1.8%
Pareto Obligasjon B	11.11.2019	1.9%	-	-	1.9%
Pareto Obligasjon C	25.02.2020	-	-	-	1.8%
NORM123FRN ¹		1.2%	-	-	

Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Obligasjon A	500	N00010025190	POOBLII NO
Pareto Obligasjon B	10 million	N00010864069	PAOBLIB NO
Pareto Obligasjon C	50 million	N00010864077	PAOBLIC NO

¹NBP Norwegian RM1-RM3 Floating Rate Index (NOK)

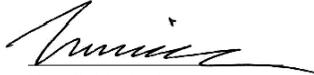
Pareto Obligasjon

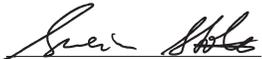
Income statement	Notes	2022 01.01-31.12	2021 01.01-31.12
Portfolio income and expenses			
Interest received		28 131 572	9 882 058
Realised capital gain/loss	2	-1 966 941	-237 672
Net unrealised capital gain/loss	2	-10 040 995	-2 621 334
Portfolio profit		16 123 637	7 023 052
Asset management revenue and costs			
Custodian charges on purchases and sales of securities		-7 545	-7 115
Management fees	3	-1 877 906	-1 320 698
Other income/expenses		-1	0
Asset management revenues		-1 885 452	-1 327 813
Profit before taxation		14 238 185	5 695 239
Income tax	4	0	0
Profit for the financial year		14 238 185	5 695 239
Allocation of profit			
Net distributed to unitholders during the year		24 279 424	8 316 724
Allocated for distribution to unitholders		0	0
Transferred to/from equity		-10 041 238	-2 621 485
Total allocations and equity transfers		14 238 185	5 695 239
Balance sheet			
		31.12.2022	31.12.2021
Assets			
Securities at market value	5,6,9	1 099 695 416	874 076 469
Accrued interests	9	6 500 850	1 818 656
Cash and cash equivalents		35 713 248	21 150 997
Total assets		1 141 909 513	897 046 122
Equity and liabilities			
Equity			
Unit capital at par value		1 145 724 156	888 295 778
Premium		7 081 537	9 632 619
Retained earnings		-11 075 334	-1 034 096
Total equity	7,8	1 141 730 358	896 894 301
Liabilities			
Accrued management fees		178 735	151 821
Other liabilities		420	0
Total liabilities		179 155	151 821
Total equity and liabilities		1 141 909 513	897 046 122

Board of directors Pareto Asset Management AS
Oslo, 9 March 2023


Rune Selmar
Chairman


Erik Bartnes
Board member


Henrik Lindquist
Board member


Svein Støle
Board member


Christopher M. Bjecke
Board member (elected by unitholders)


Ragnhild J. Næbling
Board member (elected by unitholders)


Eric von Koss Torkildsen
CEO

Pareto Obligasjon

Notes

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The funds accounting currency is NOK. Investments in foreign currency is converted into NOK at the market exchange rate as at 31.12.2022.

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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 31.12.2022, 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 BROKERAGE FEES

Brokerage fees are included in the securities cost price. Total fee in 2022 is NOK 0.

3 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

4 TAX

	2022
Profit before taxation	14 238 185
Permanent differences	
Distribution to unitholders	-24 279 424
Realised capital gains	0
Unrealised capital gains (change)	10 040 995
Dividends within EEA (gross)	0
3% of dividends within EEA (net)	0
Withholding tax outside the EEA	0
Total taxable income	-244
Use of losses carried forward	0
Tax base	0
Assessed tax in Norway	0
Specification of tax expense	0
Income tax Norway	0
Withholding tax within the EEA	0
Withholding tax outside the EEA	0
Total recognised tax expense	0

Pareto Obligasjon

5 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 2022.

6 TURNOVER RATIO

The portfolio's turnover ratio is 0.59.

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.

7 EQUITY

	2022
Equity 1.1	896 894 301
+ subscription/redemption	230 597 872
- distribution to unitholders	-24 279 424
- allocated for distribution	0
+ reinvested in the fund	24 279 424
+ profit for the financial year	14 238 185
Equity 31.12	1 141 730 358

8 ISSUED UNITS

	31.12.2022	31.12.2021	31.12.2020
Unit class A	77 025.60	95 524.20	65 932.26
Net asset value	1 010.03	1 023.87	1 028.25
Redemption price	1 010.03	1 023.87	1 028.25
Unit class B	293 403.00	262 070.49	212 377.33
Net asset value	1 001.64	1 014.34	1 017.66
Redemption price	1 001.64	1 014.34	1 017.66
Unit class C	775 295.52	530 701.09	10.19
Net asset value	993.23	1 004.82	1 007.10
Redemption price	993.23	1 004.82	1 007.10
Unit class D	0	0	0
Net asset value	0	0	0
Redemption price	0	0	0

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 31.12.2022

See next page.

Pareto Obligasjon

Securities portfolio as at 31 December 2022

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest	Unrealized gain/loss of portfolio	Share in %	Currency	Risk-class ³
Financials													
Agder Spb 22/25 FRN	N00012450644	Nordic ABM	2025-08-25	4.15	2023-02-27	5000000	4 987 500	4.59	4 968 223	- 40 604	0.4	NOK	20
Agder Spb 22/27 FRN	N00012757717	Nordic ABM	2027-03-18	4.71	2023-03-20	25000000	25 000 000	4.35	25 262 738	220 218	2.2	NOK	20
Arion Banki hf 19/29 FRN NOK C SUB	XS2025568846	Luxembourg	2029-07-09	6.71	2023-01-09	5000000	5 050 000	6.24	4 996 008	- 131 343	0.4	NOK	100
BN Bank ASA 19/29 FRN C SUB	N00010871445	Nordic ABM	2029-12-18	4.59	2023-03-20	16000000	16 204 800	4.49	15 765 190	- 466 130	1.4	NOK	100
Brage Finans AS 19/29 FRN C SUB	N00010851736	Nordic ABM	2029-05-16	5.57	2023-02-16	10000000	10 161 000	5.25	9 975 449	- 256 723	0.9	NOK	100
Brage Finans AS 22/25 FRN	N00012549577	Nordic ABM	2025-06-16	4.11	2023-03-16	10000000	10 000 000	5.08	9 806 278	- 211 989	0.9	NOK	20
Collector Bank AB 21/23 FRN	N00011152449	Oslo	2023-11-17	4.48	2023-02-17	20000000	20 000 000	6.58	19 792 124	- 319 876	1.7	NOK	20
Danske Bank A/S 20/26 FRN C	N00010875016	Dublin	2026-02-13	4.46	2023-02-13	16000000	16 230 080	5.02	15 821 585	- 503 642	1.4	NOK	20
DNB Bank ASA 22/32 FRN C SUB	N00011203374	Oslo	2032-04-19	4.41	2023-01-19	26000000	25 450 000	4.36	25 192 274	- 493 416	2.2	NOK	100
Drangedal Spb 20/23 FRN	N00010890957	Nordic ABM	2023-08-17	4.01	2023-02-17	15000000	15 120 600	4.02	15 084 906	- 110 881	1.3	NOK	20
Eika Gruppen AS 21/24 FRN	N00010917438	Nordic ABM	2024-01-15	3.88	2023-01-16	20000000	19 922 000	4.24	20 113 914	28 092	1.8	NOK	20
Fana Spb 22/33 FRN C SUB	N00012759069	Nordic ABM	2033-02-24	5.94	2023-02-24	20000000	20 000 000	4.86	20 324 902	199 502	1.8	NOK	100
Flekkefjord Spb 22/26 FRN	N00012612235	Nordic ABM	2026-08-05	4.47	2023-02-06	16000000	16 000 000	4.47	16 066 854	- 42 413	1.4	NOK	20
Gjensidige Fors ASA 14/44 FRN STEP C SUB	N00010720378	Oslo	2044-10-03	4.40	2023-01-02	14000000	14 184 430	3.28	13 972 295	- 366 135	1.2	NOK	100
Haugesund Spb 19/29 FRN C SUB	N00010850084	Nordic ABM	2029-04-23	5.06	2023-01-23	6000000	6 097 560	4.79	6 011 737	- 144 013	0.5	NOK	100
Høland og Setsk Spb 19/29 FRN STEP C SUB	N00010861248	Nordic ABM	2029-08-28	5.48	2023-02-28	4000000	4 098 720	5.15	3 982 794	- 136 628	0.3	NOK	100
Íslandsbanki hf (Íslandsbanki) 22/25 FRN	N00012755802	Dublin	2025-11-18	8.06	2023-02-20	18000000	18 000 000	7.02	18 605 218	427 898	1.6	NOK	20
Jæren Spb 18/28 FRN C SUB	N00010825292	Nordic ABM	2028-06-20	4.86	2023-03-20	12000000	12 141 600	4.63	11 998 332	- 162 708	1.1	NOK	100

Pareto Obligasjon

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Jæren Spb 21/26 FRN	NO0010932536	Nordic ABM	2026-02-18	3.83	2023-02-20	19000000	18 721 460	4.32	18 807 481	- 2 920	1.6	NOK	20
Kredittforeningen for Spb 21/24 FRN	NO0010921380	Nordic ABM	2024-05-03	3.75	2023-02-03	14000000	14 000 000	4.18	14 026 644	- 59 398	1.2	NOK	20
Landsbankinn hf. 22/24 FRN NOK	XS2520004883	Dublin	2024-08-12	5.39	2023-02-13	20000000	20 000 000	5.98	20 005 649	- 138 084	1.7	NOK	20
Larvikbanken - Din Personl Spb 22/25 FRN	NO0012444605	Nordic ABM	2025-08-15	3.90	2023-02-15	20000000	20 000 000	4.48	19 825 257	- 276 576	1.7	NOK	20
LeasePlan Corporation NV 22/25 FRN NOK	XS2564110596	Luxembourg	2025-12-07	5.27	2023-02-07	25000000	24 999 000	5.11	25 173 838	83 345	2.2	NOK	20
Nordax Bank AB 21/24 FRN	NO0011142572	Oslo	2024-05-03	4.48	2023-02-03	10000000	10 015 900	6.11	9 886 584	- 202 738	0.9	NOK	20
Nordea Bank Abp 18/23 FRN	NO0010832363	Dublin	2023-09-18	4.10	2023-03-20	16000000	16 164 300	4.16	16 029 945	- 158 044	1.4	NOK	20
Nykredit Realkredit A/S 22/32 FRN C SUB	NO0012724113	København	2032-10-18	6.96	2023-01-18	24000000	24 000 000	5.52	24 684 799	336 799	2.1	NOK	100
Resurs Bank AB 21/23 FRN	NO0011018996	Oslo	2023-06-14	4.21	2023-03-14	4000000	4 000 000	5.95	3 980 880	- 27 540	0.3	NOK	20
Resurs Bank AB 21/24 FRN	NO0011083453	Oslo	2024-09-02	4.58	2023-03-02	14000000	13 727 000	6.77	13 607 952	- 172 481	1.2	NOK	20
Rørosbanken Røros Spb 19/24 FRN	NO0010852726	Nordic ABM	2024-05-21	4.03	2023-02-21	16000000	16 035 680	4.25	16 048 389	- 60 726	1.4	NOK	20
Sbanken ASA 21/25 FRN C	NO0011087587	Nordic ABM	2025-09-08	3.91	2023-03-06	7000000	7 000 000	4.48	6 922 189	- 97 578	0.6	NOK	20
Skue Spb 19/29 FRN C SUB	NO0010856982	Nordic ABM	2029-06-18	5.12	2023-03-20	5000000	5 098 000	4.83	4 978 512	- 128 733	0.4	NOK	100
Spb 1 Boligkreditt AS 18/28 FRN C SUB	NO0010826696	Nordic ABM	2028-06-22	4.73	2023-03-22	12000000	12 223 800	4.52	11 993 877	- 245 689	1.1	NOK	100
Spb 1 Nord-Norge 18/28 FRN C SUB	NO0010830334	Nordic ABM	2028-08-28	4.88	2023-02-28	8000000	8 104 010	4.64	8 013 728	- 127 153	0.7	NOK	100
Spb 1 Ringerike Hadeland 22/27 FRN	NO0012447202	Nordic ABM	2027-02-23	4.03	2023-02-23	15000000	15 000 000	4.26	14 875 511	- 189 977	1.3	NOK	20
Spb 1 SMN 18/28 FRN C SUB	NO0010830755	Nordic ABM	2028-09-04	4.90	2023-03-06	20000000	20 259 950	4.66	20 018 386	- 315 064	1.8	NOK	100
Spb 1 SR-Bank ASA 20/26 FRN	NO0010907843	Oslo	2026-02-03	3.91	2023-02-03	34000000	33 677 340	4.23	33 882 885	- 12 328	3.0	NOK	20
Spb 1 Sørøst-Norge 18/28 FRN C SUB	NO0010830508	Nordic ABM	2028-09-05	4.89	2023-03-06	15000000	15 182 700	4.65	15 012 348	- 225 365	1.3	NOK	100

Pareto Obligasjon

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Spb 1 Østlandet 18/28 FRN C SUB	N00010824964	Nordic ABM	2028-06-20	4.63	2023-03-20	5000000	4 700 000	4.43	4 998 381	290 665	0.4	NOK	100
Spb DIN 22/33 ADJ C SUB	N00012715038	Nordic ABM	2033-01-06	6.29	2023-01-06	15000000	15 000 000	4.98	15 514 339	286 326	1.3	NOK	100
Spb Sør 21/27 FRN C	N00010920788	Nordic ABM	2027-02-10	4.10	2023-02-10	10000000	10 000 000	4.64	9 814 700	- 244 522	0.9	NOK	20
Spb Sør 22/32 ADJ C SUB	N00012721804	Nordic ABM	2032-10-13	6.03	2032-10-13	14000000	14 000 000		14 560 077	377 167	1.3	NOK	100
Spb Vest 19/29 FRN C SUB	N00010852221	Nordic ABM	2029-05-14	4.81	2023-02-14	20000000	19 883 500	4.6	19 949 723	- 62 044	1.7	NOK	100
Spb Vest 22/25 FRN	N00012539107	Nordic ABM	2025-06-03	4.40	2023-03-03	6000000	6 000 000	4.63	5 993 650	- 26 150	0.5	NOK	20
Spb Øst Boligkreditt AS 19/24 FRN C COVD	N00010841034	Oslo	2024-06-19	3.68	2023-03-20	4000000	4 024 000	3.51	4 019 772	- 9 544	0.4	NOK	10
SSB Boligkreditt AS 18/24 FRN C COVD	N00010833254	Nordic ABM	2024-09-27	3.73	2023-03-27	5000000	5 025 000	3.55	5 024 432	- 3 158	0.4	NOK	10
Storebrand Liv AS 14/PERP FRN STEP C SUB	N00010706021	Oslo	2099-12-31	5.93		7000000	7 232 295	1.54	6 972 392	- 265 668	0.6	NOK	100
Storebrand Livsforsik AS 20/50 FRN C SUB	N00010886153	Oslo	2050-06-19	5.27	2023-03-20	22000000	21 215 500	3.54	21 452 782	195 415	1.9	NOK	100
Storebrand Livsforsik AS 22/53 ADJ C SUB	N00012752940	Oslo	2053-02-17	0.00	2023-02-17	13000000	13 000 000	-0.63	13 285 228	204 571	1.2	NOK	100
Strømmen Spb 22/32 FRN C SUB	N00012485111	Nordic ABM	2032-06-30	5.66	2023-03-30	5000000	5 000 000	5.08	4 903 388	- 98 184	0.4	NOK	100
Sydbank A/S 20/24 FRN C	N00010907454	Dublin	2024-11-25	4.48	2023-02-27	6000000	6 000 000	4.9	5 991 165	- 36 461	0.5	NOK	20
Totens Spb 19/29 FRN C SUB	N00010856420	Nordic ABM	2029-06-14	4.86	2023-03-14	15000000	15 400 500	4.63	14 918 747	- 518 204	1.3	NOK	100
Tryg Forsikring A/S 13/PERP FRN C SUB	N00010672355	Nordic ABM	2023-03-20	6.96	2023-03-20	7000000	7 370 000	5.55	7 038 557	- 347 683	0.6	NOK	100
Tryg Forsikring A/S 15/45 FRN STEP C SUB	N00010751837	Oslo	2045-11-13	6.14	2023-02-13	5000000	5 244 450	4.06	5 036 928	- 248 456	0.4	NOK	100
Ørland Spb 21/24 FRN	N00010921216	Nordic ABM	2024-04-29	3.76	2023-01-30	15000000	15 000 000	4.21	15 030 110	- 67 023	1.3	NOK	20
Ørskog Spb 21/26 FRN	N00011125577	Nordic ABM	2026-10-13	3.79	2023-01-13	15000000	14 700 000	4.43	14 747 799	- 78 534	1.3	NOK	20
Total financials							750 303 734		749 766 625	-4 853 979			

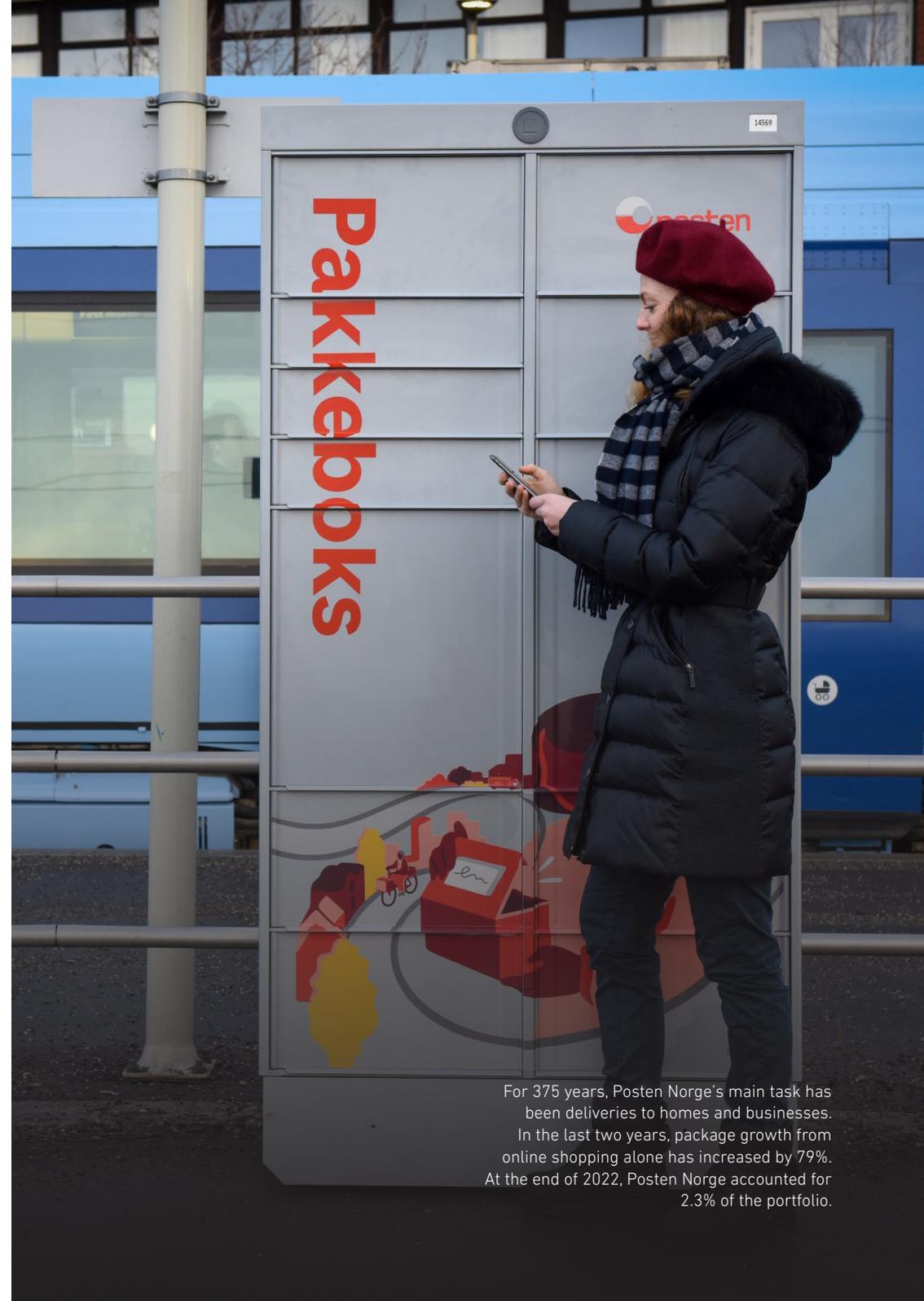
Pareto Obligasjon

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Corporate bonds													
Avinor AS 20/26 FRN C	NO0010881246	Oslo	2026-04-29	4.50	2023-01-30	16000000	16 328 000	4.18	16 251 253	- 200 747	1.4	NOK	50
Elkem ASA 21/24 FRN FLOOR	NO0010937469	Oslo	2024-02-26	4.48	2023-02-27	19000000	19 079 200	4.71	19 061 159	- 98 432	1.7	NOK	100
Eviny AS 20/25 FRN	NO0010901838	Nordic ABM	2025-01-28	3.90	2023-01-30	20000000	20 101 160	4.3	20 000 839	- 241 154	1.7	NOK	100
Felleskjøpet Agri SA 22/25 FRN	NO0012496761	Nordic ABM	2025-04-22	4.31	2023-01-23	25000000	25 000 000	4.86	24 927 501	- 279 020	2.2	NOK	100
Haugaland Kraft AS 22/27 FRN	NO0011203507	Nordic ABM	2027-01-18	3.88	2023-01-18	20000000	19 687 000	4.4	19 698 373	- 150 294	1.7	NOK	100
Heimstaden Bostad AB 21/24 FRN	NO0010976319	Oslo	2024-04-22	4.11	2023-01-23	16000000	16 000 000	7.07	15 578 330	- 547 710	1.4	NOK	100
Norsk Hydro ASA 20/23 FRN	NO0010882327	Oslo	2023-05-15	6.26	2023-02-15	20000000	20 946 655	4.43	20 308 370	- 801 741	1.8	NOK	100
Nortura SA 21/26 FRN	NO0011136624	Nordic ABM	2026-11-04	4.55	2023-02-06	9000000	9 000 000	6	8 578 900	- 487 076	0.7	NOK	100
Norwegian Property ASA 19/24 FRN	NO0010856826	Oslo	2024-06-20	4.22	2023-01-05	20000000	20 269 600	4.95	20 031 463	- 444 448	1.7	NOK	100
OBOS BBL 21/26 FRN	NO0010946494	Nordic ABM	2026-03-10	4.16	2023-03-10	20000000	19 587 500	5.26	19 390 296	- 243 426	1.7	NOK	100
Olav Thon Eiendomsselskap ASA 20/23 FRN	NO0010911894	Oslo	2023-12-14	4.04	2023-03-14	15000000	15 093 150	4.89	14 932 833	- 190 617	1.3	NOK	100
Orkla ASA 21/27 FRN	NO0011095499	Oslo	2027-05-20	3.95	2023-02-20	3000000	2 907 900	4.38	2 947 676	26 280	0.3	NOK	50
Ringerikskraft AS 22/25 FRN	NO0012494634	Nordic ABM	2025-04-14	4.11	2023-01-16	20000000	19 917 714	4.57	19 996 877	- 101 220	1.7	NOK	100
Scania CV 20/23 FRN NOK	XS2108433371	Luxembourg	2023-01-24	3.96	2023-01-24	5000000	5 000 000	4.02	5 037 842	- 108	0.4	NOK	100
Schibsted ASA 17/23 FRN	NO0010797541	Oslo	2023-06-22	4.65	2023-03-22	2000000	2 036 800	4.45	2 005 762	- 33 621	0.2	NOK	100
Schibsted ASA 20/23 FRN	NO0010878960	Oslo	2023-10-23	5.76	2023-01-23	4000000	4 000 000	4.66	4 084 220	40 060	0.4	NOK	100
Schibsted ASA 21/26 FRN	NO0011157323	Oslo	2026-11-25	4.26	2023-02-27	20000000	19 808 000	5.04	19 466 321	- 429 246	1.7	NOK	100

Pareto Obligasjon

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Statkraft AS 22/27 FRN	N00012541442	Oslo	2027-06-14	4.11	2023-03-14	28000000	27 887 200	4.08	27 959 400	14 660	2.5	NOK	50
Tomra Systems ASA 22/27 FRN	N00012739509	Oslo	2027-11-04	5.12	2023-02-06	9000000	9 000 000	4.62	9 172 812	98 572	0.8	NOK	50
Yara International ASA 21/26 FRN	N00011146391	Oslo	2026-11-10	4.02	2023-02-10	18000000	18 000 000	4.87	17 506 940	- 597 580	1.5	NOK	100
Å Energi AS 21/24 FRN	N00010935489	Oslo	2024-04-24	3.77	2023-01-24	10000000	10 000 000	4.34	10 012 384	- 59 874	0.9	NOK	100
Total corporate bonds							319 649 879		316 949 551	- 4 726 742	27.7		
Municipal bonds													
Indre Østfold komm 22/25 FRN	N00012479163	Oslo	2025-03-21	3.62	2023-03-21	15000000	15 022 050	3.76	14 988 755	- 49 887	1.3	NOK	20
Oslo komm 15/24 2.35%	N00010752702	Oslo	2024-09-04	2.35	2024-09-04	13000000	13 471 900	3.76	12 805 436	- 765 752	1.1	NOK	20
Oslo komm 19/24 2.05%	N00010867575	Oslo	2024-10-31	2.05	2024-10-31	12000000	12 322 800	3.75	11 685 898	- 678 586	1.0	NOK	20
Total municipal bonds							40 816 750		39 480 089	- 1 494 225	3.5		
TOTAL BONDS							1 110 770 363		1 106 196 266	- 11 074 946	96.9		

Pareto Likviditet



For 375 years, Posten Norge's main task has been deliveries to homes and businesses. In the last two years, package growth from online shopping alone has increased by 79%. At the end of 2022, Posten Norge accounted for 2.3% of the portfolio.

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	2022	2021	2020	2019	2018
Pareto Likviditet A	1.6%	0.4%	1.7%	1.7%	1.1%
Pareto Likviditet B ¹	1.7%	0.5%	1.8%	1.8%	1.2%
Pareto Likviditet C ²	1.7%	0.5%	1.8%	1.9%	1.2%

Annualised return

Name	Inception date	3 years	5 years	10 years	From start
Pareto Likviditet A	27.09.1999	1.3%	1.3%	1.5%	3.0%
Pareto Likviditet B ¹	23.08.2022	1.4%	1.4%	1.6%	3.1%
Pareto Likviditet C ²	23.08.2022	1.5%	1.5%	1.7%	3.2%

Other information

Name	Minimum initial subscription amount (NOK)	ISIN	Bloomberg
Pareto Likviditet A	500	NO0010025174	POLIKV NO
Pareto Likviditet B	10 million	NO0012571985	POLIKVB NO
Pareto Likviditet C	50 million	NO0012571993	POLIKVC NO

¹ Simulated returns from 27.09.1999–22.08.2022 are based on historical returns for unit class A (inception date 27.09.1999), adjusted for management fees for unit class B.

² Simulated returns from 27.09.1999–22.08.2022 are based on historical returns for unit class A (inception date 27.09.1999), adjusted for management fees for unit class C.

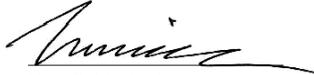
Pareto Likviditet

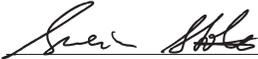
Income statement	Notes	2022 01.01-31.12	2021 01.01-31.12
Portfolio income and expenses			
Interest received		22 097 345	7 381 421
Realised capital gain/loss	2	-844 104	-1 051 297
Net unrealised capital gain/loss	2	-2 076 985	-2 397 378
Portfolio profit		19 176 256	3 932 747
Asset management revenue and costs			
Custodian charges on purchases and sales of securities		-7 570	-5 220
Management fees	3	-1 525 569	-1 686 753
Other income/expenses		0	3
Asset management revenues		-1 533 139	-1 691 970
Profit before taxation		17 643 117	2 240 777
Income tax	4	0	0
Profit for the financial year		17 643 117	2 240 777
Allocation of profit			
Net distributed to unitholders during the year		19 720 127	4 638 251
Allocated for distribution to unitholders		0	0
Transferred to/from equity		-2 077 010	-2 397 475
Total allocations and equity transfers		17 643 117	2 240 777
Balance sheet		31.12.2022	31.12.2021
Assets			
Securities at market value	5,6,9	1 462 749 826	599 252 735
Accrued interests	9	7 301 656	1 049 003
Cash and cash equivalents		52 976 411	17 655 041
Total assets		1 523 027 893	617 956 778
Equity and liabilities			
Equity			
Unit capital at par value		1 530 785 081	622 556 653
Premium		2 040 318	3 116 623
Retained earnings		-9 924 651	-7 847 641
Total equity	7,8	1 522 900 748	617 825 635
Liabilities			
Accrued management fees		126 366	130 964
Other liabilities		780	179
Total liabilities		127 146	131 143
Total equity and liabilities		1 523 027 893	617 956 778

Board of directors Pareto Asset Management AS Oslo, 9 March 2023


Rune Selmar
Chairman


Erik Bartnes
Board member


Henrik Lindquist
Board member


Svein Støle
Board member


Christopher M. Bjecke
Board member (elected by unitholders)


Ragnhild J. Næbling
Board member (elected by unitholders)


Eric von Koss Torkildsen
CEO

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 31.12.2022. 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 31.12.2022.

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 31.12.2022, 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 BROKERAGE FEES

Brokerage fees are included in the securities cost price. Total fee in 2022 is NOK 0.

3 MANAGEMENT FEES

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

- Pareto Obligasjon A: 0.25% per annum
- Pareto Obligasjon B: 0.15% per annum
- Pareto Obligasjon C: 0.08% per annum
- Pareto Obligasjon D: 0.08% per annum

4 TAX

	2022
Profit before taxation	17 643 117
Permanent differences	
Distribution to unitholders	-19 720 127
Realised capital gains	0
Unrealised capital gains (change)	2 076 985
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	-25
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

Pareto Likviditet

5 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 2022.

6 TURNOVER RATIO

The portfolio's turnover ratio is 0.75.

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.

7 EQUITY

	2022
Equity 1.1	617 825 635
+ subscription/redemption	887 431 996
- distribution to unitholders	-19 720 127
- allocated for distribution	0
+ reinvested in the fund	19 720 127
+ profit for the financial year	17 643 117
Equity 31.12	1 522 900 748

8 ISSUED UNITS

	31.12.2022	31.12.2021	31.12.2020
Unit class A	117 914.56	622 556.65	478 894.97
Net asset value	992.21	992.4	995.5
Redemption price	992.21	992.4	995.5
Unit class B	245 342.60	0	0
Net asset value	994.86	0	0
Redemption price	994.86	0	0
Unit class C	1 167 527.98	0	0
Net asset value	995.11	0	0
Redemption price	995.11	0	0
Unit class D	0	0	0
Net asset value	0	0	0
Redemption price	0	0	0

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 31.12.2022

See next page.

Pareto Likviditet

Securities portfolio as at 31 December 2022

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest NOK	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-
Corporate bonds													
Elkem ASA 21/24 FRN FLOOR	N00010937469	Oslo	2024-02-26	4.48	2023-02-27	20000000	19 958 990	4.71	20 064 378	20 766	1.3	NOK	100
Elkem ASA 21/25 FRN FLOOR	N00011079212	Oslo	2025-02-25	4.38	2023-02-27	10000000	9 853 700	4.83	9 964 491	65 774	0.7	NOK	100
Entra ASA 16/23 FRN	N00010774797	Oslo	2023-09-22	4.14	2023-03-22	5000000	4 971 250	4.87	4 984 848	7 848	0.3	NOK	100
Entra ASA 17/24 FRN	N00010789464	Oslo	2024-03-20	4.07	2023-03-20	29000000	28 731 750	4.99	28 773 616	2 523	1.9	NOK	100
Eviny AS 17/23 FRN	N00010806292	Oslo	2023-09-25	3.92	2023-03-27	25000000	24 972 250	4.19	24 986 669	808	1.6	NOK	100
Felleskjøpet Agri SA 22/25 FRN	N00012496761	Nordic ABM	2025-04-22	4.31	2023-01-23	23000000	22 695 020	4.86	22 933 301	48 282	1.5	NOK	100
Helgeland Kraft AS 20/23 FRN	N00010886617	Nordic ABM	2023-07-03	3.58	2023-01-03	15000000	14 958 300	3.95	15 114 287	21 737	1.0	NOK	100
Lyse AS 17/23 FRN	N00010787054	Oslo	2023-02-23	4.19	2023-02-23	15000000	15 012 600	3.96	15 073 957	- 6 731	1.0	NOK	100
Norsk Hydro ASA 20/23 FRN	N00010882327	Oslo	2023-05-15	6.26	2023-02-15	27000000	27 360 500	4.43	27 416 299	- 164 866	1.8	NOK	100
Norwegian Property ASA 19/24 FRN	N00010856826	Oslo	2024-06-20	4.22	2023-01-05	5000000	4 941 000	4.95	5 007 866	15 288	0.3	NOK	100
Norwegian Property ASA 20/23 FRN	N00010907223	Oslo	2023-11-27	4.13	2023-01-05	17000000	16 898 000	4.87	17 080 550	10 926	1.1	NOK	100
OBOS BBL 18/23 FRN	N00010823917	Nordic ABM	2023-09-13	4.23	2023-03-13	22000000	21 959 300	4.84	21 978 103	- 30 312	1.4	NOK	100
OBOS Eiendom AS 18/23 FRN	N00010820160	Nordic ABM	2023-04-04	3.84	2023-01-04	3000000	2 989 800	4.45	3 024 803	6 523	0.2	NOK	100
Orkla ASA 16/23 FRN	N00010774383	Oslo	2023-03-27	4.08	2023-03-27	30000000	30 006 000	4.08	30 021 071	- 1 929	2.0	NOK	50
Ringerikskraft AS 22/25 FRN	N00012494634	Nordic ABM	2025-04-14	4.11	2023-01-16	20000000	19 713 429	4.57	19 996 877	103 065	1.3	NOK	100
Scania CV 20/23 FRN NOK	XS2108433371	Luxembourg	2023-01-24	3.96	2023-01-24	10000000	9 984 000	4.02	10 075 684	15 784	0.7	NOK	100
Schibsted ASA 17/24 FRN	N00010786866	Oslo	2024-03-01	4.75	2023-03-01	10000000	9 996 100	4.87	10 043 384	6 381	0.7	NOK	100
Schibsted ASA 20/23 FRN	N00010878960	Oslo	2023-10-23	5.76	2023-01-23	20000000	20 196 560	4.66	20 421 098	3 738	1.3	NOK	100

Pareto Likviditet

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest NOK	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Tine SA 19/24 FRN	N00010856727	Nordic ABM	2024-06-12	4.09	2023-03-13	18000000	17 911 950	4.33	18 007 080	54 230	1.2	NOK	50
Tomra Systems ASA 19/24 FRN	N00010868326	Oslo	2024-11-14	4.14	2023-02-14	32000000	31 690 500	4.52	32 000 256	133 116	2.1	NOK	50
Volkswagen Financial Servi 21/24 FRN NOK	XS2292344632	Luxembourg	2024-02-01	4.05	2023-02-01	30000000	29 803 800	4.51	30 098 502	88 827	2.0	NOK	100
Å Energi AS 21/24 FRN	N00010935489	Oslo	2024-04-24	3.77	2023-01-24	30000000	29 814 600	4.34	30 037 153	5 778	2.0	NOK	100
Statnett SF 17/24 FRN	N00010786775	Oslo	2024-03-04	4.15	2023-03-03	30000000	30 045 000	4.1	30 148 311	9 936	2.0	NOK	50
Posten Norge AS 3.95% CERT 181 070323	N00012697111	Unlisted	2023-03-07	3.95	2023-03-07	35000000	34 984 600	3.89	35 444 245	20 276	2.3	NOK	50
Total corporate bonds							479 448 999		482 696 829	437 768	31.7		

Financials													
BN Bank ASA 19/24 FRN	N00010867971	Nordic ABM	2024-11-06	4.05	2023-02-06	38000000	37 907 660	4.26	38 139 718	- 3 067	2.5	NOK	20
Brage Finans AS 20/23 FRN	N00010875479	Nordic ABM	2023-05-19	3.86	2023-02-20	10000000	10 033 800	4.52	10 023 717	- 54 044	0.7	NOK	20
Brage Finans AS 22/25 FRN	N00012549577	Nordic ABM	2025-06-16	4.11	2023-03-16	15000000	15 000 000	5.08	14 709 417	- 317 983	1.0	NOK	20
Collector Bank AB 21/23 FRN	N00011152449	Oslo	2023-11-17	4.48	2023-02-17	20000000	20 000 000	6.58	19 792 124	- 319 876	1.3	NOK	20
Danske Bank A/S 18/23 FRN	N00010830797	Dublin	2023-11-28	4.38	2023-02-28	24000000	24 048 540	4.83	24 035 133	- 112 687	1.6	NOK	20
DNB Bank ASA 19/23 FRN	N00010849490	Oslo	2023-04-05	3.52	2023-01-05	20000000	20 089 200	3.49	20 178 391	- 82 898	1.3	NOK	20
Drangedal Spb 20/23 FRN	N00010890957	Nordic ABM	2023-08-17	4.01	2023-02-17	14000000	14 065 800	4.02	14 079 246	- 56 729	0.9	NOK	20
Eika Gruppen AS 21/24 FRN	N00010917438	Nordic ABM	2024-01-15	3.88	2023-01-16	18000000	17 892 000	4.24	18 102 523	63 083	1.2	NOK	20

Pareto Likviditet

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest NOK	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Grong Spb 21/24 FRN	N00011079220	Nordic ABM	2024-04-05	3.40	2023-01-05	10000000	9 908 500	3.96	10 025 081	33 470	0.7	NOK	20
Høland og Setskog Spb 20/24 FRN	N00010872617	Nordic ABM	2024-03-08	3.95	2023-03-08	15000000	14 932 650	4.2	15 015 487	43 337	1.0	NOK	20
Jæren Spb 19/24 FRN	N00010842495	Nordic ABM	2024-01-31	4.17	2023-01-31	20000000	20 169 600	4.05	20 192 679	- 120 554	1.3	NOK	20
Kredittforeningen for Spb 21/24 FRN	N00010921380	Nordic ABM	2024-05-03	3.75	2023-02-03	25000000	24 796 250	4.18	25 047 578	97 683	1.6	NOK	20
Landkreditt Bank AS 19/24 FRN	N00010850142	Nordic ABM	2024-04-16	3.89	2023-01-16	25000000	24 927 500	4	25 201 736	68 930	1.6	NOK	20
Landsbankinn hf. 22/24 FRN NOK	XS2520004883	Dublin	2024-08-12	5.39	2023-02-13	25000000	24 892 500	5.98	25 007 062	- 65 105	1.6	NOK	20
LeasePlan Corporation NV 22/25 FRN NOK	XS2564110596	Luxembourg	2025-12-07	5.27	2023-02-07	20000000	19 999 200	5.11	20 139 070	66 676	1.3	NOK	20
Melhus Spb 19/23 FRN	N00010852247	Nordic ABM	2023-09-14	3.78	2023-03-14	20000000	20 102 000	3.92	20 034 050	- 105 750	1.3	NOK	20
Nidaros Spb 18/23 FRN	N00010814718	Nordic ABM	2023-03-01	4.47	2023-03-01	15000000	15 120 750	3.78	15 075 727	- 102 761	1.0	NOK	20
Nordax Bank AB 21/24 FRN	N00011142572	Oslo	2024-05-03	4.48	2023-02-03	14000000	14 022 260	6.11	13 841 218	- 283 833	0.9	NOK	20
Nordea Bank Abp 18/23 FRN	N00010832363	Dublin	2023-09-18	4.10	2023-03-20	16000000	16 161 760	4.16	16 029 945	- 155 504	1.1	NOK	20
OBOS-banken AS 18/23 FRN	N00010831381	Nordic ABM	2023-08-31	4.15	2023-02-28	20000000	20 130 000	4.09	20 096 438	- 107 340	1.3	NOK	20
Resurs Bank AB 21/23 FRN	N00011018996	Oslo	2023-06-14	4.21	2023-03-14	20000000	20 023 680	5.95	19 904 398	- 161 382	1.3	NOK	20
Romerike Spb 19/24 FRN	N00010868862	Nordic ABM	2024-11-18	4.01	2023-02-20	21000000	20 824 120	4.22	21 047 817	120 774	1.4	NOK	20
Rørosbanken Røros Spb 19/24 FRN	N00010852726	Nordic ABM	2024-05-21	4.03	2023-02-21	16000000	15 917 280	4.25	16 048 389	57 674	1.1	NOK	20
Skue Spb 18/23 FRN	N00010823867	Nordic ABM	2023-05-31	4.36	2023-02-28	20000000	20 166 400	4	20 116 161	- 127 750	1.3	NOK	20
Sogn Spb 20/23 FRN	N00010873912	Nordic ABM	2023-10-03	3.42	2023-01-03	10000000	10 030 400	3.66	10 075 484	- 40 416	0.7	NOK	20
Spb 1 Lom og Skjåk 19/24 FRN	N00010852619	Nordic ABM	2024-05-21	4.04	2023-02-21	16000000	15 926 880	4.25	16 050 738	50 240	1.1	NOK	20
Spb 1 Nordmøre 18/23 FRN	N00010818545	Nordic ABM	2023-03-13	3.90	2023-03-13	18000000	18 144 900	3.63	18 048 379	- 133 571	1.2	NOK	20

Pareto Likviditet

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest NOK	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Spb 1 Nord-Norge 22/25 FRN	N00012626987	Nordic ABM	2025-08-22	4.46	2023-02-22	20000000	20 000 000	4.55	20 060 841	- 38 270	1.3	NOK	20
Spb 1 Sørøst-Norge 22/25 FRN	N00012635145	Nordic ABM	2025-08-25	4.58	2023-02-27	10000000	10 000 000	4.66	10 029 394	- 17 678	0.7	NOK	20
Spb 1 Østfold Akershus 18/23 FRN	N00010824972	Nordic ABM	2023-09-11	3.95	2023-03-13	20000000	20 144 800	3.88	20 068 601	- 120 088	1.3	NOK	20
Spb 1 Østlandet 18/24 FRN	N00010830672	Nordic ABM	2024-08-23	3.99	2023-02-23	35000000	34 970 600	4.14	35 115 343	- 6 545	2.3	NOK	20
Spb 68 grader Nord 20/24 FRN	N00010884976	Nordic ABM	2024-12-10	4.28	2023-03-10	25000000	24 927 250	4.29	25 088 554	101 860	1.7	NOK	20
Spb Sogn og Fjordane 21/24 FRN	N00011096554	Nordic ABM	2024-10-15	3.53	2023-01-16	35000000	34 729 100	4.05	34 986 484	- 3 444	2.3	NOK	20
Spb Vest 22/25 FRN	N00012539107	Nordic ABM	2025-06-03	4.40	2023-03-03	19000000	18 913 000	4.63	18 979 892	4 192	1.2	NOK	20
Stadshypotek AB 18/23 FRN C COVD	N00010820368	Oslo	2023-06-21	3.49	2023-03-21	30000000	30 053 100	3.34	30 065 352	- 19 740	2.0	NOK	10
Søgne og Greipstad Spb 19/23 FRN	N00010852932	Nordic ABM	2023-05-22	3.98	2023-02-22	20000000	20 127 400	3.97	20 097 612	- 118 232	1.3	NOK	20
Tinn Spb 19/23 FRN	N00010852361	Nordic ABM	2023-05-15	4.02	2023-02-15	15000000	15 077 250	3.96	15 087 854	- 68 121	1.0	NOK	20
Tolga-Os Spb 21/24 FRN	N00011162166	Nordic ABM	2024-03-04	3.79	2023-03-06	10000000	10 000 000	4.36	9 977 338	- 51 087	0.7	NOK	20
Totens Spb 20/25 FRN	N00010890262	Nordic ABM	2025-03-14	3.86	2023-03-14	25000000	24 750 000	4.11	24 940 800	142 613	1.6	NOK	20
Trøgstad Spb 19/23 FRN	N00010865868	Nordic ABM	2023-10-10	3.71	2023-01-10	10000000	10 041 200	3.87	10 081 459	- 45 277	0.7	NOK	20
Volvofinans Bank AB 18/23 FRN	N00010824154	Stockholm	2023-06-08	4.07	2023-03-08	25000000	25 128 600	4.18	25 068 383	- 128 050	1.6	NOK	20
Voss Veksel ASA 18/23 FRN	N00010816085	Nordic ABM	2023-09-12	4.17	2023-03-13	20000000	20 149 800	4.02	20 083 063	- 113 070	1.3	NOK	20
Åfjord Spb 20/23 FRN	N00010873581	Unlisted	2023-10-02	3.51	2023-01-02	15000000	15 060 750	3.74	15 117 672	- 74 703	1.0	NOK	20
Aasen Spb 19/23 FRN	N00010860521	Nordic ABM	2023-08-23	3.99	2023-02-23	16000000	16 077 120	4.1	16 069 958	- 76 322	1.1	NOK	20
SSB Boligkreditt AS 19/23 FRN C COVD	N00010871452	Nordic ABM	2023-05-16	3.59	2023-02-16	30000000	30 027 900	3.45	30 163 525	- 1 992	2.0	NOK	10
Sum financials							885 411 500		887 139 831	- 2 383 337	58.3		

Pareto Likviditet

Securities	ISIN	Listing	Maturity	Coupon rate in %	Interest. adj. date ¹	Principal	Cost price NOK	Yield ²	Market value +acc. interest NOK	Unrealized gain/loss	Share in % of portfolio	Currency	Risk-class ³
Municipal bonds													
Indre Østfold komm 22/25 FRN	N00012479163	Oslo	2025-03-21	3.62	2023-03-21	20000000	20 029 400	3.76	19 985 006	- 66 516	1.3	NOK	20
Lindesnes komm 20/23 FRN	N00010877137	Oslo	2023-03-16	4.02	2023-03-16	20000000	20 128 400	3.67	20 242 782	- 113 418	1.3	NOK	20
Notodden komm 21/24 FRN	N00011104135	Oslo	2024-03-21	3.31	2023-03-21	30000000	29 881 200	3.75	29 907 735	- 3 798	2.0	NOK	20
Steinkjerbygg KF 21/23 FRN	N00011017766	Oslo	2023-03-15	3.38	2023-03-15	20000000	20 022 000	3.7	20 009 475	- 33 168	1.3	NOK	20
Østre Toten komm 20/23 FRN	N00010895147	Oslo	2023-07-06	3.27	2023-01-06	10000000	10 017 200	3.54	10 069 825	- 26 400	0.7	NOK	20
Sum municipal bonds							<u>100 078 200</u>		<u>100 214 823</u>	<u>- 243 300</u>	<u>6.6</u>		
TOTAL BONDS							<u>1 517 787 964</u>		<u>1 522 900 748</u>	<u>- 2 188 869</u>	<u>100</u>		

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 longterm 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.

	Number of beneficiaries	Total remuneration NOK	Fixed remuneration NOK	Variable remuneration* NOK
Sum all employees	54	82 848 316	40 246 100	42 602 216
Employees categorised as identified staff i.a.w. the remuneration policy	15	31 825 000	11 900 000	19 925 000
Senior management and employees with supervisory responsibilities	6	12 800 000	5 300 000	7 500 000
Risk takers	9	19 025 000	6 600 000	12 425 000

*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.

Auditor's report

Deloitte.

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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 of 31 December 2022, 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 2022, 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

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Independent Auditor's Report -
Pareto Asset Management IS

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 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.

Auditor's report

Deloitte.

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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, 9 March 2023
Deloitte AS

Roger Furholm
State Authorised Public Accountant

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

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

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