

Pareto Annual Report 2019

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Investments in shares, funds and other financial instruments and projects and individual assets will always involve a certain degree of uncertainty about future returns. Neither target returns nor historical returns provide a reliable indicator of future returns. Returns on investments depend on general developments in the market for securities, physical assets and foreign currencies, the risk profile of the investment, the associated expenses (including the costs of subscription, management and redemption) and the skilfulness of the fund manager/management, as well as on any changes in the applicable tax regulations and other framework conditions. Returns may be negative as a consequence of capital losses, reductions in value and/or losses. Returns on shipping projects are stated in the currency of the project and returns in NOK will accordingly vary in line with fluctuations in the foreign exchange market. All information on, and assessments of, external conditions in this report are based on our own best estimates and on sources that we regard as credible and reliable. Nevertheless, Pareto cannot guarantee that the information is correct.

This is the Pareto group

Pareto is a leading, independent operator in the Nordic market for financial services. The company has offices in Oslo, Stavanger, Trondheim, Kristiansand, Stockholm, Malmö, Helsinki, Copenhagen, London, Aberdeen, Zürich, Frankfurt, Singapore, Perth, New York and Houston. Pareto was founded in late 1985 and has since grown into a corporate group offering a wide array of products. The group has 1 050 employees and shareholders' equity of some NOK 1.7 billion.

Business sectors

Through its subsidiaries, Pareto offers a broad range of services: brokerage of equities, bonds and partnership interests, facilitation of equity and debt capital issues, and direct investments. The group also provides project financing, business management services, valuations, financial advisory services, asset management services, and insurance and real estate brokerage services. Pareto's ship brokerage business is involved in chartering and sale and purchase of tanker and dry bulk tonnage and drilling rigs, as well as providing technical management services to the maritime market. Pareto is the founder and largest shareholder of Pareto Bank.

Diversity and a strong local presence

The broad scope of Pareto's product range has provided the foundations for the group to grow and prosper and has given our clients a balanced and diversified product portfolio offering sound, long-term returns. Pareto's long-standing engagement with local markets and companies has equipped us with experience and skills, enabling us to treat each client individually and to safeguard and promote our clients' interests in the best way possible.

Pareto prioritises organic growth and the development of in-house competence. Acquisitions, mergers and collaborations are continuously under consideration, with the aim of complementing and developing the company still further.

Pareto's goals and strategies

Pareto's goal is to be the preferred supplier of financial services, based on a thorough and detailed knowledge of social conditions, industries and individual companies. Our aim is to create sound financial solutions for business and industry and to secure high returns for our clients. Pareto's strategy is based on maintaining our focus, in-depth knowledge, experience and long-term client relationships.

We are committed to continuous development and improvement. We invest our knowledge and financial resources for the long haul. We demand responsibility, integrity and a high ethical standard of our employees. Pareto is an independent operator and our aim is that our approach should always be innovative, creative and different.

The Pareto Group – what we do

Securities brokerage/ capital raising/ project financing	Ship/ offshore brokerage	Asset management/ investment advisory services	Banking/ insurance/real estate brokerage
Pareto Securities	Pareto Shipbrokers	Pareto Asset Management	Pareto Bank
	Pareto Offshore	Pareto Wealth Management	Pareto Forsikringsmegling
	Pareto Dry Cargo	Pareto Business Management	Eiendomsmegler Krogsveen
	P.F. Bassøe	Pareto Alternative Investments	
		Enter Fonder	

The Pareto group in 2019

Solid operations in Pareto

After a somewhat slow start, 2019 turned out to be a strong year for most financial markets and for the Pareto group. Consolidated revenues of the Pareto group amounted to NOK 3 billion (2018: 2.9 billion). Operating profit totalled NOK 569 million (674 million) and pre-tax profit was NOK 534 million (923 million). Profit for the year amounted to NOK 401 million (662 million).

Operations were solid and the results for the group must be described as very satisfactory. At yearend, consolidated book equity amounted to NOK 1.7 billion and the personnel count stood at 1 050 employees.

Results for 2019 are not directly comparable to 2018, which included dividends and gains from the financial portfolio in the parent company, Pareto AS, of NOK 292 million. The financial portfolio was demerged from the group to Pareto Invest AS in September 2018. Net result after tax for Pareto Invest AS amounted to NOK 678.5 million in 2019.

Securities brokerage, capital raising and project financing

The majority of the group's revenue comes from financial advisory, securities brokerage and project financing in Pareto Securities, which in 2019 registered revenues of approximately NOK 1.8 billion and a profit before tax of NOK 346 million.

Pareto Securities was involved in 57 equity capital market transactions in 2019 with a combined value of approximately NOK 18.6 billion. Activity levels were high in many sectors in 2019, including TMT, Shipping, Health Care, Industrials and Financials. Pareto Securities advised on a total of 8 stock exchange listings in 2019: 5 in Norway and 3 in Sweden.

While the activity in the Nordic high yield market started out slowly during first quarter of 2019, the activity picked up significantly thereafter. This resulted in a strong 2019 with NOK 105 billion of new issue volume distributed between 185 bond issues. While new issue volume was even higher in 2017, the number of issuances in 2019 was the highest ever recorded. During 2019, Pareto Securities was involved in 44 new issuances totaling NOK 27 billion. Pareto Securities arranged bonds for a wide range of different industries, leading to a more diversified revenue base than ever seen before. For the first time, we arranged more volumes denominated in EUR than in USD or NOK. Several bonds were arranged out of our German business during 2019.

Pareto Securities acted as adviser on several large and prominent M&A transactions in 2019, including the DNO's acquisition of Faroe Petroleum, the sale of Pioneer Property to Whitehelm Capital and the sale of Kruse Smith Eiendom to Solon Eiendom.

The Project Finance division had a very strong year, with high levels of activity in both real estate and shipping/offshore. The division was involved in property-related transactions with a total value of over NOK 16 billion, and in shipping/offshore-related transactions with a value of over NOK 7.1 billion.

Asset management

Pareto Asset Management acquired Stockholm-based Enter Fonder AB from the parent company Pareto AS on January 1st. Enter Fonder is an independent asset manager specialising in Swedish equities and fixed income. Including offices in Stockholm and Frankfurt, the Pareto Asset Management group now has 65 employees.

In 2019, Pareto Asset Management's assets under management (AUM) increased by 35 per cent to NOK 56 billion, through a combination of aggregate returns (NOK 6 billion) and substantial net fund flows (NOK 8 billion).

In particular, Pareto Nordic Corporate Bond caught the attention of Continental investors, increasing its AUM from NOK 4 billion to NOK 12 billion. Following the asset manager's international sales expansion, primarily in fixed income, and the acquisition of Enter Fonder, almost half of the company's total AUM is now owned by foreign investors.

Pareto Alternative Investments reported an increase in assets under management and good returns in most funds and discretionary mandates. At yearend, the firm managed NOK 18.6 billion allocated to real estate, credit, infrastructure and maritime investments.

Pareto Wealth Management provides investment advice and wealth management for companies and high-net-worth individuals. Assets under management totalled NOK 18.3 billion at yearend.

In total, operating revenues from asset management operations amounted to NOK 495 million and the profit before tax was NOK 147 million. Net assets under management for these companies (after elimination of internal volume) amounted to NOK 87 billion at year end.

Ship/rig, real estate and insurance brokerage

Notwithstanding the continuing gloom in the offshore and renewable energy markets in 2019, Pareto Shipbrokers AS and its subsidiary Pareto Shipbrokers Ltd succeeded in reporting very satisfactory profits.

In 2019 the dry bulk market did not meet expectations that were set out in 2018. Rates were under pressure for most of the year compared to 2018, the 1st and 2nd quarter especially. Considering this Pareto Dry Cargo still managed to report a decent year with healthy profits.

Tanker rates remained yet again under pressure throughout the year but exited 2019 on a high note. P.F. Bassøe reported performance in line with the year before.

Eiendomsmegler Krogsveen reported good activity and results much in line with previous years. The real estate broker sells about 7 000 homes and vacation homes annually, worth NOK 30 to 35 billion.

Pareto Forsikringsmegling achieved stable profits in the face of stiff competition in its market. The company purchased insurance cover on behalf of its clients worth NOK 1.5 billion in 2019.

Revenues from these companies amounted to NOK 724 million. Profits before tax were NOK 37 million.

Pareto Bank

Pareto Bank's profits after taxes ended the year at NOK 397.6 million, up from the NOK 330.8 million reported in the previous year. This represents a return on equity of 14.3 per cent (15.0 per cent). The bank raised MNOK 400 of equity capital in a private placement in June of 2019 for further growth. Total lending grew by 1.5 billion and amounted to NOK 13.2 billion at year end. Pareto AS owns 19.2 per cent of Pareto Bank ASA.

Financial markets and the economy in 2019

by Chief Investment Officer Finn Øystein Bergh

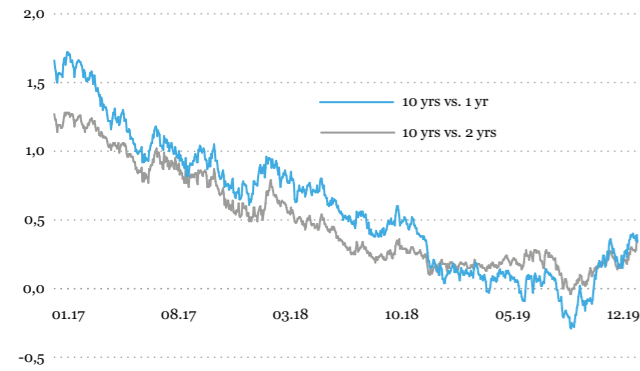
The markets once again overruled intuition: Global growth estimates were reduced by a full percentage point – and universal gloom turned to exuberance.

Upon entering 2019, financial markets were in the grip of gloom, after major stock market declines and increasing corporate bond spreads in the last quarter of 2018. Dimming global growth prospects and an unpredictable end to the trade negotiations between USA and China put a definite damper on the market sentiment.

of the MSCI World Index market capitalisation. An impending inversion also in Norway, while of significantly less importance, was one of many indications of a broader phenomenon.

Historically, a negative term spread has been a harbinger of recessions. This time, it was partly brought about by the Fed

The yield curve scare

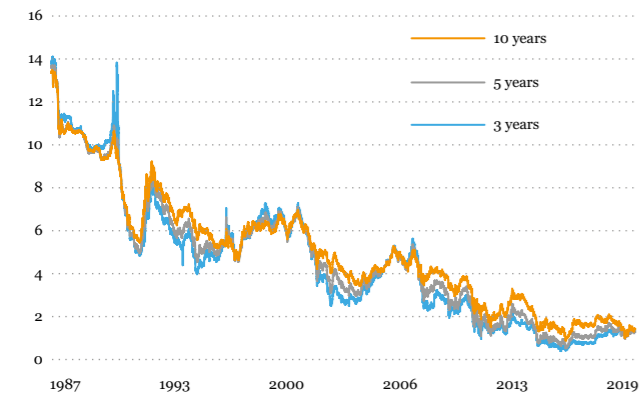


Term spread, U.S. government bonds. Source: FactSet, Pareto

And yet, 12 more months were to pass before anyone had heard about the coronavirus.

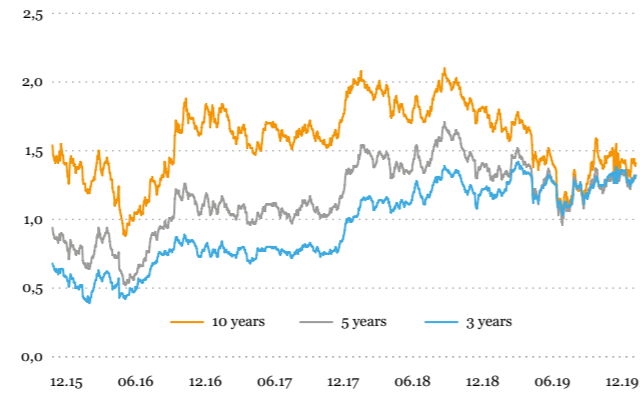
Furthermore, the term spread – the difference between long-term and short-term government bond yields – was about to turn negative in the US, which represents roughly 60 per cent

Recovery position?



Yield, per cent, Norwegian government bonds. Source: Norges Bank

Spread compression



Yield, per cent, Norwegian government bonds. Source: Norges Bank

Funds rate having been hiked by a full percentage point in 2018, the latest increase as late as December 19. At that time, Federal Reserve was still convinced that real economic growth was strong.

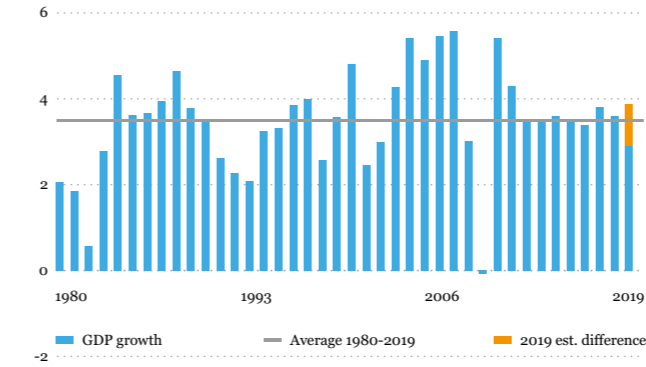
When in fact the term spread did turn negative, a few months into 2019, there was no shortage of worried comments (nor of

The Viking inversion



Term spread, percentage points, yield on 10-year Norwegian government bonds less yield on 3-year Norwegian government bonds. Source: Norges Bank

Disappointing global growth



Per cent. Source: IMF

attentive listeners). From August 2018 to April 2019, the number of Google searches for “recession” nearly doubled.

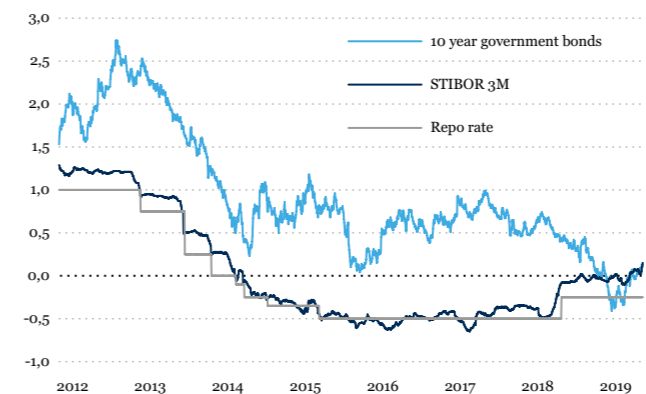
There was indeed reason to worry. In just six months, IMF revised its 2019 global growth estimate from 3.9 to 3.5 per cent, only to be cut even more – down to 2.9 per cent – before the year was through.

Action and reaction

As 2019 progressed, expectations rose that Federal Reserve would rather cut the Fed Funds rate than enact further increases. The first cut came in July, a quarter point, followed by two cuts of the same magnitude in September and October. September also saw the European Central Bank lower its key rate from already negative -0.4% to -0.5%. A quarter point hike from the Swedish Riksbanken the same month mattered little. Confidence rose.

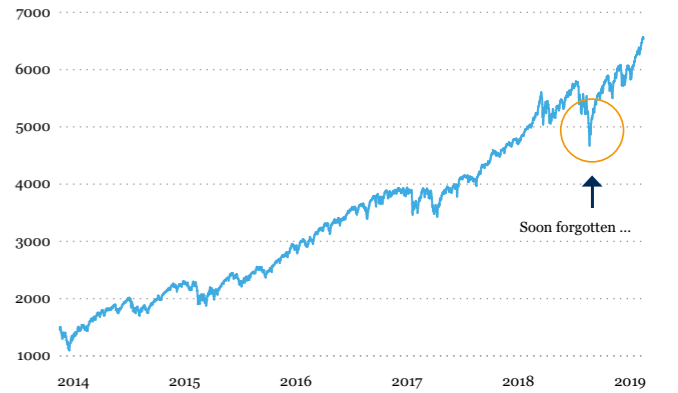
This made it all the more difficult to find sensible alternatives to equities, leading to an autumn rally in the stock market. The

Up for air



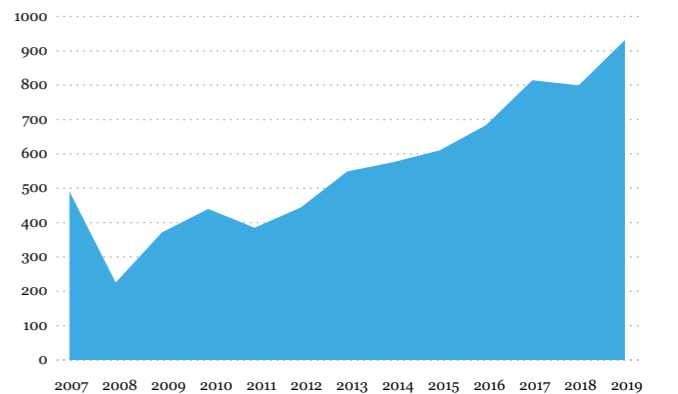
Per cent. Source: riksbank.se

S&P 500 back on track



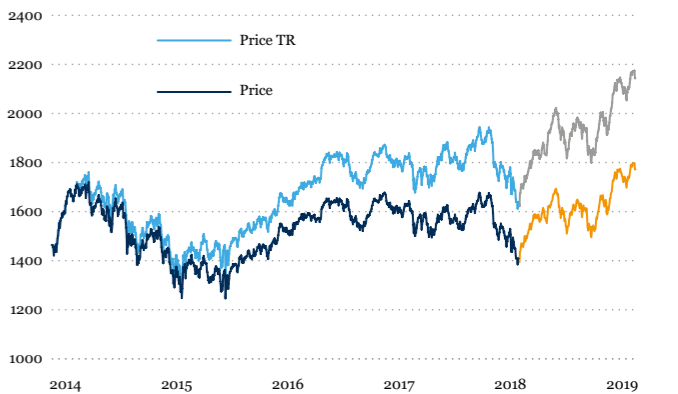
S&P 500 Total Return. Source: FactSet

Back on track



The Oslo Børs benchmark index, year-end quotes. Source: oslobors.no

Back with a vengeance

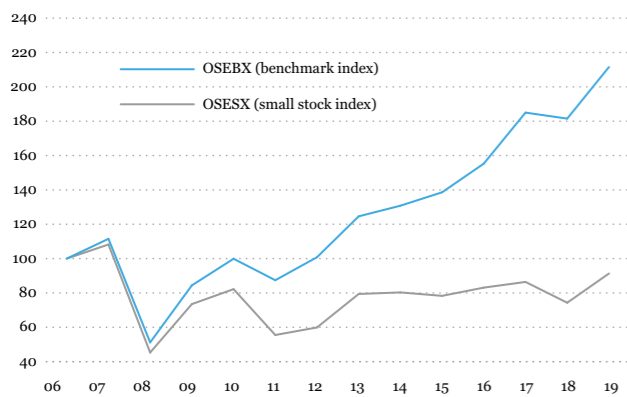


OMX Stockholm 30 benchmark index. Source: FactSet

Oslo Børs benchmark index, which mid-August was just above its level when entering 2019, ended the year with a return of 16.5 per cent. In the US, where the rebound from 2018 was stronger, the S&P 500 closed the year with a total return of as much as 31.5 per cent.

Globally, fixed income spreads tightened by some 60–70 basis points for investment grade and 170–200 basis points for high yield. In the Nordics, which was less affected by the preceding year’s market slump, the tightening was less pronounced, but still strong.

Catching up is hard to do



Source: oslobors.no

From these observations alone, several conclusions or inferences can be drawn. First, markets are indeed sensitive to monetary policy – or more specifically to expectations of changes in key interest rates. To the extent that monetary policy may influence real growth, an apparently much weaker link, it is likely to work its way through pricing of securities, building confidence and wealth effects.

Second, low economic growth does not go hand in hand with weak financial markets. Similarly, fear, unease and investor tension do not presage low financial returns. On the contrary – these are rather common fixtures of all financial markets. That’s just part of their nature.

Apprehension and expectations can generally be inferred from pricing of securities. So, let’s take a closer look at pricing.

Why the market stayed so strong

A favourite gauge throughout the year was the cyclically adjusted P/E, CAPE, more commonly known as the Campbell-Shiller P/E. This measure compares current pricing to an inflation-adjusted

S&P 500 getting more expensive?



Cyclically Adjusted P/E Ratio (CAPE) adjusted for changes in the dividend payout ratio. Source: Robert Shiller, Pareto

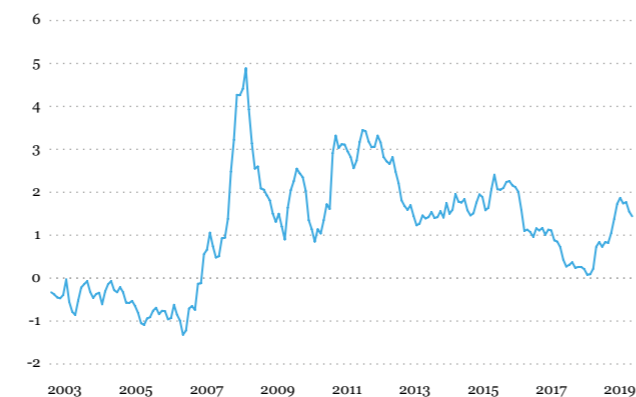
average of the last ten years’ earnings. On this measure, the stock market was certainly not cheap, with pricing far above its 25-year average, leading to a number of anxious stock market comments.

For some time, I have maintained my own version of this measure, with a computation that takes into account the effect of changing payout ratios, but this only confirmed the impression of high pricing.

I do believe, however, that stock market multiples can not be evaluated without reference to the interest rate level. And I would contend that investors’ responsiveness to changes in interest rates in 2019 provides a recent confirmation.

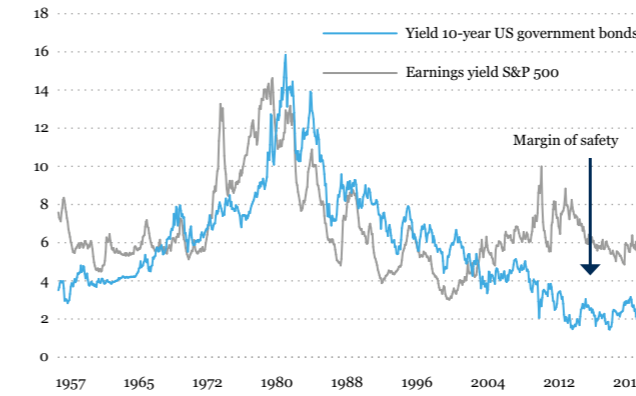
In my opinion, the best way of relating stock market pricing to interest rates is a simple comparison of earnings yields and bond

Still a considerable margin of safety



Yield spread: Earnings yield S&P 500 as defined by the adjusted CAPE 10 less the current yield on 10 yr Treasuries. Source: Robert Shiller, Pareto

Earnings card still not maxed out



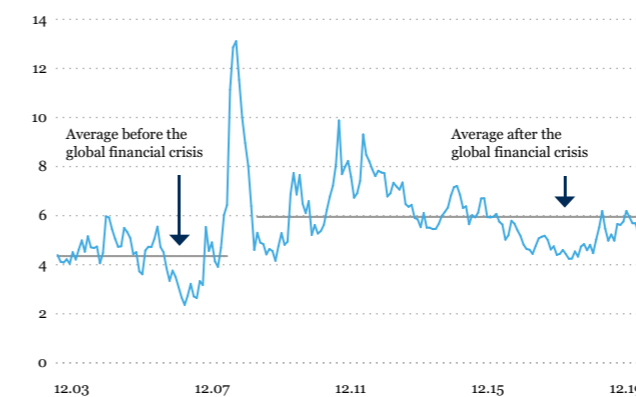
Sources: Robert Shiller, FactSet, Pareto

yields. If we apply this perspective to the the adjusted CAPE, letting the yield on 10-year government bonds represent the level of interest rates, we see that there is still a considerable margin of safety.

The same applies if, instead of using the decidedly long-term CAPE multiple, we use the current earnings yield, based on the forward-looking (next 12 months) earnings estimates. Whereas, for much of the last century, the two curves actually moved closely together, after the great financial crisis the current earnings yield has provided a considerable margin of safety.

If you’re still wondering why the market managed to stay so strong for so long, I dare say you need look no further. All classic multiples and rules of thumb must be calibrated to the level of interest rates (which, alas, is seldom done). Doing this exercise,

Still fair margin of safety



Percentage points, difference between the OSEBX forward earnings yield (next 12 months) and the yield on Norwegian 10-year government bonds. Source: FactSet, Norges Bank, Pareto Asset Management

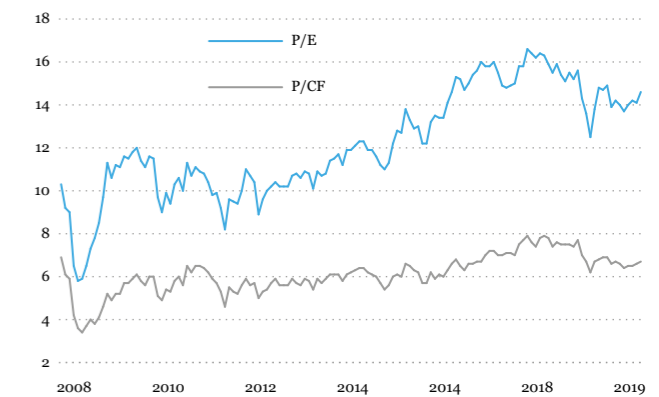
you will see that the market has been reasonably priced pretty much from the global financial crisis to the end of 2019.

Rational returns

This conclusion holds for more markets than Wall Street. Comparing the current earnings yield to long-term government bond yields in Norway, we find an even fatter margin of safety, about six percentage points.

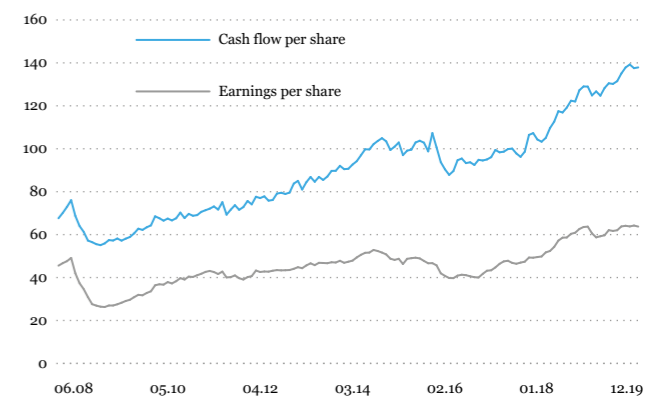
Shifting our gaze from earnings to cash flow, Norwegian stock market pricing actually looks little changed over the years since the global financial crisis. Cash flow has grown faster than earnings, meaning that for each unit of earnings there is more cash. This, too, implies that the strong markets in 2019 were in fact rationally so.

Little changed pricing on cash flow



Price to earnings and price to cash flow ratios for the Norwegian benchmark index based on estimates for the next 12 months. Source: FactSet

Even more cash in earnings



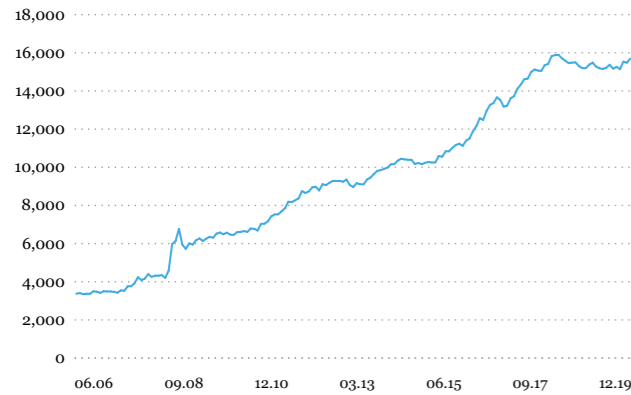
Oslo Børs benchmark index. Source: FactSet

The above reasoning is tantamount to stating that the coronavirus has no hindsight value. Judged on coincident multiples and interest rates – remember, 2019 was an altogether different world – there was nothing inherently unsustainable in the impressive returns. It is much too easy, having observed the ensuing market crash in 2020, to conclude that the markets had gotten overstretched. There is in fact no way of knowing if that was actually the case.

Facilitating returns

Of course, while there is no concurrent relationship between growth and financial returns, a high-growth environment obviously provides better conditions for future returns. Hence, financial markets' obsession with monetary policy may be interpreted as concern for future growth.

Tightening? That's just so last year



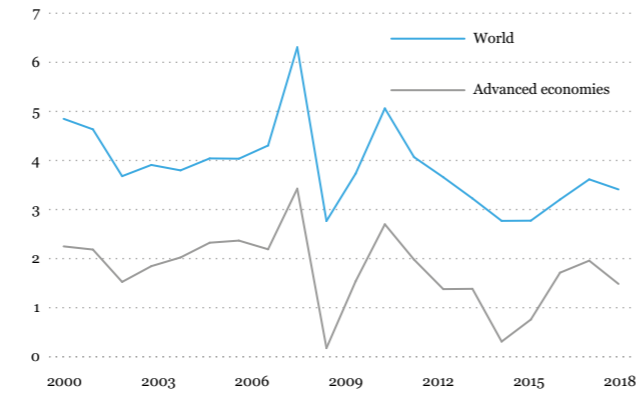
Total central bank assets (FED, ECB, BOJ, SNB and Riksbanken), billion dollars. Sources: FRED (FED), FactSet, central banks

Besides rates being lowered, we saw a distinct reversal of quantitative tightening. After somewhat feeble attempts to reverse the massive quantitative easing in the aftermath of the global financial crisis, easing again picked up globally towards the end of 2019. Central bank assets came close to reaching their record level from two years before.

A recurring concern has been the potentially inflationary effects of the massive monetary stimuli over the past decade. There is, however, little sign of inflation resuming in the global inflation numbers from the IMF. (And, now knowing how the coronavirus measures limited consumer demand, little reason to believe it will be picking up in the foreseeable future.)

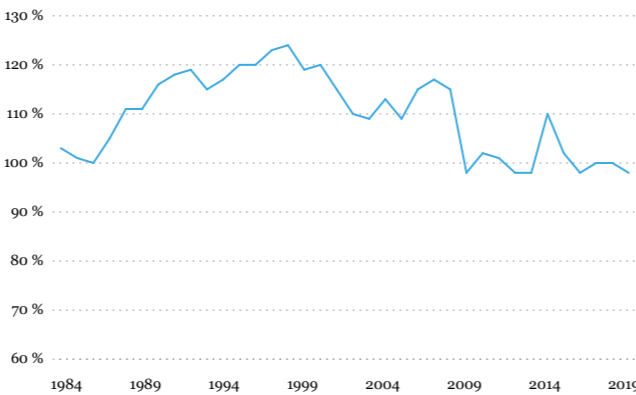
A particular reason for concern might be that global trade now appears to be less responsive to global growth; tradeable goods

Not really picking up ...



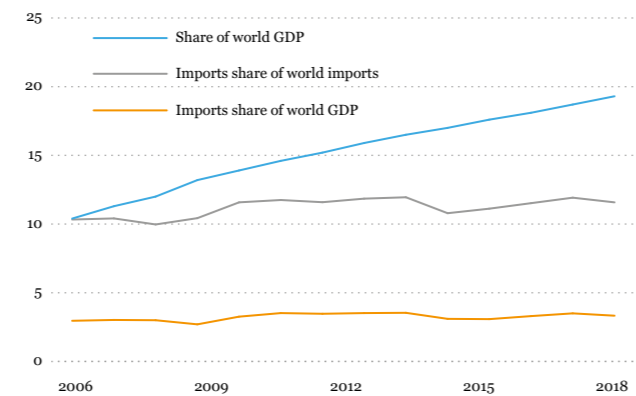
Inflation, average consumer prices. Per cent change. Source: IMF

Falling trade elasticity



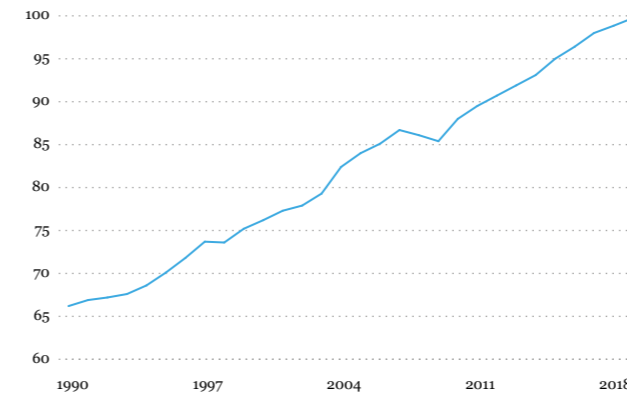
Five-year growth in global trade relative to five-year growth in global GDP. Source: IMF, Pareto

How important is China?



Source: IMF, World Bank

Still thirsty



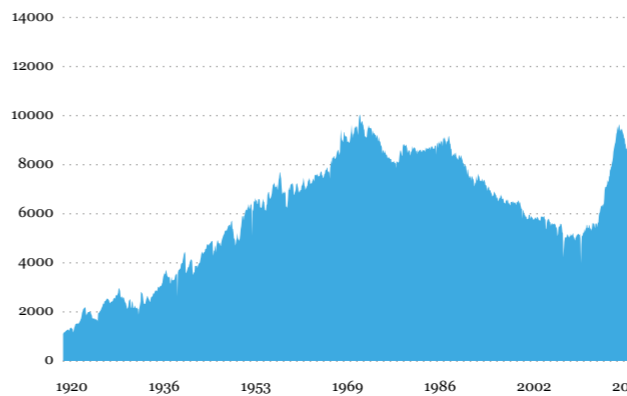
World oil demand, million barrels per day. Source: IEA

and services represent a smaller part of the incremental GDP. This impacts e.g. Norwegian shipping companies. Some would also take it to be a sign that globalisation is slowing down, although it might as well reflect changing demand structures.

Do note, however, that trade patterns are less of a yardstick than they used to be. Chinese figures provide an interesting example. On the one hand, China's share of global GDP probably overstates China's importance for growth in the rest of the world, simply because China is still a relatively closed economy. On the other hand, trade figures most likely understate its importance. While China's share of global GDP has roughly doubled in little more than 15 years, Chinese imports make up about 3 per cent of global GDP – practically unchanged over these 15 years.

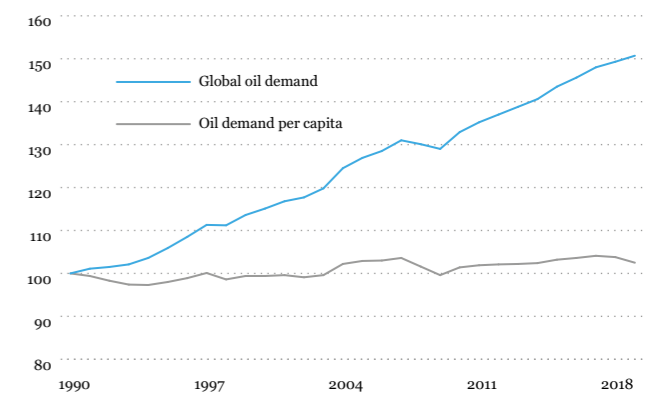
It is hardly worth disputing that China has grown in importance. What's missing here are e.g. logistics networks and – of particular

Another all-time high for US crude oil production ...



US field production of crude oil (thousand barrels per day). Source: US Energy Information Administration

Oil demand flat per capita



Indexed, 1990 = 100. Source: IEA, OPEC, World Bank, Countrymeters, Pareto

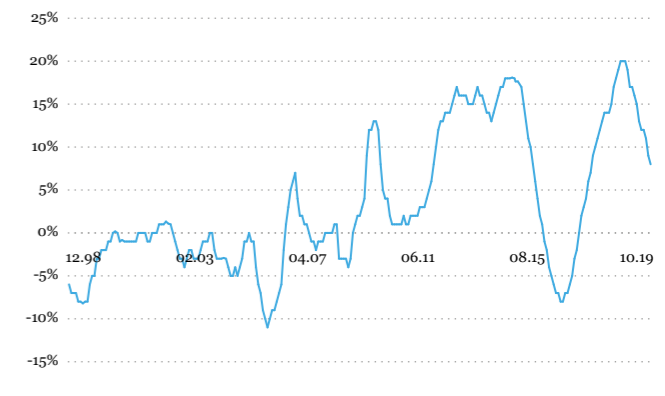
importance for the Norwegian economy – the impact of Chinese demand on prices of commodities like crude oil.

Increased energy efficiency

Investment-led growth in China has been a major factor in sustaining oil demand growth. Having peeked into 2020, we now know that global oil demand is more malleable than anyone had thought. In 2019, however, demand inched even closer to the 100 million barrels a day mark.

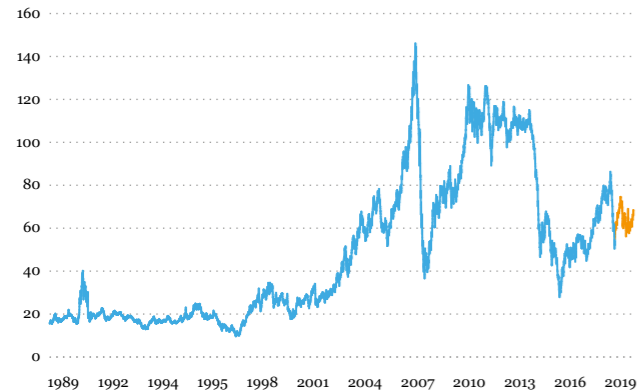
An interesting aside is that the demand growth belies the progress made in energy efficiency. Over the last three decades, global oil demand has risen by about 50 per cent, while global GDP has almost tripled. Per unit of GDP, then, oil demand is appreciably lower. Measured per capita, the demand curve is strikingly flat. Wealthier global citizens do not consume more oil than previous generations.

... but growth tapering off



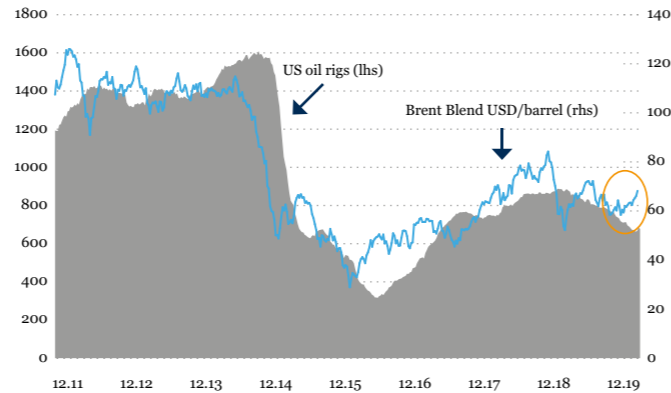
US crude oil production rolling six months, per cent change year on year. Source: US Energy Information Administration

Finding a new price interval?



Brent Blend for immediate delivery, USD per barrel. Source: FactSet

Responding to the oil price?



Source: Baker Hughes rig count.

Happy days not here again



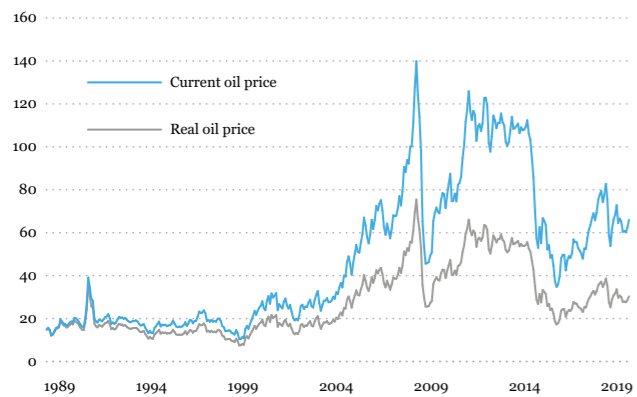
The OSE101010 Energy Equipment & Services index. Source: Oslo Børs

one revision to another, these numbers may be unrecognisably altered. As they now stand, prices in this industry fell by 65 per cent from Q1 2015 to Q2 2018 and then stood at pretty much the same level a year later. The following quarter apparently saw an increase of 23 per cent.

In the Norwegian stock market, the oil service index did indeed record an appreciation of about 30 per cent. However, at year-end, it was still at only 40 per cent of its pre-crisis levels.

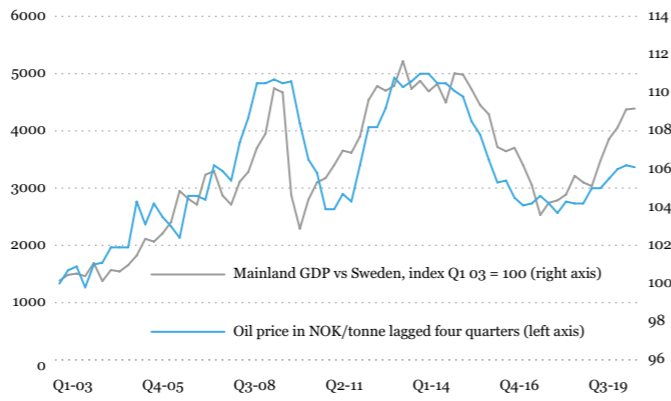
Incidentally, cost cuts at the oil exploration and production companies, having brought about tougher times for their suppliers, seemed to have peaked. For Equinor's activities on the Norwegian continental shelf, operating costs per barrel of oil equivalent actually reached an all-time high, at least when measured in Norwegian kroner.

Real oil price: \$30



Oil price (Brent Blend), current quotes and adjusted for American CPI. Source: FactSet, US Bureau of Labor Statistics, Pareto

Oil still firing the mainland economy?



when translated into an even weaker Norwegian currency. Calculations that span a couple of decades clearly indicate that even the mainland economy moves in tandem with the oil price, albeit with a lag of some four to five quarters.

Domestic GDP growth did not change much from the preceding year, however, and there was no resemblance of a boom in the oil service sector – although just that seemed to be the case in the official figures. According to the national accounts, the last quarter of 2019 was the best quarter ever in the oil service industry, followed by, yes, the preceding quarter. For anyone with but the faintest knowledge of the industry, it is indisputably clear that this was not the case.

Given the appreciating oil price, Norway's weak currency may seem puzzling. One likely conclusion, reinforced by succeeding events (the dramatic depreciation during the coronavirus crisis), is that exchange rate movements are driven primarily by capital flows rather than trade flows.

One obvious consequence, to the benefit of unitholders in our global funds, is that the NOK value of their units increases when the krone depreciates. This typically occurs in global bear markets or in times of market unease. Logically, then, unhedged global securities should provide excellent diversification for holders of otherwise domestic securities.

The problem, especially when dealing with segments of the economy, is finding the correct price adjustment data. From

This holds empirically as well. For unitholders in our domestic stock fund Pareto Aksje Norge, unhedged units in the stock fund Pareto Global provide better diversification than if these units

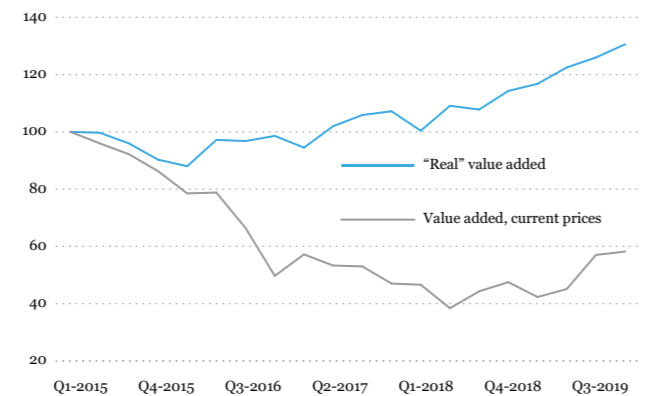
Historically, supply-side factors have been more important in determining the short-term path of the notoriously volatile oil price. In 2019, US crude oil production reached yet another all-time high, bringing the American market share to about 1/8 of global output.

Despite the fact that USA is neither a member of OPEC nor of the larger OPEC+ alliance, the country is clearly a central player in setting the oil price. This year, the price was fairly stable, wavering about 60 plus dollars per barrel, believed to be bounded by marginal profitability among American shale oil producers.

The best oil service quarter ever?!?

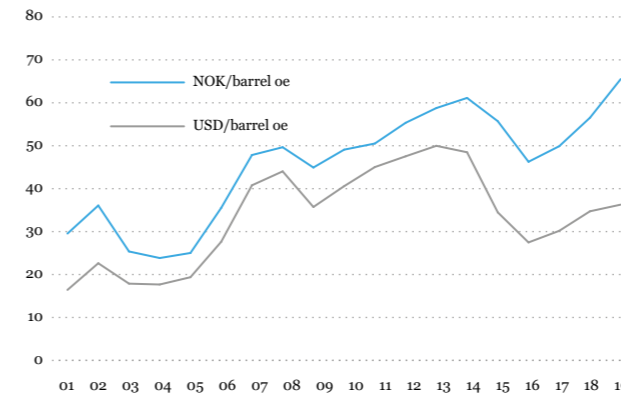
For the Norwegian economy, a somewhat stronger oil price should bolster activity both directly and indirectly, especially

Oil service on a roll??



Service activities incidental to oil and gas. Source: SSB, Pareto

Most expensive ever



Equinor in Norway, operating costs per barrel of oil equivalent. Source: Pareto Securities

NOK even softer



TWI, trade weighted effective krone exchange rate (reversed scale). Rising index values indicate a depreciating krone. Source: Norges Bank

were to be hedged. Mathematically, the correlation between the two funds would increase if the global stock fund were to be hedged, reducing the diversification effect.

Side effects of passive management

While on the topic of correlation, let's make a detour into the consequences of the spread of passive management. Towards the end of 2019, assets in US equity index funds surpassed assets in traditional active funds. Globally, including exchange-traded funds (ETFs), assets under passive management climbed above the \$11tn mark, according to the Financial Times. In terms of fund flows, the change was even more dramatic. Massive inflows into index funds were financed by large redemptions at active fund management companies, at least in the US.

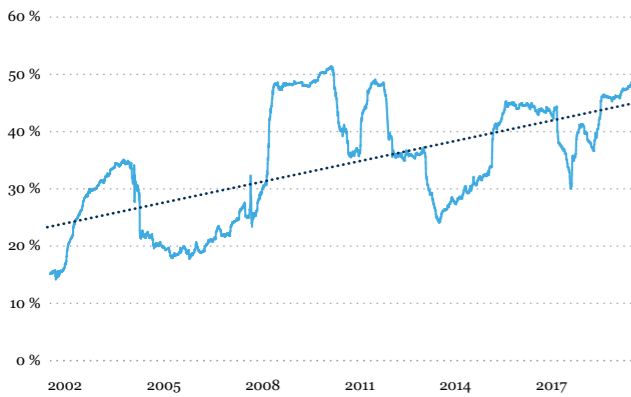
Couldn't care less?

Please do. In a sense, it's all about the price tag. In grocery stores, higher prices lead to lower volumes sold. In the stock market, it's not that straightforward. If you manage an index fund, you make no assessment whatsoever of the individual stocks and their prices. You just buy a given basket of stocks, weighted according to the reverse price tag principle – in the stock market, higher pricing translates into higher market values, i.e. higher index weights (unless of course other stocks appreciate even more).

There is a lot to be said for index funds, not least cost efficiencies. But if enough investors choose passive investment vehicles, who'll be bothered with making sure that price tags are not blown out of proportion?

A few months ago, the Swedish business daily Dagens Industri pointed out that Apple and Atlas Copco had a correlation this

Tango, anyone? Everyone?



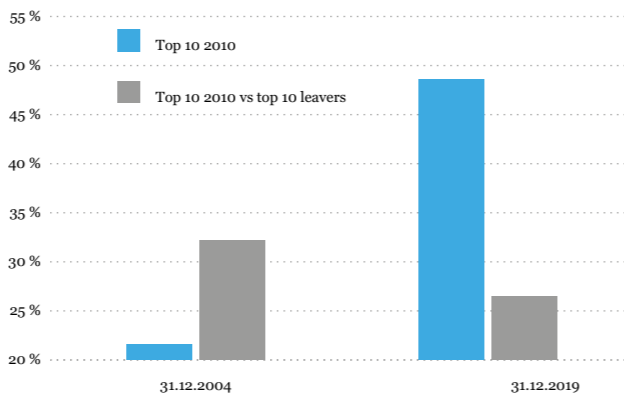
Average of pairwise daily return correlations current top 10 S&P 500 companies, trailing two years. Source: FactSet, Bloomberg, Pareto Asset Management

past year of 97 per cent (!). A bit of cheating there, as correlating prices for high-beta stocks is bound to reflect their exposure to the same underlying trends and cyclicalities. But do feel free to raise an eyebrow – there are some interesting forces at work here.

A more appropriate measure would be correlating returns, not prices. So, out of curiosity, I downloaded daily returns for the current top 10 stocks in the S&P 500, the top 10 stocks ten years ago and the 10 largest stocks back then which are no longer part of the index but still listed. On average, the top 10 make up about 1/5 of the total market cap and their share has been rising.

Well, would you know: The average correlation of today's index giants has been going up in leaps and bounds since the start of the millennium, rising from some 15 per cent in 2002 to almost 50 per cent over the past two years.

Pulling the leavers



Average of pairwise daily return correlations top S&P 500 companies, trailing two years. Source: FactSet, Bloomberg, Pareto Asset Management

In contrast, the correlation between the top 10 stocks at the end of 2009 and the top 10 leavers – companies that are no longer part of the index – has been falling. They don't move in tandem anymore.

It's fairly well established in financial research that betas tend to go up when stocks are included in an index and vice versa. A similar pattern might be expected for individual correlations, but it doesn't necessarily follow. During the second half of the last century, correlations were generally falling, perhaps due to individual stocks being better researched. In the mid 1990s, however, it seems the trend shifted.

Why? Most likely because increasing inflows into index funds and other passive investment vehicles are being invested in index

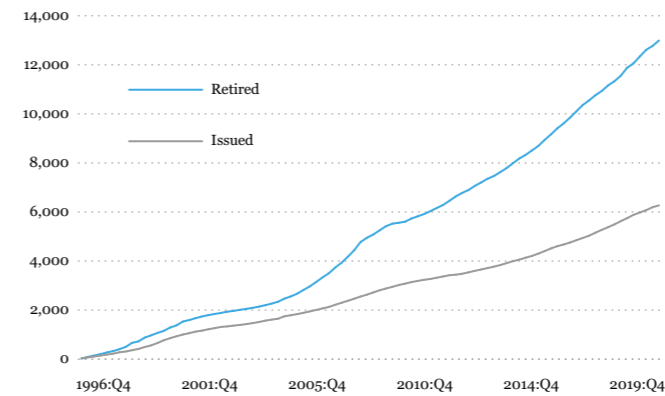
companies in proportion to their respective index weights. To the extent that net demand is being determined by index investors, these stocks are simply riding the same currents – amplified, perhaps, by algorithm trading.

A world of cheap capital

The above is a reminder that whatever subtle calculations we apply in order to be a bit wiser about financial markets, it really comes down to capital flows. Liquidity moves markets.

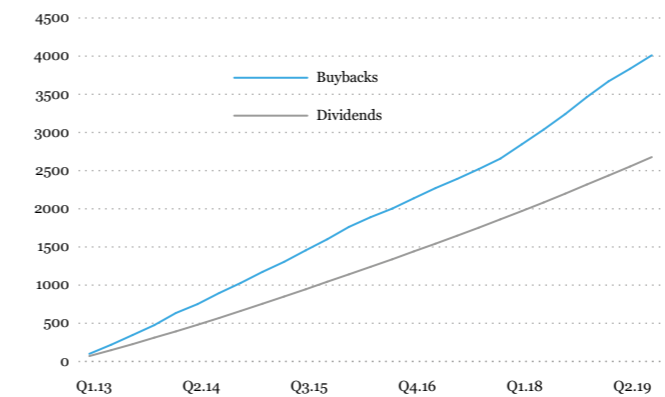
Towards the end of 1996, the US Federal Reserve started compiling data on the issuance of equity in US companies – and the opposite, i.e. cash retirement of equity through repurchases and mergers and acquisitions. A strikingly clear picture emerges from these data: Over the following years, US corporations have distributed a lot more money in buybacks, acquisitions and

Negative net issuance of equity



Issuance and retirement of equity in American corporations. Accumulated amounts in billion dollars. Source: Federal Reserve, Pareto Asset Management

Returning trillions to shareholders



S&P 500, billion dollars, accumulated figures. Source: Spindices.com, Pareto

mergers than they have collected through issuing new equity. A year ago, I noted that the difference – the negative net issuance – amounted to approximately 6,000 billion dollars. This time, only one year later, we can put the figure at 7,000 billion. And please note: Dividends are not included. Aggregated, they amount to more than 12,000 billion dollars.

Again, this represents a tremendous supply of liquidity that cannot possibly have failed to influence the price level of American stocks – and, indirectly, of stock markets around the world. In general, pricing is somewhat higher in the American stock market than in the European market. For the companies in question, this represents a lower cost of equity capital. As the cost of debt has fallen even more (recall the margin of safety for investors), these developments confirm the picture of a world with cheap capital.

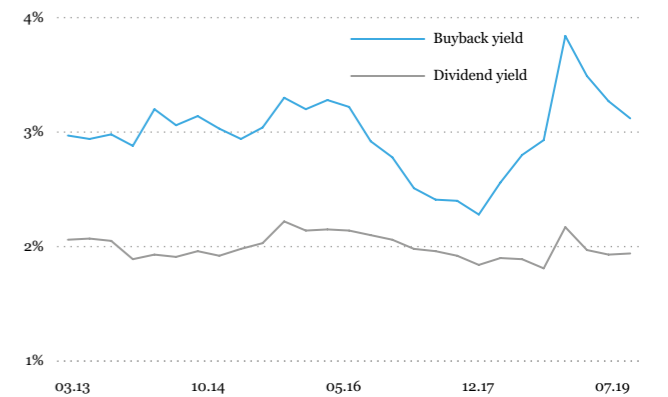
The buyback collapse

Just don't be fooled into thinking that there is in fact such a thing as a free lunch. Buybacks may lift stock prices and reduce the cost of equity, but the advantage is fleeting.

In November 2012, the S&P 500 Buyback Index was launched, an equal-weighted index of the top 100 stocks with the highest buyback ratios in the S&P 500. After back-testing information prior to the launch date, the index was set at 100 on 31 March 2010.

After less than five years, the buyback index had notched up a total return that was a full 43 percentage points ahead of its better-known cousin, the S&P 500. Over the next five years, their returns were more aligned, with the buyback index weaker in softer years and vice versa.

On the way down?



S&P 500, per cent. Source: Spindices.com

A history of optimism and resilience

Throughout its history, in good years and in bad, Pareto has continued to make progress and has never recorded a loss.

But then came the coronavirus.

Close to midway in April 2020, the S&P 500 has lost 14 per cent since the start of the year – whereas the buyback index has lost more than 26 per cent!

This may not tell you much about developments in 2019, but it certainly reveals a whole lot about the risk these companies carried. A fair conjecture is that buybacks increase returns up until leverage reaches a certain (unknown) threshold, above which they actually increase the cost of capital – potential or realised.

A case of a Roadrunner act?

Here, too, is an obvious caveat regarding my point that the ensuing market crash does not imply overpricing or overstretching in 2019. Risk is not only about the “known unknowns”, in the immortal words of former US Secretary of Defense Donald Rumsfeld. The coronavirus is an obvious case of “unknown unknowns” – things we didn’t know that we didn’t know. We do, however, need to pose the following question: Is this a kind of risk that warrants protective or precautionary action?

Here is a mirror image of sorts: The market holds many risks that fail to materialise, risks that we would nevertheless be well advised to handle. Sometimes, these risks don’t come into play because of a consensus that they are not worth the worry. Many commentators have likened the market to a classic cartoon scene best known from the actually very violent Roadrunner cartoons: The characters run off a cliff and keep running in thin air until they discover that there is nothing beneath them – whereupon they plunge to the ground. Financial markets may have crossed many ravines in this fashion, keeping risks from materialising.

There is, in other words, a symmetry of logic here: While a crash does not necessarily mean that the market was overstretched, a further appreciation is certainly no proof that there was no reason to worry. At any point in time, there are many possible outcomes.

We do know, however, that when the market crashes, it inevitably shoots back up again after some time. Not because of a general tendency to rebound; there is no inverse gravity involved here. What goes down, mustn’t necessarily go up. But companies that keep making money will inevitably generate profits for their shareholders and bondholders in the long run.

A cleverish adage has it that these are the four most expensive words in the financial markets: This time is different. You’re probably used to reading about these four words when the market sentiment is more upbeat. Keep in mind, though, that they might be every bit as expensive if they keep you from investing at a favourable point in time – provided this time isn’t different either. Is it?

The truth isn’t necessarily out there. It’s in the probabilities.

2019 in a nutshell

OSEBX	16.5%
S&P 500 return	31.5%
MSCI World net (USD)	27.7%
3-month NIBOR	from 1.27 to 1.84%
3-month STIBOR	from -0.13 to 0.149%
10-year Norwegian Treasury	from 1.79 to 1.55%
10-year Swedish Treasury	from 0.47 to 0.15%
10-year US Treasury	from 2.68 to 1.92%
Brent Blend	from USD 53.81 to USD 66.00
USD/NOK	from 8.69 to 8.78
EUR/NOK	from 9.95 to 9.86
GDP growth, global	2.9%
GDP growth, Norway	1.2%
GDP growth, Sweden	1.2%
GDP growth, Mainland Norway	2.3%

Sources: Oslo Børs, S&P Dow Jones Indices, MSCI, Norges Bank, FactSet, IMF, SSB, SCB, Riksbanken, Pareto.

The first Pareto company was founded on 9 December 1985. Since then, Pareto has not only recorded significant organic growth, but has also moved into new areas of business through acquisitions.

The table below summarises a rich history of innovation, growth and changing conditions, through market rises punctuated by intermittent financial crises. The figures in the table show that the company has developed a robust business model. Pareto has recorded a profit in every single year of its existence, with most

being retained within the company to fuel future growth.

At the same time, the parent company has succeeded in building financial strength and liquidity, giving the company strategically valuable freedom of action and the ability to seize new opportunities as they arise.

A substantial proportion of the company’s profits has been channelled to the employees and partners. Pareto’s success is predicated on its skilled and diligent personnel.

	Operating revenues	Profit for the year	Equity	Oslo Børs
1992	40	8	43	-10.0%
1993	90	23	31	64.8%
1994	82	15	37	7.1%
1995	83	22	59	11.6%
1996	160	50	101	32.1%
1997	364	115	170	31.5%
1998	232	46	239	-26.7%
1999	291	71	293	45.5%
2000	548	149	432	-1.7%
2001	507	79	466	-16.6%
2002	458	41	435	-31.1%
2003	517	139	541	48.4%
2004	964	239	725	38.4%
2005	2 044	681	1 412	40.5%
2006	3 277	1 099	2 049	32.4%
2007	3 470	1 126	2 931	11.5%
2008	1 755	2	2 801	-54.1%
2009	1 606	715	3 270	64.8%
2010	1 899	650	3 310	18.3%
2011	1 678	436	3 707	-12.5%
2012	1 869	536	4 147	15.4%
2013	2 485	940	4 970	23.6%
2014	2 512	895	5 908	5.0%
2015	2 038	1 032	5 845	5.9%
2016	1 940	742	6 387	12.1%
2017	2 719	1 071	7 334	19.1%
2018	2 857	662	1 433*	-1.8%
2019	3 010	401**	1 716	16.5%

Consolidated figures expressed in millions of Norwegian kroner. Oslo Børs stock market returns are based on the Benchmark Index linked backwards to the former Total Index.

* In 2018, Pareto AS demerged the company’s financial investments into the newly formed company, Pareto Invest AS.

** 2019 is the first whole year where the profit does not include gains and dividends related to the parent company’s financial portfolio. Thus profit for 2019 is not comparable to previous years.

Pareto Securities AS

Pareto Securities is an independent securities firm with a Nordic and global presence.

With 13 offices in ten countries, Pareto Securities raises equity and bond products for a wide range of industries in the international capital markets. In the shipping, seafood, energy and oil service industries the company has become a major global player. Pareto Securities is also leading in project financing and the syndication of real assets in the Nordics.

Brokerage and investment banking services backed up by in-depth research

Pareto Securities provides financial advisory services in connection with corporate financing, mergers and acquisitions (investment banking), project financing and the management of real assets, as well as equity, bond and currency broking services. We also offer rig broking and investment company management services through subsidiary companies.

The personnel in all our departments have first-hand knowledge of the industries and companies with which we work.

An international presence

Pareto Securities has offices in Norway, Sweden, Finland, Denmark, the United Kingdom, Germany, Switzerland, the United States, Australia and Singapore. The international presence secures our proximity both to the major capital centers of the world and to issuers within our core areas of expertise.

The combination of a local presence and a network of international investor contacts form the foundations for Pareto Securities' placement power in the equity and bond markets.

Equity and bond brokerage services

We provide equity and bond broking services from offices in Oslo, Stavanger, Stockholm, Malmö, Helsinki, Copenhagen, Frankfurt, Singapore and New York.

We offer investors a combination of:

- regular dialogue with research analysts and brokers
- visits by our research analysts
- local events with company management (road shows and conferences).

We also operate an efficient online trading system and provide securities financing.

Case-based research products

The bedrock of our research is thorough and detailed knowledge of and a long-term commitment to the industries we cover. Because of this approach, our research products have become valued by an international community of investors, on both the equity and the debt side.

Our equities research team consists of research analysts in Norway, Sweden and Germany. Our ability to service our

clients depends upon the research team having a thorough understanding of the industries in which they specialize. The findings of our research team are available to all of Pareto Securities' departments and all clients.

The focus of the research department has shifted towards case studies and away from the maintenance of analyses and company reporting. This has increased the relevance of the research products to investors.

Our credit research team is present in Norway, Sweden and Germany. This team monitors the credit markets where we have issued bonds and compiles credit reports on issuers.

Accurate credit reports ensure that corporate bonds are correctly priced and enable investors to base their investment decisions on sound information. Because credit analysis forms an integral part of the research product, our credit analysts work closely with equity analysts. First-hand knowledge of the ability of a company to raise debt capital is a prerequisite for understanding its chances of success on the stock market.

The research department also serves as a recruitment and training unit in which young talent is schooled in corporate research and finance. After a period of research work these recruits are given the opportunity to transfer to other departments in the same country or to spend time working in an office abroad.

Conferences and roadshows

An important aspect of our research work is arranging seminars and field trips for our investors. Every autumn, Pareto Securities hosts a two-day oil and offshore seminar in Oslo. This event is one of Europe's leading investment forums for oil and energy-related companies. The 2019 seminar attracted 1500 attendees – primarily international investors and representatives of the 120 companies making presentations.

Other events in 2019 included an energy seminar in Oslo that attracted over 400 attendees, the North Atlantic Seafood Forum in Bergen attended by 900 industry representatives, an E&P seminar in London that attracted 230 attendees and the Nordic bond seminar in Stockholm that attracted 500 attendees. We also had a Nordic bond day in Frankfurt with 140 attendees as well as gaming seminar in Stockholm with 180 attendees, property developer seminar in Stockholm with 100 attendees and health care conference in Stockholm that attracted some 350 attendees.

We regularly take issuer representatives to meet our clients in the United States, Asia and Europe. In addition, our research analysts frequently travel to clients to discuss new investment opportunities. Pareto Securities organized a total of 386 road shows in 2019.

A comprehensive range of investment banking services

Our investment banking department with a presence in Oslo, Stockholm, Helsinki, Copenhagen, London, Frankfurt, Zürich, New York, Houston, Perth and Singapore advise clients on raising equity and debt capital, exchange listings, equity placements, mergers/demergers, valuations and acquisitions/sales of businesses or companies.

The investment banking department is made up of people with broad management experience drawn from the industries we cover, consultancy businesses and the capital markets.

In the area of mergers, acquisitions and sales of businesses (M&A), our experienced advisors provide valuation, advisory and negotiating services to buyers and vendors alike. As in previous years, these services were much in demand in 2019, and a number of sales and acquisitions were consummated.

Shipping and Offshore

The Project Finance department has long experience of and extensive expertise in syndicating and managing shipping and offshore investment projects. Through our subsidiaries Pareto Business Management AS and Pareto Maritime Services AS, we manage a maritime portfolio of 44 vessels at year end. Our primary focus is on projects involving long-term charters and charterers of high repute, although we also arrange asset play projects.

In recent years, we have been the biggest facilitator in the Norwegian market for project financing in the shipping and offshore sectors, with a market share above 50 per cent for the last 5 years.

Real estate

With over 25 years of experience, we are a leading financial operator in the Nordic real estate market. We have extensive experience of providing corporate finance services and advice on major real estate transactions, including IPOs, M&A, purchases and syndications of real estate both in Norway and internationally. The department has established a major presence in the Swedish market. In 2019 we also completed a number of successful transactions in Denmark. The total value of the real estate portfolio is approximately NOK 50 billion.

Pareto Business Management

Our subsidiary Pareto Business Management AS (PBM) manages the operational and accounting functions of our real estate and shipping/offshore projects. Swedish and Danish subsidiaries provide corresponding services to project companies in their respective markets. PBM in Norway, Sweden and Denmark have management responsibilities for some 150 investment companies with a combined value of NOK 56 billion. PBM's team is made

up of experienced professionals with expertise in the areas of accountancy, financing, taxation, corporate law and technical management.

Pareto Offshore AS

Our subsidiary Pareto Offshore provides brokerage and advisory services to the global rig and drilling industry. The firm also undertakes valuations and market updates.

Currency operations

Currency operations form an integral part of our investment services.

Staff growth and recruitment

At the outset of the year, the personnel count was 478, compared with 446 at the end of the year. Of these, 52 per cent work outside Norway.

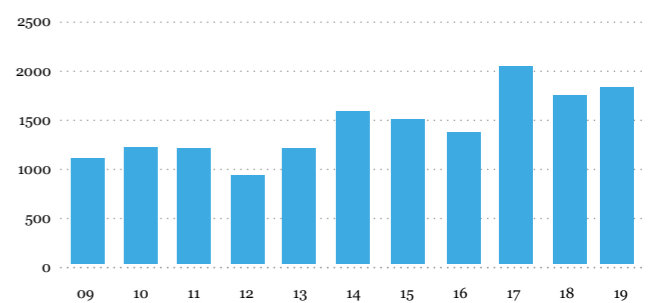
Pareto Securities recruits young talent, mainly through our graduate recruitment program which focuses on students from the best schools. The company offers new recruits a flat organizational structure, attractive incentive schemes and early responsibilities.

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Pareto Securities AS

Dronning Mauds gate 3
P.O. Box 1411 Vika
Oslo, Norway
Telephone: +47 22 87 87 00
Turnover 2019: NOK 1 790 million
Equity 2019: NOK 581 million
Number of employees: 446
CEO: Christian Jomaas
Christian.jomaas@paretosec.com
Chairman: Morten Goller
www.paretosec.com
www.paretosec.no

Operating revenues NOK million



Pareto Asset Management AS

Pareto Asset Management is an independent asset management boutique with a growing international presence as a Nordic specialist.

Pareto Asset Management acquired Stockholm-based Enter Fonder AB from the parent company Pareto AS on January 1st. Enter Fonder is an independent asset manager specialising in Swedish equities and fixed income. Including our offices in Stockholm and Frankfurt, the Pareto Asset Management group has 65 employees.

In 2019, our assets under management increased by 35 per cent to NOK 56 billion, through a combination of aggregate returns (NOK 6 billion) and substantial net fund flows (NOK 8 billion).

In particular, Pareto Nordic Corporate Bond caught the attention of Continental investors, increasing its AUM from NOK 4 billion to NOK 12 billion. Following our international sales expansion, primarily in fixed income, and the acquisition of Enter Fonder, almost half of our total AUM is now owned by foreign investors.

A new crossover bond fund, Pareto Nordic Cross Credit, was launched in November. With a few exceptions, like a Nordic investment universe and a sharper focus on sustainability, the investment mandate resembles that of Pareto Høyrente – which in March 2020 was merged into the new fund. Replicating the setup for Pareto Nordic Corporate Bond, two of the portfolio managers are based in Oslo and one in Stockholm, underscoring our Nordic specialist profile.

The in-house asset manager

Our services are directed at large and medium-sized enterprises in the private and public sectors, banks, insurance companies, pension schemes, trusts and foundations and high-net-worth individuals.

Taken as a whole, companies and personnel in the Pareto group constitute our biggest “client”, accounting for more than NOK 5.5 billion of the assets under management. Our willingness to invest extensively in our own products underscores our faith in our ability to invest wisely, our approach and our asset management philosophy. It also ensures that our interests are aligned with those of our clients.

An efficient asset management philosophy

Our investment philosophy can be summarised in five bullet points:

- We are active managers. Our aim is to generate an attractive risk-adjusted return. For mandates with benchmark indices, this means outperforming the index, which requires independent choices and deviating from the index by a wide margin. We are index-independent and have a high active share.

- We are company focused. Our concern is the individual security, bottom up, based on the properties of each company. In the case of fixed-income instruments, our returns are primarily harvested from the credit spreads rather than interest-rate risk.
- Our approach is fundamental. We look at specific aspects of the companies and their markets, such as business model, operations, profitability, return on equity and invested capital, management, strategic challenges and, obviously, pricing.
- Our approach is concentrated. Our portfolio contains a limited number of companies each of which we monitor closely and know well, in sum constituting a sensible portfolio. In fixed income, traditional diversification is more important.
- We have a long-term perspective. Sooner or later, good management, efficient operations and high value creation will be reflected in the price. From a sufficiently long-term perspective, the profitability of the company is more important than key figures at the time of purchase.

Sustainability

Across all asset classes and mandates, we place great emphasis on sustainability and integrating ESG considerations in our investment processes. This is a key consideration and a fundamental part of our asset management.

Pareto Global Corporate Bond was the first fixed income fund in Sweden and Norway to receive the Nordic Swan Ecolabel. Enter Fonder, where this has long been a flagship issue, publishes four sustainability reports a year, describing how exclusions are made and how sustainability risk is included into the investment processes. Pareto Asset Management publishes two semiannual reports on responsible investments.

Strong long-term excess returns

All our equity products have recorded excess returns relative to their respective benchmark indices or markets since inception or change of manager. This includes our daughter company Enter Fonder.

Our very first product, discretionary management of Norwegian equities, now has a track record of more than 24 years. Over these years, an average annual return of 13.0% has compounded to a total return of 1874%, delivering an excess return of 3.8 percentage points annually and – through

the powerful force of compounding – a total excess return of 1112 percentage points.

Combined, this discretionary management and the related equity fund Pareto Aksje Norge constitute a portfolio of NOK 10.9 billion. In 2019, these mandates recorded double-digit NOK returns, but failed to beat their benchmarks. Returns were better in our other Norwegian stock fund, Pareto Investment Fund, which managed to beat its benchmark index after a remarkably strong finish to the year.

For Pareto Global, all share classes beat the benchmark in 2019, delivering upwards of 30 per cent to its unitholders.

Our top 2019 return was recorded by Enter Småbolagsfond, a small-cap stock fund, which returned a full 49 per cent to its unitholders.

Longer-term, the Swedish stock fund Enter Select Pro has returned a total of 586 per cent since its inception in 2004, as against 486 per cent for the comparable SIXPRX index (corresponding to a compound return of 12.9 and 11.8 per cent, respectively).

In fixed income, our focus has been on controlling risk through diversification, balancing maturities and not least thorough credit analysis. Nevertheless, Pareto Nordic Corporate Bond delivered an absolute return in NOK of 6.9 to 7.5 per cent, or in EUR 5.4 to 5.6 per cent, depending on the capital invested.

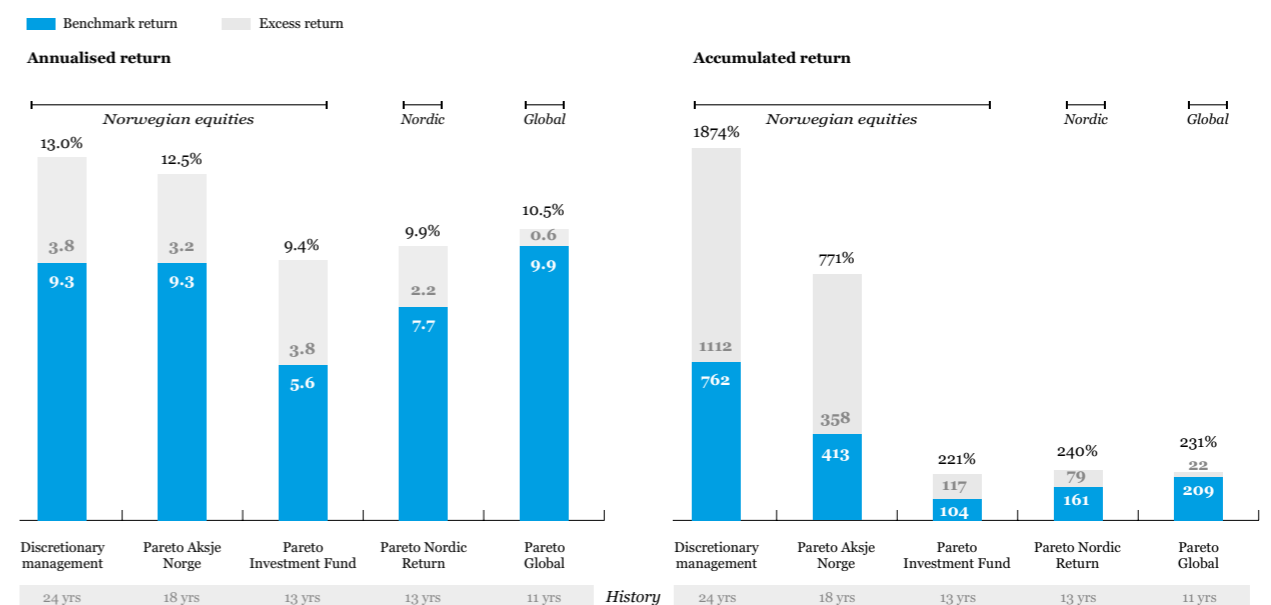
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Pareto Asset Management AS

Dronning Mauds gate 3
P.O. Box 1810 Vika
0123 OSLO, Norway
Telephone: +47 22 87 87 00
Turnover 2019: NOK 404 million
Equity 2019: NOK 38 million
Number of employees: 65
CEO: Lasse Ruud
Lasse.Ruud@paretoam.com
Chairman: Cathrine Lofterød Fegth
paretoam.com

Our five equity mandates

From inception/change of manager as of 31.12.19



All returns are net calculations based on a 0.5% annual management fee. Discretionary management of Norwegian equities from 31.08.95, Pareto Aksje Norge I (Norwegian equities) from 05.09.01, Pareto Investment Fund C (Norwegian equities) and Pareto Nordic Return C (Nordic hybrid fund) from 01.01.07, Pareto Nordic Equity from 01.07.13 (simulated net returns from 30 June 2013 to 31 October 2018 based on the historical gross performance of the equity portfolio in the hybrid fund Pareto Nordic Return (established in 1987) adjusted with a management fee for unit class I), and Pareto Global (global equities) from 01.01.08. Benchmark indices are OSEBX, OSEFX, OSEFV, VINX and MSCI World. While Pareto Nordic Return is a Nordic hybrid fund that does not have a benchmark, the return is nevertheless compared to the Nordic equity benchmark VINX. Historical returns are no guarantee for future returns.

Pareto Alternative Investment AS

Pareto Alternative Investment AS (PAI) is an independent alternative investments fund manager (AIFM). PAI focuses on illiquid investments in real assets across industries including real estate, infrastructure, shipping, offshore /oil services and renewables. At yearend, PAI had assets under management totalling NOK 18.6 billion.

The company was founded in 2015. Nevertheless, the business conducted by the firm has a long history in the Pareto group. The primary investment goal is to generate attractive returns through long-term and stable cash flows. The products offered by PAI are comprised of either equity or debt investments.

2019 proved to be a satisfactory year for the firm, with an increase in assets under management and good returns in most funds and discretionary mandates. Net revenues recorded by the company in 2019 amounted to NOK 49 million, down from NOK 53 million in 2018.

The company had a total of ten employees at yearend, one of whom works in the company's branch office in Stockholm.

Customers and sales

PAI has maintained its focus on Norwegian institutional investors in recent years. In total, this group of clients accounts for among 95 per cent of the equity managed by the firm. Typical customers include public and private pension funds, life assurance and insurance companies. All funds and mandates are sold directly by the firm's managers. PAI's ambition is to expand its client base over the coming years, not only by growing the individual client segments but also by expanding its presence in the other Nordic countries.

Returns

Expected returns will depend to a considerable degree on the investment profiles of the fund/mandate and accordingly returns vary widely from product to product. PAI manages funds that invest in both leveraged and unleveraged project companies, as well as more conservative debt mandates and a debt mandate in infrastructure. In recent years, returns on investments have been good, especially within real estate, PAI's most important sector.

In 2019, Pareto Eiendomsinvest Nordic AS, which invests in leveraged real estate companies, delivered a return of 11.8 per cent, whereas the unleveraged real estate funds Pareto Eiendomsfelleskap IS and Pareto Eiendomsfelleskap II IS delivered returns of 7.4 per cent and 7.9 per cent, respectively.

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Pareto Alternative Investments AS

Dronning Mauds gate 3
P.O. Box 1396 Vika
0114 Oslo, Norway
Telephone: +47 22 87 87 00
Turnover 2019: NOK 49 million
Equity 2019: NOK 27 million
Number of employees: 10
CEO: Johan Anker-Rasch
johan.anker-rasch@pareto.no
Chairman: Sigurd Opedal
www.paretoai.no

Pareto Wealth Management AS

The company aspires to be in the vanguard of the investment advisory and wealth management sector in Norway.

Steering a steady course

Over the last several years, Pareto Wealth Management AS has matured into a bigger, more clearly defined operator with even greater expertise in our area of business. Our primary product is investment advice on the selection and composition of mutual fund portfolios. In 2019 the product offering was expanded with discretionary mandates. This has made a significant contribution to company's development and further business opportunities.

2019 was a good year for our customers and their portfolio values. Both fixed income and equity investments recorded good returns in 2019.

Overall client funds placed in mutual fund portfolios increased by approximately NOK 1.3 billion. Assets under management in our new discretionary mandates ended the year at about NOK 10.5 billion. Total assets under management at year end stood at NOK 18.3 billion.

The primary target groups for the firm's products – high-net-worth individuals, corporations and institutions – are followed up by dedicated investment advisors. A large proportion of the firm's personnel work as advisors.

Strategy

Pareto Wealth Management remains true to its strategy of building solid and long-term portfolios for its clients. In addition, the firm offers individual products and investment projects to a smaller selection of clients more involved in managing their own portfolios. The company's recurring portfolio revenues account for close to 95 per cent of overall income, covering all fixed expenses. This approach ensures that the long-term interests of the clients and the company are closely aligned.

A substantial portion of our clients' capital is placed in Norwegian and international mutual funds through the firm's carefully selected strategic portfolios or in the form of independent fund solutions. The company also builds bespoke products to suit the needs of larger investors.

We offer a wide range of investment products from external suppliers, both in and outside Norway. We also work with other Pareto companies in order to take full advantage of the group's expertise, products and steadily expanding network. This enables us to build a well-balanced investment portfolio for each client, ensuring that Pareto's own products are benchmarked to the competition. Our goal is that the client should always receive the best products available, irrespective of supplier.

The watchwords on the personnel side are expertise and focus. Our employees should be known for having professional expertise in their individual fields, building the loyalty and trust of our clients from the sound investment advice and expertise that we provide. Achieving this requires more than just skilled people: systems and solutions facilitating prudent decisions for the benefit of the client must also be in place.

Our efforts will always be directed at enhancing the quality of our advice and products. Our aim is that the quality of the advisory services and products offered will enhance returns on client funds, thus providing higher earnings for the company.

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Pareto Wealth Management AS

Dronning Mauds gate 1
P.O. Box 1418 Vika
0115 Oslo, Norway
Telephone: +47 23 23 99 00
Turnover 2019: NOK 61.5 million
Equity 2019: NOK 22 million
Number of employees: 30
CEO: Rune Wassum
rune.wassum@pareto.no
Chairman: Åsmund Skår
pwm.pareto.no

Pareto Shipbrokers AS

Pareto Shipbrokers AS (PSAS) offers global brokerage services in the offshore, renewables and telecom markets, serving a wide range of shipowners, charterers, shipyards and operators worldwide. The company operates from three locations – Kristiansand, Norway, Guildford, England and Aberdeen, Scotland.

PSAS' history dates back to 1912, when the company started out in the lumber and shipbroking business. The company played a central role in establishing and building up many shipping companies in southern Norway in the late 1920s and 1930s. Until the 1980s, the company mainly acted as an exclusive broker for shipping companies located in southern Norway for chartering, contracting newbuilds, and buying and selling tonnage. The company has an unbroken history of shipbroking extending back 108 years. In 2006, the company joined the Pareto group.

The offshore department was established in the mid-1970s, when the supply vessel sector started to expand. The offshore brokerage business has increased significantly since the 1990's, which has established PSAS as a market leader in this sector.

The core business is brokering of vessel charter contracts between the vessel owners and the clients, oil companies and renewable companies. Contracts can typically range from a few days to several years. The offshore vessel contracts are predominantly capable advanced vessels. Lately the offshore wind energy sector is becoming a significant part of the business. This includes brokering of maintenance and support vessels, crew change vessels and various service vessels. The accommodation sector has proven to be resilient and has remained active. Brokering of newbuilds vessel projects, has been and remain an important part of PSAS's business even in the current challenging market. Sale and purchase of vessels, new and used, as well as valuation of individual vessels and fleets are also contributing business areas.

The company is represented in the UK by Pareto Shipbrokers Ltd, a wholly owned subsidiary which is headquartered in Guildford outside of London, with a subsidiary office in Aberdeen. The UK business primarily comprises the broking of offshore units for the oil and gas industry and for the renewable energy sector. Acquisitions and sales of vessels and equipment of all types within the primary area of business also make up an important part of the business concept.

Over the years, PSAS has developed extensive expertise in specification analysis and design of future supply vessels and special units for offshore operations. Working in collaboration with marine architects, designers and shipowners, the PSAS has been involved in a range of new vessel projects and contracted a number of newbuilds.

Collaboration

As part of the Pareto group, collaborating with other subsidiaries, PSAS is able to offer package solutions that include buying and selling, full financing of equity and debt, as well as securing employment for vessels and rigs. In addition, PSAS is working closely with international brokers in other regions of the world, enabling PSAS to provide a complete global vessel broker service.

The combined strengths of the PSAS companies make it a significant player in the offshore broking business.

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Pareto Shipbrokers AS

Dronningens gate 3
4610 Kristiansand, Norway
Telephone: +47 38 12 31 11
Turnover 2019: NOK 60 million
Equity 2019: NOK 24 million
Number of employees: 28
CEO: Karsten Christensen
karsten@paretoship.no
Chairman: John G. Bernander
www.paretoship.com

Pareto Bassøe Shipbrokers AS

Pareto Bassøe Shipbrokers comprises tanker brokers P.F. Bassøe AS and dry cargo brokers Pareto Dry Cargo AS.

P.F. Bassøe AS

The main business of shipbrokers P.F. Bassøe is tanker chartering. Our services are rooted in our comprehensive knowledge of the markets in which we operate, and our aim is to deliver added value to our clients by providing accurate and timely information, a high level of service, reliability and creativity. We offer chartering services in most tanker segments. Our client base is international, consisting of shipowners, international oil companies and oil traders.

With clients in all time zones, a substantial part of our work involves ensuring that they are informed of market developments at all times. We also place great importance on monitoring transport assignments after the commercial terms have been agreed. Our operations department is staffed by a highly professional team with experience of working both at sea and in shipowning companies.

In addition to standard chartering services we undertake project-oriented work on long-term charters and freight contracts, as well as customising solutions to the specific requirements of individual clients.

Market research is an essential support service for our clients and for our own brokers. This work involves continuous market monitoring, projections, and in-depth studies of segments and trends within our markets.

Pareto Dry Cargo AS

Pareto Dry Cargo maintains a global network of shipowners and industrial clients. We have a solid foothold in the dry bulk chartering business, with a particular focus on Ultramax, Supramax and Handysize tonnage. In addition to working actively in the spot market, our brokers focus on long-term freight contracts and charters. The company also works closely with industrial clients in the aluminium, cement and grain industries. Project and advisory services are also available.

P.F. Bassøe AS

Dronning Mauds gate 3
P.O. Box 1723 Vika
0121 Oslo, Norway
Telephone: +47 24 02 81 80
Turnover 2019: NOK 7 million
Equity 2019: NOK 4 million
Number of employees: 3
CEO: Bjørn Erik Løkken
crude@pfbassoe.no
Chairman: Åsmund Skår
www.pareto.no

Pareto Dry Cargo AS

Dronning Mauds gate 3
P.O. Box 1411 Vika
0115 Oslo, Norway
Telephone: +47 24 02 81 90
Turnover 2019: NOK 23 million
Equity 2019: NOK 3 million
Number of employees: 7
CEO: Hans Martin Lie
dry@pareto.no
Chairman: Åsmund Skår
www.pareto.no

Pareto Forsikringsmegling AS

Pareto Forsikringsmegling AS is an independent advisor and insurance broker offering bespoke non-life, life and pension insurance solutions and general insurance advice. Annually, we purchase insurance cover worth over NOK 1.5 billion kroner on behalf of our clients.

Insurance brokerage and advisory services

Pareto Forsikringsmegling offers brokerage and advisory services within non-marine insurance. Our clients are large and medium-sized enterprises in the private and public sectors. In addition, we offer group cover products (affinity) for non-profit organizations, as well as product insurance for the products and services offered by companies.

Drawing on in-depth risk analysis and industry knowledge, we advise our clients on the structure of the risk associated with their business and what we consider to be the correct level of cover. Based on this analysis, we draw up a general policy on insurance and an optimum insurance program.

At the reporting date, the company has 30 employees: 25 in Oslo and 5 in Kristiansand. All our personnel have extensive experience and a high level of expertise in their respective specialist fields. Pareto Forsikringsmegling is a member of the GBN Worldwide network of independent insurance brokers.

Non-life insurance

As a result of the current hardened market, major insurance companies are increasing their commercial insurance pricing. It is therefore important for us to be active in the market in order to limit cost increases for our clients. Major international companies and smaller niche operators continue to gain market share from the large established Norwegian insurance companies.

The primary concern of our non-life department is that our clients have the appropriate level of cover. We use risk and vulnerability analyses to alert our clients and make them aware of areas of risk to their property, vehicles, liability and consequential loss. The insurance cover taken out by our brokers on behalf of clients is largely provided by A-rated insurers. As a result, our clients can be confident that the insurers will have the willingness and ability to meet their obligations in the event of a claim.

Pension and life insurance

The life and pension department arrange group life and pension insurance cover in cooperation with clients and their employees. The life and pension insurance market is currently characterized

by increased premium costs. We therefore need to actively use our bargaining power with providers in order to avoid cost increases for our clients. The market is well-functioning with effective competition, and through our work for clients we make it possible for them to secure more favorable terms. Although there are a number of semi-public organizations that still have defined benefit pension schemes, there are fewer projects to replace these with defined contribution pension schemes.

Damage prevention

As part of our overall range of services, Pareto Forsikringsmegling offers advice on damage prevention. On request, we can act as a collaboration partner in connection with risk analysis and evaluation, as well as define assessment measures to improve risk economy. This allows us to reduce risk, claims frequency and secure optimum premium pricing for insurance solutions. Our damage-prevention concept involves both general advice and services specifically related to life and pension insurance and non-life insurance. Our damage-prevention advice encompasses risk assessment and damage prevention analyses related to risk management, safety culture and preparedness.

Pareto Forsikringsmegling AS

Dronning Mauds gate 3
P.O. Box 1527 Vika
0117 Oslo, Norway
Telephone: +47 22 87 87 00
Turnover 2019: NOK 70 million
Equity 2019: NOK 26 million
Number of employees: 30
CEO: Vegard Mjelva Finsæther
vmf@pareto.no
Chairman: Petter W. Borg
www.pareto.no

Eiendomsmegler Krogsveen AS

Real estate broker Krogsveen AS (Krogsveen) has, since its founding in 1975, primarily operated as an intermediary of residential real estate in the Norwegian market. In recent years, Krogsveen has sold between 7 500 and 8 500 homes and vacation homes annually worth NOK 30 to 35 billion a year.

History

Krogsveen has a history that can be traced back to 1975, when Gunnar Krogsveen established his first agent office in Bærum. In 2005, Danske Bank acquired the company from key employees. After more than twelve years of growth and healthy economic development as part of the Danske Bank Group, the company was acquired by Pareto AS in the first quarter of 2018.

Krogsveen has been a leading innovator in the Norwegian real estate market. Consumers associate Krogsveen with security and trust. Brand surveys rate the company highly for “strong experience and expertise” and indicate the company is perceived as the real estate specialist. The green Krogsveen color has great brand recognition value, and the market surveys indicate that the company has attractive housing ads.

Krogsveen has always given priority to providing unique experiences to its customers. In two out of the three past years the company has ranked highest in customer satisfaction among real estate agents in the Norwegian Customer Barometer. Through the company’s focus on sound advice and personal service for people who are in market for housing – right from the very first inquiry for a new home through to handing over the keys – a valued relationship is created based on mutual trust. The Krogsveen housing search engine has been an important service that has differentiated the company from its competitors.

Business today

The company currently has 384 employees, most of whom work at one of the company’s 52 brokerage offices. The organisation has separate departments for settlement, finance, market, trade and IT, all located in the company’s headquarters at Fornebu in Bærum county.

Krogsveen’s primary geographic market is Eastern Norway with 40 offices, 15 of which are located in Oslo. Additionally, the company has strong market positions in Western Norway, including the three largest cities Bergen, Stavanger and Ålesund. Furthermore, a brokerage office was established in Trondheim at the end of 2018. Krogsveen has a 7.5 per cent share of all sales

in the residential resale market. The company ranks the fourth largest broker chain in Norway.

The main business is brokerage of resale homes and leisure properties. Krogsveen facilitates sales of new developments of single family homes and condominiums.

In recent years, the company has expanded its service range to include rentals which operates through a separate company – Utleiemegler Krogsveen AS. This operates from four offices co-located with the sales brokerage business.

Eiendomsmegler Krogsveen

Martin Linges vei 17
P.O.Box 1 Fornebu
Norway
Telephone: +47 67 52 95 50
Turnover 2019: NOK 565 million
Equity 2019: NOK 181 million
Number of employees: 384
CEO: Stian Kløfta
Stian.klofta@krogsveen.no
Chairman: Leif J. Laugen
www.krogsveen.no

Pareto Bank ASA

Norway's leading project bank

Pareto Bank is a specialized commercial bank that focuses on medium-sized Norwegian enterprises. Its business is concentrated around real estate financing, corporate financing and financing of shipping and offshore. The bank is a central player in financing of real estate development in Southeastern Norway. In addition, the bank offers deposits and banking services to retail and corporate customers.

Outlook

Pareto Bank's primary ambition is to delivery high profitability to its shareholders. Its long-term ambition is to deliver a return on equity of 15 per cent. Pareto Bank plans on meeting this ambition through operational efficiency, a strong focus on profitability and by prioritizing credit quality over growth.

It is clear that 2020 will be different than expected due to the outbreak of Covid-19. A strong and supportive culture has ensured a motivated team that has performed impressively despite highly challenging circumstances. A review of all credit commitments with focus on liquidity and short-term measures has provided a good understanding of challenges in the short run. Credit quality is secured through thoroughness, close customer relationships and a strong credit culture. Liquidity is robust and the bank has a strong capital position with a leverage ratio of 16.5 per cent. The long-term financial ambition of 15 per cent return on equity will be set aside in 2020, as profitability will probably be affected by higher impairments due to Covid-19. Taking care of existing customers and employees as well as maintaining credit quality will be priorities going forward.

Operations in 2019

Pareto Bank had record-high post-tax profits in 2019 of NOK 397.6 million (NOK 330.8 million in 2018). The bank's profits corresponded to a return on equity of 14.3 per cent (15.0 per cent). The bank raised NOK 400 million of equity capital in a private placement in June of 2019.

Lending growth was high, and the bank maintained a healthy net interest rate margin during a period of interest rate hikes. This contributed to a record-high net interest income of NOK 680.5 million (NOK 554.4 million). Other income contributed NOK 11.8 million (NOK 8.8 million), for a total income of NOK 692.3 million (NOK 563.2 million).

Total operational costs amounted to NOK 138.0 million (NOK 119.9 million) in 2019. This corresponded to a cost/income ratio of 19.9 per cent (21.3 per cent).

Impairments amounted to NOK 29.7 million (NOK 4.6 million), corresponding to 0.24 per cent of net lending by yearend.

As at the end of 2019 the bank held total assets of NOK 17.5 billion (NOK 15.6 billion). Lending grew by NOK 1.5 billion (NOK 2.2 billion), primarily within real estate and corporate financing. Deposits increased from NOK 7.6 billion in 2018 to NOK 8.1 billion in 2019. The bank has financed its lending growth through a combination of deposits and senior market debt.

The common equity Tier 1 capital ratio at yearend 2019 was 17.4 per cent (16.1 per cent), exceeding the bank's CET1 minimum requirement of 15.7 per cent.

The Board of Directors had proposed a dividend of NOK 2.80 per share for 2019 at the time of publication of Pareto Bank's annual report. The Board later changed its proposal following a request from the Norwegian FSA and proposed to delay the distribution of dividend for 2019. The AGM has further authorized the Board to pay a dividend of up to NOK 2.80 per share at a later time, and no later than the next ordinary AGM in 2021. The common equity Tier 1 capital ratio would increase to 18.6 per cent with no dividend payout for 2019.

Pareto Bank ASA is listed on the Oslo Stock Exchange.

The largest shareholders of Pareto Bank as of 31 December 2019:

Name	Stake
Pareto AS	19.2%
AF Capital Management AS	8.4%
Hjellegerde Invest AS	3.7%
Tycoon Industrier AS	3.7%
K11 Investor AS	3.7%
Rune Bentsen AS	3.7%

Senior staff of Pareto Bank ASA hold a total of 1.0 per cent of the shares.

Pareto Bank ASA

Dronning Mauds gate 3
P.O. Box 1823 Vika
0123 Oslo, Norway
Telephone: +47 24 02 81 20
Total assets 2019: NOK 17 511 million
Equity 2019: NOK 3 257 million
Number of employees: 47
CEO: Tiril Haug Villum
tiril.villum@paretobank.no
Chairman: Åsmund Skår
www.paretobank.no

Financial Statements 2019

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The Directors' report

Our business objectives

We want to further develop and strengthen Pareto as a financially sound and profitable group of highly focused and independent business units. Our work shall be based on high ethical standards and professionalism, respect and trust of the company's employees, clients, competitors and the public authorities.

Operations

The company's business comprises financial advisory services, brokerage in the field of securities, ships, rigs, real estate and insurance, as well as project financing and asset management. The group's business activities are primarily conducted through operating companies Pareto Securities AS and its subsidiaries, Pareto Asset Management AS and its subsidiary Enter Fonder AB, Pareto Alternative Investments AS, Pareto Wealth Management AS, Pareto Shipbrokers AS, Pareto Bassøe Shipbrokers AS, Pareto Forsikringsmegling AS and Eiendomsmegler Krogsveen AS. Pareto AS is the parent company of the group. Pareto's head office is located in Oslo and the subsidiaries have offices in Stavanger, Trondheim, Kristiansand, Stockholm, Malmö, Helsinki, Copenhagen, London, Aberdeen, Frankfurt, Zürich, Singapore, Perth, New York and Houston.

Earnings

Developments in the securities markets have a significant impact, directly and indirectly, on Pareto's income statement. Last year's overall strong markets gave a positive impulse to the operations of the group, and the income statement must be described as very satisfactory, both for the group as a whole and for the majority of its business activities.

Group operating revenues in 2019 amounted to NOK 3 010 million, compared with NOK 2 857 million in 2018. Operating profit was NOK 569 million, NOK 674 million in 2018. Pre-tax profit totalled NOK 534 million, NOK 923 million in 2018. Profit after tax amounted to NOK 401 million in 2019, versus NOK 662 million in 2018.

Results for 2019 are not directly comparable with the profits for 2018. Pre-tax profit in 2018 included gains and dividends of NOK 292 million related to the parent company's financial portfolio. In order to more clearly distinguish operations from pure financial investments, the financial portfolio was demerged into a company outside the group, Pareto Invest AS. The demerger took effect on 1 September 2018. Furthermore, in 2019, non-recurring costs of about NOK 211 million was booked related to Pareto Securities' restructuring of its Frankfurt branch and legal disputes.

Adjusted for the demerger of the financial portfolio and non-recurring costs, operating profit was up 16% and pre-tax profit was up 18% compared to the previous year.

The financial strength and liquidity of the group are good. Book equity at yearend stood at NOK 1 716 million. Bank deposits totalled NOK 1 654 million. The group has a very low level of interest-bearing debt.

The parent company's after-tax profit is NOK 268 million, NOK 493 million in 2018. At yearend, equity in the parent company amounts to NOK 1 383 million, up from NOK 1 118 million in 2018.

Pareto's decentralised operating model once again played its part in fostering engagement and commitment among our partners and employees, and in ensuring that attention was focused on maintaining high client activity, sensible cost levels and low risk.

The Board of Directors is very satisfied with the performance of the subsidiaries and will continue the long-term investment strategy of the parent company. Distributions received from the subsidiaries will be applied in the development of new ventures under the group's own umbrella or invested in other well-run companies, primarily in the form of equities.

Pareto's strategy

Pareto's strategy is to be a leading, independent Nordic investment company in which the individual subsidiary has a decentralised and focused strategy.

Although priority is given to organic growth and the development of in-house expertise, acquisitions and mergers will be considered if they serve to develop and complement the company and extend the product range. Pareto will cooperate with other companies if appropriate and whenever doing so will offer our clients the best product.

Pareto's aim is to be a preferred provider of financial services, reflecting the company's thorough and detailed knowledge of social conditions, industries and individual companies. The Directors believe that, based on the group's proven ability to adapt and change, Pareto still has considerable potential for improvement and growth. One example of this is provided by the way in which Pareto has used its core expertise in selected industries as a platform for international expansion.

Outlook

In addition to the company's own efforts and development, Pareto's earnings are affected by the general levels of activity in the financial markets.

After the balance sheet date, the outbreak and rapid geographical expansion of the coronavirus disease (COVID-19) has created turbulence and uncertainty in the global financial markets and economy, as well as a dramatic depreciation in the oil price.

Even though the group has built sources of income that offer a greater level of stability and has expanded internationally, we remain vulnerable to major, long-term fluctuations in the oil price and to the development of the Scandinavian economies in general.

While fully aware of these challenges, the Directors have a fundamentally optimistic outlook and take a positive view of Pareto's prospects, not only in the coming year but also in the longer term. Pareto has a modest cost structure and a sound balance sheet and is thus well equipped to tackle challenges in the market. The effects related to COVID-19 are further described in note 17.

Key risk factors and other matters

The group is exposed to market-related risks in respect of own account holdings in securities, counterparty risk, settlement risk and foreign currency risk. The financial market risk relating to the business of the subsidiaries is managed according to the rules of the Companies Act, the Securities Trading Act, the Securities Funds Act and the Risk Management and Internal Control Regulations issued by Finanstilsynet (The Financial Supervisory Authority of Norway).

The working environment in the companies of the group is good and it has not been necessary to put in place special measures of any kind. The level of absence due to sickness in the group is low and no injuries or accidents were reported during the reporting year. The group practises equality of opportunity between men and women. In its recruitment policy the company makes a deliberate effort to attract the ablest candidates without discriminating on the basis of gender, ethnicity or other factors.

The company is not involved in research and development activities. The company's operations are not such that they pollute the external environment.

The Annual Report and Accounts are rendered on the going-concern assumption, which assumption still applies. The Directors consider that the accounts give a true picture of the Pareto group's assets and liabilities, its financial situation and profits.

The Directors wish to thank our employees for their excellent work in the past year and the group's clients for the trust they have continued to place in us.

Oslo, 13 May 2020

<i>sign.</i>	<i>sign.</i>	<i>sign.</i>	<i>sign.</i>
Svein Støle (Chair)	Ole Henrik Bjørge (Deputy Chair)	Trine C. Høgås-Ellingsen (CEO)	Leif Laugen
<i>sign.</i>	<i>sign.</i>	<i>sign.</i>	<i>sign.</i>
Bjørn Gabriel Reed	Vegard Finsæther	Karsten Christensen	Johan Anker-Rasch
<i>sign.</i>	<i>sign.</i>	<i>sign.</i>	
Christian Jomaas	Lasse Ruud	Rune Wassum	

Income Statement

Parent company (NOK '000)

Group (NOK '000)

2018	2019		Notes	2019	2018
975	1 155	Operating revenues	2	3 010 015	2 856 747
975	1 155	Total operating revenues		3 010 015	2 856 747
Operating expenses					
-6 316	-5 561	Personnel costs	3	-1 578 100	-1 448 037
-3 246	-2 906	Sundry other operating costs		-807 224	-652 331
-288	-294	Ordinary depreciation & amortisation	4	-55 789	-82 872
-9 850	-8 761	Total operating expenses		-2 441 112	-2 183 241
-8 875	-7 606	Operating profit/loss		568 903	673 506
Financial income/expenses					
107 110	53 350	Financial income		40 554	116 633
499 645	276 371	Share dividends		6 773	235 218
0	0	Adjustments, securities	10	5 660	-7 375
2 153	976	Share of associated companies	5	976	2 153
0	-512	Interest paid		-8 811	-15 380
-10 439	-42 830	Other financial expenses		-80 509	-82 254
598 469	287 354	Total financial income/expenses		-35 357	248 995
589 594	279 748	Income before tax		533 547	922 501
-96 897	-11 798	Tax expense	13	-132 760	-260 428
492 697	267 950	Profit for year		400 787	662 072
Allocations:					
0	0	- Minority's share of profit		-16 737	-21 920
0	-2 963	- Provision for dividend		-93 300	-121 814
-492 697	-264 988	- Transferred to other equity		-290 749	-518 339
-492 697	-267 950	Net		-400 787	-662 072

Balance Sheet - Assets

Parent company (NOK '000)

Group (NOK '000)

31.12.2018	31.12.2019		Notes	31.12.2019	31.12.2018
Fixed assets					
Intangible assets					
0	0	Goodwill acquired	4	49 104	80 905
0	0	Deferred tax assets	13	94 776	37 200
0	0	Total intangible assets		143 880	118 106
Property, plant & equipment					
830	978	Fixtures, fittings, machinery etc.	4	60 439	57 757
Financial fixed assets					
656 045	614 034	Shares in subsidiaries	5	0	0
37 619	37 297	Shares in associated companies	5	37 297	37 619
144 602	283 414	Other securities	6	303 921	165 355
19 216	0	Loans to group companies	9	0	0
11 493	0	Other non-current receivables	7	1 921	13 550
81	77	Premium fund	8	388	406
869 056	934 822	Total financial fixed assets		343 528	216 929
869 886	935 800	Total fixed assets		547 847	392 792
Current assets					
Receivables					
617	178	Trade receivables		1 644 076	1 306 614
332 219	329 447	Other receivables	7,9	590 644	519 079
332 836	329 624	Total receivables		2 234 720	1 825 693
Investments					
0	7 345	Securities	10	292 239	318 573
0	7 345	Total investments		292 239	318 573
29 701	132 917	Bank deposits	11	1 654 027	1 830 744
362 537	469 886	Total current assets		4 180 986	3 975 010
1 232 423	1 405 686	Total assets		4 728 832	4 367 802

Balance Sheet - Equity and Liabilities

Parent company (NOK '000)

Group (NOK '000)

31.12.2018	31.12.2019		Notes	31.12.2019	31.12.2018
Equity					
Paid-in capital					
6 394	6 394	Share capital		6 394	6 394
7 096	7 096	Share premium reserve		0	0
103 464	103 464	Other paid-in equity		103 464	103 464
116 954	116 954	Total paid-in capital		109 858	109 858
Retained earnings					
1 000 848	1 265 836	Other equity		1 389 565	1 100 319
1 000 848	1 265 836	Total retained earnings		1 389 565	1 100 319
Minority interests					
				216 290	222 606
1 117 802	1 382 790	Total equity	12	1 715 713	1 432 784
Liabilities					
Provision for commitments					
0	0	Pension liabilities	8	2 820	2 287
12	8	Deferred tax	13	1 024	606
12	8	Total provision for commitments		3 844	2 893
Non-current liabilities					
0	0	Other non-current liabilities		46 592	61 400
0	0	Deposits from silent partners		35 848	34 388
0	0	Total non-current liabilities		82 440	95 788
Current liabilities					
14 094	3 122	Other current liabilities	9	2 623 034	2 372 367
100 282	16 113	Tax payable	13	114 874	241 711
0	2 965	Dividends		108 626	141 388
233	689	Government charges and special taxes payable		80 300	80 871
114 609	22 888	Total current liabilities		2 926 836	2 836 337
114 621	22 896	Total liabilities		3 013 120	2 935 018
1 232 423	1 405 686	Total liabilities and equity		4 728 832	4 367 802

Oslo, 13 May 2020

<i>sign.</i> Svein Støle (Chair)	<i>sign.</i> Ole Henrik Bjørge (Deputy Chair)	<i>sign.</i> Trine C. Høgås-Ellingsen (CEO)	<i>sign.</i> Leif Laugen
<i>sign.</i> Bjørn Gabriel Reed	<i>sign.</i> Vegard Finsæther	<i>sign.</i> Karsten Christensen	<i>sign.</i> Johan Anker-Rasch
<i>sign.</i> Christian Jomaas	<i>sign.</i> Lasse Ruud	<i>sign.</i> Rune Wassum	

Cash Flow Statement

Parent company (NOK '000)

Group (NOK '000)

2018	2019	Cash flow from operating activities	2019	2018
589 594	279 748	Ordinary profit before tax expense	533 547	922 501
-16 696	-95 969	Tax paid in period	-289 151	-233 201
288	294	Ordinary depreciation and amortisation	33 841	27 556
0	0	Securities adjustments	-5 660	7 375
55	4	Net change in pensions without cash effect	551	-392
0	42 011	Other items without cash effect	9 387	-63 380
-2 153	-976	Share of profits of associated company	-976	-2 153
-286 873	3 211	Change in receivables	-403 325	-431 038
-6 906	-10 516	Change in other liability items	234 240	149 748
277 308	217 807	Net cash flow from operating activities	112 454	377 015
Cash flow from investment activities				
-28	-441	Net cash from purchases/disposals/sale of tangible assets	-36 523	-35 412
-119 157	0	Net cash transferred in demerger	0	-138 462
-323 579	-7 345	Net cash flow, short-term investments	31 995	-502 899
-328 642	-138 812	Payments for purchases of financial fixed assets	-138 567	-39 452
484 553	32 006	Net cash flow, financial fixed assets	17 995	-2 252
-286 852	-114 592	Net cash flow from investment activities	-125 100	-718 476
Cash flow from financing activities				
0	0	Dividend paid	-139 638	-200 457
0	0	Payment purchase of treasury shares	0	0
0	0	Change non-current commitments and liabilities	-13 348	33 584
0	0	Payments of equity to/from minority interests	-11 086	19 039
0	0	Net cash flow from financing activities	-164 072	-147 835
-9 545	103 215	Net change in bank deposits	-176 717	-489 296
39 246	29 701	Bank deposits in hand at 1 Jan.	1 830 744	2 320 040
29 701	132 917	Bank deposits in hand at 31 Dec.	1 654 027	1 830 744

Notes to the Accounts

Note 1

Group structure

Pareto AS owns 66.7% of Pareto Securities AS, 87.8% of Pareto Asset management AS, 100% of Pareto Bassøe Shipbrokers AS, 100% of Pareto Shipbrokers AS, 100% of Pareto Wealth Management AS, 100% of Pareto Forsikringsmegling AS, 100% of Pareto Invest AB, 100% of Pareto Alternative Investments AS and 100 % of Pareto Bolig AS.

Pareto Securities AS owns 100% of Pareto Securities Pte Ltd, 100% of Pareto Securities Inc., 88.95% of Pareto Securities AB, 100% of Aktieinvest FK AB, 100% of Pareto Securities Oy, 100% of Pareto Securities Ltd, 100% of Pareto Securities Pty Ltd, 100% of Pareto Securities AG, 87.01% of Pareto Offshore AS, 75% of North Atlantic Seafood Forum AS, 100 per cent of Pareto Business Management AS, 100% of Pareto Business Management AB, 100% of Pareto Business Management A/S, 100% of Pareto Maritime Services AS, 100% of Pareto Eiendom AS and 100% of Pareto Investorservice AS.

Pareto Asset Management AS owns 100% of Enter Fonder AB.

Pareto Bassøe Shipbrokers AS owns 100% of P.F. Bassøe AS and Pareto Dry Cargo AS.

Pareto Forsikringsmegling AS owns 100% of Pareto Forsikringsrådgivning AS.

Pareto Shipbrokers AS owns 100% of Pareto Shipbrokers Ltd.

Pareto Bolig AS owns 100% of Eiendomsmegler Krogsveen AS (Krogsveen) and Boligflyt AS. Krogsveen owns 100% of Utleiemegler Krogsveen AS, 100% of Krogsveen Trøndelag AS, 70% of Krogsveen Moss AS, 100% of Krogsveen Nybygg AS, 100% of Krogsveen Sørlandet AS and 100% of Krogsveen Utvikling AS. Boligflyt AS owns 100% of Boligkjøpsrådgiver Krogsveen AS.

Pareto Invest AB owns 100% of Enter Asset Management AB (EAM).

General info

Pareto AS has been granted an exemption from the provisions in the Norwegian Accounting Act § 3-4 in preparing financial statements and annual report in the Norwegian language.

Consolidation principles

Investments in subsidiaries are valued at procurement cost. If impairments are not expected to be temporary, write downs to fair value will be carried out. In the consolidated accounts, the cost price of shares in the subsidiaries is eliminated against the share capital in the subsidiaries at the time of purchase. Inter-company transactions, receivables and debts as of 31 December are eliminated in the consolidated accounts. Exchange differences in connection with the translation of the financial statements of foreign subsidiaries are charged to group equity.

Accounting policies

The annual financial statements are prepared in accordance with the rules provided for in the Norwegian Accountancy Act.

Income items are recognised as earned and when claims for payment arise. Income is recognised at the value of the payment at the time of the transaction.

Assets intended for permanent ownership or use are classified as non-current. Other assets are classified as current assets.

Receivables payable within one year are classified as current assets. Corresponding criteria are applied for classifying current and non-current liabilities.

Fixed assets are valued at procurement cost, but are written down to their real value when a drop in value is not expected to be temporary. Assets with a limited economic life are depreciated systematically. Long-term loans are recorded in the balance sheet at the nominal sum received at the time of the establishment of the loan.

Investments in companies in which the company owns between 20 and 50 per cent and has a significant influence, are reported according to the equity method.

Current assets are valued at whichever is the lower of procurement cost and fair value. Current liabilities are entered in the balance sheet at the nominal sum received at the time of establishment. Current liabilities are not written up to their fair value as a consequence of changes in interest rates.

Some items are valued according to other principles, as explained below.

Some of the operational subsidiaries are principals in their respective internal partnerships. The accounts for the internal partnerships are incorporated in the principals' accounts, based on gross values. Silent partners' shares of the internal partnerships' profits are debited as personnel costs and other financial expenses, respectively. Debts to silent partners are recorded under other current liabilities.

Provisions for bad debts are based on an assessment of the individual receivable. In addition, a provision is made to cover estimated losses on other trade receivables.

Notes to the Accounts

Financial instruments in the trading portfolio that are traded on an efficient market are valued at their fair value as of the balance sheet date. Other financial instruments are valued at whichever is the lower of the average procurement cost and fair value as of the balance sheet date. Shares are valued in accordance with the policies for valuing portfolios.

The companies in the group put in place a defined contribution pension scheme in 2006. Contribution plans are accrued according to the matching principle.

Tax expense is matched with profit before tax. Tax related to equity transactions is offset against equity. Tax expense consists of tax payable, change in deferred tax and reimbursements pursuant to the Tax Act.

Monetary items in foreign currencies are translated at the rate of exchange applicable on the balance sheet date.

Note 2 Operating revenues, consolidated

(NOK '000)

	2019	2018
Brokerage/Corporate finance	2 422 998	2 312 621
Management/Business management	587 017	544 126
Total operating revenues	3 010 015	2 856 747

Note 3 Salaries, number of employees, remuneration etc.

(NOK '000)

	Parent company		Consolidated	
	2019	2018	2019	2018
Wages and salaries, holiday pay, nat. insurance	5 419	6 093	1 494 675	1 365 636
Pensions and other personnel costs	142	223	83 425	82 401
Total	5 561	6 316	1 578 100	1 448 037
Number of man-years	2	3	970	919

Paid remuneration to the CEO in 2019 amounted to NOK 1 624, including bonus. Remuneration to the directors of the parent company amounted to NOK 717. A provision of NOK 2 410 has been made for fees for the directors of the group.

Deloitte AS received fees of NOK 271 (2018: 168) for auditing the parent company and NOK 4 818 (2018: 3 548) for the group. Payment for other assurance engagements totalled NOK 31 (2018: 148) for the parent company and NOK 2 636 (2018: 4 108) for the group. Payments to other auditors to the group amount to NOK 73.

Payments to Deloitte Advokatfirma DA for legal services amount to NOK 0 (2018: 0) for the parent company and NOK 506 (2018: 103) for the group. These figures are exclusive of VAT.

Note 4 Tangible fixed assets

(NOK '000)

	Parent company		Group	
	Fixtures and fittings, IT	Fixtures and fittings, IT	Goodwill	
Procurement cost 01.01	1 822	273 910	231 706	
Additions in year	442	55 663	-7 470	
Disposals/sale	-	143 622	2 384	
Procurement cost 31.12.	2 264	185 951	221 852	
Acc. depreciation 01.01.	992	216 042	150 800	
Disposals/sale	-	124 371	-	
Depreciation this year	294	33 841	21 948	
Acc. depreciation 31.12.	1 285	125 512	172 748	
Book value 31.12.	978	60 439	49 104	
Economic life	3-6 years	2-7 years	3-5 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

The Pareto group has a lease on the premises at Dronning Mauds gate 1-3, which expires in 2031. The annual rent excluding common expenses was approximately NOK 21 million in 2019.

Notes to the Accounts

Note 5 Shares in subsidiaries

(NOK '000)

Selskap	Office	% stake and votes	Book value 31.12.
Pareto Securities AS	Oslo	66.7%	69 318
Pareto Asset Management AS	Oslo	87.8%	24 398
Pareto Bassøe Shipbrokers AS	Oslo	100%	40 600
Pareto Shipbrokers AS	Kristiansand	100%	108 500
Pareto Wealth Management AS	Oslo	100%	64 739
Pareto Forsikringsmegling AS	Oslo	100%	20 423
Pareto Alternative Investments AS	Oslo	100%	75 429
Pareto Invest AB	Stockholm	100%	34 714
Pareto Bolig	Oslo	100%	175 914
			614 034

Shares in associated companies

Company Office in Pareto's stake	Fondsforvaltning Oslo 35.0%	Odin Marine New York 27.5/50%	Total associated comps.
Procurement cost	40 001	30 906	
Equity at time of purchase	23 939	10 540	
Goodwill at time of purchase	16 062	20 366	
Opening balance 1 Jan.	7 666	29 953	37 619
Share of year's profit	1 300	-324	976
Dividends received	-1 297	-	-1 297
Closing balance 31 Dec.	7 669	29 629	37 297

Note 6 Other shares/bonds

(NOK '000)

Other securities, parent company	Number	Cost price	Book value
Pareto Bank ASA	13 423 610	283 414	283 414
Total other securities, parent company		283 414	283 414
The shares have an estimated value at least equal to book value.			
Other securities, subsidiaries		20 379	20 507
Total other securities, group		303 792	303 921

Note 7

(NOK '000)

The parent company has granted employees/partners of the subsidiaries interest-bearing loans on which the outstanding balance as of 31 December 2019 is NOK 1 230.

Note 8 Pensions

(NOK '000)

The group has a defined contribution pension scheme as required under the Act concerning Mandatory Occupational Pensions. Premium paid in 2019 totalled NOK 34 for the parent company and NOK 9 941 for the group.

One subsidiary has two unfunded pension plans, and the liabilities under these are recognised in the balance sheet as of 31 December 2019 at NOK 2 820 through actuarial valuation based on commonly used assumptions within insurance.

Notes to the Accounts

Note 9

(NOK '000)

Receivables from group companies amounted to NOK 297 531 as at 31 December 2019.
Other current liabilities to group companies as at 31 December 2019 amounted to NOK 176.
Loans to group companies amounted to NOK 30 619 as at 31 December 2019.

Note 10 Securities

(NOK '000)

	Parent company Book value	Group Book value
Shares and partnership interests	7 345	56 903
Bonds and certificates		13 421
Fixed income funds		186 943
Equity funds		34 972
Total securities	7 345	292 239

Note 11 Bank deposits

(NOK '000)

The parent company has a non-distributable deposit of NOK 378 lodged in an account for tax withholdings. The group's bank deposits include NOK 126 219 in non-distributable accounts, of which NOK 26 083 in accounts for tax withholdings.

Sums lodged in client accounts belonging to clients (client funds) are not recorded in the balance sheets of the companies.

Note 12 Equity

(NOK '000)

Parent company	Share capital	Share premium account	Other paid-in equity	Other equity	Total
Equity at 1 Jan.	6 394	7 096	103 464	1 000 848	1 117 802
Year's profit				267 950	267 950
Provision for dividends				-2 963	-2 963
Total equity as of 31 Dec.	6 394	7 096	103 464	1 265 836	1 382 790

Group	Share capital	Other paid-in equity	Other equity	Total
Equity at 1 Jan.	6 394	103 464	1 324 676	1 434 534
Provision for dividends			-108 624	-108 624
Translation differences, subsidiaries			103	103
Net minority interests			-11 086	-11 086
Year's profit after tax			400 787	400 787
Total equity as of 31 Dec.	6 394	103 464	1 605 855	1 715 713

The share capital as of 31 Dec. is NOK 6 394, divided into 43 795 shares with a nominal value of NOK 146 each.

	Number of shares	Stake and voting %
Svein Støle	35 000	79.9%
Pareto Invest AS / Svein Støle	5 795	13.2%
Svele AS / Svein Støle	3 000	6.9%
	43 795	100.0%

There are three classes of shares. Shares owned by Pareto Invest AS are classified as P-shares and carry a preferential right to dividends. Shares owned by Svele AS are classified as B shares and carry a preferential right to dividends subordinated the P-shares and as determined by the General Meeting.

Notes to the Accounts

Note 13 Taxes

(NOK '000)

Parent company			Group	
2018	2019		2019	2018
589 594	279 748	Profit before income tax	533 547	922 501
0	0	Group contribution	0	0
-464 629	-228 959	Permanent differences	47 268	-108 910
59	15	Change in temporary differences	81 369	13 146
0	0	Change in deficits carried forward	1 542	34 703
125 024	50 804	Year's tax base	663 725	861 439
31 256	12 701	Tax payable	156 816	202 024
3 412	0	Tax payable related to change in accounting principle	0	3 412
68 163	3 412	Correction previous year(s)	3 412	68 163
-2 548	0	Tax payable, withholding	-45 586	-31 887
100 282	16 113	Total tax payable	114 641	241 711
Specification of temporary differences				
0	0	Current assets	-6 839	-2 408
80	59	Tangible fixed assets	-18 599	-14 529
-32	-26	Intangible assets	-11 751	-15 093
0	0	Other items	-190 283	-67 233
0	0	Remaining loss for carrying forward	-180 884	-59 232
47	33	Basis for calculating deferred tax benefit/tax	-408 357	-158 495
12	8	22 - 25% deferred tax / (tax benefit)	-93 752	-36 594
Year's tax expense				
28 708	12 701	Tax payable	156 815	206 143
68 204	-900	Tax correction for earlier years	4 714	67 238
-15	-4	Change in deferred tax benefit/tax	-28 770	-12 953
96 897	11 798	Tax expense	132 760	260 428
16.4%	4 %	Effective rate of taxation	25 %	28.2%
Reconciliation from nominal to true tax expense				
147 399	69 937	Anticipated tax expense at nominal rate	132 426	240 260
-116 157	-57 240	Permanent differences	11 631	-38 896
0	0	Change in tax rates	-7 855	-7 351
68 204	-900	Correction previous year(s)	-3 045	67 845
-2 548	0	Other items	-399	-1 430
96 897	11 798	Tax expense	132 760	260 428

Notes to the Accounts

Note 14

(NOK '000)

DNB has provided guarantees for Pareto Securities AS in favour of Norges Bank for the company's participation in the Norwegian security settlement scheme in the amount of NOK 100 000. These guarantees are secured through a first priority factoring charge on the company's receivables and a charge on securities held as current assets.

Pareto Securities AS has, in relation to the granting of a licence to its subsidiary Pareto Securities Pte Ltd, issued an undertaking to the Monetary Authority of Singapore that the company will cover any liability less than SGD 12 million.

Note 15

The group is exposed to market related risks in respect of own account holdings in securities, counterparty risk, settlement risk and foreign currency risk.

The financial market risk relating to the business of the subsidiaries is managed according to the rules of the Companies Act, the Securities Trading Act, the Securities Funds Act and the Risk Management and Internal Control Regulations issued by Finanstilsynet (The Financial Supervisory Authority of Norway).

Note 16 Related-party transactions

(NOK '000)

Svein Støle holds the controlling ownership interest in the parent company, Pareto AS. No transactions were conducted with the controlling interest.

Sales of services to other group companies	2 928
Purchases of services from other group companies	2 335

Transactions with related parties are on arm's length prices and terms.
The amounts include costs invoiced by external suppliers passed on between group companies.

Note 17 Subsequent events and outlook

After the balance sheet date, the outbreak and rapid geographical expansion of coronavirus disease (COVID-19) has created turbulence and uncertainty in the global financial market and economy.

The uncertainty and volatility will affect the group companies' activity levels and income differently. Pareto's business is based on a model with generally modest fixed salaries and profit sharing with partners and employees. This gives the group flexibility and robustness, which makes it well prepared for a period of lower revenues due to COVID-19. The group companies will regularly assess necessary and appropriate actions to adjust to the market situation.



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To the General Meeting of Pareto AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pareto AS showing a profit of NOK 267 950 000 in the financial statements of the parent company and profit of NOK 400 787 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Pareto AS (the Company), which comprise the balance sheet as at 31 December 2019, 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, and
- The consolidated financial statements of Pareto AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 and the Group as required by laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Independent Auditor's Report -
Pareto AS

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements 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 and the Group'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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 or the Group'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 and the Group'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 and the Group to cease to continue as a going concern.

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- 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 fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 13 May 2020
Deloitte AS

Jørn Borchgrevink
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Jørn Olav Borchgrevink
State Authorised Public Accountant (Norway)
Serial number: 9578-5999-4-949707
IP: 217.173.xxx.xxx
2020-05-15 16:27:06Z



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