

Report date: 30 January 2026

Fund: Pareto Global  
 Inception date: 12 August 2005  
 AUM: NOK 5.6 billion  
 Benchmark: MSCI World, dividend adjusted  
 PRIIPs KID risk score from 1 (low) to 7 (high): 4

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

Unit class C  
 NAV as at 30 Jan 2026: 5 076.75  
 NAV currency: NOK  
 Launch date: 1 November 2012

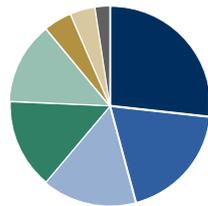
Minimum investment: NOK 20 000 000  
 ISIN: NO0010660459  
 Bloomberg ticker: PAAKTGC NO

Global equity fund that invests in companies with a solid market position and stable strong earnings ability.

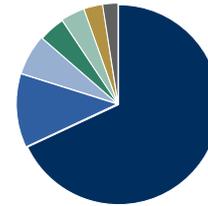
- Investment criteria:
- High returns on equity
  - Strong balance sheets
  - Stable earnings power

Top ten holdings, sector allocation and geographical distribution

Microsoft	8.0%
Boston Scientific	5.8%
Amazon	5.0%
Broadcom	4.9%
Alphabet	4.5%
UnitedHealth	4.4%
Assa Abloy	4.3%
Inditex	4.2%
Visa	4.2%
Atlas Copco	4.2%



- IT 27%
- Industrials 19%
- Health Care 15%
- Consumer Discretionary 15%
- Financials 13%
- Communication Services 5%
- Cash 4%
- Materials 2%



- USA 68%
- Sweden 12%
- UK 7%
- Spain 4%
- Germany 4%
- Ireland 3%
- Switzerland 2%

Key figures\*

	Fund	Index
Accumulated returns	496 %	610 %
Annualised returns	10.4%	11.4%

Risk figures\*

Standard deviation (annualised)	14.0%	12.0%
Tracking error (annualised)	6.0%	n.a.
Information ratio	-0.1	n.a.
Beta	1.1	n.a.

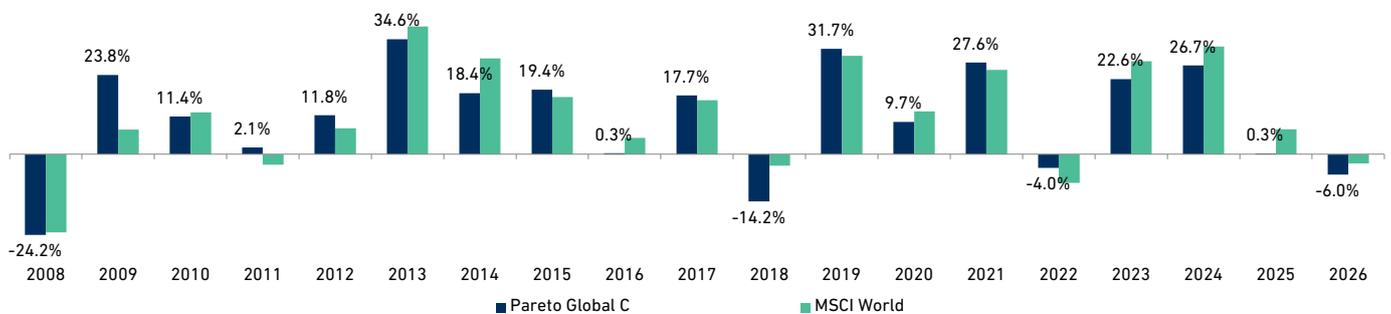
Performance by periods

	Fund	Index
Last month	-6.0%	-2.7%
Year to date	-6.0%	-2.7%
Last 12 months	-10.0%	1.6%
Three years (annualised)	10.3%	17.7%
Five years (annualised)	12.5%	15.5%
Ten years (annualised)	11.2%	14.2%
Since inception* (annualised)	10.4%	11.4%

Performance history\*



Annual returns\*



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

\*Reporting start date: 31.12.2007. Simulated returns from 31.12.2007–01.11.2012 are based on historical returns for unit class D (inception date 22.11.2006), adjusted for management fees for unit class C. Simulated returns and risk figures are provided for illustrative purposes only. All figures are based on internationally recognised standards for publishing performance data. Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on, market developments, the portfolio manager's skill, the fund's risk profile, as well as fees for subscription, management and redemption. Returns may become negative as a result of negative price developments. The performance data do not take account of the fees incurred on subscription and redemption of units/shares.

## Pareto Global

### Portfolio management team



Andreas Sørbye  
Portfolio Manager



Andreas Kamvissis  
Portfolio Manager

During the latter part of 2025, investor perception of software companies shifted totally. Valuation of most software stocks is halved over the last six months. However, actual earnings show no sign of stress as they continue to deliver good growth. Two key topics on investors' minds are whether artificial intelligence is a bubble, and if artificial intelligence is going to disrupt software companies. At the same time, surveys show improving enterprise spending budgets and willingness to embrace new technology.

SAP is the leading provider of Enterprise Resource Planning (ERP) software by serving 98 of the 100 world's largest companies. To get the full benefits, the organisational structure has to be adopted to the system to optimise work flows. An optimisation period of 10 years is not unusual, making the switching costs to another system very high.

As SAP will stop most support for on-premise installations at the end of 2027, their customers have to migrate to the cloud. For SAP the revenue uptick for a migration is typically 2-3 times. While most of the smaller and less complex customers have migrated already, the largest and most complex customers are next. They typically have highly customised installations, making the migration complex and it can take years to complete.

This impacted the last quarter. While the total cloud backlog increased 30% in local currencies, the current cloud backlog, which will materialise into revenues the next 12 months, increased by only 25%. This was shy of the recent management guidance of 26%. Even though the revenues for 2026 were guided in-line with consensus at a growth rate of 24% in local currencies, this fuelled uncertainty about the growth prospects. The stock's initial reaction was a 16% drop. The strong growth in orders materialising beyond the next 12 months supports management's view that revenues will accelerate in 2027.

The question whether artificial intelligence is a bubble or not is less relevant to SAP than to many other software companies. SAP has decided not to invest in data centres and rents capacity from the large cloud providers. The same goes for AI models, where SAP has decided not to develop its own, but instead purchase what is available. This gives them the flexibility to use the model that is best for a specific task.

The next question is whether SAP can be disrupted by AI models. ERP systems are about transactions and data analysis. SAP performs transactions throughout the company and leads them into its accounting system. From a compliance perspective the risk for disruption from an AI model is limited. Regarding data analysis, AI models can be more disruptive. Still, SAP has first-hand access to customer data and how to apply AI models to it. Instead of using large AI models, SAP uses smaller models that are optimised for a specific task and implements them into the SAP system. In the AI era, structured customer data will be more important than ever. In our view SAP will benefit from AI, and this will be the next leg of growth when then cloud migration is completed.

In a world with ever more geopolitical tensions, SAP provides sovereign cloud solutions. This offering is designed for organisations that require strict data residency, local legal control, and insulation from foreign jurisdiction risks. SAP ensures that all EU customer data stays within Europe, satisfying all country-specific requirements.

Since SAP has chosen a capital light business model with limited investments in infrastructure, the capex to sales is only 2.2%, which is very low compared to peers. This makes the company highly cash generative. In 2025 the free cash flow was 8.2 billion euro, and it is guided to grow to 10 billion euro in the current year. We have high confidence in this guidance, as a new two-year share repurchase programme of 10 billion euro was also announced. The market capitalisation of about 200 billion euros equals a free cash flow yield of close to five per cent. That is not demanding for a company that will grow earnings per share by high teens. Pareto Global invested in SAP for the

first time in 2014, and today's negative narrative around software companies makes the shareholders' return going forward promising.

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#### Pareto Asset Management

A company in the Pareto group

Signatory of:



Principles for  
Responsible  
Investment

Oslo  
Dronning Mauds gate 3  
t: +47 22 87 87 00  
e:post@paretoam.com

Stockholm  
Regeringsgatan 48  
t: +46 8 402 53 78  
e:info.se@paretoam.com

Frankfurt  
Brüsseler Strasse 1-3  
t: +49 69 333 98 35 20  
e:post.frankfurt@paretoam.com

Zürich  
Bahnhofstrasse 67  
t: +41 78 220 93 13  
e:post.ch@paretoam.com