

Report date: 31 August 2017

Fund: Pareto Nordic Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 22 April 2013*
AUM: NOK 1 751 million
Benchmark: ST1X - 0.25 years

Category: fixed income fund
Legal structure: SICAV/UCITS
Domicile: Luxembourg
Dealing days: all coinciding banking days in Norway and Luxembourg

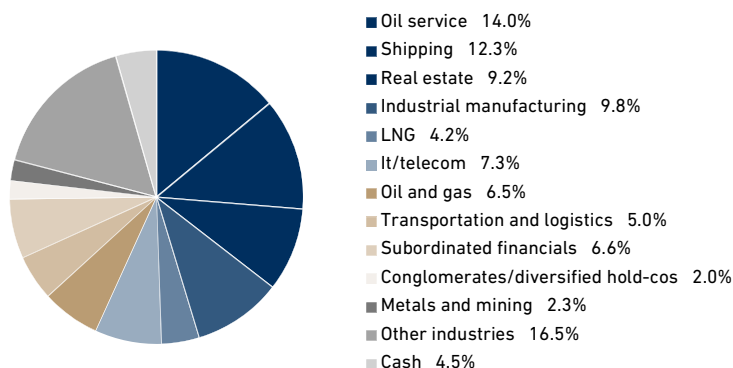
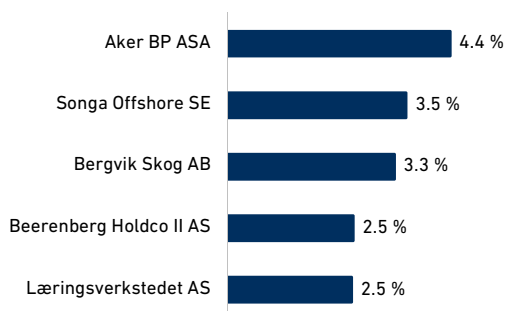
Management company: SEB Fund Services S.A.
Investment manager: Pareto Asset Management AS
Custodian: Skandinaviska Enskilda Banken S.A.
Share class C
Launch date: 26 October 2015

NAV as at 31 August 2017: 981.0955
NAV currency: SEK
Minimum investment: n.a.
ISIN: LU0922130561
Bloomberg ticker: PARHYNB LX

Corporate bonds with underlying credit risk, exposure primarily to Nordic corporations and financial institutions.

The sub-fund invests in interest-bearing financial instruments issued by Norwegian and foreign corporations, governments and institutions. The financial instruments primarily include corporate bonds, but also subordinated and covered bonds. Investments are expected to give the fund a higher risk and return than traditional interest-bearing financial instruments. The average duration shall be between 0 and 4 years.

Top five issuers and sector allocation



Key figures since launch

	Fund	Index
Accumulated returns	6.6%	1.0%
Annualised returns	3.5%	0.5%

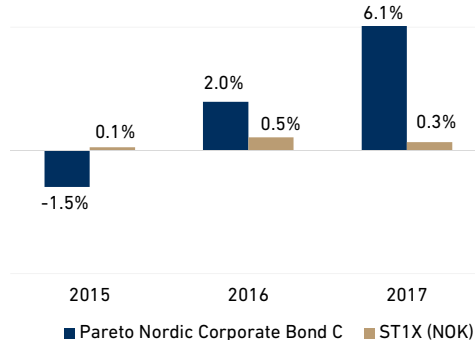
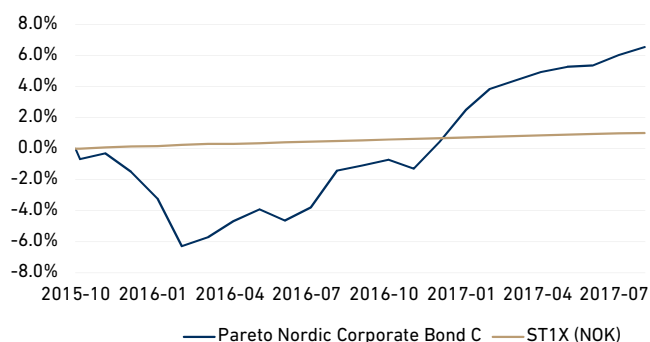
Risk figures since launch

	Fund	Index
Standard deviation (annualised)	4.3 %	0.1 %
Time to maturity	3.6	n.a.
Interest rate duration	1.5	n.a.

Performance by periods

	Fund	Index
Last month	0.5%	0.0%
Year to date	6.1%	0.3%
Six months	2.6%	0.3%
One year	8.1%	0.5%
Since launch (annualised)	3.5%	0.5%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2017	2.05	1.30	0.54	0.51	0.32	0.08	0.65	0.49					6.07
2016	-1.74	-3.18	0.62	1.09	0.80	-0.74	0.89	2.46	0.35	0.37	-0.59	1.77	1.97
2015										-0.67	0.39	-1.20	-1.48

*The sub-fund was launched 22 April 2013 as a feeder fund (named Pareto High Yield Nordic) and was converted into a stand-alone fund from 26 October 2015. The sub-fund continues as Pareto Nordic Corporate Bond. 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 Asset Management seeks to the best of its ability to ensure that all information given in this report is correct, however, makes reservations regarding possible errors and omissions. Statements in the report may reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. The distribution of this information may be restricted by law in certain jurisdictions and this information is not intended for distribution to any person or entity in such jurisdiction. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. Pareto Asset Management does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Fund prospectus, KIID, annual and semi-annual report are available at <http://fundinfo.sebfundservices.lu/Pareto/>. The representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich. The paying agent in Switzerland is NPB Neue Private Bank AG., Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The relevant documents such as the prospectus, the key investor information document (KIIDs), the statutes or the fund contract as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

Monthly commentary

by Øyvind Hamre

The international high yield market has been characterised by geopolitical developments in and around North Korea, which, along with the tragic terrorist event in Barcelona, created some volatility, especially at the beginning of the month. In addition, August is a month characterised by many markets being in holiday mode. Activity in the international primary market has thus been limited.

The Nordic market on the other hand has started to awaken after a quiet month of July. Turnover volumes in the secondary market have slowly but surely increased, and bond prices have generally moved in a positive direction. Our Nordic high yield fund has had a good month.

Towards the end of the month, the first-hand market also returned from its holiday, and we participated in a EUR 350 million bond issue of the mobile company Lebara. The bond has a five year maturity and a coupon rate of Euribor + 6.75 %, which, converted to Norwegian kroner, corresponds to a coupon rate of just less than 8 %.

On August 15th, the world's largest offshore rig company, Transocean, announced that they have signed an agreement to acquire the Norwegian rig company Songa Offshore. The transaction values Songa at close to USD 3.4 billion and is the largest transaction in the sector since the oil price started to fall in the summer of 2014. The bonds in Songa Offshore have been core holdings in our high yield fund and have been significantly re-priced as a result of the transaction. Songa has thus been an important contributor to the fund's return during the month.

We are approaching the end of the reporting season for the second quarter, and we note that the companies largely report according to market expectations.

We are very positive to the outlook for the Nordic high yield market. This is primarily driven by the sector diversity of new issues in the market, continuous improvement of market liquidity, and a hard-trying oil service sector appearing to have completed a major restructuring phase and currently undergoing a consolidation period. In addition, it is worth noting that the Nordic market still offers higher credit margins than is achievable in the international market.

Portfolio managers: Stefan Ericson, Øyvind Hamre, Eric von Koss Torkildsen