

Report date: 30 September 2021

Fund: Pareto ESG Global Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 23 March 2015
AUM: SEK 3 794 million
Benchmark: n.a.

Category: fixed income fund
Legal structure: UCITS
Dealing days: all coinciding banking days in Norway, Sweden and Luxembourg

Domicile: Luxembourg
Management company: FundRock Management Comp. S.A.
Investment manager: Pareto Asset Management AS
Custodian: Skandinaviska Enskilda Banken AB (publ) Luxembourg Branch

Share class A

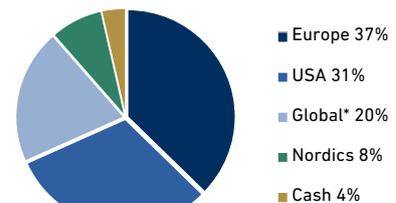
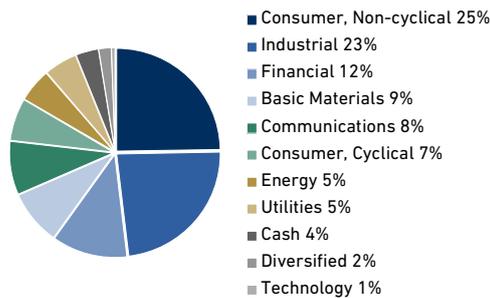
Launch date: 21 December 2015
NAV as at 30 September 2021: 112.87
NAV currency: EUR
Minimum investment: n.a.
ISIN: LU1327537681
Bloomberg ticker: PAGCBAE LX

Actively managed ESG corporate bond fund with a Nordic base and a global exposure

- The sub-fund will invest in fixed income and fixed income related securities issued by corporations, agencies, governments and municipalities
- The debt securities may include subordinated and convertible bonds
- Investments are expected to give the sub-fund a higher risk and return than traditional interest-bearing securities
- The average duration shall be between 0 and 7 years

Top ten issuers, sector allocation and geographical distribution

UPM-Kymmene	2.7 %
IQVIA	2.7 %
Getlink	2.5 %
Iron Mountain	2.5 %
Jacob Holm & Sønner	2.3 %
Ball Corp	2.2 %
Picard Groupe	2.2 %
Virgin Media	2.2 %
Energizer	2.1 %
Swiss Re	2.1 %



*Multinational corporations

Key figures from start

	Fund
Accumulated returns	12.9%
Annualised returns	2.1%
Best month	4.4%
Weakest month	-11.7%

Other key figures

	Fund
Yield to maturity**	2.8
Weighted coupon	4.4
Average time to maturity	4.5
Interest rate duration	2.3

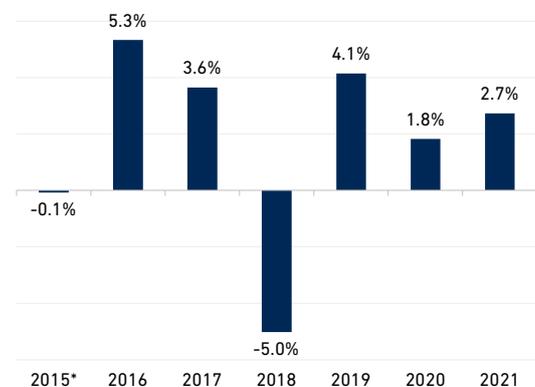
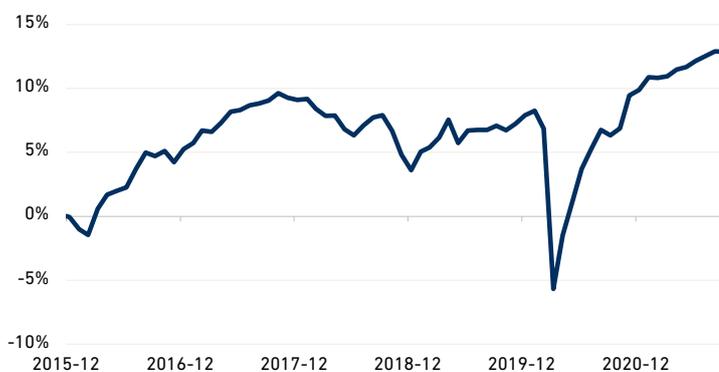
Risk figures from start

	Fund
Standard deviation (ann.)	6.1%
Sharpe ratio	0.4

Performance by periods

	Fund
Last month	0.0%
Year to date	2.7%
Three months	0.6%
Six months	1.7%
Last 12 months	6.2%
From start (annualised)	2.1%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2021	0.91	-0.04	0.10	0.48	0.19	0.42	0.33	0.33	-0.02				2.73
2020	0.31	-1.30	-11.71	4.43	2.68	2.54	1.53	1.39	-0.41	0.52	2.41	0.39	1.82
2019	1.39	0.30	0.75	1.30	-1.69	0.94	0.05	-0.01	0.30	-0.31	0.46	0.64	4.14
2018	0.06	-0.71	-0.50	0.03	-1.00	-0.44	0.72	0.59	0.15	-1.12	-1.75	-1.14	-5.03
2017	0.45	0.91	-0.09	0.66	0.81	0.10	0.35	0.13	0.21	0.53	-0.31	-0.17	3.65
2016	-0.95	-0.45	2.08	1.10	0.30	0.25	1.42	1.22	-0.25	0.37	-0.82	0.98	5.34
2015												-0.08	-0.08

**Reported in local currency. Yield to maturity may change from day to day, and is thus no guarantee for returns in the period. *From launch of the share class. 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. This is an advertising document. 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 fundinfo.fundrock.com/Pareto. The representative in Switzerland is ACOLIN Fund Services AG, Leutschenbachstrasse 50, 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 - September 2021

By Stefan Ericson and Mathias Lundmark

"Let's dance. Put on your red shoes and dance the blues. Let's dance. To the song they're playin' on the radio. Let's sway." (David Bowie, Let's Dance, 1983)

During the month of September, several of the Nordic countries lifted the last Covid-19 restrictions that had existed for a long time. Young and old sought out restaurants, bars and clubs to socialize and dance. However, the financial market had a more cautious attitude, with the stock market and credit market declining during the latter part of the month. Credit spreads rose slightly in both Europe and the United States.

A potentially large restructuring in China affected the market for a brief period. Evergrande is a situation in China, where the huge real estate company has major liquidity problems. We believe that this situation will be a mostly local matter, with few connections to Europe and the United States.

However, the problem of global transport and logistics is a situation that will not be solved any time soon. The companies we talk to provide a consistent picture of challenges that affect margins and delayed sales and delivery. However, the global economy remains strong, and most sectors have strong demand.

The fund's development was slightly positive in September, compared with global investment grade, which fell by about 1%, and Barclays global high yield index, which fell by about 0.7%. The fund has focused on shorter maturities with less risk. The market has been doing well for a long time and a certain correction was expected.

The primary issue market in Europe and the US remains strong, which shows that the overall strength of corporate demand contributes to confidence and solid order books for these new issues. The fund had a good month with a positive return and high activity in both the primary and the secondary markets. Several new names were added to the portfolio, such as Diversey and Solenis.

Diversey is a global leader in providing cleaning and hygiene solutions for the institutional, food and beverage market. The company is fully committed to sustainability as a core driver for the organisation. That commitment is organised around three major objectives: to improve the environment, to protect and care for people, and to innovate sustainable solutions.

In the secondary market, we added in Wesco, Picard, Hannon Armstrong, and James Hardie. The fund also sold some in Kronos and Hapaq Lloyd.

Synthetic CDS credit indices widened during the month. The iTraxx Crossover index went from +229 bp at the end of July to +253 bp at the end of Sep.

Portfolio management team: Stefan Ericson, Mathias Lundmark and Nawel Boukedroun (ESG analyst)