

Report date: 31 May 2019

Fund: Pareto Global Corporate Bond
 Umbrella fund: Pareto SICAV
 Inception date: 23 March 2015
 AUM: SEK 4 219 million
 Benchmark: 25% BoAML Global IG
 + 75% BoAML Global HY (NOK, hedged)

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

Investment manager: Pareto Asset Management AS
 Management company: FundRock Management Company S.A.
 Custodian: Skandinaviska Enskilda Banken S.A.
 Share class C
 Launch date: 23 March 2015

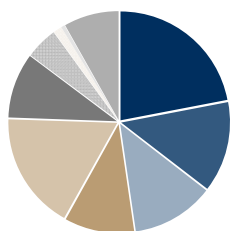
NAV as at 31 May 2019: 109.9864
 NAV currency: NOK
 Minimum investment: n.a.
 ISIN: LU1199946085
 Bloomberg ticker: PARGCBC LX

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

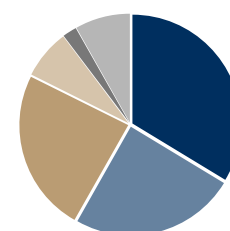
The sub-fund will invest in fixed income and fixed income related securities issued by corporations, agencies, governments and municipalities. The debt securities may include subordinated and convertible bonds. Investments are expected to give the sub-fund a higher risk and return than traditional interest-bearing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

Top ten issuers, sector allocation and geographical distribution

Eurofins Scientific	3.5%
Liberty Global	3.2%
Iqvia	2.9%
Grupo Antolin	2.8%
Swiss RE	2.7%
Vulcan Materials	2.6%
Upm Kymmene	2.5%
Belden	2.4%
Scan Global	2.4%
Jacob Holm	2.3%



- Industrial 22 %
- Financial 13 %
- Consumer, Cyclical 12 %
- Basic materials 10 %
- Consumer, Non-cyclical 17 %
- Communications 10 %
- Technology 5 %
- Utilities 1 %
- Diversified 1 %
- Cash 8 %



- Europe 34 %
- USA 25 %
- Global* 24 %
- Nordics 7 %
- Asia 2 %
- Cash 8 %

*Multinational corporations

Key figures from start

	Fund
Accumulated returns	10.0%
Annualised returns	2.3%

Other key figures

	Fund	Bench.
Yield to maturity**	4.5	n.a.
Weighted coupon	4.2	n.a.
Time to maturity	4.6	n.a.
Interest rate duration	2.1	n.a.

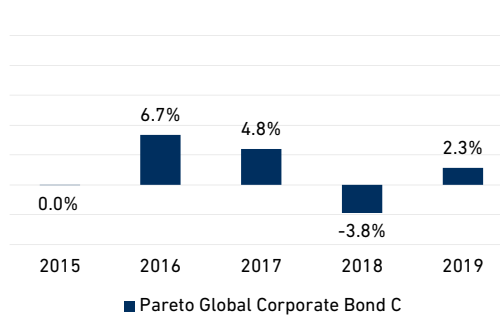
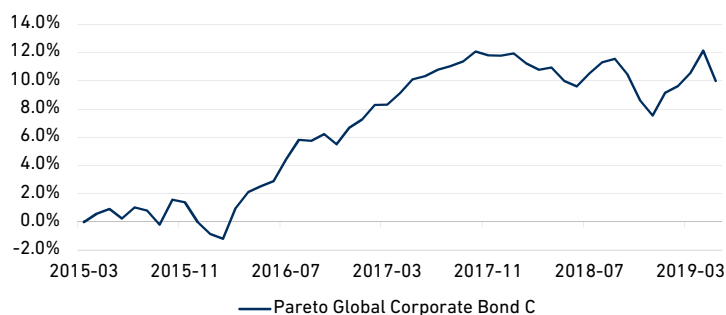
Performance by periods

	Fund
Last month	-1.9%
Year to date	2.3%
Six months	1.3%
Last 12 months	0.0%
From start (annualised)	2.3%

Risk figures from start

	Fund	Bench.
Standard deviation (ann.)	3.1%	5.0%
Sharpe ratio	0.6	0.8

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2019	1.50	0.42	0.85	1.44	-1.92								2.28
2018	0.15	-0.64	-0.39	0.14	-0.88	-0.34	0.84	0.70	0.23	-0.99	-1.67	-0.99	-3.79
2017	0.54	0.97	0.01	0.76	0.90	0.20	0.42	0.22	0.30	0.63	-0.24	-0.03	4.79
2016	-0.84	-0.34	2.18	1.15	0.41	0.35	1.49	1.33	-0.08	0.47	-0.68	1.10	6.68
2015			-0.02	0.58	0.35	-0.68	0.80	-0.24	-0.99	1.79	-0.19	-1.39	-0.02

**Reported in local currency. Yield to maturity may change from day to day, and is thus no guarantee for returns in the period. 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 reports are available at www.paretoam.com/en/fund-reports. Other information is available at www.paretoam.com/en/client-information. 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 - May 2019

By Stefan Ericson and Mathias Lundmark

"Being good in business is the most fascinating kind of art. Making money is art and working is art and good business is the best art." (Andy Warhol)

Art and creativity are often considered without boundaries, because imagination can always produce its own reality. In recent years, the financial markets have also broken borders that have seemed impossible before. Andy Warhol is probably right that management also entails a form of art. Feelings and politics once again control sentiment. The painting is right now showing a slowdown in global trade. We have chosen during the month to reduce the risk in the fund somewhat, given the uncertain economic and political conditions. The new issues we have participated in have been more defensive in risk level.

Credits and other risk assets sold off in May. The market interest rate for US and German government bonds fell sharply and the last trading day in May saw the "all-time low" for the German 10-year government around -0.21%.

Pareto Global Corporate Bond had a negative month as a result of market movements. Besides that, the fund has sold a couple of holdings that have had a tougher ride, like Thomas Cook and Lebara.

The fund has participated in the Verisure and Service Corp new issues.

Service Corp. is North America's largest funeral services company. The company has improved its balance sheet and cash flow in recent years. With a stronger balance sheet, Service Corp has acquired a couple of companies and created a dominant position. The company has a \$11 billion backlog through insurance pre-sales. The fund has owned bonds earlier in the company and has now increased its position through the new issue.

In the secondary market, we have bought more from InterXion, Energizer, Ball Corp and UPM Kymmene, while we sold a part in Bergvik.

The synthetic CDS credit index sold off in line with the cash market. The iTraxx Crossover index went from +248 bp in late April to +315 bp in late May.

Portfolio management team: Stefan Ericson and Mathias Lundmark