

Report date: 30 September 2019

Fund: Pareto Global Corporate Bond
 Umbrella fund: Pareto SICAV
 Inception date: 23 March 2015
 AUM: SEK 4 117 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 D
 Launch date: 23 March 2015

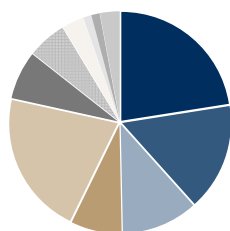
NAV as at 30 September 2019: 114.3790
 NAV currency: NOK
 Minimum investment: NOK 50 million
 ISIN: LU1199946168
 Bloomberg ticker: PARGCBD LX

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

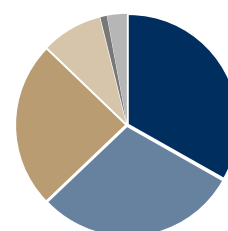
The sub-fund will invest in fixed income and fixed income related securities issued by corporations, agencies, governments and municipalities. The debt securities may include subordinated and convertible bonds. Investments are expected to give the sub-fund a higher risk and return than traditional interest-bearing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

Top ten issuers, sector allocation and geographical distribution

Iqvia	3.2%
Upm Kymmene	3.2%
Grupo Antolin	2.9%
Intrum	2.8%
Vulcan Materials	2.8%
Eurofins Scientific	2.8%
Scan Global	2.6%
Swiss RE	2.4%
Interxion	2.3%
Nielsen	2.3%



- Industrial 23 %
- Financial 16 %
- Consumer, Cyclical 11 %
- Basic materials 8 %
- Consumer, Non-cyclical 21 %
- Communications 7 %
- Technology 6 %
- Utilities 3 %
- Diversified 1 %
- Energy 1 %
- Cash 3 %



- Europe 33 %
- USA 30 %
- Global* 24 %
- Nordics 9 %
- Asia 1 %
- Cash 3 %

*Multinational corporations

Key figures from start

	Fund
Accumulated returns	14.4%
Annualised returns	3.0%

Other key figures

	Fund	Bench.
Yield to maturity**	4.6	n.a.
Weighted coupon	4.5	n.a.
Time to maturity	4.9	n.a.
Interest rate duration	2.5	n.a.

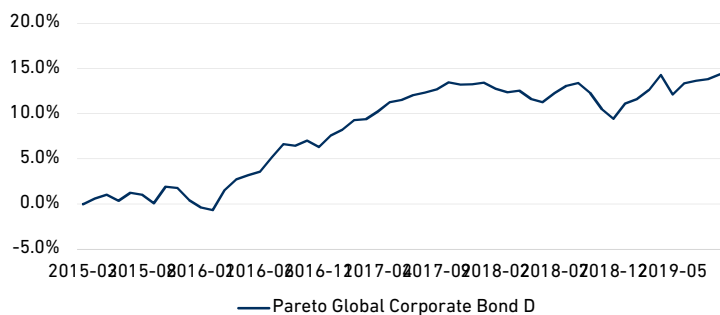
Risk figures from start

	Fund	Bench.
Standard deviation (ann.)	3.0%	5.1%
Sharpe ratio	0.8	0.8

Performance by periods

	Fund
Last month	0.5%
Year to date	4.5%
Six months	1.6%
Last 12 months	0.9%
From start (annualised)	3.0%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2019	1.54	0.46	0.89	1.48	-1.88	1.09	0.24	0.18	0.47				4.51
2018	0.18	-0.60	-0.36	0.18	-0.84	-0.30	0.87	0.74	0.26	-0.95	-1.63	-0.95	-3.37
2017	0.58	1.00	0.07	0.79	0.93	0.23	0.46	0.26	0.33	0.67	-0.20	0.01	5.25
2016	-0.80	-0.31	2.22	1.18	0.45	0.39	1.53	1.37	-0.14	0.50	-0.65	1.20	7.13
2015			-0.01	0.63	0.39	-0.64	0.87	-0.20	-0.95	1.83	-0.15	-1.32	0.44

**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, 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 2019

By Stefan Ericson and Mathias Lundmark

"But I couldn't find a way. So I'll settle for one day. To believe in you. Tell me, tell me, tell me lies."
(1987 Little Lies, Fleetwood Mac)

Mankind has strived for years to prosper and develop. This endeavor has sometimes made the concept of "truth" become fluid. The WeWork IPO process showed that accounting rules have room for interpretation when it comes to "adjusted EBITDA", which is reminiscent of some examples during the Internet era in the 1990s. Politicians around the world sometimes also have their own truth, where the United States may now have a third president who ends up in an impeachment proceeding. WeWork withdraws the application for a listing, but has this affected other parts of the market?

If we look at new issues, there has been no effect whatsoever. Companies with Investment Grade credit ratings in the United States issued USD 161 billion in September, the fourth most active month ever. Fund inflows in both the US and Europe have been strong. In high yield, just over USD 31 billion was issued in September. The Nordic bond market has also been very active with several frequent and also new issuers to the corporate bond market.

The risk sentiment fluctuated somewhat during the month, but the market absorbed well the large volumes that were issued. The fund was given the opportunity to evaluate many new deals especially from the US market. For despite the message from the US government about skepticism regarding the environment, there is quite a large amount of support in the business sector for renewable energy and innovative thinking.

Pareto Global Corporate Bond had a positive month and we were very active throughout the month in the new issue market, while also adjusting some existing positions. The fund has decreased a number of slightly more cyclical names such as LKQ and Belden. We have added new names such as Hannon Armstrong and NextEra Energy. In addition to these, the fund has increased in Encompass Health.

Hannon Armstrong is a leading ESG company in the United States. Sustainability and social responsibility are a central part of the company's philosophy. Financial performance has steadily improved and the company has a good balance between bank loans and bonds that are outstanding.

Synthetic CDS credit improved during the month. The iTraxx Crossover index went from +252 bp in late August to +234 bp in late September.

Portfolio management team: Stefan Ericson and Mathias Lundmark