

Report date: 29 February 2024

Fund: Pareto ESG Global Corporate Bond  
Umbrella fund: Pareto SICAV  
Inception date: 23 March 2015  
AUM: SEK 3 550 million  
Benchmark: n.a.  
PRIIPs KID risk score from 1 (low) to 7 (high): 2

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

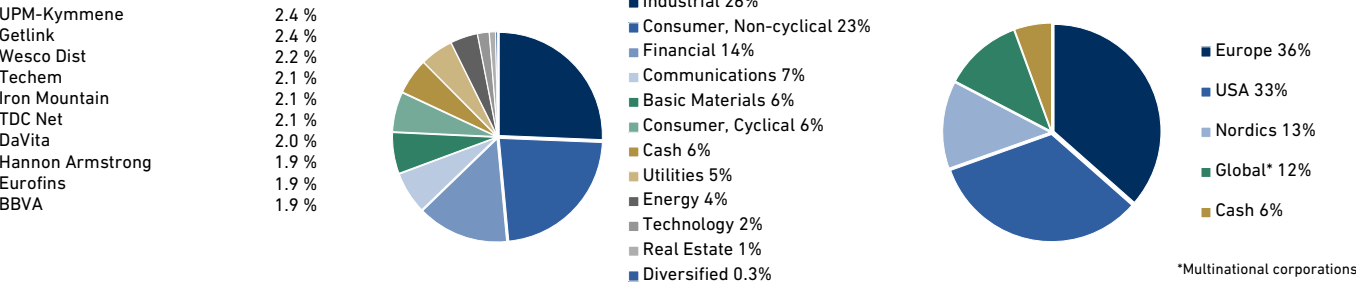
Domicile: Luxembourg  
Management company: FundRock Management Comp. S.A.  
Investment manager: Pareto Asset Management AS  
Custodian:  
Skandinaviska Enskilda Banken AB (publ) Luxembourg Branch

Share class H  
Launch date: 12 September 2018  
NAV as at 29 February 2024: 107.40  
NAV currency: EUR  
Minimum investment: 5 000 000  
ISIN: LU1199946242  
Bloomberg ticker: PAGLCHE 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



Key figures from start

	Fund
Accumulated returns	7.4%
Annualised returns	1.3%
Best month	4.5%
Weakest month	-11.7%

Other key figures

	Fund
Yield to maturity**	5.7
Weighted coupon	5.3
Average time to maturity	3.9
Interest rate duration	2.9
Credit spread duration	3.4

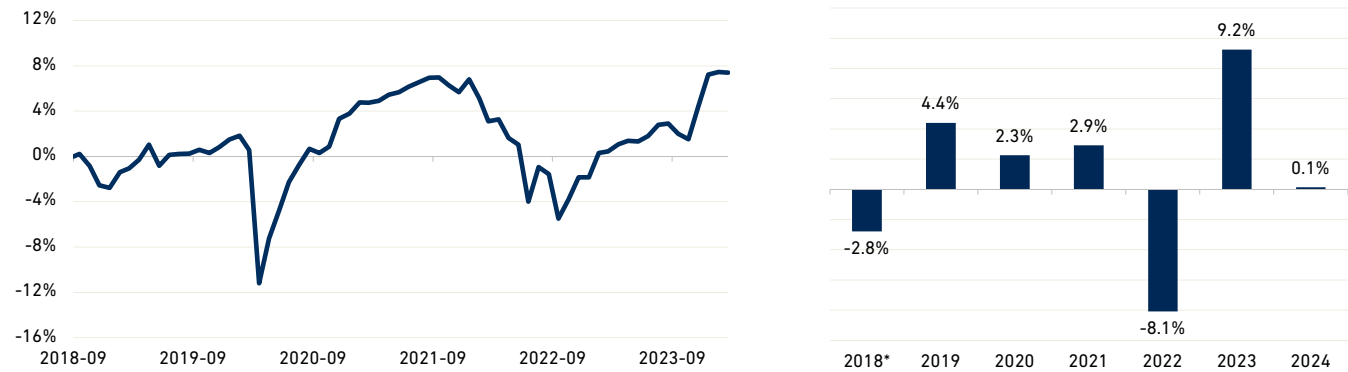
Risk figures from start

Standard deviation (ann.)	7.3%
Sharpe ratio	0.1

Performance by periods

	Fund
Last month	-0.1%
Year to date	0.1%
Three months	2.8%
Six months	4.4%
Last 12 months	6.9%
From start (annualised)	1.3%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2024	0.20	-0.05											0.14
2023	2.17	0.16	0.60	0.31	-0.04	0.47	0.98	0.09	-0.88	-0.46	2.87	2.68	9.24
2022	-1.60	-1.90	0.16	-1.58	-0.58	-4.97	3.15	-0.62	-3.99	1.82	2.01	0.00	-8.09
2021	0.95	-0.01	0.14	0.51	0.22	0.46	0.37	0.37	0.02	-0.66	-0.54	1.07	2.92
2020	0.35	-1.26	-11.69	4.47	2.70	2.58	1.56	1.42	-0.37	0.56	2.45	0.43	2.25
2019	1.43	0.34	0.79	1.34	-1.86	0.97	0.08	0.02	0.34	-0.28	0.49	0.68	4.40
2018									0.23	-1.08	-1.72	-0.23	-2.78

The Fund is exposed to the following materially risks: credit risk, liquidity risk, currency risk, derivative risk, counterparty risk, operational risk and sustainability risk. Please refer to the Fund's prospectus for further information about the fund's risk exposure. The Fund has sustainable investments as its objective within the meaning of Article 9 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/our-funds/>.

\*\*Reported in local currency. The gross portfolio yield is calculated as the weighted sum off all portfolio securities. For each security we calculate yields using Bloomberg. Hybrids are in general priced to first call. Contribution from cash is calculated applying the average monthly weight and bank account yield at month end. For distressed securities, priced around 50 or lower, we apply zero or running cash yield when applicable. The portfolio yield is then adjusted to reflect FX hedges, applying an annualized internal rate of return (IRR) from monthly FX contracts at month end. First, all assets are hedged back to the fund base currency. Second, the base currency exposure is converted to share class currency exposure to reflect the corresponding share class yields. Gross portfolio yield might change from day to day and is as such no guarantee for future return.

\*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.

By Stefan Ericson

*"Saying", (this is my message to you). Singing' don't worry 'bout a thing 'Cause every little thing gonna be alright."*

*(Three Little Birds, Bob Marley)*

Since the end of October 2023, economic conditions have been favourable, with a positive mix between growth and inflation. There is of course some uncertainty going forward and growth in Germany has even been negative in the last quarter. The big positive surprise continues to be the US, which came up with revised GDP growth figures which were a strong 3.2% for Q4. While the PCE inflation gauge showed a continued downward trend, it is still above the level where the Federal Reserve can conceivably lower the policy rate.

The market is now pricing in later interest rate cuts in both the US and Europe. This contributed to the US 10-year interest rate rising from around 3.90% to 4.25% during the month. Credit spreads developed well and decreased in both the US and Europe.

This positive market climate has contributed to large volumes in the new issue market for corporate bonds globally, especially in the US. US high yield gross volume is now \$58 billion YTD 2024. Europe has seen significantly less volume, but strong names have no problem issuing.

Earlier this month, EU legislators reached a provisional agreement on a regulation on ESG rating activities. Given the influence of ESG ratings in sustainable finance markets, the regulation intends to increase the transparency and comparability of ESG ratings. ESG rating providers will need to comply with minimum standards regarding business conduct, conflict of interest management, and transparency.

The strategy going forward remains having a strong focus on companies that contribute with sustainable solutions here and now.

The fund is classified as an article 9 fund under the SFDR Disclosure Regulation.

The fund participated in several new issues and was also active in the secondary market. Regarding new issues, the fund participated in Scatec Green Bond, P3 Group S.à.r.l green bond, Amer Sports, Coor, Wesco and Forvia.

In the secondary market, the entire holding in Lowell and IHO Verwaltung was sold. New names in the fund from the secondary market were Western Digital, Nokian Tyres and Open Text Corporation.

Open Text Corporation is a leading global tech company headquartered in Canada assisting companies with their digital transformation processes. The company was created to partner with Oxford University in order to create the first online Oxford English dictionary in 1991.

The synthetic CDS credit index tightened. The iTraxx Crossover index went from +325 bp at the end of January to +305 bp at the end of February.

**Portfolio management team:** Stefan Ericson, Philip Lindgren (credit analyst) and Ingrid Nygaard (ESG analyst)

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