

Report date: 31 August 2021

Fund: Pareto ESG Global Corporate Bond  
Umbrella fund: Pareto SICAV  
Inception date: 23 March 2015  
AUM: SEK 3 882 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 I

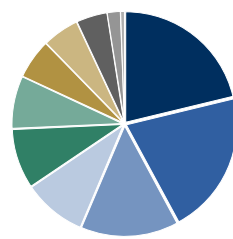
Launch date: 12 August 2016  
NAV as at 31 August 2021: 116.97  
NAV currency: NOK  
Minimum investment: 400 000 000  
ISIN: LU1476748568  
Bloomberg ticker: PAGCPIN LX

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

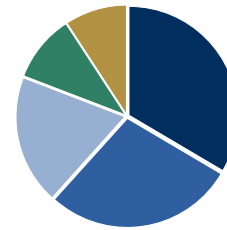
- The sub-fund will invest in fixed income and fixed income related securities issued by corporations, agencies, governments and municipalities
- The debt securities may include subordinated and convertible bonds
- Investments are expected to give the sub-fund a higher risk and return than traditional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

**Top ten issuers, sector allocation and geographical distribution**

UPM-Kymmene	2.6 %
Iron Mountain	2.5 %
IQVIA	2.1 %
Virgin Media	2.1 %
Energizer	2.1 %
Swiss Re	2.0 %
Intrum	2.0 %
Jacob Holm & Sønner	2.0 %
Eurofins	2.0 %
SGL TransGroup International	2.0 %



- Industrial 21%
- Consumer, Non-cyclical 21%
- Financial 14%
- Cash 9%
- Communications 9%
- Basic Materials 8%
- Consumer, Cyclical 6%
- Utilities 5%
- Energy 4%
- Diversified 2%
- Technology 1%



- Europe 34%
  - USA 28%
  - Global\* 19%
  - Nordics 10%
  - Cash 9%
- \*Multinational corporations

**Key figures from start**

Accumulated returns	Fund	17.0%
Annualised returns	Fund	3.1%
Best month	Fund	4.5%
Weakest month	Fund	-11.9%

**Other key figures**

Yield to maturity**	Fund	3.6
Weighted coupon	Fund	4.4
Average time to maturity	Fund	4.3
Interest rate duration	Fund	2.3

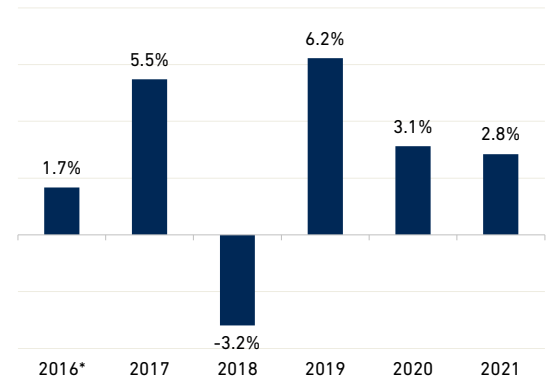
**Risk figures from start**

Standard deviation (ann.)	Fund	6.5 %
Sharpe ratio	Fund	0.3

**Performance by periods**

Last month	Fund	0.4%
Year to date	Fund	2.8%
Three months	Fund	1.4%
Six months	Fund	2.5%
Last 12 months	Fund	6.6%
From start (annualised)	Fund	3.1%

**Performance history**



**Monthly net returns in per cent**

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2021	0.26	0.05	0.24	0.60	0.29	0.53	0.44	0.42					2.85
2020	0.57	-1.11	-11.90	4.55	2.68	2.62	1.65	1.43	-0.29	0.64	2.50	0.74	3.13
2019	1.56	0.47	0.90	1.50	-1.87	1.12	0.24	0.19	0.49	-0.07	0.68	0.88	6.22
2018	0.19	-0.59	-0.34	0.20	-0.82	-0.29	0.89	0.76	0.28	-0.93	-1.62	-0.94	-3.19
2017	0.60	1.03	0.07	0.81	0.96	0.25	0.47	0.27	0.35	0.69	-0.18	0.03	5.49
2016								0.72	-0.11	0.52	-0.63	1.16	1.67

\*\*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](http://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 - August 2021

By Stefan Ericson and Mathias Lundmark

*"And all the future's there for anyone to change, still you know it seems. It would be easier sometimes to change the past."*  
(Jackson Browne, Fountain of Sorrow, 1975)

Despite several dramatic events around the world, the financial market has remained fairly calm. Geopolitical tensions have not affected the markets this time around. A major event that was a focal point was the annual Jackson Hole Symposium. The rise of the delta variant forced the Kansas City Federal Reserve, which hosts the annual conference, to change its plans on short notice and hold a virtual event. The message given was of continued support, but also that the economies have surprised positively during the recovery.

"The pace of the recovery has exceeded expectations, with output surpassing its previous peak after only four quarters, less than half the time required following the Great Recession," Powell said.

We still see this in the half-yearly reports that came in during August. There is a broad resurgence for most companies in several sectors. In this favourable economic climate, we had a surprisingly strong new issue market in both the USA and Europe. August is otherwise a subdued period usually affected by the summer holiday. Credit spreads globally widened in the first half of August but ended the month strongly in both Europe and the US.

The fund had a good month with a positive return and high activity in both the primary and secondary markets. Several new names were added to the portfolio, such as First Student, Oeyfjellet Wind Investments and Wesco.

First Student is a niche company in school transport. Acquirer EQT Infrastructure is committed to helping future proof the Company by investing in the electrification of its fleet and accelerating its transition to renewable fuel sources in order to support passenger health and reduce environmental impact. Vehicles will be electrified over time and contribute to a healthier environment in the future.

In the secondary market, we added in Commscope, Liberty Mutual, Davita, Organon, IQVIA, Cerba Healthcare and Intrum.

A couple of companies in the fund have either been bought or are repaying bonds. MDC Partners has been bought out and thus the bonds owned by the fund were repaid. MDC Partners has had a challenging period the past few years and will now look to improve the company's profitability with a new partner. We wish them good luck.

**Synthetic CDS credit** indices continued to trade in a tight range during the month. The iTraxx Crossover index went from +235 bp at the end of July to +229 bp at the end of August.

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