

Report date: 31 December 2021

Fund: Pareto ESG Global Corporate Bond  
Umbrella fund: Pareto SICAV  
Inception date: 23 March 2015  
AUM: SEK 3 476 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

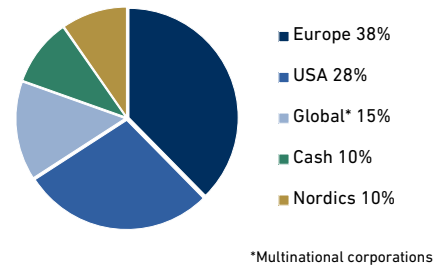
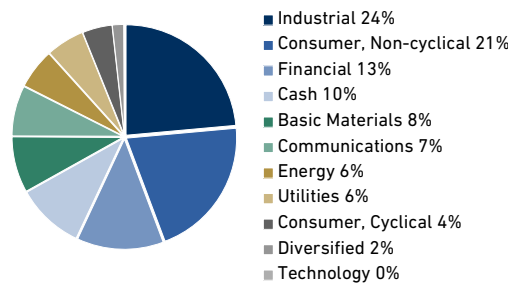
Launch date: 8 March 2017  
NAV as at 31 December 2021: 109.03  
NAV currency: SEK  
Minimum investment: 400 000 000  
ISIN: LU1476748642  
Bloomberg ticker: PAGCBS LX

**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 %
Virgin Media	2.5 %
Swiss Re	2.3 %
Eurofins	2.2 %
SGL TransGroup International	2.2 %
Iron Mountain	2.2 %
Getlink	2.1 %
Catalent Pharma	2.1 %
Energizer	2.1 %
Ht Troplast	2.0 %



**Key figures from start**

	Fund
Accumulated returns	9.0%
Annualised returns	1.8%
Best month	4.5%
Weakest month	-11.8%

**Other key figures**

	Fund
Yield to maturity**	3.8
Weighted coupon	4.5
Average time to maturity	4.5
Interest rate duration	1.9

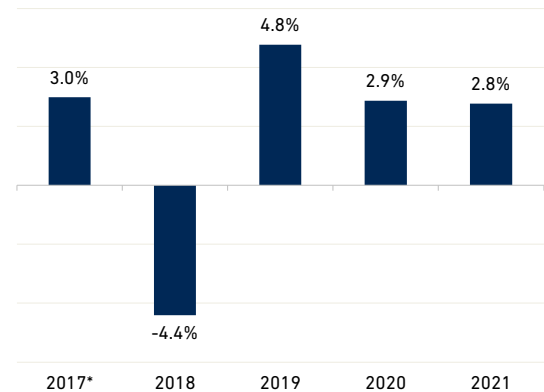
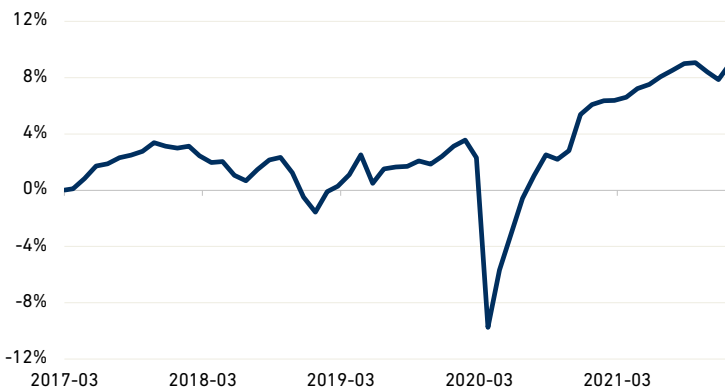
**Risk figures from start**

	Fund
Standard deviation (ann.)	6.6 %
Sharpe ratio	0.3

**Performance by periods**

	Fund
Last month	1.1%
Year to date	2.8%
Three months	0.0%
Six months	0.9%
Last 12 months	2.8%
From start (annualised)	1.8%

**Performance history**



**Monthly net returns in per cent**

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2021	0.24	0.04	0.21	0.57	0.28	0.52	0.43	0.42	0.07	-0.61	-0.50	1.08	2.77
2020	0.42	-1.22	-11.78	4.51	2.70	2.63	1.62	1.47	-0.31	0.61	2.48	0.68	2.87
2019	1.47	0.39	0.80	1.40	-1.96	1.02	0.12	0.06	0.37	-0.22	0.55	0.72	4.76
2018	0.13	-0.66	-0.46	0.08	-0.96	-0.39	0.80	0.66	0.18	-1.06	-1.72	-1.07	-4.41
2017			0.11	0.72	0.88	0.15	0.41	0.19	0.27	0.59	-0.25	-0.12	2.99

\*\*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 - December 2021

By Stefan Ericson and Mathias Lundmark

*"How does it feel, how does it feel? To be on your own, with no direction home. A complete unknown, like a rolling stone."* (Bob Dylan, Like a Rolling Stone, 1965)

As we summarize 2021, the question "how does it feel?" does seem relevant. Speaking of purely financial conditions and other world economic data, we would categorise 2021 as a very good year. By and large most corporates around the world also continued to see improvements. Earnings improved, especially during the first half of the year, and net borrowing fell, causing net leverage on a consolidated level to fall in both Europe and US.

The strong momentum was dented when severe disruptions in global logistics chains and transportation interfered. There were vast delays in many ports around the world, production fell globally and shortages of especially semiconductors caused production delays.

Another negative result (for consumers and some companies) of the strong economy was much higher energy prices. On the flip side of that coin many companies have benefitted from higher energy prices.

The pandemic caused by Covid-19 infections stands out in stark contrast to the economic progress. Several mutations, combined with wariness of continued shutdowns and some resistance to vaccines, resulted in record global Covid-19 deaths during 2021. Medical experts, however, point towards less severe illnesses from the omicron virus strain. We all hope for a better 2022 regarding the pandemic.

The credit market performed well for the main part of the year. Credit spreads widened rapidly during October and November, but the market recovered well during December, the last trading month of the year. The new issuance market was also very active, except for late November and December. The US priced almost \$9 billion of high yield deals in December, giving a 2021 total of approximately \$520 billion in new issued volume.

The fund performed well in December. The first half of the year was uneventful, whereas the last six months were more turbulent as inflation picked up and Federal Reserve signalled that rate hikes were likely in 2022. The fund also gained in the last six months of the year when credit spreads widened. The fund has positioned itself with a slightly lower interest rate duration as we forecast and hope that the Fed will come through and raise short-term rates in the US.

There were no new issues bought into the fund in December as the new issue market slowed substantially towards the end of the year.

Sustainability and ESG focus have continued to grow in importance. In early November many world leaders convened in Glasgow for COP 26 to establish more global agreements on climate-related matters.

As for the fund industry, many new regulations continue to be established with the overriding goal of steering financing towards better solutions for tomorrow.

The fund is classified as an Article 9 fund according to the SFDR regulation.

**The synthetic CDS** credit index gained during December. The iTraxx Crossover index went from +286 bp at the end of November to +243 bp at the end of December.

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