

Report date: 31 May 2022

Fund: Pareto Nordic Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 22 April 2013
AUM: NOK 14 216 million
Benchmark: n.a.
Risk score from 1 (low) to 7 (high): 4

Category: fixed income fund
Legal structure: UCITS
Dealing days: all coinciding banking days in Norway 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

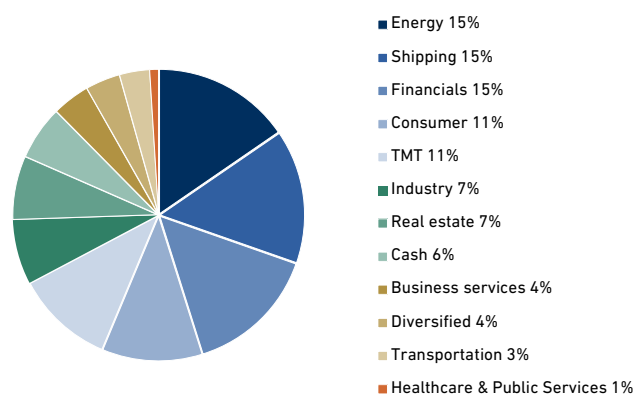
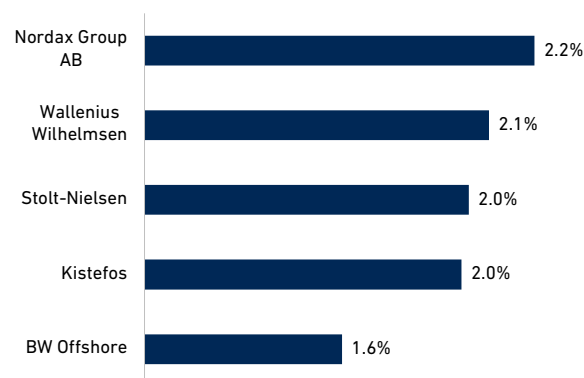
Share class A

Launch date: 7 June 2017
NAV as at 31 May 2022: 110.36
NAV currency: EUR
Minimum investment: n.a.
ISIN: LU1608101579
Bloomberg ticker: PANCB AE LX

Corporate bonds with underlying credit risk, exposure primarily to Nordic corporations and financial institutions.

- The sub-fund invests in debt securities issued predominantly by corporations, agencies, governments and municipalities with a presence in the Nordic region
- The debt securities primarily include corporate bonds, but also subordinated, hybrids and convertible bonds. Investments are expected to give the fund a higher risk and return than traditional interest-bearing financial instruments
- The average interest duration shall be between 0 and 4 years

Top five issuers and sector allocation



Key figures since launch

	Fund
Accumulated returns	10.4%
Annualised returns	2.0%

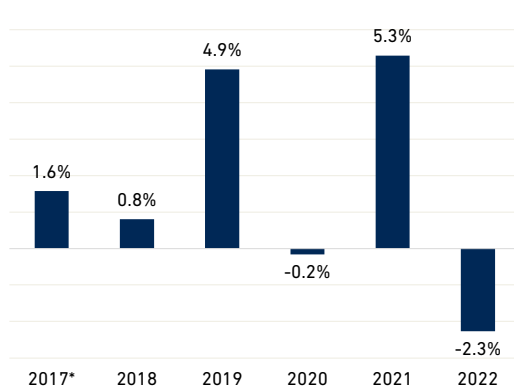
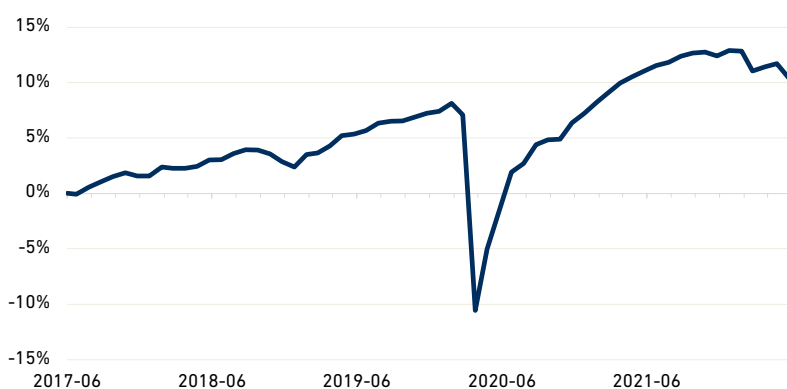
Risk figures

	Fund
Standard deviation (ann.)	8.5%
Average time to maturity	2.5
Interest rate duration	0.8
Credit spread duration	2.3

Performance by periods

	Fund
Last month	-1.2%
Year to date	-2.3%
Three months	-0.6%
Six months	-1.8%
Last 12 months	-0.6%
Since launch (annualised)	2.0%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2022	-0.07	-1.58	0.35	0.24	-1.21								-2.26
2021	0.90	0.77	0.83	0.53	0.46	0.44	0.27	0.49	0.24	0.08	-0.30	0.45	5.29
2020	0.65	-0.94	-16.48	6.20	3.64	3.51	0.77	1.66	0.43	0.06	1.39	0.82	-0.17
2019	1.08	0.15	0.61	0.90	0.14	0.31	0.62	0.16	0.02	0.34	0.32	0.18	4.91
2018	0.80	-0.12	0.01	0.17	0.56	0.03	0.51	0.34	-0.02	-0.34	-0.67	-0.47	0.81
2017						-0.07	0.64	0.48	0.46	0.36	-0.31	0.01	1.57

*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 a marketing communication. This is not a contractually binding document. Please refer to the prospectus of the fund and do not base any final investment decision on this communication alone. 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

Monthly commentary – May 2022

By Øyvind Hamre and Thomas Larsen

May was characterised by increased uncertainty and volatility in most markets. However, towards the end of the month the market sentiment turned more positive, recovering some of the losses. Market interest rates stabilised, with smaller movements in May than in the last two months, which saw large upward moves across the curve in most currencies. In addition, the Covid lockdowns in China are about to be eased, giving an additional sentiment boost.

The Nordic high-yield market has proven to be resilient this year, despite the increased market volatility. The fund repriced somewhat during May, however, following strong performance relative to global high yield markets in April.

There were no major company news or credit events during the month for our portfolio companies besides Mercell and Frontmatec; both announced that they are in the process of being sold to new owners.

Over the last few months, we have tilted the portfolio towards sectors more resilient to inflationary pressures, such as energy and shipping. These two sectors accounted for 15.1% and 14.6% of the fund at the end of May, compared to 13.7% and 13.6% end of April. Cash and investment grade bonds were 15% at the end of May, down from 18.4% in April.

Primary market activity continued to be low in May, which has been the case for most of the year. Total issued volume for the first five months of 2022 ended at NOK 39 billion, against NOK 91 billion in the same period in 2021. Ten issuers tapped the market for the equivalent of NOK 7.2 billion, as compared to NOK 22.5 billion in May last year. The issuers were spread across most sectors, with energy standing out with three transactions representing 22% of the total transaction volume. Pareto Nordic Corporate Bond did not participate in any primary transactions in May.

We did not add any new issuers to the fund in May, but we exited three issuers (Bellman Group, Cambio and Merlin Entertainments). In addition, four issuers called their bonds outstanding during the month without replacing them with new bonds (Fjord1, ICE Group, LEAX Group and Stockmann).

Portfolio management team: Øyvind Hamre, Thomas Larsen and Stefan Ericson