

Report date: 30 April 2019

Fund: Pareto Nordic Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 22 April 2013*
AUM: NOK 7 551 million
Benchmark: ST1X - 0.25 years

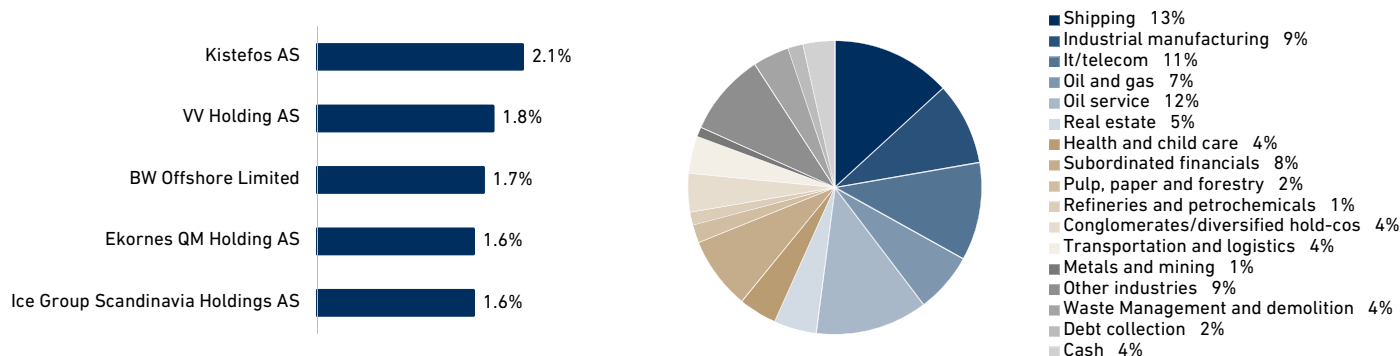
Category: fixed income fund
Legal structure: SICAV/UCITS
Domicile: Luxembourg
Dealing days: all coinciding banking days in Norway and Luxembourg

Management company: FundRock Management Company NAV as at 30 April 2019: 1 117.9351
Investment manager: Pareto Asset Management AS NAV currency: NOK
Custodian: Skandinaviska Enskilda Banken S.A. Minimum investment: n.a.
Share class A ISIN: LU0922130215
Launch date: 26 October 2015 Bloomberg ticker: PARHYNA 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	Index
Accumulated returns	16.7%	2.0%
Annualised returns	4.5%	0.6%

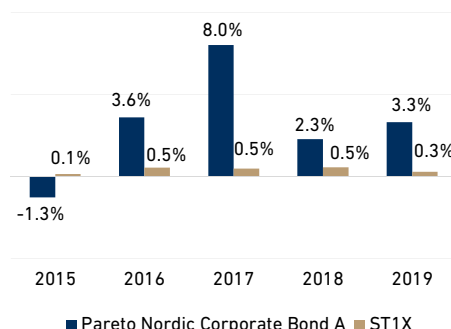
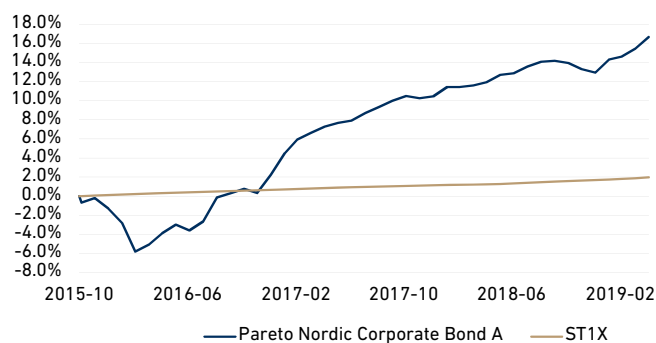
Risk figures

	Fund	Index
Standard deviation (ann.)	3.3%	0.1%
Time to maturity	2.8	n.a.
Interest rate duration	1.0	n.a.

Performance by periods

	Fund	Index
Last month	1.1%	0.1%
Year to date	3.3%	0.3%
Six months	2.4%	0.4%
Last 12 months	4.2%	0.7%
Since launch (annualised)	4.5%	0.6%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2019	1.20	0.27	0.73	1.06									3.30
2018	0.89	-0.01	0.16	0.30	0.68	0.15	0.62	0.46	0.07	-0.20	-0.56	-0.31	2.26
2017	2.17	1.39	0.67	0.59	0.39	0.21	0.74	0.59	0.57	0.47	-0.22	0.18	8.01
2016	-1.54	-3.06	0.77	1.24	0.93	-0.62	0.97	2.60	0.44	0.47	-0.45	1.92	3.60
2015										-0.66	0.47	-1.10	-1.29

*The sub-fund was launched 22 April 2013 as a feeder fund (named Pareto High Yield Nordic) and was converted into a stand-alone fund from 26 October 2015. The sub-fund continues as Pareto Nordic Corporate Bond. 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 report are available at <http://fundinfo.sebfundservices.lu/Pareto/>. The representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, 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 – April 2019

By Øyvind Hamre

Pareto Nordic Corporate Bond performed well in April, with a stable positive return. The fund has thus continued its positive development so far in 2019.

High-yield markets in the US, Europe and the Nordic countries continued their strong development through April. Credit margins continued to decline, contributing to a positive price trend in addition to the current coupon rates. Default rates in the markets continue to be at low levels, leading to low losses in the portfolios. The fund had no negative credit events during the month.

After a relatively quiet start to the year, activity in the primary markets picked up in March, and this continued into April, which was a very active month. The fund participated in several new issues, including Infront, Kistefos, SBB, Digiplex and Länsförsäkringar Bank in Sweden. These are companies in a wide range of industries, respectively information and trade terminals for the financial industry (Infront), an investment company (Kistefos), a real estate company with public rental counterparties in Sweden (SBB), a data center in Norway (Digiplex) and conservative banking operations in Sweden (Länsförsäkringar Bank). This helps illustrate the diversity in the Nordic high-yield market. In addition, it supports our philosophy of having a broad sector-diversified credit fund in the Nordic market.

We expect that many issuers will be active in the market now before the summer in Norway, both new issuers and old acquaintances. The fund is well positioned to participate in some of these if interesting opportunities emerge.

Average coupon rate in the fund at the end of the month is 6.2%, with a credit margin of just under 500 basis points (five percentage points). Both interest rate and credit sensitivity continue to be low, at 1 year and 2.8 years, respectively. We believe that this, combined with continued attractive coupon levels and low default rates, provides a good basis for a further positive development for the fund.

Portfolio management team: Stefan Ericson, Øyvind Hamre and Eric von Koss Torkildsen