

Report date: 31 August 2021

Fund: Pareto Nordic Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 22 April 2013
AUM: NOK 18 258 million
Benchmark: n.a.

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

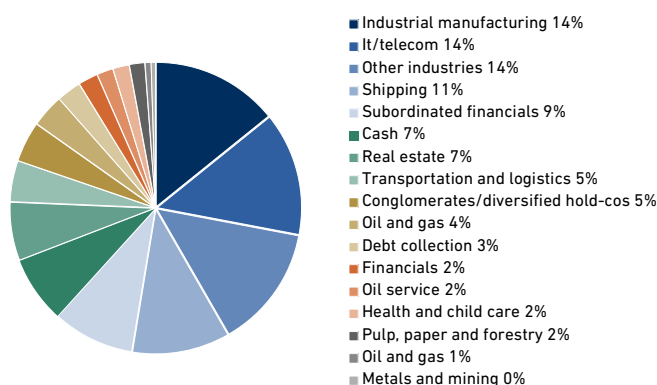
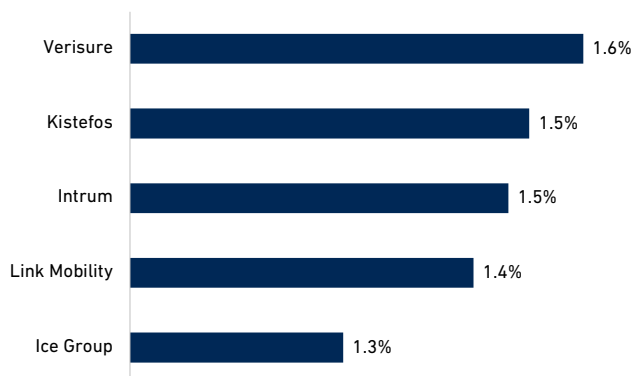
Share class B

Launch date: 20 November 2015
NAV as at 31 August 2021: 1 313.38
NAV currency: NOK
Minimum investment: 50 000 000
ISIN: LU1311574799
Bloomberg ticker: PANCBNK 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	31.3%
Annualised returns	4.8%

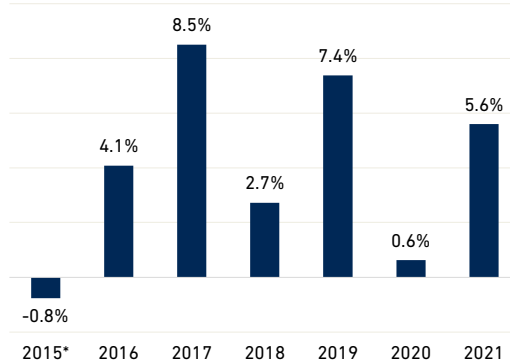
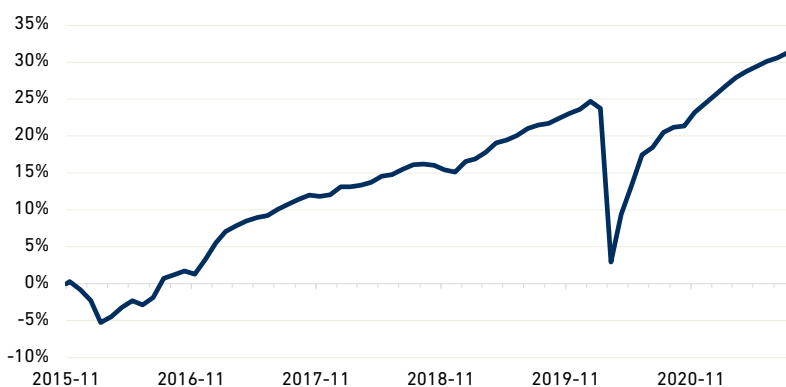
Risk figures

	Fund
Standard deviation (ann.)	8.3%
Average time to maturity	2.8
Interest rate duration	0.9
Credit spread duration	2.2

Performance by periods

	Fund
Last month	0.6%
Year to date	5.6%
Three months	1.5%
Six months	3.6%
Last 12 months	9.0%
Since launch (annualised)	4.8%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2021	1.01	0.87	0.92	0.64	0.56	0.53	0.36	0.58					5.60
2020	0.89	-0.76	-16.81	6.25	3.65	3.59	0.86	1.71	0.55	0.16	1.50	0.96	0.63
2019	1.24	0.30	0.77	1.10	0.33	0.48	0.81	0.37	0.20	0.57	0.53	0.43	7.38
2018	0.93	0.02	0.19	0.34	0.71	0.19	0.66	0.50	0.11	-0.16	-0.52	-0.27	2.72
2017	2.21	1.43	0.71	0.62	0.43	0.25	0.78	0.63	0.61	0.51	-0.18	0.22	8.50
2016	-1.51	-3.03	0.81	1.28	0.97	-0.58	1.01	2.65	0.48	0.51	-0.41	1.96	4.08
2015											0.30	-1.06	-0.77

*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 – August 2021

By Øyvind Hamre and Thomas Larsen

August was another good month for Nordic high-yield bonds and Pareto Nordic Corporate Bond (PNCB). The favourable risk sentiment globally continues and seems to be little affected by the rising number of Covid-19 cases and increasingly negative focus on certain sectors and businesses in China. In the Nordic region, both primary and secondary market activity has picked up significantly after the summer break.

We increased our exposure in several of our existing holdings in addition to gaining exposure to six new issuers where we had no previous exposure. We want to reiterate that we are highly selective when adding new names to the portfolio, considering buoyant markets with compressed credit spreads and default rates kept low by expansionary monetary and fiscal policies. Our long-term investment philosophy remains intact, which is to invest in quality companies with long-term viable business models and sound credit profiles at an attractive risk-adjusted expected return. PNCB has not been exposed to any major credit events in 2021.

Primary market activity was low in the first half of the month, as usual, due to the holiday season. However, activity picked up significantly in the second half of the month with 11 issuers tapping the market for the equivalent of NOK 17 billion for the month overall. There was only one inaugural bond issuer in August (Øyfjellet Wind Investments). Note that there were launched a significant number of transactions in August which were not closed by the end of the month, paving the way for a busy start of September which we expect will be another month with high new issue volumes.

PNCB participated in five new issues spread across shipping (Wallenius Wilhelmsen), renewable energy (Øyfjellet Wind Investments), industry (Bewi), TMT (Cegal), and real estate (Castellum). Three of the issuers were existing holdings, while Øyfjellet Wind Investments and Castellum were new holdings. In addition, we have added four new names to the portfolio in the secondary market: Norlandia (public services), Momox (re-commerce), Merlin Entertainments (amusement parks), and Beerenberg (energy services).

The portfolio continues to have a conservative profile in the Nordic high-yield market with a broad sector diversification, limited single name exposure and balancing of liquidity against best possible relative value. We believe the portfolio is well positioned to weather all sorts of market environments with its solid liquidity position, low interest rate risk and low credit duration.

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