

Report date: 30 September 2019

Fund: Pareto Nordic Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 22 April 2013*
AUM: NOK 11 284 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

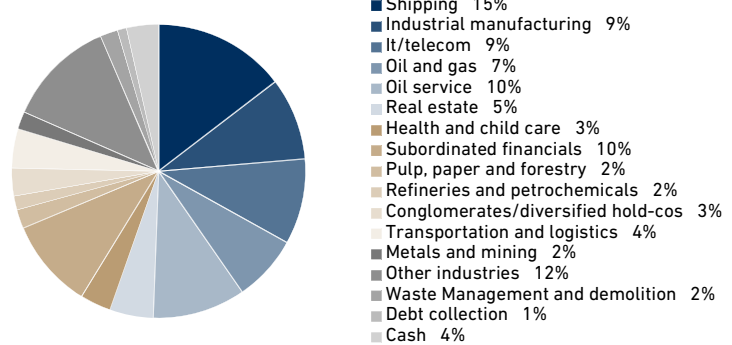
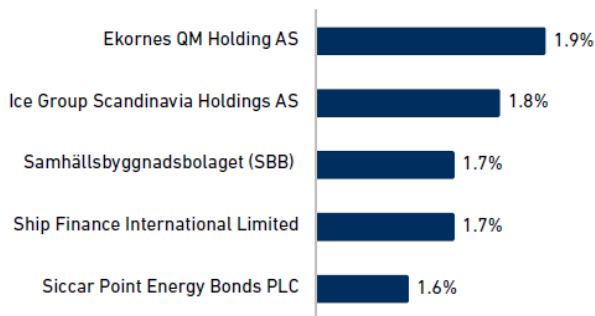
Management company: FundRock Management Comp. S.A.
Investment manager: Pareto Asset Management AS
Custodian: Skandinaviska Enskilda Banken S.A.
Share class C
Launch date: 26 October 2015

NAV as at 30 September 2019: 1 034.210
NAV currency: SEK
Minimum investment: n.a.
ISIN: LU0922130561
Bloomberg ticker: PARHYNB 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	12.3%	2.5%
Annualised returns	3.0%	0.6%

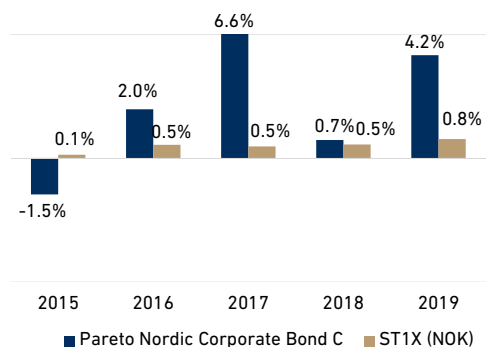
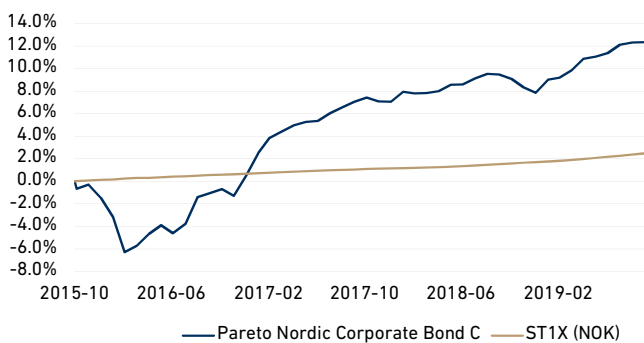
Risk figures since launch

	Fund	Index
Standard deviation (ann.)	3.1%	0.1%
Average maturity	2.9	n.a.
Interest rate duration	1.0	n.a.

Performance by periods

	Fund	Index
Last month	0.0%	0.1%
Year to date	4.2%	0.8%
Six months	2.3%	0.6%
One year	2.6%	0.9%
Since launch (annualised)	3.0%	0.6%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2019	1.09	0.15	0.60	0.94	0.16	0.30	0.66	0.17	0.02				4.16
2018	0.81	-0.12	0.01	0.17	0.53	0.03	0.50	0.35	-0.04	-0.36	-0.67	-0.46	0.73
2017	2.05	1.30	0.54	0.51	0.32	0.08	0.65	0.49	0.45	0.35	-0.30	-0.03	6.57
2016	-1.74	-3.18	0.62	1.09	0.80	-0.74	0.89	2.46	0.35	0.37	-0.59	1.77	1.97
2015										-0.67	0.39	-1.20	-1.48

*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.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 – September 2019

By Øyvind Hamre

September was a month of positive returns for Pareto Nordic Corporate Bond. Internationally, the markets have been steadily positive. There has been substantial activity in the primary markets with good inflow of new capital in both high yield and investment grade. This has been driven by, among other things, a somewhat lighter tone between the US and China, reduced likelihood of a hard Brexit at the end of October and monetary policy support from central banks.

In the Nordic countries the market has been somewhat more varied. Generally supported by the positive international factors, but also characterised by a negative development in some individual names, particularly in the oil service industry. This has especially affected the Norwegian part of the market, while the rest of the Nordic region has been strong this month. Pareto Nordic Corporate Bond's performance has been adversely affected by holdings in Floatel International and DOF Subsea, but this has been more than offset by stable development in other holdings in the portfolio.

Activity in the Nordic primary market has been high, and the fund has participated in several new issues, including the cruise and ferry company Color Group, European Energy, which operates in the development of wind farms, and the Norwegian telecom company Ice Group. We continue to see high market activity moving into October and expect this to continue. The fund has good liquidity and is well positioned to participate in any interesting investment opportunities that may arise.

In September, the central bank of Norway raised the key rate by 0.25 percentage points to 1.50 per cent. The central bank wrote that the key rate will likely stay at this level in the near future. The main arguments for the rise in interest rates were the Norwegian economy doing well, low unemployment and a weak Norwegian currency.

Our management continues to focus on investment opportunities in well-run Nordic companies. In addition, we seek a portfolio that is broadly diversified across sectors, with limited exposure to individual holdings, low interest rate sensitivity and good underlying liquidity. As of the end of September, the Fund has a yield to maturity of 5.9 per cent and a duration of just under one year.

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