

Report date: 29 July 2022

Fund: Pareto Nordic Corporate Bond
Umbrella fund: Pareto SICAV
Inception date: 22 April 2013
AUM: NOK 12 708 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

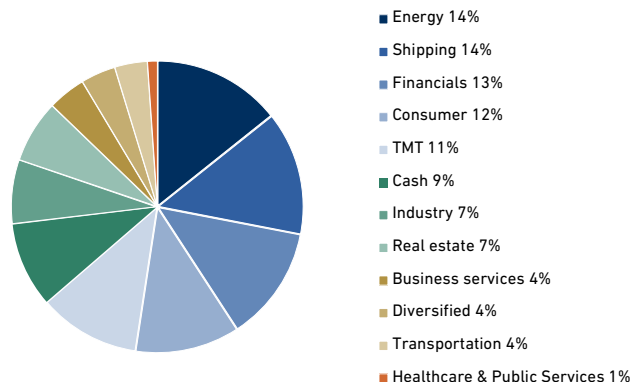
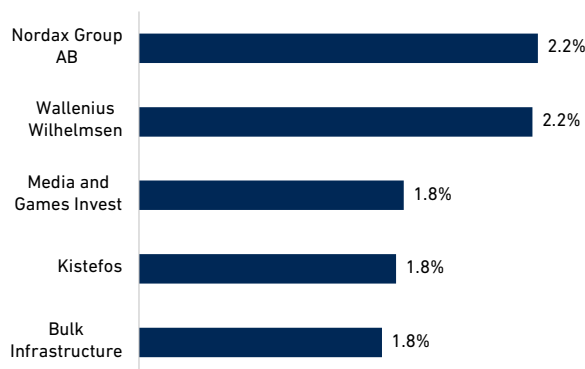
Share class I DIS

Launch date: 24 September 2018
NAV as at 29 July 2022: 925.30
NAV currency: EUR
Minimum investment: 50 000 000
ISIN: LU1861276845
Bloomberg ticker: PANCIDE 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	6.6%
Annualised returns	1.7%

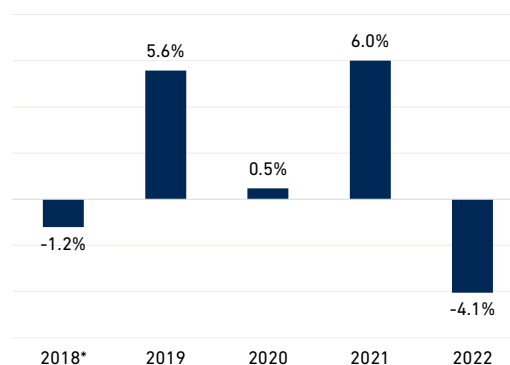
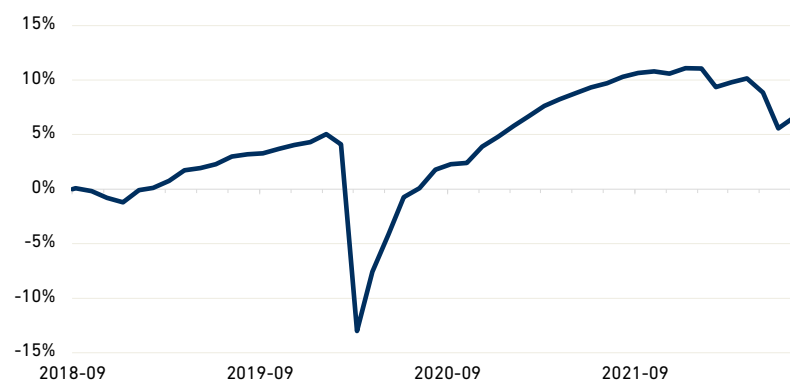
Risk figures

	Fund
Standard deviation (ann.)	9.8%
Average time to maturity	2.5
Interest rate duration	0.8
Credit spread duration	2.2

Performance by periods

	Fund
Last month	1.0%
Year to date	-4.1%
Three months	-3.2%
Six months	-4.0%
Last 12 months	-2.8%
Since launch (annualised)	1.7%

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2022	-0.02	-1.53	0.40	0.30	-1.15	-3.02	0.95						-4.06
2021	0.95	0.82	0.89	0.58	0.52	0.49	0.34	0.55	0.30	0.13	-0.18	0.46	6.01
2020	0.70	-0.89	-16.44	6.25	3.69	3.57	0.82	1.72	0.48	0.12	1.45	0.87	0.47
2019	1.13	0.20	0.65	0.96	0.19	0.36	0.67	0.22	0.07	0.39	0.37	0.24	5.58
2018									0.09	-0.28	-0.62	-0.41	-1.21

*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 Switzerland.

Monthly commentary – July 2022

By Øyvind Hamre and Thomas Larsen

July was, as expected, a quiet month in the Nordic high-yield market, reflecting the Nordic holiday season. Price development for Pareto Nordic Corporate Bond was positive in July, with a total return for the month above the fund's current yield, primarily driven by credit spread tightening. Volatility in International equity and credit markets generally decreased during the month. Interest rates also dropped, most notably at the longest end of the curves.

We are cautiously optimistic with respect to the outlook for Pareto Nordic Corporate Bond, based on the significant repricing that occurred during the first half of the year. In addition, the return potential has been lifted by rising interest rates due to fund's high share of floating rate notes. However, we acknowledge the increased macroeconomic uncertainty. The fund's investment philosophy is to invest for the long-term based on sound credit fundamentals and not to speculate in short-term price movements. In addition, we strive to minimise risk by having a diversified portfolio with low single-name exposure. The fund's largest subsector exposure at the end of July was software and IT services (7.6% of AUM).

There was no major company news or credit events during the month for our portfolio companies. The quarterly reports that have been published so far have mostly been as expected, evident by no or only marginal movement in bond prices.

Primary market activity was low in July, which is typically the slowest period of the year in the Nordic market. Two issuers tapped the market for the equivalent of NOK 775 million, as compared to six issuers tapping the market for NOK 4,775 million in July last year. Total issued volume for the first seven months of 2022 ended at NOK 45 billion, against NOK 118 billion in the same period in 2021. Note that the primary market activity was exceptionally high in 2021, with issue volume close to twice as high as in previous peak years. Pareto Nordic Corporate Bond did not participate in any primary transactions in July and has participated in five out of a total of 74 primary transactions year-to-date.

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