

Report date: 30 April 2024

Fund: Pareto Nordic Cross Credit
Umbrella fund: Pareto SICAV
Inception date: 26 November 2019
AUM: NOK 6 208 million
Benchmark: n.a.
PRIIPs KID risk score from 1 (low) to 7 (high): 2

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

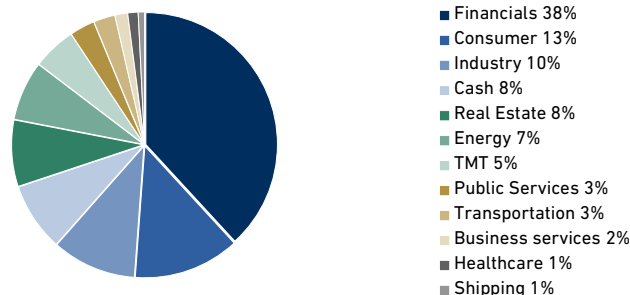
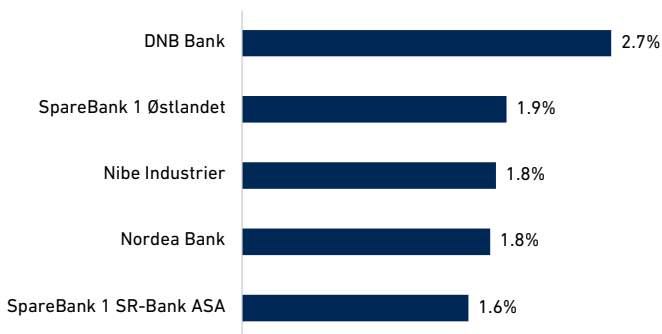
Share class H

Launch date: 27 October 2023
NAV as at 30 April 2024: 102.73
NAV currency: CHF
Minimum investment: 5 000 000
ISIN: LU2023200400
Bloomberg ticker: PANRDCH LX

Nordic fixed income fund investing in corporate bonds in a wide range of sectors. Low geopolitical risk and an ESG profile.

- The fund invests in fixed income and fixed income related securities issued by financial institutions, corporations, agencies, governments and municipalities while incorporating ESG criteria into the Fund's analysis and selection criteria
- The debt securities may be rated or unrated and have credit risk corresponding to Investment Grade or High Yield
- The average interest rate duration of the portfolio shall be between 0 and 4 years

Top five issuers and sector allocation



Key figures since launch

	Fund
Accumulated returns	2.7 %
Annualised returns	0.0 %

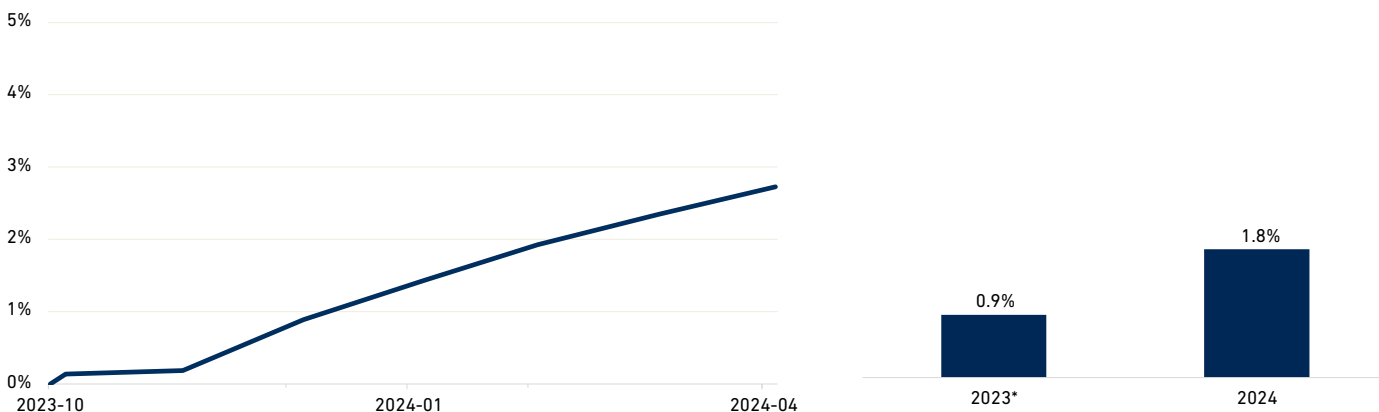
Risk figures

	Fund
Standard deviation (ann.)	0.0 %
Average time to maturity	2.5
Interest rate duration	0.3
Credit spread duration	2.2

Performance by periods

	Fund
Last month	0.4 %
Year to date	1.8 %
Three months	1.3 %
Six months	2.6 %
Last 12 months	0.0 %
Since launch (annualised)	0.0 %

Performance history



Monthly net returns in per cent

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2024	0.54	0.48	0.41	0.37									1.82
2023										0.14	0.05	0.70	0.89

The Fund is exposed to the following materially relevant risks: liquidity risk, currency risk, derivatives risk, counterparty risk, operational risk and sustainability risk. Please refer to the Fund's prospectus for further information about the fund's risk exposure. The Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. The decision to invest in the Fund should take into account all the characteristics or objectives of the Fund as described in its prospectus. Further information about the sustainability-related aspects of the Fund is available in the SFDR pre-contractual disclosures in the Fund's prospectus and the SFDR website disclosure available on <https://paretoam.com/en/our-funds/>.

*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.

By: Christian Welding og Gustaf Tegell

April was another strong month in the Nordic credit markets and for Pareto Nordic Cross Credit. The trend from the first quarter continued, and the return for the month ended slightly above the coupon income.

A good inflow of capital to the fund in April resulted in another month of high activity for us. We traded bonds for around NOK 630 million, mainly purchases. A somewhat limited supply of attractive investment opportunities in the primary market meant that we made active use of the secondary market. The trades were spread across the fund's various investment sectors, so that the composition of the portfolio is unchanged.

Credit markets in Europe (observed via the cross-over index) had a somewhat more volatile journey through April than the Nordic market, but still ended the month roughly where it started. In the Nordic primary market, Mowi ASA (one of the world's largest seafood companies) stood out with its first bond issue in Norwegian kroner. They issued a total of NOK 3.5 billion in two parts. A five-year and an eight-year at very attractive levels for the company. We did not participate in these but found more value in an issuance by Arla Foods with a shorter maturity, 3 years.

In April, the US inflation sentiment changed, reflected in an increase of about 40 basis points in the 10-year US Treasury bond. The market is now only pricing in cuts of about 35 basis points from the US Federal Reserve in 2024 (compared to 150 basis points at the end of December). Such a scenario would most likely limit Norges Bank's room for interest rate cuts this year.

However, inflation figures from the eurozone and Sweden have been lower than in the US and the market is therefore pricing in a first interest rate cut from the ECB and the Riksbank in early summer (June and May). Long-term interest rates in Europe and Sweden have followed the US upwards, while short-term interest rates have fallen in line with the expected interest rate cuts. The fund's short interest rate duration ensured that the negative effect of higher long-term interest rates throughout the month was marginal.

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