

Report date: 29 July 2022

Fund: Pareto Nordic Cross Credit
Umbrella fund: Pareto SICAV
Inception date: 26 November 2019
AUM: NOK 2 946 million
Benchmark: n.a.
Risk score from 1 (low) to 7 (high): 3

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

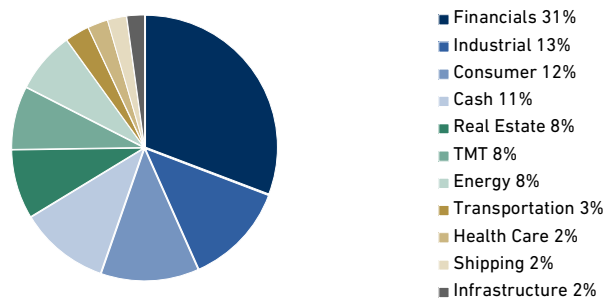
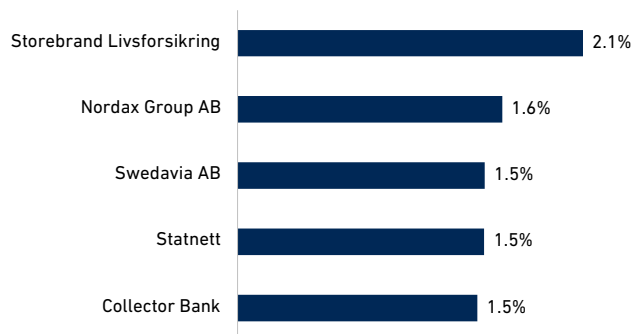
Share class H-I DIS

Launch date: 14 May 2021
NAV as at 29 July 2022: 96.70
NAV currency: EUR
Minimum investment: 5 000 000
ISIN: LU2023201630
Bloomberg ticker: PAPSXS 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 | -1.7 % |
| Annualised returns | n.a. |

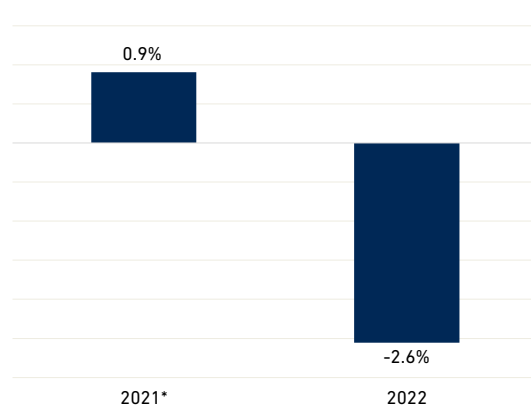
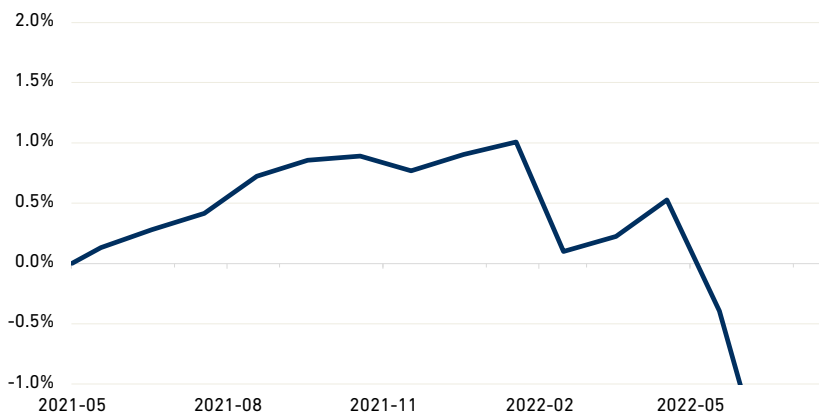
Risk figures

| | Fund |
|---------------------------|------|
| Standard deviation (ann.) | n.a. |
| Average time to maturity | 2.3 |
| Interest rate duration | 0.2 |
| Credit spread duration | 2.1 |

Performance by periods

| | Fund |
|---------------------------|--------|
| Last month | 0.2 % |
| Year to date | -2.6 % |
| Three months | -2.2 % |
| Six months | n.a. |
| Last 12 months | n.a. |
| Since launch (annualised) | n.a. |

Performance history



Monthly net returns in per cent

| | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | YTD |
|------|------|-------|------|------|-------|-------|------|------|------|------|-------|------|-------|
| 2022 | 0.10 | -0.90 | 0.12 | 0.30 | -0.92 | -1.50 | 0.22 | | | | | | -2.55 |
| 2021 | | | | | 0.13 | 0.15 | 0.13 | 0.31 | 0.13 | 0.03 | -0.12 | 0.14 | 0.90 |

*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 Christian Weldingh and Gustaf Tegell

July is the summer holiday month in the Nordic region and the market activity reflects that. Despite still significant global challenges, one senses an underlying positive belief in the future in the markets. Credit spreads fell in July and with a high current yield it developed into a good month for PNCC. There were no significant transactions in the fund during July.

The Federal Reserve raised its key interest rate by 75 basis points for the second time in a row. The committee further anticipates that ongoing increases in the target range will be appropriate, but it is prepared to adjust monetary policy if challenges arise that could prevent the achievement of the committee's goals. The market interprets the statement as a slightly less hawkish Federal Reserve and that the size of the next rate increase to a greater extent will depend on future macro data.

For the first time in eleven years, the ECB also raised the key interest rate. The Governing Council considered it appropriate to take a larger first step on the path to normalisation than signalled at the previous meeting and thus raised the key interest rate by 50 basis points. In the statement the Governing Council considers further normalisation of interest rates to be appropriate. But with this increase, the eurozone exits negative interest rates and the future key interest rate path will be data dependent. Again, the market interprets this as a less hawkish Governing Council.

Sweden's central bank, the Riksbank, also raised the key interest rate by 50 basis points in July.

Higher interest rates have a mainly positive effect on our fund as it provides a higher current yield. When it comes to credit spreads, which came out significantly during the previous quarter, the widening has so far been general. It may be that idiosyncratic risk will increase in the future, where individual companies and sectors may face greater challenges. In what ways higher interest rates will affect the economy remains to be seen. But with a possible recession in the making, we evaluate sectors and companies with that in mind. We will seek the opportunities that appear best equipped to withstand a period of economic downturn, should that be the outcome.

Portfolio management team: Christian Weldingh and Gustaf Tegell