

**Report date: 31 March 2018**

Fund: Pareto Nordic Corporate Bond  
Umbrella fund: Pareto SICAV  
Inception date: 22 April 2013\*  
AUM: NOK 2 820 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

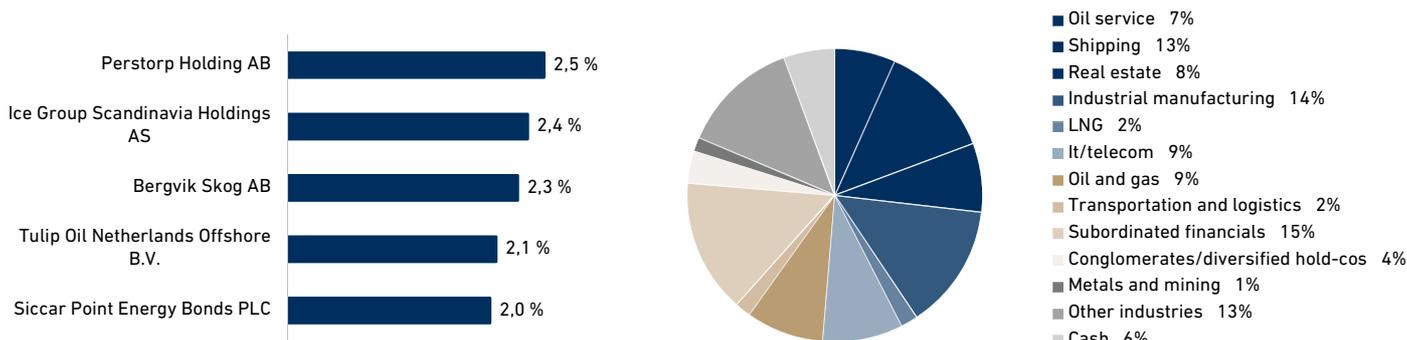
Management company: SEB Fund Services S.A.  
Investment manager: Pareto Asset Management AS  
Custodian: Skandinaviska Enskilda Banken S.A.  
Share class A  
Launch date: 26 October 2015

NAV as at 31 March 2018: 1 069.3187  
NAV currency: NOK  
Minimum investment: n.a.  
ISIN: LU0922130215  
Bloomberg ticker: PARHYNA LX

**Corporate bonds with underlying credit risk, exposure primarily to Nordic corporations and financial institutions.**

The sub-fund invests in interest-bearing financial instruments issued by Norwegian and foreign corporations, governments and institutions. The financial instruments primarily include corporate bonds, but also subordinated and covered bonds. Investments are expected to give the fund a higher risk and return than traditional interest-bearing financial instruments. The average duration shall be between 0 and 4 years.

**Top five issuers and sector allocation**



**Key figures since launch**

	Fund	Index
Accumulated returns	11.6%	1.2%
Annualised returns	4.6%	0.5%

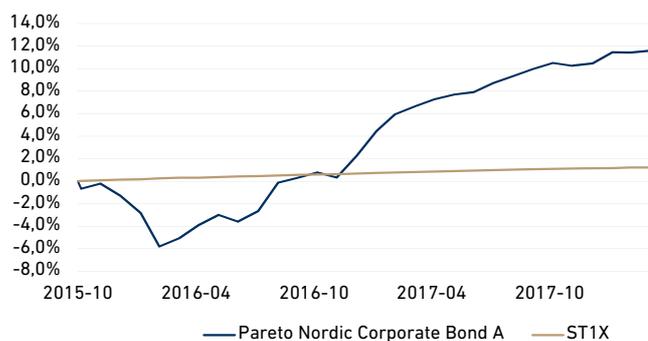
**Risk figures**

	Fund	Index
Standard deviation (annualised)	3.8%	0.1%
Time to maturity	3.6	n.a.
Interest rate duration	1.5	n.a.

**Performance by periods**

	Fund	Index
Last month	0.2%	0.0%
Year to date	1.0%	0.1%
Six months	1.5%	0.2%
One year	4.7%	0.4%
Since launch (annualised)	4.6%	0.5%

**Performance history**



**Monthly net returns in per cent**

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2018	0.89	-0.01	0.16										1.04
2017	2.17	1.39	0.67	0.59	0.39	0.21	0.74	0.59	0.57	0.47	-0.22	0.18	8.01
2016	-1.54	-3.06	0.77	1.24	0.93	-0.62	0.97	2.60	0.44	0.47	-0.45	1.92	3.60
2015										-0.66	0.47	-1.10	-1.29

\*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.sebfundservices.lu/Pareto/>. The representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, 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 – March 2018

by Øyvind Hamre

March continued where February let go, with relatively high volatility, especially internationally. The major issue in March was increased import tariffs in the US and a possible trade war between the US and China. At the same time, we saw the world's economies continuing a positive trend with good growth and consistently low default rates.

Internationally, the market in the first quarter of 2018 was unusually weak given the solid economic development. Both European and US high yield had negative returns in the first quarter. Flows in the asset class were negative both in the US and Europe, which may have contributed to the weak performance. By comparison, Nordic high yield has performed well, with positive returns across all currency classes.

Whilst long dollar rates stabilised and even fell slightly again during March, money market rates continued to increase significantly. LIBOR and NIBOR had an increase of 30 and 15 basis points in March, respectively, and are up 62 and 35 basis points, year to date. This will increase the coupon rate in the fund's floating-rate bonds (approximately 65 per cent of the fund) as the bonds roll over to new coupons.

As central banks' repurchase programs of bonds are reduced, we may expect somewhat more volatility in the markets than we have experienced in the past 12-24 months. We expect this to increase the importance of thorough credit analysis work, which is central to our investment philosophy.

In the Nordic market, there was still much focus on **Lebara Mobile** at the beginning of the month. This stabilised after management and owners in the company provided additional clarifying information and were actively out there meeting investors. Nerves were also on edge concerning Norwegian Air Shuttle's creditworthiness, and the bonds traded sharply down in early March. However, this was significantly improved in connection with an equity issue announced in the second half of the month. Pareto Nordic Corporate Bond has no exposure to Norwegian.

Despite a somewhat nervous underlying market, there was high activity in the Nordic primary market. Corporate bonds equivalent to NOK 15 billion were issued over a period of three weeks when we exclude Easter week. We are positive to the high activity, as it helps maintain the current market yield and keeps expanding the investment universe. In March, Pareto Nordic Corporate Bond participated in the issues of the Norwegian oil companies **Point Resources** and **Pandion**, in addition to the Swedish customer service company **Transcom**.

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