

**Annual report including audited financial statements  
as at 31st December 2017**

**PARETO SICAV**

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B 152 898

#### Notice

The sole legally binding basis for the purchase of shares of the Fund described in these financial statements is the latest valid sales prospectus with its terms of contract.

## **PARETO SICAV**

### **Information to the German Investors**

---

#### **Shares in circulation**

**The following Sub-Fund is not publicly approved for distribution in Germany :**

- **PARETO SICAV - PARETO NORDIC ALPHA**

# PARETO SICAV

## Contents

|   |           |
|---|-----------|
| <b>Organisation</b> .....   | <b>2</b>  |
| <b>General information</b> .....  | <b>4</b>  |
| <b>Report from the Investment Manager</b> .....                               | <b>7</b>  |
| <b>Report of the réviseur d'entreprises agréé</b> .....                       | <b>10</b> |
| <b>Combined statement of net assets</b> .....                                 | <b>13</b> |
| <b>Combined statement of operations and other changes in net assets</b> ..... | <b>14</b> |
| <b>PARETO SICAV - PARETO NORDIC CORPORATE BOND</b> .....                      | <b>15</b> |
| Statement of net assets .....   | 15        |
| Statement of operations and other changes in net assets .....                 | 16        |
| Statistical information .....   | 17        |
| Statement of investments and other net assets .....                           | 18        |
| Industrial and geographical classification of investments .....               | 21        |
| <b>PARETO SICAV - PARETO GLOBAL CORPORATE BOND</b> .....                      | <b>22</b> |
| Statement of net assets .....   | 22        |
| Statement of operations and other changes in net assets .....                 | 23        |
| Statistical information .....   | 24        |
| Statement of investments and other net assets .....                           | 25        |
| Industrial and geographical classification of investments .....               | 28        |
| <b>PARETO SICAV - PARETO NORDIC ALPHA</b> .....                               | <b>29</b> |
| Statement of net assets .....   | 29        |
| Statement of operations and other changes in net assets .....                 | 30        |
| Statistical information .....   | 31        |
| Statement of investments and other net assets .....                           | 32        |
| Industrial and geographical classification of investments .....               | 33        |
| <b>Notes to the financial statements</b> .....                                | <b>34</b> |
| <b>Additional information (unaudited)</b> .....                               | <b>45</b> |

# PARETO SICAV

## Organisation

---

### Registered Office

4, rue Peternelchen  
L-2370 Howald

### Board of Directors of the Fund

**Chairman**  
Thorleif Wegner SIMONSEN  
Independent Director  
Switzerland

**Directors**  
Véronique GILLET  
Independent Director  
Luxembourg

Anna MÅBÄCK  
Independent Director  
Norway

### Management Company

SEB Fund Services S.A.  
4, rue Peternelchen  
L-2370 Howald

### Board of Directors of the Management Company

**Chairman**  
Göran FORS  
Acting Head of Investor Services  
Large Corporates and Financial Institutions  
Skandinaviska Enskilda Banken AB (publ), Sweden  
(since 5th May 2017)

Gustaf UNGER  
Head of Investor Services, Transaction Banking  
Skandinaviska Enskilda Banken AB (publ), Sweden  
(until 5th May 2017)

**Directors**  
Göran FORS  
Acting Head of Investor Services  
Large Corporates and Financial Institutions  
Skandinaviska Enskilda Banken AB (publ), Sweden  
(until 5th May 2017)

Claes-Johan GEIJER  
Independent Director and Advisor  
G Advisors S.à.r.l., Luxembourg  
(since 13th January 2017)

Marie JUHLIN  
Managing Director  
SEB Fund Services S.A., Luxembourg

# PARETO SICAV

## Organisation (continued)

---

|   |   |
|---|---|
|   | Jonas LINDGREN<br>Client Executive, Hedge Fund Coverage<br>Large Corporates and Financial Institutions<br>Skandinaviska Enskilda Banken AB (publ), Sweden   |
| <b>Conducting Officers</b>  | Marie JUHLIN, Managing Director<br>Jan HEDMAN, Deputy Managing Director<br>Shaneera BOOLELL GUNESH (spouse RASQUÉ),<br>Deputy Managing Director<br>(since 15th May 2017 until 31st December 2017) |
| <b>Depositary</b>   | Skandinaviska Enskilda Banken S.A.<br>4, rue Peternelchen<br>L-2370 Howald  |
| <b>Administrative Agent</b>   | SEB Fund Services S.A.<br>4, rue Peternelchen<br>L-2370 Howald  |
| <b>Sub-Administrative Agent,<br/>including Registrar and Transfer Agent</b> | European Fund Administration S.A.<br>2, rue d'Alsace<br>L-1122 Luxembourg   |
| <b>Investment Manager<br/>and Global Distributor</b>                        | Pareto Asset Management AS<br>Dronning Mauds gate 3<br>P.O. Box 1810 Vika<br>NO-0123 Oslo<br><br>Pareto Asset Management AS, filial Sverige<br>Berzelii Park 9<br>SE-10391 Stockholm              |
| <b>Cabinet de révision agréé</b>  | Deloitte Audit<br><i>Société à responsabilité limitée</i><br>560, rue de Neudorf<br>L-2220 Luxembourg   |
| <b>Legal Adviser<br/>with respect to Luxembourg law</b>                     | Hogan Lovells (Luxembourg) LLP<br>13, rue Edward Steichen<br>L-2540 Luxembourg  |

# PARETO SICAV

## General information

PARETO SICAV (the "Fund") was incorporated as an open-ended investment company ("*Société d'Investissement à Capital Variable*") with multiple Sub-Funds on 5th May 2010 for an unlimited period. The Fund is registered under Part I of the amended Law of 17th December 2010 relating to Undertakings for Collective Investment which implements Directive 2009/ 65/ EC into Luxembourg law.

The Articles of Incorporation were published in the "*Mémorial C, Recueil des Sociétés et Associations*" on 21st May 2010. The latest amendment of the Articles of Incorporation took place on 10th April 2015 and was published on 26th June 2015. On 1st June 2016, the Luxembourg Memorial C has been replaced by RESA ("*Recueil Electronique des Sociétés et Associations*"), the new official electronic platform of central publication regarding companies and associations. Publications made after 1st June 2016 are available on this new platform accessible through the website of the RCS ("*Registre du Commerce et des Sociétés*").

At the date of the financial statements, the following Sub-Funds are open:

- PARETO SICAV - PARETO NORDIC CORPORATE BOND in NOK
- PARETO SICAV - PARETO GLOBAL CORPORATE BOND in SEK
- PARETO SICAV - PARETO NORDIC ALPHA in NOK.

The Board of Directors of PARETO NORDIC UCITS PLC decided to merge the Sub-Fund PARETO NORDIC ALPHA into PARETO SICAV - PARETO NORDIC ALPHA, a newly created Sub-Fund within the Fund, with effective date 21st June 2017.

The Board of Directors of the Fund decided to merge the assets of the Norwegian fund Pareto Kreditt into PARETO SICAV - PARETO NORDIC CORPORATE BOND by way of absorption with effective date 21st December 2017.

The Sub-Fund **PARETO SICAV - PARETO NORDIC CORPORATE BOND** issues Class A, B, C, D, H EUR, H DKK, H USD, H GBP, H CHF, H ISK, I NOK, I SEK, I EUR, I DKK, I USD, I GBP and I CHF Shares. Class A and C Shares are available to all investors and have no minimum investment. Class B, D and H Shares are available to individual clients investing the minimum subscription amount. Class B, D and H Shares are also available to Investors subscribing for shares through a distributor or pension scheme, who under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. Class B, D and H Shares are also available to Pareto entities and to Pareto Asset Management AS employees, shareholders and board members, without limitation to minimum investment and holding. Class I Shares are available to Institutional Investors.

The minimum investment for Class B, D, H and I Shares is as follows:

| Share Class  | Minimum investment |
|--------------|--------------------|
| B Shares     | NOK 50 million     |
| D Shares     | SEK 50 million     |
| H EUR Shares | EUR 5 million      |
| H DKK Shares | DKK 50 million     |
| H USD Shares | USD 5 million      |
| H GBP Shares | GBP 5 million      |
| H CHF Shares | CHF 5 million      |
| H ISK        | ISK 600 million    |
| I NOK Shares | NOK 400 million    |
| I SEK Shares | SEK 400 million    |
| I EUR Shares | EUR 50 million     |

## PARETO SICAV

### General information (continued)

| Share Class  | Minimum investment |
|--------------|--------------------|
| I DKK Shares | DKK 400 million    |
| I USD Shares | USD 50 million     |
| I GBP Shares | GBP 40 million     |
| I CHF Shares | CHF 50 million     |

The Sub-Fund PARETO SICAV - **PARETO GLOBAL CORPORATE BOND** issues Class A, A DIS SEK, A EUR, A USD, A ISK, B, B DIS SEK, C, D, H EUR, H DKK, H USD, H GBP, H CHF, H ISK, I NOK, I SEK, I EUR, I DKK, I USD, I GBP and I CHF Shares. Class A and C Shares are available to all investors and have no minimum investment. Class B, D and H Shares are available to individual clients investing the minimum subscription amount. Class B, D and H Shares are also available to Investors subscribing for shares through a distributor or pension scheme, who under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. Class B, D and H Shares are also available to Pareto entities and to Pareto Asset Management AS employees, shareholders and board members, without limitation to minimum investment and holding. Class I Shares are available to Institutional Investors.

The minimum investment for Class B, D, H and I Shares is as follows:

| Share Class      | Minimum investment |
|------------------|--------------------|
| B Shares         | SEK 50 million     |
| B DIS SEK Shares | SEK 50 million     |
| D Shares         | NOK 50 million     |
| H EUR Shares     | EUR 5 million      |
| H DKK Shares     | DKK 50 million     |
| H USD Shares     | USD 5 million      |
| H GBP Shares     | GBP 5 million      |
| H CHF Shares     | CHF 5 million      |
| H ISK Shares     | ISK 600 million    |
| I NOK Shares     | NOK 400 million    |
| I SEK Shares     | SEK 400 million    |
| I EUR Shares     | EUR 50 million     |
| I DKK Shares     | DKK 400 million    |
| I USD Shares     | USD 50 million     |
| I GBP Shares     | GBP 40 million     |
| I CHF Shares     | CHF 50 million     |

The Sub-Fund **PARETO SICAV - PARETO NORDIC ALPHA** issues Class A NOK, A SEK, M NOK, B NOK, B SEK, I NOK, I SEK Shares. Class A and B Shares are available to all investors and Class A Shares have no minimum investment. Class B Shares are also available to Investors subscribing for shares through a distributor or pension scheme, who under their agreements with the Global Distributor, do not receive any payment from the Global Distributor. For the latter the minimum investment does not apply. Class I Shares are available to Institutional Investors. Class M Shares may only be issued at the discretion of the Directors, are only available to employees of the Investment Manager and have no minimum investment.



## PARETO SICAV

### General information (continued)

The minimum investment for Class B and I Shares is as follows:

| Share Class  | Minimum investment |
|--------------|--------------------|
| B NOK Shares | NOK 10 million     |
| B SEK Shares | SEK 10 million     |
| I NOK Shares | NOK 100 million    |
| I SEK Shares | SEK 100 million    |

At the date of the financial statements, the following Share Classes are issued:

| Sub-Fund                                    | Share Class                                 |           |
|---|---|-----------|
| PARETO SICAV - PARETO NORDIC CORPORATE BOND | A   |           |
|   | A EUR                                       |           |
|   | B   |           |
|   | C   |           |
|   | H EUR                                       |           |
|   | H USD                                       |           |
|   | I GBP                                       |           |
|   | I NOK                                       |           |
|   | PARETO SICAV - PARETO GLOBAL CORPORATE BOND | A         |
|   |   | A DIS SEK |
| A EUR                                       |   |           |
| B   |   |           |
| B DIS SEK                                   |   |           |
| C   |   |           |
| D   |   |           |
| I NOK                                       |   |           |
| I SEK                                       |   |           |
| PARETO SICAV - PARETO NORDIC ALPHA          |   | A NOK     |
|   | M NOK                                       |           |
|   | B NOK                                       |           |

The Net Asset Value per Share of each Sub-Fund is calculated on each Bank Business Day except for 24th December in each year (the "Valuation Day") in Luxembourg, Norway and Sweden.

The financial year of the Fund starts on 1st January and ends on 31st December in each year. The annual report, including audited financial statements and the unaudited semi-annual reports comprise consolidated financial statements of the Fund expressed in EUR, being the reference currency of the Fund and financial information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

Copies of the Articles of Incorporation, of the current Prospectus, of the Key Investor Information Document (KIID) and of the latest reports of the Fund may be obtained free of charge at the registered office of the Fund, and at the Management Company.

# **PARETO SICAV**

## **Report from the Investment Manager**

---

### **PARETO SICAV - PARETO NORDIC CORPORATE BOND (Sub-Fund of Pareto SICAV)**

The strategy of the Sub-Fund is to invest in predominately Nordic corporate high yield bonds. The Sub-Fund focuses on having a well-diversified portfolio, which will endure business cycles and bouts of market volatility.

#### **Sub-Fund performance**

2017 was a very good year for Pareto Nordic Corporate Bond. Performance was steady and high throughout the year. The Sub-Fund Class A gained 8% in 2017, and total assets increased from NOK 794 million to over NOK 2,257 million. This growth is welcome. Size is important, both to exploit diversification effects fully, for liquidity purposes and for us to operate cost effectively. The Sub-Fund purchases bonds denominated in several different currencies. In order to protect against currency movements the Sub -Fund uses currency hedging instruments like forwards and swaps. There are no other derivatives apart from foreign exchange forwards outstanding in the Sub-Fund.

#### **Sub-Fund management**

Throughout the last three years, our Sub-Fund has established itself as a starting point for the highly attractive Nordic corporate bond market, both for Nordic and non-Nordic investors. We would like to take this opportunity to thank all our customers and partners for this. And we look forward to 2018 and the way forward. The Nordic region has been performing strongly, despite Brexit and the isolationist policy in the United States. Companies in the Nordic region have improved their margins and the banking system is among the best capitalised in the world.

Asset management is changing in the Nordic countries, as is the case in the rest of the world, and the rate of change is increasing. Openness takes over for secrecy. Team and networks supplant the traditional hierarchical organisational structure. Transactions change from traditional phone-based solutions to electronic trading. Consolidation continues for both asset managers and brokerage houses, and capital is increasingly being managed through advisory companies and institutional companies. For fixed income management in particular, we see that in-house credit analysis is becoming increasingly important.

#### **Outlook**

We also see an ongoing structural shift in the way companies and organisations are funded. An example from the Nordic market is the issuance of high-yield bonds, which in 2017 set a new record of more than NOK 120 billion. Growth was broad, in terms of both industries and geographical distribution. The market has more than quadrupled in the past ten years, and we see a clear trend for the companies we work with: They want bond financing and bank syndication loans rather than bilateral loans at a single bank. The Sub-Fund was active also in December, with participation in new issues and trades in the secondary market. We see the Nordic region as an attractive place for investors in the future. The region scores high on most of the factors mentioned above, and offers higher margins and shorter duration than larger markets such as the EU and US high-yield market. Whether you seek good absolute or relative returns, the Nordics and Pareto Nordic Corporate Bond should be a very good option.

## **PARETO SICAV**

### **Report from the Investment Manager (continued)**

#### **PARETO SICAV - PARETO GLOBAL CORPORATE BOND (Sub-Fund of Pareto SICAV)**

The strategy of the Sub-Fund is to invest in global corporate bonds, investment grade and high yield. The Sub-Fund focuses on having a well-diversified portfolio, which will endure business cycles and bouts of market volatility. The Sub-Fund aims to generate a better risk adjusted return compared with global reference index. Volatility in the major markets around world was for a major part of the year at a historically low level. Credit spreads were mostly benign and there were several records in issuance level both in US and Europe investment grade and high yield.

#### **Sub-Fund performance**

The Sub-Fund Class A gained 3.65% in 2017. NAV ended the year at SEK 4 376 million. Net flows into the Sub-Fund were very strong throughout the year and ended with a positive SEK 2 800 million. The credit market performed well the first half of the year, and then steady with a few sell offs the second half of the year. The Sub-Fund looks for opportunities in less volatile sectors and industries in order to achieve a strong risk adjusted return. The Sub-Fund purchases bonds denominated in several different currencies. In order to protect against currency movements the Sub -Fund uses currency hedging instruments like forwards and swaps. There are no other derivatives apart from foreign exchange outstanding in the Sub-Fund

#### **Sub-Fund management**

*"If it keeps on rainin' levee's goin' to break" ("When the Levee Breaks", Led Zeppelin and Memphis Minnie)*

Looking back on 2017, there are a couple of interesting events that have happened and others that have not happened as expected. The rain that has come uninterrupted in 2017 is still money from the major central banks in the world, the ECB and the Federal Reserve. The expected effect was that inflation should increase significantly, which has not happened (yet). One result of the low inflation is that the US 10-year bond began the year at 2.44% and ended at 2.41%. Very few analysts believed that the level would remain there after three interest rate hikes from the Federal Reserve.

The Sub-Fund lowered its duration from 2.9 years to 2.3 years. The Sub-Fund focuses on finding corporate bonds in mostly niche sectors which exhibit lesser volatility than the market. The Sub-Fund also targets truly global companies with a partial exposure to emerging markets, rather than seeking direct exposure to countries like China, Brazil and Russia. Corruption and lack of transparency are still unfortunately very prevalent, and far from what we would like to see. Looking forward to 2018, there are similar challenges left. We believe that quality companies with a strong position globally will be competitive. In terms of interest rate risk, the Sub-Fund has shorter interest rate duration than when 2017 began. We hope and believe that the big stimuli are gradually scaled back just as the United States has started doing.

The Sub-Fund was very active throughout the year in both secondary and primary trading. There were many companies which issued bonds to the market in 2017. Some notable investments were Jain Irrigation, Grupo Antolin, Belden, Allegion, Thomas Cook and Vulcan.

The Sub-Fund managed to reach its target return for the year with half the volatility of the market.

#### **Outlook**

Looking forward to 2018, there are similar challenges left. We believe that quality companies with a strong position globally will be competitive. In terms of interest rate risk, the Sub-Fund has shorter interest rate duration than when 2017 began. We hope and believe that the big stimuli are gradually scaled back just as the United States has started doing.

## **PARETO SICAV**

### **Report from the Investment Manager (continued)**

---

We continue our efforts to find competitive cash returns in the form of coupons and to position the Sub-Fund in its "sweet spot" with continued low duration and manageable maturity.

We would like to summarize the current situation as opportune and challenging. The violent sell-off in long duration bonds does create more opportunities. The Sub-Fund's global mandate does provide many opportunities to find good value in the crossover segment going into 2018 and beyond.

#### **PARETO SICAV - PARETO NORDIC ALPHA (Sub-Fund of Pareto SICAV)**

Pareto Nordic Alpha had a satisfactory 2017, with the B-class net asset value increasing by 10.8 per cent. Both good stock selection and a positive net equity exposure (55 per cent on average for the year) in a rising market contributed in the right direction.

Storebrand, Stora Enso, Telenor, Topdanmark and Electrolux were the largest positive contributors for the year, whilst only one long position, Instalco, contributed negatively. The biggest negative contribution was from a short position in Ambu.

#### **Outlook**

The Sub-Fund's net equity allocation has been falling since spring 2016. This reflects the fact that we find increasingly less shares worth owning. Besides, nearly all the classic parameters that have preceded previous corrections in the stock market are gradually falling into place. We are observing high valuations, maximum demand growth (PMIs) and low unemployment. Higher inflation and further inversion of the yield curve are the only elements missing for all parameters to be in red, and if they do we will reduce the net exposure further.

In addition, we have a unique risk factor in the reversal of very generous monetary policies throughout the world. After the financial crisis, global demand growth has been slowed down by falling debt levels for US households, lower government budget deficits in Europe and falling investment growth globally. This has been offset by expansive monetary policy (low interest rates and central banks' purchasing bonds and shares), first in the United States and then in Japan and Europe after the fall in commodity prices in 2014 reduced inflation expectations.

The central bank remedy has been effective. Unemployment in the United States and Germany is below its natural level (NAIRU), and in the rest of the Eurozone and significant Asian economies unemployment is falling. The adverse effect is a bubble in government bonds and probably also in the stocks with the highest duration. Increasingly large crowds of passive investors have followed central bank purchases.

Now the central banks are starting to reverse course. The Federal Reserve is on its way, while the ECB will soon begin reducing its purchases. Naturally, they would like to see a quiet and controlled transition, but the markets are more whimsical. A likely increase in interest rates also increases the risk of a credit crunch in highly indebted segments.

We believe this transition in monetary policy and the expected rise in interest rates require increased caution and cash reserves ready to make bargains.

Note: The information in this report represents historical data and is not an indication of future results.

## Report of the réviseur d'entreprises agréé

To the Shareholders of  
PARETO SICAV

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of PARETO SICAV (the "Fund") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2017 and the statement of operations and other changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PARETO SICAV and of each of its sub-funds as at 31st December 2017, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with the Law of 23rd July 2016 on the audit profession (Law of 23rd July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the "Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Financial Statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of *Réviseur d'Entreprises Agréé* thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Report of the réviseur d'entreprises agréé (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regards.

### **Responsibilities of the Board of Directors of the Fund and Those Charged with Governance for the Financial Statements**

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of *Réviseur d'Entreprises Agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *Réviseur d'Entreprises Agréé* to

## Report of the réviseur d'entreprises agréé (continued)

the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of *Réviseur d'Entreprises Agréé*. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de Révision Agréé*



Jean-Philippe Bachelet, *Réviseur d'Entreprises Agréé*  
Partner

13th April 2018

# PARETO SICAV

## Combined statement of net assets (in EUR)

as at 31st December 2017

### Assets

|   |                |
|---|----------------|
| Securities portfolio at market value                  | 643,285,797.80 |
| Cash at banks   | 25,386,649.71  |
| Cash collateral at banks                              | 13,784,717.29  |
| Other liquid assets                                   | 320,782.46     |
| Formation expenses, net                               | 22,028.82      |
| Receivable on issues of shares                        | 20,830,740.16  |
| Income receivable on portfolio                        | 6,432,114.08   |
| Interest receivable on swaps contracts                | 289,054.31     |
| Interest receivable on bank accounts                  | 525.15         |
| Interest receivable on contracts for difference (CFD) | 303.03         |
| Unrealised gain on contracts for difference (CFD)     | 39,582.26      |
| Unrealised gain on forward foreign exchange contracts | 2,408,437.63   |
| Other receivables                                     | 145.07         |
|   | <hr/>          |
| Total assets  | 712,800,877.77 |

### Liabilities

|   |              |
|---|--------------|
| Bank overdrafts                                       | 5,167,052.90 |
| Other liquid liabilities                              | 68,842.08    |
| Payable on purchases of securities                    | 154,850.95   |
| Payable on treasury transactions                      | 10,384.54    |
| Payable on redemptions of shares                      | 344,023.83   |
| Interest payable on swaps contracts                   | 843,313.29   |
| Interest payable on bank accounts                     | 1,809.06     |
| Unrealised loss on swaps contracts                    | 1,425,949.03 |
| Unrealised loss on forward foreign exchange contracts | 1,776,046.44 |
| Expenses payable                                      | 913,493.80   |
| Interest payable on contracts for difference (CFD)    | 718.39       |
| Results payable on contracts for difference (CFD)     | 7,944.37     |
|   | <hr/>        |

Total liabilities 10,714,428.68

Net assets at the end of the year 702,086,449.09

The accompanying notes are an integral part of these financial statements.



## PARETO SICAV

### Combined statement of operations and other changes in net assets (in EUR) from 1st January 2017 to 31st December 2017

#### Income

|  |               |
|--|---------------|
| Dividends, net                                   | 82,245.17     |
| Interest on bonds and other debt securities, net | 20,801,545.23 |
| Interest on bank accounts                        | 20,052.12     |
| Interest on swaps contracts                      | 246,382.19    |
| Commissions on subscription and on redemption    | 3,010.73      |
| Other income                                     | 24,694.95     |
| Total income                                     | 21,177,930.39 |

#### Expenses

|   |              |
|---|--------------|
| Management fees                         | 4,277,148.02 |
| Performance fees                        | 98,079.34    |
| Depository fees                         | 199,049.38   |
| Banking charges and other fees          | 11,656.60    |
| Transaction fees                        | 32,618.81    |
| Central administration costs            | 270,658.77   |
| Professional fees                       | 30,056.24    |
| Other administration costs              | 78,574.85    |
| Subscription duty ("taxe d'abonnement") | 238,615.20   |
| Bank interest paid                      | 83,143.12    |
| Interest paid on swaps contracts        | 421,711.94   |
| Other expenses                          | 67,643.75    |
| Total expenses                          | 5,808,956.02 |

|                       |               |
|-----------------------|---------------|
| Net investment income | 15,368,974.37 |
|-----------------------|---------------|

#### Net realised gain/(loss)

|   |               |
|---|---------------|
| - on securities portfolio               | 3,736,629.07  |
| - on option contracts                   | -170,637.40   |
| - on futures contracts                  | 7,310.95      |
| - on contracts for difference (CFD)     | -473,834.15   |
| - on swaps contracts                    | 58,507.83     |
| - on forward foreign exchange contracts | -6,132,663.83 |
| - on foreign exchange                   | 2,407,509.29  |
| Realised result                         | 14,801,796.13 |

#### Net variation of the unrealised gain/(loss)

|   |               |
|---|---------------|
| - on securities portfolio               | 473,129.80    |
| - on contracts for difference (CFD)     | 181,468.35    |
| - on swaps contracts                    | -1,526,283.52 |
| - on forward foreign exchange contracts | 2,201,384.57  |

|                      |               |
|----------------------|---------------|
| Result of operations | 16,131,495.33 |
|----------------------|---------------|

|               |                |
|---------------|----------------|
| Subscriptions | 643,844,699.90 |
|---------------|----------------|

|             |                 |
|-------------|-----------------|
| Redemptions | -191,467,315.13 |
|-------------|-----------------|

|                             |                |
|-----------------------------|----------------|
| Total changes in net assets | 468,508,880.10 |
|-----------------------------|----------------|

|   |                |
|---|----------------|
| Total net assets at the beginning of the year | 244,065,194.52 |
|---|----------------|

|                             |                |
|-----------------------------|----------------|
| Foreign exchange difference | -10,487,625.53 |
|-----------------------------|----------------|

|   |                |
|---|----------------|
| Total net assets at the end of the year | 702,086,449.09 |
|---|----------------|

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC CORPORATE BOND

### Statement of net assets (in NOK)

as at 31st December 2017

#### Assets

|                                      |                  |
|--------------------------------------|------------------|
| Securities portfolio at market value | 2,141,082,440.86 |
| Cash at banks                        | 78,604,350.68    |
| Cash collateral at banks             | 29,425,000.00    |
| Formation expenses, net              | 32,690.20        |
| Receivable on issues of shares       | 7,187,133.46     |
| Income receivable on portfolio       | 22,717,672.99    |
| Interest receivable on bank accounts | 521.66           |
| Other receivables                    | 1,425.00         |
|                                      | <hr/>            |
| Total assets                         | 2,279,051,234.85 |
|                                      | <hr/>            |

#### Liabilities

|   |               |
|---|---------------|
| Bank overdrafts                                       | 11,870.59     |
| Payable on purchases of securities                    | 1,521,075.00  |
| Payable on redemptions of shares                      | 302,781.44    |
| Unrealised loss on forward foreign exchange contracts | 17,445,807.36 |
| Expenses payable                                      | 1,962,259.72  |
|   | <hr/>         |
| Total liabilities                                     | 21,243,794.11 |
|   | <hr/>         |

|                                   |                  |
|-----------------------------------|------------------|
| Net assets at the end of the year | 2,257,807,440.74 |
|                                   | <hr/>            |

#### Breakdown of net assets per share class

| Share class | Number<br>of<br>shares | Currency<br>of<br>share class | NAV per share<br>in currency of<br>share class | Net assets per<br>share class<br>(in NOK) |
|-------------|------------------------|-------------------------------|--|---|
| A           | 948,970.1767           | NOK                           | 1,058.3203                                     | 1,004,314,403.56                          |
| A EUR       | 4,180.1527             | EUR                           | 101.5733                                       | 4,170,694.53                              |
| B           | 288,915.6145           | NOK                           | 1,120.5827                                     | 323,753,827.15                            |
| C           | 42,564.3718            | SEK                           | 985.7294                                       | 41,924,663.59                             |
| H EUR       | 384,688.0000           | EUR                           | 103.0607                                       | 389,438,310.47                            |
| H USD       | 1,170.0501             | USD                           | 104.8052                                       | 1,003,079.23                              |
| I GBP       | 51,272.5231            | GBP                           | 110.9997                                       | 62,968,563.37                             |
| I NOK       | 417,798.3557           | NOK                           | 1,029.7645                                     | 430,233,898.84                            |
|             |                        |                               |  | <hr/>                                     |
|             |                        |                               |  | 2,257,807,440.74                          |
|             |                        |                               |  | <hr/>                                     |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC CORPORATE BOND

### Statement of operations and other changes in net assets (in NOK) from 1st January 2017 to 31st December 2017

|   |                  |
|---|------------------|
| <b><u>Income</u></b>                                      |                  |
| Interest on bonds and other debt securities, net          | 76,492,506.99    |
| Interest on bank accounts                                 | 87,777.28        |
| Other income  | 126,103.30       |
| Total income  | 76,706,387.57    |
| <b><u>Expenses</u></b>                                    |                  |
| Management fees   | 11,311,554.77    |
| Depository fees   | 580,284.15       |
| Banking charges and other fees                            | 38,165.48        |
| Transaction fees  | 117,119.37       |
| Central administration costs                              | 999,801.21       |
| Professional fees   | 91,389.49        |
| Other administration costs                                | 297,305.28       |
| Subscription duty ("taxe d'abonnement")                   | 683,588.63       |
| Bank interest paid  | 72,564.92        |
| Other expenses  | 193,757.67       |
| Total expenses  | 14,385,530.97    |
| Net investment income                                     | 62,320,856.60    |
| <b><u>Net realised gain/(loss)</u></b>                    |                  |
| - on securities portfolio                                 | 26,421,612.32    |
| - on forward foreign exchange contracts                   | 19,499,217.16    |
| - on foreign exchange                                     | 154,802.88       |
| Realised result   | 108,396,488.96   |
| <b><u>Net variation of the unrealised gain/(loss)</u></b> |                  |
| - on securities portfolio                                 | 23,238,504.14    |
| - on forward foreign exchange contracts                   | -14,850,493.66   |
| Result of operations                                      | 116,784,499.44   |
| Subscriptions   | 1,612,612,089.57 |
| Redemptions   | -265,652,538.49  |
| Total changes in net assets                               | 1,463,744,050.52 |
| Total net assets at the beginning of the year             | 794,063,390.22   |
| Total net assets at the end of the year                   | 2,257,807,440.74 |

The accompanying notes are an integral part of these financial statements.

# PARETO SICAV - PARETO NORDIC CORPORATE BOND

## Statistical information (in NOK)

as at 31st December 2017

| Total net assets          | Currency                                 | 31.12.2015     | 31.12.2016     | 31.12.2017                         |
|---------------------------|--|----------------|----------------|------------------------------------|
|                           | NOK                                      | 473,789,316.33 | 794,063,390.22 | 2,257,807,440.74                   |
| Net asset value per share | Currency                                 | 31.12.2015     | 31.12.2016     | 31.12.2017                         |
| A                         | NOK                                      | 945.7342       | 979.7948       | 1,058.3203                         |
| A EUR                     | EUR                                      | -              | -              | 101.5733                           |
| B                         | NOK                                      | 992.3162       | 1,032.7697     | 1,120.5827                         |
| C                         | SEK                                      | 907.0689       | 924.9245       | 985.7294                           |
| H EUR                     | EUR                                      | -              | -              | 103.0607                           |
| H USD                     | USD                                      | -              | -              | 104.8052                           |
| I GBP                     | GBP                                      | 99.2102        | 102.7108       | 110.9997                           |
| I NOK                     | NOK                                      | -              | -              | 1,029.7645                         |
| Number of shares          | outstanding at the beginning of the year | issued         | redeemed       | outstanding at the end of the year |
| A                         | 453,431.5171                             | 652,912.4055   | -157,373.7459  | 948,970.1767                       |
| A EUR                     | -  | 4,180.1527     | -              | 4,180.1527                         |
| B                         | 207,542.0369                             | 92,005.2139    | -10,631.6363   | 288,915.6145                       |
| C                         | 2,542.2993                               | 45,777.8575    | -5,755.7850    | 42,564.3718                        |
| H EUR                     | -  | 385,804.6498   | -1,116.6498    | 384,688.0000                       |
| H USD                     | -  | 1,170.0501     | -              | 1,170.0501                         |
| I GBP                     | 121,952.0015                             | 329.1376       | -71,008.6160   | 51,272.5231                        |
| I NOK                     | -  | 418,381.6169   | -583.2612      | 417,798.3557                       |

The accompanying notes are an integral part of these financial statements.

# PARETO SICAV - PARETO NORDIC CORPORATE BOND

## Statement of investments and other net assets (in NOK) as at 31st December 2017

| Currency   | Number /<br>nominal value | Description   | Cost           | Market value   | % of<br>total net<br>assets |
|--|---------------------------|---|----------------|----------------|-----------------------------|
| <b><u>Investments in securities</u></b>  |                           |   |                |                |                             |
| <b><u>Transferable securities admitted to an official stock exchange listing</u></b> |                           |   |                |                |                             |
| <b>Bonds</b>   |                           |   |                |                |                             |
| DKK  | 23,230,000                | Danske Bank A/ S FRN EMTN Sub Conv 16/ 23.02.Perpetual        | 30,488,029.72  | 33,088,356.39  | 1.47                        |
| DKK  | 10,000,000                | Jyske Bank AS FRN Reg S Sub 16/ 16.12.Perpetual               | 12,578,525.66  | 14,210,832.10  | 0.63                        |
| DKK  | 28,926,950                | Scan Bidco AS 6.8% Sen 16/ 27.06.22                           | 36,090,852.94  | 35,003,457.74  | 1.55                        |
|  |                           |   | 79,157,408.32  | 82,302,646.23  | 3.65                        |
| EUR  | 1,800,000                 | Ax Del1 Oy FRN 17/ 19.04.21                                   | 17,309,579.93  | 17,857,910.28  | 0.79                        |
| EUR  | 3,100,000                 | Cembrit Group A/ S FRN Sen 17/ 20.03.21                       | 29,176,658.92  | 28,230,411.57  | 1.25                        |
| EUR  | 3,031,234                 | Corral Petroleum Hgs AB VAR TOG PIK Reg S Sen<br>16/ 15.05.21 | 28,679,186.88  | 33,234,748.99  | 1.47                        |
| EUR  | 2,571,480                 | Forchem Oy 4.9% Sk Sen 15/ 02.07.20                           | 25,121,422.45  | 25,953,846.95  | 1.15                        |
| EUR  | 810,000                   | Jacob Holm & Sonner Hg A/ S FRN Sen 17/ 31.03.22              | 7,451,589.20   | 8,047,662.95   | 0.36                        |
| EUR  | 4,800,000                 | Kotkamills Group Oyj 8.25% Sen 15/ 13.03.20                   | 30,416,039.17  | 31,909,681.04  | 1.41                        |
| EUR  | 1,000,000                 | Perstorp Holding AB VAR Sen Reg S 17/ 15.09.22                | 9,751,447.17   | 9,829,512.46   | 0.44                        |
| EUR  | 3,600,000                 | Tulip Oil Netherlands Off BV FRN 17/ 25.10.22                 | 33,403,722.22  | 35,163,286.21  | 1.56                        |
| EUR  | 5,000,000                 | Vieo BV FRN 17/ 07.09.22                                      | 46,349,015.87  | 46,412,885.64  | 2.06                        |
|  |                           |   | 227,658,661.81 | 236,639,946.09 | 10.49                       |
| NOK  | 27,500,000                | Ainmt Scandinavia Hgs AB FRN Sen 17/ 07.04.22                 | 27,568,510.38  | 27,144,792.12  | 1.20                        |
| NOK  | 38,500,000                | Aker BP ASA FRN Sen 13/ 02.07.20                              | 41,847,765.46  | 45,303,804.70  | 2.01                        |
| NOK  | 48,000,000                | Beerenberg Holdco II AS FRN Sen 17/ 24.02.21                  | 48,335,942.00  | 49,166,001.60  | 2.18                        |
| NOK  | 19,175,113                | Boa SBL AS FRN Sk Ser 144A 13/ 19.04.18                       | 7,293,772.81   | 6,883,865.57   | 0.31                        |
| NOK  | 33,500,000                | Care Bidco AS FRN 17/ 24.03.21                                | 33,898,750.00  | 33,918,750.00  | 1.50                        |
| NOK  | 34,250,000                | Crayon Group AS FRN 17/ 06.06.20                              | 34,769,971.88  | 35,159,765.63  | 1.56                        |
| NOK  | 22,000,000                | DigiPlex Fetsund AS FEN Sen 14/ 11.06.19                      | 22,468,433.33  | 22,426,525.00  | 0.99                        |
| NOK  | 10,000,000                | DNB Bank ASA FRN Sub 16/ 27.09.Perpetual                      | 10,000,000.00  | 10,764,331.00  | 0.48                        |
| NOK  | 28,207,792                | DOF Subsea ASA FRN Sen 13/ 22.05.20                           | 24,589,717.98  | 26,883,032.79  | 1.19                        |
| NOK  | 13,414,977                | Havila Shipping ASA FRN Sen 11/ 07.11.20                      | 8,262,401.90   | 9,138,953.08   | 0.41                        |
| NOK  | 37,500,000                | Ice Group AS FRN 17/ 12.10.21                                 | 37,549,375.00  | 37,725,000.00  | 1.67                        |
| NOK  | 31,156,146                | Otiga Group AS FRN Sen 14/ 11.09.19                           | 29,656,914.82  | 30,740,730.20  | 1.36                        |
| NOK  | 18,000,000                | Pioneer Public Properties AS FRN Sen 16/ 28.05.21             | 18,904,077.50  | 18,691,875.00  | 0.83                        |
| NOK  | 14,500,000                | REC Silicon ASA 9.75% 11/ 03.05.18                            | 14,433,750.00  | 14,351,375.00  | 0.64                        |
| NOK  | 26,000,000                | Teekay LNG Partners LP FRN Reg S Sen 15/ 19.05.20             | 24,519,106.00  | 25,695,312.50  | 1.14                        |
| NOK  | 15,000,000                | Tveten Park AS FRN 17/ 27.04.20                               | 15,000,000.00  | 15,000,000.00  | 0.66                        |
| NOK  | 55,500,000                | W Hg AS FRN 14/ 10.07.19                                      | 55,561,562.50  | 56,517,498.15  | 2.50                        |
|  |                           |   | 454,660,071.56 | 465,511,612.34 | 20.63                       |
| SEK  | 40,000,000                | ALM Equity AB FRN Sen 17/ 19.05.21                            | 38,241,557.18  | 36,371,986.95  | 1.61                        |
| SEK  | 10,000,000                | Consilium AB FRN Sen 15/ 25.03.20                             | 10,420,613.52  | 10,466,938.55  | 0.46                        |
| SEK  | 46,000,000                | Gunnebo Industrier AB FRN 17/ 12.05.20                        | 46,082,831.79  | 46,596,612.12  | 2.06                        |
| SEK  | 25,000,000                | Jyske Bank AS FRN Sub Reg S 16/ 16.12.Perpetual               | 26,508,445.19  | 27,163,454.19  | 1.20                        |
| SEK  | 3,000,000                 | NorCell Sweden Holding 3 AB 3.5% Sen 16/ 25.02.22             | 3,130,313.44   | 3,117,598.88   | 0.14                        |
| SEK  | 9,000,000                 | Norlandia Health Care Group AS FRN Sen 16/ 20.12.21           | 8,772,553.51   | 9,060,521.74   | 0.40                        |
| SEK  | 46,000,000                | Prime Living AB FRN Sen 17/ 19.10.20                          | 44,539,369.07  | 45,792,231.64  | 2.03                        |
| SEK  | 15,000,000                | Samhallsbyggnadsbolag i AB FRN Sub 17/ 29.12.Perpetual        | 14,584,531.57  | 14,950,985.02  | 0.66                        |
| SEK  | 8,000,000                 | SBB i Norden AB FRN Sen 16/ 23.06.18                          | 8,079,387.52   | 8,117,747.86   | 0.36                        |
| SEK  | 25,000,000                | SBB i Norden AB FRN Sen 17/ 03.04.20                          | 24,527,681.04  | 25,522,093.34  | 1.13                        |
| SEK  | 38,000,000                | Storebrand Livsforsikring AS FRN Sub 17/ 21.11.47             | 37,619,857.50  | 38,144,661.66  | 1.69                        |
| SEK  | 51,000,000                | Telia Co AB Step-up FRN Sub Reg S 17/ 04.10.77                | 50,993,422.85  | 52,900,826.72  | 2.34                        |
| SEK  | 37,000,000                | Velcora Holding AB FRN 15/ 15.07.21                           | 37,610,273.72  | 38,450,386.20  | 1.70                        |
| SEK  | 43,000,000                | West Atlantic AB 7% EMTN Sen 15/ 21.12.19                     | 42,055,722.68  | 41,677,900.42  | 1.85                        |
|  |                           |   | 393,166,560.58 | 398,333,945.29 | 17.63                       |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC CORPORATE BOND

### Statement of investments and other net assets (in NOK) (continued)

as at 31st December 2017

| Currency   | Number /<br>nominal value | Description  | Cost                    | Market value            | % of<br>total net<br>assets |
|--|---------------------------|--|-------------------------|-------------------------|-----------------------------|
| USD  | 5,000,000                 | American Tanker Inc 9.25% Sen 144A 17/ 22.02.22                | 42,341,962.28           | 39,698,075.24           | 1.76                        |
| USD  | 1,500,000                 | Danske Bank A/ S VAR Conv Jun Sub Reg S<br>17/ 28.09.Perpetual | 12,695,249.98           | 13,105,917.61           | 0.58                        |
| USD  | 5,500,000                 | DNO ASA 8.75% Reg S Sen 15/ 18.06.20                           | 45,393,823.17           | 45,242,515.76           | 2.00                        |
| USD  | 6,000,000                 | Golar LNG Partners LP FRN Sen 17/ 18.05.21                     | 49,776,535.41           | 48,741,979.24           | 2.16                        |
| USD  | 1,781,234                 | Icelandair Group HF FRN Sen 16/ 26.10.21                       | 14,796,994.19           | 14,479,251.57           | 0.64                        |
| USD  | 5,000,000                 | MPC Container Ships AS FRN 17/ 22.09.22                        | 39,191,166.10           | 40,275,782.73           | 1.78                        |
| USD  | 5,200,000                 | Okea AS 7.5% 17/ 16.11.20                                      | 42,450,719.90           | 42,362,679.72           | 1.88                        |
| USD  | 3,700,000                 | Songa Bulk As FRN 17/ 13.06.22                                 | 30,430,639.12           | 30,084,036.30           | 1.33                        |
| USD  | 5,500,000                 | Tizir Ltd 9.5% Sk 17/ 19.07.22                                 | 46,279,867.34           | 48,138,711.61           | 2.13                        |
| USD  | 4,193,000                 | Transocean Inc 9% Reg S Sen 16/ 15.07.23                       | 37,331,100.82           | 37,156,228.41           | 1.65                        |
| USD  | 4,400,000                 | Welltec AS 9.5% Sen Reg S 17/ 01.12.22                         | 36,320,156.17           | 35,991,560.08           | 1.59                        |
|  |                           |  | <u>397,008,214.48</u>   | <u>395,276,738.27</u>   | <u>17.50</u>                |
| <b>Total bonds</b>   |                           |  | <u>1,551,650,916.75</u> | <u>1,578,064,888.22</u> | <u>69.90</u>                |
| <b><u>Transferable securities dealt in on another regulated market</u></b> |                           |  |                         |                         |                             |
| <b>Bonds</b>   |                           |  |                         |                         |                             |
| EUR  | 3,000,000                 | Unilabs SubHolding AB 5.75% Sen Reg S 17/ 15.05.25             | 28,107,249.54           | 29,806,944.52           | 1.32                        |
| NOK  | 43,585,302                | Boa Deep C AS FRN Sk Reg S Sub Ser 144A 14/ 31.12.20           | 23,672,659.86           | 24,335,125.50           | 1.08                        |
| NOK  | 10,222,984                | Boa Offshore AS FRN Reg S Sk Sub 15/ 17.07.47                  | 5,980,549.17            | 3,066,895.20            | 0.14                        |
| NOK  | 46,000,000                | Kistefos AS FRN 144 A 16/ 05.12.19                             | 47,870,625.00           | 48,386,250.00           | 2.14                        |
| NOK  | 25,000,000                | Klaveness Ship Hdg AS FRN Sen 16/ 27.05.21                     | 25,459,110.00           | 26,018,750.00           | 1.15                        |
| NOK  | 51,500,000                | Laeringsverkstedet FRN Sen 17/ 01.06.22                        | 51,812,500.00           | 52,594,375.00           | 2.33                        |
| NOK  | 30,000,000                | Western Bulk Chartering AS FRN Reg S Sen 13/ 19.04.19          | 26,990,813.50           | 30,206,250.00           | 1.34                        |
|  |                           |  | <u>181,786,257.53</u>   | <u>184,607,645.70</u>   | <u>8.18</u>                 |
| SEK  | 40,000,000                | Verisure Midholding AB FRN Sen Reg S 17/ 01.12.23              | 39,096,826.02           | 40,069,139.46           | 1.77                        |
| USD  | 5,000,000                 | Aker BP ASA 6% Sen Reg S 17/ 01.07.22                          | 42,180,000.08           | 42,879,444.90           | 1.90                        |
| USD  | 3,200,000                 | Eagle Bulk Shipping Inc 8.25% 17/ 28.11.22                     | 26,687,507.93           | 26,339,278.07           | 1.17                        |
| USD  | 3,600,000                 | Golden Ocean Group Ltd 3.07% Conv Reg S 14/ 30.01.19           | 26,885,328.23           | 28,464,530.61           | 1.26                        |
| USD  | 4,000,000                 | Renewable Energy Ltd 6.5% Conv Sen Reg S 13/ 11.09.18          | 32,419,616.83           | 32,106,107.58           | 1.42                        |
| USD  | 500,000                   | Ship Finance Intl Ltd 5.75% Conv Sen 16/ 15.10.21              | 4,224,333.33            | 4,437,595.76            | 0.20                        |
|  |                           |  | <u>132,396,786.40</u>   | <u>134,226,956.92</u>   | <u>5.95</u>                 |
| <b>Total bonds</b>   |                           |  | <u>381,387,119.49</u>   | <u>388,710,686.60</u>   | <u>17.22</u>                |
| <b><u>Other transferable securities</u></b>                                |                           |  |                         |                         |                             |
| <b>Bonds</b>   |                           |  |                         |                         |                             |
| EUR  | 4,000,000                 | AX V INV1 Holding ApS FRN 17/ 29.06.22                         | 38,284,627.19           | 40,470,071.71           | 1.79                        |
| NOK  | 17,000,000                | Coastal Holding AS FRN Sen 17/ 16.11.20                        | 17,014,250.00           | 17,080,750.00           | 0.76                        |
| NOK  | 10,000,000                | Molleparken 4 Sen BondCo SA FRN 17/ 20.11.20                   | 9,935,000.00            | 10,000,000.00           | 0.44                        |
|  |                           |  | <u>26,949,250.00</u>    | <u>27,080,750.00</u>    | <u>1.20</u>                 |
| SEK  | 54,500,000                | Bergvik Skog AB 8.5% MTN Sub 04/ 24.03.34                      | 64,454,853.29           | 65,679,684.67           | 2.91                        |
| SEK  | 3,492,000                 | E Out Instrument AB 0% Sen 17/ 30.04.19                        | 1,588,220.11            | 1,395,725.04            | 0.06                        |
|  |                           |  | <u>66,043,073.40</u>    | <u>67,075,409.71</u>    | <u>2.97</u>                 |
| USD  | 4,500,000                 | Borealis Finance LLC 7.5% 144A 17/ 16.11.22                    | 36,749,954.07           | 36,613,999.35           | 1.62                        |
| USD  | 1,468,329                 | Sea Production Ltd VAR TOG PIK Sk Reg S 07/ 12.04.18           | 4,306,927.41            | 3,002,696.10            | 0.13                        |
|  |                           |  | <u>41,056,881.48</u>    | <u>39,616,695.45</u>    | <u>1.75</u>                 |
| <b>Total bonds</b>   |                           |  | <u>172,333,832.07</u>   | <u>174,242,926.87</u>   | <u>7.71</u>                 |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC CORPORATE BOND

### Statement of investments and other net assets (in NOK) (continued) as at 31st December 2017

| Currency                                 | Number /<br>nominal value | Description                             | Cost                | Market value                   | % of<br>total net<br>assets |
|--|---------------------------|---|---------------------|--------------------------------|-----------------------------|
| <b>Bonds in default of payment</b>       |                           |   |                     |                                |                             |
| USD                                      | 1,343,598                 | Cecon AS 10% Step-up Ser B 11/ 18.03.17 | 6,597,123.39        | 55,007.46                      | 0.00                        |
| USD                                      | 218,164                   | Cecon AS 5% Ser A 11/ 15.06.16          | 517,562.11          | 8,931.71                       | 0.00                        |
| <b>Total bonds in default of payment</b> |                           |   | <u>7,114,685.50</u> | <u>63,939.17</u>               | <u>0.00</u>                 |
| Total investments in securities          |                           |   | 2,112,486,553.81    | 2,141,082,440.86               | 94.83                       |
| Cash at banks                            |                           |   |                     | 108,029,350.68                 | 4.78                        |
| Bank overdrafts                          |                           |   |                     | -11,870.59                     | 0.00                        |
| Other net assets/ (liabilities)          |                           |   |                     | 8,707,519.79                   | 0.39                        |
| Total                                    |                           |   |                     | <u><u>2,257,807,440.74</u></u> | <u><u>100.00</u></u>        |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC CORPORATE BOND

### Industrial and geographical classification of investments as at 31st December 2017

#### Industrial classification

(in percentage of net assets)

|                             |                |
|-----------------------------|----------------|
| Financials                  | 27.24 %        |
| Industrials                 | 24.28 %        |
| Energy                      | 19.22 %        |
| Raw materials               | 9.23 %         |
| Telecommunications services | 7.27 %         |
| Technologies                | 4.31 %         |
| Healthcare                  | 3.22 %         |
| Non-cyclical consumer goods | 0.06 %         |
| Total                       | <u>94.83 %</u> |

#### Geographical classification

(by domicile of the issuer)  
(in percentage of net assets)

|                          |                |
|--------------------------|----------------|
| Norway                   | 40.07 %        |
| Sweden                   | 23.51 %        |
| Denmark                  | 10.42 %        |
| Marshall Islands         | 6.09 %         |
| The Netherlands          | 3.62 %         |
| Finland                  | 3.35 %         |
| United Kingdom           | 2.13 %         |
| United States of America | 1.76 %         |
| Cayman Islands           | 1.65 %         |
| Bermuda                  | 1.59 %         |
| Iceland                  | 0.64 %         |
| Total                    | <u>94.83 %</u> |



## PARETO SICAV - PARETO GLOBAL CORPORATE BOND

### Statement of net assets (in SEK)

as at 31st December 2017

#### **Assets**

|   |                         |
|---|-------------------------|
| Securities portfolio at market value                  | 3,975,211,575.52        |
| Cash at banks   | 124,178,899.67          |
| Cash collateral at banks                              | 97,020,251.33           |
| Other liquid assets                                   | 3,153,419.35            |
| Formation expenses, net                               | 61,633.55               |
| Receivable on issues of shares                        | 192,336,781.66          |
| Income receivable on portfolio                        | 40,495,073.50           |
| Interest receivable on swaps contracts                | 2,841,519.01            |
| Unrealised gain on forward foreign exchange contracts | 23,675,901.15           |
| <b>Total assets</b>                                   | <b>4,458,975,054.74</b> |

#### **Liabilities**

|                                     |                      |
|-------------------------------------|----------------------|
| Bank overdrafts                     | 50,782,308.26        |
| Other liquid liabilities            | 676,745.05           |
| Payable on treasury transactions    | 102,084.18           |
| Payable on redemptions of shares    | 2,984,557.45         |
| Interest payable on swaps contracts | 8,290,105.56         |
| Unrealised loss on swaps contracts  | 14,017,646.89        |
| Expenses payable                    | 6,052,322.29         |
| <b>Total liabilities</b>            | <b>82,905,769.68</b> |

Net assets at the end of the year **4,376,069,285.06**

#### **Breakdown of net assets per share class**

| Share class | Number of shares | Currency of share class | NAV per share in currency of share class | Net assets per share class (in SEK) |
|-------------|------------------|-------------------------|--|-------------------------------------|
| A           | 20,877,211.9612  | SEK                     | 107.9787                                 | 2,254,294,672.49                    |
| A DIS SEK   | 10,000.0000      | SEK                     | 99.8728                                  | 998,728.04                          |
| A EUR       | 4,827.6089       | EUR                     | 109.0982                                 | 5,177,510.20                        |
| B           | 1,823,753.7546   | SEK                     | 109.4170                                 | 199,549,744.47                      |
| B DIS SEK   | 10,000.0000      | SEK                     | 99.9036                                  | 999,035.94                          |
| C           | 10,509,793.9129  | NOK                     | 111.7717                                 | 1,175,602,383.38                    |
| D           | 2,287,820.0313   | NOK                     | 113.2567                                 | 259,310,499.68                      |
| I NOK       | 1,996,724.7624   | NOK                     | 107.2437                                 | 214,301,029.30                      |
| I SEK       | 2,581,238.6295   | SEK                     | 102.9876                                 | 265,835,681.56                      |
|             |                  |                         |  | <b>4,376,069,285.06</b>             |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO GLOBAL CORPORATE BOND

### Statement of operations and other changes in net assets (in SEK) from 1st January 2017 to 31st December 2017

|   |                   |
|---|-------------------|
| <b><u>Income</u></b>                                      |                   |
| Interest on bonds and other debt securities, net          | 127,857,561.77    |
| Interest on bank accounts                                 | 44,709.38         |
| Interest on swaps contracts                               | 2,422,035.09      |
| Other income  | 92,809.22         |
| Total income  | 130,417,115.46    |
| <b><u>Expenses</u></b>                                    |                   |
| Management fees   | 28,825,424.04     |
| Depository fees   | 1,328,504.72      |
| Banking charges and other fees                            | 69,647.07         |
| Transaction fees  | 143,227.97        |
| Central administration costs                              | 1,428,623.85      |
| Professional fees   | 190,426.64        |
| Other administration costs                                | 395,521.10        |
| Subscription duty ("taxe d'abonnement")                   | 1,564,390.64      |
| Bank interest paid  | 738,349.25        |
| Interest paid on swaps contracts                          | 4,145,596.30      |
| Other expenses  | 408,166.56        |
| Total expenses  | 39,237,878.14     |
| Net investment income                                     | 91,179,237.32     |
| <b><u>Net realised gain/(loss)</u></b>                    |                   |
| - on securities portfolio                                 | 6,156,214.84      |
| - on option contracts                                     | -1,677,433.58     |
| - on futures contracts                                    | 71,869.53         |
| - on swaps contracts                                      | 575,155.23        |
| - on forward foreign exchange contracts                   | -79,800,763.32    |
| - on foreign exchange                                     | 22,982,569.37     |
| Realised result   | 39,486,849.39     |
| <b><u>Net variation of the unrealised gain/(loss)</u></b> |                   |
| - on securities portfolio                                 | -24,102,006.03    |
| - on swaps contracts                                      | -15,003,974.94    |
| - on forward foreign exchange contracts                   | 36,502,418.44     |
| Result of operations                                      | 36,883,286.86     |
| Subscriptions   | 4,397,909,687.80  |
| Redemptions   | -1,560,209,261.05 |
| Total changes in net assets                               | 2,874,583,713.61  |
| Total net assets at the beginning of the year             | 1,501,485,571.45  |
| Total net assets at the end of the year                   | 4,376,069,285.06  |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO GLOBAL CORPORATE BOND

### Statistical information (in SEK)

as at 31st December 2017

| Total net assets          | Currency                                 | 31.12.2015      | 31.12.2016       | 31.12.2017                         |
|---------------------------|--|-----------------|------------------|------------------------------------|
|                           | SEK                                      | 604,442,262.42  | 1,501,485,571.45 | 4,376,069,285.06                   |
| Net asset value per share | Currency                                 | 31.12.2015      | 31.12.2016       | 31.12.2017                         |
| A                         | SEK                                      | 98.9767         | 104.1806         | 107.9787                           |
| A DIS SEK                 | SEK                                      | -               | -                | 99.8728                            |
| A EUR                     | EUR                                      | 99.9241         | 105.2575         | 109.0982                           |
| B                         | SEK                                      | 99.3972         | 105.0931         | 109.4170                           |
| B DIS SEK                 | SEK                                      | -               | -                | 99.9036                            |
| C                         | NOK                                      | 99.9838         | 106.6667         | 111.7717                           |
| D                         | NOK                                      | 100.4415        | 107.6042         | 113.2567                           |
| I NOK                     | NOK                                      | -               | 101.6658         | 107.2437                           |
| I SEK                     | SEK                                      | -               | -                | 102.9876                           |
| Number of shares          | outstanding at the beginning of the year | issued          | redeemed         | outstanding at the end of the year |
| A                         | 4,876,080.8077                           | 27,833,750.6279 | -11,832,619.4744 | 20,877,211.9612                    |
| A DIS SEK                 | -  | 10,000.0000     | -                | 10,000.0000                        |
| A EUR                     | 4,497.4376                               | 9,217.3750      | -8,887.2037      | 4,827.6089                         |
| B                         | 571,859.9281                             | 1,378,608.9216  | -126,715.0951    | 1,823,753.7546                     |
| B DIS SEK                 | -  | 10,000.0000     | -                | 10,000.0000                        |
| C                         | 6,036,471.3102                           | 6,246,118.0928  | -1,772,795.4901  | 10,509,793.9129                    |
| D                         | 302,683.5602                             | 2,121,878.0037  | -136,741.5326    | 2,287,820.0313                     |
| I NOK                     | 1,996,724.7624                           | -               | -                | 1,996,724.7624                     |
| I SEK                     | -  | 3,067,079.2894  | -485,840.6599    | 2,581,238.6295                     |

The accompanying notes are an integral part of these financial statements.

# PARETO SICAV - PARETO GLOBAL CORPORATE BOND

## Statement of investments and other net assets (in SEK)

as at 31st December 2017

| Currency  | Number /<br>nominal value | Description  | Cost             | Market value     | % of<br>total net<br>assets |
|---|---------------------------|--|------------------|------------------|-----------------------------|
| <b>Investments in securities</b>  |                           |  |                  |                  |                             |
| <b>Transferable securities admitted to an official stock exchange listing</b> |                           |  |                  |                  |                             |
| <b>Bonds</b>  |                           |  |                  |                  |                             |
| DKK   | 26,000,000                | Danske Bank A/ S FRN EMTN Sub Conv 16/ 23.02.Perpetual       | 34,561,854.23    | 37,062,412.89    | 0.85                        |
| DKK   | 20,000,000                | Jyske Bank AS FRN Reg S Sub 16/ 16.12.Perpetual              | 26,828,485.05    | 28,443,554.05    | 0.65                        |
| DKK   | 15,000,000                | Scan Bidco AS 6.8% Sen 16/ 27.06.22                          | 19,686,396.71    | 18,164,937.94    | 0.41                        |
|   |                           |  | 81,076,735.99    | 83,670,904.88    | 1.91                        |
| EUR   | 2,500,000                 | Ahlstrom-Munksjo Oyj 1.875% Sen 17/ 09.06.22                 | 24,333,655.83    | 25,180,196.62    | 0.58                        |
| EUR   | 1,000,000                 | Aramark Intl Fin Sär1 3.125% Sen Reg S 17/ 01.04.25          | 9,504,299.79     | 10,350,475.53    | 0.24                        |
| EUR   | 1,400,000                 | Ax Dell Oy FRN 17/ 19.04.21                                  | 13,444,048.36    | 13,900,183.20    | 0.32                        |
| EUR   | 4,500,000                 | Belden Inc 2.875% Sen Sub Reg S 17/ 15.09.25                 | 43,156,055.51    | 44,450,898.45    | 1.02                        |
| EUR   | 6,000,000                 | Belden Inc 3.375% Sen Sub Reg S 17/ 15.07.27                 | 58,239,269.48    | 59,826,132.92    | 1.37                        |
| EUR   | 3,500,000                 | Constantin Investis 3 SAS 5.375% Sen Reg S 17/ 15.04.25      | 33,472,257.63    | 34,944,682.11    | 0.80                        |
| EUR   | 3,000,000                 | Crown European Hgs SA 2.625% Reg S Sen 16/ 30.09.24          | 28,659,519.17    | 30,336,117.65    | 0.69                        |
| EUR   | 1,200,000                 | Darling Global Fin BV 4.75% Reg S Sen 15/ 30.05.22           | 11,964,648.79    | 12,276,299.71    | 0.28                        |
| EUR   | 1,500,000                 | Eurofins Scientific SA 3.375% Reg S Sen 15/ 30.01.23         | 15,171,821.32    | 16,039,966.00    | 0.37                        |
| EUR   | 6,800,000                 | Eurofins Scientific SA Sen Reg S 2.125% / 25.07.24           | 64,987,467.11    | 68,415,934.97    | 1.56                        |
| EUR   | 2,000,000                 | Eurofins Scientific SA VAR Sub Reg S 17/ 13.11.Perpetual     | 19,494,311.17    | 19,805,008.56    | 0.45                        |
| EUR   | 2,000,000                 | Europcar Group SA 4.125% Sen Reg S 17/ 15.11.24              | 19,207,506.39    | 19,720,270.52    | 0.45                        |
| EUR   | 2,000,000                 | Europcar Group SA 5.75% Reg S Sen 15/ 15.06.22               | 19,735,125.48    | 20,617,785.89    | 0.47                        |
| EUR   | 1,500,000                 | Federal Mogul Hgs LLC FRN Sen Reg S 17/ 15.04.24             | 14,261,682.05    | 14,868,796.93    | 0.34                        |
| EUR   | 5,742,972                 | Forchem Oy 4.9% Sk Sen 15/ 02.07.20                          | 56,327,519.73    | 58,008,234.03    | 1.33                        |
| EUR   | 2,750,000                 | Grupo Antolin Irausa SA 3.25% Sen Reg S 17/ 30.04.24         | 26,384,184.05    | 28,201,311.49    | 0.64                        |
| EUR   | 4,240,000                 | Jacob Holm & Sonner Hg A/ S FRN Sen 17/ 31.03.22             | 40,803,077.56    | 42,158,483.08    | 0.96                        |
| EUR   | 2,000,000                 | Jyske Bank AS VAR Sub Reg S 17/ 21.03.Perpetual              | 19,068,331.47    | 20,201,468.52    | 0.46                        |
| EUR   | 2,600,000                 | Kotkamills Group Oyj 8.25% Sen 15/ 13.03.20                  | 16,728,147.64    | 17,297,722.71    | 0.39                        |
| EUR   | 2,750,000                 | Kronos Intl Inc 3.75% Sen Reg S 17/ 15.09.25                 | 26,100,988.33    | 27,986,664.75    | 0.64                        |
| EUR   | 8,000,000                 | Lecta SA 6.5% Reg S Sen 16/ 01.08.23                         | 81,007,300.35    | 81,721,280.76    | 1.87                        |
| EUR   | 1,000,000                 | LimaCorp SpA FRN Sen Reg S 17/ 15.08.23                      | 9,602,992.94     | 9,985,325.38     | 0.23                        |
| EUR   | 1,000,000                 | LKQ Italia Bondco SpA 3.875% Reg S Sen 16/ 01.04.24          | 9,279,384.57     | 10,778,441.92    | 0.25                        |
| EUR   | 1,250,000                 | Nemak SAB de CV 3.25% Sen Reg S 17/ 15.03.24                 | 11,949,779.41    | 12,764,342.12    | 0.29                        |
| EUR   | 7,000,000                 | Nexans SA 2.75% Sen 17/ 05.04.24                             | 67,525,909.45    | 70,949,081.15    | 1.62                        |
| EUR   | 5,000,000                 | NH Hotel Group SA 3.75% Reg S Sen 16/ 01.10.23               | 49,454,460.93    | 52,065,967.35    | 1.19                        |
| EUR   | 4,800,000                 | Perstorp Holding AB 7.625% Reg S Sen 16/ 30.06.21            | 48,314,237.95    | 50,699,610.80    | 1.16                        |
| EUR   | 4,000,000                 | Perstorp Holding AB VAR Sen Reg S 17/ 15.09.22               | 39,720,171.98    | 39,348,331.91    | 0.90                        |
| EUR   | 8,000,000                 | Quintiles IMS Inc 2.875% Sen Reg S 17/ 15.09.25              | 76,721,876.46    | 79,568,030.31    | 1.82                        |
| EUR   | 3,000,000                 | Quintiles IMS Inc 3.25% Sen Reg S 17/ 15.03.25               | 29,111,059.79    | 30,508,346.23    | 0.70                        |
| EUR   | 4,000,000                 | Senvion Holding GmbH 3.875% Sen Reg S 17/ 25.10.22           | 38,429,149.79    | 37,628,995.24    | 0.86                        |
| EUR   | 4,000,000                 | Silgan Holdings Inc 3.25% Sen Reg S 17/ 15.03.25             | 38,051,772.90    | 41,008,096.35    | 0.94                        |
| EUR   | 4,320,000                 | Synlab Bondco Plc FRN Reg S Sen 16/ 01.07.22                 | 42,880,837.08    | 42,828,292.91    | 0.98                        |
| EUR   | 1,500,000                 | Telefon AB LM Ericsson 1.875% EMTN Ser 7Y Reg S 17/ 01.03.24 | 14,121,768.44    | 14,383,003.22    | 0.33                        |
| EUR   | 2,000,000                 | Thomas Cook Fin Plc 3.875% Sen Reg S 17/ 15.07.23            | 19,865,370.44    | 20,045,558.40    | 0.46                        |
| EUR   | 4,000,000                 | Thomas Cook Group Plc 6.25% Reg S Sen 16/ 15.06.22           | 39,237,624.57    | 42,574,865.23    | 0.97                        |
| EUR   | 2,900,000                 | Tresu Investement Holding FRN Sen 17/ 29.09.22               | 27,656,317.98    | 28,793,236.63    | 0.66                        |
| EUR   | 7,000,000                 | Unitymedia NRW GmbH 4% Reg S Sen 14/ 15.01.25                | 70,122,586.41    | 72,874,118.90    | 1.66                        |
| EUR   | 6,000,000                 | Vieo BV FRN 17/ 07.09.22                                     | 57,073,273.73    | 55,738,358.40    | 1.27                        |
| EUR   | 7,350,000                 | Volvo Treasury AB VAR Sub 14/ 10.06.75                       | 73,346,935.90    | 77,837,894.96    | 1.78                        |
| EUR   | 1,000,000                 | Wfs Global Holding 9.5% Reg S Sen 15/ 15.07.22               | 10,613,632.76    | 10,532,436.20    | 0.24                        |
|   |                           |  | 1,415,130,360.69 | 1,467,220,248.01 | 33.54                       |
| GBP   | 4,000,000                 | AP Moeller Maersk AS 4% EMTN Ser 8 Sen Reg S 13/ 04.04.25    | 49,904,442.46    | 48,003,277.58    | 1.10                        |
| GBP   | 5,000,000                 | Iron Mountain UK Plc 3.875% EMTN Sen Reg S 17/ 15.11.25      | 55,596,056.23    | 54,307,493.23    | 1.24                        |
| GBP   | 4,000,000                 | Premier Foods Finance Plc 6.5% Sen Reg S 14/ 15.03.21        | 45,818,409.26    | 45,171,335.55    | 1.03                        |
| GBP   | 3,000,000                 | Virgin Media Secured Fin Plc 5% Reg S Sen 17/ 15.04.27       | 32,979,988.05    | 33,861,892.69    | 0.77                        |
|   |                           |  | 184,298,896.00   | 181,343,999.05   | 4.14                        |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO GLOBAL CORPORATE BOND

### Statement of investments and other net assets (in SEK) (continued) as at 31st December 2017

| Currency           | Number /<br>nominal value | Description  | Cost             | Market value     | % of<br>total net<br>assets |
|--------------------|---------------------------|--|------------------|------------------|-----------------------------|
| NLG                | 3,785,000                 | Aegon NV VAR Sub 96/ 04.03.Perpetual                             | 16,211,505.50    | 16,702,774.40    | 0.38                        |
| NLG                | 3,470,000                 | Aegon NV VAR Sub Reg S 95/ 08.06.Perpetual                       | 12,138,638.86    | 12,561,921.58    | 0.29                        |
|                    |                           |  | 28,350,144.36    | 29,264,695.98    | 0.67                        |
| NOK                | 10,000,000                | Austevoll Seafood ASA FRN Sen 144A 17/ 21.06.23                  | 10,267,690.90    | 10,025,215.30    | 0.23                        |
| NOK                | 36,000,000                | Wallenius Wilhelmsen Logis ASA FRN Sen 17/ 12.10.22              | 36,918,090.65    | 36,099,781.99    | 0.82                        |
|                    |                           |  | 47,185,781.55    | 46,124,997.29    | 1.05                        |
| SEK                | 30,000,000                | Consilium AB FRN Sen 15/ 25.03.20                                | 31,515,000.00    | 31,425,000.00    | 0.72                        |
| SEK                | 18,000,000                | Gunnebo Industrier AB FRN 17/ 12.05.20                           | 18,000,000.00    | 18,247,500.00    | 0.42                        |
| SEK                | 5,000,000                 | Intrum Justitia AB FRN MTN Ser 102 Sen 13/ 28.06.18              | 5,028,500.00     | 5,027,650.00     | 0.11                        |
| SEK                | 32,000,000                | Islandsbanki HF FRN EMTN Sen Sub17/ 23.11.27                     | 32,000,000.00    | 32,024,000.00    | 0.73                        |
| SEK                | 18,000,000                | Jyske Bank AS FRN Sub Reg S 16/ 16.12.Perpetual                  | 18,000,000.00    | 19,572,750.00    | 0.45                        |
| SEK                | 30,000,000                | NorCell Sweden Holding 3 AB 3.625% Sen 16/ 23.06.21              | 31,185,000.17    | 31,013,700.00    | 0.71                        |
| SEK                | 44,000,000                | Prime Living AB FRN Sen 16/ 29.09.20                             | 44,299,000.00    | 44,220,000.00    | 1.01                        |
| SEK                | 36,000,000                | RSA Insurance Group Plc FRN Sub RegS Conv<br>17/ 27.06.Perpetual | 36,000,000.00    | 38,152,440.00    | 0.87                        |
| SEK                | 35,000,000                | Sirius International Group Ltd FRN Sub 17/ 22.09.47              | 35,000,000.00    | 35,634,375.00    | 0.81                        |
| SEK                | 19,000,000                | Svenska Handelsbanken AB FRN Sub EMTN 17/ 15.11.27               | 19,000,000.00    | 19,022,990.00    | 0.43                        |
| SEK                | 30,000,000                | Swedbank Mortgage AB 5.7% 08/ 12.05.20                           | 34,083,300.00    | 34,068,300.00    | 0.78                        |
| SEK                | 15,000,000                | Telia Co AB Step-up FRN Sub Reg S 17/ 04.10.77                   | 15,000,000.00    | 15,571,050.00    | 0.36                        |
| SEK                | 45,000,000                | Volati AB FRN Sen 17/ 05.12.22                                   | 45,000,000.00    | 45,337,500.00    | 1.04                        |
| SEK                | 45,000,000                | Volvo Car AB 2.5% Reg S Sen 16/ 07.03.22                         | 45,332,600.00    | 46,189,125.00    | 1.06                        |
|                    |                           |  | 409,443,400.17   | 415,506,380.00   | 9.50                        |
| USD                | 1,000,000                 | Allegion US Hg Co Inc 3.2% Sen 17/ 01.10.24                      | 7,950,745.09     | 8,123,984.91     | 0.19                        |
| USD                | 2,000,000                 | Ashtead Capital Inc 4.125% Reg Sen 17/ 15.08.25                  | 16,194,600.01    | 16,623,716.40    | 0.38                        |
| USD                | 4,500,000                 | Ball Corp 4.375% Sen 15/ 15.12.20                                | 41,136,840.04    | 38,246,397.24    | 0.87                        |
| USD                | 2,000,000                 | Brixmor Operating Partner LP 3.25% Sen 16/ 15.09.23              | 16,851,793.48    | 16,030,871.79    | 0.37                        |
| USD                | 7,000,000                 | Demeter Investments BV VAR Reg S Sub 15/ 15.08.50                | 62,908,153.79    | 62,883,605.32    | 1.44                        |
| USD                | 2,000,000                 | Encompass Health Corp 5.125% Sen 15/ 15.03.23                    | 17,411,891.87    | 16,807,905.90    | 0.38                        |
| USD                | 2,000,000                 | Encompass Health Corp 5.75% Sen 12/ 01.11.24                     | 18,475,627.05    | 16,807,496.59    | 0.38                        |
| USD                | 2,625,000                 | General Electric Co 4.625% EMTN Reg S Sen 13/ 30.01.43           | 23,697,417.78    | 21,510,693.63    | 0.49                        |
| USD                | 4,000,000                 | Icelandair Group HF FRN Sen 16/ 26.10.21                         | 35,288,000.06    | 32,540,145.12    | 0.74                        |
| USD                | 7,000,000                 | Jain Intl Trading BV 7.125% Reg S Sen 17/ 01.02.22               | 61,348,792.68    | 57,292,799.08    | 1.31                        |
| USD                | 5,000,000                 | JPMorgan Chase & Co FRN MTN Sen 16/ 24.10.23                     | 45,145,866.10    | 42,002,369.08    | 0.96                        |
| USD                | 2,500,000                 | L Brands Inc 5.625% Sen 12/ 15.02.22                             | 23,165,476.78    | 21,855,823.82    | 0.50                        |
| USD                | 1,000,000                 | Lennar Corp 4.125% Sen 17/ 15.01.22                              | 9,005,000.00     | 8,367,155.98     | 0.19                        |
| USD                | 5,025,000                 | Nasdaq Inc 5.55% Sen 10/ 15.01.20                                | 47,573,620.41    | 43,587,340.20    | 1.00                        |
| USD                | 611,000                   | Nokia Oyj 5.375% Sen 09/ 15.05.19                                | 5,774,472.85     | 5,181,731.84     | 0.12                        |
| USD                | 3,000,000                 | Perstorp Holding AB 8.5% Sen Reg S 16/ 30.06.21                  | 27,032,371.46    | 26,247,003.85    | 0.60                        |
| USD                | 4,000,000                 | Prudential Plc 4.375% EMTN Reg S Sub 16/ 20.10.Perpetual         | 33,303,244.57    | 31,893,435.32    | 0.73                        |
| USD                | 6,000,000                 | Prudential Plc 4.875% EMTN Sen Sub Reg S<br>17/ 20.01.Perpetual  | 48,945,600.02    | 49,231,152.08    | 1.12                        |
| USD                | 1,000,000                 | PTC Inc 6% Sen 16/ 15.05.24                                      | 8,068,900.01     | 8,707,660.97     | 0.20                        |
| USD                | 4,700,000                 | Scan Bidco AS 7.7% EMTN Sen 16/ 27.06.22                         | 39,054,271.94    | 33,954,311.17    | 0.78                        |
| USD                | 3,000,000                 | Service Corp Intl 4.625% Sen 17/ 15.12.27                        | 25,299,507.98    | 24,958,291.31    | 0.57                        |
| USD                | 1,000,000                 | Sinclair Television Group Inc 5.125% Reg S Sen 16/ 15.02.27      | 8,475,040.00     | 8,135,036.28     | 0.19                        |
| USD                | 1,000,000                 | Skandinaviska Enskilda Bk AB VAR EMTN Sub<br>14/ 13.05.Perpetual | 8,565,925.47     | 8,485,200.99     | 0.19                        |
| USD                | 3,000,000                 | Swedbank AB VAR Reg S Sub 16/ 17.03.Perpetual                    | 27,603,299.87    | 26,024,011.76    | 0.59                        |
| USD                | 6,000,000                 | Telefon AB LM Ericsson 4.125% Sen 12/ 15.05.22                   | 54,121,045.57    | 49,524,136.19    | 1.13                        |
| USD                | 5,000,000                 | US 1.625% T-Notes Ser AS-2020 Sen 17/ 15.10.20                   | 40,758,416.71    | 40,572,853.90    | 0.93                        |
| USD                | 5,000,000                 | Vulcan Materials Co 3.9% Sen 17/ 01.04.27                        | 44,999,390.49    | 41,794,234.95    | 0.95                        |
| USD                | 6,000,000                 | Vulcan Materials Co 4.5% Sen 15/ 01.04.25                        | 53,636,410.11    | 52,393,563.01    | 1.20                        |
|                    |                           |  | 851,791,722.19   | 809,782,928.68   | 18.50                       |
| <b>Total bonds</b> |                           |  | 3,017,277,040.95 | 3,032,914,153.89 | 69.31                       |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO GLOBAL CORPORATE BOND

### Statement of investments and other net assets (in SEK) (continued) as at 31st December 2017

| Currency   | Number /<br>nominal value | Description  | Cost             | Market value     | % of<br>total net<br>assets |
|--|---------------------------|--|------------------|------------------|-----------------------------|
| <b><u>Transferable securities dealt in on another regulated market</u></b> |                           |  |                  |                  |                             |
| <b>Bonds</b>   |                           |  |                  |                  |                             |
| EUR  | 3,000,000                 | Feder-Mogul Hgs LLC & Fin Corp 5% Sen Reg S 17/ 15.07.24     | 29,273,794.79    | 29,229,608.02    | 0.67                        |
| EUR  | 2,000,000                 | Grupo Antolin Dutch BV 5.125% Sen 15/ 30.06.22               | 18,600,836.45    | 20,661,826.07    | 0.47                        |
| EUR  | 7,400,000                 | Nokia Oyj 2% EMTN Sen Reg S 17/ 15.03.24                     | 70,766,872.53    | 73,388,376.52    | 1.68                        |
| EUR  | 4,400,000                 | Norican A/ S 4.5% Sen Reg S 17/ 15.05.23                     | 42,531,521.38    | 41,994,419.54    | 0.96                        |
| EUR  | 3,400,000                 | Ovako Group AB 5% EMTN 17/ 05.10.22                          | 33,214,185.23    | 34,140,786.54    | 0.78                        |
| EUR  | 4,275,000                 | Progroup AG FRN Sen Reg S 17/ 31.03.24                       | 41,272,576.52    | 42,400,865.91    | 0.97                        |
|  |                           |  | 235,659,786.90   | 241,815,882.60   | 5.53                        |
| USD  | 6,000,000                 | Bank of America Corp FRN Ser M Sen 17/ 01.10.21              | 48,062,399.99    | 49,329,140.90    | 1.13                        |
| USD  | 250,000                   | Boise Cascade Co 5.625% Reg S 16/ 01.09.24                   | 2,105,600.00     | 2,165,894.57     | 0.05                        |
| USD  | 1,000,000                 | E.W. Scripps Company 5.125% Sen Reg S 17/ 15.05.25           | 8,951,499.98     | 8,189,065.20     | 0.19                        |
| USD  | 2,000,000                 | Fidelity Natl Inform Serv Inc 2.25% Sen 16/ 15.08.21         | 16,836,042.59    | 16,127,878.26    | 0.37                        |
| USD  | 1,000,000                 | First Quality Finance Co Inc 5% Sen Reg S 17/ 01.07.25       | 8,793,800.01     | 8,348,696.10     | 0.19                        |
| USD  | 3,000,000                 | Hill-Rom Hgs Inc 5% Sen 144A 17/ 15.02.25                    | 26,944,909.69    | 25,080,470.34    | 0.57                        |
| USD  | 4,000,000                 | IHS Markit Ltd 4.75% G1 Sen Reg S 17/ 15.02.25               | 35,615,111.98    | 34,663,317.96    | 0.79                        |
| USD  | 500,000                   | Koppers Inc 6% Ser 144A 17/ 15.02.25                         | 4,502,549.99     | 4,359,151.51     | 0.10                        |
| USD  | 3,000,000                 | Kraft Heinz Foods Co FRN Sen 17/ 10.08.22                    | 24,474,000.10    | 24,705,706.11    | 0.56                        |
| USD  | 1,000,000                 | Lennar Corp 4.5% Sen 14/ 15.11.19                            | 8,470,609.88     | 8,415,168.05     | 0.19                        |
| USD  | 3,000,000                 | Lennar Corp 4.75% Ser B 13/ 15.11.22                         | 27,036,317.54    | 25,792,301.37    | 0.59                        |
| USD  | 8,500,000                 | MDC Partners Inc 6.5% Reg S Sen Sub 16/ 01.05.24             | 73,287,020.83    | 70,025,942.06    | 1.60                        |
| USD  | 2,500,000                 | Nielsen Co Luxembourg Sàrl 5% Reg S Sen 17/ 01.02.25         | 22,438,811.06    | 21,260,584.75    | 0.49                        |
| USD  | 1,000,000                 | Nielsen Finance LLC/ Co 5% Ser 144A 14/ 15.04.22             | 8,593,888.04     | 8,446,725.85     | 0.19                        |
| USD  | 2,000,000                 | Protective Life Global Funding 2.615% MTN Reg S 17/ 22.08.22 | 16,191,199.94    | 16,131,725.78    | 0.37                        |
| USD  | 6,000,000                 | UPM-Kymmene Corp 7.45% Reg S Sen 97/ 26.11.27                | 65,716,417.42    | 62,771,045.07    | 1.43                        |
| USD  | 1,500,000                 | US Concrete Inc 6.375% Sen 16/ 01.06.24                      | 14,444,075.20    | 13,214,184.55    | 0.30                        |
| USD  | 2,000,000                 | Virgin Media Secured Fin Plc 5.5% Reg S Sen 16/ 15.08.26     | 17,687,465.97    | 16,832,955.67    | 0.38                        |
| USD  | 1,000,000                 | Wolverine World Wide Inc 5% Reg S 16/ 01.09.26               | 8,421,749.99     | 8,249,643.08     | 0.19                        |
| USD  | 2,455,000                 | Wolverine World Wide Inc 5% Ser 144A 16/ 01.09.26            | 20,993,168.49    | 20,243,830.06    | 0.46                        |
|  |                           |  | 459,566,638.69   | 444,353,427.24   | 10.14                       |
| <b>Total bonds</b>   |                           |  | 695,226,425.59   | 686,169,309.84   | 15.67                       |
| <b><u>Other transferable securities</u></b>                                |                           |  |                  |                  |                             |
| <b>Bonds</b>   |                           |  |                  |                  |                             |
| EUR  | 5,000,000                 | AX V INV1 Holding ApS FRN 17/ 29.06.22                       | 48,962,624.17    | 50,626,551.28    | 1.16                        |
| EUR  | 2,500,000                 | Rettig Group Ltd 2.375% Sen 17/ 25.04.22                     | 24,037,047.45    | 25,343,995.63    | 0.58                        |
|  |                           |  | 72,999,671.62    | 75,970,546.91    | 1.74                        |
| GBP  | 1,500,000                 | AMC Entertainment Holdings Inc 6.375% Sen Sub 17/ 15.11.24   | 17,400,201.68    | 16,753,313.29    | 0.38                        |
| SEK  | 128,745,047.17            | Bergvik Skog AB 8.5% MTN Sub 04/ 24.03.34                    | 157,325,108.52   | 155,274,251.59   | 3.55                        |
| SEK  | 8,000,000                 | Consilium AB VAR Sub 17/ 01.02.Perpetual                     | 8,000,000.00     | 8,130,000.00     | 0.19                        |
|  |                           |  | 165,325,108.52   | 163,404,251.59   | 3.74                        |
| <b>Total bonds</b>   |                           |  | 255,724,981.82   | 256,128,111.79   | 5.86                        |
| Total investments in securities  |                           |  | 3,968,228,448.36 | 3,975,211,575.52 | 90.84                       |
| Cash at banks  |                           |  |                  | 221,199,151.00   | 5.05                        |
| Bank overdrafts  |                           |  |                  | -50,782,308.26   | -1.16                       |
| Other net assets/ (liabilities)  |                           |  |                  | 230,440,866.80   | 5.27                        |
| <b>Total</b>   |                           |  |                  | 4,376,069,285.06 | 100.00                      |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO GLOBAL CORPORATE BOND

### Industrial and geographical classification of investments

as at 31st December 2017

#### Industrial classification

(in percentage of net assets)

|                             |                |
|-----------------------------|----------------|
| Financials                  | 30.98 %        |
| Raw materials               | 17.15 %        |
| Industrials                 | 13.57 %        |
| Technologies                | 12.55 %        |
| Cyclical consumer goods     | 9.05 %         |
| Healthcare                  | 3.91 %         |
| Telecommunications services | 1.63 %         |
| Non-cyclical consumer goods | 1.07 %         |
| Countries and governments   | 0.93 %         |
| Total                       | <u>90.84 %</u> |

#### Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

|                          |                |
|--------------------------|----------------|
| United States of America | 23.08 %        |
| Sweden                   | 17.84 %        |
| United Kingdom           | 8.55 %         |
| Denmark                  | 8.44 %         |
| Finland                  | 6.43 %         |
| The Netherlands          | 5.44 %         |
| Luxembourg               | 4.98 %         |
| France                   | 4.27 %         |
| Germany                  | 3.49 %         |
| Spain                    | 1.83 %         |
| Canada                   | 1.60 %         |
| Bermuda                  | 1.60 %         |
| Iceland                  | 1.47 %         |
| Norway                   | 1.05 %         |
| Italy                    | 0.48 %         |
| Mexico                   | 0.29 %         |
| Total                    | <u>90.84 %</u> |

## PARETO SICAV - PARETO NORDIC ALPHA

### Statement of net assets (in NOK)

as at 31st December 2017

#### Assets

|   |                |
|---|----------------|
| Securities portfolio at market value                  | 205,654,175.05 |
| Cash at banks   | 46,681,134.79  |
| Cash collateral at banks                              | 9,034,389.25   |
| Formation expenses, net                               | 122,109.11     |
| Receivable on issues of shares                        | 5,240,985.56   |
| Interest receivable on bank accounts                  | 4,636.78       |
| Interest receivable on contracts for difference (CFD) | 2,976.65       |
| Unrealised gain on contracts for difference (CFD)     | 388,809.93     |
| Total assets  | 267,129,217.12 |

#### Liabilities

|  |              |
|--|--------------|
| Payable on redemptions of shares                   | 94,246.57    |
| Interest payable on bank accounts                  | 17,770.10    |
| Expenses payable                                   | 963,172.73   |
| Interest payable on contracts for difference (CFD) | 7,056.63     |
| Results payable on contracts for difference (CFD)  | 78,036.25    |
| Total liabilities                                  | 1,160,282.28 |

|                                   |                |
|-----------------------------------|----------------|
| Net assets at the end of the year | 265,968,934.84 |
|-----------------------------------|----------------|

#### Breakdown of net assets per share class

| Share class | Number<br>of<br>shares | Currency<br>of<br>share class | NAV per share<br>in currency of<br>share class | Net assets per<br>share class<br>(in NOK) |
|-------------|------------------------|-------------------------------|--|---|
| A NOK       | 1,020,715.9104         | NOK                           | 173.7508                                       | 177,350,180.59                            |
| M NOK       | 49,738.1293            | NOK                           | 148.0064                                       | 7,361,561.40                              |
| B NOK       | 462,400.3883           | NOK                           | 175.7291                                       | 81,257,192.85                             |
|             |                        |                               |  | 265,968,934.84                            |

The accompanying notes are an integral part of these financial statements.



## PARETO SICAV - PARETO NORDIC ALPHA

### Statement of operations and other changes in net assets (in NOK) from 21st June 2017 to 31st December 2017

|   |                |
|---|----------------|
| <b><u>Income</u></b>                                      |                |
| Dividends, net  | 807,880.55     |
| Interest on bonds and other debt securities, net          | 78,432.27      |
| Interest on bank accounts                                 | 64,516.34      |
| Commissions on subscription and on redemption             | 29,573.90      |
| Other income  | 23,733.34      |
| Total income  | 1,004,136.40   |
| <b><u>Expenses</u></b>                                    |                |
| Management fees   | 1,898,915.40   |
| Performance fees  | 963,416.95     |
| Depositary fees   | 47,462.31      |
| Banking charges and other fees                            | 6,741.89       |
| Transaction fees  | 60,171.90      |
| Central administration costs                              | 231,310.25     |
| Professional fees   | 13,567.91      |
| Other administration costs                                | 79,305.59      |
| Subscription duty ("taxe d'abonnement")                   | 97,101.99      |
| Bank interest paid  | 6,355.11       |
| Other expenses  | 62,843.18      |
| Total expenses  | 3,467,192.48   |
| Net investment loss                                       | -2,463,056.08  |
| <b><u>Net realised gain/(loss)</u></b>                    |                |
| - on securities portfolio                                 | 4,131,193.57   |
| - on contracts for difference (CFD)                       | -4,654,393.67  |
| - on foreign exchange                                     | 528,876.47     |
| Realised result   | -2,457,379.71  |
| <b><u>Net variation of the unrealised gain/(loss)</u></b> |                |
| - on securities portfolio                                 | 5,492,428.06   |
| - on contracts for difference (CFD)                       | 1,782,533.31   |
| Result of operations                                      | 4,817,581.66   |
| Subscriptions   | 317,241,721.20 |
| Redemptions   | -56,090,368.02 |
| Total changes in net assets                               | 265,968,934.84 |
| Total net assets at the beginning of the year             | -              |
| Total net assets at the end of the year                   | 265,968,934.84 |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC ALPHA

### Statistical information (in NOK) as at 31st December 2017

| <b>Total net assets</b>          | <b>Currency</b>   |                |                 |   | <b>31.12.2017</b> |
|----------------------------------|---|----------------|-----------------|---|-------------------|
|                                  | NOK   |                |                 |   | 265,968,934.84    |
| <b>Net asset value per share</b> | <b>Currency</b>   |                |                 |   | <b>31.12.2017</b> |
| A NOK                            | NOK   |                |                 |   | 173.7508          |
| M NOK                            | NOK   |                |                 |   | 148.0064          |
| B NOK                            | NOK   |                |                 |   | 175.7291          |
| <b>Number of shares</b>          | <b>outstanding at the<br/>beginning of the<br/>year</b> | <b>issued</b>  | <b>redeemed</b> | <b>outstanding at the<br/>end of the year</b> |                   |
| A NOK                            | -   | 1,110,001.1513 | -89,285.2409    | 1,020,715.9104                                |                   |
| M NOK                            | -   | 81,202.9268    | -31,464.7975    | 49,738.1293                                   |                   |
| B NOK                            | -   | 670,370.8450   | -207,970.4567   | 462,400.3883                                  |                   |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC ALPHA

### Statement of investments and other net assets (in NOK) as at 31st December 2017

| Currency   | Number /<br>nominal value | Description                  | Cost           | Market value   | % of<br>total net<br>assets |
|--|---------------------------|------------------------------|----------------|----------------|-----------------------------|
| <b><u>Investments in securities</u></b>  |                           |                              |                |                |                             |
| <b><u>Transferable securities admitted to an official stock exchange listing</u></b> |                           |                              |                |                |                             |
| <b>Shares</b>  |                           |                              |                |                |                             |
| EUR  | 26,400                    | Kesko Oyj B                  | 11,823,940.52  | 11,734,356.23  | 4.41                        |
| EUR  | 146,000                   | Stora Enso Oyj R             | 16,771,652.22  | 18,959,246.31  | 7.13                        |
| EUR  | 76,400                    | Valmet Corp                  | 12,553,306.79  | 12,337,635.34  | 4.64                        |
|  |                           |                              | 41,148,899.53  | 43,031,237.88  | 16.18                       |
| NOK  | 213,310                   | Nordic Semiconductor ASA     | 7,295,202.00   | 8,959,020.00   | 3.37                        |
| NOK  | 100,000                   | Sbanken ASA                  | 7,950,000.00   | 8,100,000.00   | 3.05                        |
| NOK  | 156,000                   | Scatec Solar ASA             | 7,082,400.00   | 7,800,000.00   | 2.93                        |
| NOK  | 220,000                   | Storebrand ASA               | 12,172,281.00  | 14,718,000.00  | 5.53                        |
| NOK  | 60,000                    | Telenor ASA                  | 8,448,000.00   | 10,554,000.00  | 3.97                        |
|  |                           |                              | 42,947,883.00  | 50,131,020.00  | 18.85                       |
| SEK  | 22,400                    | AstraZeneca Plc              | 13,299,921.82  | 12,724,599.74  | 4.78                        |
| SEK  | 25,662                    | Attendo AB                   | 2,640,199.37   | 2,255,235.96   | 0.85                        |
| SEK  | 8,000                     | Autoliv Inc SDR              | 7,467,579.06   | 8,369,553.92   | 3.15                        |
| SEK  | 40,100                    | Electrolux AB B              | 11,260,597.23  | 10,590,273.56  | 3.98                        |
| SEK  | 46,500                    | Essity AB B Reg              | 11,134,207.10  | 10,826,161.88  | 4.07                        |
| SEK  | 67,000                    | Granges AB Reg               | 5,266,093.54   | 5,640,405.86   | 2.12                        |
| SEK  | 95,272                    | Instalco Intressenter AB Reg | 6,305,876.05   | 4,712,334.64   | 1.77                        |
| SEK  | 129,000                   | Nordea Bank AB               | 13,924,913.03  | 12,799,841.79  | 4.81                        |
| SEK  | 50,300                    | Svenska Handelsbanken AB A   | 5,435,292.66   | 5,639,316.70   | 2.12                        |
|  |                           |                              | 76,734,679.86  | 73,557,724.05  | 27.65                       |
| USD  | 26,100                    | Carnival Corp                | 14,679,974.30  | 14,169,689.07  | 5.33                        |
|  |                           |                              | 175,511,436.69 | 180,889,671.00 | 68.01                       |
| <b>Total shares</b>  |                           |                              |                |                |                             |
| <b><u>Open-ended investment funds</u></b>  |                           |                              |                |                |                             |
| <b>Investment funds (UCITS)</b>  |                           |                              |                |                |                             |
| NOK  | 24,700                    | Pareto Likviditet Units Dist | 24,650,310.30  | 24,764,504.05  | 9.31                        |
|  |                           |                              | 24,650,310.30  | 24,764,504.05  | 9.31                        |
| <b>Total investment funds (UCITS)</b>  |                           |                              |                |                |                             |
| Total investments in securities  |                           |                              | 200,161,746.99 | 205,654,175.05 | 77.32                       |
| Cash at banks  |                           |                              |                | 55,715,524.04  | 20.95                       |
| Other net assets/ (liabilities)  |                           |                              |                | 4,599,235.75   | 1.73                        |
| Total  |                           |                              |                | 265,968,934.84 | 100.00                      |

The accompanying notes are an integral part of these financial statements.

## PARETO SICAV - PARETO NORDIC ALPHA

### Industrial and geographical classification of investments as at 31st December 2017

---

#### Industrial classification

(in percentage of net assets)

|                             |                |
|-----------------------------|----------------|
| Cyclical consumer goods     | 16.87 %        |
| Financials                  | 15.51 %        |
| Raw materials               | 13.89 %        |
| Investment funds            | 9.31 %         |
| Healthcare                  | 5.63 %         |
| Non-cyclical consumer goods | 4.07 %         |
| Telecommunications services | 3.97 %         |
| Technologies                | 3.37 %         |
| Energy                      | 2.93 %         |
| Industrials                 | 1.77 %         |
| Total                       | <u>77.32 %</u> |

#### Geographical classification

(by domicile of the issuer)  
(in percentage of net assets)

|                          |                |
|--------------------------|----------------|
| Norway                   | 28.16 %        |
| Sweden                   | 19.72 %        |
| Finland                  | 16.18 %        |
| Panama                   | 5.33 %         |
| United Kingdom           | 4.78 %         |
| United States of America | 3.15 %         |
| Total                    | <u>77.32 %</u> |

**Notes to the financial statements**

as at 31st December 2017

**Note 1 - Significant accounting policies**

a) Presentation of the financial statements

The financial statements of the Fund are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment and with generally accepted accounting principles in Luxembourg.

b) Valuation

- i. Securities and/ or financial derivative instruments listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued at the last available price; in the event that there should be several such markets, on the basis of the last available price of the main market for the relevant security. Should the last available price for a given security not truly reflect its fair market value, then that security shall be valued on the basis of the probable sales prices which the Board of Directors of the Fund deems is prudent to assume;
- ii. Securities and/ or financial derivative instruments not listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued on the basis of their last available price. Should the last available price for a given security not truly reflect its fair market value, then that security will be valued by the Board of Directors of the Fund on the basis of the probable sales price which the Board of Directors of the Fund deems is prudent to assume;
- iii. Interest Rate and Cross Currency Swaps (CCIRS Swaps) are valued on a daily mark-to-market basis by calculating the present-value difference between the paying and the receiving legs. The calculation is performed with the help of the appropriate market conventions that are pertaining to the currencies traded in the Interest Rates and Cross Currency Swaps. The unrealized gains or losses are disclosed in the statement of net assets. The net variation of the unrealised gain/ (loss) and realised gain/ (loss) are recorded in the statement of operations and other changes in net assets;
- iv. Liquid assets are valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, are valued in the same manner. Short-term investments that have a remaining maturity of one year or less are valued (i) at market value, or (ii) where market value is not available or not representative, at amortised cost. The captions "Other liquid assets" and "Other liquid liabilities" are mainly composed of cash accounts held at brokers;
- v. The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received is deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof is determined after making such discount as the Board of Directors of the Fund may consider appropriate in such case to reflect the true value thereof.

c) Net realised gain/ (loss) on securities portfolio

The net realised gain/ (loss) on securities portfolio is determined on the basis of the average cost of securities sold. The net realised gains and losses on securities portfolio are recorded in the statement of operations and other changes in net assets.

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

#### d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

#### e) Exchange translation

Bank balances, other assets and liabilities and the value of securities held that are denominated in other currencies than the Sub-Fund's currency are converted at the prevailing exchange rate of the closing day. Income and expenses incurred in currencies other than the Sub-Fund's currency are converted at the prevailing exchange rate of the day of each transaction. Net realised gains or losses on foreign exchange are recorded in the statement of operations and other changes in net assets.

At the date of the financial statements, the prevailing exchange rates on the closing day are as follows:

|   |     |   |           |     |                 |
|---|-----|---|-----------|-----|-----------------|
| 1 | NOK | = | 0.7582244 | DKK | Danish Krona    |
|   |     |   | 0.1018036 | EUR | Euro            |
|   |     |   | 0.0903821 | GBP | Pound Sterling  |
|   |     |   | 1.0007702 | SEK | Swedish Krona   |
|   |     |   | 0.1222509 | USD | US Dollar       |
| 1 | SEK | = | 0.7576409 | DKK | Danish Krona    |
|   |     |   | 0.1017253 | EUR | Euro            |
|   |     |   | 0.0903126 | GBP | Pound Sterling  |
|   |     |   | 0.2241730 | NLG | Dutch Guilders  |
|   |     |   | 0.9992304 | NOK | Norwegian Krona |
|   |     |   | 0.1221568 | USD | US Dollar       |

#### f) Combined financial statements

The combined financial statements of the Fund are expressed in EUR and are equal to the sum of the corresponding captions in the financial statements of each Sub-Fund converted into this currency at the exchange rates prevailing at the date of the financial statements.

At the date of the financial statements, the exchange rates used for the combined statements are the following:

|   |     |   |           |     |                 |
|---|-----|---|-----------|-----|-----------------|
| 1 | EUR | = | 9.8228329 | NOK | Norwegian Krona |
|   |     |   | 9.8303983 | SEK | Swedish Krona   |

#### g) Foreign exchange difference

For each Sub-Fund, the Net Asset Value at the beginning of the year is translated into EUR using the exchange rates applicable as at 31st December 2016. Foreign exchange difference between the Net Asset Value at the beginning of the year translated using the exchange rates applicable as at 31st December 2016 and the exchange rates applicable as at 31st December 2017 are presented under the caption "Foreign exchange difference" in the statement of operations and other changes in net assets.

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

---

#### h) Formation expenses

Expenses incurred in connection with the establishment of the Fund and the creation of the Sub-Funds may be amortised on a straight line basis over a period of five years.

Formation expenses are included in the caption "Other expenses" in the statement of operations and other changes in net assets.

#### i) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of withholding tax.

Interest income is accrued on a pro rata temporis basis, net of any withholding tax.

#### j) Transaction fees

Transaction costs disclosed under the caption "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Fund, of fees relating to liquidation of transactions paid to the depositary and of transaction fees on financial and on derivatives instruments.

#### k) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward rates for the remaining period from valuation day to the maturity of the contracts. Net unrealised gain/ (loss) is recorded in the statement of net assets. Net variation of the unrealised gain/ (loss) and the net realised gain/ (loss) are recorded in the statement of operations and other changes in net assets.

#### l) Futures contracts

Futures contracts are posted off-balance sheet and are valued at the last available price applicable to the asset. Net unrealised gain/ (loss) is recorded in the statement of net assets. Net variation of the unrealised gain/ (loss) and the net realised gain/ (loss) are recorded in the statement of operations and other changes in net assets.

#### m) Options contracts

Premiums received on the sale of options are recorded as liabilities, and premiums paid on the purchase of options are carried separately as assets. Net realised gain/ (loss) and net variation of the unrealised gain/ (loss) on options are recorded in the statement of operations and other changes in net assets.

#### n) Contracts For Differences (CFD)

CFD contracts are posted off-balance sheet and are valued at the last settlement or close price on the stock exchanges or regulated markets. Unrealised gain/ (loss) on CFD contracts are recorded in the statements of net assets. Net variation of unrealised gain/ (loss) and net realised gain/ (loss) are recorded in the statement of operations and changes in net assets.

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

---

#### o) Receivable / Payable on treasury transactions

The caption "Receivable on treasury transactions" comprises foreign exchange transactions not yet recorded under the item "Cash at banks".

The caption "Payable on treasury transactions" comprises foreign exchange transactions not yet recorded under the caption "Cash at banks".

At the level of the Sub-Fund, "Receivable and payable on treasury transactions" are disclosed net in the statement of net assets.

#### **Note 2 - Subscription, redemption and conversion fees**

A sales commission of up to 0.50% of the Net Asset Value for the Sub-Funds PARETO SICAV - PARETO NORDIC CORPORATE BOND and PARETO SICAV - PARETO GLOBAL CORPORATE BOND and of up to 3% of the Net Asset Value for the Sub-Fund PARETO SICAV - PARETO NORDIC ALPHA (except for the M NOK Shares: up to 0.20%) may be levied for the benefit of financial intermediaries. The Subscription Charge is to be considered as a maximum rate and reverts to the financial intermediaries including the Global Distributor.

A charge not exceeding 0.50% for the Sub-Funds PARETO SICAV - PARETO NORDIC CORPORATE BOND and PARETO SICAV - PARETO GLOBAL CORPORATE BOND and not exceeding 0.20% for the Sub-Fund PARETO SICAV - PARETO NORDIC ALPHA may be applied to redemptions of Shares. This Redemption Charge is to be considered as a maximum rate and, as the case may be, is allocated at the Management Company's discretion between the relevant Sub-Fund or financial intermediaries including the Global Distributor.

No conversion charge will be levied on conversions.

#### **Note 3 - Management fees**

The Management Company receives a maximum fee of 0.08% per annum calculated on the Net Asset Value of the Sub-Funds on each Valuation Day for the provision of its services and with a minimum of EUR 25,000 per annum per Sub-Fund.

#### **Note 4 - Investment management fees**

The different Sub-Funds and Classes incur an annual investment management fee payable to the Investment Manager. The investment management fee is expressed as a percentage of the Net Asset Value.



## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

The investment management fees are accrued daily on the basis of the total net assets and are payable monthly to the Investment Manager as follows:

|                  | PARETO SICAV - PARETO NORDIC CORPORATE BOND | PARETO SICAV - PARETO GLOBAL CORPORATE BOND | PARETO SICAV - PARETO NORDIC ALPHA |
|------------------|---|---|------------------------------------|
| A Shares         | 1.00% p.a.                                  | 1.00% p.a.                                  | -                                  |
| A DIS SEK Shares | -   | 1.00% p.a.                                  | -                                  |
| A EUR Shares     | 1.00% p.a.                                  | 1.00% p.a.                                  | -                                  |
| A NOK Shares     | -   | -   | 1.50% p.a.                         |
| M NOK Shares     | -   | -   | 0.00% p.a.                         |
| B Shares         | 0.55% p.a.                                  | 0.55% p.a.                                  | -                                  |
| B DIS SEK Shares | -   | 0.55% p.a.                                  | -                                  |
| B NOK Shares     | -   | -   | 0.95% p.a.                         |
| C Shares         | 1.00% p.a.                                  | 1.00% p.a.                                  | -                                  |
| D Shares         | -   | 0.55% p.a.                                  | -                                  |
| H EUR Shares     | 0.55% p.a.                                  | -   | -                                  |
| H USD Shares     | 0.55% p.a.                                  | -   | -                                  |
| I GBP Shares     | 0.40% p.a.                                  | -   | -                                  |
| I NOK Shares     | 0.40% p.a.                                  | 0.40% p.a.                                  | -                                  |
| I SEK Shares     | -   | 0.40% p.a.                                  | -                                  |

All Share Classes in the Sub-Funds PARETO SICAV - PARETO NORDIC CORPORATE BOND and PARETO SICAV - PARETO GLOBAL CORPORATE BOND shall have a maximum rate in relation to on-going charges of investment management fees + 30 bps + tax.

Any excess costs shall be taken from the investment management fees, which is Pareto Asset Management's income for the investment management functions of the Sub-Funds and are disclosed under the caption "other income" in the statement of operations and other changes in net assets.

The investment management fees and the management fees are recorded under the caption "Management fees" in the statement of operations and other changes in net assets.

#### **Note 5 - Performance fees**

For the Sub-Fund PARETO SICAV - PARETO NORDIC ALPHA, with the exception of Class M Shares, the Investment Manager is entitled to receive out of the assets of the Sub-Fund a performance fee in respect of each Share Class.

The Performance Fee is calculated and accrued at each Valuation Point in respect of each Valuation Day (each Valuation Day being a **Calculation Period**) and is payable monthly in arrears.

For each Calculation Period, the Performance Fee for Class A, B and I Shares is equal to 20% of the amount by which the NAV per Share on each Valuation Day exceeds the High Water Mark after the application of the Hurdle Rate.

**High Water Mark** means the greater of the original issue price of Shares in the relevant Share Class and the highest NAV per Share achieved as at the end of any previous Calculation Period (if any).

**Hurdle Rate** means an annual rate of 2% of the year end High Water Mark of the relevant Share Class for the year immediately preceding the Calculation Period pro-rated for each Valuation Day in the applicable Calculation Period.

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

The previous year end High Water Mark of the relevant Share Class must increase by 2% on a pro-rated daily basis before the Performance Fee may become payable and accordingly, the Performance Fee is only calculated when the High Water Mark after application of the Hurdle Rate has been reached. The Hurdle Rate is separately determined for each year and pro-rated daily until the end of the current calendar year. The Hurdle Rate is cumulative from year to year. As at each Valuation Point, the Performance Fee will be calculated by reference to the NAV per Share attributable to the Share Class before making any deduction for Performance Fees.

At the date of the financial statements, a performance fee was due for the Sub-Fund PARETO SICAV - PARETO NORDIC ALPHA and amounted to NOK 963,416.95.

#### **Note 6 - Central Administration cost**

For each Sub-Fund a maximum fee of 0.04% per annum calculated on the Net Asset Value of the Sub-Funds on each Valuation Day for the provision of its services and with a fixed fee of EUR 35,000 per annum (EUR 25,000 for administration and EUR 10,000 for transfer agency) plus a maximum of EUR 3,700 per Share Class is paid to the Management Company, out of the net assets of the Sub-Funds, for the services of Administrator, Registrar and Transfer and Domiciliary Agent.

This administration fee is calculated on the basis of the total net assets of the Sub-Fund and is payable monthly.

#### **Note 7 - Depositary fees**

The Depositary receives a depositary fee determined as an annual percentage calculated per market on a monthly basis based on the Sub-Fund's assets and paid monthly in arrears. Until 15th June 2017, the Depositary further receives a supervisory fee of 0.03% p.a. based on the Sub-Fund's assets. Since 16th June 2017, the Depositary further receives a supervisory fee of 0.025% p.a., but a minimum of EUR 6,000 p.a., based on the Sub-Fund's assets.

#### **Note 8 - Other expenses**

The caption "Other expenses" in the statement of operations and other changes in net assets contains mainly director's fees, formation expenses and insurance costs.

#### **Note 9 - Subscription duty ("*taxe d'abonnement*")**

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations which are prevailing, the Fund is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter. A reduced rate of 0.01% per annum is applicable to Classes of Shares which are exclusively held by Institutional Investors.

According to Article 175 (a) of the amended Law of 17th December 2010, the net assets invested in Undertakings for Collective Investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

# PARETO SICAV

## Notes to the financial statements (continued)

as at 31st December 2017

### Note 10 - Forward foreign exchange contracts

As at 31st December 2017, the following Sub-Funds were committed in the following forward foreign exchange contracts:

| <b>PARETO SICAV - PARETO NORDIC CORPORATE BOND</b>  |                |          |                |            |                               |
|---|----------------|----------|----------------|------------|-------------------------------|
| Currency  | Purchases      | Currency | Sales          | Maturity   | Unrealised result<br>(in NOK) |
| <b>Forward foreign exchange contracts (Skandinaviska Enskilda Banken S.A., Luxembourg)</b>                              |                |          |                |            |                               |
| NOK   | 7,405,500.00   | SEK      | 7,500,000.00   | 16.01.2018 | -91,483.03                    |
| NOK   | 15,871,805.80  | USD      | 1,900,000.00   | 16.01.2018 | 336,163.72                    |
| NOK   | 5,825,417.50   | USD      | 700,000.00     | 16.01.2018 | 101,759.89                    |
| NOK   | 12,450,892.50  | USD      | 1,500,000.00   | 16.01.2018 | 185,911.91                    |
| NOK   | 16,450,980.00  | USD      | 1,965,000.00   | 16.01.2018 | 383,855.43                    |
| NOK   | 8,278,155.00   | USD      | 1,000,000.00   | 16.01.2018 | 101,501.27                    |
| NOK   | 75,484,926.00  | USD      | 9,000,000.00   | 16.01.2018 | 1,895,042.47                  |
| NOK   | 3,326,378.80   | USD      | 400,000.00     | 16.01.2018 | 55,717.31                     |
| NOK   | 477,932,810.00 | USD      | 58,600,000.00  | 16.01.2018 | -1,219,098.33                 |
| USD   | 1,400,000.00   | NOK      | 11,626,300.00  | 16.01.2018 | -178,984.78                   |
| USD   | 2,000,000.00   | NOK      | 16,476,188.00  | 16.01.2018 | -122,880.55                   |
| EUR   | 800,000.00     | NOK      | 7,910,552.00   | 15.02.2018 | -42,149.30                    |
| EUR   | 1,500,000.00   | NOK      | 14,643,108.00  | 15.02.2018 | 110,147.05                    |
| NOK   | 16,915,210.20  | DKK      | 12,600,000.00  | 15.02.2018 | 273,665.59                    |
| NOK   | 8,368,532.20   | EUR      | 850,000.00     | 15.02.2018 | 8,354.34                      |
| NOK   | 284,144,000.00 | EUR      | 29,500,000.00  | 15.02.2018 | -6,003,349.39                 |
| NOK   | 10,658,340.00  | EUR      | 1,100,000.00   | 15.02.2018 | -160,713.71                   |
| NOK   | 35,980,909.20  | EUR      | 3,600,000.00   | 15.02.2018 | 573,097.07                    |
| NOK   | 10,148,143.20  | SEK      | 10,200,000.00  | 15.02.2018 | -57,729.12                    |
| NOK   | 58,970,618.00  | SEK      | 59,000,000.00  | 15.02.2018 | -63,349.33                    |
| NOK   | 39,348,560.00  | SEK      | 40,000,000.00  | 15.02.2018 | -674,468.70                   |
| NOK   | 20,403,055.50  | SEK      | 20,500,000.00  | 15.02.2018 | -108,746.71                   |
| NOK   | 8,003,512.00   | SEK      | 8,000,000.00   | 15.02.2018 | -1,093.74                     |
| NOK   | 14,726,160.00  | SEK      | 15,000,000.00  | 15.02.2018 | -282,475.76                   |
| NOK   | 10,003,860.00  | SEK      | 10,000,000.00  | 15.02.2018 | -1,897.17                     |
| NOK   | 10,441,294.50  | SEK      | 10,500,000.00  | 15.02.2018 | -64,750.53                    |
| NOK   | 6,001,392.00   | SEK      | 6,000,000.00   | 15.02.2018 | -2,062.30                     |
| SEK   | 20,000,000.00  | NOK      | 19,925,640.00  | 15.02.2018 | 85,874.35                     |
|   |                |          |                |            | -4,964,142.05                 |
| <b>Forward foreign exchange contracts (Nordea Bank AB, Sweden)</b>  |                |          |                |            |                               |
| NOK   | 68,020,144.50  | DKK      | 52,500,000.00  | 15.02.2018 | -1,319,624.72                 |
| NOK   | 344,809,629.00 | SEK      | 354,000,000.00 | 15.02.2018 | -9,394,174.96                 |
|   |                |          |                |            | -10,713,799.68                |
| <b>Forward foreign exchange contracts linked to Class C Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b>     |                |          |                |            |                               |
| NOK   | 9,940.63       | SEK      | 9,962.00       | 16.01.2018 | -17.35                        |
| NOK   | 94,376.81      | SEK      | 94,273.00      | 16.01.2018 | 141.68                        |
| NOK   | 77,721.48      | SEK      | 78,386.00      | 16.01.2018 | -632.75                       |
| SEK   | 17,892,118.00  | NOK      | 17,751,878.16  | 16.01.2018 | 132,993.52                    |
| SEK   | 50,986.00      | NOK      | 51,129.16      | 16.01.2018 | -163.61                       |
| SEK   | 328,536.00     | NOK      | 326,284.64     | 16.01.2018 | 2,118.42                      |
| SEK   | 8,542,539.00   | NOK      | 8,405,528.88   | 16.01.2018 | 133,524.64                    |
| SEK   | 7,026,525.00   | NOK      | 6,915,190.43   | 16.01.2018 | 108,468.15                    |
| SEK   | 20,808.00      | NOK      | 20,799.68      | 16.01.2018 | -0.05                         |
| SEK   | 7,998,000.00   | NOK      | 7,936,098.43   | 16.01.2018 | 58,662.66                     |
| SEK   | 279,789.00     | NOK      | 279,119.11     | 16.01.2018 | 557.14                        |
|   |                |          |                |            | 435,652.45                    |
| <b>Forward foreign exchange contracts linked to Class I GBP Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b> |                |          |                |            |                               |
| GBP   | 2,145.00       | NOK      | 23,853.04      | 16.01.2018 | -120.15                       |
| GBP   | 5,682,198.00   | NOK      | 63,619,593.47  | 16.01.2018 | -750,144.93                   |
|   |                |          |                |            | -750,265.08                   |

# PARETO SICAV

## Notes to the financial statements (continued)

as at 31st December 2017

| Currency  | Purchases        | Currency | Sales            | Maturity   | Unrealised result<br>(in NOK) |
|---|------------------|----------|------------------|------------|-------------------------------|
| <b>Forward foreign exchange contracts linked to Class A EUR and H EUR Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b> |                  |          |                  |            |                               |
| EUR   | 424,508.00       | NOK      | 4,186,540.35     | 16.01.2018 | -15,163.94                    |
| EUR   | 39,629,125.00    | NOK      | 390,826,393.66   | 16.01.2018 | -1,415,600.34                 |
|   |                  |          |                  |            | <u>-1,430,764.28</u>          |
| <b>Forward foreign exchange contracts linked to Class H USD Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b>           |                  |          |                  |            |                               |
| USD   | 122,257.00       | NOK      | 1,022,141.87     | 16.01.2018 | -22,488.72                    |
|   |                  |          |                  |            | <u>-22,488.72</u>             |
| <b>PARETO SICAV - PARETO GLOBAL CORPORATE BOND</b>  |                  |          |                  |            |                               |
| Currency  | Purchases        | Currency | Sales            | Maturity   | Unrealised result<br>(in SEK) |
| <b>Forward foreign exchange contracts (Skandinaviska Enskilda Banken S.A., Luxembourg)</b>  |                  |          |                  |            |                               |
| SEK   | 50,213,400.00    | USD      | 6,000,000.00     | 16.01.2018 | 1,133,734.22                  |
|   |                  |          |                  |            | <u>1,133,734.22</u>           |
| <b>Forward foreign exchange contracts (Nordea Bank AB, Sweden)</b>  |                  |          |                  |            |                               |
| EUR   | 1,900,000.00     | SEK      | 18,684,220.00    | 03.01.2018 | -6,463.22                     |
| USD   | 2,100,000.00     | SEK      | 17,231,340.00    | 03.01.2018 | -40,319.94                    |
| GBP   | 1,001,000.00     | SEK      | 11,133,870.65    | 16.01.2018 | -54,066.01                    |
| GBP   | 1,275,000.00     | SEK      | 14,295,423.42    | 16.01.2018 | -182,785.14                   |
| SEK   | 131,526,464.40   | GBP      | 12,000,000.00    | 16.01.2018 | -1,298,366.50                 |
| SEK   | 438,422,276.25   | USD      | 52,500,000.00    | 16.01.2018 | 8,975,200.70                  |
| SEK   | 434,163,626.00   | USD      | 52,000,000.00    | 16.01.2018 | 8,806,522.60                  |
| SEK   | 417,440,025.00   | USD      | 50,000,000.00    | 16.01.2018 | 8,442,810.19                  |
| SEK   | 17,217,731.58    | USD      | 2,100,000.00     | 16.01.2018 | 39,848.56                     |
| USD   | 4,290,000.00     | SEK      | 36,295,391.85    | 16.01.2018 | -1,203,430.82                 |
| USD   | 1,950,000.00     | SEK      | 16,386,781.91    | 16.01.2018 | -435,890.53                   |
| USD   | 4,200,000.00     | SEK      | 35,217,250.74    | 16.01.2018 | -861,484.70                   |
| SEK   | 30,659,805.00    | DKK      | 23,000,000.00    | 15.02.2018 | 299,861.30                    |
| SEK   | 674,706,240.80   | EUR      | 68,000,000.00    | 15.02.2018 | 6,276,832.98                  |
| SEK   | 18,682,353.82    | EUR      | 1,900,000.00     | 15.02.2018 | 5,649.78                      |
| SEK   | 15,220,561.50    | NOK      | 15,000,000.00    | 15.02.2018 | 229,189.32                    |
|   |                  |          |                  |            | <u>28,993,108.57</u>          |
| <b>Forward foreign exchange contracts (Skandinaviska Enskilda Bk AB, Sweden)</b>  |                  |          |                  |            |                               |
| SEK   | 13,185,600.00    | USD      | 1,600,000.00     | 16.01.2018 | 97,689.13                     |
| EUR   | 9,500,000.00     | SEK      | 94,792,349.00    | 15.02.2018 | -1,408,828.79                 |
| SEK   | 670,655,565.00   | EUR      | 67,500,000.00    | 15.02.2018 | 7,141,079.29                  |
| SEK   | 6,982,087.00     | EUR      | 700,000.00       | 15.02.2018 | 101,196.04                    |
| SEK   | 37,620,300.20    | EUR      | 3,800,000.00     | 15.02.2018 | 266,892.12                    |
|   |                  |          |                  |            | <u>6,198,027.79</u>           |
| <b>Forward foreign exchange contracts linked to Class C Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b>               |                  |          |                  |            |                               |
| NOK   | 586,244.00       | SEK      | 596,737.77       | 16.01.2018 | -10,257.85                    |
| NOK   | 7,301,199.00     | SEK      | 7,363,624.25     | 16.01.2018 | -59,487.03                    |
| NOK   | 656,117.00       | SEK      | 666,811.71       | 16.01.2018 | -10,430.67                    |
| NOK   | 943,376.00       | SEK      | 950,923.01       | 16.01.2018 | -7,167.37                     |
| NOK   | 1,137,304,914.00 | SEK      | 1,146,517,083.80 | 16.01.2018 | -8,754,484.41                 |
| NOK   | 2,595,887.00     | SEK      | 2,597,704.12     | 16.01.2018 | -772.46                       |
| NOK   | 525,128.00       | SEK      | 525,495.59       | 16.01.2018 | -156.26                       |
| NOK   | 2,434,414.00     | SEK      | 2,428,571.41     | 16.01.2018 | 6,822.27                      |
| NOK   | 30,859,580.00    | SEK      | 31,074,054.08    | 16.01.2018 | -202,055.27                   |
| SEK   | 1,359,432.98     | NOK      | 1,360,930.00     | 16.01.2018 | -2,044.70                     |
| SEK   | 3,568,916.89     | NOK      | 3,560,372.00     | 16.01.2018 | 7,112.09                      |
| SEK   | 21,803.78        | NOK      | 21,757.00        | 16.01.2018 | 38.02                         |
|   |                  |          |                  |            | <u>-9,032,883.64</u>          |
| <b>Forward foreign exchange contracts linked to Class D Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b>               |                  |          |                  |            |                               |
| NOK   | 7,792,465.00     | SEK      | 7,809,218.80     | 16.01.2018 | -13,617.88                    |
| NOK   | 201,500.00       | SEK      | 201,983.60       | 16.01.2018 | -402.51                       |
| NOK   | 314,729.00       | SEK      | 317,419.93       | 16.01.2018 | -2,564.27                     |
| NOK   | 147,200.00       | SEK      | 149,834.88       | 16.01.2018 | -2,575.64                     |

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

| Currency  | Purchases      | Currency | Sales          | Maturity   | Unrealised result<br>(in SEK) |
|---|----------------|----------|----------------|------------|-------------------------------|
| NOK   | 4,000,000.00   | SEK      | 4,002,800.00   | 16.01.2018 | -1,190.28                     |
| NOK   | 2,566,200.00   | SEK      | 2,608,029.06   | 16.01.2018 | -40,796.34                    |
| NOK   | 224,218,079.00 | SEK      | 226,034,245.44 | 16.01.2018 | -1,725,934.40                 |
| NOK   | 324,929.00     | SEK      | 324,149.17     | 16.01.2018 | 910.59                        |
| NOK   | 19,222,332.00  | SEK      | 19,355,927.21  | 16.01.2018 | -125,859.57                   |
|   |                |          |                |            | <u>-1,912,030.30</u>          |
| <b>Forward foreign exchange contracts linked to Class A EUR Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b> |                |          |                |            |                               |
| EUR   | 526,744.00     | SEK      | 5,236,098.73   | 16.01.2018 | -58,029.72                    |
|   |                |          |                |            | <u>-58,029.72</u>             |
| <b>Forward foreign exchange contracts linked to Class I NOK Shares (Skandinaviska Enskilda Banken S.A., Luxembourg)</b> |                |          |                |            |                               |
| NOK   | 213,837,058.00 | SEK      | 215,569,138.17 | 16.01.2018 | -1,646,025.77                 |
|   |                |          |                |            | <u>-1,646,025.77</u>          |

### Note 11 - Swaps contracts

As at 31st December 2017, the following Sub-Fund was committed in the following cross currency interest rate swaps contracts:

#### PARETO SICAV - PARETO GLOBAL CORPORATE BOND

| Interest receivable                                    | Currency | Receivable amount | Interest payable | Currency | Payable amount | Maturity | Notional value<br>(in SEK) | Unrealised result<br>(in SEK) |
|--|----------|-------------------|------------------|----------|----------------|----------|----------------------------|-------------------------------|
| <b>Skandinaviska Enskilda Banken AB (publ), Sweden</b> |          |                   |                  |          |                |          |                            |                               |
| SEK-STIBOR-SIDE + 3.78%                                | SEK      | 9,350,000.00      | 3.250%           | EUR      | 1,000,000.00   | 18.05.21 | 9,830,398.31               | -401,823.52                   |
| SEK-STIBOR-SIDE + 3.82%                                | SEK      | 9,420,000.00      | 3.250%           | EUR      | 1,000,000.00   | 18.05.21 | 9,830,398.31               | -309,309.11                   |
| SEK-STIBOR-SIDE + 5.49%                                | SEK      | 9,550,000.00      | 4.750%           | EUR      | 1,000,000.00   | 30.05.22 | 9,830,398.31               | -17,278.35                    |
| SEK-STIBOR-SIDE + 4.5715%                              | SEK      | 19,240,000.00     | 4.125%           | EUR      | 2,000,000.00   | 15.10.21 | 19,660,796.61              | -190,558.12                   |
| SEK-STIBOR-SIDE + 2.91%                                | SEK      | 29,175,000.00     | 2.625%           | EUR      | 3,000,000.00   | 30.09.24 | 29,491,194.92              | 603,566.42                    |
| SEK-STIBOR-SIDE + 3.845%                               | SEK      | 33,120,000.00     | 5.000%           | GBP      | 3,000,000.00   | 15.04.22 | 33,217,962.48              | -79,478.62                    |
| SEK-STIBOR-SIDE + 4.285%                               | SEK      | 37,800,000.00     | 4.000%           | EUR      | 4,000,000.00   | 15.01.20 | 39,321,593.22              | -1,630,140.93                 |
| SEK-STIBOR-SIDE + 1.88%                                | SEK      | 14,191,334.30     | 1.875%           | EUR      | 1,500,000.00   | 01.03.24 | 14,745,597.46              | -473,375.53                   |
| SEK-STIBOR-SIDE + 3.325%                               | SEK      | 11,950,000.00     | 3.250%           | EUR      | 1,250,000.00   | 15.03.21 | 12,287,997.88              | -397,910.59                   |
| SEK-STIBOR-SIDE + 3.28%                                | SEK      | 9,500,000.00      | 3.125%           | EUR      | 1,000,000.00   | 01.04.20 | 9,830,398.31               | -374,161.06                   |
| SEK-STIBOR-SIDE + 2.665%                               | SEK      | 57,540,000.00     | 2.750%           | EUR      | 6,000,000.00   | 05.01.24 | 58,982,389.83              | -1,449,150.00                 |
| SEK-STIBOR-SIDE + 2.87%                                | SEK      | 46,120,000.00     | 4.000%           | GBP      | 4,000,000.00   | 04.04.25 | 44,290,616.64              | 2,691,340.23                  |
| SEK-STIBOR-SIDE + 3.3625%                              | SEK      | 19,440,000.00     | 3.375%           | EUR      | 2,000,000.00   | 15.07.22 | 19,660,796.61              | -245,778.57                   |
| SEK-STIBOR-SIDE + 3.00%                                | SEK      | 18,960,000.00     | 3.375%           | EUR      | 2,000,000.00   | 15.07.22 | 19,660,796.61              | -1,120,538.63                 |
| SEK-STIBOR-SIDE + 3.08%                                | SEK      | 38,380,000.00     | 2.875%           | EUR      | 4,000,000.00   | 15.09.20 | 39,321,593.22              | -1,007,701.53                 |
|  |          |                   |                  |          |                |          | <u>369,962,928.72</u>      | <u>-4,402,297.91</u>          |

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

| Interest receivable           | Currency | Receivable amount | Interest payable          | Currency | Payable amount | Maturity | Notional value<br>(in SEK) | Unrealised result<br>(in SEK) |
|-------------------------------|----------|-------------------|---------------------------|----------|----------------|----------|----------------------------|-------------------------------|
| <b>Nordea Bank AB, Sweden</b> |          |                   |                           |          |                |          |                            |                               |
| SEK-STIBOR-SIDE + 1.78%       | SEK      | 22,951,800.00     | DKK-CIBOR2-CIBOR= + 2.35% | DKK      | 18,000,000.00  | 06.06.19 | 23,757,956.98              | -1,109,320.64                 |
| SEK-STIBOR-SIDE + 3.57%       | SEK      | 47,520,000.00     | 3.250%                    | EUR      | 5,000,000.00   | 15.03.20 | 49,151,991.53              | -1,680,725.52                 |
| SEK-STIBOR-SIDE + 5.72%       | SEK      | 25,632,000.00     | DKK-CIBOR2-CIBOR= + 5.30% | DKK      | 20,000,000.00  | 16.09.21 | 26,397,729.98              | -846,820.49                   |
| SEK-STIBOR-SIDE + 5.49%       | SEK      | 33,365,500.00     | 5.375%                    | EUR      | 3,500,000.00   | 15.04.20 | 34,406,394.07              | -1,237,965.29                 |
| SEK-STIBOR-SIDE + 1.89%       | SEK      | 57,402,000.00     | 2.125%                    | EUR      | 6,000,000.00   | 25.04.24 | 58,982,389.83              | -1,962,213.62                 |
| SEK-STIBOR-SIDE + 2.85%       | SEK      | 38,376,000.00     | 2.875%                    | EUR      | 4,000,000.00   | 15.09.22 | 39,321,593.22              | -1,045,790.93                 |
|                               |          |                   |                           |          |                |          | <u>232,018,055.61</u>      | <u>-7,882,836.49</u>          |
|                               |          |                   |                           |          |                |          | <u>601,980,984.33</u>      | <u>-12,285,134.40</u>         |

As at 31st December 2017, the following Sub-Fund was committed in the following interest rate swaps contracts with Skandinaviska Enskilda Banken AB (publ), Sweden:

#### PARETO SICAV - PARETO GLOBAL CORPORATE BOND

| Nominal      | Currency | Interest receivable    | Interest payable | Maturity | Unrealised result<br>(in SEK) |
|--------------|----------|------------------------|------------------|----------|-------------------------------|
| 5,000,000.00 | USD      | USD-LIBOR-BBA + 1.253% | 3.90%            | 01.04.27 | -823,256.35                   |
| 4,000,000.00 | USD      | USD-LIBOR-BBA + 1.97%  | 4.75%            | 15.11.24 | -909,256.14                   |
|              |          |                        |                  |          | <u>-1,732,512.49</u>          |

#### Note 12 - Contracts For Difference (CFD)

As at 31st December 2017, the following Sub-Fund was committed in the following CFD contracts with Skandinaviska Enskilda Banken AB (publ), Sweden:

#### PARETO SICAV - PARETO NORDIC ALPHA

|      | Number of contracts | Denomination                       | Currency | Market value<br>(in NOK) | Unrealised result<br>(in NOK) |
|------|---------------------|------------------------------------|----------|--------------------------|-------------------------------|
| Sale | -7,200              | Ambu AS CFD                        | DKK      | -5,279,703.30            | -199,413.25                   |
| Sale | -77,000             | DNB ASA CFD                        | NOK      | -11,711,700.00           | 30,800.00                     |
| Sale | -15,900             | Royal Caribbean Cruises Ltd CFD    | USD      | -15,513,605.74           | 251,016.59                    |
| Sale | -56,800             | Skandinaviska Enskilda Bk AB A CFD | SEK      | -5,465,630.47            | 61,228.68                     |
| Sale | -52,000             | UPM-Kymmene Corp CFD               | EUR      | -13,234,499.27           | 245,177.91                    |
|      |                     |                                    |          | <u>-51,205,138.78</u>    | <u>388,809.93</u>             |

#### Note 13 - Pledged assets

As at 31st December 2017, the following Sub-Funds have pledged assets as described below:

-PARETO SICAV - PARETO NORDIC CORPORATE BOND holds cash pledged as collateral at Skandinaviska Enskilda Banken S.A, Luxembourg for an amount of NOK 19,390,000.00 and at Nordea Bank AB, Sweden for an amount of NOK 10,035,000.00;

-PARETO SICAV - PARETO GLOBAL CORPORATE BOND holds cash pledged as collateral at Skandinaviska Enskilda Banken S.A. Luxembourg for an amount of SEK 90,274,251.33 and at Skandinaviska Enskilda Banken AB (publ), Sweden for an amount of SEK 6,746,000.00;

## PARETO SICAV

### Notes to the financial statements (continued)

as at 31st December 2017

-PARETO SICAV - PARETO NORDIC ALPHA holds cash pledged as collateral at Skandinaviska Enskilda Banken AB (publ), Sweden for an amount of NOK 9,034,389.25.

Those amounts serve as collateral for commitment on forward foreign exchange contracts, swaps contracts and CFD contracts.

Furthermore, PARETO SICAV - PARETO GLOBAL CORPORATE BOND has pledged the following security with Skandinaviska Enskilda Banken AB (publ), Sweden:

| Currency | Number    | Description                                       | Collateral Value (in SEK) |
|----------|-----------|---|---------------------------|
| SEK      | 5,000,000 | US 1.625% T-Notes Ser<br>AS-2020 Sen 17/ 15.10.20 | 40,572,853.90             |

#### **Note 14 - Changes in the investment portfolio**

The statement of changes in the investment portfolio is available free of charge upon request from the registered office of the Fund.

#### **Note 15 - Events**

The Board of Directors of PARETO NORDIC UCITS PLC decided to merge the Sub-Fund PARETO NORDIC ALPHA into PARETO SICAV - PARETO NORDIC ALPHA, a newly created Sub-Fund within the Fund, with effective date 21st June 2017.

The Board of Directors of the Fund decided to merge the assets of the Norwegian fund Pareto Kreditt into PARETO SICAV - PARETO NORDIC CORPORATE BOND by way of absorption with effective date 21st December 2017.

## PARETO SICAV

### Additional information (unaudited)

as at 31st December 2017

#### 1 - Risk management

As required by Circular CSSF 11/ 512, the Board of Directors of the Fund needs to determine the global risk exposure of the Fund by applying either the commitment approach or the VaR ("Value at Risk") approach.

The Board of Directors of the Fund decided to adopt, as a method of determining and monitoring the global exposure:

- The commitment approach for the Sub-Funds:
  - PARETO SICAV - PARETO NORDIC CORPORATE BOND
  - PARETO SICAV - PARETO GLOBAL CORPORATE BOND

SEB Fund Services S.A. has selected the absolute Value at Risk methodology as the model to be applied to the Sub-Fund PARETO SICAV - PARETO NORDIC ALPHA.

The calculation of the absolute VaR is carried out in accordance with the following parameters:

- Confidence level of 99%;
- VaR horizon of 20 business days;
- Effective observation period of risk factors of 250 business days;
- Daily data set updates; and
- Daily calculation and monitoring of VaR levels.

For the observation period from 21st June 2017 to 31st December 2017 the following statistics have been computed for the Sub-Funds:

| Sub-Fund                   | PARETO SICAV - PARETO NORDIC ALPHA |
|----------------------------|------------------------------------|
| VaR limit                  | 20.00%                             |
| Min VaR                    | 3.00%                              |
| Max VaR                    | 5.02%                              |
| AVG VaR                    | 3.99%                              |
| Average level of leverage* | 16.83%                             |

\*based on the sum of notionals methodology

#### 2 - Remuneration disclosure

SEB Fund Services S.A. (SEB) as Management Company has implemented a Remuneration policy that is designed to encourage good performance and behavior, and seeks to achieve a balanced risk-taking that goes in line with shareholders' expectations.

In SEB, there is clear distinction between the criteria for setting fixed remuneration (e.g. base pay, pension and other benefits) and variable remuneration (e.g. short- and long-term variable remuneration). The individual total remuneration corresponds to requirements on task complexity, management and functional accountability and also related to the individual's performance.



## PARETO SICAV

### Additional information (unaudited) (continued)

as at 31st December 2017

SEB provides a sound balance between fixed and variable remuneration and aligns the payout horizon of variable pay with the risk horizon. This implies that certain maximum levels and deferral arrangements apply for different categories of employees.

The amount below represents the proportion of the total remuneration on calendar year 2017 and adjusted according to the number of full time employees during the year 2017 and identified staff (i.e. the aggregate amount of remuneration broken down by senior management and members of staff of the Management Company whose actions have a material impact on the risk profile of the funds). This amount is further proportioned to the total net asset value of each fund, taking into account UCITS and non-UCITS.

|                 | TNA as of<br>31st December<br>2017* | % of total<br>TNA<br>managed by<br>AIFM /<br>Management<br>Company | Fixed Remuneration * |                     | Variable<br>Remuneration * |                     | Number of<br>beneficiaries<br>** |
|-----------------|-------------------------------------|--|----------------------|---------------------|----------------------------|---------------------|----------------------------------|
|                 |                                     |  | All<br>Employees     | Identified<br>Staff | All<br>Employees           | Identified<br>Staff | All<br>Employees                 |
| PARETO<br>SICAV | 701,406,564.89                      | 8.03   | 115,255.85           | 43,572.24           | 3,146.66                   | 1,767.90            | 15.17                            |

\* All amounts are in euro

Fixed Remuneration (incl. fixed salary, allowances, pension)

Variable Remuneration (incl. short term incentives and long term incentives)

\*\* Average Full Time Equivalent

### 3 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.

