

1st quarter 2010

Tokio Marine Asset Management International Pte. Ltd.

Asian Outlook

Economic & Market



Outlook and Strategy

- After contracting an estimated 1% in 2009, the global GDP is now expected to grow about 4% in 2010. Emerging markets will regain the growth momentum and Asia ex Japan, in particular, is expected to deliver around 8% growth in 2010 to remain as the centre of global growth. The strong domestic demand, together with the recovery of exports will boost the region's growth.
- Asian economies have high investment rates that are supported by high levels of savings. The increased value added to production, supported by the skilful labour force and continuous upgrading in education, have stimulated an increase in average salaries and consequently, the real purchasing power of consumers. This, together with a rapidly urbanising population, implies strong dynamics for domestic demand.
- Corporate earnings forecast in Asia continued to improve. 12 month forward earnings estimates rose by 4% in March, and 2010 EPS growth forecast for Asia ex Japan corporate is now 35%. This will lower the Price-Earnings ratio of Asian markets to around 13 times, which is 25% lower than the historical average of 17 times for the last twenty years.
- In addition, the yield gap between the Asian equity yield (12-month forward-looking) and the current US 10-year treasury yield is around 4%, as compared with the average of about 2% for the past twenty years. Thus, Equity as an asset class will remain attractive as compared with bonds barring any sharp rise in bond yields.
- We believe the foremost issue in 2010 will be the execution of the "exit policies" as regional governments wean off their economies from the stimulus programmes. China has taken the lead in this respect and while market participants are concerned about the extent of the tightening at this juncture, we view it favourably and expect this to be gradual on the back of the fragile recovery of private demand and consumption in the developed world.
- We believe the market dynamics is shifting from the liquidity-driven rally in 2009 to one driven by earnings as more Asian governments implement measures to restrain the excessive liquidity inflows that could result in 'asset bubbles' if left unsupervised. In this regard, our Growth at a Reasonable Price (GARP) strategy with the focus on both earnings growth and valuation should work to our advantage in the generation of alpha in time to come.
- While the debt crisis in Greece, rising risk in Portugal and Spain and macro tightening policy in China are causing some "flight to safety" profit taking, we remain positive on the Asian market outlook for the medium term and will continue to position the portfolio defensively against these risks. We will continue to look for opportunities in corporations with visible earnings, at compelling valuations and show resilience in market volatilities.



Tokio Marine Asset Management International is an award winner for the second consecutive year in the Asia Ex Japan Equity category.

Information on the Award

- **Single winner per asset class for each universe – Equities : Asia ex Japan**
- **Asia ex Japan equity category** comprises firms participating in Far East ex Japan as well as Asia Pacific ex Japan regions
- **Consistent outperformance is crucial for award-winning.** (Using the 1-year, 3-year & 5-year risk-adjusted performance)
- **Strong competition amongst the best global houses.**
Information obtained from databases of Mercer and Towers Watson

Source: AsianInvestor Magazine. Date: June 2010

For more information on our Nordea 1 – Far Eastern Equity Fund click here please:

[English - French - Italian - German](#)

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For the risk profile of the mentioned sub-funds, please refer to the fund prospectus. **Additional information for investors in the United Kingdom:** Approved by Nordea Bank Finland Plc, London Branch, which is regulated by the FSA in the United Kingdom. **Additional information for investors in Latvia:** The Representative and Paying Agent is Nordea Bank Finland Plc, Latvia Branch, 15, Kalku Street, LV-1050 Riga. **Additional information for investors in Estonia:** The Representative and Paying Agent in Estonia is Nordea Bank Finland Plc, Estonia Branch, Hobujaama 4, 15068 Tallinn. **Additional information for investors in Lithuania:** The Representative and Paying Agent in Lithuania is Nordea Bank Finland Plc, Lithuania Branch, Didzioji str. 18/2, LT-01128 Vilnius. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. Source: Tokio Marine Asset Management International Pte. Ltd. Performance calculated NAV to NAV (net of fees and Luxembourg taxes) gross income reinvested, in basecurrency, excluding initial and exit charges as per 31.03.2010. **The performance represented is historical; past performance is not necessarily a guide to the future and investors may not recover the full amount invested.** The value of shares can fluctuate and is not guaranteed.



Nordea 1 – Far Eastern Equity Fund

ISIN: LU0064675985 (BP-USD) / LU0229519714 (BI-USD)

Fund highlights

- Building upon its multi-boutique strategy Nordea Investment Funds S.A. has selected TMAI, a leading Asian manager as advisor to its Far East (ex Japan) Equity Fund, with the aim of delivering high alpha in this asset class.
- The premise for potential high alpha generation is the belief that pricing in the Asian equity markets is inefficient. TMAI therefore attempts to deliver excess returns by evaluating securities correctly through their proprietary fundamental research.
- In its investment process, TMAI adds up benefits of top-down and bottom up approaches.
- Demonstrated ability to consistently generate outperformance: TMAI's Far East Equity Portfolio is ranked 1st in the recent Mercer Performance Analytics Survey for its 3-year performance.



TMAI is an **Asian equity specialist** with product capability in the main geographical categories of Asian equities, both in long only and long/short strategies. With an average investment experience of more than 14 years, TMAI's 5 core investment managers possess consolidated knowledge of investments and equity markets in Asia. One of TMAI's edges lies in their in-depth understanding across countries, industries and corporations, including small-and-medium capitalised companies. The investment research capabilities are founded on specialisation by country approach. Each team member has his countries of specialization, thus developing a deep understanding of both the macro- and microeconomic aspects of their coverage.

Tokio Marine, a leading asset manager in Asia

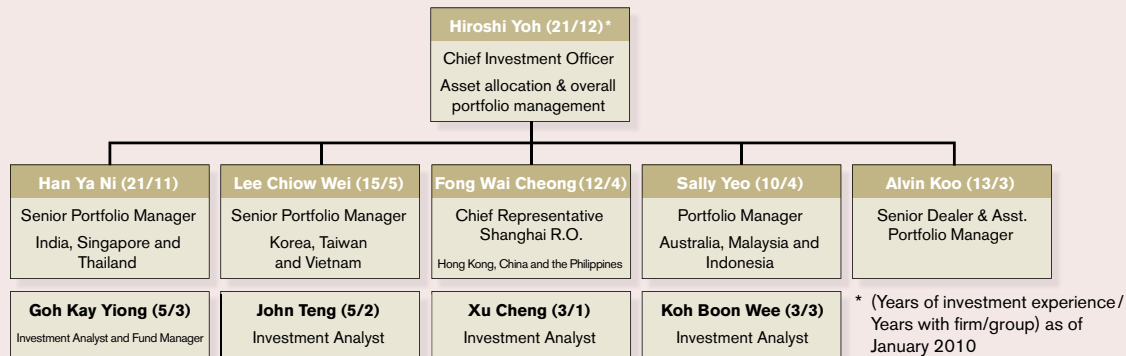
Building upon its multi-boutique strategy, Nordea Investment Funds S.A. has selected an Asian manager as advisor to its Far East (ex Japan) Equity Fund, with the aim of delivering investors with high alpha in this asset class. Tokio Marine Asset Management International Pte. Ltd. ("TMAI") has been managing the Nordea 1 – Far Eastern Equity Fund, previously known as Nordea 1 – Far Eastern Value Fund, starting on February 1, 2009. TMAI was established in July 1997 in Singapore, with the mission to become the "Best in Quality" Asian investment manager. It is owned by Tokio Marine Asset Management Co., Ltd., a leading Japanese pension manager with AUM of USD 50bn, which is in turn part of Tokio Marine & Nichido Fire Insurance, one of the largest insurance groups in Japan. In October 2008, the Shanghai Representative Office of TMAI was established to strengthen the breadth and depth of their research capability in China.

Focus on undervalued growth

TMAI believes that their added value lies in finding the intrinsic fundamental value of a company that the market has not yet factored in. They attempt to achieve excess returns by conducting research, identifying and investing in companies with growth and keeping a valuation mindset. The premise for the potential of high alpha generation through these means is the belief that pricing in the Asian equity markets is inefficient. TMAI therefore strives to deliver excess returns by evaluating securities correctly through their proprietary fundamental research.

Nordea 1 – Far Eastern Equity Fund

TMAI's investment team organisation chart



An experienced team with country-specific competences

TMAI adopts a “**country specialist**” approach with regards to investment responsibilities. Typically, a country specialist covers 3 countries, with an investment analyst. Around 80 companies are on the radar of a country specialist, though this may vary according to market size and depth.

Investment process: adding up benefits of top-down and bottom up approaches

Due to complex features of the region, including strong country differentiation, we believe an optimal way of adding value in the management of a Far Eastern Equity Fund consists of associating the benefits of a top-down approach to those of a bottom-up approach. While a top-down approach is mainly employed within the country allocation, the bottom-up approach relates mainly to the stock selection within one specific country.

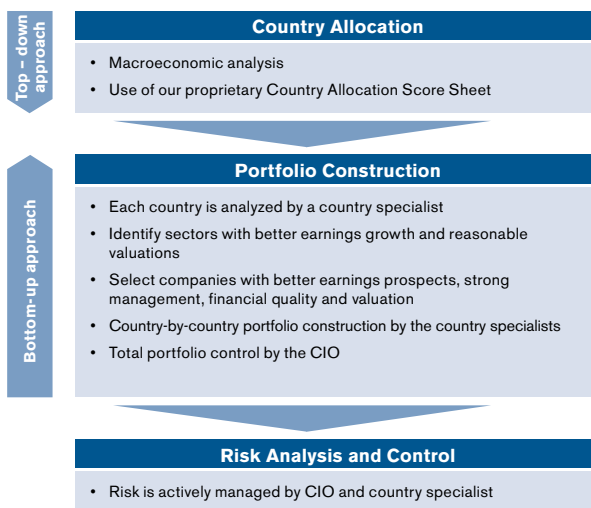
Top-down analysis

First, the team analyses Global and Asian macroeconomics and stock market trends, focusing on macroeconomic forces, earnings revision, liquidity, interest rates, amongst other important factors. This analysis is integrated into the Country Allocation Score Sheet. The Chief Investment Officer (CIO) will take the final decision regarding country allocation.

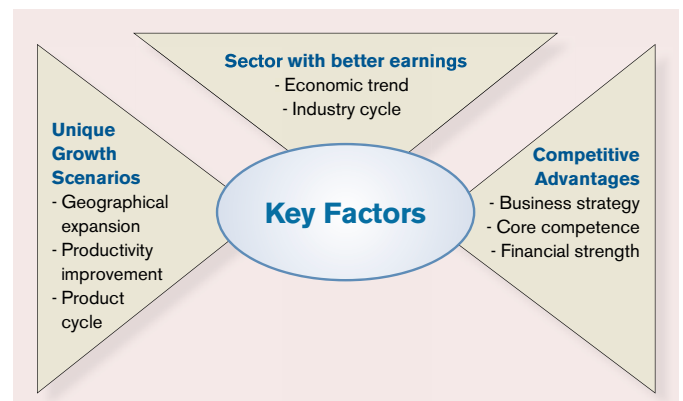
Bottom-up analysis

Each country is then analysed by an area specialist, who identifies industries with better earnings prospects, and conducts bottom-up research focusing on earnings prospects, management and financial quality.

Sources of idea generation include company and site visits, meetings with top management, attending company presentations at broker conferences, reading research reports by industry analysts and through industry networks.



Key factors for sector and company analysis



Portfolio construction

The CIO makes the final decision about overall investment strategy based mainly on discussions with portfolio managers and analysts, in the regular Investment Policy Committee (IPC), held at least once a month.

The CIO also decides on country allocation in the IPC. Each portfolio manager then constructs the respective country portfolio in line with the overall investment strategy of the team.

Finally, the CIO conducts total portfolio control based on country portfolios, by making appropriate adjustments in view of total net exposure and risk profile (country allocation, individual stock weights, liquidity, etc.) of the portfolio. CIO & Portfolio Managers monitor the risk on a real-time basis through a portfolio monitoring program.

Demonstrated ability to consistently generate outperformance

Mercer Performance Analytics Survey Results *

Returns for period ended 31.12.2009 (in %)	Annualised return 1 year	Annualised return 2 years	Annualised return 3 years	Annualised return 5 years
No. of Funds in Far East ex. Japan Equity Universe	32	32	32	31
Upper Quartile	74.6	-7.7	6.2	15
Median	66.7	-10.5	4.8	13.5
Lower Quartile	61.7	-12.3	2.9	12.1
MSCI AC Far East ex Japan	69.4	-8.3	4.8	13.1
TMAI Far East Equity Portfolio **	72.2	-2.3	12	20.2
Ranking	11	4	1	2

Risk vs Return for 5 years to 31.12.2009	Annualised Return (% p.a.)	Standard Deviation (% p.a.)	Reward to Risk Ratio	Excess Return (% p.a.)	Tracking Error (% p.a.)	Information Ratio
No. of Funds in Far East ex. Japan Equity Universe	31	31	31	31	31	31
Upper Quartile	15	27.2	0.6	1.9	5.5	0.3
Median	13.5	26.3	0.5	0.3	4.9	0.1
Lower Quartile	12.1	25.1	0.4	-1	3.9	-0.2
MSCI AC Far East ex Japan	13.1	26.3	0.5	0	0	
TMAI Far East Equity Portfolio **	20.2	26.5	0.8	7.1	3.7	1.9
Ranking	2	13	1	2	25	1

* Source: Mercer MPA Survey, Date: 31.12.2009. All rates or returns are before management fees in USD. Rates of return are annualized for periods exceeding one year. Past performance is not necessarily a guide to the future and investors may not recover the full amount invested.

** The data considered by Mercer refers to TMAI Far East Equity Model Portfolio before fees.



Tokio Marine Asset Management International was named **Best Manager 2009 in Asia ex-Japan Equities** by „AsianInvestor“.

Chief Investment Officer Hiroshi Yoh who is also managing the Nordea 1 – Far Eastern Equity Fund received the award in June 2009.



In December 2009 the fund has been attributed a AA rating from S&P. An AA rating means the fund demonstrated very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Chief Investment Officer Hiroshi Yoh

Nordea 1 – Far Eastern Equity Fund

TMAI Far East Equity Portfolio*: Performance in % (as of 31.03.2010)

	2002	2003	2004	2005	2006	2007	2008	2009	YTD	Cumulative **
TMAI Far East Equity Portfolio *	-6.75	44.44	16.09	26.39	40.00	46.27	-45.00	71.22	2.58	290.91
MSCI AC Far East ex Japan (including dividends)	-9.23	44.96	17.60	21.84	32.20	36.92	-50.39	69.39	0.89	189.30
Excess return	2.48	-0.52	-1.51	4.55	7.80	9.35	5.39	1.83	1.69	94.32

Source: Tokio Marine Asset Management International Pte. Ltd. Date: 31.03.2010. Performance is calculated based on NAV changes of Fund. Base currency in USD. NAV is presented after subtracting management fees, costs and taxes. Past performance is not necessarily a guide to the future and investors may not recover the full amount invested.

* The data reported refers to a non-UCITS (SIF) mutual investment fund registered in Luxembourg on January 1, 2002. The Nordea 1 – Far Eastern Equity Fund is a UCITS III product managed in the same way as this SIF investment vehicle.

** Cumulative performance in % (01.01.2002 – 31.03.2010)

Nordea 1 – Far Eastern Equity Fund: new fund facts	
Investment style	Growth at Reasonable Price (GARP)
Target Excess Return (ER)	3% per annum
Source of ER	Country allocation: 20% Stock selection: 80%
Tracking Error	3 – 7% per annum
Country allocation allowance	Within 5% of the benchmark
Sector allocation allowance	Within 10% of the benchmark

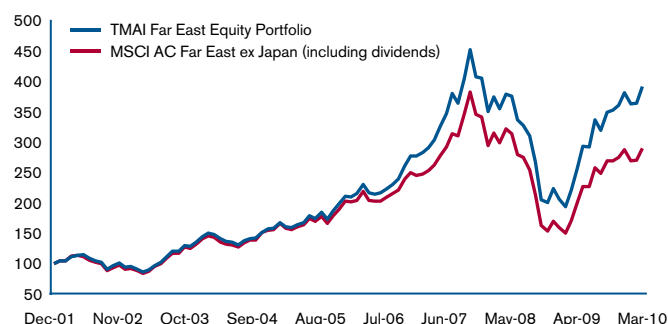
Source: Tokio Marine Asset Management International Pte. Ltd.

Nordea 1 – Far Eastern Equity Fund	
Fund manager	Tokio Marine Asset Management International Pte. Ltd.
Fund domicile	Luxembourg
ISIN codes	LU0064675985 (BP-USD) LU0229519714 (BI-USD)*
Annual management fees	1.5% p.a. (BP-USD) 0.85% p.a. (BI-USD)*
Base currency	USD
Fund size in millions	224
Reference index	MSCI AC Far East ex. Japan – Net Return-Index
No. of holdings	184
Launch dates	07.01.1994 (BP-USD) 02.11.2005 (BI-USD)*

Source: Nordea Investment Funds S.A. Date: 31.03.2010.

*BI-USD share class: only for distribution towards institutional clients. Minimum investment amount: EUR 75,000 (or the equivalent)

Cumulative performance, rebased to 100 since 01.01.2002



Source: Tokio Marine Asset Management International Pte. Ltd. and Datastream. Date: 31.03.2010. Performance is calculated based on NAV changes of Fund. Base currency in USD. NAV is presented after subtracting management fees, cost and taxes. Past performance is not necessarily a guide to the future and investors may not recover the full amount invested.

Opportunities

- In the long run, equities offer above average return potential*
- Emerging market equities offer an average return potential higher than more mature markets

Risks

- Equity prices can show significant volatility and may suffer from losses. Historically, emerging market equities have experienced higher volatility compared to more mature markets
- The investments made in this sub-fund may be subject to substantial fluctuations. A list of possible factors, which could cause such fluctuations, can be found in the latest Nordea 1, SICAV sales prospectus

* The performance indication is only indicative and may not be met in the future.

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