



## 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 1<sup>st</sup> in the recent Mercer Performance Analytics Survey for its 3 and 5-year performance.

### 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. However the portfolio was reshuffled in line with their investment process and philosophy up until June 30, 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.



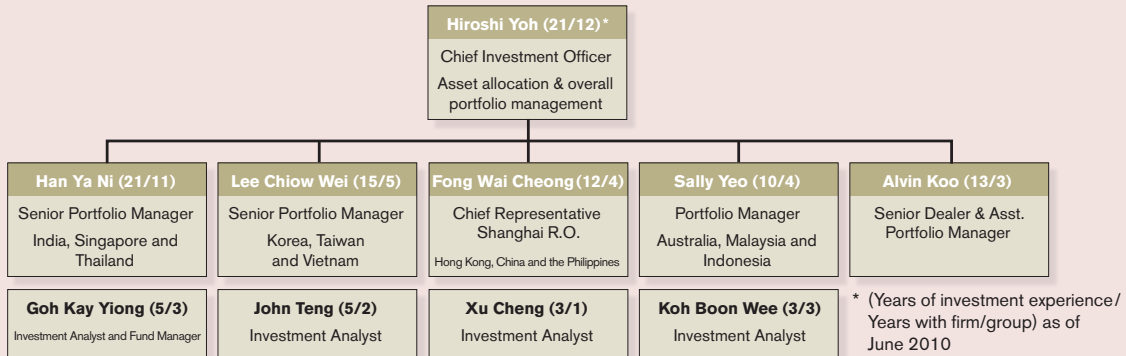
TMAI is an **Asian equity specialist** with product capability in the main geographical categories of Asian equities, both in long only and long/short strategies. With an average investment experience of more than 14 years, TMAI's 5 core investment managers possess consolidated knowledge of investments 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.

### 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.

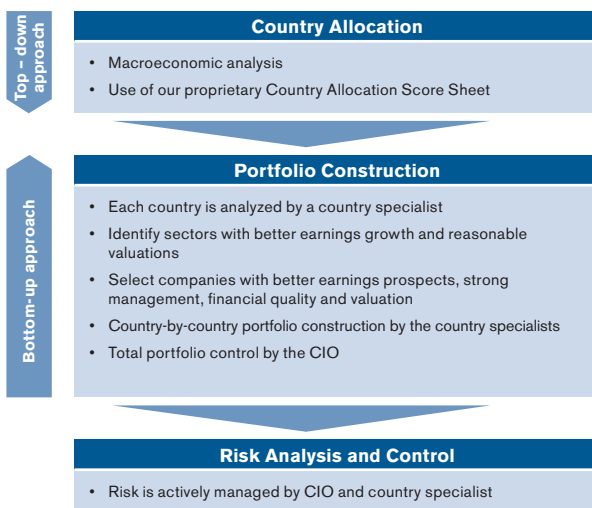
## Top-down analysis

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.

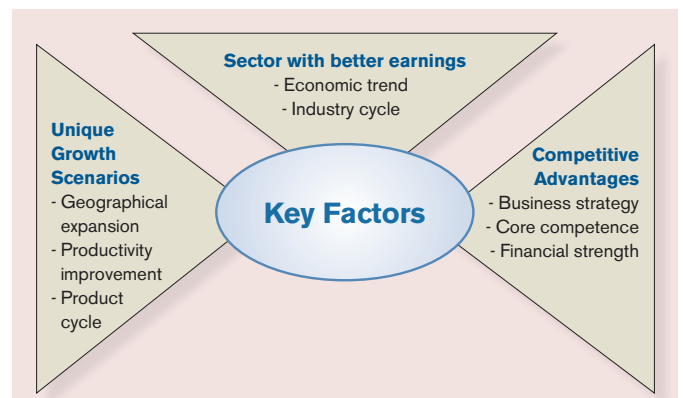
## Bottom-up analysis

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 31.03.2010 (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	30	29	29	28
Upper Quartile	78.8	-0.1	5.7	14.9
Median	68.7	-1.5	4.3	13.8
Lower Quartile	65.2	-3.9	2.5	12
MSCI AC Far East ex Japan	69.4	-1.5	4.6	12.9
TMAI Far East Equity Portfolio **	78.5	5.7	11.1	20.3
Ranking	9	3	1	1

Risk vs Return for 5 years to 31.03.2010	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	28	28	28	28	28	28
Upper Quartile	14.9	27.2	0.6	1.9	5.5	0.4
Median	13.8	26.5	0.5	0.8	5.0	0.2
Lower Quartile	12.0	25.3	0.5	-0.9	3.9	-0.2
MSCI AC Far East ex Japan	12.9	26.4	0.5	0	0	
TMAI Far East Equity Portfolio **	20.3	26.6	0.8	7.4	3.7	2
Ranking	1	14	1	2	26	1

\* Source: Mercer MPA Survey. Date: 31.03.2010. 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 and 2010 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.

Chief Investment Officer Hiroshi Yoh



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.

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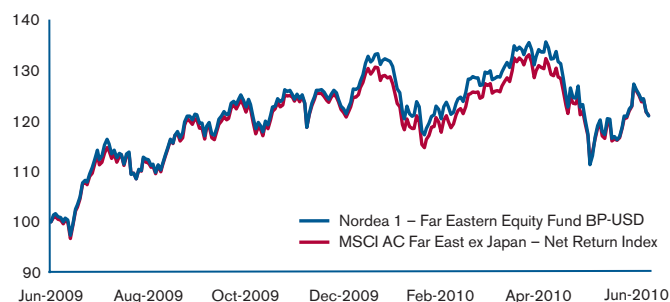
# Nordea 1 – Far Eastern Equity Fund

## Cumulative performance in % (30.06.2010)

Timeframe	Fund*	Index**
YTD	-5.42	-4.47
1 month	0.67	1.36
3 months	-7.33	-5.25
6 months	-5.42	-4.47
1 year	20.86	20.92
Since reshuffling (30.06.2009)***	20.86	20.92
3 years	-21.88	-7.00
5 years	25.96	65.10
Since launch	65.70	41.55

\* ISIN Code LU0064675985 (BP-USD). \*\* MSCI AC Far East ex. Japan – Net Return Index. \*\*\* On February 1, 2009 Tokio Marine Asset Management took over the management of the fund and reshuffled the portfolio in line with their investment process and philosophy up until June 30, 2009. Sources: Nordea Investment Funds S.A and Datastream. Date: 30.06.2010. Performance calculated NAV to NAV gross income reinvested, in USD, excluding initial and exit charges as per 30.06.2010. Past performance is not necessarily a guide to the future and investors may not recover the full amount invested.

## Cumulative performance, rebased to 100 since 30.06.2009 \*\*\*



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	212.38
Reference index	MSCI AC Far East ex. Japan – Net Return-Index
No. of holdings	162
Launch dates	07.01.1994 (BP-USD) 02.11.2005 (BI-USD)*

Source: Nordea Investment Funds S.A. Date: 30.06.2010.  
\* BI-USD share class: only for distribution towards institutional clients.  
Minimum investment amount: EUR 75,000 (or the equivalent)

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.

Opportunities	
<ul style="list-style-type: none"> <li>In the long run, equities offer above average return potential*</li> <li>Emerging market equities offer an average return potential higher than more mature markets</li> </ul>	
Risks	
<ul style="list-style-type: none"> <li>Equity prices can show significant volatility and may suffer from losses. Historically, emerging market equities have experienced higher volatility compared to more mature markets</li> <li>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</li> </ul>	

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

The sub-funds mentioned are part of Nordea 1, SICAV, an open-ended Luxembourg-based investment company (Société d'Investissement à Capital Variable), validly formed and existing in accordance with the laws of Luxembourg and with European Council Directive 85/611/EEC of 20 December 1985. The custodian of the SICAV's assets is Nordea Bank S.A., Luxembourg. Investments in the Nordea funds should be made on the basis of the current prospectus, which is available, along with the simplified prospectus, current annual and semi-annual reports, free of charge upon request from Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, from the local representatives or information agents, or from our distributors. A transaction involving a foreign exchange transaction may be subject to fluctuations of currency values which may affect the value of an investment. Investments in Emerging Markets involve a higher element of risk. Nordea Investment Funds S.A. only publishes product-related information and does not make any investment recommendations. Further information can be obtained from your financial advisor. He/she can advise you independently of Nordea Investment Funds S.A. Published by Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg. **Additional information for investors in Switzerland:** The Swiss Financial Market Supervisory Authority (FINMA) has granted authorisation for Nordea 1, SICAV to be publicly distributed within and from Switzerland. The documents listed above, as well as the Articles of Association, are available free of charge from the Swiss Representative and Paying Agent, Nordea Bank S.A. Luxembourg, Zweigniederlassung Zürich, Mainaustrasse 21-23, CH-8008 Zürich, Telephone (+41) 44 421 42 42, Fax (+41) 44 421 42 82. **Additional information for investors in Germany:** The Information and Paying Agent in Germany is Nordea Bank Finland Plc, Niederlassung Deutschland, Grüneburgweg 119, D-60323 Frankfurt am Main. A hard copy of the above-mentioned fund documentation is also available from here. **Additional information for investors in Austria:** Sub-paying Agent and Representative in Austria is the Erste Bank der Österreichischen Sparkassen AG, Graben 21, A-1010 Vienna. **Additional information for investors in France:** With the authorisation of the Autorité des Marchés Financiers (AMF) as per 11 March 2003, 13 December 2005, 03 April 2007, 28 September 2007, 29 February 2008, 29 April 2008, 25 November 2008 and 09 June 2009, Nordea 1, SICAV may be distributed to investors in France, as published in the Bulletin des Annonces Légales Obligatoires dated 19 March 2003, 19 December 2005, 18 April 2007, 10 October 2007, 19 March 2008, 28 May 2008, 15 December 2008 and 26 June 2009. Centralising Correspondent in France is CACEIS Bank, located at 1-3, place Valhubert, 75013 Paris. Investors are advised to conduct thorough research before making any investment decision. **Additional information for investors in Spain:** Nordea 1, SICAV is duly registered in the CNMV official registry of foreign collective investment institutions (entry no. 340) as authorised to be marketed to the public in Spain. In Spain, any investment must be made through the authorised distributors and on the basis of the information contained in the mandatory documentation that must be received from the SICAV's authorised distributor prior to any subscription, or that may be obtained from the CNMV registries. **Additional information for investors in Italy:** Fund documentation as listed above is also available in Italy from the distributors and on the website www.nordea.it. The updated list of distribution agents in Italy, grouped by homogenous category, is available from the distributors themselves, at State Street Bank S.p.A. branches (located in the main towns of each region), BNP Paribas Securities Services, Banca Sella Holding S.p.A., Allfunds Bank S.A., Societe Generale Securities Services Sp.A. and on the website www.nordea.it. Any requests for additional information should be sent to the distributors. **Before investing, please read the prospectus carefully.** We recommend that you read the most recent annual financial statement in order to be better informed about the fund's investment policy. 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, Didžioji str. 18/2, LT-01 128 Vilnius. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. Source: Nordea Investment Funds S.A. Performance calculated NAV to NAV (net of fees and Luxembourg taxes) gross income reinvested, in USD, excluding initial and exit charges as per 30.06.2010. **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.