Nordea ASSET MANAGEMENT

Fund Portrait

2026

Nordea's BetaPlus Enhanced Equity Strategies

Highlights

- **Active equity solutions** that aim to deliver consistent excess return with limited active risk (1% ex-ante tracking error)[1]
- Over **15 years** of experience managing **EUR 90+ billion across** a complete offering of building block equity solutions[2]
- Aim to offer **consistent and positively skewed excess returns, mostly driven by stock selection**, over a full investment cycle[1]

In today's intricate investment landscape, investors are struggling to find solutions that can offer consistent added value across three critical dimensions: consistent performance, limited active risk and cost efficiency. This dilemma has given rise to a growing demand for solutions that not only offer the potential to consistently outperform benchmarks but also maintain cost-effectiveness and limit active bets.

A better alternative to passive

In recent years, passive investment strategies have surpassed active funds, emerging as the preferred choice for addressing investors' primary concerns. Their success stems from a low-cost structure and close alignment with widely tracked equity indices. Additionally, market concentration has played a pivotal role in this shift. As mega-cap companies increasingly dominate market-cap-weighted indices, active managers face mounting challenges in achieving consistent excess returns without increasing concentration risk, altering their strategies, or maintaining neutral exposure to these dominant firms.

However, despite passive solutions appearing to be the most straightforward and cost-efficient approach, several important caveats warrant consideration. First, passive funds merely track or even underperform their benchmarks due to fees, operational costs and suboptimal replication strategies. This seemingly minor annual underperformance compounds over time, potentially resulting in substantial opportunity costs in the long-term. Consequently, investors forfeit the possibility to capitalize on the long-term positive effects of compounding alpha, compromising investment outcomes, particularly over extended investment horizons. In this context, a crucial question arises: How can investors pursue alpha generation while limiting active risk?

Nordea's BetaPlus Enhanced. The active answer to passive

As the space between active and passive investment options becomes increasingly competitive, factors such as size, experience, and consistency are critical in selecting not only the right solution but also the appropriate manager. Nordea Asset Management's (NAM) BetaPlus Enhanced Equity strategies address this challenge by effectively balancing the pursuit of outperformance with limited active risk. These strategies stand out as cost-effective building blocks for core portfolio allocations, offering alpha potential in today's dynamic financial landscape.[1]

With over EUR 90 billion[2] in assets under management across all regions, Nordea's BetaPlus Enhanced Equity strategies exemplify both scale and success. The solutions employ a systematic and quantitative investment framework based on fundamentals, combined with a rules-based qualitative overlay for trading and implementation, with the overarching goal of delivering:

- Target excess returns of 0.5%–0.75% p.a. gross, depending on the strategy[3], while maintaining a low tracking error (1% ex ante)[1]
- Beta of 1, ensuring sector/region neutrality and avoiding unintended biases
- Modest turnover and limited trading costs[1]

The BetaPlus Enhanced journey began in 2009 with the launch of the North America equities solution. Since then, the team has expanded its investment philosophy to other regions, including Global (World, ACWI, and Small Cap), Europe, Japan, and Emerging Markets. Beyond standard market-cap index-enhanced strategies, the portfolio managers also offer ESG versions and customized solutions to meet the specific needs of NAM's institutional clients (e.g. custom indices, stocks & country exclusions, active risk, decarbonization trajectories, etc.).

At the heart of these strategies is Nordea's Diversified Equity team (DET), part of the Multi Assets Team (MAT). The team leverages MAT's decades of expertise in developing and continuously enhancing multi-factor investment solutions and has been managing these strategies since their inception. Notably, the team boasts exceptional stability, with no turnover among senior investment professionals – a rare continuity in the industry.

1) **There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.** 2) Source: Nordea Investment Management as of 31.10.2025. 3) Target excess return varies by strategy. The 50 bps p.a. gross target applies to the European Enhanced Equity and Japan Sustainable Equity strategies. The 75 bps p.a. gross target applies to the Global Developed Enhanced Equity, Global Equal Weight Enhanced Equity, North American Enhanced Equity, Emerging Markets Enhanced Equity, US Enhanced Equity and Global Small Cap Enhanced Equity strategies.

Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Information Document (KID) or the Key Investor Information Document (KIID) for UK investors.

Unveiling the BetaPlus Enhanced investment process

1	**Investment Universe & Segments**	• Define investment universe • Implement exclusions • Decompose by segments	
2	**Define Risk Premia**	• Quality • Value • Growth	• LT. Momentum • Earn. Mom. • Reversal
3	**Creating Alpha List**	• Factor weights across segments • Stocks' factors exposures • Identify potential buys/sells	
4	**Portfolio Construction & Risk Management**	• Tracking error & beta • Sector/Region neutral • +1/-1% active weight p/stock	
5	**Ongoing Monitoring & Trading**	• Qualitative & Quantitative implementation approach	

BetaPlus Enhanced Equity Portfolio

Source: Nordea Investment Management AB. For illustrative purposes only.

The investment process begins by defining the investment universe (index) e.g. by applying any mandate-specific exclusion criteria. The strategy's benchmark (e.g. MSCI World) is then systematically divided into distinct regions (e.g. North America, Europe, Japan, and Rest of the World) and further segmented into sectors and sub-sectors (e.g. Financials, Healthcare). This structure establishes a solid foundation for a proprietary methodology that creates coherent groups of companies, referred to as **Segments**, by combining geographic and sectoral classifications. These Segments group companies with comparable characteristics, enabling a nuanced analysis.

Within each Segment, companies undergo a detailed screening and ranking process based on six factors: **Quality, Value, Growth, Long-Term Momentum, Earnings Revisions, and Reversals**. A key differentiator of Nordea's approach is the treatment of Growth as a standalone factor, departing from conventional academic literature. This unique perspective reflects Growth's proven effectiveness in segments that represent significant portions of the market.

Strategic factors, **Value and Quality**, are given particular emphasis, jointly accounting for at least 50% of the weighting within each Segment. This strategic weighting aims to prioritize good companies that trade at attractive valuations. The remaining weight is allocated to the other four factors, with adjustments across segments based on historical performance and relevance. This tailored approach recognizes that certain factors are more impactful in specific industries or regions, distinguishing BetaPlus Enhanced Equity strategies from conventional factor-weighting methodologies.

After ranking stocks within each segment based on their factor characteristics, the portfolio management team selects candidates for the Alpha List. High-ranking stocks are identified as potential buy/overweight candidates, while lower-ranking ones are marked for sell/underweight consideration.

Portfolio construction follows a rigorous optimization process designed to balance positions while adhering to strict constraints. These include:

- A maximum active weight of +/-1% per stock
- An ex-ante tracking error of 1%
- Neutrality in regional and sector exposures
- Alignment with the benchmark's beta[4]

This disciplined approach ensures that excess returns[4] and active risk are driven primarily by stock selection, with only moderate style biases introduced.

Lastly, a rules-based qualitative overlay governs portfolio implementation. This layer integrates short-term momentum signals, such as Earnings Revisions and Reversals, to optimize the timing of trades. For example, a stock may be sold only if it exhibits negative earnings revisions and recent outperformance within its segment. This thoughtful implementation minimizes turnover and prevents trading costs from eroding alpha, facilitating cost efficiency and consistency in delivering excess returns.[4]

4) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.

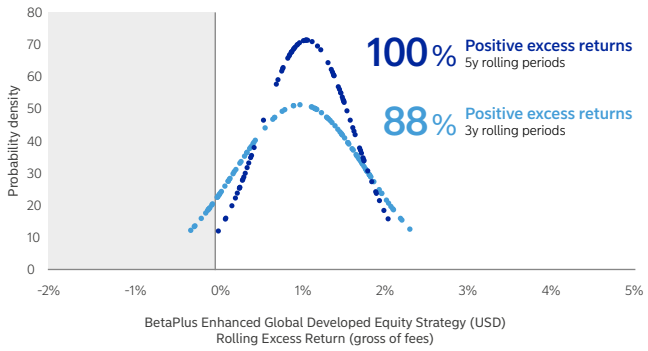
Why us? The BetaPlus Enhanced difference

Consistent Excess Returns

The foremost and most critical feature of the strategy is its exceptional historical consistency. As shown in the table below, Nordea's Global Equity BetaPlus Enhanced Strategy has displayed outstanding resilience, delivering positive excess returns in 100% of 5-year rolling periods and 87% of 3-year rolling periods.[5]

Notably, the average excess return during periods of outperformance significantly exceeds the average shortfall during periods of underperformance. This asymmetry indicates that investors have historically experienced not only more frequent but also substantially higher positive alpha, with underperformance both rare and moderate in magnitude. This track record underscores the strategy's reliability and its ability to generate superior risk-adjusted return potential over time.[5]

Consistent & positively skewed excess returns vs. the benchmark



Rolling p.a. (gross of fees)	Avg. Excess Return when positive	Avg. Excess Return when negative	Overall Avg. Excess Return
5y	1.09%	–	1.09%
3y	1.17%	−0.13%	1.02%

Source: Nordea Investment Management AB. Period under consideration: 30.11.2014 – 31.03.2026. **The performance represented is gross of fees, composite and historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of your investment can go up and down, and you could lose some or all of your invested money.** For illustrative purposes only.

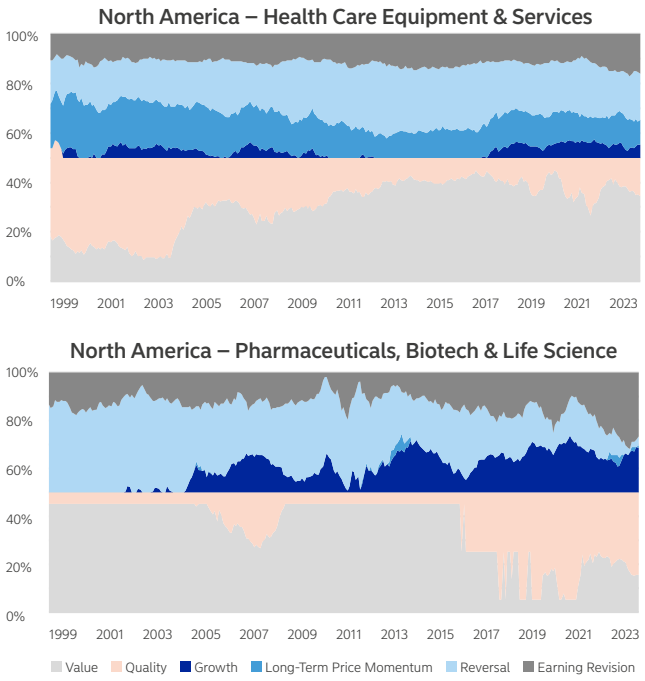
Adaptive multi-factor approach

Nordea's BetaPlus Enhanced equity solutions utilize an adaptive multi-factor approach rooted in proprietary-defined risk premia, dynamically tailored to different segments. Across the more than 90 segments globally, the weighting of each factor is customized based on its historical success within that specific segment.

This adaptive methodology also accounts for the evolving importance of each factor. By identifying trends in the correlation between factors and excess returns, the process dynamically adjusts factor weightings over time within each segment.

As a result of this unique approach, the portfolio maintains a moderate style bias toward any given factor. Factors are overweighted in segments where they demonstrate strong performance and underweighted in those where they show less success. This dynamic adjustment ensures that the portfolio consistently aligns with the factors most likely to drive excess returns across varying market conditions.

No model fits all: Factor weights change across 90+ segments & over time



Source: Nordea Investment Management AB. Period under consideration: Dec. 1987 – Nov. 2023. For illustrative purposes only.

5) **The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of your investment can go up and down, and you could lose some or all of your invested money.**

All in on security selection

The third most compelling characteristic of the BetaPlus Enhanced equity strategies is the "purity" of their excess return and active risk origins, which stem predominantly from stock selection and style exposures. The portfolio's sector and region neutrality significantly reduces the influence of extraneous factors, making BetaPlus Enhanced solutions, in our view, an ideal choice for asset allocators aiming to optimize their core portfolios.

This purity also enhances transparency and predictability, simplifying client communications. Investors benefit from a clear and consistent allocation strategy with stable geographical and sector exposures. This not only improves their understanding of the solution but also streamlines the due diligence process, reinforcing trust and confidence in the strategy's reliability.

>80% of the active risk & excess return are stock specific or style-driven

Source: Nordea Investment Management AB. Period under consideration: 31.12.2018 – 31.03.2025. The performance represented is gross of fees, composite and historical based on the BetaPlus Enhanced Global Equity Strategy. **Past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of your investment can go up and down, and you could lose some or all of your invested money.** For illustrative purposes only.

A cost-efficient solution

The BetaPlus Enhanced equity solutions present a compelling and cost-effective value proposition, featuring competitive fee structures compared to both active and passive strategies. Designed to deliver consistent gains beyond standard equity market index performance, these solutions serve a dual purpose.[6] They can seamlessly replace traditional passive core equity allocations while also acting as a strategic tool for capturing excess returns across the globe.[6]

Through these innovative strategies, NAM provides a highly customizable and efficient solution, engineered to target consistent excess returns while maintaining a low active risk profile.[6]

This combination of affordability, adaptability, and performance potential makes BetaPlus Enhanced solutions an attractive choice for investors seeking consistent alpha and limited risk at a very competitive price.

Nordea BetaPlus. The active answer to passive.

Track-record, scale & all asset allocation building-blocks available

	Strategy	Benchmark	Inception Date
BetaPlus Enhanced	Global Developed Equities	MSCI World	30.11.2014
	Global Equities	MSCI ACWI	30.06.2023
	US Equities	MSCI USA	31.01.2025
	North American Equities	MSCI North America	31.07.2009
	Global Small Cap Equities	MSCI World Small Cap	31.03.2015
	Emerging Market Equities	MSCI EM	31.01.2012
	European Equities	MSCI Europe	31.12.2010
	Japanese Equities	MSCI Japan	31.12.2009

Source: Nordea Investment Management AB. Date: 31.03.2026. For illustrative purposes only.

Asset Management in Nordea

As an active investment manager, Nordea Asset Management (NAM) manages asset classes across the full investment spectrum and aims to serve its clients in every market condition.

Nordea's success is based on a sustainable and distinctive multi-boutique approach that combines the expertise of specialized internal boutiques with exclusive external competences allowing us to deliver alpha in a stable way for the benefit of our clients.[6]

NAM is dedicated to delivering returns with responsibility.[6] Besides being an ESG pioneer and market leader when it comes to responsible investments we have put a lot of emphasis on launching outcome – as opposed to benchmark – oriented investment solutions, managed by Nordea's Multi Assets Team (MAT) and designed to meet clients' risk appetite and needs.

The MAT is one of the most experienced investment teams in the risk premia universe, managing numerous multi-factor based strategies (total return, absolute return, constrained, unconstrained, etc.).

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