

The ESG STARS funds:

At the forefront of Responsible Investment



SFDR classification*
ARTICLE **8**

Highlights

The ESG STARS funds¹ are at the forefront of Responsible Investment (RI) at Nordea AM²

They aim to:

- Beat their benchmark³
- Invest in assets living up to Nordea's ESG standards
- Create lasting impact



Responsible Investment at Nordea: it's in our Nordic DNA

Nordea Asset Management's (NAM) commitment to be a responsible asset manager is not new: it is deeply rooted in our Nordic DNA. It's anchored in our corporate culture, philosophy and business model. Environmental, Social and Governance (ESG) issues have reached widespread recognition and there is mounting evidence that ESG factors can be material to long-term investment returns. We have been focusing on such issues for decades.

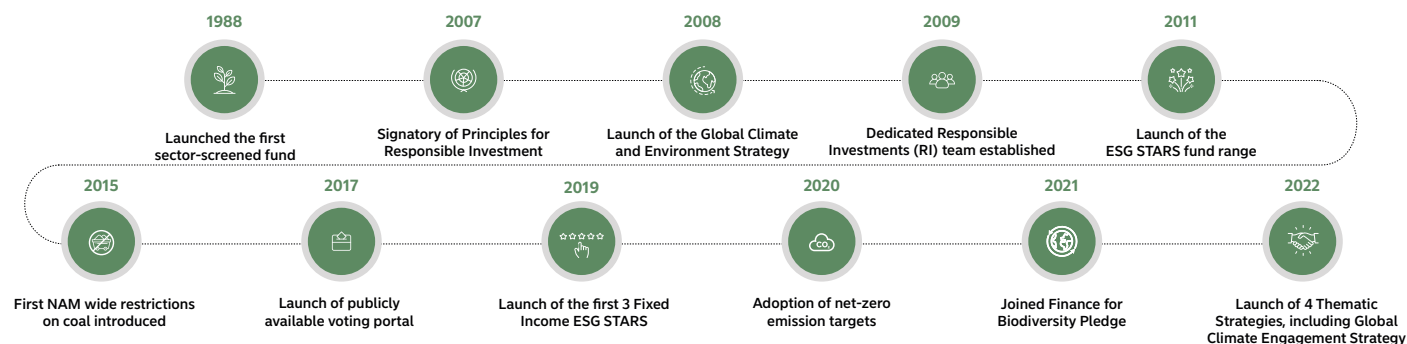
Our journey

We consider it our fiduciary duty to care about all factors that are material to our clients' investments, whether financial or non-financial: Responsible Investment (RI) is part of this. At the Nordea corporate level, we have defined sustainability-related eligibility criteria that apply to all our active funds. We do not, for instance, invest in companies involved in the production of illegal or nuclear weapons or that make more than 5% of their revenues from oil sand or arctic drilling. We also exclude companies with large and sustained exposure to coal mining, with a 5% revenue threshold on thermal coal and a 30% revenue threshold on total coal (including metallurgical coal).

However, beyond these corporate exclusions, we have developed a specific range of cutting-edge products that takes Responsible Investment to the next level. We call these the ESG STARS funds. Our first ESG STARS fund was launched in 2011 – there are now fifteen Nordea 1 STARS funds, including both equity and bond funds.

Our ESG STARS funds seek to find tomorrow's sustainable investments with 3 key objectives:

- **Beat the benchmark³**
- **Invest in assets living up to Nordea's ESG standards**
- **Create lasting impact**



*The ESG STARS funds have been classified as article 8 funds under SFDR. The funds have environmental and/or social characteristics but do not have sustainable investment as its objective. For more information on sustainability-related aspects of the fund, please visit nordea.lu/SustainabilityRelatedDisclosures 1) Please see a full overview of all ESG STARS funds on page 7. 2) Nordea Asset Management is the functional name of the asset management business conducted by the legal entities Nordea Investment Funds S.A. and Nordea Investment Management AB ("the Legal Entities") and their branches and subsidiaries. 3) The ESG STARS funds use benchmarks which are not aligned with the environmental and social characteristics of the funds. The funds' benchmarks are used for performance comparison only and the investment manager may freely select the securities that it will invest in. Risk characteristics of the fund's portfolio may bear some resemblance to those of the benchmark. **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.**

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

How the ESG STARS funds invest in assets living up to Nordea's standards

- Selecting the right assets is crucial to beating the benchmark
- Our award-winning Responsible Investment (RI) Team conducts in-depth analysis to understand where companies and government issuers stand regarding ESG factors
- Meeting companies and issuers is an important part of our research process
- We ensure the funds invest only in assets able to meet our ESG standards

The ESG STARS' idea generation process shares inputs from the investment team and the Responsible Investment (RI) team.

The RI analysts, who sit close to their respective portfolio management teams in Stockholm, Copenhagen and Oslo, have both a broad coverage and a particular focus on ESG STARS fund holdings. Together, the investment team and the RI team focus on bottom-up issuer, sector and thematic research, looking particularly at the risks and opportunities of long-term structural changes.

Award-winning Responsible Investments Team

Nordea's award-winning RI team is at the forefront of the industry. Besides being fully integrated with the investment boutiques managing ESG products, the team of dedicated ESG professionals works with ESG data, analysis, product, policy development and active ownership.

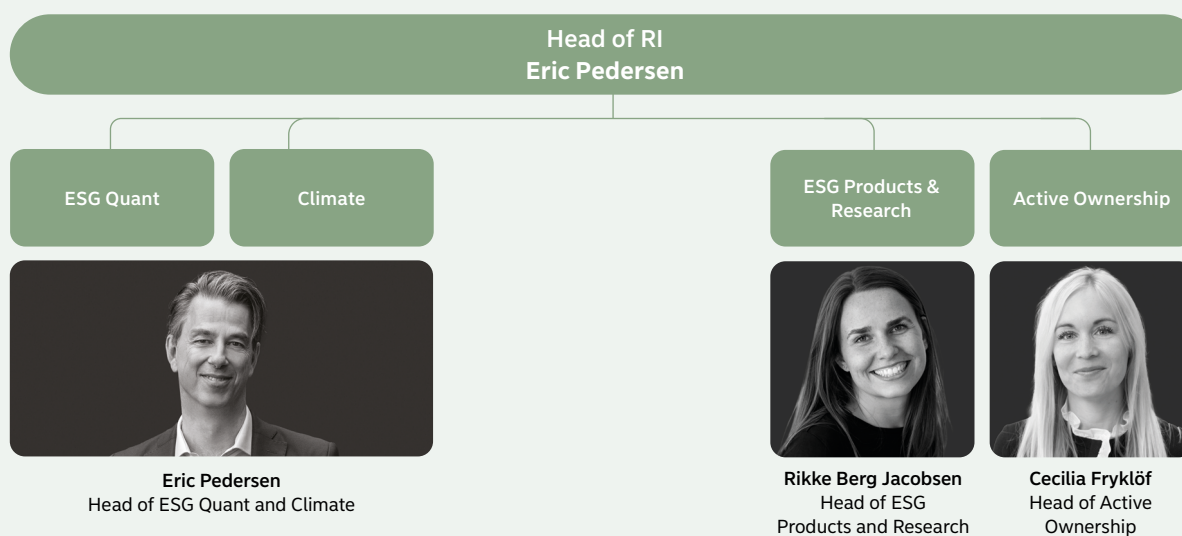
Over the years, the team has received multiple awards, recently winning the CFI Awards⁴ for "**Best ESG Team in Europe 2022**" and the FN Asset Management Awards⁵ 2021 in the category "**ESG initiative of the Year**" for the collaborative engagement initiated and led by Nordea Asset Management against the construction of the Vung Ang 2 coal-fired power plant in Vietnam. Thanks to the RI team's expertise, the ESG STARS family was awarded as the "**Best Sustainable Fund Range**" by the Sustainable Investment Awards 2022⁶.



NAM's proprietary ESG data platform

Leveraging more than a decade of ESG analysis NAM has developed **proprietary scoring models** which are implemented on our ESG data platform. The data platform aggregates information from multiple sources, supporting our analysts as they carry out in-depth research. This includes the alignment of company revenues to the EU Taxonomy and to the UN's SDGs. In addition to the ESG scoring model, the team has developed modules to collect, analyse and manage data on PAI⁷, Sustainable Investments and Climate metrics. The data platform uses AI features and analyst-structured weights and formulas to generate **ESG scores for more than 120,000 securities** – almost full coverage of the main benchmark indices. Our automation of part of the process allows the team to provide the **full research coverage** we believe our strategies deserve while allowing time to dive deeper into more difficult cases. This results in internal scoring that is consistent, forward-looking and nuanced to reflect company actions rather than solely relying on third party scores, which must – by definition – be backward looking.

Responsible Investments (RI) team



4) Capital Finance International (CFI) is a London-based magazine whose annual awards focus on best practice. 5) Financial News is a financial newspaper and news website published in London. Its annual awards celebrate the success of companies and individuals working in the institutional asset management sector in Europe. 6) The International Investor Awards are awarded by International Investor Magazine, an online publication providing insights and news on wide ranging topics including world market and industry analysis. 7) PAI, or Principal Adverse Impacts, refers to the negative impact a company/issuer has on environmental and social aspects.

Selecting the right ESG assets

While equities can benefit directly from a competitive advantage resulting from higher ESG standards, within fixed income such a competitive advantage feeds through as a lower risk of default. Therefore, while our ESG-focused equity selection aims at a positive choice of ESG leaders, our ESG-focused fixed income selection is targeted more at avoiding losers.

For equities, one key source of ideas is the Expectations Gap, which looks at the difference between our internal view of a company's ability to generate future cash flows and the market's view. This helps the team to identify potential investment candidates with attractive fundamentals⁸. The team can also source ideas from our detailed ESG assessment on potential holdings, which it carries out to ensure that a company meets NAM's ESG standards.

For corporate bonds, an initial screening identifies the most significant contributors to benchmark risk and return. From this universe, the team considers whether the bond's valuation reflects – in their view – the risks and opportunities resulting from its industry exposure and company strategy.

For sovereign bonds, the first step is to identify which issuers are investable on an ESG basis. Good governance is particularly important here, as we believe it increases the country's ability to pay back the debt in the long run. This produces an investable universe which the team can assess on fundamental factors such as business cycle, technical and structural potential.

Idea generation is followed by an ESG assessment. This is done using two different proprietary scoring models, one for equities and corporate bonds – where we score the corporate issuer – and another for sovereign bonds.

Meeting our ESG standards

The internal ESG score reflects our view of the ESG performance of the assets included in the ESG STARS funds. Portfolio managers of the ESG STARS funds exclude C-scored companies, investing only in assets with a minimum ESG score of B. While we apply certain ESG standards to all our actively-managed funds at Nordea the advanced scoring approach used by the ESG STARS funds significantly raises the bar for a security to become eligible for investment.

Sustainable Investments⁹ in the ESG STARS funds

The **ESG STARS Equity funds** commit to a minimum of 50% in Sustainable Investments (SI), while the **ESG STARS Bond funds** commit to a minimum of 40% in SI.

To qualify as a sustainable investment, a holding must meet three criteria.

- To assess the holding's **contribution to an Environmental or Social (E/S) objective** we consider its revenue alignment to the **UN's SDGs or the EU Taxonomy**.
- To ensure that the holding **Does No Significant Harm** to any other E/S objective we consider its **PAI metrics**.
- To assess whether the holding follows **good governance** practices we look at whether it is managed in line with various **global guidelines**, such as the OECD Guidelines for Multinational Enterprise.

Because the funds all consider PAI and make a commitment to a proportion of SI, **all the ESG STARS funds are eligible to offer to clients with sustainability preferences under MiFID II**.

In-depth ESG analysis: Our 4 step scoring process

Equity and corporate bond ESG scoring process

Sovereign bond ESG scoring process

Step 1

Identify key issues

For each sector the team identifies the critical (material) ESG issues to include in their evaluation. The materiality of ESG issues varies sector by sector and this first step is crucial. For example, water pollution and labour rights may be key issues for a manufacturer while the leading issue for a software provider might be data protection.

The starting point of the sovereign scoring process is a quantitative model built on academic research. We identify the 8 most explanatory ESG factors – such as corruption, health and education, and the transition towards being a low carbon economy – and we aggregate and disaggregate multiple data points to evaluate each factor.

Step 2

Risk and opportunities research

Next, the team identifies ESG risks as well as opportunities at the company-specific level.

The model highlights, based on academic studies, which factors to look at when assessing ESG risks on a sovereign bond. As a numerical model, it forms a solid starting point to analyse a country's ESG risks.

Step 3

Analysis and company meetings

An in-depth analysis is carried out using data from multiple sources (such as data published by the company, specialised ESG data-providers, international organisations and NGOs) and from company meetings. Here we consider how a company is managing its ESG risks - e.g. by considering its PAI data - and ESG opportunities - e.g. how far its business is aligned with the UN's SDGs and the EU Taxonomy.

Overlaid onto the model's output is a qualitative analysis carried out by experts from the RI team and the EM Debt team together to provide a full assessment of a country's ESG profile.

Step 4

ESG Scoring

These steps result in an internal ESG score (A/B/C) with a trend indicator of '+', neutral and '-'. This score is not rated relative to peers, but is **absolute in nature**. It is an aggregated metric that represents NAM's view on how well a company or sovereign bond is positioned regarding ESG risks and opportunities.

8) This process may not apply to all ESG STARS Equity strategies. 9) The Sustainable Finance Disclosure Regulation (SFDR) defines a Sustainable Investment as one that: invests in an economic activity that contributes to an environmental or social (E/S) objective, does not significantly harm any environmental or social objective (Do No Significant Harm, or DNSH) and follows good governance practices.

How the ESG STARS funds beat the benchmark through full ESG integration¹⁰

- Alpha generation remains a core part of the ESG STARS' value proposition, as with any actively managed fund
- By truly integrating ESG analysis with bottom-up fundamental research, we aim to identify tomorrow's winners

Once a potential investment is rated as eligible for investment, the investment team performs further financial evaluation. The objective is to **identify securities able to deliver sustainable long-term shareholder value**.

To find tomorrow's winners and avoid the worst potential ESG

offenders, we incorporate the findings of the ESG analysis throughout the investment process, from idea generation and valuation to portfolio construction and risk management. **Each ESG STARS fund has a dedicated ESG analyst** working alongside the investment team and providing input at all stages of the investment process.

ESG integration in practice

Step 1: Incorporating ESG factors in the structural assessment

Once an idea is validated, a strategic assessment is performed. It considers multiple factors in order to rate the company or issuer's sustainable competitive advantage and ESG profile. In their assessment, the portfolio managers fully incorporate the ESG analysis, including both sector-level and company- or issuer-specific ESG results. This allows a 360° understanding of the issuer, the risks it faces and its ability to maintain its competitive advantages.

Key factors for Companies (Equities and Corporate Bonds)

Valuation
Industry and Strategy
Accounts and Structure
Structural Potential
ESG

Key factors for Sovereign Bonds

Market Technicals
Business Cycle
Structural Potential
Global Macro view
ESG

Step 2: Quantifying the ESG impact on valuation

Every investment boutique has access to NAM's proprietary ESG Model and ESG analysis from the RI team which covers more than 120,000 securities. The investment teams take the material ESG factors identified by the RI team and quantify their potential valuation impact. In practice this focuses on different elements for the different asset classes. Nevertheless, across the board, portfolio managers assess the ESG profile of the company or issuer and consider how this affects the financial profile of the equity or bond.

Equities

Within our equity ESG research, portfolio managers (PMs) work closely with the RI team as they perform our ESG analysis and engagement dialogues. The resulting ESG scores define the STARS funds' investment universe, in that they cannot invest in C-scored companies. The ESG score is a key driver of how long the PM expects the company to generate above-average returns when valuing a share. Thus, the ESG score affects how we value both the risks and the opportunities a company is facing.

Corporate Bonds

While ESG integration for equities drives the "fade" rate of excess returns, for bonds it is focused on the risk of default, giving a binary set of outcomes.

Corporate bonds allow the team to leverage work done for equities, although at the lower end of the credit scale there are many unlisted issuers with low data coverage. In those cases, the credit analysts will make an initial assessment of the issuers' ESG profile which the RI team then verifies, conducting in-depth analysis where necessary.

Sovereign Bonds

For sovereign debt, we have built an ESG assessment model tailored to country risks. Based on academic research, it makes a detailed assessment of ESG factors that contribute to economic development and the good governance of the issuer.

Across all asset classes, the teams examine the financial and ESG profiles and how the two aspects interact in each investment



¹⁰) 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.

How the ESG STARS funds create lasting impact through engagement

- We foster change with our investments by engaging with them around specific ESG topics
- Our teams build structured engagement roadmaps and regularly assess the impact of their engagement activities
- Investment-led engagement, focusing on risks and opportunities identified by the portfolio managers, is a key element of the ESG STARS

At Nordea, our active ownership activities start with exercising voting rights, but do not finish there. Engagement is a crucial component of our RI philosophy and framework and it takes an additional dimension in our ESG STARS products. Engagement means having a constructive dialogue with the companies and issuers whose securities we invest in. We see engagement as a way to preserve and enhance long-term shareholder value, as well as create a positive impact for the broader society.

Our engagement activities combine the perspectives of portfolio managers, financial analysts and ESG specialists to form a holistic opinion and establish coherent engagement objectives.

When it comes to companies and corporate bond issuers we break down our ESG engagement into three categories.

Incident-led engagement: triggered by observed norm breaches, PAI red flags or other serious negative news flows.

Investment-led engagement: engaging with companies on their material ESG risks or opportunities.

Thematic engagement: engaging on specific sustainability themes in focus (biodiversity, climate, good governance, human rights).

Our investment-led engagement approach, focusing on risks and opportunities identified by the portfolio managers, is a key and distinctive part of the ESG STARS approach.

When we engage with a company, the portfolio managers and our RI team together build an **engagement roadmap, identifying the**

most relevant and material ESG topics for that company. Engagement can take various forms, from conference calls to face-to-face meetings and field visits. While the RI team typically leads our ESG engagement activities, our portfolio managers also participate.

Thematic engagement: India's water pollution crisis

Since 2015 we have engaged with 25 pharmaceutical companies in India to discuss waste water management (their own and their suppliers'), because pharmaceutical water pollution is a significant issue in India. This long-term engagement **resulted in an industry-led action plan to address pharma water pollution in India**, and in 2020 the Indian government issued a draft bill to limit concentrations of antibiotics discharged by pharmaceutical factories into waterways.

Because bonds do not carry voting rights, the influence we have as bond-holders is less than in our capacity as equity holders. Therefore, for corporate bonds, we find it very effective to leverage on our equity engagement with a company. For sovereign bonds, we have found different approaches to engagement.

In order to have a more effective means of influencing sovereign issuers, **we have joined various working groups**. We are, for example, currently part of the PRI's Sovereign Debt Advisory Committee, whose goals include defining and exploring approaches to ESG integration and engagement, and the Emerging Markets Investor Alliance, whose purpose is to promote good governance and sustainable development through engaging with sovereign issuers. Within this group, we are part of the Debt and Fiscal Governance working group.

Engagement with Alibaba: improving conditions for gig-workers



Over the years, we have successfully engaged with companies all over the world to ensure they meet our ESG criteria. Our engagement with Chinese e-commerce giant Alibaba has been about the **working conditions of gig-workers** on its Ele.me platform (a widely-used digital food delivery platform in China). The growing "gig economy" has provided millions of job opportunities in China and great convenience to people's life. Those drivers played a vital role during China's tight Covid control, such as delivering food and drugs to the elderly - making a positive impact on wider society during an unusual time. However, as a new type of job, working conditions for gig-workers have not been well-protected by local labour regulations. This has led to allegations of failure to respect the right to safe and healthy working conditions for gig-workers. We have been in dialogues with Alibaba on this since 2020. As of today, Alibaba has updated its algorithm on strict punctuality and now uses the overall rating over a longer period of time. It is also piloting a mandatory rest after delivering for 4 hours to protect the drivers. All gig-workers will now be paid more than the local minimum wage and be covered by insurance, along with the option for annual physical checks and 24/7 mental health counselling. They will also be offered clearer career development paths and other benefits. Furthermore, Alibaba's Ele.me Gig-worker Annual Report now reports these benefits more transparently. We encourage and continue to monitor Alibaba's effort to improve the working condition of its gig-workers.

ESG Analyst Lena Du and Financial Analyst Huaqian Zhu visiting Alibaba's Headquarters in Hangzhou, China.

ESG STARS credentials



Nordea 1 Funds	European SRI Transparency Code ¹¹	LuxFLAG ESG Label ¹²	Towards Sustainability Label ¹³	Label ISR ¹⁴
Asian Stars Equity Fund	✓			
Emerging Stars Bond	✓	✓		
Emerging Stars Equity	✓	✓	✓	✓
Emerging Stars Local Bond Fund	✓			
European Corporate Stars Bond	✓	✓	✓	
European High Yield Stars Bond	✓	✓	✓	
European Stars Equity	✓	✓	✓	
Global Stars Equity	✓		✓	✓
Nordic Stars Equity	✓			
North American Stars Equity	✓		✓	✓

11) The European SRI Transparency logo signifies that Nordea Investment Funds S.A. commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Socially Responsible Investment (SRI) policies and practices relating to the fund. Detailed information about the European SRI Transparency Guidelines can be found on www.eurosif.org, and information of the SRI policies and practices of the Nordea STARS range can be found at: nordea.lu/STARS. The Transparency Guidelines are managed by Eurosif, an independent organisation. The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual. 12) LuxFlag is an international and independent non-profit association and labelling agency. To promote sustainable investing in the financial industry, LuxFLAG awards an independent and transparent label to eligible investment vehicles in Microfinance, Environment, ESG (Environment, Social, Governance), Climate Finance and Green Bonds. The objective is to reassure investors that the labelled investment vehicle invests in a responsible manner. The LuxFLAG ESG Label is valid for one year. Investors must not rely on LuxFLAG or the LuxFLAG Label with regard to investor protection issues and LuxFLAG cannot incur any liability related to financial performance or default. 13) Towards Sustainability was launched by the Belgian Central Labeling Agency in 2019. It aims to reassure potential investors that the financial product is managed with sustainability in mind and is not exposed to very unsustainable practices. For more information on the "Towards Sustainability" label, visit www.towards-sustainability.be. The label is valid for one year. 14) Label ISR is created and supported by the French Finance Ministry. The label's goal is to increase the visibility of SRI products among savers in France and Europe. For more information on the Label ISR, visit www.lalabelisr.fr/en/what-sri-label/. The ISR Label is valid for three years.

Why invest in the ESG STARS?

The ESG STARS funds target outperformance while standing at the forefront of Nordea Asset Management's ESG offering.¹⁵ They represent a unique concept and approach, where the ESG STARS investment teams fully integrate ESG factors into the investment process and use dialogue and engagement to make a real impact. By doing so, the ESG STARS funds not only aim to deliver alpha but allow investors to shape tomorrow's world.

Shaping tomorrow's world. Invest in the Nordea 1 ESG STARS.

ESG STARS fixed income funds

Emerging Stars Bond Fund

LU1915689316 (BP-USD) / LU1915689829 (BI-USD)

Emerging Stars Corporate Bond Fund

LU2500359935 (BP-USD) / LU2500360271 (BI-USD)

Emerging Stars Local Bond Fund

LU1160612526 (BP-USD) / LU1160610405 (BI-USD)

European Corporate Stars Bond Fund

LU1927797156 (BP-EUR) / LU1927797586 (BI-EUR)

European High Yield Stars Bond Fund

LU1927798717 (BP-EUR) / LU1927799012 (BI-EUR)

North American High Yield Stars Bond Fund

LU1937720214 (BP-USD) / LU1937720487 (BI-USD)

US Corporate Stars Bond Fund

LU1933824283 (BP-USD) / LU1933824366 (BI-USD)

ESG STARS equity funds

Asian Stars Equity Fund

LU2152927971 (BP-USD) / LU2152928607 (BI-USD)

Emerging Stars Equity Fund

LU0602539602 (BP-USD) / LU0602539354 (BI-USD)

Emerging Stars ex China Equity Fund

LU2528868008 (BP-USD) / LU2528868263 (BI-USD)

European Stars Equity Fund

LU1706106447 (BP-EUR) / LU1706108732 (BI-EUR)

European Small and Mid Cap Stars Equity Fund

LU0417818407 (BP-EUR) / LU0417818316 (BI-EUR)

Global Stars Equity Fund

LU0985320562 (BP-USD) / LU0985319804 (BI-USD)

Nordic Stars Equity Fund

LU1079987720 (BP-EUR) / LU1079987134 (BI-EUR)

North American Stars Equity Fund

LU0772958525 (BP-USD) / LU0772957808 (BI-USD)

ESG STARS' ESG Approach

SFDR Article 8	
Active Ownership	
Norm-based Screening	
Considers Principal Adverse Impacts (PAI)	
Sector- and value-based exclusions	
ESG Scoring	
NAM's Paris-Aligned Fossil Fuel policy	
Minimum proportion of Sustainable Investments:	
STARS Equity funds	STARS Bond funds
50%	40%

¹⁵) 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.

ESG STARS funds: risks for European investors

March 31, 2023

Asian Stars Equity Fund

LU2152927971 (BP-USD) / LU2152928607 (BI-USD)

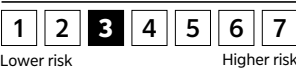
Risk indicator



Emerging Stars Bond Fund

LU1915689316 (BP-USD) / LU1915689829 (BI-USD)

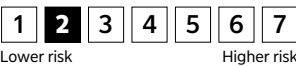
Risk indicator



Emerging Stars Corporate Bond Fund

LU2500359935 (BP-USD) / LU2500360271 (BI-USD)

Risk indicator



Emerging Stars Local Bond Fund

LU1160612526 (BP-USD) / LU1160610405 (BI-USD)

Risk indicator



Emerging Stars Equity Fund

LU0602539602 (BP-USD) / LU0602539354 (BI-USD)

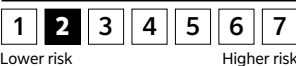
Risk indicator



European Corporate Stars Bond Fund

LU1927797156 (BP-EUR) / LU1927797586 (BI-EUR)

Risk indicator



European High Yield Stars Bond Fund

LU1927798717 (BP-EUR) / LU1927799012 (BI-EUR)

Risk indicator



European Small and Mid Cap Stars Equity Fund

LU0417818407 (BP-EUR) / LU0417818316 (BI-EUR)

Risk indicator



European Stars Equity Fund

LU1706106447 (BP-EUR) / LU1706108732 (BI-EUR)

Risk indicator



Global Stars Equity Fund

LU0985320562 (BP-USD) / LU0985319804 (BI-USD)

Risk indicator



Nordic Stars Equity Fund

LU1079987720 (BP-EUR) / LU1079987134 (BI-EUR)

Risk indicator



North American High Yield Stars Bond Fund

LU1937720214 (BP-USD) / LU1937720487 (BI-USD)

Risk indicator



North American Stars Equity Fund

LU0772958525 (BP-USD) / LU0772957808 (BI-USD)

Risk indicator



US Corporate Stars Bond Fund

LU1933824283 (BP-USD) / LU1933824366 (BI-USD)

Risk indicator



Please see below the list with the most recurrent risks for each of our ESG STARS Funds.

Equity funds

Derivatives risk: Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses significantly greater than the cost of the derivative.

Depository receipt risk: Depository receipts (certificates that represent securities held on deposit by financial institutions) carry illiquid securities and counterparty risks.

Emerging and frontier markets risk: Emerging and frontier markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, legal and currency risks, and are more likely to experience risks that, in developed markets, are associated with unusual market conditions, such as liquidity and counterparty risks.

Securities handling risk: Some countries may restrict securities ownership by outsiders or may have less regulated custody practices.

Taxation risk: A country could change its tax laws or treaties in ways that affect the fund or shareholders.

Country risk – China: The legal rights of investors in China are uncertain, government intervention is common and unpredictable, and some of the major trading and custody systems are unproven.

Bond funds

Derivatives risk: Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses significantly greater than the cost of the derivative.

Prepayment and extension risk: Any unexpected behaviour in interest rates could hurt the performance of callable debt securities (securities whose issuers have the right to pay off the security's principal before the maturity date).

Credit risk: A bond or money market security, whether from a public or private issuer, could lose value if the issuer's financial health deteriorates.

ABS/MBS risk: Mortgage-backed and asset-backed securities (MBSs and ABSs) typically carry prepayment and extension risk and can carry above-average liquidity risk.

For the complete list of the risks related to the funds, please refer to the section "Risk Descriptions" in the Prospectus and the PRIIPs KIDs of the respective funds.

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 2009/65/EC of 13 July 2009. **This document is advertising material and does not disclose all relevant information concerning the presented sub-funds.** 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, which are available, along with the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, without 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 as well as on www.nordea.lu. Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. **Investments in Emerging Markets involve a higher element of risk. The value of your investment can go up and down, and you could lose some or all of your invested money. Investments in equity and debt instruments issued by banks could bear the risk of being subject to the bail-in mechanism (meaning that equity and debt instruments could be written down in order to ensure that most unsecured creditors of an institution bear appropriate losses) as foreseen in EU Directive 2014/59/EU. For further details of investment risks associated with these sub-funds, please refer to the relevant Key Information Document (KID) or the Key Investor Information Document (KIID) for UK investors, available as described above.** The investment promoted concerns the acquisition of units or shares in a sub-fund, not in any given underlying asset such as shares of a company, as these are only the underlying assets owned by the fund. Nordea Investment Funds S.A. has decided to bear the cost for research, i.e. such cost is covered by existing fee arrangements (Management-/Administration-Fee). Nordea Investment Funds S.A. only publishes product-related information and does not make any investment recommendations. A summary of investor rights is available in English through the following link: https://www.nordea.lu/documents/summary-of-investors-rights/SOIR_eng_INT.pdf/. Nordea Investment Funds S.A. may decide to terminate the arrangements made for the marketing of its sub-funds in any respective EU-country of distribution in accordance with Article 93a of Directive 2009/65/EC. Published by Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Further information can be obtained from your financial advisor. He/she can advise you independently of Nordea Investment Funds S.A. **Please note that all sub funds and share classes might not be available in your country of jurisdiction. Additional information for investors in Switzerland:** The Swiss Representative and Paying Agent is BNP Paribas, Paris, Zurich branch, Selnaustrasse 16, 8002 Zurich, Switzerland. **Additional information for investors in Germany:** The Nordea 1, SICAV is registered in Germany. A hard copy of the above-mentioned fund documentation is also available at Nordea Investment Funds S.A. **Additional information for investors in Austria:** The Facility Agent in Austria is Erste Bank der österreichischen Sparkassen AG, Am Belvedere 1, 1100 Vienna, Austria. **Additional information for investors in the Netherlands:** Nordea 1, SICAV is a Luxembourg Undertaking for Collective Investment in Transferable Securities (UCITS) registered in the Netherlands in the register kept by the AFM, and as such is allowed to offer its shares in the Netherlands. The AFM register can be consulted via www.afm.nl/register. **Additional information for investors in France:** With the authorisation of the AMF the shares of the sub-funds of Nordea 1, SICAV may be distributed in France. Centralising Correspondent in France is CACEIS Bank, located at 89-91 rue Gabriel Peri, 92120 Montrouge 1-3, place Valhubert, 75206 Paris cedex 13, France. **Investors are advised to conduct thorough research before making any investment decision. Additional information for investors in Belgium:** The Nordea 1, SICAV is registered in Belgium. Financial Service Agent responsibilities have been assumed by Nordea Investment Funds S.A. A hard copy of the above-mentioned fund documentation is available upon demand free of charge from the management company Nordea Investment Funds S.A. (562, rue de Neudorf, L-2017 Luxembourg, Grand Duchy of Luxembourg) or on the website: www.nordea.be. **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. The Depositary of the SICAV's assets is, J.P. Morgan Bank Luxembourg S.A. 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. The Representative Agent is Allfunds Bank S.A.U., C/ de los Padres Dominicos, 7, 28050 Madrid, Spain. A complete list of the authorised distributors is available in the CNMV's webpage (www.cnmv.es). **Additional information for investors in Portugal:** The Management Company of the SICAV, Nordea Investment Funds S.A., and the Depositary of the SICAV's assets, J.P. Morgan Bank Luxembourg S.A., are validly formed and existing in accordance with the laws of Luxembourg and authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. The Paying Agent in Portugal is BEST - Banco Electrónico de Serviço Total, S.A., duly incorporated under the laws of Portugal and registered with the CMVM as a financial intermediary. **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 or from the Paying Agents: State Street Bank International GmbH – Succursale Italia, Allfunds Bank S.A.U. – Succursale di Milano, Société Générale Securities Services S.p.A., Banca Sella Holding S.p.A, Banca Monte dei Paschi di Siena S.p.A., CACEIS Bank S.A., Italian Branch and on the website www.nordea.it. Any requests for additional information should be sent to the distributors. **Before investing, please read the prospectus and the KID carefully.** We recommend that you read the most recent annual financial statement in order to be better informed about the fund's investment policy. **The prospectus and KID for the sub-funds have been published with Consob.** For the risk profile of the mentioned sub-funds, please refer to the fund prospectus. **Additional information for investors in the United Kingdom:** The Facilities Agent is FE Fundinfo (UK) Limited, 3rd Floor, Hollywood House, Church Street East, Woking GU21 6HJ, United Kingdom. **Additional information for investors in Ireland:** The Facilities Agent is Maples Fund Services (Ireland) Limited, 32 Molesworth Street, D02 Y512 Dublin 2, Ireland. **Additional information for investors in Sweden:** The Paying Agent is Nordea Bank Abp, Swedish Branch, Smålandsgatan 17, 105 71 Stockholm, Sweden. **Additional information for investors in Denmark:** The Representative Agent is Nordea Danmark, Filial af Nordea Bank Abp, Finland, Grønørdsvej 10, Postbox 850 0900 Copenhagen C, Denmark. A hard copy of the above-mentioned fund documentation is available here. **Additional information for investors in Norway:** The Nordea 1, SICAV is registered in Norway. **Additional information for investors in Finland:** The Nordea 1, SICAV is registered in Finland. **Additional information for investors in Latvia:** The Representative Agent is Luminor Bank AS, 62 Skanstes iela 12, 1013 Riga, Latvia. **Additional information for investors in Estonia:** The Representative Agent in Estonia is Luminor Bank AS, Liivalaia 45, 10145 Tallinn, Estonia. **Additional information for investors in Lithuania:** The Representative Agent in Lithuania is Luminor Bank AB, Konstitucijos pr. 21 A, 03601 Vilnius, Lithuania. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. **Additional information for investors in Brazil:** This is a strictly privileged and confidential document for the purposes of a potential investment in foreign securities on a one-on-one basis with potential investors with a pre-existing relationship with Nordea Investment Funds S.A. This document contains information addressed only to a specific individual and is not intended for distribution to, or use by, any other person. This document (i) is provided for informational purposes only, (ii) should exemption there from not be construed in any manner as any solicitation or offer to buy or sell any securities or any related financial instruments, (iii) should not be construed in any manner as a public offer of any securities or any related financial instruments, and (iv) will be addressed to a potential investor with restrict access of information. Neither Nordea Investment Funds S.A. nor Nordea 1, SICAV have been, and will not be, registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM). Nordea 1, SICAV must not be offered or sold in Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations. Any public offering, placement or distribution, as defined under Brazilian laws and regulations, of securities in Brazil, is not legal without prior registration under Law No. 6,385 of December 7, 1976, as amended. Documents relating to the offering of the Nordea 1, SICAV, as well as information contained therein, must not be supplied to the general public in Brazil (as the offering of the Nordea 1, SICAV is not a public offering of securities in Brazil) or used in connection with any offer for subscription or sale of the Nordea 1, SICAV to the general public in Brazil. Investors within Brazil should consult with their own counsel as to the applicability of these laws and regulations or any exemption there from. **Additional information for investors in Canada:** For further information please refer to the [Canadian Information Statement](#), [Canadian Marketing Legend](#) and [Notification to Canadian Clients](#). Source (unless otherwise stated): Nordea Investment Funds S.A. Unless otherwise stated, all views expressed are those of Nordea Investment Funds S.A. This document may not be reproduced or circulated without prior permission and must not be passed to private investors. This document contains information only intended for professional investors and financial advisers and is not intended for general publication. **Reference to companies or other investments mentioned within this document should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.** The level of tax benefits and liabilities will depend on individual circumstances and may be subject to change in the future.