

NOTICE OF MERGER TO SHAREHOLDERS OF

Nordea 2 – US High Yield ESG Bond Fund

We would like to inform you that the board of directors of Nordea 2, SICAV and Nordea 1, SICAV (the “**Boards of Directors**”) have decided to merge Nordea 2 – US High Yield ESG Bond Fund (the “**Merging Fund**”) with Nordea 1 – North American High Yield Stars Bond Fund (the “**Receiving Fund**”) (the “**Merger**”).

The Merging Fund together with the Receiving Fund are hereinafter to be referred to as the “**Funds**”.

The Merger shall become effective on the 17th of November 2021 (the “**Effective Date**”).

On the Effective Date, all assets and liabilities of the Merging Fund will be transferred to the Receiving Fund. The Merging Fund will cease to exist as a result of the Merger and will thereby be dissolved on the Effective Date without going into liquidation.

Shareholders who agree with the changes proposed in this notice do not need to take any action.

Shareholders who do not agree with the Merger have the right to request the redemption or switch of their shares free of charge, following the redemption and switch processes detailed in the prospectus, from the date of this notice until 15:30 on the 8th of November 2021, as further described below in section 5.

This notice describes the implications of the Merger and must be read carefully. **The Merger may impact your tax situation. Shareholders in the Funds are advised to consult their professional advisors as to the legal, financial and tax implications of the Merger under the laws of the countries of their nationality, residence, domicile or incorporation.**

1. Reasons for the Merger

- 1.1. The Merging Fund is currently applying additional negative screening to exclude specific sectors or companies based on environmental, social and corporate governance (ESG) criteria.
- 1.2. The Merger would further strengthen this profile by allowing the shareholders of the Merging Fund to be exposed to an investment strategy that follows the Stars Investment Policy of Nordea Asset Management when managing the investments.
- 1.3. By combining financial performance with the Stars investment strategy the Merger strives to offer shareholders responsible solutions with a medium level of risk and volatility.
- 1.4. The Merger is expected to lead to greater commercial attractiveness as the Merger should provide the benefits associated with the Stars Investment strategy and create more investment opportunities for existing and prospective shareholders.

2. Expected impact of the Merger on shareholders in the Merging Fund

- 2.1. Through the Merger, all assets and liabilities of the Merging Fund will be transferred to the Receiving Fund as of the Effective Date, and the Merging Fund will cease to exist without going into liquidation.
- 2.2. The Merger will be binding on all shareholders who have not exercised their right to request the redemption or switch of shares under the conditions and within the timeframe set out below. On the Effective Date, shareholders of the Merging Fund who have not exercised their right to redeem or switch shares will become shareholders in the Receiving Fund and thereby receive shares in the corresponding share class in the Receiving Fund with the ongoing charges and the risk and reward indicators (“SRRIs”) as provided below.

Merging Fund				Receiving Fund*			
Share Class	ISIN	Ongoing charges	SRRI	Share Class	ISIN	Ongoing charges	SRRI
BC - DKK	LU1937720990	1.1	4	BC - DKK		1.01	4
BC - EUR	LU1937720727	1.1	4	BC - EUR		1.01	4
BC - USD	LU1937720644	1.1	4	BC - USD		1.01	4
BI - EUR	LU1937720560	0.91	4	BI - EUR		0.8	4
BI - USD	LU1937720487	0.91	4	BI - USD		0.8	4
BP - EUR	LU1937720305	1.3	4	BP - EUR		1.31	4
BP - USD	LU1937720214	1.3	4	BP - USD		1.31	4
HAF - SEK	LU2232158159	0.95	4	HAF - SEK		0.84	4
HB - EUR	LU1937721378	1.31	4	HB - EUR		1.31	4
HB - NOK	LU1937721022	1.28	4	HB - NOK		1.31	4
HB - SEK	LU1937721295	1.29	4	HB - SEK		1.31	4
HBF - EUR	LU2194943861	0.95	4	HBF - EUR		0.84	4
HBF - NOK	LU2228426628	0.95	4	HBF - NOK		0.84	4
HBF - SEK	LU2194943788	0.95	4	HBF - SEK		0.84	4
HBI - EUR	LU1937721618	0.91	4	HBI - EUR		0.8	4
HBI - NOK	LU1937721451	0.9	4	HBI - NOK		0.8	4
HBI-SEK	LU1937721535	0.91		HBI - SEK		0.8	
HX - NOK	LU2306575213	0.05	4	HX - NOK		0.05	4
HX-SEK	LU2250891673	0.05		HX-SEK		0.05	
HY-DKK	LU2178859497	0.05		HY-DKK		0.05	
HY - EUR	LU1954566821	0.06	4	HY - EUR		0.05	4
X - EUR	LU1937722186	0.06	4	X - EUR		0.05	4
X - USD	LU1937722269	0.06	4	X - USD		0.05	4

***the ongoing charges of the Receiving Fund are estimates. Some share classes may see their ongoing charges raise slightly as shown above.**

2.3. The Funds are mainly similar in terms of having the same investment objective and have a synthetic risk and reward indicator ("SRRI") of 4. Both Funds mainly invests in US corporate high yield bonds. Specifically, they invests at least two thirds of total assets in high yield debt securities that are issued by companies that are domiciled, or conduct the majority of their business, in the United States of America.

2.4. The procedures that apply to matters such as dealing, subscription, redemption, switching and transferring of shares and the method for calculating the net asset value, are the same in the Merging Fund and the Receiving Fund.

- 2.5. Both Funds are managed by Aegon USA Investment Management LLC and USD is the base currency.
- 2.6. Both Funds apply baseline ESG safeguard and are promoting ESG characteristics as per Article 8 of the SFDR.
- 2.7. The key similarities and differences between the Merging Fund and the Receiving Fund are further set out in Appendix I to this notice.

3. Expected impact of the Merger on the shareholders in the Receiving Fund

The Merging Fund will be merged into the shell Receiving Fund to be launched for the purposes of the Merger. There are thus no shareholders in the Receiving Fund that could be impacted by the Merger.

4. Expected portfolio impact

Most of the assets that will be transferred from the Merging Fund to the Receiving Fund are already compliant with the investment policy of the Receiving Fund, minor adjustments of the portfolio holdings can however occur. Any risk of performance dilution of the Merging Fund is expected to be limited.

5. Suspension in dealings

- 5.1. Shares of the Merging Fund can be subscribed, redeemed and switched to shares of the same or another share class of another fund of the Nordea 2, SICAV, not involved in the Merger until 15:30 CET on the 8th of November 2021. At or after 15:30 CET on the 8th of November 2021 the possibility to subscribe, redeem and switch shares in the Merging Fund will be suspended until the Effective Date.
- 5.2. The right to redeem and switch shares free of charge may be subject to transaction fees charged by local intermediaries, which are independent from Nordea 2, SICAV and the Management Company.

6. Valuation and exchange ratio

- 6.1. On the business day prior to the Effective Date, the management company (the "Management Company") will calculate the net asset value per share class of the merging Fund which will be used as launch price for the Receiving Fund.
- 6.2. The rules laid down for the calculation of the net asset value in the articles of incorporation and the prospectus of the Merging Fund under "Asset valuation" and "how we calculate NAV" will apply to determine the value of the assets and liabilities of the Merging Fund and the NAV per share class of the Merging Fund.
- 6.3. The exchange ratio of one share of the Merging Fund for one share of the Receiving Fund will be used to calculate the number of new shares in the Receiving Fund to be issued to each shareholder.
- 6.4. The relevant shares in the Merging Fund will then be cancelled.
- 6.5. Any accrued income in the Merging Fund will be included in the final net asset value of the Merging Fund and accounted for in the net asset value of the relevant share classes of the Receiving Fund after the Effective Date.
- 6.6. The issue of new shares in the Receiving Fund in exchange for shares of the Merging Fund will not be subject to any charge.

6.7. No cash payment shall be made to shareholders in exchange for the shares.

7. Additional documents available

7.1. Shareholders of the Merging Fund are invited to carefully read the relevant KIIDs of the Receiving Fund and the relevant prospectus before making any decision in relation to the Merger. The prospectus and the KIIDs (once available) can be found free of charge at nordea.lu and at the registered office of Nordea 2, SICAV upon request.

7.2. A copy of the report of the auditor, validating the criteria adopted for valuation of the assets and, as the case may be, the liabilities and the calculation method of the exchange ratio as well as the exchange ratio, is available free of charge upon request at the registered office of Nordea 2, SICAV.

8. Costs of the Merger

The Management Company will bear the legal, advisory and administrative costs and expenses associated with the preparation and completion of the Merger.

9. Tax

The shareholders of the Merging Fund are invited to consult their own tax advisors with respect to the tax impact of the contemplated Merger.

10. Additional information

Professional and institutional shareholders having any question relating to the Merger should not hesitate to contact their usual professional advisor or intermediary or their local client services office via nordea.lu or at nordeafunds@nordea.com. Retail investors having any question relating to the Merger should contact their usual financial advisor.

Yours faithfully
On behalf of the Board of Directors
7 October 2021

Appendix I

Key features of the Merging Fund and of the Receiving Fund

The Merging Fund	The Receiving Fund
<p>Objective The Merging Fund's objective is to provide shareholders with investment growth in the medium to long term.</p>	<p>Objective The Receiving Fund's objective is to provide shareholders with investment growth in the medium to long term.</p>
<p>Investment policy The Merging Fund mainly invests in US corporate high yield bonds. Specifically, the fund invests at least two thirds of total assets in high yield debt securities that are issued by companies that are domiciled, or conduct the majority of their business, in the United States of America. The Merging Fund's major part of currency exposure is hedged to the base currency, although it may also be exposed (through investments or cash) to other currencies..</p>	<p>Investment policy The Receiving Fund mainly invests in US corporate high yield bonds. Specifically, the fund invests at least two thirds of total assets in high yield debt securities that are issued by companies that are domiciled, or conduct the majority of their business, in the United States of America. The Merging Fund's major part of currency exposure is hedged to the base currency, although it may also be exposed (through investments or cash) to other currencies.</p>
<p>Strategy In actively managing the fund's portfolio, the management team selects issuers with a particular focus on their ability to comply with international standards for environmental, social and corporate governance, and that appear to offer superior growth prospects and investment characteristics.</p>	<p>Strategy In actively managing the Receiving Fund's portfolio, the management team selects issuers with a particular focus on their ability to comply with international standards for environmental, social and corporate governance, and that appear to offer superior growth prospects and investment characteristics.</p>
<p>Benchmark ICE BofA US High Yield Index. For performance comparison only. Risk characteristics of the fund's portfolio may bear some resemblances to those of the benchmark.</p>	<p>Benchmark ICE BofA US High Yield Index. For performance comparison only. Risk characteristics of the Merging Fund's portfolio may bear some resemblances to those of the benchmark.</p>
<p>Derivatives and techniques The Merging Fund may use derivatives and other techniques for hedging (reducing risks), efficient portfolio management and to seek investment gains.</p>	<p>Derivatives and techniques The fund may use derivatives and other techniques for hedging (reducing risks), efficient portfolio management and to seek investment gains.</p>
<p>Suitability The Merging Fund is suitable for all types of investors through all distribution channels.</p> <p>Investor profile Investors who understand the risks of the Merging Fund and plan to invest for at least 5 years. The Merging Fund may appeal to investors who:</p> <ul style="list-style-type: none"> are looking for income and investment growth with a responsible investment approach 	<p>Suitability The fund is suitable for all types of investors through all distribution channels.</p> <p>Investor profile Investors who understand the risks of the fund and plan to invest for at least 5 years. The Receiving Fund may appeal to investors who:</p> <ul style="list-style-type: none"> are looking for Income and investment growth with a responsible investment approach

<ul style="list-style-type: none"> are interested in exposure to developed bond markets 	<ul style="list-style-type: none"> are interested in exposure to developed bond markets.
<p>Risk considerations</p> <ul style="list-style-type: none"> ABS/MBS Credit Currency Derivatives Interest rate Leverage Prepayment and extension <p>SRRI: Please see section 3.1. above.</p>	<p>Risk considerations</p> <ul style="list-style-type: none"> Credit Derivatives Hedging Interest rate <p>SRRI: Please see section 3.1. above.</p>
<p>Global exposure calculation: Commitment.</p>	<p>Global exposure calculation: Commitment</p>
<p>Investment manager: Nordea Investment Management AB.</p>	<p>Investment manager: Nordea Investment Management AB.</p>
<p>Sub-investment manager: Aegon USA Investment Management LLC.</p>	<p>Sub-investment manager: : Aegon USA Investment Management.</p>
<p>SFDR classification: The Merging Fund applies baseline ESG safeguard (See Baseline ESG safeguards applicable to all funds within the Responsible Investment Policy and is promoting ESG characteristics as per Article 8 of the SFDR.</p> <p>ESG characteristics The strategy invests in securities issued by entities whose ESG profiles have been analysed and scored by the management team to ensure that only securities issued by entities that meet the minimum required ESG score are eligible for inclusion. The Merging Fund adheres to NAM's Paris-Aligned Fossil Fuel Policy. Enhanced exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers with significant exposure to certain activities deemed to be damaging for the environment and/or the society at large, including tobacco companies and fossil fuel companies..</p>	<p>SFDR classification: The Receiving Fund applies baseline ESG safeguard (See Baseline ESG safeguards applicable to all funds within the Responsible Investment Policy) and is promoting ESG characteristics as per Article 8 of the SFDR.</p> <p>ESG characteristics The Receiving Fund invests in companies that have been analysed and scored in NAM proprietary ESG model to ensure that only securities issued by companies that meet the minimum required ESG score for the fund are eligible for inclusion. The Receiving Fund adheres to NAM's Paris-Aligned Fossil Fuel Policy. Enhanced exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers with significant exposure to certain activities deemed to be damaging for the environment and/or the</p>

Policy to assess good governance

The investment team assess the governance aspects of companies and management teams as part of their analysis. Governance considerations may include, but are not limited to, board independence, board diversity, anticorruption policies, shareholder/bondholder rights, compensation structures, corporate political contributions and corporate conduct. Governance factors play a central role in fundamental research as they may reveal material risks related to items such as legal structure, management representation and risk

of fraud. [ESG strategy](#)

The management team categorise issuers based on a proprietary approach that applies a bottom-up analysis based on third-party ESG data. The process results in a 1 to 5 scoring that reflects various ESG factors including the sub-manager's view on the issuer's business model alignment with the United Nations' sustainable Development goals and how issuers manage their ESG risk.

The fund allocates the majority of investments to issuers in the top 3 categories and restricts investments in the lowest category.

NAM's Paris-Aligned Fossil Fuel Policy sets thresholds for companies' exposure to fossil fuel production, distribution and services and excludes companies that are involved beyond these thresholds if they do not have a documented transition strategy that aligns with the Paris agreement.

The inherent limitations on the investment universe resulting from the investment strategy are monitored and controlled on a regular basis.

[NAM's Responsible Investment Policy](#)

A NAM level overlay of norms-based screening and exclusion list is deployed as baseline safeguards through NAM's Responsible Investment Policy which bans investments in companies active in the production of illegal or nuclear weapons and companies with exposure to coal mining exceeding a predefined threshold.

Based on regular screenings, NAM's Responsible Investment Committee instigates appropriate action for any company that is allegedly involved in breaches of, or controversies around, international laws and norms. If engagement fails or is deemed futile, investments may be put on hold or the company may be placed on the exclusion list.

The detailed Responsible Investment Policy and the Corporate Exclusion List are available at nordea.lu.

[Implementation of the ESG strategy](#)

society at large, including tobacco companies and fossil fuel companies.

Policy to assess good governance

An evaluation of the quality of governance is an integral part of the assessment of potential investments. The governance assessment is part of NAM's proprietary ESG scoring model, and it is performed on a global best practice standard that considers accountability, protection of shareholders/ bondholder rights and long-term sustainable value creation.

ESG strategy

The Receiving Fund invests according to the Stars investment strategy which includes a commitment to apply the NAM proprietary ESG model to analyse and select investments that epitomize the ESG characteristics of the fund.

The analysis is performed via an enhanced due diligence on material ESG issues relevant to the company and considers how companies manage their ESG risks. Depending on the outcome of the analysis, the company will be assigned an ESG score from C to A. NAM applies a minimum ESG score requirement for inclusion in Stars funds. Stars eligible investments must have an ESG score of B or A or equivalent score if using an external provider.

ESG scores are reassessed regularly. Any breach of international norms or severe company specific events will trigger an ad hoc reassessment of the ESG score. NAM's Paris-Aligned Fossil Fuel Policy sets thresholds for companies' exposure to fossil fuel production, distribution and services and excludes companies that are involved beyond these thresholds if they do not have a documented transition strategy that aligns with the Paris agreement.

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The detailed Responsible Investment Policy and the Corporate Exclusion List are accessible via nordea.lu.

Direct investments, excluding government bonds, are subject to the ESG criteria of the investment strategy and the majority of direct holdings, excluding government bonds, must have an ESG score by an external data provider.

The Paris-aligned fossil fuel screening and other exclusions filters apply to all direct investments of the Merging Fund. The Merging Fund may use derivatives and other techniques for the purposes described in the 'Derivatives and techniques' section. Any such holdings are not in scope of the ESG criteria. Potential investments for which there is not sufficient data available to conduct the ESG analysis are not eligible for inclusion in the fund's investment universe. [Sustainability risk integration](#)

Sustainability risks are included in the investment decision process together with traditional financial factors, such as risk and valuation metrics, when building and monitoring portfolios.

Exclusions of certain sectors and/or financial instruments from the investable universe are expected to reduce the sustainability risk of the fund. Conversely, such exclusions may increase the concentration risk of the fund which could – seen in isolation – result in higher volatility and a greater risk of loss.

See Sustainability Risk Integration applicable to all funds.

[More fund specific information](#)

Please refer to nordea.lu for more fund-specific information.

[Reference benchmark and alignment with the sustainability profile of the fund](#)

The Merging Fund uses a benchmark which is not aligned with the ESG characteristics of the fund. Please refer to the 'Investment Objective and Policy' section for further information.

Implementation of the ESG strategy

Direct investments in corporate bond, including exposure through single name CDS, must meet the minimum ESG score requirement. However, issuers that are not assigned an ESG score at the time of investment, are allowed based on a preliminary internal assessment of the ESG profile until a formal score is assigned.

The Paris aligned fossil fuel screening and other exclusions filters apply to all direct investments of the fund.

The fund may use derivatives and other techniques for the purposes described in the 'Derivatives and techniques' section.

Exposure through single name CDS is subject to the same methodology and selection criteria as direct investments.

Other types of derivatives holdings are not in scope of the ESG criteria.

Data quality and availability is generally lower in the High Yield investment universe compared to other asset classes.

The analysis and the resulting score may, to a larger degree, rely on the analyst's individual assessment. NAM conducts a thorough due diligence on external data vendors to clarify applied methodologies and verify data quality. However, as the regulation and standards of nonfinancial

reporting is rapidly developing, data quality, coverage and accessibility remains challenging – especially for smaller companies and less developed markets.

[Sustainability risk integration](#)

In addition to the process for Sustainability Risk Integration applicable to all funds an enhanced analysis on ESG issues is performed on each financial instrument in the portfolio, and included in the investment decision process together with traditional financial factors, such as risk and valuation metrics, when building and monitoring portfolios.

Exclusions of certain sectors and/or financial instruments from the investable universe are expected to reduce the sustainability risk of the fund. In addition, the sustainability risk profile of the fund benefits further from the application of specific, proprietary ESG analysis. Conversely, such exclusions may increase the concentration risk of the fund which could – seen in isolation – result in higher volatility and a greater risk of loss.

[More fund specific information](#)

Please refer to nordea.lu for more fund-specific information.

[Reference benchmark and alignment with the sustainability profile of the fund](#)

The Receiving Fund uses a benchmark which is not aligned with the environmental and social characteristics

	of the fund. Please refer to the 'Investment Objective and Policy' section for further information.
Base currency: USD	Base currency: USD
<p>Fees charged to the Merging Fund</p> <p>The Merging Fund shall bear the following fees:</p> <p>Management fee (maximum)</p> <p>The Management fee payable by the Merging Fund out of its assets to the Management Company is up to :</p> <ul style="list-style-type: none"> ➤ up to 0.70% for I share classes, ➤ up to 1.00% for P,E,Q ➤ up to 0.80% for C,F ➤ on application for D,Z and R share classes and ➤ Nil for X and Y share classes. <p>Operational expenses (maximum)</p> <ul style="list-style-type: none"> ➤ 0.40% for I, X and Y, P; E Q, C,F share classes. ➤ On application for D and Z share classes ➤ N/A for R share classes <p>Performance fee</p> <p>None.</p> <p>Distribution fee</p> <p>0.75% for E share classes</p> <p>Entry and exit charges</p> <p>Subscription fee:</p> <ul style="list-style-type: none"> • 3.00% for C, P, Q, • None for S, D, E, F, I, X, Y, Z; R <p>Exit charge: None.</p> <p>Ongoing charges: Please see section 3.1. above.</p>	<p>Fees charged to the Receiving Fund</p> <p>The Receiving Fund shall bear the following fees:</p> <p>Management fee (maximum)</p> <p>The Management fee payable by the Receiving Fund out of its assets to the Management Company is:</p> <ul style="list-style-type: none"> ➤ 0.60% for I and V shares. ➤ 1.00% for P,E,Q ➤ 0.700% for C,F ➤ 0.600%% for N shares. <p>Operational expenses (maximum)</p> <ul style="list-style-type: none"> ➤ 0.40% for P, Q, E, C, S, F and N share classes. ➤ 0.25% for D, I and V share classes. ➤ 0.20% for X and Z share classes. ➤ 0.10% for Y share classes. <p>Performance fee</p> <p>None.</p> <p>Distribution fee</p> <p>0.75 for E share classes</p> <p>Entry and exit charges</p> <p>Subscription fee:</p> <ul style="list-style-type: none"> • 3.00% for C, N, P, Q, S. • None for D, E, F, I, V, X, Y, Z <p>Exit charge: None.</p> <p>Ongoing charges: Please see section 3.1. above.</p>