

# Nordea Asset Management

## Corporate profile





## Nordic Values

The name Nordea comes from putting together the words “Nordic” and “ideas”. It signifies how we share and develop ideas to create high-quality solutions for our clients, based on our Nordic values. Being pragmatic, flexible, candid, and open to change and innovation is part of our Nordic heritage, as is our careful attention to social and sustainability matters. We strive to build stable client relationships by embracing changes and new challenges while continuously aiming to deliver superior quality to our customers.

# One Nordea Team



## Nordea Group

Nordea is the largest financial services group in Northern Europe with a market capitalisation of approximately EUR 29.8bn, total assets of EUR 551.4bn and EUR 282.6bn in assets under management. With approximately 9.5 million customers and 360 locations, Nordea has a market position of number one or two in most Nordic markets. Its shares are listed in Stockholm, Helsinki and Copenhagen. As a testimony to its successful strategy, Nordea now qualifies within the top European financial institutions in terms of market capitalisation.

## Nordea Asset Management

Nordea Asset Management has a global business model and manages asset classes across the full investment spectrum. Our client base is equally split between Nordea group-related and external clients. More than 800 people are employed in asset management, of which 1/3 are dedicated investment specialists within four investment centres in Bergen, Copenhagen, Helsinki and Stockholm. Nordea is the leading investment manager in the Nordic Region but has developed a large global business servicing clients across Europe, the Americas and Asia. With EUR 204.8bn in assets under management, we have been experiencing strong growth over the past decade.

**// We aim to be your  
trusted partner, enabling  
you to achieve your goals and  
realise your dreams.**

# A growing global presence

Nordea Asset Management is an active asset manager with a global business model. Our growing third-party distribution franchise services a wide range of international fund distributors, including many of the leading global wealth managers. We distribute our products through banks, asset managers, independent financial advisors, insurance companies and family offices.

We work actively with more than 500 distributors and institutional customers across the globe. Of the world's top 20 largest global wealth managers, we service 16<sup>1</sup> as wholesale customers, all with business in Europe.

In order to build long-term, stable client relationships, sales teams are located around the globe with offices in 16 countries: Cologne, Copenhagen, Frankfurt, Helsinki, London, Luxembourg, Madrid, Milan, New York, Oslo, Paris, Santiago de Chile, Singapore, Stockholm, Vienna and Zürich. Our local presence goes hand-in-hand with our willingness to be accessible, open and humble towards the views and cultures of our clients.



1) Source: Scorpio Partnership Global Private Banking Benchmark 2018. The result is rounded.

# Our approach to investing

## Asset management at Nordea

To facilitate the best possible return for a given level of risk, Nordea maintains two focuses within its fund range, namely alpha and outcome.

1. Alpha strategies are the cornerstone of our multi-boutique approach which combines the expertise of specialised internal boutiques with exclusive external competences.
2. Outcome products, as opposed to benchmark-oriented solutions, are built on our “stable investment philosophy” to meet clients’ risk appetite and needs.

Our strategy plays a key role in our efforts to deliver stability to clients who desire a sustainable and long-term business partner to source their investment solutions. Our multi-boutique approach has allowed us to build a product offering which provides the possibility to deliver alpha in a stable way. Over the past years, our product range has matured and become more diverse, thus covering a broader range of client needs. For example, we now offer a range of liquid alternatives and low duration solutions, as well as a more extensive suite of ESG-oriented products.

Our Nordea 1, SICAV encompasses all of our strategies in order to provide alpha and outcome solutions, and to serve clients in various market conditions through a single platform. We are one platform with many specialists.

## Investing at Nordea

Using alpha strategies is all about giving the fund manager freedom to invest with minimum constraints in order to maximise investor returns. Providing alpha consistently is rare. While any financial firm can perform low tracking error (beta) investment management, providing alpha requires higher conviction and a stronger focus on money management. As it is almost impossible for an asset manager to create alpha in all asset classes and all regions, specialisation is a must.

To satisfy the growing demand for alpha strategies, Nordea has established a multi-boutique approach that combines internal and external capabilities, where expertise in a given area can add a competitive advantage and ultimately generate higher returns than the peer-group. Achieving stable alpha generation through our multi-boutique approach allows investors to benefit from our ability to manufacture investment solutions by bringing together the capabilities of each boutique. We believe that the success of our multi-boutique model lies in building on the strengths of boutique investment approaches and combining them with the scale and stability of a larger company.

Our concept is based on a very simple principle: We believe investment managers perform better if they are autonomous and independent when it comes to their investment process.

**// We believe investment managers will perform better if they are autonomous and independent when it comes to their investment process.**



### Internal boutiques

We have established segregated teams for key asset classes, allowing each to focus on their primary activity: managing money. As such, we retain competence centres in which investment managers enjoy the freedom to pursue their ideas and strategies.

Our internal boutiques employ around 190 investment professionals who are located in our four investment centres: Bergen, Copenhagen, Helsinki and Stockholm. Naturally, we possess in-depth investment expertise in managing Nordic equities and credit solutions, but our strengths also lie in various asset classes outside of the Nordic area. Over the years, we have built well-established track records in both equity and fixed income strategies ranging from Credit and Covered Bonds to Global, European and Emerging Markets equities as well as Multi Asset solutions.

**Our multi-boutique approach allows us to propose some of the best investment solutions to our clients by combining internal strengths with exclusive external competences.**



### **External boutiques**

The sourcing of external managers lies with the Nordea External Products team which is based in the Nordic Region and consists of 15 people. Their goal is to meet investor needs by selecting best-of-breed asset managers who can generate alpha in specific regions or asset classes. The idea is to concentrate on boutiques focused purely on money management in the belief that fund distribution distracts investment managers from their primary objective: generating exceptional investment performance.

### **Outcome: stability as a cornerstone of our philosophy**

Today, many investors realise the importance of outcome solutions, as opposed to benchmark-oriented solutions. Over the past ten years, our internal Multi Asset boutique, which manages over EUR 90bn, has developed a strong expertise in risk premia: breaking down assets into their component return drivers. From these, the team has built a wide range of specific investment solutions with the aim of delivering long-term stable returns in all market environments. This suite of outcome strategies stretches from the apparently simple through to sophisticated liquid alternatives to match the spread of our clients' risk appetite and needs.

# Responsible Investing

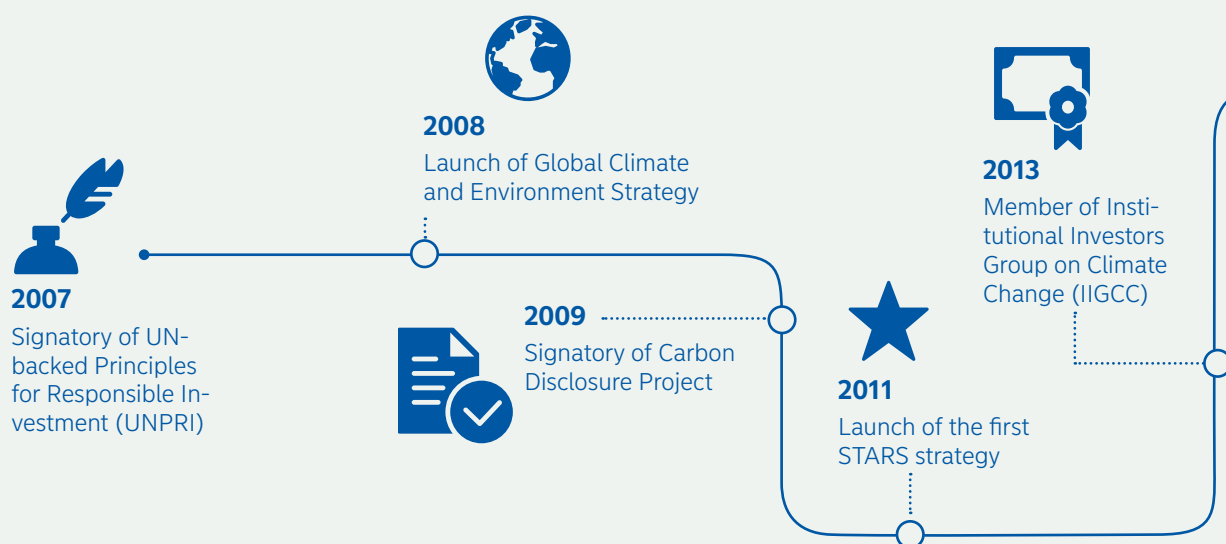
## It's in our Nordic DNA

Social responsibility and sustainability concerns are strongly embedded in the Nordic way of thinking. Scandinavian countries are global leaders in numerous sustainability related initiatives and many Nordic institutional investors have been historically at the forefront of the Responsible Investment movement. Responsible Investing is therefore strongly engrained in NAM's corporate culture and philosophy. We consider it our fiduciary duty to care about all factors that are material to clients' investments, including those that are non-financial, such as ESG factors. That's why we were one of the first signatories of the UN Principles for Responsible Investment in 2007 and have been fine-tuning, for more than a decade, our comprehensive responsible investment framework. Under the guidance of our

Responsible Investment Committee, chaired by NAM's CEO, we have developed policies, procedures and investment products based on RI considerations.

Our RI framework includes corporate-wide "overlays" that apply to all our funds. Central to these overlays is active ownership. We are an active owner and, as such, we vote on our holdings and aim to engage on material matters, whether financial or non-financial (ESG), with our investee companies. We see this as a powerful way to affect change, and create long-term shareholder value. While engagement is our preferred approach, we also have defined an exclusion policy whereby we exclude certain companies, activities or sectors from all our funds, such as illegal and nuclear weapons, as well as companies that derive more than 30% of their revenues from coal.

## Our journey towards a sustainable future



## // Nordea has a strong commitment to responsible investment and ESG.

Companies in breach of certain internally-recognized norms may also be subject to exclusion. Finally, we make company-level ESG data available to all our portfolio managers.

We have developed a range of “RI-enhanced” products. For example, the STARS strategies aim to outperform their benchmark through full integration of ESG factors into the investment process. The management teams behind the STARS funds ensure holdings meet certain sustainability standards and they actively engage with companies to enhance long-term shareholder value. Additionally, NAM has developed a sustainability themed solution, the Global Climate and Environment strategy, that is focused on resource efficiency and environmental protection.



**2014**

Signatory of Montreal Carbon Pledge, committing to disclose the carbon footprint of investment portfolios



**2015**

Exclusion of companies with more than 75% (lowered to 30% in 2017) of revenues from coal mining



**2016**

Nordea forms group-wide Sustainable Finance Team

**2017**

Launch of position statement on climate change and first green bond



**2018**

10th anniversary of Global Climate and Environment Strategy & first ESG reporting for STARS



# A stable partner

## **A stable partner and active manager**

More than ever, stability, consistency and quality have become key in the asset management business. Nordea offers, through its broad product range, strategies that aim to provide alpha and outcome solutions in every market condition.

But alpha generation is not our only goal. While designing outcome solutions that can deliver consistent alpha is a major objective, we are foremost committed to stability. That's why our team has developed investment solutions that put stability at the core of their strategy – a concept which has proven successful over the past decade.

It's all about providing better service, better products, and better investment returns.



Date: 31.12.2018. Source (unless otherwise stated): Nordea Bank Abp and Nordea Investment Funds S.A. 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, subsidiaries and representative offices. This document is intended to provide the reader with information on Nordea's specific capabilities. **This document (or any views or opinions expressed in this document) does not amount to an investment advice** nor does it constitute a recommendation to invest in any financial product, investment structure or instrument, to enter into or unwind any transaction or to participate in any particular trading strategy. This document is not an offer to buy or sell, or a solicitation of an offer to buy or sell any security or instruments or to participate in any such trading strategy. 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Investments in derivative and foreign exchange related 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 the investment can greatly fluctuate and cannot be ensured. 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.** Nordea Asset Management has decided to bear the cost for research, i.e. such cost is covered by existing fee arrangements (Management-/Administration-Fee). Published and created by the Legal Entities adherent to Nordea Asset Management. The Legal Entities are licensed and supervised by the Financial Supervisory Authority in Sweden and Luxembourg respectively. 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