



Fund Flash

Nordea 1 - Alpha 15 MA Fund

ISIN: LU0607983896 (BP-EUR) / LU0607983383 (BI-EUR)

Nordea 1 - Alpha 10 MA Fund

ISIN: LU0445386369 (BP-EUR) / LU0445386955 (BI-EUR)

Alpha 15 MA: Expected Volatility: 10 to 15% - Target Return: Cash +7 to 10% gross of fees p.a. over a full investment cycle¹.

Alpha 10 MA: Expected Volatility: 7 to 10% - Target Return: Cash +5 to 7% gross of fees p.a. over a full investment cycle¹.

Portfolio Comment as of 31/10/2018

During October, global equities tumbled, with Developed Markets (DM) slightly outperforming Emerging Markets (EM) due to more resilient macroeconomic support, especially in the US where we witnessed high GDP growth and the lowest unemployment rate in 49 years. In addition, the recent sector rotation continued in both DM and EM equity markets, on the back of the so called-flight to quality, as investors remained concerned about the blossoming trade war and midterms elections. From a sector standpoint, Consumer Staples, Telecommunication Services and Healthcare outperformed more cyclical segments. These behavioural discrepancies were also reflected amidst the FAANG and unicorns, as the stocks with more stretched valuations experienced a new swan dive, with Amazon and Netflix losing around 20% in October. Within the fixed income space, investors digested the recent Fed short term interest rates hike. In this environment, yields patterns diverged on both sides of the Atlantic, as US curve steepened to some extent, meanwhile Europe curve flattened over the month. Finally, spreads widened during the month, especially in High Yield (HY) and EM.

In this context, the Alpha 15 MA and Alpha 10 MA funds delivered negative returns of -4.68% and -3.08% respectively, over the month and they now accumulate respective performance of -4.2% and -3.48% YTD (BP-EUR).

- The main positive contributor over the month was our Currencies SuperStrategy, mostly owed to our carry strategy, which benefited from steady performance of higher yielding currencies, with such long position in US dollar versus Swiss Franc and EM currencies also outperforming Euro. Similarly, our Valuation & Quality based strategy also contributed positively, with long Japanese yen stance. The Equity SuperStrategy, was the second contributor as our low risk equities produced resilient outcome on the back of investors' flight to quality while global equities tumbled. On the other hand, our Relative Momentum and value sub-strategies slightly detracted from performance.

- On the negative side, our Strategic Risk Balancing SuperStrategy was the main detractor, mainly due to negative contributions coming from our Equity strategy, in a context where global equities collapsed. Our Anti Beta factors and Duration exposure also delivered slightly negative outcome, while the positive contribution stemming from our defensive currencies strategies only managed to partly offset these negative outcomes. In addition, the Cross Asset & Momentum SuperStrategy was the second detractor over the month, owed to our Cross Asset strategy's long exposure to equity markets.

Regarding the portfolio positioning:

- The strategy continues to be composed by 6 underlying SuperStrategies. Four of which are comprised by both risk-on and risk-off premia (Equity, Currencies, Fixed income, and Strategic Risk Balancing) and two of which are built using mostly directional premia (Trading and Cross Asset & Momentum).

- As of the end of September, the Alpha 15 MA and Alpha 10 MA strategies had positive net equity exposures of 112% and 75% and modified duration of their portfolio of 10.21 and 6.95 years (mainly coming from the US) respectively.

Portfolio Positioning	30/09/2018	31/10/2018
A15 MA Fund		
Duration	10.41 years	10.21 years
Net Equity Exposure	4.0%	112.0%
A10 MA Fund		
Duration	7.09 years	6.95 years
Net Equity Exposure	1.0%	75.0%

Cumulative Performance ²	1M	YTD	3 years
A15 MA Fund³	-4.68%	-4.20%	19.73%
A10 MA Fund⁴	-3.08%	-3.48%	10.86%

1) There can be no warranty that investment objectives, targeted returns and results of an investment structure are achieved. 2) The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. 3) BP-EUR Share class 4) BP-EUR Share class

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/09/2018 to 31/10/2018. Performance calculated NAV to NAV (net of fees and Luxembourg taxes) in the currency of the respective share class, gross income and dividends reinvested, excluding initial and exit charges as per 31/10/2018.

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