



# 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)

**Nordea 1 - Alpha 7 MA Fund**

ISIN: LU1807426207 (BP-EUR) / LU1807426629 (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 cycle<sup>1</sup>.

Alpha 10 MA: Expected Volatility: 7 to 10% - Target Return: Cash +5 to 7% gross of fees p.a. over a full investment cycle<sup>1</sup>.

Alpha 7 MA: Expected Volatility: 5 to 7% - Target Return: Cash +4 to 5% gross of fees p.a. over a full investment cycle<sup>1</sup>.

## Portfolio Comment as of 31/03/2020

March 2020 turned to be a historic month, as risk assets faced massive headwinds triggered by coronavirus' fast spreading on both sides of the Atlantic, which investors struggled to navigate. Expected devastating lockdown policies' impact on global growth also dragged US Equities to high seas performances suffering their worst and fastest drawdown ever, while the VIX (S&P 500's volatility measure) reached its all-time highs (up to ~+130% over March only). The situation improved lightly towards the end of the month after the White House and the federal Reserve announced the biggest bailout and easing program of their respective histories. Within fixed income space there were major divergences with European yields increasing slightly, meanwhile 10 year US Treasury yield reached uncharted lows on the back of its global safe harbour status. Finally, overall credit spreads widened massively, with record movements on the HY segment.

In this context, the Alpha 15 MA, Alpha 10 MA and Alpha 7 MA funds delivered positive returns of +4.87%, +3.31% and +2.1% respectively over the month, and they now accumulate respective performance of +2.69%, +1.71% and +0.91% YTD (BP-EUR). This remarkable resilience illustrated the strong diversification and protection potential of the Alpha funds during the biggest stress test ever for modern financial markets.

- The directional strategies within our Cross Asset and Momentum SuperStrategy delivered extremely strong performance, as they managed to exploit the clear trends on equities, yields and volatility. This was magnified by the Risk Momentum, only implemented to reduce equity beta via short equity futures, and the Volatility Momentum, which benefitted from clear trends on volatility. Most of our defensive strategies added to performance, more than offsetting the negative contributions of our more aggressive drivers. This was illustrated by our Duration (mostly US Treasuries) and Anti-Beta Factors (exposed to G10 Currencies and high-quality duration) from our Strategic Risk Balancing SuperStrategy, and to a lower extent by our defensive FX strategies (e.g. long USD vs. commodity-driven FX).

- On the negative side, the sensitivity to global equity markets (Equity beta) in our Strategic Risk Balancing SuperStrategy was the main detractor. The mean reversion strategies in our Trading SuperStrategy were also impacted in this one way sell-off. Similarly, the Low Risk Anomaly in the Equity SuperStrategy had moderately negative contributions, as it struggled to protect during the first days of this sentiment-driven sell-off where there was no discrimination between resilient earnings and more cyclical companies. At the end of March, the situation changed as investors began to reassess their earnings expectations and our strategy rebounded.

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 March, the Alpha 15 MA, Alpha 10 MA and Alpha 7 MA strategies had positive net equity exposures of 86.21%, 61.52% and 40.69% as well as modified duration of their portfolio of 6.45, 4.41 and 3.19 years (mainly coming from the US) respectively.

Portfolio Positioning A15 MA Fund	29/02/2020	31/03/2020	
Duration	3.58 years	6.45 years	**
Net Equity Exposure	82.2%	86.2%	**
A10 MA Fund	29/02/2020	31/03/2020	**
Duration	2.55 years	4.41 years	**
Net Equity Exposure	56.1%	61.5%	**
A7 MA Fund	29/02/2020	31/03/2020	
Duration	1.87 years	3.19 years	**
Net Equity Exposure	38.7%	40.7%	**

Cumulative Performance <sup>2</sup>	1M	YTD	3 years
A15 MA Fund <sup>3</sup>	4.87%	2.69%	9.10%
A10 MA Fund <sup>3</sup>	3.31%	1.71%	3.99%
A7 MA Fund <sup>3</sup>	2.10%	0.91%	N/A

1) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. During adverse market environments the volatility could reach on average 15%, 10% and 7% respectively.

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. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and cannot be ensured, you could lose some or all of your invested money. 3) BP-EUR Share class. \*\* Preliminary data

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 29/02/2020 to 31/03/2020. 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 31/03/2020.

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