



Fund Flash

Nordea 1 - Balanced Income Fund

ISIN: LU0634509953 (BP-EUR) / LU0637308585 (BI-EUR)

The objective of the fund is to build an optimal fixed income portfolio with a fairly low level of risk (normal target volatility of 3-6%) and to generate an annualized return of 3% gross of fees in excess of cash rate over a full investment cycle¹.

Portfolio Comment as of 30/06/2020

In June, risky assets carried on their historic rally as reopening of the main world economies fuelled investors' risk appetite, with more focus on potential global growth rebound in 2021. Equities posted positive return despite significant discrepancies, with Developed Markets lagging Emerging Markets. Within fixed income space both European and US yield curves steepened, with short term rates decreasing again. Finally, overall credit spreads continued to tighten but to a lower extent, especially in the HY segment.

In this context, the fund delivered a negative return of -0.05% over the month and it now accumulates a performance of +1.19% YTD (BP-EUR).

- The fund's risk-on strategies contributed positively to June's performance as they tend to do well when risky assets perform. Amidst them, our global equity beta stood out, able to capture the positive global equity markets' performance. The fund's credit exposure also posted positive contributions, especially within HY, IG and Inflation spreads.

- Among the defensive strategies, the positive contributions posted by the fund's duration exposure, which benefitted from the rates' decrease on medium term government bonds, were offset by the negative contributions of some of the other anti-cyclical strategies, like FX Valuation & Quality and Cross Assets Anti-Beta. Given risk assets' uptrend in June, this outcome is in line with what could be expected as these defensive strategies are meant to be offer downside protection when markets suffer.

Regarding the portfolio positioning:

- HY credit allocation decreased over the month as credit spreads continued to tighten, leading to less attractive risk-adjusted valuation.
- Duration exposure slightly increased.
- Net equity exposure increased over the month.

Portfolio Positioning	31/05/2020	30/06/2020
Duration	1.87 years	2.21 years
HY Credit Exposure	13.7%	9.8%
Net Equity Exposure	11.9%	13.2%

Cumulative Performance ²	1M	YTD	3 years
Fund ³	-0.05%	1.19%	5.16%

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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.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 31/05/2020 to 30/06/2020. 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 30/06/2020.

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