



Fund Flash

Nordea 1 - Danish Covered Bond Fund

ISIN: LU0076315968 (BP-DKK)

The fund's objective is to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.¹

Portfolio comment as of 30/04/2021

Danish government bond yields rose about 10bp in the long maturities but dropped a few basis points in the very short maturities. Yield spreads to German Bunds narrowed 2-3bp partly due to speculations about an isolated Danish rate cut.

While yield spreads between ARM-backed bonds and government bonds stayed fairly unchanged in April, fixed-rate callable mortgage bonds underperformed yet again. Callable mortgage bonds yielded a return that was 33bp below that of government bonds measured by Nordea's CM 5Y index. The poor callable market performance was due to a steeper yield curve, higher implied volatilities and higher option-adjusted spreads (OASs). The rising interest rate risk thus hit the callable market overall, and all the large coupon segments yielded significantly lower returns than comparable-duration government bonds in April.

In this context, the fund delivered a monthly return equal to -0.49%, bringing YTD performance to -2.86% (BP-DKK).

Portfolio Positioning	31/03/2021	30/04/2021
Effective Duration ²	4.88 years	4.35 years
12m horizon return ³	0.80%	1.00%

Cumulative Performance	1M	YTD	3 Years
Fund (BP-DKK)	-0.49%	-2.86%	1.56%
Benchmark	-0.27%	-1.31%	1.18%
Alpha	-0.21%	-1.55%	0.38%

The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the whole 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. With effect from December 2020, the official reference index of the fund is 75% Nordea DK Govt CM 5Y and 25% Nordea DK Govt CM 3Y. Prior to this date, the fund did not have an official reference index. The performance of the reference index before this date is provided for convenience purposes. 1) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money. 2) Based on model portfolio. 3) Estimated yield over the next twelve months, based on current model portfolio and market conditions, assuming no change in portfolio holdings and no movement in interest rates and spreads. The presented figures are estimations of Nordea Investment Management AB and are based on assumptions and on information currently available. No guarantee can be given for the accuracy of the data and these estimations might not be met in the future.

* investing in their own account - according to MIFID definition

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 31/03/2021 to 30/04/2021. 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 30/04/2021.

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