



Fund Flash

Nordea 1 - European Cross Credit Fund

ISIN: LU0733673288 (BP-EUR) / LU0733672124 (BI-EUR)

The fund invests across the BBB, BB, and B segments of the European credit market aiming at superior risk adjusted returns compared to a combined Investment Grade and High Yield portfolio¹.

Portfolio comment as of 30/09/2019

Credit spread widened in september – even as most other risk assets rallied – likely due to heavy supply and the underperformance of negative yielding debt.

A dovish Mario Draghi was not enough to change the direction of the credit market - although there was a sharp rally after he spoke it faded within a few days. The package that he announced should support credit in the medium term, even as the economic data points to stagnation (at best) in Europe.

During September, Investment Grade spreads widened by 2bp and High Yield spreads widened by 9bp.

New issues were again very active in HY with focus on relatively safe names coming on the tight side as there is a strong appetite for this kind of risk. In IG, September 2019 was the second heaviest month since 2010 for gross issuance, however supply was generally well absorbed. We took the chance to participate in five new issues, namely Elis, Pinewood, Orange, BRITEL and Suez.

In this context, the fund delivered a monthly return equal to -0.70%, bringing YTD performance to 8.49% (BP-EUR).

The top performing bonds in September were WMH, Atalia and Belden. The bottom performers were Novafives, Altria and BAT.

| Period | Performance (BP-EUR) |
|-----------|----------------------|
| Year 2018 | -3.43% |
| Year 2017 | 3.67% |
| Year 2016 | 5.25% |

| Cumulative Performance | 1M | YTD | 3 Years |
|------------------------|--------|-------|---------|
| Fund (BP-EUR) | -0.70% | 8.49% | 9.09% |

Source for IG and HY spread figures: ICE, EN00 Index and HPID Index respectively – including rebalancing effect. **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.** 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.

* investing in their own account - according to MIFID definition

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 31/08/2019 to 30/09/2019. 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 30/09/2019.

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