



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 29/07/2022

The € BBB IG index tightened 30 bps and the € HY BB-B index tightened 66 bps in July to provide a total return of 4.86% and 5.81% (hedged) respectively in the month. Underlying German Government Bund yields fell sharply July after two consecutive months of rising, with the 2Y and 10Y tenors falling 37 bps and 52 bps respectively.

The combination of both higher yields and lower cash prices has lured back both long-term insurance and pension investors. Looking ahead, supply is likely to return following the earnings season and European holiday season, with many corporates potentially having postponed their financing needs due to the market turmoil this year. Central bank policy will remain in focus as well, with special attention to the new and yet undefined TPI tool, which the ECB announced earlier in July, and which paved the way for a substantial rally in peripheral risk.

The primary markets were quiet as usual in the summer month of July with little activity in general although there were two new benchmark size € HY issues from Prestige Bidco and 888 Acquisitions. In IG space, there were also two new issues from UK utility SSE plc and US Chemicals company Celanese. The fund did not participate in any new issues during the month.

In this context, the fund delivered a monthly return equal to 5.88%, bringing YTD performance to -10.59% (BI-EUR).

The top performing names in portfolio in July was EDF (Utilities), Cellnex (Telecommunications) and Goodyear Tire (Automotive). The bottom performing names were Progroup (Capital Goods), T-Mobile USA (Telecommunications) and Samsonite (Consumer goods). The portfolio benefitted from its conviction overweight in EDF as nationalisation plans were unveiled.

Period	Performance (BP-EUR)	Cumulative Performance			
		1M	YTD	3 Years	10 Years
Year 2021	0.44%	Fund (BI-EUR)			
Year 2020	-0.49%	5.88%	-10.59%	-8.91%	27.06%
Year 2019	9.01%				

Source for IG and HY spread figures: ICE, EN00 Index and HPID Index respectively – including rebalancing effect. The reference index used for risk comparison only is 67% ICE BofA BB-B Eur Non-Fin HY Constr HDG EUR and 33% ICE BofA Eur Corp Non-Fin BBB Idx HDG EUR. **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.**

Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID).

The fund invests in the universe of high yield and investment grade bonds to take advantage of structural inefficiencies created by rating agencies. More specifically, the fund invests in European corporate bonds (excluding financials) which have, at time of purchase, a long-term rating between BBB+ and B- or equivalent by any other available rating agency such as Moodys and Fitch. The cornerstone of the strategy is to exploit credit spreads/valuation variations between the different rating buckets revealing the best risk/adjusted returns. The fund follows a bottom-up approach which results in a conservative high conviction portfolio being built based on the credits solid fundamentals. Actively managed. Benchmark used for risk monitoring only. Risk characteristics of the fund's portfolio may bear some resemblance to those of the benchmark. Benchmark: 67% ICE BofA BB-B EUR Non-Financial Index HY Const Hedged to EUR and 33% ICE BofA BBB EUR Non-Financial Index Hedged to EUR

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/06/2022 to 29/07/2022. 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 29/07/2022.

Initial and exit charges could affect the value of the performance. **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.** If the currency of the respective share class differs from the currency of the country where the investor resides the represented performance might vary due to currency fluctuations. 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