



Fund Flash

Nordea 1 - European Financial Debt Fund

ISIN: LU0772944145 (BP-EUR) / LU0772943501 (BI-EUR)

The fund invests selectively in bonds issued by European financial institutions, most notably banks and insurance companies, aiming for superior risk adjusted returns compared to the broader European financial high yield market.¹

Portfolio comment as of 30/04/2021

The spread tightening of the year continued throughout April, with especially higher beta instruments and the fundamentally weakest banks taking the lead.

The insurer Q1 reporting season started this month with the reinsurers. The results gave comfort around fears of additional Covid-related P&C losses or large natural catastrophe impact with both SCOR and Swiss RE beating expectations. We remain very comfortable with exposures to both names.

We took instead a negative stance on BCP last month and decided to sell our remaining exposure in the Tier 2s, expecting little room for improvement in the medium-term. The uncertain outlook regarding NPEs is also one area of discomfort in our view.

In this context, the fund delivered a monthly return equal to 0.76%, bringing YTD performance to 2.23% (BP-EUR).

We increased exposures to few selected AT1s (positions with high re-sets and attractive risk-to-return characteristics), some bank T2s (Italian and Spanish banks) and insurance subordinated bonds, and remain very vigilant on more junior debt within banks' capital structure (CoCos and AT1s).

Period	Performance (BP-EUR)
Year 2020	1.58%
Year 2019	12.74%
Year 2018	-4.54%

Cumulative Performance	1M	YTD	3 Years
Fund (BP-EUR)	0.76%	2.23%	12.71%

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 the ICE BofA Euro Financial High Yield Constrained Index. Prior to this date, the fund did not have an official reference index. **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): 31/03/2021 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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