



# 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.<sup>1</sup>

### Portfolio comment as of 30/09/2019

The support package disclosed last month by ECB is supportive for the European banking space. It provides (mainly peripheral) weaker issuers with better-than-expected liquidity measures, while weighing further on banks that have conservatively addressed liquidity issues and/or repaid TLTRO lines. Most notably, TLTRO3 has been eased and the tiering system should to a certain extent alleviate the burden of lower rates for banks with large excess liquidity (France/Germany). The increasing support has been part of the rationale behind our marked and selective increase in exposure to Italian banks throughout the year.

On the longer term, we remain of the view that the ECB package does not solve the challenged business models of many financial institutions, currently counting a little too much on aggressive lending at low rates to SMEs and carry trades to offset low rates and growth.

In this context, the fund delivered a monthly return equal to 0.49%, bringing YTD performance to 10.00% (BP-EUR).

The top performer was our exposure to Banca Monte dei Paschi di Siena tier 2s recovering 7 points, as well as our exposure to Banca Ifis tier 2s. The largest negative performer was our exposure to Mulhacen.

Period	Performance (BP-EUR)
Year 2018	-4.54%
Year 2017	11.86%
Year 2016	3.95%

Cumulative Performance	1M	YTD	3 Years
Fund (BP-EUR)	0.49%	10.00%	21.32%

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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