



# Fund Flash

## Nordea 1 - European High Yield Bond Fund

ISIN: LU0141799501 (BP-EUR) / LU0141799097 (BI-EUR)

The fund seeks to preserve shareholder capital and to provide a return exceeding the average return of the European high yield bond market.<sup>1</sup>

### Portfolio comment as of 29/07/2022

European high yield spreads tightened by 54bps to 586bps during the month of July. Broader risk assets remained under pressure at the start of July as investors continued to digest higher than expected inflation data, as well as caution around Europe's potential energy crisis and its recessionary implications. However, following more positive mid-month news flow around Europe's gas supply, providing more clarity, high yield investors switched their attention to a noticeable move lower in government yields as well as second quarter earnings reports, leading to a significant market rally.

While the overall macro environment remains fragile, high yield valuations had now become more attractive, evidenced by a reversal of fund outflows seen for much of H1 2022, resulting in high yield cash outperforming. In addition, Q2 company earnings have provided some support, whilst new issue volumes remain significantly behind what would normally be expected at this point of the year allowing investors to focus on secondary opportunities.

In terms of ratings, the more interest rate sensitive BB segment performed better relative to the lower rated B & CCC segments, with rates tightening significantly in Europe. Returns of the different ratings were BB: 4.98%, B: 4.57%, CCC: 4.19%. The best performing sectors were Real Estate, Healthcare and Technology & Electronics whereas the worst performing sectors were Banking, Insurance and Basic Industry.

In this context, the fund delivered a monthly return equal to 4.91%, bringing YTD performance to -10.77% (BI-EUR).

The largest positive effects came from the allocation and selection to the Banking Sector as well as selection within Retail, Telecommunications and Real Estate. Selection within Services, Transportation and Basic Industry detracted from performance - with a slight underperformance from the fund's exposure to Itraxx as high yield cash outperformed in July.

On a single name basis, positive contributions mainly came from an overweight in Dufry, Altice France and Verisure together with an underweight in Banca Monte dei Pachi. The negative contributions primarily came from an overweight in Heathrow, EDF and TDC as well as underweight in Cellnex Telecom and Samhalsbyggn i Norden.

Performance Fund (BP-EUR) Benchmark			Cumulative Performance				
			1M	YTD	3 Years	10 Years	
Year 2021	1.99%	3.33%	<b>Fund (BI-EUR)</b>	<b>4.91%</b>	<b>-10.77%</b>	<b>-4.70%</b>	<b>59.94%</b>
Year 2020	1.28%	2.92%	<b>Benchmark</b>	<b>4.83%</b>	<b>-10.75%</b>	<b>-2.60%</b>	<b>57.32%</b>
Year 2019	9.97%	11.36%	<b>Alpha</b>	<b>0.08%</b>	<b>-0.02%</b>	<b>-2.10%</b>	<b>2.61%</b>

Source for yield figures: Capital Four Management. **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.** The official benchmark of the fund is the ICE European Currency High Yield Constrained Index (EUR Hedged). **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 seeks to preserve shareholder capital and to provide a return exceeding the average return of the European high-yield bond market. The fund invests a minimum two-thirds of its net assets in high-yield fixed-income and floating-rate debt securities that are issued by private borrowers and public authorities domiciled in Europe or predominantly active in Europe. The fund may invest up to one-third of its net assets in debt securities denominated in currencies other than the Funds base currency or which do not meet the above restrictions regarding country or geographical area, as well as in money market instruments. Actively managed. Benchmark used for performance comparison only. Risk characteristics of the fund's portfolio may bear some resemblance to those of the benchmark. Benchmark: ICE BofA European Currency High Yield Constrained Index - Total Return 100% 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.

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