



Fund Flash

Nordea 1 - Emerging Market Bond Fund

ISIN: LU0772926670 (BP-USD) / LU0772925789 (BI-USD)

The fund's objective is to outperform its benchmark after fees over a full market cycle (5 to 7 years).¹

Portfolio comment as of 31/07/2022

In July, financial markets experienced a significant regime shift, leading to a rebound of most asset classes. This was essentially driven by rising signs of decelerating economic expansion, from US PMI to real estate, which in turn should decrease inflationary pressures after new records. Such environment may also imply slower pace of interest rates hikes and markets have increasingly priced in interest rate cuts from the Federal Reserve in 2023. This anticipation of a policy pivot ended supporting risk assets over the month and the US 10-year yield fell from 2.97% to 2.64%, with the yield curve flattening.

Emerging market bonds saw positive returns, particularly hard currency investment grade sovereign debt, with the JP Morgan Emerging Markets Bond Index Global Diversified posting a positive return of 2.89% during the month and highlighting the strong performance from Middle Eastern countries, Chile and India. Turkey, Colombia and China were weak and underperformed emerging markets. Problems in the property market continued to spread and new Covid lockdown measures that were imposed in several cities drove chinese credit spreads wider.

In this context, the fund delivered a monthly return equal to 2.31%, bringing YTD performance to -19.70% (BP-USD).

Despite weaker energy prices, Qatar, Saudi Arabia and UAE outperformed, supported by some good earnings results over the month. On the macroeconomic front, the Saudi economy grew at 11.8% year-on-year in Q2 and both the UAE and Saudi announced fiscal stimulus packages to aid low-income citizens. India also delivered a strongly positive return, with lower energy prices over the month being helpful together with the government's reversal of a windfall tax on local crude oil sales and fuel exports. Softer energy prices were a headwind for crude oil exporter Colombia, while in Turkey, lira depreciation weighed on returns, as did inflation data which showed consumer prices accelerating 78% year-on-year.

Period	Performance (BP-USD)	Cumulative Performance	1M	YTD	3 Years	10 Years
Year 2021	-2.30%	Fund (BP-USD)	2.31%	-19.70%	-18.08%	15.43%
Year 2020	3.36%	Benchmark	2.89%	-18.01%	-13.46%	23.43%
Year 2019	14.35%	Alpha	-0.58%	-1.70%	-4.62%	-8.00%

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 JP Morgan Emerging Markets Bond Index Global Diversified. 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.

The fund mainly invests in Emerging Markets bonds labelled in hard currency (like USD) of sovereign and quasi-sovereign entities. An active research-based management style is applied tailored to generate alpha through strong country allocation and security selection based on the global risk appetite, countries fundamentals, relative value and technicals, and proprietary tools. 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: JP Morgan Emerging Markets Bond Index Global Diversified

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/06/2022 to 31/07/2022. 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 31/07/2022.

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