



Fund Flash

Nordea 1 - Emerging Stars Equity Fund

ISIN: LU0602539602 (BP-USD) / LU0602539354 (BI-USD)

The objective of the fund is to beat its benchmark by 300bps over a full investment cycle.¹

Portfolio comment as of 30/04/2021

Global equities continued their upwards trend in April, with Developed Markets (+4.5%) outperforming Emerging Markets (+2.4%). While equity markets in Developed Markets benefitted from an on-going vaccine roll-out and government stimulus, Emerging Markets' (EM) equities failed to capitalize from a weaker US dollar, as COVID-19 case numbers surged in large parts of India.

The best performing sectors across EM in April were Materials and Health Care, while Real Estate underperformed due to deleveraging concerns in China. At a regional level, LatAm (+3.2%) outperformed other EM regions, with Brazil and Mexico contributing the most, as both benefitted from a faster vaccine roll-out and new vaccine supplies. Asia ex-Japan (+2.4%) was supported by strong performance in Taiwan, Hong Kong, Korea and China. Lastly, performance in EEMEA (+2%) was driven by Eastern Europe, as Poland, Greece and the Czech Republic rose significantly.

In this context, the fund delivered a monthly return equal to 3.49%, bringing YTD performance to 1.85% (BP-USD).

Top Contributors:

1. Li Ning Co Ltd, released a good sales update for Q1 2021 in April, a momentum that should continue into Q2, with potential upside to full year guidance. We continue to see long-term potential for Li Ning driven by the appreciation of local brands and a healthy lifestyle in China.
2. Silergy Corp, outperformed as it released its first quarter revenue figures, which beat expectations. Furthermore, given the ongoing shortage of foundry capacity and semiconductor components, talks of ASP hikes to offset higher foundry cost led to speculation of higher than previously anticipated revenue growth, adding to the positive investor sentiment.

Bottom Contributors:

1. Ping An Insurance Group Co of China Ltd, underperformed as it reported Q1 earnings below expectations. This was due to an impairment charge against China Fortune Land, a property developer that went bankrupt. We are reviewing this situation but for now remain convinced about the company's long term growth opportunity in the underpenetrated Chinese insurance market.
2. HDFC Bank Ltd, sold off in April on the back of a second COVID-19 wave that India is currently grappling with. The market feared that a potential second round of lockdowns may impact the bank's asset quality negatively. The bank delivered a robust earnings growth of 18.5% and a Return on Equity (RoE) of 16.5% in a challenging pandemic year and this gives us confidence in the quality of their loan book.

Top Contributors		Top Detractors		Cumulative Performance			
				1M	YTD	3 Years	
Li Ning Co Ltd	Ping An Ins Group of China Ltd			Fund (BP-USD)	3.49%	1.85%	49.05%
Silergy Corp	HDFC Bank Ltd			Benchmark	2.49%	4.83%	24.27%
Delivery Hero SE	Ping An HC & Tech Ltd			Alpha	1.00%	-2.98%	24.78%

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* 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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