



Fund Flash

Nordea 1 - Flexible Fixed Income Fund

ISIN: LU0915365364 (BP-EUR) / LU0915363070 (BI-EUR)

The objective of the fund is to build an optimal fixed income portfolio with a fairly low level of risk (normal target volatility of 2-5%) and to generate an annualized return of 2% gross of fees in excess of cash rate over a full investment cycle¹.

Portfolio Comment as of 31/10/2018

During October, risky assets tumbled, with Developed Markets (DM) slightly outperforming Emerging Markets (EM) due to more resilient macroeconomic support, especially in the US where we witnessed high GDP growth and the lowest unemployment rate in 49 years. Within the fixed income space, investors digested the recent Fed short term interest rates hike. In this environment, yields patterns diverged on both sides of the Atlantic, as US curve steepened to some extent, meanwhile Europe curve flattened over the month. Finally, spreads widened during the month, especially in High Yield (HY) and EM.

In this context, the fund delivered a negative return of -0.54% over the month and it now accumulates a performance of -1.35% YTD (BP-EUR).

-The main positive contribution over the month was coming from our defensive currencies, which benefited from their attractive valuation and negative correlation feature with equities, managing to provide some diversification while risky assets toppled.

- On the negative side, the main detractor was our exposure to credit spreads, especially HY, as overall spreads widened over the month.

Regarding the portfolio positioning:

- Credit exposure decreased to some extent, despite still low default risk.
- Duration slightly decreased.

Portfolio Positioning	30/09/2018	31/10/2018
Duration	3.66 years	3.50 years
HY Credit Exposure	15.8%	15.6%

Cumulative Performance ²	1M	YTD	3 years
Nordea 1 - Flexible Fixed Income Fund (BP-EUR)	-0.54%	-1.35%	0.11%

1) There can be no warranty that investment objectives, targeted returns and results of an investment structure are achieved.

2) The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/09/2018 to 31/10/2018. 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 31/10/2018.

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