



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 31/07/2022

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. Sovereign bonds rebounded strongly, with US 10 Years yield falling from 3 to 2.7% over the month, while German 10 Year also decreased from 1.3% to 0.9%. Moreover, also credit experienced a significant rebound overall as spreads tightened sharply across the board, especially for high yield and emerging market.

In this context, the fund delivered a positive return of +3.6% over the month and it now accumulates a performance of -5.88% YTD (BP-EUR).

The strategic allocation to high quality government bonds (duration) stood up, as global yields moved downwards on both side of the Atlantic. With some signs of growth and inflation deceleration, the credit premia strategies also posted strong contributions, mostly due to high yield and investment grade components as they benefitted from higher risk appetite. This was followed by the defensive currency positions in high quality G10 FXs (coming from the FX Valuation & Quality strategy), which also posted positive contributions, although to a lower extent.

On the other hand, the portfolio's tactical credit and duration positions, used to partly reduce credit and duration risk were slightly detracted from performance.

The rest of the strategies posted slightly positive to negative contributions, with no specific outlier.

Regarding the portfolio positioning:

The fund's duration and credit exposure remained almost unaltered over the month. From a duration perspective, the central banks' commitment to slow inflation, paired with the deteriorating macro outlook is positive for bonds with longer maturities. Within the credit space, spreads have tightened but nevertheless remains mildly elevated compared to the underlying default risks.

Portfolio Positioning	30/06/2022	31/07/2022	Cumulative Performance ²			
			MTD	YTD	3 years	10 years/SL
Duration	3.51 years	3.46 years	Fund^{3,4} 3.60%	-5.88%	-5.79%	3.29%
HY Credit Exposure	25.36%	24.84%	Benchmark⁵ -0.03%	-0.30%	-1.53%	-2.66%

1) There can be no warranty that an investment objective, targeted returns and results of an investment structure is 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. The value of your investment can go up and down, and you could lose some or all of your invested money. 3) Nordea 1 - Flexible Fixed Income Fund BP-EUR Share class. 4) Launch date: 02.05.2013. 5) With effect from 14/12/2020, the official reference index of the fund is EURIBOR 1M. Prior to this date, the fund did not have an official reference index. The fund performance since launch is measured against EURIBOR 1M. This reference index is used for performance comparison purposes.

*according to MiFID definition. Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID).

Nordea 1 - Flexible Fixed Income Fund: Investment Strategy

The fund offers a robust diversification across fixed income asset classes and regions. Using active management, the fund aims to preserve capital and provide positive returns in excess of cash over an investment cycle. The objective is to build an unconstrained bond product, designed to address a constantly changing environment in the fixed income space, such as interest rates fall and rise as well as changes in credit spreads. The fund will use active currency management to mitigate risk without reducing the return expectancy. Actively managed without reference or constraints relative to its benchmark. Benchmark: EURIBOR 1M

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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