



Fund Flash

Nordea 1 - Global Stars Equity Fund

ISIN: LU0985320562 (BP-USD) / LU0985319804 (BI-USD)

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

Portfolio comment as of 31/07/2022

July was characterised by a rebound for risk assets and a reversal of the trends seen year to date. We believe that a few factors contributed to the bounce. First, the market was a bit “oversold”, having fallen some 22% from its high going into July. Positioning had become a lot more defensive among many investors. Second, the Federal Reserve appeared to move slightly less hawkish as it gave up its forward guidance for rate hikes, saying future interest rate moves will be “data dependent”. And third, as inflation was above 9% many seem to believe that inflation is near its peak, which could signal a turn in the market.

We remain somewhat more cautious. We believe that labour markets are still far too tight to rein in inflation. There needs to be more damage done to the economy and labour markets for wage pressures to seize. And historically, defensive stocks tend to do better when employment falls. As we have pointed out before, initial jobless claims in the US should point out the direction.

In this context, the fund delivered a monthly return equal to 6.79%, bringing YTD performance to -15.14% (BP-USD).

The fund lost some ground in July, mainly due to some of our most defensive positions giving up some of year to date gains. In addition, several of our Chinese holdings slumped as new Covid outbreaks and lockdown concerns sent Chinese equities lower. Lastly, Energy had a rebound in July which also detracted from performance. The best stock picks were in Materials (+11 bps) and Information Technology (+11 bps), whereas Health Care (-38 bps) and Financials (-34 bps) contributed negatively. In terms of sector allocation, the strategy benefitted from its overweight in Information Technology (+8 bps) and underweight in Communication Services (+6 bps) but was dragged down slightly by its overweight in Health Care (-9 bps).

Top Contributors:

- Autoliv. Reported better than feared earnings for the second quarter and guided for a strong finish to the year
- Amazon. Reported 2Q earnings handsomely beating low expectations
- Paypal. Gained amidst a more growth focused market in July

Top Detractors:

- Abbvie. Suffered from the reversal away from defensives and fears of a drug prices bill in the US
- Merck. Suffered from the reversal away from defensives and fears of a drug prices bill in the US
- Allstate. Also got caught up in the rotation out of defensives

Period	Performance (BP-USD)	Cumulative Performance	1M	YTD	3 Years	Since inception*
2021	13.51%	Fund (BP-USD)	6.79%	-15.14%	28.60%	85.79%
2020	20.22%	Benchmark	6.98%	-14.61%	27.80%	80.72%
2019	30.96%	Alpha	-0.19%	-0.53%	0.80%	5.07%

*17/05/2016

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 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 MSCI All Country World Net Return Index. 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 is a global, long only equity fund which aims to generate a sustainable outperformance of 3% p.a. compared to the MSCI World AC Net Return Index. The portfolio follows a bottom-up stock selection approach and invests in companies with a sustainable competitive advantage, which allows them to deliver high and stable returns. The management team aims to invest in companies exposed to change which should allow them to grow over a 5-7 year investment horizon. The fund has a strong ESG (environmental, social and governance) bias, with the aim of investing in companies with well managed ESG profiles and/or that contribute to solutions relating to global ESG challenges. 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: MSCI All Country World - Net Return Index

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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