



Fund Flash

Nordea 1 - Norwegian Short-Term Bond Fund

ISIN: LU0078812822 (BP-NOK) / LU0772961230 (BI-NOK)

This fund aims to provide attractive risk-adjusted returns by investing in investment grade NOK denominated short-term bonds and other short-term transferable debt securities.¹

Portfolio comment as of 31/07/2022

Norges Bank raised its deposit rate by 0,5% in June, after leaving it unchanged in May and hiking to 0,75% in March. The deposit rate is now 1,25%. This rate hike was more aggressive than what the market had anticipated, and also a bit more aggressive than our expectations. We now expect the central bank to raise the policy rate two to three more times this year for a total of four or five hikes in 2022. The central bank indicates a deposit rate of 1,75% at year-end 2022. In our opinion the risk is skewed toward more hikes rather than less hikes this year. Norges Bank places high emphasis on financial stability and wish to curb excess credit growth.

Seasonally adjusted house prices were down 0,2% in July, while nominal prices fell by 1,6%. House prices are up 5.8% over the last 12 months – and 21,5% since the start of 2020.

We believe the market balance is still tilted towards some continued price growth in the coming months due to record low supply of homes and still strong demand. The policy rate hikes coming from Norges Bank will probably also do their part to reduce the pace of price growth in the coming months. We do not see a sharp reduction in house prices in the short to medium term as very likely, but it is certainly more likely now than a few months ago.

In this context, the fund delivered a monthly return equal to 0.18%, bringing YTD performance to -0.11% (BP-NOK).

The money market rate measured by the 3 month NIBOR averaged around 1,97 % during the month.

Credit spreads have moved tighter in July, and this has been the most important positive performance driver for both the portfolio and its benchmark. Spread changes, along with credit spread carry and roll contributed positively to fund performance. The fund saw positive absolute and relative performance in July.

Portfolio Positioning	31/07/2022	30/06/2022	Cumulative Performance	1M	YTD	3 Years	10 Years
Average Rating ²	A	A	Fund (BP-NOK)	0.18%	-0.11%	2.84%	15.88%
			Benchmark	0.18%	0.43%	2.94%	13.35%
			Alpha	0.01%	-0.54%	-0.09%	2.52%

With effect as of November 19th, 2018 the sub-fund is renamed from Nordea 1 – Norwegian Kroner Reserve to Nordea 1 - Norwegian Short-Term Bond Fund and the investment policy of the sub-fund was modified. With effect from 14.12.2020, the official reference index of the fund is 50% NIBOR 3M and 50% Norway FI - RM123FRN. Prior to this date, the fund did not have an official reference index. The performance of the reference index before this date is provided for convenience purposes. This reference index is used for performance comparison purposes. **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. 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. 2) Source : Nordea Investment Management AB.** A specificity of the Norwegian Fixed Income market is that many NOK bonds and bond issuers do not have an official rating from S&P, Moody's or Fitch. The main reason for this is that there are many smaller issuers (and issues) in the market, and small issuers usually don't have an official rating. This is why the fund's management team thoroughly carry out a credit analysis and place an internal rating on all issuers without an official rating. All issuers, both those with and those without an official rating will be subject to a credit analysis by the fund's management team credit analyst. Please note that investments can take place in both certificates and bonds, subject to the prevailing credit lines available to the fund management team, as well as their proprietary analysis of high quality bonds. The proprietary analysis is conducted on a quantitative and qualitative basis, but does not contain any statistics regarding the probabilities of default. The ratings shown above are calculated as an average of officially rated issuers and issuers rated by Nordea Investment Management AB.

The fund invests a minimum of two-thirds of its net assets in fixed-income and floating rate debt securities issued by private borrowers and public authorities denominated in NOK. The strategy is to invest mainly in NOK denominated short-term bonds and other short-term transferable debt securities listed on the Oslo Stock Exchange or traded in another regulated market within the OECD. 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: 50% Norwegian Regular Market Index, sector 1, 2 and 3, Floating Rate Securities and 50% NIBOR 3M

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.

Initial and exit charges could affect the value of the performance. **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.** If the currency of the respective share class differs from the currency of the country where the investor resides the represented performance might vary due to currency fluctuations. 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