



# 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.<sup>1</sup>

### Portfolio comment as of 30/04/2021

In early April, the Norwegian Government launched a 4-phase-reopening-plan. This will be subjected to certain criteria, while the full reopening may take some time. We believe the Norwegian economy will rebound relatively fast which will likely lead Norges Bank to hike the policy rate as early as September 2021, although some analysts believe this could come in H2 2021.

Credit spreads in the Norwegian fixed income market have moved sideways, with select names tightening somewhat further in April after tightening significantly earlier this year. We are now more or less back to pre-Covid levels for most issuers.

We believe continued central bank support and further financial stimulus will probably be keep credit spreads range bound with a tightening bias in the first few half year of 2021, but we remain cautious in terms of adding riskier issuers. Even after the substantial moves we've seen so far this year we believe Norwegian interest rates have potential to rise further. We are therefore still underweight duration.

We do not envision a massive spread widening over the next months, unless a massive global risk-off situation realises. We are selectively adding credit risk to our portfolios, although we still observe elevated chances of negative rating migration over the next months. As a result, we remain rather cautious when including issuers to our portfolios, especially in terms of lower rated IG credits. In the current environment we prefer adjusting credit duration to our existing issuer universe over adding riskier issuers.

In this context, the fund delivered a monthly return equal to 0.07%, bringing YTD performance to 0.49% (BP-NOK).

The money market rate measured by the 3-month NIBOR remained at around 0.32% on average during the course of the month. Credit spreads have moved broadly sideways in April. Changes in spread contributed positively to the fund performance. Credit carry and roll spreads also contributed positively to the fund performance in April. On aggregate, the fund experienced a positive performance in both absolute and relative terms in April.

Portfolio Positioning	31/03/2021	30/04/2021	Cumulative Performance			
Average Rating <sup>2</sup>	A	A	1M	YTD	3 Years	
			Fund (BP-NOK)	0.07%	0.49%	4.53%
			Benchmark	0.05%	0.29%	4.00%
			Alpha	0.02%	0.20%	0.53%

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 December 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 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 A.B. 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.

\* 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.

Initial and exit charges could affect the value of the performance. 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. **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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