



# Fund Flash

## Nordea 1 - Stable Return Fund

ISIN: LU0227384020 (BP-EUR) / LU0351545230 (BI-EUR)

The objective of the fund is to try to ensure capital preservation over a 3 year investment horizon and generate stable returns<sup>1</sup>.

### Portfolio Comment as of 30/06/2020

In June, risky assets carried on their historic rally as reopening of the main world economies fuelled investors' risk appetite, with increased focus on the potential global growth rebound in 2021. Equities posted positive return despite significant discrepancies, with Developed Markets lagging Emerging Markets. Within fixed income space both European and US yield curves steepened, with short term rates decreasing again. Finally, overall credit spreads continued to tighten but to a lower extent, especially in the HY segment.

In this context, the fund delivered a negative return of -1.49% over the month and it now accumulates a performance of -3.04% YTD (BP-EUR).

- Our risk-on strategies were the main contributors, which is in line with what could be expected when risky assets perform well. This was illustrated with our beta exposure from Global and Emerging Markets Stable Equities benefitting from equity markets' rebound.

- On the other hand, most of our risk-off strategies posted negative or fairly flat performance, giving back some of their strong performance during Q1. Amidst them, the alpha component of our Stable Equities had a negative impact as its defensive and resilient style was out of favour in a month where investors rather focused on growth-oriented and already expensive companies. The result is a historic valuation gap that represents an attractive opportunity and could offer additional protection especially compared to the valuation of the broader market. At the same time, our defensive currencies as well as our Risk Momentum strategy (only implemented to reduce equity beta via short equity futures positions) also detracted from performance, but to a lower extent.

Regarding the portfolio positioning:

- Credit decreased over the month.
- Duration exposure increased marginally.
- Equity exposure increased over the month.

Portfolio Positioning	31/05/2020	30/06/2020	Cumulative Performance <sup>2</sup>	1M	YTD	3 years
Duration	0.73 years	1.02 years	<b>Nordea 1 - Stable Return Fund (BP-EUR)</b>	-1.49%	-3.04%	-1.25%
Net Equity Exposure	42.8%	48.2%				
HY Credit Exposure	1.4%	0.4%				

For more information please access our dedicated Microsite by clicking [here](#)

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. 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. \*\*Preliminary data.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 31/05/2020 to 30/06/2020. 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 30/06/2020.

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