



# 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 31/07/2019

During July, risky assets resumed their rally, but to a slower and more diverging way. Once again, Developed Markets' performance (DM) dwarfed the one from Emerging Markets (EM), thanks to US strong outcome. This was triggered by the support from the central banks, with the Federal Reserve's interest rate cut and the ECB's accommodative stance with the perspective of a cut too. As a result, yield curves flattened but with diverging patterns on both sides of the Atlantic, as the US one was owed to short term rates increase, meanwhile the European one was mainly due to long term yields' decrease. Finally, credit spreads continued to tighten this month, except for European High Yield segment.

In this context, the fund delivered a positive return of +1.08% over the month and it now accumulates a performance of +6.58% YTD (BP-EUR).

- July's performance was mostly driven by our long equity exposure. Our Global Stable /Low Risk Equities managed to outperform on the back of very resilient earnings in a period where the overall markets experienced negative earnings revisions. Additionally, it could be worth to note that some of our defensive strategies also managed to deliver positive outcome in this risk-on environment – as illustrated by our defensive currencies and our cross assets anti-beta strategy.

- On the negative side, there was no significant detractor. Indeed, the other defensive strategies had null or negligible impact over the period. Once again, this portrays their attractive asymmetric behaviour, especially after the good protection offered in May.

Regarding the portfolio positioning:

- Credit exposure remained unaltered, owed to less attractive risk adjusted valuation, as spreads continued to tighten, and default rates remained low.
- Duration exposure decreased during the month due to unattractive risk adjusted valuation too.
- Equity exposure remained fairly stable during the month, as expensive valuation offset relatively high risk appetite.

Portfolio Positioning	30/06/2019	31/07/2019
Duration	1.45 years	0.88 years
Net Equity Exposure	43.4%	43.8%
HY Credit Exposure	0.1%	0.0%

Cumulative Performance <sup>2</sup>	1M	YTD	3 years
Nordea 1 - Stable Return Fund (BP-EUR)	1.08%	6.58%	-1.06%

[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.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/06/2019 to 31/07/2019. 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 31/07/2019.

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