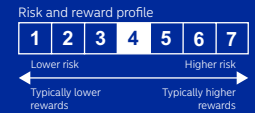




Fund Portrait



First quarter 2021

Nordea 1 – European High Yield Bond Fund

ISIN: LU0141799501 (BP-EUR) / LU0141799097 (BI-EUR)

Highlights

- Creating alpha through rigorous bottom-up credit selection
- Strong conviction management
- Investment process focusing on fundamental valuation and avoiding market timing considerations
- Stable and very experienced investment team
- Established track record of alpha generation capability¹

Asset Management at Nordea

As an active investment manager, Nordea Asset Management manages asset classes across the full investment spectrum and aims to serve its clients in every market condition. Nordea's success is based on a sustainable and unique multi-boutique approach that combines the expertise of specialized internal boutiques with exclusive external competences allowing us to deliver alpha in a stable way for the benefit of our clients. Furthermore, we've put a lot of emphasis on launching outcome – as opposed to benchmark – oriented investment solutions whose basis, "stability investment philosophy", is designed to meet clients' risk appetite and needs.

The Nordea 1 – European High Yield Bond Fund has been managed by the same team since launch in January 2002. In 2007, this management team established an independent company, Capital Four Management Fondsmæglerselskab A/S (Capital Four), with the sole object of managing European High Yield bond portfolios. Nordea secured an exclusive agreement with Capital Four regarding the management of the Nordea 1 – European High Yield Bond Fund. This is consistent with Nordea's multi-boutique approach of identifying, managing and securing the services of the best fund managers in the industry.

Creating alpha through rigorous bottom-up credit selection

The fund managers believe that they can create value for their clients in the High Yield fixed income market by rigorous bottom-up credit selection, as well as disciplined downside risk management. Their investment philosophy is based on four characteristics:

- Focusing on fundamental valuation and avoiding market-timing considerations
- Research and analysis of individual credit issues as opposed to sectors and countries
- Risk management across segment, sector and security levels
- Consensus decision-making by a small team of high yield credit specialists

Investment process

The investment approach is bottom-up, and has remained consistent since inception of the product. It is made up of 5 distinct stages:



Credit Research

The initial step is to perform an individual credit research at the security level. The credit research process is split into assessment of industry attractiveness, company analysis and bond structure assessment.

- *Industry attractiveness*: qualitative assessment of a company's operational environment with focus on market dynamics/outlook, position of the company within the industry, substitution risk of company's products, profit drivers and pricing rationality within the industry

¹) 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.

- *Company analysis:* combination of qualitative and quantitative analysis of a company's operations including product/segment profitability, sales & distribution channels, competitive cost position and product differentiation. Their research is also based on a proprietary model/spreadsheet with a company's historical P&L and current balance sheet, as well as projections of future P&L, cash flow statement and balance sheet summary including projected credit statistics. Additional analysis at company level includes assessment of corporate management (industry know-how, experience in similar transactions, ownership stake/incentive), private equity sponsor/ownership (track record, reputation and industry expertise), and purpose of financing (re-capitalisation, dividend payout and/or acquisition)
- *Bond structure analysis:* performed in order to assess the downside protection of the investment. Stress tests are carried out to evaluate the impact on the portfolio should the company's asset value decline. The covenants, the terms of the bond indenture (in order to assess the flexibility of the company to incur additional indebtedness) and the take-over protection for bondholders are also reviewed

Selection/Buy decision

Upon thorough analysis (including write-up and financial modelling) of a credit according to the schedule above, a security is purchased if the investment team agrees that the following criteria are met:

- Minimum requirement on industry attractiveness, company quality, bond structure quality
- Appropriate pricing
- Fit within the current portfolio

Universe	Industry Attractiveness	Company Analysis	Bond Structure
Total: 500 issuers	Market dynamics & outlook	Sales & distribution process	Assets/downside protection
Coverage: 150 – 200 issuers	Position of company	Segment profitability	Position in capital structure
Portfolio: 60 – 90 issuers	Substitutes & technology	Relative cost position	Covenants and terms
Rating: BB, B & CCC	Profit drivers	Product differentiation	Take-over protection
Non rated	Pricing rationality	Management	
Long only		Equity sponsor	
		Purpose of financing	

Portfolio Construction

The portfolio construction stage is a continuous process, with focus on buying/selling credit and managing the portfolio risk against the benchmark.

Aggregate risk management of the portfolio (vs. the benchmark) is important in the process as there is a very clear philosophy/target to add value by superior credit selection.

Therefore, the focus is to develop/maintain a portfolio with a very similar structure to its benchmark, but with a high degree of idiosyncratic risk. For this purpose, various risk management and performance attribution tools have been developed in order to allow the investment team to measure the risk of the portfolio against its benchmark and evaluate the sources of historic investment results.

Implementation and trading activities are carried out by a dedicated team that works closely with portfolio managers, as it is the case for the risk team as well. It is important for every investment professional to be involved/follow the High Yield market and establish relationships with sales personal, analysts, traders and High Yield brokers.

Portfolio Monitoring

Portfolio monitoring is performed at two levels in the investment process, top-down and bottom-up.

Top-down:

- On a weekly basis: review of over/underweights of individual credits vs. benchmark and aggregated risk factors of portfolio vs. benchmark (e.g. yield distribution, rating distribution etc.)
- On a monthly basis: review of macroeconomic trends, industry/technology developments, regulatory changes and market sentiment

Bottom-up:

- On a daily basis: trading levels and review credit focus list (high risk names, if any)
- On a quarterly basis: update of the proprietary financial models and qualitative assessment of changes that have led to the deviation of actual results vs. projected results from the investment team

Sell Decision

- Target price reached: driven by improved credit fundamentals, strong operating results and/or debt paydown
- Credit concerns: deteriorating industry dynamics, compressed financial margins, threat of violating covenants, managerial problems and/or event risk

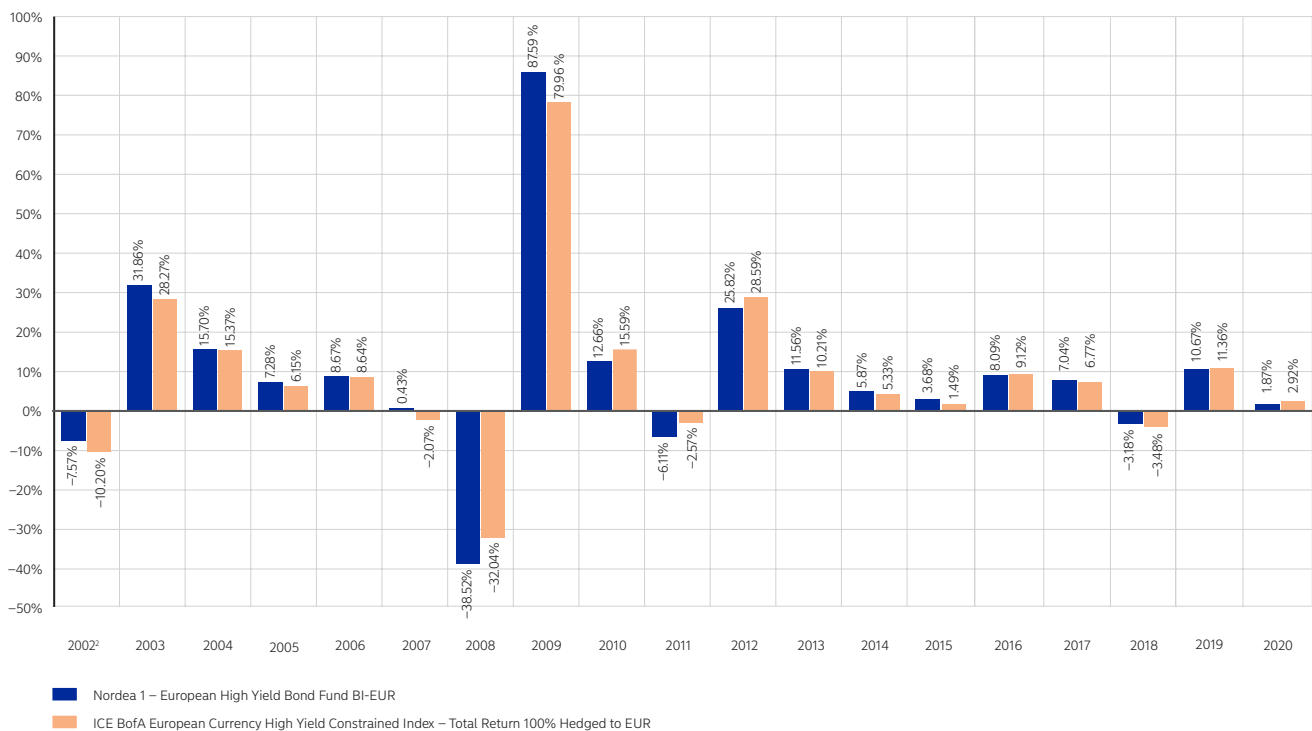
Consistency of investment results

Investment results' consistency is based on:

- **Stability and experience of the investment team:** the key investment professionals have been working together for more than 10 years. They have complementary skills and backgrounds, and have a high degree of trust and mutual agreement about the way they invest
- **Superior skills in security selection:** all senior investment professionals have spent the majority of their career (average 15+ years of investment experience) in the High Yield market and have university degrees in Finance at Master Level and/or advanced professional qualifications (e.g. CFA)
- **Clearly structured investment process:** the security selection process follows distinct steps which aim to affirm the quality of each investment. These steps are a result of a long commitment to markets and ensure repeatability of the results of the process. The process is flexible such that it manages to cope with the developments in the market
- **Advanced quantitative tools to monitor portfolio/performance:** a proprietary system allows verifying risk contribution on single name exposure and controlling performance contribution at a high level of detail. This ensures consistency between the investment hypotheses and actual achieved investment results. If a bond becomes more risky because of a fall in its price, it will automatically show up in the top of the "riskiest bonds list", hence its exposure would be reviewed

Established track record of alpha generation capability

Nordea 1 – European High Yield Bond Fund BI-EUR vs. Reference index. Yearly performance since launch²



Sources (unless otherwise stated): Nordea Investment Funds S.A. and Bloomberg. 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 31.12.2020. 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.

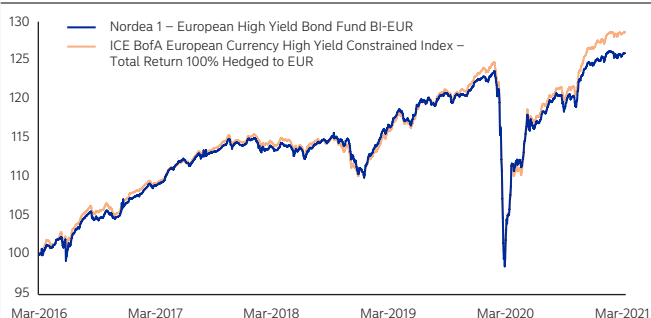
²⁾ On 18.01.2002 the NIMF – European High Yield Bond Fund was launched. At that time the sub-fund only offered an institutional BI Share class (ISIN LU0141799097). On 04.01.2006 the NIMF – European High Yield Bond Fund was merged into Nordea 1, SICAV. Since that date an additional BP share class for private investors is available (ISIN LU0141799501).

Cumulative returns in % (31.03.2021)	Fund ³	Index ⁴
YTD	0.94	1.54
1 month	0.46	0.52
3 months	0.94	1.54
6 months	5.80	7.15
1 year	19.88	22.24
3 years	11.00	12.83
5 years	25.99	28.76
Since launch (18.01.2002) ⁵	295.60	309.75

Calendar year returns in %	Fund ³	Index ⁴
2020	1.87	2.92
2019	10.67	11.36
2018	-3.18	-3.48

Nordea 1 – European High Yield Bond Fund	
Fund manager	Capital Four Management A/S
Fund domicile	Luxembourg
ISIN codes*	LU0141799501 (BP-EUR) LU0141799097 (BI-EUR) ⁵
Annual management fees	1.00% p.a. (BP-EUR) 0.50% p.a. (BI-EUR) ⁵
Base currency	EUR
Fund size in millions	4,863.59
Reference index	ICE BofA European Currency High Yield Constrained Index – Total Return 100% Hedged to EUR
No. of holdings	237
Swing factor / Threshold	Yes / Yes
Launch dates	04.01.2006 (BP-EUR) 18.01.2002 (BI-EUR) ⁵

Performance (31.03.2016 – 31.03.2021)



Risks

Please be aware that there are risks associated with investing in this sub-fund, amongst others in: **ABS/MBS, CDO/CLO, Convertible securities, Credit, Derivatives, Hedging, Prepayment and extension.** For further details, please refer to the Key Investor Information Document, which is available as described in the disclaimer at the end of this document.

*Other share classes may be available in your jurisdiction. 3) BI-EUR: ISIN code: LU0141799097. 4) ICE BofA European Currency High Yield Constrained Index – Total Return 100% Hedged to EUR. 5) BI-EUR share class: only for distribution towards institutional clients. Minimum investment amount: EUR 75,000 (or the equivalent).

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 18.01.2002 – 31.03.2021. 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 31.03.2021. 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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A hard copy of the above-mentioned fund documentation is also available here. **Additional information for investors in Austria:** The Information and Paying Agent in Austria is Erste Bank der österreichischen Sparkassen AG, Am Belvedere 1, 1100 Vienna, Austria. **Additional information for investors in the Netherlands:** Nordea 1, SICAV is a Luxembourg Undertaking for Collective Investment in Transferable Securities (UCITS) registered in the Netherlands in the register kept by the AFM, and as such is allowed to offer its shares in the Netherlands. The AFM register can be consulted via www.afm.nl/register. **Additional information for investors in France:** With the authorisation of the AMF the shares of the sub-funds of Nordea 1, SICAV may be distributed in France. Centralising Correspondent in France is CACEIS Bank, located at 1-3, place Valhubert, 75206 Paris cedex 13, France. **Investors are advised to conduct thorough research before making any investment decision. 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Any requests for additional information should be sent to the distributors. **Before investing, please read the prospectus and the KIID carefully.** We recommend that you read the most recent annual financial statement in order to be better informed about the fund's investment policy. **The prospectus and KIID for the sub-funds have been published with Consob.** For the risk profile of the mentioned sub-funds, please refer to the fund prospectus. **Additional information for investors in the United Kingdom:** The Facilities Agent is FE Fundinfo (UK) Limited, 3rd Floor, Hollywood House, Church Street East, Woking GU21 6HJ United Kingdom. **Additional information for investors in Ireland:** The Facilities Agent is Maples Fund Services (Ireland) Limited, 32 Molesworth Street, D02 Y512 Dublin 2, Ireland. **Additional information for investors in Sweden:** The Paying Agent is Nordea Bank Abp, Swedish Branch, Smålandsgatan 17, 105 71 Stockholm, Sweden. **Additional information for investors in Denmark:** The Representative Agent is Nordea Danmark, Filial af Nordea Bank Abp, Finland, Grønlandsvej 10, Postbox 850 0900 Copenhagen C, Denmark. 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