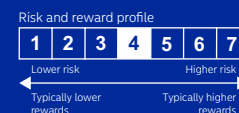




Fund Portrait



First quarter 2021

Nordea 1 – Emerging Market Bond Fund

ISIN: LU0772926670 (BP-USD) / LU0772925789 (BI-USD)

Highlights

- **People:** a highly experienced & stable team managing EM Debt for more than 20 years
- **Process:** an unrivalled collaborative approach between PMs and a global network of senior in-house economists
- **Performance:** unparalleled alpha generation from a pure allocation to hard currency bonds¹



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.

Consistent with Nordea's multi-boutique approach of identifying, managing and securing the services of the best fund managers in the industry, Nordea has appointed **PGIM Inc.** ("PGIM") as investment sub-manager for the Nordea 1 – Emerging Market Bond Fund launched on May 30, 2012. PGIM is the European branch of Prudential Financial Inc. which is headquartered in Newark, USA. PGIM is a leading asset manager with a vast breadth of resources and experience, not least in Emerging Markets (EM) Debt.

The EM Debt asset class has come a long way. Over the last three decades, it has matured and today it is part of the asset allocation of many investors.

The **diversity** of EM Debt – +60 countries – comes with an **extra layer of challenges**. While investors are used to manage a limited amount of financial variables – such as yield, maturity, rating, etc. – when going into more traditional fixed income asset classes, **investing in EMD requires a more comprehensive set of skills**. Successful EMD investors need to combine those quantitative financial variables with **a more qualitative – often political assessment**.

The right partner to tap into EM Debt

The Nordea 1 – Emerging Market Bond Fund, which focuses on EMD issued in hard currency (HC), profits from the unique set-up that the PGIM EM Debt team offers:

Portfolio Management team

Cathy Hepworth, Head of EMD team, **started PGIM's EM efforts – back in 1995** – when the strategy was launched to manage money for the insurance branch of Prudential. As part of the Portfolio Management team (PM team) responsible for this strategy, Cathy has **successfully navigated the shockwaves suffered by EM over the last 20 years** – such as the external liquidity shock Asian "Tigers" suffered in 1997, the fiscal crisis Russia experienced back in 1998 and the 2001 Argentinian default, just to mention a few.

The **longevity and tenure** of the PM team – 17 professionals averaging 17 years of experience – brings **stability** to the team. This ensures that the same core successful philosophy in place over the years is maintained while improvements are introduced based on shared experience.

Global Macroeconomic research team

A team of 9 Economists – with diverse backgrounds and 25 years of average experience – works in close collaboration with the PM team. They analyse all countries and issuers – including the smaller NEXGEM markets – where traditional coverage is often lacking. The expertise of our **economists provides a clear edge** when it comes to country selection as the PM team **does not rely on major rating agencies**, but instead, bases its decisions on **internal ratings**.

1) Period under consideration: 30.05.2012 – 31.03.2021. 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.

A Disciplined Approach

1 Global Backdrop

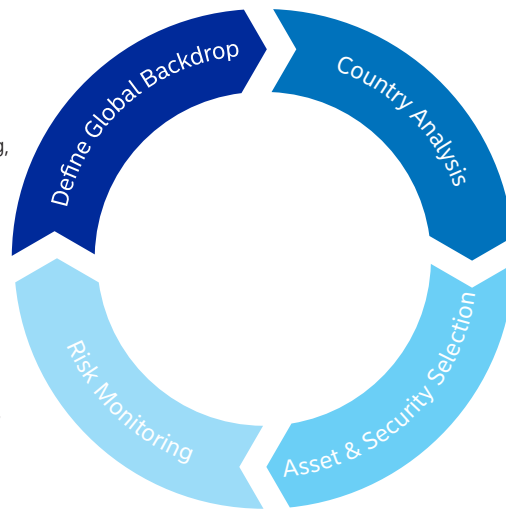
Senior Portfolio Manager

- Assess global risk appetite to determine portfolio risk profile and refine portfolio positioning, leveraging firm's resources

4 Risk Monitoring

Senior Portfolio Manager/
Risk Manager

- Employ a rigorous process to tightly monitor risk at all levels
- Use proprietary tools to verify performance achieved is appropriate for risk taken



2 Country Analysis

Regional Economists

- Evaluate each country from quantitative and qualitative perspective and assign internal ratings

3 Asset & Security Selection

Regional Portfolio Managers/
Economists/Analysts

- Seek to determine best risk/reward opportunities across markets
- Use proprietary tools to highlight relative value opportunities within markets

The economists are able to truly understand both the **ability** and the **willingness** of each country **to repay** its debt and give the Portfolio Managers valuable input to judge if the yield is attractive enough, taking into account the risks the country is facing.

EM Corporate Debt research team

A significant contributor to the rise of EM Debt has been the growth of the **quasi-sovereign market**. These are bonds issued by corporates that have strong ties to their government – such as Petrobras (Brazil) and Pemex (Mexico). Therefore, we have 7 corporate analysts that support the Portfolio Management team to analyse quasi-sovereigns – which are a large share of the investment universe – and corporates. They examine the fundamentals of a quasi-sovereign as if it is a standalone corporate but also evaluate the links to the government such as the legal strength of the linkage and the sovereign willingness to support the company.

A **culture of collaboration and challenge** is very much present in the investment approach. All professionals involved bring with them a unique set of **backgrounds and networks – including global & local policy makers from the IMF and central banks** – that give PGIM's EM Debt team a clear competitive advantage.

A disciplined investment process

PGIM's EM Debt team follows a four-step decision-making process to build and manage the portfolio:

1) Global backdrop & portfolio strategy

On a weekly basis, the Portfolio Management team sits with the macroeconomic team to form a comprehensive global backdrop assessment, based on global macroeconomic analysis, interest rate views and the risk appetite of investors.

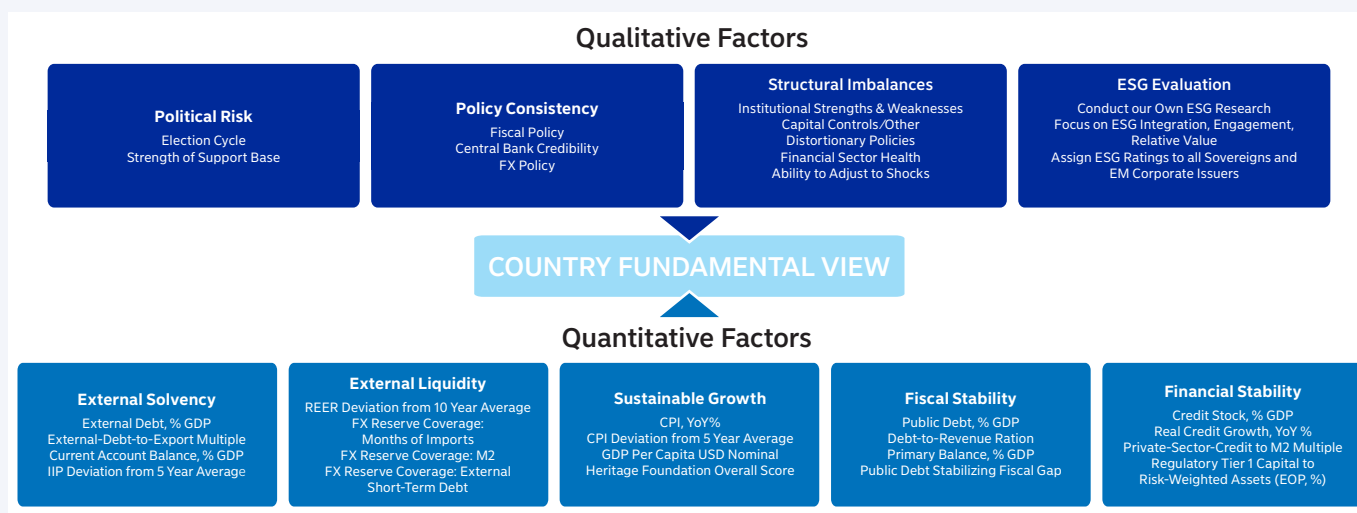
This step helps the team to develop the investment strategy and **determine the tracking error in terms of interest rate risk, spread risk and FX risk** that is most appropriate for the portfolio. The tracking error is reduced when there are low risk-adjusted return opportunities and increased in anticipating high risk-adjusted return opportunities. Typically, the ex-ante tracking error ranges between 150 and 285 basis points.

2) Country analysis

Generating **alpha in EM Debt is increasingly dictated by evaluating individual country policy** decisions and assessing the degree to which structural reforms will shape country-specific investment opportunities.

As such, PGIM's team of economists employs a comprehensive approach to country analysis, which results in **proprietary Sovereign Ratings based on both quantitative and qualitative factors**, as illustrated in more details in the following chart. With a **heavy emphasis on qualitative aspects**, the analysis of political risk, policy consistency, and the degree of structural imbalances shapes an **internal Sovereign Matrix – a comprehensive grid detailing each sovereign issuer followed**, as well as the key risk factors that the economists believe could cause a particular sovereign to outperform or underperform. These risk determinants help identify potential shifts in investor sentiment, which can be a significant driver of both performance and volatility among emerging markets sovereigns.

Using the **proprietary developed ratings** allows PGIM to assess the **attractiveness of each country vis-a-vis what markets/major rating agencies are pricing, but also relative to each other**. This step of the investment process is not intended to generate trade ideas per se, but instead provides the fundamental foundation upon which country and issue allocation decisions can be made by the PM team.



3) Asset & security selection

The Portfolio Management team attempts to determine the most effective and efficient way to implement the convictions on countries and risk taking in terms of interest rate risk, spread risk and FX risk.

A **barbell approach** is employed to have positions in riskier, higher yielding countries in short maturities, combined with positions in long maturities in countries which are solidly investment grade and/or improving credits. This approach has many benefits:

- There is greater clarity in credit quality of lower rated credits in shorter maturities
- The longer maturity high quality positions take advantage of the steep yield curves

This approach – which enables the portfolio to **“out-yield” the benchmark without exposing it to excessive volatility** – requires strong systematic risk management skills and an in-depth knowledge of the underlying idiosyncratic cases.

4) Risk monitoring

Importantly, risk is fully integrated in the investment process. **A dynamic risk budget controls active systematic (market) and idiosyncratic (tail) risks.** This parallel risk management approach has considerable benefits for investors:

A systematic risk budget allows PGIM’s EM Debt team to ensure that the portfolio is getting most of its risk from the var-

iables that the PMs and the economists have identified as the most attractive and where the **best risk adjusted opportunities are considered to be:** rates risk, spread risk, currency risk, etc.

EM Debt offers a unique set of idiosyncratic risks (single country, quasi-sovereign, liquidity, sector, credit rating, etc.). As such, it also **requires a different and more detailed approach to assess and limit the individual impact in the portfolio of a single tail risk.** The idiosyncratic risk budget is an essential tool to ensure the portfolio can offer attractive yields to investors while also showing robustness when most needed.

The overall aim is to make sure that the portfolio is tilted towards the systematic risks that offer investors the most attractive rewards, while also trying to ensure that tail risk events do not take a toll on the portfolio.² **The use of stress tests models measures the impact of the “next big EM crisis” is very extensive.** This extremely robust risk management set-up adds to the resilience of the portfolio.

Strong and consistent track record³

The culture of collaboration and the high level of integration within the EM Debt team, together with the broad resources available at PGIM, are at the main reasons behind the strong alpha generated over more than two decades.³

European investors have been able to benefit from this unique approach and set of expertise since 2012, when the Nordea 1 – Emerging Market Bond Fund was launched.

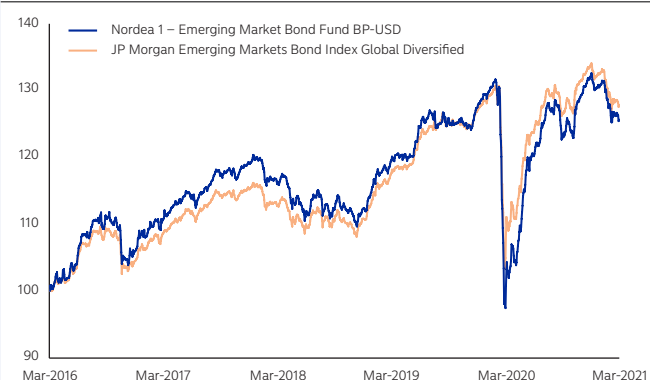
2) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money. 3) The performance represented is historical; past performance is not 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.

Cumulative returns in % (31.03.2021)	Fund ⁴	Index ⁵
YTD	-4.98	-4.54
1 month	-1.35	-0.96
3 months	-4.98	-4.54
6 months	2.17	0.99
1 year	22.00	16.00
3 years	7.72	12.63
5 years	25.72	27.95
Since launch (30.05.2012)	49.36	56.86

Calendar year returns in %	Fund ⁴	Index ⁵
2020	3.36	5.27
2019	14.35	14.96
2018	-6.19	-4.21

Nordea 1 – Emerging Market Bond Fund		
Fund manager	PGIM Inc.	
Fund domicile	Luxembourg	
ISIN codes*	LU0772926670 (BP-USD) LU0772925789 (BI-USD) ⁶	
Annual management fees	1.00% p.a. (BP-USD) 0.65% p.a. (BI-USD) ⁶	
Base currency	USD	
Fund size in millions	1,617.12	
Reference index	JP Morgan Emerging Markets Bond Index Global Diversified	
No. of holdings	483	
Launch date	30.05.2012	

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, Credit, Derivatives, Emerging and frontier markets, Prepayment and extension, Securities handling, Taxation.** 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. 4) BP-USD share class. 5) JP Morgan Emerging Markets Bond Index Global Diversified. 6) BI-USD 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): 30.05.2012 – 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. The sub-funds mentioned are part of Nordea 1, SICAV, an open-ended Luxembourg-based investment company (Société d'Investissement à Capital Variable), validly formed and existing in accordance with the laws of Luxembourg and with European Council Directive 2009/65/EC of 13 July 2009. **This document is advertising material and does not disclose all relevant information concerning the presented sub-funds.** Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID), which are available, along with the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, without charge upon request from Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, from the local representatives or information agents, or from our distributors. Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. **Investments in Emerging Markets involve a higher element of risk. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and cannot be ensured. Investments in equity and debt instruments issued by banks could bear the risk of being subject to the bail-in mechanism (meaning that equity and debt instruments could be written down in order to ensure that most unsecured creditors of an institution bear appropriate losses) as foreseen in EU Directive 2014/59/EU.** For further details of investment risks associated with these sub-funds, please refer to the relevant Key Investor Information Document (KIID), available as described above. Nordea Investment Funds S.A. has decided to bear the cost for research, i.e. such cost is covered by existing fee arrangements (Management/Administration-Fee). Nordea Investment Funds S.A. only publishes product-related information and does not make any investment recommendations. Published by Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Further information can be obtained from your financial advisor. He/she can advise you independently of Nordea Investment Funds S.A. **Please note that all sub-funds and share classes might not be available in your country of jurisdiction. Additional information for investors in Switzerland:** The Swiss Representative and Paying Agent is BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. **Additional information for investors in Germany:** The Information Agent in Germany is Société Générale S.A. Frankfurt Branch, Neue Mainzer Straße 46-50, 60311 Frankfurt am Main, Germany. 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. Additional information for investors in Belgium:** The Financial Service Agent in Belgium is BNP Paribas Securities Services S.C.A., Brussels Branch, Rue de Louxum, 25, 1000-Brussels, Belgium. A hard copy of the above-mentioned fund documentation is available upon demand free of charge. **Additional information for investors in Spain:** Nordea 1, SICAV is duly registered in the CNMV official registry of foreign collective investment institutions (entry no. 340) as authorised to be marketed to the public in Spain. The Depository of the SICAV's assets is, J.P. Morgan Bank Luxembourg S.A. In Spain, any investment must be made through the authorised distributors and on the basis of the information contained in the mandatory documentation that must be received from the SICAV's authorised distributor prior to any subscription. The Representative Agent is Allfunds Bank S.A.U., C/ de los Padres Dominicos, 7, 28050 Madrid, Spain. A complete list of the authorised distributors is available in the CNMV's webpage (www.cnmv.es). **Additional information for investors in Portugal:** The Management Company of the SICAV, Nordea Investment Funds S.A., and the Depository of the SICAV's assets, J.P. Morgan Bank Luxembourg S.A., are validly formed and existing in accordance with the laws of Luxembourg and authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Our distributor in Portugal is BEST – Banco Electrónico de Serviço Total, S.A., duly incorporated under the laws of Portugal and registered with the CMVM as a financial intermediary. **Additional information for investors in Italy:** Fund documentation as listed above is also available in Italy from the distributors and on the website www.nordea.it. The updated list of distribution agents in Italy, grouped by homogeneous category, is available from the distributors themselves or from the Paying Agents: State Street Bank International GmbH – Succursale Italia, Allfunds Bank S.A.U. – Succursale di Milano, Société Générale Securities Services S.p.A., Banca Sella Holding S.p.A., Banca Monte dei Paschi di Siena S.p.A., CACEIS Bank S.A., Italian Branch and on the website www.nordea.it. 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, Grønjordsvej 10, Postbox 850 0900 Copenhagen C, Denmark. A hard copy of the above-mentioned fund documentation is available here. **Additional information for investors in Norway:** The Nordea 1, SICAV is registered in Norway. **Additional information for investors in Finland:** The Representative Agent is Nordea Funds Ltd, Satamaradankatu 5, 00020, Helsinki, Finland. **Additional information for investors in Latvia:** The Representative Agent is Luminor Bank AS, 62 Skanstes iela 12, 1013 Riga, Latvia. **Additional information for investors in Estonia:** The Representative Agent is Luminor Bank AS, Liivalaia 45, 10145 Tallinn, Estonia. **Additional information for investors in Lithuania:** The Representative Agent in Lithuania is Luminor Bank AB, Konstitucijos pr. 21 A, 03601 Vilnius, Lithuania. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. **Additional information for investors in Brazil:** This is a strictly privileged and confidential document for the purposes of a potential investment in foreign securities on a one-on-one basis with potential investors with a pre-existing relationship with Nordea Investment Funds S.A. This document contains information addressed only to a specific individual and is not intended for distribution to, or use by, any other person. This document (i) is provided for informational purposes only, (ii) should not be construed in any manner as any solicitation or offer to buy or sell any securities or any related financial instruments, (iii) should not be construed in any manner as a public offer of any securities or any related financial instruments, and (iv) will be addressed to a potential investor with restrict access of information. Nordea 1, SICAV has not been, and will not be, registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM), and must not be offered or sold in Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations. Any public offering, placement or distribution, as defined under Brazilian laws and regulations, of securities in Brazil, is not legal without prior registration under Law No. 6.385 of December 7, 1976, as amended. Documents relating to the offering of the Nordea 1, SICAV, as well as information contained therein, must not be supplied to the general public in Brazil (as the offering of the Nordea 1, SICAV is not a public offering of securities in Brazil) or used in connection with any offer for subscription or sale of the Nordea 1, SICAV to the general public in Brazil. Investors within Brazil should consult with their own counsel as to the applicability of these laws and regulations or any exemption therefrom. Source (unless otherwise stated): Nordea Investment Funds S.A. Unless otherwise stated, all views expressed are those of Nordea Investment Funds S.A. This document may not be reproduced or circulated without prior permission and must not be passed to private investors. This document contains information only intended for professional investors and financial advisers and is not intended for general publication. Reference to companies or other investments mentioned within this document should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. The level of tax benefits and liabilities will depend on individual circumstances and may be subject to change in the future.