



Fund Portrait



2022

Nordea 1 – Global Climate Engagement Fund

ISIN: LU2463526074 (BP-USD) / LU2463525423 (BI-USD)



Highlights

- The rapid growth of ESG-led strategies has driven a **flight of capital** from companies considered as **laggards** from a climate and environmental perspective
- However, high-emitting companies play a crucial role in enabling the **green transition** and **decarbonisation**
- The Nordea 1 – Global Climate Engagement Fund aims to **unlock** their **underappreciated value** through **engagement on environmental issues**
- By allocating capital and experience in those companies **we generate alpha while curbing real-world emissions¹**
- Same investment team that has been successfully **managing climate solutions for 14 years now**



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 which combines the expertise of specialised internal resources with exclusive external competences with the aim to deliver alpha over time for the benefit of our clients¹.

The Nordea 1 – Global Climate Engagement Fund, launched in April 2022, is managed internally by Nordea's **Fundamental Equities Team** (FET), the same successful ESG thematic boutique behind the well-known Nordea's Global Climate and Environment Strategy and other thematic impact strategies.

More specifically, the fund is managed by two portfolio managers, Alexandra Christiansen, CFA, and Robert Madsen, CFA, who are part of and supported by the rest of the FET. The team is further supported by the **Nordea Responsible Investment (RI) Team**, one of the largest and most experienced teams in Europe, as well as by dedicated **Engagement** and **Impact analysts**.

Main contributors to the strategy

Fundamental Specialists

-  **Alexandra Christiansen, CFA**
Portfolio manager
-  **Robert Madsen, CFA**
Portfolio manager
-  **Thomas Sørensen**
Portfolio manager
-  **Henning Padberg**
Portfolio manager

ESG Specialists

-  **Michaela Zhirona**
ESG analyst & engagement specialist
-  **Elin Noring**
ESG analyst & engagement specialist
-  **Astrid Høgsted**
ESG analyst & climate lead
-  **Solène Eveillard**
Impact analyst

The role of heavy emitters

Economies and businesses have been adapting to the **energy transition** by developing low-carbon solutions that help transforming the global energy sector from fossil-based systems of energy production and consumption to renewable energy sources. However, many companies are still **lagging in this transition** and continue to face meaningful fundamental and environmental risks.

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.

Even the heaviest emitters have a continued role in a green economy

Industry	Power	Industry	Transport	Buildings	Agriculture/Forestry
	 40% of total global emissions*	 25% of total global emissions*	 21% of total global emissions*	 8% of total global emissions*	 6% of total global emissions*
Key Sectors	Electric utilities Gas utilities Multi utilities Energy	Chemicals Metal production Mineral production Waste management	Air freight/ Logistics Rail & Road logistics Light-duty transport Heavy-duty transport	Residential buildings Commercial buildings HVAC	Agriculture Pulp & Paper Forestry
Opportunities	Renewable power Energy storage Network infrastructure	Hydrogen CCUS technologies Efficiency	Electrification Fuel cells Biofuels	Electrification Energy efficiency Renewables	Electrification Fertilizer production Application efficiency

*Source: International Energy Agency (2021), Net Zero by 2050, IEA, Paris. Approximate values.

By definition, heavy emitters are responsible for a considerable part of the world's pollution and the rapid growth of ESG strategies has led to a **flight of capital** from these companies as an effort to slash emissions that are quickly warming our planet. However, these companies are often **overlooked** by the market, have a **cheap valuation** and just need the **right nudge** to fulfil their environmental potential.

Decarbonisation requires both collaboration and action. Therefore, rather than avoiding the high-emitting sectors, it is important to **engage** with these forgotten companies and heavy emitters which can play a **crucial role in achieving the transition** to a more sustainable world. By allocating capital to those companies and providing them with our expertise, together **we can achieve returns while curbing real-world emissions²**.

An unexplored land of potential

Our fund's concept is based on four pillars aiming to create sustainable value²:

1. **Challenge:** we assess companies facing meaningful fundamental risks in the transition to a sustainable economy
2. **Opportunity:** we select underappreciated opportunities which have an attractive valuation and the potential to become relevant in the low carbon future
3. **Engagement:** we engage with companies to drive forward the necessary strategic and operational changes that will unlock their potential
4. **Outcomes:** make a tangible difference in the world by helping companies in curbing real-world emissions

On a broader perspective, we do not aim to invest in companies that are already recognised as climate leaders and today's solution providers. We are rather searching for those companies which are in the **area of potential** – businesses that have a continued role in a low-carbon economy that require the guidance to further their green transition and communicate it to the market.

As **engagement is at the core of the strategy**, we have identified which sectors are most meaningfully impacted by environmental issues. Based on the Sustainability Accounting Standards Board (SASB) Materiality Map, we then aligned the main sustainability issues with **five engagement themes** which we believe are the most critical to address in the transition to the low-carbon economy.

▪ Air and GHG Emissions

Greenhouse gas emissions (GHG) are a primary driver of global warming. Companies in hard-to-abate sectors are particularly required to align their emissions trajectory with a below 2°C scenario. All of the largest carbon emitters are highly exposed to regulatory risks, environmental compliance, and reputational risks that can increase their costs and risk profile.

Therefore, engaging with these companies is crucial as they are both an integral part of the industrialised society and the source of more than 20% of global carbon emissions.

▪ Energy Management

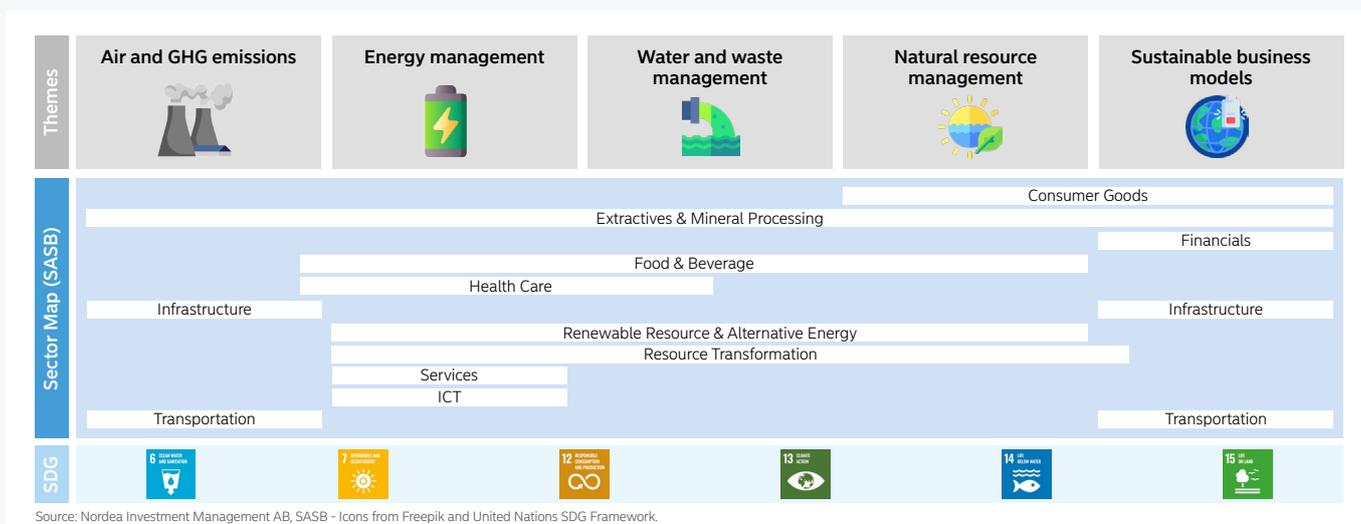
As economic production requires substantial energy inputs, energy management is key for successful climate action. With the rise in non-renewable energy prices and the implementation of carbon pricing, climate has become financially material, specifically in the most energy-intensive sectors, such as manufacturing.

Through engagement, it would be possible to improve energy efficiency and energy resource diversification which can mitigate exposure to volatile energy costs, reduce greenhouse gas emissions, and help improve costs and the reliability of the overall energy supply.

▪ Water and Waste Management

Limited resources on Earth cannot meet the growing demand, creating long-term business uncertainty for companies highly dependent on natural assets. Water-related capital investments and water-efficiency improvements can reduce

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.



the risk of experiencing higher operational costs or water shortages owing to water availability and/or regulation.

By driving the adoption of circular models we can help face the growing scarcity of natural resources and the increasingly visible environmental costs of resource production and waste generation.

▪ Natural Resources Management

Natural resource management includes using recycled and renewable materials, reducing the use of key materials, and maximising resource efficiency in manufacturing.

Making R&D investment in substitute materials is essential to stop harming the health of ecosystems through overexploitation and to secure the ability to source raw inputs at the right price.

▪ Sustainable Business Model

Responsiveness to the transition to a low-carbon and climate-constrained economy is needed to sustain value creation in the long term. Companies that incorporate environmental considerations in their products and services build their ability to be resilient.

Sustainable business models are typically better at mitigating physical and transition risks associated with climate change and monetise growing interest in sustainability among customers.

Investment process

The fund follows a structured, disciplined and well-documented investment process with **long-term thinking, fundamental bottom-up** analysis and a **unique risk management framework**.

The investment process **integrates ESG** as part of the strategic assessment of all potential companies we invest in. Together with all other relevant inputs, ESG is reflected in our valuation predominantly via how we fade returns (sustainability of returns) in our DCF model. We use external ESG data and

Nordea's own ESG assessment (ESG analysis performed by our internal RI Team) to assess the ESG profile of each company.

Engagement on material environmental issues is at the heart of this strategy as we select companies to invest in based on our ability to engage with them and on the value that can be unlocked by helping them decarbonise.

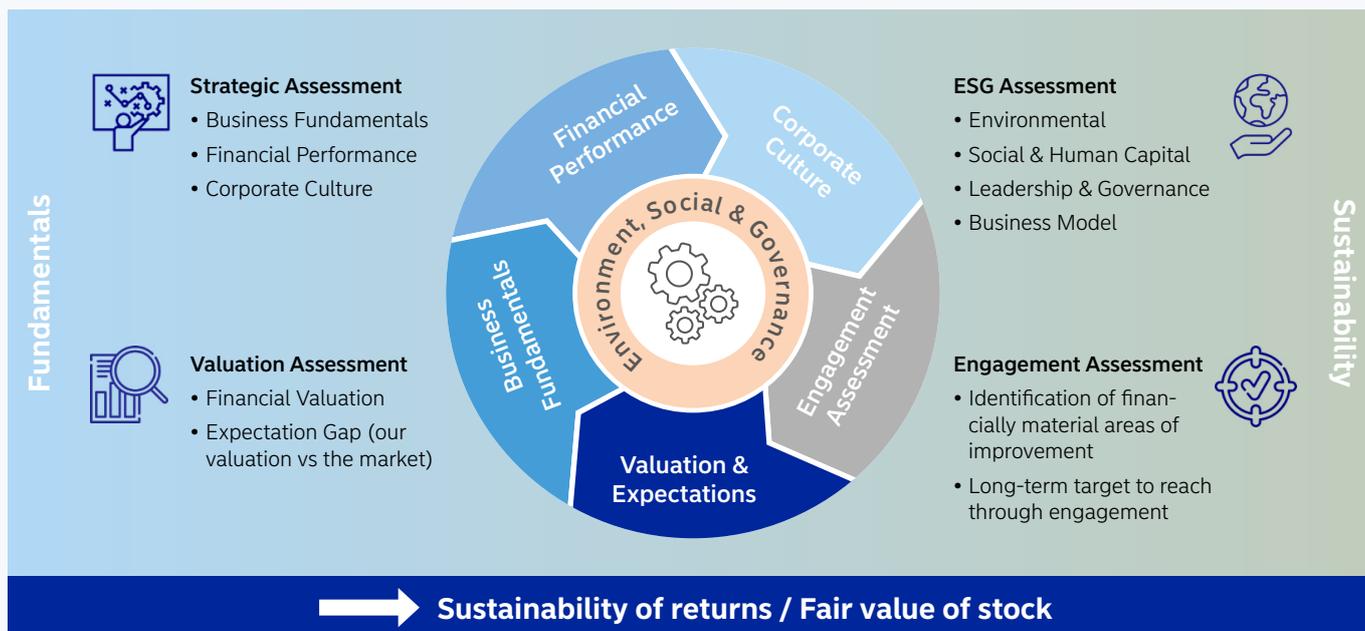
Overall, our fundamental, bottom-up, ESG and engagement integrated approach aims to identify a portfolio of high conviction ideas – **30 to 40 under-valued stocks** – with a **value bias**, that derive future cash flows from their energy transition to a low-carbon economy.

Engagement: how we do it

Being a key part of the investment process, Engagement means having a constructive and active dialogue with the companies we invest in or those we are considering for investment. Such dialogue enables us to understand how a company is thinking about and addressing ESG risks or opportunities that are relevant for its business as well as to support those businesses in fulfilling their financial and environmental potential.

Engagement takes a new dimension with our Global Climate Engagement solution, which can be broken down into four key elements:

1. **Feasibility to engage:** the first key element of driving a successful engagement is to determine the feasibility of engaging with a specific company on a targeted topic. Before investing, we assess the quality of the company's overall relationship with stakeholders – for instance, willingness to cooperate and level of ESG commitment
2. **Engagement objective:** before becoming shareholders, we initiate each investment case by setting engagement objectives and establishing the KPIs which the company has already accomplished and those it has yet to achieve. To create a systematic and scalable process, we have



formed 5 KPIs which are applicable across industries and help us **shape a roadmap** for achieving the engagement objectives:

- KPI 1 – Transparency:** disclosing relevant climate information
 - KPI 2 – Ambition:** establishing a long-term sustainability strategy, including a net-zero commitment
 - KPI 3 – Targets:** setting short- and medium-term targets to fulfil this strategy
 - KPI 4 – Strategy:** developing explicit strategy on how to deliver on the long-, medium- and short-term targets
 - KPI 5 – Performance:** display progress (measured in terms of intensity to take business growth into account) and a trajectory in line with the sustainability targets
 - KPI 6 – Capex:** aligning capital spending to enable effective execution of the strategy and the agreed targets
- Engaging and Monitoring:** once we begin our engagement efforts, an effective monitoring process takes place in which we regularly review the company's interactions and progress on its decarbonisation journey. The monitoring category could fall in one of three categories: **initiate**, **accelerate** or **intensify**
 - Escalation strategy:** if we deem that a company is failing to progress towards its engagement objectives, we will not hesitate to escalate our engagement efforts or divest

Nordea 1 – Global Climate Engagement Fund	
Fund manager	Fundamental Equities Team
Fund domicile	Luxembourg
ISIN codes*	LU2463526074 (BP-USD) LU2463525423 (BI-USD)
Annual management fees	1.50% p.a. (BP-USD) 0.75% p.a. (BI-USD)
Base currency	USD
Reference index	MSCI ACWI Index (Net Return)
Launch date	26.04.2022

Risks

Please be aware that there are risks associated with investing in this sub-fund, amongst others in: **Country risk - China, Depositary receipt, Derivatives, Emerging and frontier markets, 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.

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 as well as on www.nordea.lu. 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.** The investment promoted concerns the acquisition of units or shares in a sub-fund, not in any given underlying asset such as shares of a company, as these are only the underlying assets owned by the fund. 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. A summary of investor rights is available in English through the following link: https://www.nordea.lu/documents/engagement-policy/EP_eng_INT.pdf/. Nordea Investment Funds S.A. may decide to terminate the arrangements made for the marketing of its sub-funds in any respective EU-country of distribution in accordance with Article 93a of Directive 2009/65/EC. 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 Facility 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 Loxum, 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. The Paying Agent 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 homogenous 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, Grønlandsvej 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 Nordea 1, SICAV is registered in 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 in Estonia 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. Neither Nordea Investment Funds S.A. nor Nordea 1, SICAV have been, and will not be, registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM). Nordea 1, SICAV 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 there from. 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.