



Fund Portrait

Nordea 1 – Latin American Equity Fund

ISIN: LU0309468808 (BP-EUR) / LU0351545826 (BI-EUR)

Highlights

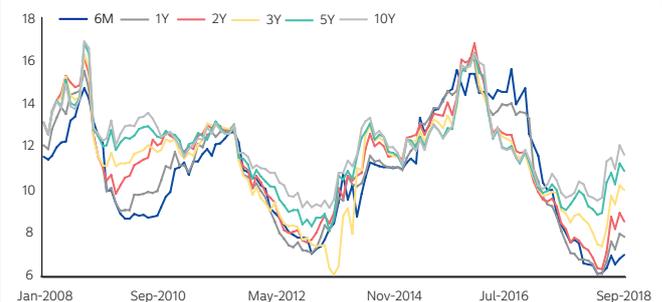
- Latin America offers strong growth potential, with larger liquidity than many other emerging markets
- Idiosyncrasies of its countries are currently additional sources of opportunities
- Nordea entered into a partnership with one of the largest banks in Latin America, Itaú Unibanco, broadly recognized for its investment capabilities and local expertise
- The fund management team located in New York – USA, São Paulo – Brazil and Santiago – Chile has a deep knowledge of the region’s stock markets and is supported by a large and most regarded equity research team

Why invest in Latin America?

We believe that Brazil, which responds for more than half of the region’s benchmark, will be more than ever the center of Latin American equity markets in the next twelve to eighteen months. After 13 years of populist and heterodox economic policies initiated in 2003, which caused the country’s worst recession in its history in 2015 – 2016, followed by a president’s impeachment process and a temporary government, the country elected a new president at the end of 2018.

Mr. Jair Bolsonaro, a former army captain and congressman for more than 20 years, was elected advocating for more orthodox economic policies, and for fierce fight against corruption and crime. He has been supported by respected economists known by their market friendly opinions, such as fiscal austerity, central bank independence, and privatization bias. Investors are confident that the new government has the necessary political conditions to address Brazil’s biggest macroeconomic problem, which is its deteriorated fiscal situation. In order to do so, the new government will have to approve important structural reforms in congress, namely the social security reform, which is the main source of the fiscal deficit.

Government Bond yields (% per annum)



Source: Haver Analytics.

If the fiscal fragility is addressed, the yield curve is expected to shift down creating room for multiple expansion of the Brazilian assets, which have traded at a discount to their historical levels.

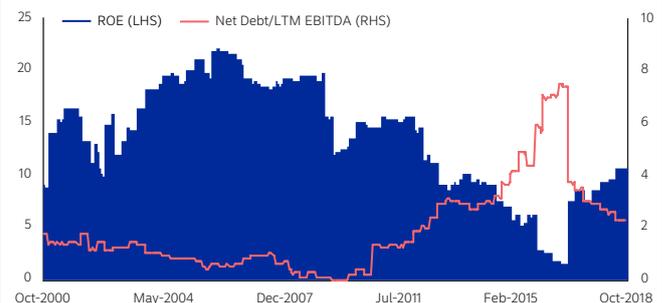
MSCI Brazil



Source: Bloomberg.

Corporate earnings have already started to improve after the end of the recession in 2016...

MSCI Brazil ROE (%) vs Net Debt / LTM EBITDA



Source: Bloomberg.

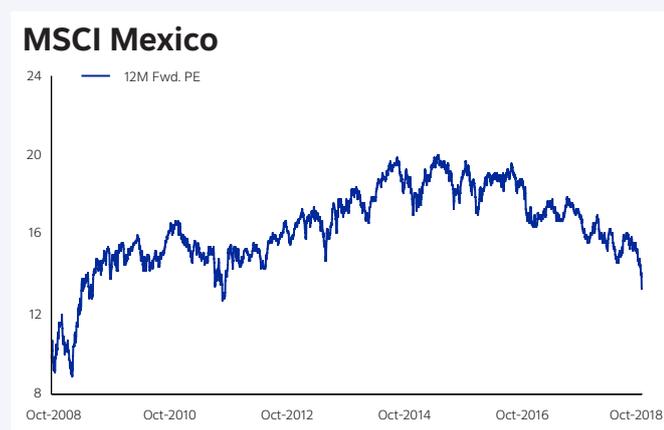
We are optimistic about Brazil. The situation is not complex: While Brazil's fiscal situation is a dire one, it is not complex, so we only need the new administration to keep the virtuous cycle started in 2016, after the impeachment process.

Is Latin America only about Brazil? Of course not.

Mexico

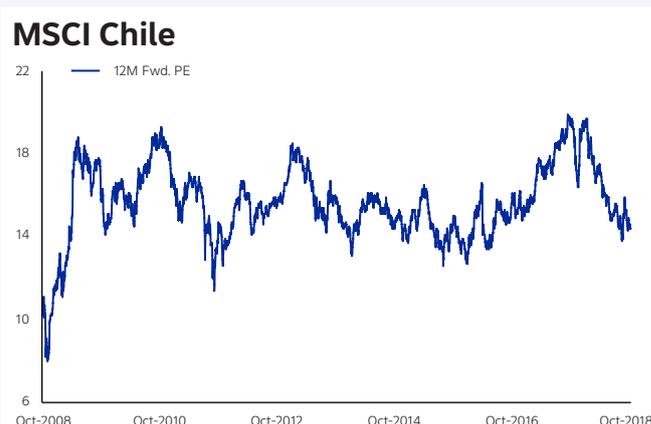
- A new deal with the US government on the NAFTA, where it protects Mexico from tariffs based on national security, provides better certainty for foreign direct investments (FDI), and regional content could potentially be positive for Mexico.
- Has Mexico turned left with the election of Mr. Andres Manuel Lopez Obrador (AMLO) in 2018? Not really. Main issues in this election were corruption and security, and AMLO managed to capture anti-establishment sentiment.

Mexican equity market trades at valuation close to historical average.



Chile

Improving macroeconomic environment with the election of a market friendly government, but much of the improvement has already been priced in. Valuations are not stretched, but we see limited room for expansion. The government is taking a gradualist approach with focus on the fiscal side, but some upside risk in pro-growth initiatives related to investments and taxes. Chile is the biggest exporter of copper in the world.



Source: Bloomberg.

Colombia

The twin deficit has improved on higher oil prices and lower import activity. The focus remains on the fiscal side. New fiscal measures may be needed, but market friendly new government has a vast majority in Congress. Activity set to recover. Large Infrastructure pipeline – the 4G projects (mostly roads) alone represent over USD15bn in investment.

Peru

Post impeachment of President PPK, the new administration is focused on restoring previous growth trends. Confidence is gradually returning, helped by private investment, which is set to recover under a new private-public partnership (PPP) scheme. Like in Colombia, infrastructure will be a source of investment opportunities. Currently there is a USD11bn project pipeline for 2018-20 in infrastructure, not to mention a pipeline of USD65bn in mining projects. Peru is a very efficient (low cost) commodity producer, particularly copper.

Argentina

The country is in the middle of a process of readjusting its macroeconomic policies after more than a decade of populist administrations, which left a disastrous legacy for the economy and moved Argentina out of the map for global investors. The country had been downgraded by MSCI from emerging market to frontier market. It is now expected to re-join the MSCI Latin America in May 2019 with a weight of 3.8%.

Is Latin America all about commodities?

The region has some of the biggest producers of commodities in the world. Chile is the biggest producer of copper in the world. Peru has a very dynamic mining industry, including copper. Mexico and Colombia are relevant producers of oil, while Argentina is a competitive producer of soybeans, wheat and beef. Brazil is the biggest producer of coffee, sugar, orange juice, and iron ore, and the second largest producer of soybeans, and beef, and third biggest producer of corn, poultry, and pork. While Brazil has a very distinctive position amongst commodity producers, commodities account for only 11% of Brazil's GDP, with 2/3 of GDP coming from domestic consumption.

Teaming up with a solid partner who offers a deep knowledge of the region

To strengthen our successful multi-boutique approach, Nordea has appointed Itaú Unibanco Asset Management (based in São Paulo, Brazil) as sub-manager of the Nordea 1 – Latin American Equity Fund, effective from November 27, 2008¹.

- **Exclusive Focus on Latin America**

Our exclusive focus on Latin America versus peers means we are not forced to share our liquidity with other pools of capital such as in the case of a global emerging market strategy or a BRIC strategy.

- **Strong proprietary research**

Proprietary research is a key strength of our investment approach. As the strategy does not have a capitalization bias, the team believes that they have a distinct advantage over competitors to evaluate and capture investment opportunities, especially in small-capitalization companies and off-benchmark positions.

- **Strong infrastructure and network**

Itaú Asset Management is one of the largest financial institutions in Latin America. Being part of a large asset management company provides the team with strong infrastructure and network. They are supported by large teams such as independent risk management, performance measurement, compliance, client communications and portfolio specialists.

// The key of our success is based on a disciplined bottom-up approach with a top-down overlay.

Investment process

The Investment Universe is comprised of 370 companies. Our investment philosophy is anchored on the principle that by exploiting multiple return sources across the Latin America universe as a whole, we can achieve competitive and strong risk-adjusted performance for our clients. We are committed to the region and our on-the-ground presence and access to the Latin American markets allows us to fully exploit localized market knowledge.

Our investment process leads us to seek companies that are attractive on three main pillars: dynamics, valuation and sentiment.

Our process is designed to identify investment value over a 1 to 3 year investment horizon. The investment style, Growth at Reasonable Price (GARP), aims to invest in stocks that exhibit strong earnings growth as well as an attractive valuation.

Our disciplined approach combines thorough bottom-up analysis with a top-down overlay. By combining experienced portfolio managers with research teams we believe we are well positioned to research and identify under-covered stocks ahead of the competition and generate capital growth for our clients.

This is especially relevant to uncovering the significant upside potential in the small and mid-cap space, stocks that stand to benefit the most from the economic growth in the region.

We favour secular growth themes and as such a component of the bottom up value identified will be derived from this source. We believe that the secular growth themes help us to identify stocks with attractive valuations relative to underlying growth. Our investment process leads us to avoid companies with unclear growth prospects and/or poor capital discipline.

Sell discipline

Portfolio rebalancing results from changes in our fundamental research and daily stock assessment and valuations. While we do not explicitly specify sell targets, the strategy abides by a formal sell discipline and considers several factors when determining if positions should be sold.

These factors may include:

- Deterioration in the fundamentals of the company or industry
- Valuation target achieved
- Macroeconomic changes affecting the assumptions used in our models
- Identification of a relatively more attractive opportunity
- Adjustment to the risk budget

Management Team

The Latin America Equity investment team is formed of highly experienced professionals. The team has an average of more than 15 years investing in the Region.

Scott Piper, the Lead Portfolio Manager, is based in NY and has more than 18 years of experience investing in the region. Scott's team includes 4 senior equity analysts, based in NY and Santiago de Chile. The team is also supported by 6 analysts located in São Paulo, Brazil and a team of 10 dedicated economists.

1) The Nordea 1 – Latin American Equity Fund has been launched 01.08.2007 and was previously managed internally by Nordea.

Nordea 1 – Latin American Equity Fund ²	
Fund manager	Itaú USA Asset Management Inc.
Fund domicile	Luxembourg
ISIN codes*	LU0309468808 (BP-EUR) LU0351545826 (BI-EUR) ³
Annual management fees	1.60 % p.a. (BP-EUR) 1.00 % p.a. (BI-EUR) ³
Base currency	EUR
Reference index	MSCI EM Latin America 10/40 – Net Return Index
Launch dates	01.08.2007 (BP-EUR) 01.04.2008 (BI-EUR) ³

Risks

Please be aware that there are risks associated with investing in this sub-fund. 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. 2) Since 27.11.2008 Itaú Unibanco has taken over the role of the sub-manager of the Nordea 1 – Latin American Equity Fund. 3) BI-EUR share class: only for distribution towards institutional clients. Minimum investment amount: EUR 75,000 (or the equivalent).

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, Selnastrasse 16, CH-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, D-60311 Frankfurt am Main. A hard copy of the above-mentioned fund documentation is also available from here. **Additional information for investors in Austria:** Sub-paying Agent and Representative in Austria is Erste Bank der Österreichischen Sparkassen AG, Am Belvedere 1, A-1100 Vienna. **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, 75013 Paris. **Investors are advised to conduct thorough research before making any investment decision. Additional information for investors in Belgium:** The Representative Agent in Belgium is BNP Paribas Securities Services S.C.A., Brussels branch, 25 Rue de Loxum, Brussels, B-1000-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., Paseo de la Castellana 9, ES-28046 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, at State Street Bank International GmbH – Succursale Italia, branches (located in the main towns of each region), BNP Paribas Securities Services – Succursale di Milano, Banca Sella Holding S.p.A., Banca Monte dei Paschi di Siena S.p.A., Allfunds Bank S.A., Succursale di Milano, Société Générale Securities Services S.p.A. 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. Additional information for investors in the United Kingdom:** Approved by Nordea Bank Abp, 5 Aldermanbury Square, London EC2V 7AZ, which is regulated by the FCA in the United Kingdom. **Additional information for investors in Sweden:** The Paying Agent is Nordea Bank Abp, filial i Sverige, Smländsgatan 17, Stockholm SE-105 71. The Representative Agent is Nordea Funds Ltd, Swedish Branch, Mäster Samuelsgatan 21, Stockholm, SE-105 71. **Additional information for investors in Denmark:** The Information and Paying Agent is Nordea Danmark, filial af Nordea Bank Abp, Finland, Strandgade 3, Christiansbro, DK-1401 Copenhagen K. A hard copy of the above-mentioned fund documentation is available here. **Additional information for investors in Norway:** The Paying Agent is Nordea Bank Abp, filial i Norge, Essendrops gate 7, Postboks 1166 Sentrum, NO-0107 Oslo. The Representative Agent is Nordea Funds Ltd, Norwegian Branch, Essendrops gate 7, Postboks 1166 Sentrum, NO-0107 Oslo. **Additional information for investors in Lithuania:** The Representative and Paying Agent is Lumior Bank AS, Sklanstes iela 12, Riga, LV-1013. **Additional information for investors in Estonia:** The Representative and Paying Agent in Estonia is Lumior Bank AS, Liivalaia 45, 10145 Tallinn. **Additional information for investors in Latvia:** The Representative and Paying Agent is Lumior Bank AB, Konstitūcijas pr. 21A, 03601 Vilnius. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. **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 have 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 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.