



# Fund Portrait



## Nordea 1 – Nordic Equity Small Cap Fund

ISIN: LU0278527428 (BP-EUR) / LU0351546048 (BI-EUR)

### Highlights

- Small cap companies offer exposure to Nordic economies that are innovation-driven, transparent and supported by a stable political background
- The investment universe consists of Nordic-listed companies with a market capitalisation approximately equal to EUR 2,000 bn



### 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 specialised internal boutiques with exclusive external competences allowing us to deliver alpha in a stable way for the benefit of our clients. Furthermore, we have 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 – Nordic Equity Small Cap Fund has been internally managed since inception. The lead portfolio manager and the co-portfolio manager are part of the Nordic, Finnish and Swedish Equities Team, which is based in Stockholm. The team stands for bottom-up and research-driven analysis running focused equity portfolios with a strong conviction level, a large active share and a preference for quality companies with a strong cash flow generation.

### Why invest in Nordic equities?

Over the last ten years the **Nordic region has enjoyed a more robust growth than the broader Eurozone**. On the back of strong and healthy balance sheets, and in some cases even budget surpluses, this Nordic trend is set to continue. Furthermore, the stable political and tech-friendly environment has been positive for the region's companies contributing to the overall growth.

For the long-term investor, **Nordic equities (small & large caps) have returned a higher performance compared to European equities**. The Nordea 1 – Nordic Equity Small Cap Fund invests in the equity markets of Sweden, Finland, Norway and Denmark which offer a strong sector diversification.

### Small vs. large caps

While larger Nordic companies are more global and export oriented, **small cap companies allow investors to tap directly into the strong domestic economies**.

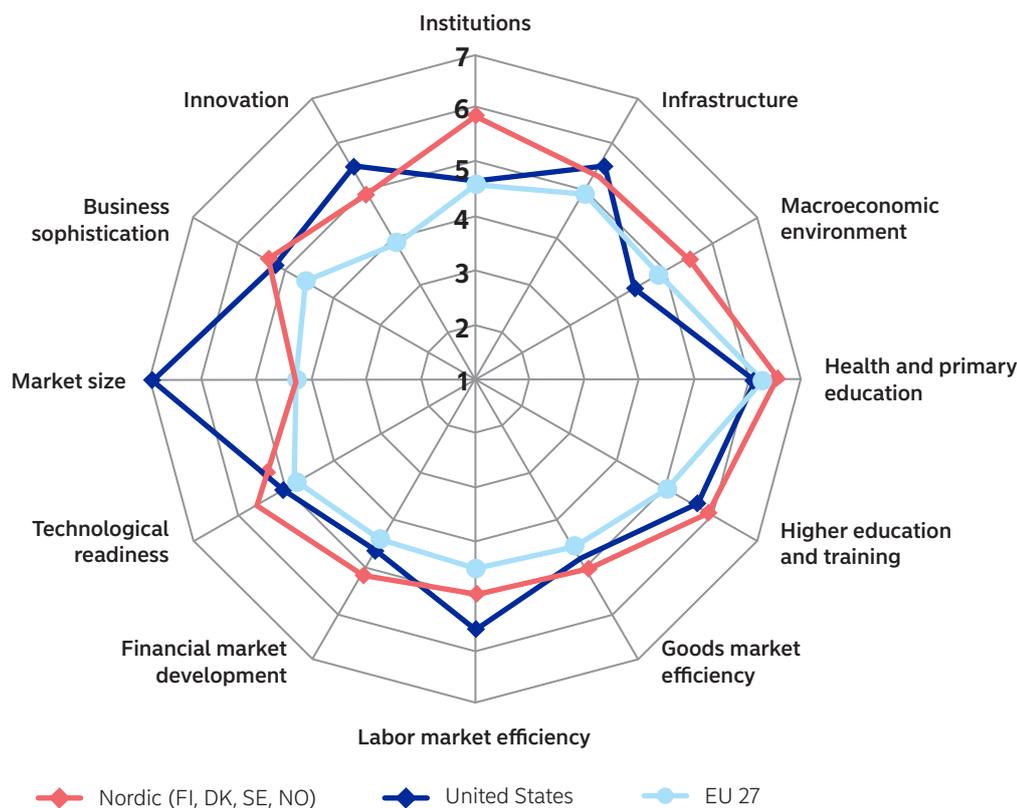
A distinctive feature of small caps is that they are less exposed to financials, especially banks.

In addition, analysts mainly focus on large and liquid companies and therefore smaller companies tend to be less analysed. As a result, **good opportunities are often overlooked by market players**.



Mats J. Andersson

**With this fund, we give you the opportunity to take advantage of the growth potential of one of the world's most forward looking, innovative and prosperous regions.**



Source: World Economic Forum Global Competitiveness Report 2010 – 2011.

## Strong foundation for the future

The Nordic region and companies are well equipped to meet future challenges and are positioned to generate sustainable growth.

In several surveys, the Nordic region is rated high in terms of innovation, education as well as in research and development. In fact, these are important pillars that are building the foundation for a successful future. According to the World Economic Forum Global Competitiveness report, the Nordic countries have outpaced most European countries in terms of innovation, infrastructure, education and other components of the welfare state. Even when compared to the United States the region fares well.

## Investment process & philosophy

The investment universe consists of companies with a market capitalisation approximately equal to EUR 2,000 bn, which includes around 700 stocks. The fund will actively cover approximately 200 companies. As liquidity can be a concern in the small-cap market, risk diversification is paramount, and the **portfolio** will, therefore, be **highly diversified**.

The fund mainly follows a fundamental bottom-up approach when investing, while sector and country allocation is secondary. As the small cap universe is less covered, **company visits**

are a **vital source of information**. Value style equities account for a predominant portion of the portfolio which results in a more **defensive bias**. The fund invests in high-quality and transparent companies with clear business models, management investing in their companies, attractive valuations and price catalysts. The portfolio does not track the benchmark, but monitors it. This allows a high degree of **freedom in selecting the best investment ideas**.

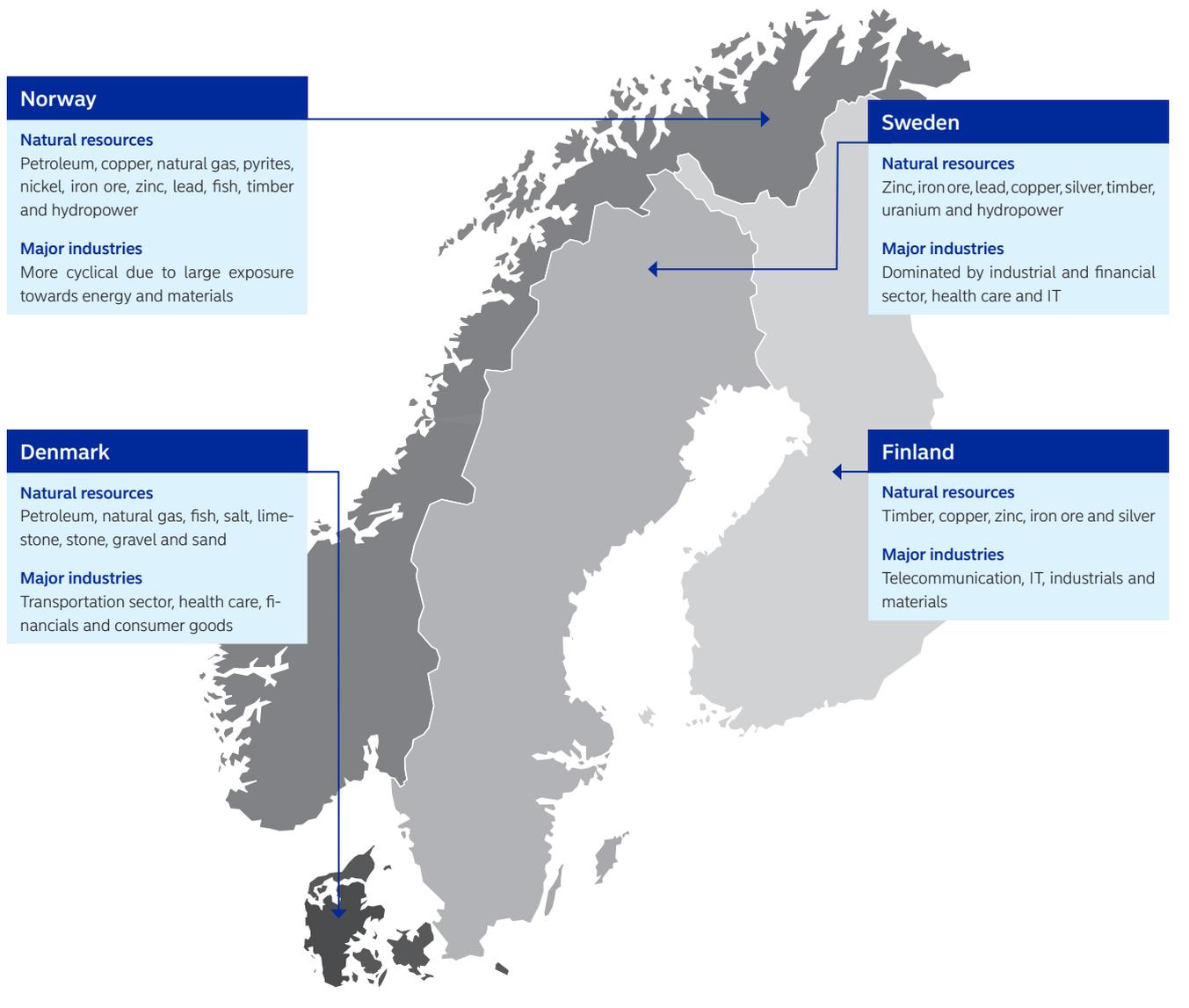
The fund is managed by an experienced team. It is very stable, with the lead fund manager (Mats J. Andersson) having managed Nordic equities since 1998. The team is based in Stockholm and cooperates with local portfolio managers based in Helsinki, Bergen and Copenhagen.

## We know the Nordic markets very well

Nordea is the leading financial services group in the Nordic region with broad corporate relationships. We can leverage our strong market position, both when developing competitive insights about industries and companies in the region and when researching Nordic companies, where our critical mass gives us a clear advantage.

## Profile of the Nordic region

A broad variety of natural resources and industries



## Outstanding track record

The team has managed small caps for more than 20 years. The Nordea 1 – Nordic Equity Small Cap Fund was launched in 2007, and it follows the strategy of a Finnish fund managed by the same managers since 1998.

Nordea 1 – Nordic Equity Small Cap Fund	
Fund manager	Nordec, Finnish and Swedish Equities Team
Fund domicile	Luxembourg
ISIN codes*	LU0278527428 (BP-EUR) LU0351546048 (BI-EUR) <sup>1</sup>
Annual management fees	1.50% p.a. (BP-EUR) 1.00% p.a. (BI-EUR) <sup>1</sup>
Base currency	EUR
Reference index	Carnegie Small CSX Return Nordic
Launch dates	15.01.2007 (BP-EUR) 01.04.2008 (BI-EUR) <sup>1</sup>

## Risks

Please be aware that there are risks associated with investing in this sub-fund, amongst others in: **Derivatives, Small and mid-cap equity**. 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.

To find out more, visit our local microsite:

[nordea.ch/NordicEconomies](http://nordea.ch/NordicEconomies)

[nordea.lu/NordicEconomies](http://nordea.lu/NordicEconomies)

[nordea.co.uk/NordicEconomies](http://nordea.co.uk/NordicEconomies)



\*Other share classes may be available in your jurisdiction. 1) BI-EUR share class: only for distribution towards institutional clients. Minimum investment amount: EUR 75,000 (or the equivalent).

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