



Fund Update – Special Edition

March 2019

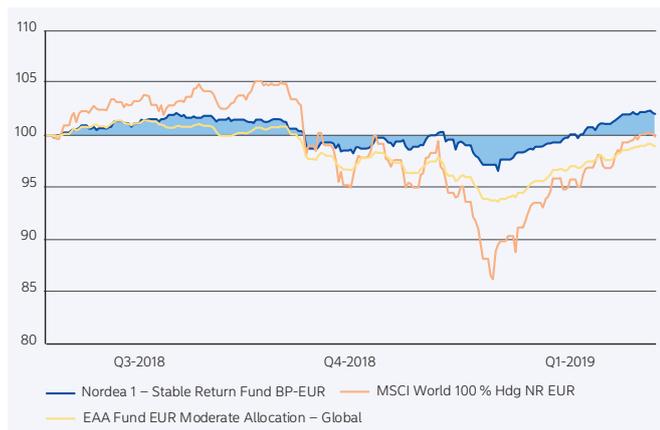
Three reasons currently speak in favour of the Nordea 1 – Stable Return Fund

Nordea 1 – Stable Return Fund

ISIN: LU0227384020, BP-EUR / LU0351545230, BI-EUR / LU0255639139, AP-EUR / LU1009762938, AI-EUR

The Nordea 1 – Stable Return Fund had a positive start to 2019 rising by 4.49%¹ to the end of February. Against the backdrop of the current market environment, we remain firmly convinced that the fund is very well positioned in the short term and looking out beyond 2019.

Focus on capital preservation



Source: © 2019 Morningstar, Inc. All Rights Reserved as at: 28.02.2019. Period under consideration: 30.06.2018 – 28.02.2019. 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. The Nordea 1 – Stable Return Fund does not have any official reference index. However, for comparison purposes, we have shown the MSCI World 100% EUR Hedged Index and the EEA OE EUR Moderate Allocation – Global category performances which might be possible benchmarks for this type of portfolio.

In our opinion, there are three good reasons for this:

Reason 1: The macroeconomic environment speaks in favour of the fund.

At the moment, a weaker growth environment looks likely. The Nordea 1 – Stable Return Fund generally outperforms under such conditions. The fund has proven its ability to **bounce back strongly** after periods of weakness. The current market scenario therefore represents a **very good entry point**.

Reason 2: The return “engine” is intact and still functioning very well.

Strength in periods of economic slowdown:

Nordea 1 – Stable Return Fund BP-EUR vs. ISM Purchasing Managers' Index



Source: Bloomberg. Date: 28.02.2019.

The strong start to the year and the fund's characteristic ability to preserve capital in weakening markets is producing good returns with relatively low volatility. This allows the fund to achieve superior risk-adjusted returns over the long term and to outperform its peer group.

Reason 3: The fund is very attractively valued, in particular regarding its defensive performance drivers.

Nordea 1 – Stable Return Fund BP-EUR vs. peer group

Monthly returns under various market conditions since launch of unit class

	Number of months	Nordea 1 – Stable Return Fund (BP-EUR) (%)	EAA Fund EUR Moderate Allocation – Global (%)	Relative return (%)
Months with positive equity market performance (MSCI World 100% Euro Hdg)	105	0.90	1.08	-0.18
Months with negative equity market performance (MSCI World 100% Euro Hdg)	55	-0.77	-1.47	0.70
All months	160	0.32	0.20	0.12

Source: Nordea Investment Management AB. Date: 28.02.2019. Time period under consideration: 02.11.2005 – 28.02.2019. 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 Nordea 1 – Stable Return Fund does not have any official reference index. However, for comparison purposes, we have shown the MSCI World 100% EUR Hedged Index and the EEA OE EUR Moderate Allocation – Global category performances which might be possible benchmarks for this type of portfolio.

¹ Source: Nordea Investment Funds S.A. Time period under consideration: 31.01.2019 – 28.02.2019. 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.

The stable/low-risk equities in our portfolio are very attractively valued in comparison to the broader market, even after the strong performance since the beginning of the year. The valuation gap offers significant potential returns.

Implications for investors

Attractive valuation

P/E 12M forward – based on current positions



Source: Nordea Investment Management AB, Bloomberg. Date: 04.01.2019. Time period under consideration: 30.06.2010 – 31.12.2018.

In particular, any investors having invested at the peak in 2016 and now considering taking profits following the recent strong performance are sacrificing the future performance potential and capital preservation qualities of the fund (should markets trend weaker over the long term). Instead, they should be considering the possibility of investing on an anticyclical basis.

Not investing in the Nordea 1 – Stable Return Fund means foregoing one of the most stable investment solutions in the market. The fund has a successful track record covering almost 15 years, during which time it has achieved its objectives of attractive risk-adjusted returns and capital preservation.

The philosophy and investment approach with its focus on balanced risk remain intact. Over the last 10 years, the fund has generated returns of +5.85% p.a. with volatility of 5.21%. This means that the Nordea 1 – Stable Return Fund remains one of the best options for investors to achieve long-term, stable and consistent returns.

2) Source: © 2019 Morningstar, INC. All rights reserved. Time period under consideration: 28.02.2009 – 28.02.2019. 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.

Source (unless otherwise stated): Nordea Investments Funds S.A. Period under consideration (unless otherwise stated): 02.11.2005 – 28.02.2019. 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 28.02.2019. 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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