



# Quarterly Report

Third quarter 2018

## Nordea 1 – Global Stable Equity Fund - Euro Hedged\*\*

ISIN: LU0278529986 (BP-EUR)

### Overview

- During Q3 2018, the fund (Euro hedged) returned +4.72%<sup>1</sup> and underperformed the MSCI World – Net Total Return Index (EUR hedged)<sup>2</sup> by 0.06%<sup>1</sup>. The unhedged version of the fund returned +5.42%<sup>1</sup>, underperforming the MSCI World – Net Total Return Index (in EUR)<sup>2</sup> by 0.11%
- The general market tone was positive again mainly based on macroeconomic support in the US. In the last part of the quarter, developed markets experienced a flight to quality due to trade-related concerns
- The fund continues to benefit from visible and stable earnings compared to the broader market and the cheaper valuations are still expected to result in better risk-adjusted returns

1) Sources: Nordea Investment Funds S.A. and Bloomberg. Period under consideration: 30.06.2018 – 30.09.2018. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. 2) The sub-fund does not have any official reference index. However, for comparison purposes we have shown the MSCI World – Net Total Return Index (EUR hedged) respectively the MSCI World - Net Total Return Index (in EUR) performance which is one of the possible benchmarks for a Global Stable Equity portfolio. Sources: Nordea Investment Funds S.A. and Bloomberg. Date: 30.09.2018.

### Investment strategy

The portfolio manager applies a unique process to construct a portfolio of equities with stable returns based on an objective quantitative stock screening model, with a fundamental overlay. The process identifies companies that operate in established lines of business, generating consistently stable earnings, dividends, cash flows, etc. This stability helps dampen price volatility of such companies' stocks, making them less risky than the broader market. There is also a high degree of portfolio diversification with around 100 stocks typically making up the portfolio, thereby adding a further layer of stability. The goal then is to offer investors the benefits of long-term return opportunities in the global equity markets, without the risk of significant capital losses in the short to medium term as is the case with conventional stocks.

### Fund data

Share class	BP-EUR
Fund category	Accumulating
NAV in EUR	17.97
Base Currency	EUR
Fund AUM Million (EUR)	1,181.09
Front end fee in %	Up to 5.00
Annual management fee in %	1.50
Launch date	05.03.2007
ISIN	LU0278529986
Sedol	B1LCPM8
WKN	AOLGS7
Bloomberg ticker	NORSBPE LX
No. of holdings	98

Data as of 30.09.2018.

### Portfolio Managers

#### Nordea Stable Equities / Multi Assets Team



Claus Vorm  
Portfolio manager



Robert Næss  
Portfolio manager

\*\* In the prospectus dated 30.06.2014 the Nordea 1 – Global Stable Equity Fund was renamed to Nordea 1 – Global Stable Equity Fund - Euro Hedged.

## Quarterly commentary Q3 2018

During the third quarter 2018, global equity markets delivered overall positive results, with the MSCI World – Net Return Index 100% Hedged to Euro returned 4.78%<sup>3</sup>. In Euro terms the MSCI World – Net Return Index returned 5.53%<sup>4</sup>. The best performing sectors were Healthcare, Information Technology and Industrials. The worst performing sectors were Real Estate and Materials.

In July global equity markets delivered overall strong positive returns based on the macroeconomic support in the US, with high GDP growth and low unemployment rate. On top of that, equity markets suffered a style rotation which favoured defensive securities against the cyclical ones, especially in developed markets. The positive performance of global equities continued throughout August supported by steady macroeconomic data in the US. From a sector perspective, the picture was more mixed and the more resilient stocks led their peers. Towards the end of the quarter, developed markets performance was positive and experienced a flight to quality due to the issues and concerns in relation to tariffs with China.

The fund had a positive absolute return with a slightly underperforming the returns of the broader market. The portfolio saw positive relative performance contributions from implicit sector allocation and negative from stock selection.

At the sector level, the most positive relative contributions came from the overweight position in Healthcare as well as from the underweight position in Financials and Energy. The underweight position in Information Technology as well as the overweight position in Utilities was contributing negatively at the sector positioning level.

In terms of stock selection Industrials, Utilities and Energy were among the largest negative contributors. On the positive side, stock selection with respect to Consumer Staples and Materials had the largest positive contribution.

Compared to the MSCI World Index the portfolio continues to have an implicit overweight to mainly Health Care, Communication Services and Utilities while the portfolio has an implicit underweight allocation to primarily Financials, Energy and Consumer Discretionary.

The fund continues to benefit from visible and stable earnings compared to the broader market and the cheaper valuations are still expected to result in better risk-adjusted returns. The fund is likely to be comparatively resilient in a scenario driven by increased earnings uncertainty. Furthermore the portfolio's overall interest rate sensitivity is expected to be partially mitigated by the investment strategy's cautious investment approach.

3) Sources: Nordea Investment Funds S.A. and Bloomberg. Period under consideration: 30.06.2018 – 30.09.2018. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. 4) The sub-fund does not have any official reference index. However, for comparison purposes we have shown the MSCI World – Net Total Return Index (EUR hedged) respectively the MSCI World – Net Total Return Index (in EUR) performance which is one of the possible benchmarks for a Global Stable Equity portfolio. Sources: Nordea Investment Funds S.A. and Bloomberg. Date: 30.09.2018.

### Cumulative returns as of 30.09.2018 in %

Time frame	Fund <sup>5</sup>	Index <sup>6</sup>
Year to date	1.64	5.04
1 month	0.79	0.56
3 months	4.72	4.78
6 months	7.35	8.04
1 year	5.33	10.16
3 years	25.14	40.51
5 years	49.50	59.56
Since launch	79.70	78.61

### Calendar year returns in %

Time frame	Fund <sup>5</sup>	Index <sup>6</sup>
2017	9.54	16.80
2016	5.98	7.79
2015	4.24	1.75
2014	14.50	9.48
2013	25.47	28.07

### Performance of the fund versus a reference index<sup>7</sup> (since inception)



5) ISIN Code LU0278529986. Inception date: 05.03.2007. 6) MSCI World – Net Total Return Index (EUR hedged). For comparison purposes only. The sub-fund has no official reference index. 7) MSCI World – Net Total Return Index (EUR hedged). For comparison purposes only. The sub-fund has no official reference index. Sources: Nordea Investment Funds S.A. and Bloomberg. Period under consideration: 05.03.2007 – 30.09.2018. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested.

## Quarterly sector<sup>8</sup> contribution in %

Sector	Average fund weight	Relative fund weight	Non-weighted		Weighted	
			Index performance	Fund performance	Fund absolute contribution	Fund relative contribution
Consumer Discretionary	8.18	-4.46	4.89	6.31	0.53	-0.09
Consumer Staples	8.47	0.41	3.13	4.20	0.40	0.14
Energy	1.85	-4.69	1.31	-3.80	-0.07	-0.16
Financials	8.25	-8.08	3.22	4.20	0.35	-0.21
Health Care	27.00	14.06	12.07	12.45	3.27	1.84
Industrials	7.08	-4.25	6.67	-3.09	-0.22	-0.99
Information Technology	15.92	-3.18	8.71	9.42	1.46	-0.17
Materials	1.71	-2.97	-0.01	6.22	0.10	0.11
Communication Services	9.89	7.27	6.12	5.33	0.54	0.38
Real Estate	3.95	1.09	-0.53	-2.31	-0.09	-0.08
Utilities	5.77	2.86	1.40	-1.12	-0.06	-0.11

8) Period under consideration: 30.06.2018 – 30.09.2018. The contribution and performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees. The Global Stable Equities Strategy does not have any official reference index. However, for comparison purposes we have shown the MSCI World Index performance (in EUR) which is one of the possible benchmarks for a Global Equity portfolio. Source: Nordea Investment Funds S.A. Date: 30.09.2018.

## Quarterly region<sup>8</sup> contribution in %

Country	Average fund weight	Relative fund weight	Non-weighted		Weighted	
			Index performance	Fund performance	Fund absolute contribution	Fund relative contribution
Europe	17.10	-4.79	1.45	-1.68	-0.68	-1.02
Asia ex-Japan	4.21	2.54	0.40	3.85	0.16	0.16
Japan	10.61	2.10	4.22	-1.20	-0.11	-0.48
North America	67.05	1.72	7.58	10.25	6.69	1.88
Other	1.04	-1.57	0.11	8.19	0.13	0.13

8) Period under consideration: 30.06.2018 – 30.09.2018. The contribution and performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees. The Global Stable Equities Strategy does not have any official reference index. However, for comparison purposes we have shown the MSCI World Index performance (in EUR) which is one of the possible benchmarks for a Global Equity portfolio. Source: Nordea Investment Funds S.A. Date: 30.09.2018.

## Top ten weights contribution during the quarter<sup>9</sup> in %

Company	Average weight	Performance <sup>9</sup>	Absolute contrib.
KDDI	2.68	3.03	0.08
CVS Health	2.63	23.60	0.53
Oracle	2.53	17.91	0.41
Johnson & Johnson	2.44	15.04	0.34
Zimmer Biomet Holdings	2.28	18.75	0.38
Walgreens Boots Alliance	2.25	22.70	0.45
Medtronic	2.24	16.79	0.34
Cisco Systems	2.22	14.27	0.29
Nippon Telegraph & Telephone	2.19	1.31	0.03
Amgen	2.03	13.48	0.28

8) Period under consideration: 30.06.2018 – 30.09.2018. The contribution and performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees. The Global Stable Equities Strategy does not have any official reference index. However, for comparison purposes we have shown the MSCI World Index performance (in EUR) which is one of the possible benchmarks for a Global Equity portfolio. 9) The performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees, based on the holding period of the stock. **The performance represented is historical; past performance is not a reliable indicator of future results.** Source: Nordea Investment Funds S.A. Period under consideration: 30.06.2018 – 30.09.2018.

## Top ten contributors during the quarter<sup>8</sup> in %

Company	Average weight	Performance <sup>9</sup>	Absolute contrib.
CVS Health	2.63	23.60	0.53
Walgreens Boots Alliance	2.25	22.70	0.45
Apple	1.80	22.90	0.44
Pfizer	1.64	22.85	0.42
Oracle	2.53	17.91	0.41
Zimmer Biomet Holdings	2.28	18.75	0.38
Medtronic	2.24	16.79	0.34
Johnson & Johnson	2.44	15.04	0.34
AutoZone	1.66	16.19	0.33
Cisco Systems	2.22	14.27	0.29

## Market capitalisation as of 30.09.2018 in %

Mn EUR	Fund
Not classified	0.23
1,000 – 2,000	0.59
2,000 – 5,000	1.19
5,000 – 10,000	6.00
10,000 – 20,000	13.25
20,000 – 30,000	12.69
30,000 – 40,000	10.32
>40,000	55.73

Source: Nordea Investment Funds S.A. Date: 30.09.2018

8) Period under consideration: 30.06.2018 – 30.09.2018. The contribution and performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees. The Global Stable Equities Strategy does not have any official reference index. However, for comparison purposes we have shown the MSCI World Index performance (in EUR) which is one of the possible benchmarks for a Global Equity portfolio. 9) The performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees, based on the holding period of the stock. **The performance represented is historical; past performance is not a reliable indicator of future results.** Source: Nordea Investment Funds S.A. Period under consideration: 30.06.2018 – 30.09.2018.

## Bottom ten contributors during the quarter<sup>8</sup> in %

Company	Average weight	Performance <sup>9</sup>	Absolute contrib.
Bayer	1.35	-18.93	-0.33
Atlantia	0.29	-29.29	-0.23
Daito Trust Construction	0.62	-19.25	-0.13
eBay	1.96	-8.41	-0.13
British American Tobacco	1.73	-7.27	-0.12
SSE	0.86	-11.68	-0.10
Publicis Groupe	0.53	-12.66	-0.08
TransCanada	1.46	-5.13	-0.07
Asahi Group Holdings	0.78	-14.89	-0.07
Signature Bank/New York NY	0.59	-9.50	-0.07

8) Period under consideration: 30.06.2018 – 30.09.2018. The contribution and performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees. The Global Stable Equities Strategy does not have any official reference index. However, for comparison purposes we have shown the MSCI World Index performance (in EUR) which is one of the possible benchmarks for a Global Equity portfolio. 9) The performance figures shown are the ones of the Global Stable Equities Strategy in EUR, unhedged and gross of fees, based on the holding period of the stock. **The performance represented is historical; past performance is not a reliable indicator of future results.** Source: Nordea Investment Funds S.A. Period under consideration: 30.06.2018 – 30.09.2018.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30.06.2018 – 30.09.2018. 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 30.09.2018. 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.** 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, 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](http://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 Loux, 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](http://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](http://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](http://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. **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, Smålandsgatan 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 of 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 Finland:** The Representative and Paying Agent is Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki. The Representative Agent is Nordea Funds Ltd, Satamaradankatu 5, FI-00020 NORDEA, Helsinki. **Additional information for investors in Latvia:** The Representative and Paying Agent is Lumina Bank AS, Skanstes iela 12, Riga, LV-1013. **Additional information for investors in Estonia:** The Representative and Paying Agent in Estonia is Lumina Bank AS, Livalaia 45, 10145 Tallinn. **Additional information for investors in Lithuania:** The Representative and Paying Agent in Lithuania is Lumina Bank AB, Konstitucijos 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 an 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 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.