



Fund Flash

Nordea 1 - Emerging Stars Equity Fund

ISIN: LU0602539602 (BP-USD) / LU0602539354 (BI-USD)

The objective of the fund is to beat its benchmark by 300bps over a full investment cycle.¹

Portfolio comment as of 31/10/2021

Emerging Markets equities increased 0.9% in October, led by CEEMEA equities which increased by 2.4% followed by EM Asia (+1.2%), while LatAm (-5.4%) was the worst performer. Across a number of EM countries, rate hikes were initiated during the month including Russia (+75bp) and Brazil (+150bp). In terms of sectors, cyclicals outperformed defensives with a return of 2.1% and -0.5%, respectively, with the best performing sectors being Consumer Discretionary (+7.0%) and Communication Services (+3.3%).

In this context, the fund delivered a monthly return equal to 0.37%, bringing YTD performance to -3.57% (BP-USD).

The fund underperformed as a result of negative attribution from stock selection. The strategy was negatively affected by adverse stock picks in Consumer Discretionary (-61 bps) and Financials (-55 bps), whereas it benefitted from good stock picks in Information Technology (+28 bps) and Materials (+11 bps). In terms of sector allocation, the strategy benefitted from its underweight in Health Care (+24 bps) as well as its overweight in Materials (+12 bps). On the contrary, it was negatively affected by its overweight in Consumer Staples (-8 bps) as well as its overweight in Information Technology (-6 bps).

Top Contributors

- Alibaba Group Holding: China's leading e-commerce player, had a good month in October mainly on the back of a broad based internet rally in China, supported by low valuations as well as news of Jack Ma being in Europe to do new business, which the market took positively as a sign that the regulatory crackdown is nearing an end for the company.
- Aspeed Technology: The dominant chip design player for board controller (BMC) in server/datacentre, rebounded along with the news of more secured foundry capacity as well as a massive capex guidance hike by Facebook.
- Sea: The online gaming, e-commerce and fintech company, had an OK month without any significant news.

Bottom Contributors

- MercadoLibre: The Latin-American e-commerce company suffered in October due to political noise in Brazil and due to local investors rotating from Growth to Value.
- Hindustan Unilever: The largest FMCG company in India performed weakly following their September quarter results. The September quarter reflected margin contraction in the business due to raw material inflation.
- Ping An Healthcare and Technology: Had a tough month on the back of a new strategy update at the end of October, which changed the way the company would attract customers as well as how fast the company expects to grow.

Top Contributors		Top Detractors		Cumulative Performance			
				1M	YTD	3 Years	
Foshan Haitian F&F Co	Magnit	Li Ning	Alibaba	Fund (BP-USD)	0.37%	-3.57%	75.74%
Sberbank of Russia	Lojas Renner			Benchmark	0.99%	-0.27%	41.62%
				Alpha	-0.62%	-3.30%	34.12%

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* investing in their own account - according to MIFID definition

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