



# Fund Flash

## Nordea 1 - Global Stars Equity Fund

ISIN: LU0985320562 (BP-USD) / LU0985319804 (BI-USD)

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

### Portfolio comment as of 30/09/2020

September was a challenging month for the fund mainly driven by the following:

- A rebound in Large Cap technology stocks, of which well-known names such as the FAANG. While they recovered some lost ground in the second half of the month, our positions in Amazon and Alphabet contributed negatively
- The Asian markets outperformed US and European ones, led by Japan in which we have the largest underweight in terms of region. The US, where we have a small overweight, lagged.

In this context, the fund delivered a monthly return equal to -4.46%, bringing YTD performance to 4.05% (BP-USD).

### Top contributors

1. Nabtesco Corp benefitted from rising expectations on Asian growth. The stock tends to do well when the second derivative in Japanese machine tool orders is rising, which now appears to be the case after a COVID-19 related delay.
2. Westrock. While still early days, pulp prices started rising in August and September, which has lent support to paper packaging giant Westrock. The move has started in China, but it is still early days to start expecting a big pulp rally.
3. Bright Horizons Family Solutions is a US based day care provider. As a well-run "Moat & Tailwind" company it was an old market darling but the stock fell by 60% in March as the market worried about the short term shutdowns, and longer term implications from work from home trends (supposedly less need for day care). We took advantage of the situation to add a high quality franchise at a discounted valuation. We believe these issues are short term and work from home trends will not affect the need for day care.

### Top detractors

1. UniCredit & Citigroup: The performance of the two companies were discussed in the above market development section. We believe that these stocks trade far below their fair values, and need a catalyst to realize that value. We believe that this catalyst will come when banks are once again allowed to pay dividends and buy back shares. If interest rates start to rise, that would be an additional trigger as well as a COVID-19 normalization would be.
2. PRA Group fell back on no major news. The stock has done well year to date and in August, and rebounded somewhat in September. We believe that the US debt collecting company has benefitted greatly from government checks, and as such the delay in further US support packages is negative news for them.

Period	Performance (BP-USD)
2019	30.44%
2018	-6.19%
2017	30.96%

Cumulative Performance	1M	YTD	3 Years
Fund (BP-USD)	-4.46%	4.05%	37.30%
Benchmark	-3.22%	1.37%	22.91%
Alpha	-1.24%	2.68%	14.39%

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\* investing in their own account - according to MIFID definition

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 31/08/2020 to 30/09/2020. 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 30/09/2020.

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