



Fund Flash

Nordea 1 - Norwegian Short-Term Bond Fund

ISIN: LU0078812822 (BP-NOK) / LU0772961230 (BI-NOK)

This fund aims to provide attractive risk-adjusted returns by investing in investment grade NOK denominated short-term bonds and other short-term transferable debt securities.¹

Portfolio comment as of 30/09/2020

The coronavirus has affected the Norwegian economy as it has every other economy. The Norwegian government responded resolutely to the corona virus pandemic. The economy is almost fully reopened, and now local restrictions are imposed when infections increase in a given area. It is unlikely to see a new national lockdown like what we saw earlier this year.

Credit spreads in the Norwegian fixed income market has paused in September after tightening back to pre-Covid levels. The spread widening in March was primarily driven by risk-off and limited liquidity, while the spread tightening that started in April and has lasted through August has been driven by central bank action and improved global risk sentiment as well as significantly improved macro-economic outlook for the Norwegian economy. We note, however, that spread dispersion is wider now than before the crisis, and that the credit spreads for some sectors and issuers is still elevated vis-à-vis the levels we observed before Covid.

We believe the spread tightening was a bit too much too fast. However, we do not envision a new massive spread widening unless we get a massive global risk off situation. We have reduced our credit risk somewhat. We see very elevated chances of rating migration and remain very cautious about which issuers we include in our portfolios. In the current environment, we prefer adjusting credit duration to our existing issuer universe over adding more risky issuers.

In this context, the fund delivered a monthly return equal to 0.02%, bringing YTD performance to 1.02% (BP-NOK).

The credit spread tightening we've seen since early April paused in September. Some sectors even widened marginally. Spread tightening still contributed marginally positively to the fund performance. Credit spread carry and roll also contributed positively, and the fund saw positive performance in September.

Portfolio Positioning	31/08/2020	30/09/2020
Average Rating ²	A	A

Cumulative Performance	1M	YTD	3 Years
Fund (BP-NOK)	0.02%	1.02%	4.42%

With effect as of November 19th, 2018 the sub-fund is renamed from Nordea 1 – Norwegian Kroner Reserve to Nordea 1 - Norwegian Short-Term Bond Fund and the investment policy of the sub-fund was modified. 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. 1) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money. 2) Source : Nordea Investment Management A.B. A specificity of the Norwegian Fixed Income market is that many NOK bonds and bond issuers do not have an official rating from S&P, Moody's or Fitch. The main reason for this is that there are many smaller issuers (and issues) in the market, and small issuers usually don't have an official rating. This is why the fund's management team thoroughly carry out a credit analysis and place an internal rating on all issuers without an official rating. All issuers, both those with and those without an official rating will be subject to a credit analysis by the fund's management team credit analyst. Please note that investments can take place in both certificates and bonds, subject to the prevailing credit lines available to the fund management team, as well as their proprietary analysis of high quality bonds. The proprietary analysis is conducted on a quantitative and qualitative basis, but does not contain any statistics regarding the probabilities of default. The ratings shown above are calculated as an average of officially rated issuers and issuers rated by Nordea Investment Management.

* 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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A hard copy of the above-mentioned fund documentation is also available here. **Additional information for investors in Austria:** The Information and Paying Agent in Austria is Erste Bank der österreichischen Sparkassen AG, Am Belvedere 1, AT-1100 Vienna, Austria. **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. **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, FR-75206 Paris cedex 13, France. **Investors are advised to conduct thorough research before making any investment decision. Additional information for investors in Belgium:** The Financial Service Agent in Belgium is BNP Paribas Securities Services S.C.A., Brussels Branch, Rue de Loxum, 25, BE-1000-Brussels, 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.U., C/ de los Padres Dominicos, 7, ES-28050 Madrid, Spain. 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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, Norwegian Branch, Essendrops gate 7, Postboks 1166 Sentrum, NO-0107 Oslo, Norway. The Representative Agent is Nordea Funds Ltd, Norwegian Branch, Essendrops gate 7, Postboks 1166 Sentrum, NO-0107 Oslo, Norway. **Additional information for investors in Finland:** The Paying Agent is Nordea Bank Abp, Satamaradankatu 5, FI-00020, Helsinki, Finland. The Representative Agent is Nordea Funds Ltd, Satamaradankatu 5, FI-00020, Helsinki, Finland. **Additional information for investors in Latvia:** The Representative Agent is Luminor Bank AS, 62 Skanstes iela 12, LV-1013 Riga, Latvia. **Additional information for investors in Estonia:** The Representative Agent in Estonia is Luminor Bank AS, Liivalaia 45, EE-10145 Tallinn, Estonia. **Additional information for investors in Lithuania:** The Representative Agent in Lithuania is Luminor Bank AB, Konstitucijos pr. 21 A, LT-03601 Vilnius, Lithuania. 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. 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