



# Fund Flash

## Nordea 1 - European Cross Credit Fund

ISIN: LU0733673288 (BP-EUR) / LU0733672124 (BI-EUR)

The fund invests across the BBB, BB, and B segments of the European credit market aiming at superior risk adjusted returns compared to a combined Investment Grade and High Yield portfolio<sup>1</sup>.

### Portfolio comment as of 31/03/2019

The prevailing narrative for March was the debate about whether Europe, and indeed the West in general, was on its way to Japanification. That was fuelled by yield curve inversion that increased worries over a US recession.

The markets vastly ignored this and there was in fact a rally into month-end as the market anticipated a greater degree of central bank stimulus. All in all, during March Investment Grade spreads tightened by 5bp and High Yield (non-Financial) spreads tightened by 2bp.

For each week into 2019 spreads have grinded tighter in a continuous fashion, now almost fully retracing the sudden widening move at end of last year. We see risks currently balanced vs valuations, yet increasingly skewed to the downside if key risk events do not play out as priced in (orderly Brexit and dovish Fed to name a few).

In this context, the fund delivered a monthly return equal to 1.08%, bringing YTD performance to 4.59% (BP-EUR).

The top performing bonds in March were Novafives, Softbank and Samsonite. The bottom performing bonds were Tele Columbus, INEOS Finance and La Financiere Atalian.

Portfolio Positioning	28/02/2019	31/03/2019
Duration to Worst	3.25 years	3.35 years
Yield to Maturity	3.13%	2.97%
Average Credit Rating	BB+	BB+

Cumulative Performance	1M	YTD	3 Years
Fund (BP-EUR)	1.08%	4.59%	9.02%

Source for IG and HY spread figures: ICE, EN00 Index and HPID Index respectively – including rebalancing effect. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the whole 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.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 28/02/2019 to 31/03/2019. 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 31/03/2019.

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