



# 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 31/05/2022

In recent months, panicked central bankers have been tightening monetary conditions at a pace not seen in a long time, if ever, to fight off runaway inflationary pressures. At the same time, we are starting to see signs that some of the worst supply disruptions may be behind us. For example German car makers BMW and Mercedes were recently reported to be running at full production after two years of disruptions, most notably from shortages of semiconductors. Labour markets too have shown some signs of peaking. We are starting to hear news of lay-offs and hiring freezes at some of the fastest growing companies lately, with Tesla reportedly shedding 10% of its workforce and Amazon going into a hiring freeze.

We believe that some of the worst inflationary problems should be behind us. We are however not completely out of the woods yet: the lockdowns in China will continue to put stress on supply chains and hamper the recovery in production. We would be surprised if these problems will not show up in companies' reports over coming quarters, although it is virtually impossible to predict where. And it is too early to say if this marks the beginning of the end of the inflationary problem, or if it is merely the end of the beginning. Trade tensions and geopolitics have slowed global trade, which should have inflationary effects.

The one factor we cannot hedge, however, at least not in the short term, is Energy for obvious reasons. As such, this year has been challenging for us due to rising energy prices, underpinned by the Russia/Ukraine conflict. This has caused a headwind to the portfolio's performance vs. the benchmark of almost 2% year to date. So far this year we have been able to offset that by positive results from stock selection, but we are definitely working hard to stay still at the moment.

In this context, the fund delivered a monthly return equal to -1.89%, bringing YTD performance to -13.53% (BI-USD).

The fund returned -1.89% net of fees in May 2022. The best stock picks were in Financials (+37 bps), Consumer Discretionary (+31 bps) and Health Care (+25 bps). In terms of sector allocation, the strategy was dragged down by its underweight in Energy (-55 bps) and overweight in Consumer Staples (-6 bps).

At the end of May 2022 our largest sector OW were Information Technology (+2.09%) and Health Care (+2.06%), while we were UW Energy (-4.64%) and Real Estate (-1.74%).

Period	Performance (BP-USD)	Cumulative Performance	1M	YTD	3 Years	Since inception*
2021	13.51%	<b>Fund (BI-USD)</b>	<b>-1.89%</b>	-13.53%	44.44%	98.23%
2020	20.22%	<b>Benchmark</b>	<b>0.12%</b>	-12.83%	39.40%	84.47%
2019	30.96%	<b>Alpha</b>	<b>-2.00%</b>	-0.70%	5.04%	13.76%

\*17/05/2016

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. The official benchmark of the fund is the MSCI All Country World Net Return Index. 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.

Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID).

The fund is a global, long only equity fund which aims to generate a sustainable outperformance of 3% p.a. compared to the MSCI World AC Net Return Index. The portfolio follows a bottom-up stock selection approach and invests in companies with a sustainable competitive advantage, which allows them to deliver high and stable returns. The management team aims to invest in companies exposed to change which should allow them to grow over a 5-7 year investment horizon. The fund has a strong ESG (environmental, social and governance) bias, with the aim of investing in companies with well managed ESG profiles and/or that contribute to solutions relating to global ESG challenges. Actively managed. Benchmark used for performance comparison only. Risk characteristics of the fund's portfolio may bear some resemblance to those of the benchmark. Benchmark: MSCI All Country World - Net Return Index

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/04/2022 to 31/05/2022. 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 31/05/2022.

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