



# Fund Flash

## Nordea 1 - Swedish Bond Fund

ISIN: LU0064320186 (BP-SEK) / LU0539147305 (BI-SEK)

The fund aims to provide a stable, high yield exceeding the average interest level in Sweden.<sup>1</sup>

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

March did not bring any news on the macroeconomic front; the market's focus was rather on statements from central banks. The Federal Reserve followed the ECB's footsteps with an unexpectedly soft announcement in March. As for the Riksbank, the pressure is to shelve its rate path after two consecutive months of lower-than-forecasted inflation figures. In terms of outlook for long rates in Sweden and abroad, the probability has increased of the low-rate environment persisting for some time. This ought to mean that risk appetite will remain good, and that the search for yield will continue.

The fixed-income market performed very strongly in March. Swedish government bond yields declined 0.10 to 0.25 percentage points. The yield decline was greater on longer maturities, meaning five years and longer. Yields on mortgage bonds also declined, but to a much lesser degree, and the spread between government and mortgage bonds widened by approx. 0.05 to 0.10 percentage points. Credit risk premiums on Swedish corporate bonds declined, except for subordinate bank bonds, on which they increased due to the turbulence surrounding Swedbank.

In this context, the fund delivered a monthly return equal to 1.15%, bringing YTD performance to 1.61% (BP-SEK).

The main reason behind the positive return of the fund were sharply declining interest rates. Credit risk premiums diverged during the month, with mortgage bonds diverging sharply but other credit risk premiums continuing to converge. The fund has a slightly longer interest-rate risk compared with its index, which has also been positive.

We also find that both Swedish covered and corporate bonds offer sound risk-adjusted return. We also expect the low-rate environment to persist for some time, which ought to benefit fund return in both absolute figures and vs. the fund's index.

Portfolio Positioning	28/02/2019	31/03/2019
Duration	6.33 year	6.32 year
Yield to maturity	0.77%	0.65%
Average Weighted Rating	AA	AA

Cumulative Performance	1M	YTD	3 Years
Fund (BP-SEK)	1.15%	1.61%	3.98%
Benchmark	1.35%	1.79%	4.80%
Alpha	-0.20%	-0.18%	-0.82%

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.. The official benchmark of the fund is the JP Morgan Government Bond Sweden - Total 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.

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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