



Fund Flash

Nordea 1 - Stable Emerging Markets Equity Fund

ISIN: LU0634510886 (BP-USD)

The objective of the fund is to invest in stable emerging markets companies to outperform the market over a full market cycle with roughly two-thirds the volatility of the MSCI Emerging Markets Index¹.

Portfolio Comment as of 31/03/2019

Emerging markets equities had a positive performance in March. The best performing sectors in emerging markets were Real Estate, Communication Services and Consumer Discretionary. On the other side, the worst performing sectors were Industrials, Utilities and Healthcare.

In this context, the fund delivered a negative return of -1.74% over the month and it now accumulates a performance of +7.07% YTD (BP-USD).

The portfolio had a negative performance contribution from both implicit sector allocation and stock selection during the month of March.

- Asset Allocation in March: Implicit overweight allocation to Industrials and Utilities had the largest negative impact on performance and explains the negative performance contribution from sector allocation. In contrast, implicit overweight allocation to Real Estate and Communication Services had the largest positive contribution to portfolio performance.

-Stock selection related to Communication Services, Financials and Consumer Discretionary had the biggest negative effect on the performance of the portfolio. In contrast, stock selection with respect to Utilities and Industrials had the largest positive impact on performance.

Regarding the portfolio positioning:

Compared to the MSCI Emerging Markets Index the portfolio has an overweight allocation primarily to Industrials, Utilities and Healthcare. The portfolio has an implicit underweight allocation to mainly Energy, Materials and Consumer Discretionary.

In terms of geographic exposure the portfolio has an implicit overweight allocation to mainly South Korea, China and Turkey. Implicit underweight allocations include Taiwan, Brazil, Russia, and Poland.

The portfolio management team stays true to its investment philosophy and is still very confident in their current portfolio holdings. From both an absolute and relative perspective, the underlying quality and valuation of our stocks are very attractive relative to the overall market. The historical high valuation discount of our stocks has built up a lot of value over the last years and it should pay off sooner or later. After several recent uncertain periods, investors are finally starting to look for fundamentals again. On top of that, the negative analysts' revisions of estimated earnings growth for this year are less harmful with our stocks. Clearly, both facts favor our stable equities compared to the overall emerging markets universe. Additionally, the portfolio is relatively more resilient in a scenario driven by increased earnings uncertainty. All in all, our Stable Emerging Markets Equity portfolio continues to consistently deliver superior risk-adjusted returns in the long run.

Top 3 Holdings	ISIN	%	Cumulative Performance ²	1M	YTD	3 years
Samsung Electronics	KR7005930003	3.60	Fund ³	-1.74%	7.07%	16.26%
Samsung Fire & Marine Insurance	KR7000810002	3.45				
SK Telecom	KR7017670001	3.15				

1) There can be no warranty that investment objectives, targeted returns and results of an investment structure are achieved. 2) 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. 3) Nordea 1 - Stable Emerging Markets Equity Fund (BP-USD).

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.

Initial and exit charges could affect the value of the performance. **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.** If the currency of the respective share class differs from the currency of the country where the investor resides the represented performance might vary due to currency fluctuations. The sub-funds mentioned are part of Nordea 1, SICAV, an open-ended Luxembourg-based investment company (Société d'Investissement à Capital Variable), validly formed and existing in accordance with the laws of Luxembourg and with European Council Directive 2009/65/EC of 13 July 2009. **This document is advertising material** and does not disclose all relevant information concerning the presented sub-funds. 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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, filial i Norge, 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. 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