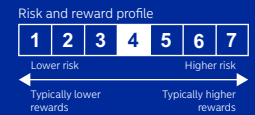




Fund Portrait



Nordea 1 – US Corporate Stars Bond Fund

ISIN: LU1933824283 (BP-USD)¹ / LU1933824366 (BI-USD)²

Highlights

- Responsible investing expertise from **Nordea** and **MacKay Shields**
- Investment process combining **top-down** and **bottom-up** investment decisions with an **ESG best-in-class approach**, comprising positive and negative screening
- **Experienced** and **dedicated** fixed income investment professionals
- Emphasize investments with **strong ESG profiles**
- Multi-faceted **engagement**



Asset Management at Nordea

As an active investment manager, Nordea Asset Management (NAM) manages asset classes across the full investment spectrum and aims to serve its clients in every market condition. Nordea's success is based on a sustainable and unique multi-boutique approach that combines the expertise of specialized internal boutiques with exclusive external competences allowing us to deliver alpha for the benefit of our clients.³

After having appointed MacKay Shields LLC ("MacKay Shields"), as investment sub-manager of the Nordea 1 – US High Yield Bond Fund in mid-2008 and the Nordea 1 – US Corporate Bond Fund in 2010, Nordea has reiterated its confidence in the company and has entrusted MacKay Shields with the management of further fixed income strategies. In 2019, aligned with **Nordea's commitment to ESG** and following Nordea's continuously effort to strengthen its multi-boutique offering, the **Nordea 1 – US Corporate Stars Bond Fund** was launched as an ESG enhanced solution in the US investment grade universe.

This fund is managed by the **MacKay Shields' Global Credit team** which is comprised of more than 30 highly experienced and dedicated fixed income professionals. The management team is steadfast in its belief that using a **regimented process in a team environment**, rather than relying on a "star" portfolio manager, offers a distinct advantage. Their investment divisions support each other by exchanging information, market research, and judgements that have surfaced through their investment processes. Investors, therefore, benefit from the **knowledge and experience** of all the investment professionals at MacKay Shields.

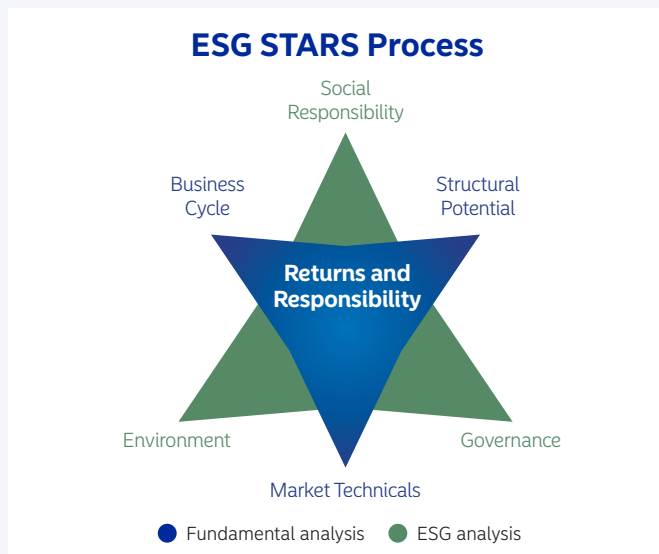
The ESG STARS concept

We at NAM consider it our **fiduciary duty** to care about all factors that are material to our clients' investments, **whether financial or non-financial**: responsible investing is part of this. At the Nordea corporate level, we have defined sustainability-related eligibility criteria that apply to all our active funds. We do not, for instance, invest in companies involved in the production of illegal or nuclear weapons or that make more than 10% of their revenues from oil sand. We also exclude companies with large and sustained exposure to coal mining, with a 10% revenue threshold on thermal coal and a 30% revenue threshold on total coal (including metallurgical coal). However, beyond these corporate exclusions, we have developed a **specific range of cutting-edge products** that takes Responsible Investment ("RI") to the next level. We call these the ESG STARS funds.

The **Nordea 1 – US Corporate Stars Bond Fund** is an ESG STARS fund and has the following objectives:

- **Outperform the benchmark:** alpha generation is a core part of the fund's value proposition. We aim to deliver long-term sustainable returns and responsibility with true ESG integration¹
- **Invest in companies living up to ESG standards:** we conduct in-depth ESG analysis and ensure that the fund invests only in issuers that meet our ESG criteria; and
- **Create impact:** we influence and foster change by proactively engaging in dialogues around specific ESG topics and encouraging countries and companies to improve their overall ESG performance

1) The fund and the share class were launched on 10.11.2021 as a result of the merger with Nordea 2, SICAV – US Corporate ESG Bond Fund – BP – USD class (same ISIN) launched on 05.02.2019. 2) The fund and the share class were launched on 10.11.2021 as a result of the merger with Nordea 2, SICAV – US Corporate ESG Bond Fund – BI – USD class (same ISIN) launched on 05.02.2019. 3) 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 : Nordea Investment Management AB.

The fund also complies with Nordea Sensitive Industries Guidelines and the NAM Fossil Fuel Policy available at NAM website.

Combined ESG expertise – NAM and MacKay Shields

The **Nordea 1 – US Corporate Stars Bond Fund** combines the Nordea ESG expertise with the **specialized ESG knowledge of MacKay Shields** in the US investment grade universe. The Nordea ESG STARS approach works as a **negative screening** setting the investable universe and the ESG integration in the investment process and philosophy is done by MacKay Shields works as a **positive screening** in order to select the best issuers in the universe and **eliminate uncompensated ESG risk**.

ESG integration by MacKay Shields

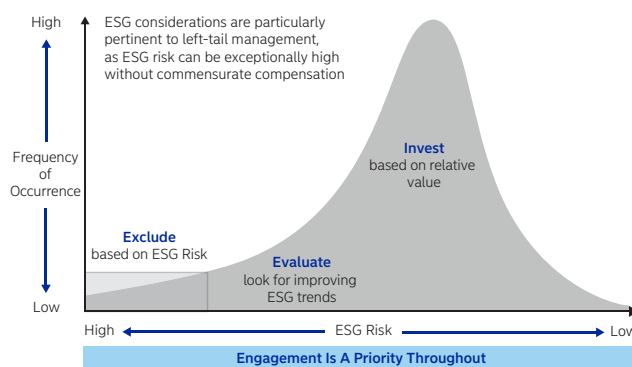
The **Global Credit Team** incorporates a process that includes a comprehensive evaluation of a **list of risk factors**, a number of which can be classified as **Environmental, Social, and Governance (ESG) factors**. The team is keenly aware of these ESG risks and their impact on the credit worthiness of borrowers and bond issuers. It is clear that ESG factors have a greater impact on businesses around the world and that no credit analysis is complete without considering these factors. As such, ESG risk assessment is incorporated in the process and the responsibility of each member of the investment team.

The approach to ESG investing is consistent with **MacKay Shields’ general philosophical approach – eliminate uncompensated risk** by cutting off the tails of the return distribution. Through this process of elimination, the team is guided by their 35 gross indicators of risk. A number of these 35 gross risk indicators are classified as ESG risks. As examples, the consideration of management (reputation, stability, risk appetite, debt policies among others) would be classified under “governance”,

while “environmental” considerations may include climate/transition related risks, carbon intensity and environmentally focused policies/programs, and “social” considerations may include workplace and/or human resource policies and sustainable business practices. The goal of this screening process is to systematically identify potential outliers of uncompensated risk, including applicable ESG risks. However, the process does not end with the initial credit screen as issuers are subject to further scrutiny by the analysts.

Global Credit Team’s Approach to ESG Investing

Seeking to Eliminate Uncompensated Risk



Source: MacKay Shields LLC. This graph illustrates a hypothetical, stylized distribution of issuer ESG risk factors and does not represent a distribution within any given time period. The universe of risk factors is assumed to be all issuers for which MacKay Shields assesses an internal ESG rating. For illustrative purposes only.

Therefore, MacKay Shields do not blindly screen out sectors or industries from the investment universe. The approach to ESG investing includes a **comprehensive evaluation of the ESG risks** involved with an investment, in conjunction with the **current pricing of the investment**. The team applies an industry-relative ESG screen through which they carefully weigh the risk and reward profile of each potential investment.

MacKay Shields proprietary 1–5 ESG scoring system is designed to assess ESG outperformers and underperformers. Each issuer is assigned a separate “E”, “S”, and “G” score for sector and company specific material ESG considerations. The SASB (Sustainable Accounting Standards Board) Materiality Map is used as a guide which helps us identify “sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry.” For issuers with considerable ESG risks, MacKay Shields will eliminate these positions from consideration. If ESG trends are improving, the team will further evaluate to determine whether an investment is warranted. For investments that have low ESG risks, the decision to invest is predicated on relative value considerations.

Engagement and Monitoring

As investors in bonds and loans, MacKay Shields recognize that they do not have the voting right that accompanies an active ownership stake. However, they will actively engage with issu-

ers, through meetings with the management, to understand the issuer's perspective on ESG issues, and to influence them if we find their response inadequate. Portfolio managers and analysts engage with issuers on a regular basis and are expected to pres-

ent the findings of their engagements during the team's credit review meetings. For issuers with lower ESG standards, they will prioritize key engagements with larger issuers, or whereas they feel the risks are reflected in the price of the bonds.

Global Credit Team's ESG Internal Rating System

We Use an Industry-Relative ESG Screening Approach. Does the Company Distinguish Itself Within its Industry?

Our 1–5 ESG Scoring System is designed to assess ESG outperformers and underperformers.

Each issuer is assigned a separate "E", "S" and "G" score for sector specific material ESG considerations.

We utilize the SASB (Sustainable Accounting Standards Board) Materiality Map as a guide which helps us identify "sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry."

	E	S	G
Outperformer	1	1	1
	2	2	2
Average	3	3	3
Underperformer	4	4	4
	5	5	5

Composite ESG Score =

Source: MacKay Shields LLC.

Risk and return characteristics versus benchmark

The objective of the **Nordea 1 – US Corporate Stars Bond Fund** is to select issuers with favorable to improving ESG profile in the investment grade universe. This ESG oriented allocation results in a portfolio with **different characteristics than the benchmark**, regarding the issuer selection but also with respect to **sector allocation**. As an example, the portfolio presents a structural underweight to **Energy sector**, as companies that derive more than 5% of total revenues from the exploration, production or distribution of fossil fuels, as well as companies that derive more than 50% of revenues from services that are essential and specific to fossil fuel extraction need to demonstrate that they have a **decarbonization strategy** that is consistent with 2°C of global warming or less, according to **NAM Fossil Fuel Policy**.

Unique approach with full ESG integration

The **Nordea 1 – US Corporate Stars Bond Fund** is a **true ESG solution** within the ESG STARS product range, with complete

ESG integration in the investment process. The expert ESG knowledge within the investment team at MacKay Shields is complemented by Nordea's Responsible Investment Team. We offer a **consistent, disciplined ESG integrated investment process, delivering returns with responsibility** by an experienced investment team within the asset class.⁴

- **Investment Grade ESG investing**
 - Best-in-class approach; positive and negative screening
 - Various corporate and product-level ESG requirements
 - Multiple dimensions of ESG risk and business sustainability
- **Combined expertise**
 - Responsible investing expertise from Nordea and MacKay Shields
 - Nordea's ESG research forms the eligible universe
 - MacKay Shields's investment grade expertise and proprietary ESG integration
- **Returns and responsibility⁴**
 - Aims to deliver competitive financial returns
 - Emphasize investments with strong ESG profiles
 - Multi-faceted engagement

Summary of ESG integration

Corporate Level	
	Active ownership: Engagement
	Corporate-level exclusion list: RI Policy
	Norms-based screening: international norms covering various ESG aspects
	ESG Integration: inclusion of material ESG factors into investment analysis and investment decisions
	Corporate-level PAI Integration

Product Level	
	ESG negative screening: issuer's exclusion – score "C" by Nordea
	ESG positive screening: positive ESG performance by MacKay Shields
	Enhanced ESG Filters: avoiding sectors such as tobacco, alcohol, gambling, pornography etc.
	Paris-Aligned Fossil Fuel Policy (PAFF)
	SFDR classification: Article 8

⁴ 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.

Nordea 1 – US Corporate Stars Bond Fund	
Fund manager	Mackay Shields LLC
Fund domicile	Luxembourg
ISIN codes*	LU1933824283 (BP-USD) LU1933824366 (BI-USD)
Annual management fees	0.70% p.a. (BP-USD) 0.35% p.a. (BI-USD)
Base currency	USD
Reference index	Bloomberg Barclays Capital US Credit Index
Launch date	05.02.2019

Risks

Please be aware that there are risks associated with investing in this sub-fund, amongst others in: **ABS/MBS, Credit, Derivatives, Hedging, Prepayment and extension**. For further details, please refer to the Key Investor Information Document, which is available as described in the disclaimer at the end of this document.

*Other share classes may be available in your jurisdiction.

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.** Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID), which are available, along with the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, without charge upon request from Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, from the local representatives or information agents, or from our distributors as well as on www.nordea.lu. 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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, 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, 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. 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