



Fund Flash

Nordea 1 - Balanced Income Fund

ISIN: LU0634509953 (BP-EUR) / LU0637308585 (BI-EUR)

The objective of the fund is to build an optimal fixed income portfolio with a fairly low level of risk (normal target volatility of 3-6%) and to generate an annualized return of 3% gross of fees in excess of cash rate over a full investment cycle¹.

Portfolio Comment as of 31/05/2021

Risk assets remained on the spotlight in May, supported by accelerating vaccination programs, expansionary fiscal policies and easy monetary policies. In this environment, credit spreads moved overall sideways, with the riskier part of the market posting positive gains and the safer part being generally flat. At the same time, while yield curves remained overall unchanged, there were some relatively small movements over the month. For instance, US yields decreased a bit, especially in the middle of the curve (5-10 years).

In this context, the fund delivered a positive return of +0.34% over the month and it now accumulates a performance of -0.36% YTD (BP-EUR).

The main positive contributions to performance came from the fund's equity beta exposure, which benefitted from the positive global equity markets, led in May by European indices. Our strategic long exposure to credit spreads also added to performance, driven by our exposure to High Yield (HY), Emerging Markets and Inflation spreads. Moreover some of our defensive strategies, like the High Quality Government Bonds or the Yield Curve, added slightly as well.

Among the negative contributors, we find some of our defensive proprietary strategies, like the FX Valuation & Quality. This strategy was penalized as some of our short positions in G10 commodity-linked currencies didn't benefit from higher prices in resources like oil or copper.

Finally, our tactical positions had a small negative impact. Meant to reduce the overall equity, credit and interest rate sensitivities of the portfolio, our tactical positions did not benefit from the relatively positive month for risk assets.

Regarding the portfolio positioning:

The fund's duration exposure rose a bit over the month.

The HY credit exposure decreased further in May.

The Net Equity Exposure remained overall unchanged.

Portfolio Positioning	30/04/2021	31/05/2021
Duration	2.45 years	2.74 years
HY Credit Exposure	-3.0%	-3.8%
Net Equity Exposure	19.9%	20.0%

Cumulative Performance ²	1M	YTD	3 years
Fund ³	0.34%	-0.36%	7.18%
Benchmark ⁴	-0.04%	-0.22%	-1.34%

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* investing for their own account - according to MiFID definition

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/04/2021 to 31/05/2021. 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 31/05/2021.

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