



## Fund Flash

**Nordea 1 - Alpha 15 MA Fund**

ISIN: LU0607983896 (BP-EUR) / LU0607983383 (BI-EUR)

**Nordea 1 - Alpha 10 MA Fund**

ISIN: LU0445386369 (BP-EUR) / LU0445386955 (BI-EUR)

**Nordea 1 - Alpha 7 MA Fund**

ISIN: LU1807426207 (BP-EUR) / LU1807426629 (BI-EUR)

Alpha 15 MA: Expected Volatility: 10 to 15% - Target Return: Cash +7 to 10% gross of fees p.a. over a full investment cycle<sup>1</sup>.

Alpha 10 MA: Expected Volatility: 7 to 10% - Target Return: Cash +5 to 7% gross of fees p.a. over a full investment cycle<sup>1</sup>.

Alpha 7 MA: Expected Volatility: 5 to 7% - Target Return: Cash +4 to 5% gross of fees p.a. over a full investment cycle<sup>1</sup>.

### Portfolio Comment as of 31/10/2020

October was a perfect summary of the rollercoaster 2020 we have had so far. After a strong start to the month - with risky assets that seemed to be on track to recover what had been lost in September - a new increase in uncertainties took a hit on equity markets. The new halt to the market's rebound was mainly due to the fear of how governments will handle the sharp increase in Covid-19 cases and what will be the impact on the global economy. This triggered a new sell off in equity markets that characterized the second half of the month. Within the fixed income space, government bond yields increased in the US - especially on the longer maturities – while they decreased in Europe, so that government bonds overall did not provide the protection typically expected in such a situation. This showed how the potential diversification of high quality government bonds is shrinking more and more in the low to negative yield environment we are living in and how crucial it is to have access to additional alternative defensive strategies being able to partially replace duration. Finally, credit spreads tightened slightly during the month.

In this context, the Alpha 15 MA, Alpha 10 MA and Alpha 7 MA funds delivered negative returns of -4.31%, -2.85% and -2% respectively over the month, and they now accumulate respective performance of +4.69%, +2.77% and +1.09% YTD (BP-EUR).

The funds were not able to show the convexity that has historically allow them to offer some protection during previous market sell-offs, as some of our fundamental defensive strategies did not manage to deliver immediate negative beta.

The main laggard during October was our Equity SuperStrategy, where our Low Risk Anomaly strategy could not protect during the last weeks' market correction. Our bottom-up driven high exposure to healthcare seem to have struggled with markets' expectations on a blue wave during the US election. Additionally, our relative low exposure to financial stocks – where fundamental stability and high quality are harder to find – also relatively hurt our portfolio, given their strong performance during October. Moreover, our Strategic Risk Balancing SuperStrategy also detracted from performance as the negative contribution stemming from our Equity beta, was only partially compensated by the positive performance of some of our anti beta sub-strategies.

The rest of the SuperStrategies did not deliver meaningful positive nor negative contributions during October.

Regarding the portfolio positioning:

- The investment team continues to have a high conviction in our Strategic Risk Balancing and Equity SuperStrategies, a medium conviction in Fixed Income and Cross Asset & Momentum, and low conviction in Reversal and Currencies.

- As of the end of October, the Alpha 15 MA, Alpha 10 MA and Alpha 7 MA strategies had positive net equity exposures of 91.2%, 58.4% and 40.4%, respectively. Meanwhile, their modified duration sits at 2.45, 1.73 and 1.30 years (mainly coming from the US), respectively.

Portfolio Positioning	30/09/2020	31/10/2020	
<b>A15 MA Fund</b>			
Duration	2,01 years	2,45 years	**
Net Equity Exposure	74,7%	91,22%	**
<b>A10 MA Fund</b>			
Duration	1,43 years	1,73 years	**
Net Equity Exposure	50,5%	58,44%	**
<b>A7 MA Fund</b>			
Duration	1,08 years	1,30 years	**
Net Equity Exposure	36,00%	40,42%	**

Cumulative Performance <sup>2</sup>	1M	YTD	3 years
<b>A15 MA Fund<sup>3</sup></b>	-4,31%	4,69%	10,48%
<b>A10 MA Fund<sup>3</sup></b>	-2,85%	2,77%	5,16%
<b>A7 MA Fund<sup>3</sup></b>	-2,00%	1,09%	N/A

1) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. During adverse market environments the volatility could reach on average 15%, 10% and 7%, respectively. 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) BP-EUR Share class.



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Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/09/2020 to 31/10/2020. 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 31/10/2020

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-fund mentioned is a sub-fund 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 and which have been created for an unlimited period. **This document is advertising material and does not disclose all relevant information concerning the presented sub-fund. Any investment decision in the Nordea 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, without charge upon request from Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, from our Financial service agent BNP Paribas Securities Services S.C.A., Brussels Branch, Rue de Loosum, 25, BE-1000-Brussels, Belgium or from our distributors as well as on [www.nordea.be](http://www.nordea.be).** Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. **Investments in Emerging Markets involve a higher element of risk. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and cannot be ensured. Investments in equity and debt instruments issued by banks could bear the risk of being subject to the bail-in mechanism (meaning that equity and debt instruments could be written down in order to ensure that most unsecured creditors of an institution bear appropriate losses) as foreseen in EU Directive 2014/59/EU. For further details of investment risks associated with these sub-funds, please refer to the relevant Key Investor Information Document (KIID), available as described above.** Nordea Investment Funds S.A. has decided to bear the cost for research, i.e. such cost is covered by existing fee arrangements (Management-/Administration-Fee). Nordea Investment Funds S.A. only publishes product-related information and does not make any investment recommendations. Further information can be obtained from your financial advisor. He/she can advise you independently of Nordea Investment Funds S.A. Published by Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Source (unless otherwise stated): Nordea Investment Funds S.A. Unless otherwise stated, all views expressed are those of Nordea Investment Funds S.A. This document may not be reproduced or circulated without prior permission and must not be passed to private investors. This document contains information only intended for professional investors and financial advisers and is not intended for general publication. Reference to companies or other investments mentioned within this document should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.