



Fund Flash



Nordea 1 - European High Yield Bond Fund

ISIN: LU0141799501 (BP-EUR) / LU0141799097 (BI-EUR)

The fund seeks to preserve shareholder capital and to provide a return exceeding the average return of the European high yield bond market.¹

Portfolio comment as of 31/08/2019

The European high yield market posted another positive returning month in August as the sentiment stayed firm during the month.

The European high yield spread widened by 4bps from 381bps to 385bps during the month of August, corresponding to a market return of 0.63%. Despite fairly low rate sensitivity the European High Yield market benefitted from a significant move down in rates. The stability in the market came during the summer holiday period where new issuance was very low as expected. However, this follows a busy July in terms of primary market activity and the pipeline going into September looks very strong with a lot of new deals expected to come the market.

In this context, the fund delivered a monthly return equal to 0.43%, bringing YTD performance to 8.41% (BP-EUR).

The portfolio underperformed the benchmark in August as the Fund is slightly underweight interest rate duration versus the benchmark, hence the sharp move down in rates during the month detracted a bit from performance. Conversely, there was positive contribution from security selection.

On a single name basis, the positive contributions mainly came from an overweight in Douglas, Veritas and Swissport together with an underweight in Lecta, Thomas Cook and Wind Tre. The negative contributions primarily came from an overweight in Teva Pharmaceuticals, Amigo Loans and Itraxx together with an underweight in Casino, Altice and Telefonica.

Despite relatively low activity in the new issue market the fund participated in 5 new issues during August including two bonds from issuers in the financial sector, Credit Suisse and Swiss Re. The BB- rated Credit Suisse bond performed well in the secondary market and traded up more than 3 points.

Performance Fund (BP-EUR) Benchmark		
Year 2018	-3.76%	-3.48%
Year 2017	6.37%	6.77%
Year 2016	7.42%	9.12%

Cumulative Performance	1M	YTD	3 Years
Fund (BP-EUR)	0.43%	8.41%	12.34%
Benchmark	0.63%	9.21%	14.01%
Alpha	-0.20%	-0.80%	-1.67%

Source for yield figures: Capital Four Management. **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 ICE European Currency High Yield Constrained Index (EUR Hedged). **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.**

* investing in their own account - according to MIFID definition

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 31/07/2019 to 31/08/2019. 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 31/08/2019.

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