



Fund Flash



Nordea 1 - Emerging Stars Equity Fund

ISIN: LU0602539602 (BP-USD) / LU0602539354 (BI-USD)

The objective of the fund is to beat its benchmark by 300bps over a full investment cycle.¹

Portfolio comment as of 31/10/2020

Emerging Markets equities rose by 2.0% in October thereby significantly outperforming Developed Markets which fell by 3.1% during the month as the number of COVID-19 cases accelerated across developed economies, resulting in new lockdowns. Emerging Markets did not see the same resurgence of the virus which supported their economies and equity markets.

The positive absolute performance in Emerging Markets in October was driven by Asia ex-Japan, which was the only region across the globe that generated a positive return during October. The performance was largely driven by China, which rose by 5.3%.

On the other hand, EEMEA and LatAm equities fell by 4.5% and 1.2%, respectively, in October partly due to an increase in the number of people infected with COVID-19 in primarily the Eastern European countries. Brazil and Russia were negatively affected by a further decrease in oil prices, which both countries rely on.

In this context, the fund delivered a monthly return equal to 4.74%, bringing YTD performance to 14.22% (BP-USD).

Top 3 contributors:

1. Grupo Financiero Banorte SAB de CV: Banorte released Q3 numbers at the end of October which confirmed expectations that, at least for now, provisions have peaked and loan demand seems to be picking up gradually again.
2. Tencent Holdings Ltd: Tencent had a solid month of October on the back of a more relaxed US regulatory outlook in relation to prohibiting the use of WeChat in the US.
3. ASPEED Technology Inc: Aspeed, the Taiwanese maker of server baseboard management controllers, outperformed on the back of news that Hewlett Packard Enterprise is looking to outsource part of its BMC production to Aspeed.

Bottom 3 contributors:

1. Yandex NV: Yandex released overall good Q3 numbers at the end of October, showing a recovery in almost all of its business areas and solid momentum in its taxi division, which comprise food delivery among others, on the back of easing COVID-19 restrictions in Russia
2. AIA Group Ltd: AIA underperformed as it continued to suffer from not having as many face-to-face meetings between its insurance agents and potential customers due to COVID-19.
3. Magnit PJSC: Magnit delivered a strong set of numbers in Q3 with both like-for-like sales and margins above expectations.

Top contributors		Top detractors	Cumulative Performance			
			1M	YTD	3 Years	
Grupo Financiero Banorte SAB de CV		Yandex NV	Fund (BP-USD)	4.74%	14.22%	21.84%
Tencent Holdings Ltd		AIA Group Ltd	Benchmark	2.06%	0.87%	5.93%
ASPEED Technology Inc		Magnit PJSC	Alpha	2.68%	13.35%	15.91%

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 MSCI EM Net Return Index. 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): 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.

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