



# Fund Portrait

## Nordea 1 – Nordic Equity Fund

ISIN: LU0064675639 (BP-EUR) / LU0335102843 (BI-EUR)

### Highlights

- Investment universe: Nordic-listed companies, which are active in several industries and hence offer high diversification benefits
- Portfolio composed of 40 to 60 world-class companies across a broad number of industries
- Invests in high potential economies: export-oriented, innovation driven, transparent and supported by a strong legal and socio-political background
- Managed by an experienced team based in Stockholm, cooperating with local Portfolio Managers in Helsinki, Bergen and Copenhagen
- Investment approach involves a fundamental “bottom-up” process focusing on internal research and targeting stocks with 3 common characteristics: attractive valuation, positive earnings momentum and positive news flow



### Asset Management at Nordea

As an active investment manager, Nordea Asset Management 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 in a stable way for the benefit of our clients. Furthermore, we’ve put a lot of emphasis on launching outcome – as opposed to benchmark – oriented investment solutions whose basis, “stability investment philosophy”, is designed to meet clients’ risk appetite and needs.

The Nordea 1 – Nordic Equity Fund is managed internally by the Nordic, Finnish and Swedish Equities Team, which is based in Stockholm. The team stands for bottom up and research driven analysis running focused equity portfolios with a high conviction level, a large active share and a preference for quality companies with strong cash flow generation and attractive valuations.

### An attractive investment destination

During the last financial crisis, the Nordic region has surged as a safe haven not only within the troubled eurozone, but also around the world.

The region, which consists of Norway, Sweden, Denmark and Finland, has avoided both the turmoil of European peripheral countries and the credit crunch difficulties. Although not insulated from the global slow down in 2008, these countries recovered much better than the rest of Europe due to better financial fundamentals, lower debt and a stable political environment, which combined with a technological receptive surrounding has been positive also for the region’s companies.

**“If you had to be reborn anywhere in the world, you would want to be a Viking”** according to the Economist<sup>1</sup>. Indeed, the Nordic countries are at the top of any list concerning economic competitiveness, social health, technological innovation and happiness. For all these reasons, the Nordics have become a model for many economies.

Furthermore, being among the countries in the world which invest the most in research and development, the Nordic region is paving the way for a bright future.

### Why invest in Nordic equities?

The Nordea 1 – Nordic Equity Fund invests in the equity markets of **Sweden, Finland, Norway and Denmark**.

<sup>1</sup>) Source: The Economist. 1<sup>st</sup> edition January 2013.

These markets offer strong sector diversification, with each country being specialized in different industries.

For the long-term investor, investing in Nordic equities has returned a higher performance than investing in European equities portfolios<sup>2</sup>.

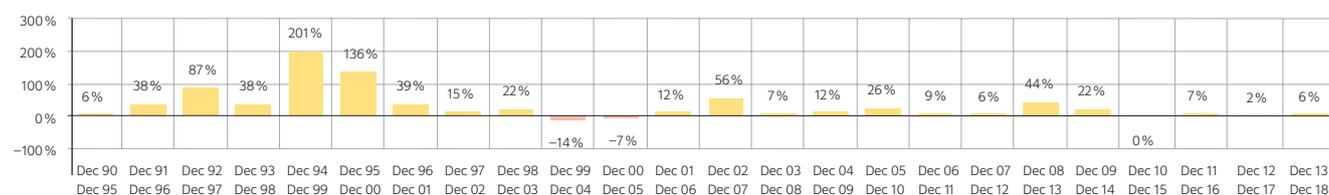
In terms of risk, an investment in Nordic equities usually results in higher volatility compared to one in European equities. This is due to the fact that there is a higher portion of cyclical sectors (i.e. Industrials, Consumer discretionary) in the Nordic markets.

## Nordic companies historically outperformed their European peers

### Nordic vs. European equities on a 5 year rolling period.



### Excess return



Source: Datastream. Data in EUR. Period under consideration: 1990 – 2018 on a 5-years rolling period. Please note that the MSCI Europe is not the official benchmark of the Nordea 1 – Nordic Equity Fund and it is only used for performance comparison. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested.

## Strong exposure to emerging markets

Many companies have already proven to be strong global competitors. This is a necessity for the region and its companies to ensure sustained growth, since internal demand is limited and exports largely underpin expansion. In fact, **Nordic companies derive a significant part of their revenue outside Europe, in particular from fast growing emerging markets.** Therefore they offer a **better alternative than German companies,** when it comes to investing in European export leaders to fast growing markets.

## World-famous brands

For such a small geographical area, the number of renowned brands is outstanding. **Nokia, Volvo, Ericsson, Novo Nordisk and Bang & Olufsen** are just some **examples of well-known market leaders** from the region. Many other companies are recognized within their industries, and many play an important role within niche businesses that constantly requires an ability to innovate.

## How Nordea invests in Nordic equities

Essentially, the fund's investment approach involves a fundamental **"bottom-up" process** focusing on internal research. We proudly classify ourselves as **active managers,** supported by academic studies and empirical findings. In order to maximize

the return on our in-depth research and to minimize unwanted transaction costs we run portfolios with a high active share and a long-term investment horizon.

We believe long-term sustainable outperformance is built on the fundamentals of a best in class infrastructure, a clear process and an investment philosophy which we follow thoroughly. We are running a concentrated portfolio with an **active share of around 60–80%,** with a focus on **fundamental bottom-up** research and preference for quality companies with a strong cash flow generation.

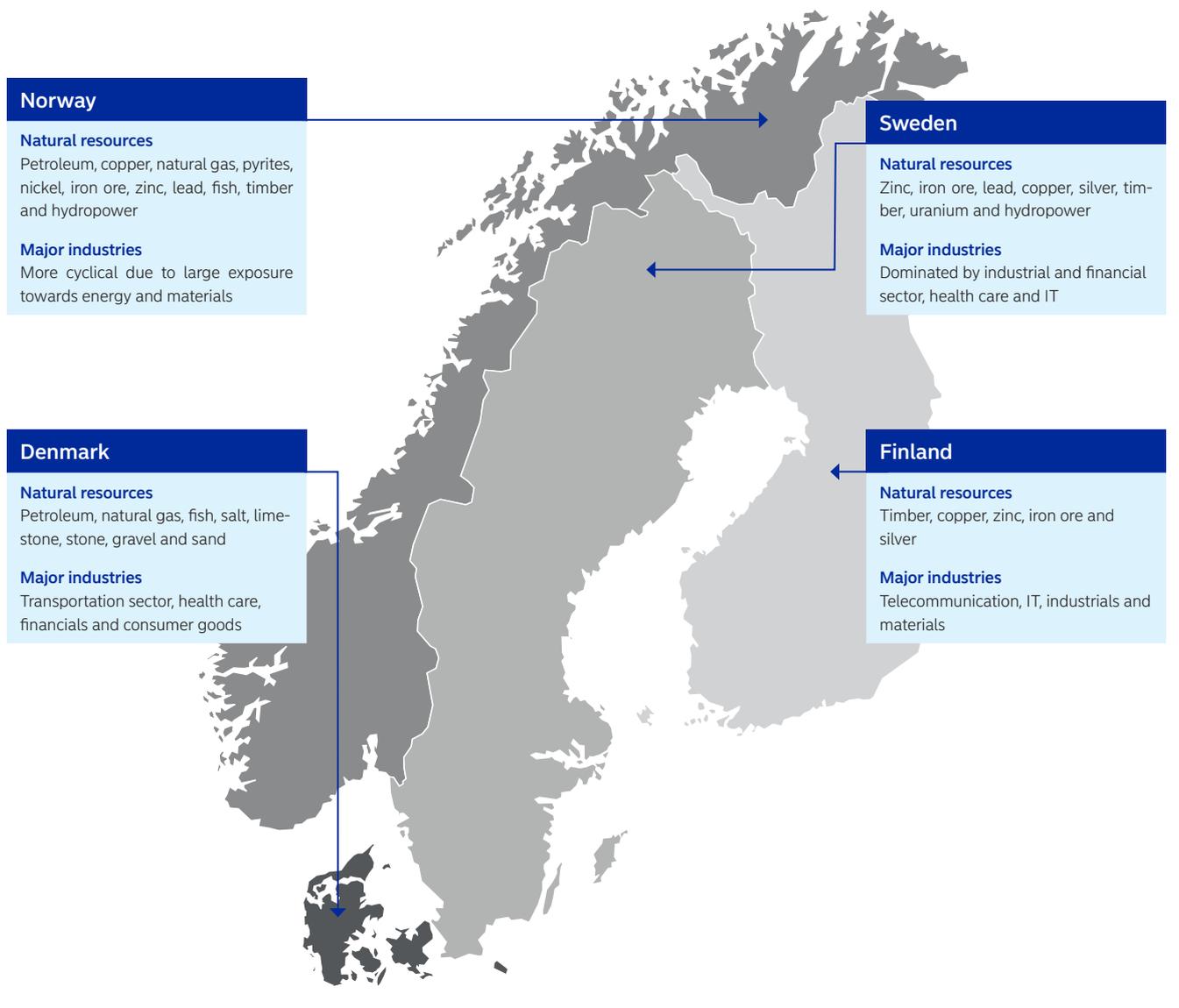
To maximize return on our rigorous research, built on a strong local presence, we aim to have a **3–5 year holding period.** Through this approach an investor should expect an outperformance after fees over a 3 and 5 year rolling basis but also acknowledge that periods of weak returns will occur from time to time.

Nordea is the leading financial services group in the Nordic region with a wide range of corporate relationships. We can leverage our strong market position, both when developing competitive insights about industries and companies in the region. When researching for Nordic companies our critical mass gives us a clear advantage.

<sup>2)</sup> Past performance is not a reliable indicator of future results and investors may not recover the full amount invested.

## Profile of the Nordic region

A broad variety of natural resources and industries



## Investor profile

- Having a long-term investment horizon: the fund is not designed for those investors pursuing short-term relative outperformance; at least 5 years is required in order to ride out potentially adverse market trends
- This sub-fund is suitable for the investor who is prepared to take the higher risks associated with investments in the stock markets in order to maximise the return
- Thus, the investor should have experience with volatile products and be able to accept significant temporary losses

Nordea 1 – Nordic Equity Fund	
Fund manager	Nordic, Finnish and Swedish Equities Team
Fund domicile	Luxembourg
ISIN codes*	LU0064675639 (BP-EUR) LU0335102843 (BI-EUR) <sup>3</sup>
Annual management fees	1.50% p.a. (BP-EUR) 1.00% p.a. (BI-EUR) <sup>3</sup>
Base currency	EUR
Reference index	MSCI Nordic 10/40 Index (Net Dividends Reinvested)
Launch dates	04.05.1992 (BP-EUR) 02.01.2008 (BI-EUR) <sup>3</sup>

## Risks

Please be aware that there are risks associated with investing in this sub-fund. 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.

To find out more, visit our local microsite:

[nordea.ch/NordicEconomies](http://nordea.ch/NordicEconomies)

[nordea.lu/NordicEconomies](http://nordea.lu/NordicEconomies)

[nordea.co.uk/NordicEconomies](http://nordea.co.uk/NordicEconomies)



\*Other share classes may be available in your jurisdiction. 3) BI-EUR share class: only for distribution towards institutional clients. Minimum investment amount: EUR 75,000 (or the equivalent).

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