



Fund Flash

Nordea 1 - US Total Return Bond Fund

ISIN: LU0826414673 (BP-USD) / LU0826413865 (BI-USD)

The fund seeks to identify investment opportunities within and across subsectors of the mortgage market.¹

Portfolio Comment as of 31/07/2018

US Treasury yields rose in July, with 2-year yields rising 15bps and 10-year yields rising 11bps, as the US economy continues to show strength with stellar corporate earnings.

Pending home sales in the US rose 0.9% month-over-month in June, its first increase in three months, but fell 4% compared to the same time last year. Existing home sales in the US fell for the third consecutive month in June to 5.38 million. With the exception of February, sales of previously-owned homes have fallen every month in 2018 compared to a year earlier.

In this context, the fund delivered a negative return of -0.15% over the month and it now accumulates a performance of -0.88% YTD (BP-USD).

- The Agency MBS sleeve of the portfolio detracted slightly from performance as they suffered from the rise in rates. Spreads remained nearly unchanged around 27bps.
- The ABS and CMBS market delivered a flat performance. These sectors have a lower duration.

Regarding the portfolio positioning:

- The fund has an allocation of 53% to Agency MBS and 40% to Non-Agency MBS.
- The fund is positioned with a relatively low duration of 4.4 years.

Portfolio Positioning	30/06/2018	31/07/2018
Duration ³	4.6 years	4.4 years
Yield to Maturity ⁴	3.6%	3.5%

Cumulative Performance ²	1M	YTD	3 years
Nordea 1 - US Total Return Bond Fund (BP-USD)	-0.15%	-0.88%	3.25%

1) There can be no warranty that investment objectives, targeted returns and results of an investment structure are achieved. 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. 3) Assumption based Effective Duration. Source: DoubleLine, preliminary numbers. Based on proprietary information. 4) Assumption based Yield to Maturity. Source: DoubleLine preliminary yield estimates. Based on proprietary information. There is no guarantee that the present estimate will be met.

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 30/06/2018 to 31/07/2018. 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 31/07/2018.

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