



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 31/03/2021

The ongoing US economic recovery and the signing of a USD 1.9 trillion fiscal stimulus bill contributed to a stronger USD, which put downward pressure on Emerging Markets currencies and equities. During the first quarter, Emerging Markets equities rose by 1.9%, finishing weaker than Developed Markets equities. The best performing sectors in EM in March were Materials, Utilities, and Financials, as cyclicals and traditional value industries outperformed. Rising inflation pressures led to rate hikes in several EM central banks and higher bond yields led to growth stocks getting out of favor relative to value stocks. On a regional level, Asia ex-Japan equities suffered from the growth sell-off declining by -2.7% in March, with China dropping around -6.3%. India outperformed, benefitting from strong performance in the Software sector.

In this context, the fund delivered a monthly return equal to -3.53%, bringing YTD performance to -1.58% (BP-USD).

Top contributors:

1. Li Ning Co Ltd, the Chinese manufacturer and retailer of sportswear, reported solid H2 2020 results in March. We continue to see a long-term potential for Li Ning driven by the growing appreciation of local brands and the adoption of a healthy lifestyle in China.
2. Hindustan Unilever Ltd, the largest Indian consumer staples company posted a strong performance in March. We see Hindustan Unilever as a key beneficiary in several underpenetrated consumer staples categories in India.

Bottom contributors:

1. Kingsoft Cloud Holdings Ltd, a leading independent cloud service providers in China, reported Q4 2020 results in March, which were a slight miss. This, together with the recent growth vs value sell-off resulted in a poor performance for the month.
2. Ping An Healthcare and Technology Co Ltd, the Chinese online health care platform provider, also suffered from the recent growth vs value sell-off resulting in a poor performance for the month without any other mentionable stock specific news.

| Top Contributors | | Top Detractors | | Cumulative Performance | | | |
|------------------|------------------------|-----------------|-----------------------------|------------------------|--------|--------|---------|
| Li Ning Co Ltd | Hindustan Unilever Ltd | Lojas Renner SA | Kingsoft Cloud Holdings Ltd | Fund (BP-USD) | 1M | YTD | 3 Years |
| | | | Ping An HC & Tech Ltd | Benchmark | -3.53% | -1.58% | 40.42% |
| | | | Silergy Corp | Alpha | -1.51% | 2.29% | 20.88% |
| | | | | | -2.02% | -3.86% | 19.54% |

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* investing in their own account - according to MIFID definition

Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration (unless otherwise stated): 28/02/2021 to 31/03/2021. 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 31/03/2021.

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