



Fund Flash

Nordea 1 - Global Stars Equity Fund

ISIN: LU0985320562 (BP-USD) / LU0985319804 (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

Defensive sectors, like Utilities and Consumer Staples were at the top of the performance table this month, reversing significant underperformance over the first two months of the year. This happened despite bond yields rising sharply during March, with the 10y treasury yield ending the month at post COVID-19 highs around 1.75%. Seemingly a bit of bottom fishing as relative valuations in these defensive sectors have fallen and possibly an early attempt to rotate into more defensive sectors after the violent rally in early cyclicals that celebrated its one year anniversary in March (our early cyclical bellwether United Rentals is +367% from its March 2020 low).

However, the defensive sectors were joined at the top of the table by cyclical sectors like Industrials, Materials and Financials, suggesting that the reflation trend remains intact. The rise in financials, and bond yields, tapered towards the end of the month though. Energy and Health Care were among the losers this month as the oil price momentum ran out and there was some noise coming out of Washington on drug price regulation. From a geographical point of view, Asia lagged this month and markets were led higher by the US. Possibly, this is because Asia is seen as more mature in its post COVID-19 recovery, and the US is looking to open back up amidst fairly rapid gains in vaccination rates.

In this context, the fund delivered a monthly return equal to 2.49%, bringing YTD performance to 5.09% (BP-USD).

Top contributors

1. Westrock Co which is a cyclical and financially levered company benefitted from the general economic recovery as well as rising pulp and paper prices boosting sentiment towards the stock.
2. ING Groep NV is another beneficiary of the economic recovery post COVID-19 and the stock followed rising bond yields higher.

Top detractors

1. Taiwan Semiconductor Manufacturing Co Ltd consolidated after a strong start to the year. In addition, increased investments by Intel is seen as a sign of potentially rising competition at the margin.
2. Asia in general underperformed the broader market in March, possibly because the post COVID-19 recovery is seen as more mature there. The key index stocks Tencent Holdings and Alibaba Group Holding underperformed even more on no news.

Period Performance (BP-USD)		Cumulative Performance			
			1M	YTD	3 Years
2020	20.22%	Fund (BP-USD)	2.49%	5.09%	52.62%
2019	30.96%	Benchmark	2.67%	4.57%	40.87%
2018	-6.19%	Alpha	-0.18%	0.51%	11.75%

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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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