

Nordea 1 – US Corporate Bond Fund

Positive prospects for the US credit market

In a nutshell:

- Slow but sustainable economic recovery in the US, supported by positive macro data
- US companies deleveraging and remarkable earnings and sales have helped fundamentals reach new highs
- The Nordea 1 – US Corporate Bond Fund has an excellent track record relative to its peer group¹ and is well positioned for the future; at the existing level of US corporate spreads vs. US Treasuries, the risk premium is very advantageous

Fundamentals reaching new highs

After the credit crisis of 2008 the US corporate sector began deleveraging and improving earnings and sales, resulting in record highs at the end of 2011. Europe conversely has not been able to restore their peak levels of 2007. Indeed, the problems of Europe were further compounded in 2011 by the increasing uncertainty surrounding a viable solution to the sovereign debt crisis. With the market's prospect of a recession in the Eurozone now becoming a reality in 2012 and most likely deteriorating corporate earnings, some investors have already started to turn away from the European markets. Moreover, the uncertainty around financials has not helped the European bond market that has a strong bias to financials. On the other hand, the slow but sustainable economic recovery in the US and remarkable US corporate earnings have brought back investor interest to the US markets.

Retail spending, which represents the largest percentage of GDP, has trended higher since the low of 2009, helped recently by increasing private borrowing.

Latest figures on the unemployment rate surprisingly decreased to 8.6%, supported by a 50% decline in new and continuing jobless claims from the peak of March 2009.

The housing market seems to have bottomed out for some time now and has shown encouraging signals of improvement. Manufacturing gains all portend an

improvement in business investment over the coming quarters.

Lastly, the Fed reiterated its commitment to do 'whatever is necessary' to support the economy, leaving open the possibility of additional quantitative easing. Maintaining a lower interest rate regime is an important factor underpinning US growth and is one of the major drivers behind the recent resilience of the US economy and its corporate sector.

A slow but improved economic environment supports well the case for investing in the US corporate bond sector. With the US now squarely out of a recession, GDP growth (albeit modest) is supportive of a strong corporate sector.

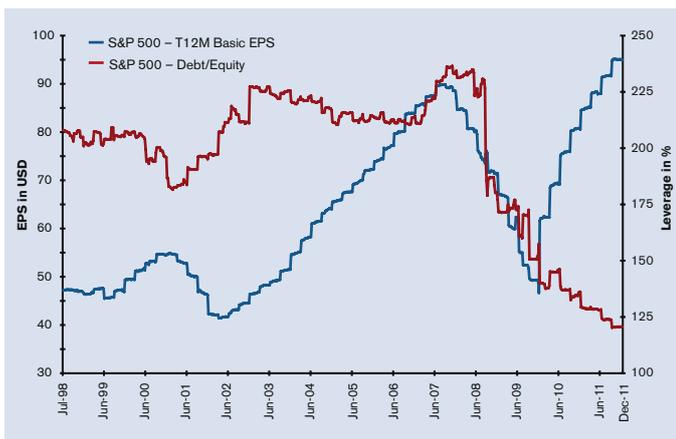
Benefits of corporate investment grade bonds

Given the "Fed" current and expected fund rate, as well as the immediate desire by investors to crowd into Treasuries as a safe haven, yields were pushed to unsustainably low levels which resulted in negative real yields.

Corporate bond holders can do well in a low growth environment, such as the one currently being experienced in the US. To be able to pay both the interest and the capital when owed, corporations only need a healthy balance sheet (i.e. low debt ratio) and enough good quality cash flows. Although equities generally offer potentially higher returns, this low growth environment is less supportive and the risk taken is much higher.

As can be observed in the chart overleaf, looking back from 1998, US corporations (taking the S&P 500 as a reference) have reached their highest earnings per share while at the same time have dramatically decreased their debt ratios since the end of 2008 to bottom out. This in turn means that many US corporations have paid down their debt and now hold very healthy balance sheets. While it is true that European corporations have also had decent earnings in recent years, the predicted negative GDP growth for the Eurozone may have an adverse effect on company balance sheets. Moreover, no one knows for sure how long and how deep this recession will be.

1) Past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and is not guaranteed.



Source: Bloomberg. Date: 30.12.2011

At the existing level of US corporate spreads vs. US Treasuries at 278 basis points (for BBB rated issues²), the risk premium is very advantageous. Taking into consideration their robust financial situation and the negligible existing default rate, US investment grade issues are currently considered an attractive investment on a risk/return basis.

Why consider the US investment grade product from Nordea?

The **Nordea 1 – US Corporate Bond Fund** has an excellent track record relative to its peer group³. The fund, whose assets total **USD 1,545 million** (30.12.2011), is sub-managed by a successful US fixed income investment management team: the **MacKay Shields Global Fixed Income** team. Since its launch, the fund is ranked in the 1st decile of its peer group⁴.

The MacKay Shields Global Fixed Income investment team is comprised of more than 25 highly experienced and dedicated fixed income professionals with an average of 21 years of experience.

The fund managers' constant quest for undervalued securities within bond markets lies on the principle that fixed income markets are highly inefficient and therefore offer attractive investment opportunities. By making use of the substantial experience and product expertise of its investment professionals, the management team seeks to capitalise on identified inefficiencies.

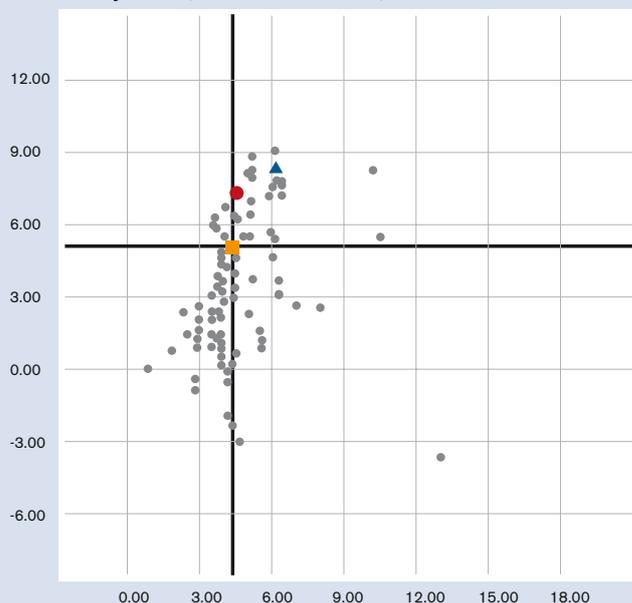
For those investors seeking a higher risk/return profile, investments in US High Yield bonds offer an alternative. For the same fundamental reasons, our outlook is also positive on high yield at existing spreads. The **Nordea 1 – US High Yield Bond Fund**, another product also sub-managed by MacKay Shields LLC, meets this need. At the end of 2011, its assets under management were **USD 1,098 million**.

2) Source: Barclays Capital. Date: 30.12.2011

3) Past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and is not guaranteed.

Risk/return vs. peers as of 30.12.2011 (in USD, since 31.01.2010)⁴

Weekly Return (31.01.2010 - 30.12.2011) - annualised



Weekly Standard Deviation (31.01.2010 - 30.12.2011) - annualised

- ▲ Nordea 1 – US Corporate Bond Fund (BI-USD)
- BarCap US Credit Total Return USD
- Europe OE USD Corporate Bond (Category Average)
- Open End Funds - Europe HKG/TWN/SGP - USD Corporate Bond

We recognise that some investors do not want to be exposed to the USD exchange rate risk; for them, the funds have share classes hedged into EUR.

Nordea 1 – US Corporate Bond Fund	
Retail	LU0458979746 (BP-USD)
Institutional*	LU0475887237 (BI-USD)
Hedged (to EUR) retail	LU0458980595 (HB-EUR)
Hedged (to EUR) institutional*	LU0475887740 (HBI-EUR)
Nordea 1 – US High Yield Bond Fund	
Retail	LU0278531610 (BP-USD)
Institutional*	LU0378611387 (BI-USD)
Hedged (to EUR) retail	LU0410959117 (HB-EUR)
Hedged (to EUR) institutional*	LU0378614993 (HBI-EUR)

* BI-USD and HBI-EUR share classes: only for distribution towards institutional clients. Minimum investment amount: EUR 75,000 (or the equivalent).

4) Data Source - © 2011 Morningstar, Inc. All Rights Reserved. Morningstar USD Corporate Bond category. Date: 30.12.2011. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Morningstar Licensed Tools and Content implemented and powered by Interactive Data Managed Solutions.

The sub-funds mentioned are part of Nordea 1, SICAV, an open-ended Luxembourg-based investment company (Société d'Investissement à Capital Variable), validly formed and existing in accordance with the laws of Luxembourg and with European Council Directive 85/611/EEC of 20 December 1985. This document is advertising material and does not disclose all relevant information concerning the presented sub-funds. Any investment decision in the Nordea funds should be made on the basis of the current prospectus, which is available, along with the Key Investor Information Document, the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, and free of charge upon request from Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, from the local representatives or information agents, or from our distributors. Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. **Investments in Emerging Markets involve a higher element of risk. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and is not guaranteed. For further details of investment risks associated with these sub-funds, please refer to the relevant Key Investor Information Document, available as described above.** Nordea Investment Funds S.A. only publishes product-related information and does not make any investment recommendations. Published by Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Further information can be obtained from your financial advisor. He/she can advise you independently of Nordea Investment Funds S.A. **Additional information for investors in Switzerland:** The Swiss Financial Market Supervisory Authority (FINMA) has granted authorisation for the mentioned sub-funds to be publically distributed within and from Switzerland. The documents listed above, as well as the Articles of Association, are available free of charge from the Swiss Representative and Paying Agent, Nordea Bank S.A. Luxembourg, Zweigniederlassung Zürich, Mainaustrasse 21-23, CH-8008 Zürich. Telephone (+41) 44 421 42 42, Fax (+41) 44 421 42 82. **Additional information for investors in Germany:** The Information and Paying Agent in Germany is Nordea Bank Finland Plc, Niederlassung Deutschland, Bockenheimer Landstrasse 33, D-60325 Frankfurt am Main. A hard copy of the above-mentioned fund documentation is also available from here. **Additional information for investors in Austria:** Sub-paying Agent and Representative in Austria is the Erste Bank der Österreichischen Sparkassen AG, Graben 21, A-1010 Vienna. **Additional information for investors in Netherlands:** Nordea 1, SICAV is a Luxembourg Undertaking for Collective Investment in Transferable Securities (UCITS) registered in the Netherlands in the register kept by the AFM, and as such is allowed to offer its shares in the Netherlands. The AFM register can be consulted via www.afm.nl/register. **Additional information for investors in France:** With the authorisation of the Autorité des Marchés Financiers (AMF) as per March 11th, 2003; December 13th, 2005; April 3rd, 2007; September 28th, 2007; April 29th, 2008; August 29th, 2008; November 25th, 2008; March 26th, 2010; November 26th, 2010 and June 21st, 2011; the shares of the sub-funds of Nordea 1, SICAV may be distributed in France. Centralising Correspondent in France is CACEIS Bank, located at 1-3, place Valhubert, 75013 Paris. Investors are advised to conduct thorough research before making any investment decision. **Additional information for investors in Spain:** Nordea 1, SICAV is duly registered in the CNMV official registry of foreign collective investment institutions (entry no. 340) as authorised to be marketed to the public in Spain. The custodian of the SICAV's assets is Nordea Bank S.A., Luxembourg. In Spain, any investment must be made through the authorised distributors and on the basis of the information contained in the mandatory documentation that must be received from the SICAV's authorised distributor prior to any subscription. A complete list of the authorised distributors is available in the CNMV's webpage (www.cnmv.es). **Additional information for investors in Portugal:** The Management Company of the SICAV, Nordea Investment Funds, S.A., and the custodian of the SICAV's assets, Nordea Bank S.A., are validly formed and existing in accordance with the laws of Luxembourg and authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Our distributor in Portugal is BEST - Banco Electrónico de Serviço Total, S.A., duly incorporated under the laws of Portugal and registered with the CMVM as a financial intermediary. **Additional information for investors in Italy:** Fund documentation as listed above is also available in Italy from the distributors and on the website www.nordea.it. The updated list of distribution agents in Italy, grouped by homogenous category, is available from the distributors themselves, at State Street Bank S.p.A. branches (located in the main towns of each region), BNP Paribas Securities Services, Banca Sella Holding S.p.A, Allfunds Bank S.A., Societe Generale Securities Services Sp.A. and on the website www.nordea.it. Any requests for additional information should be sent to the distributors. **Before investing, please read the prospectus carefully.** We recommend that you read the most recent annual financial statement in order to be better informed about the fund's investment policy. **The prospectus and KIID for the sub-funds have been published with Consob. Additional information for investors in the United Kingdom:** Approved by Nordea Bank Finland Plc, London Branch, which is regulated by the FSA in the United Kingdom. **Additional information for investors in Latvia:** The Representative and Paying Agent is Nordea Bank Finland Plc Latvijas branch, K. Valdemara St. 62, Riga, LV-1013. **Additional information for investors in Estonia:** The Representative and Paying Agent in Estonia is Nordea Bank Finland Plc, Estonia Branch, Hobujaama 4, 15068 Tallinn. **Additional information for investors in Lithuania:** The Representative and Paying Agent in Lithuania is Nordea Bank Finland Plc, Lithuania Branch, Didzioji str. 18/2, LT-01128 Vilnius. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. Source (unless otherwise stated): Nordea Investment Funds S.A. Period under consideration: 31.01.2010 – 30.12.2011. Performance calculated NAV to NAV (net of fees and Luxembourg taxes) gross income reinvested, in the base currency of the respective sub-fund, excluding initial and exit charges as per 30.12.2011. Initial and exit charges could affect the value of the performance. **The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and is not guaranteed.** If the base currency of the respective sub-fund differs from the currency of the country where the investor resides the represented performance might vary due to currency fluctuations. Unless otherwise stated, all views expressed are those of Nordea Investment Funds S.A. This document may not be reproduced or circulated without prior permission and must not be passed to private investors. This document contains information only intended for professional investors and independent financial advisers and is not intended for general publication. Reference to companies or other investments mentioned within this document should not be construed as a recommendation to the investor to buy or sell the same, but is included for the purpose of illustration.