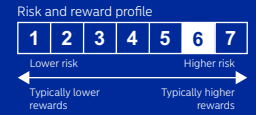




Fund Portrait



Nordea 1 – Global Social Empowerment Fund

ISIN: LU2257592514 (BP-USD) / LU2257592787 (BI-USD)

Highlights

- The majority of the UN 2030 SDGs are dedicated to social empowerment, yet there is a significant investment gap in this area
- The lack of research on this attractive global growth segment is paving the way for **strong alpha generation**
- Investing in a thematic, global equity solution that focuses on businesses providing positive social solutions is being an **active player** of the social empowerment trend
- Create value by investing in companies that provide successful solutions and **make a difference with your investment**



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 which combines the expertise of specialised internal resources with exclusive external competences with the aim to deliver alpha over time for the benefit of our clients¹.

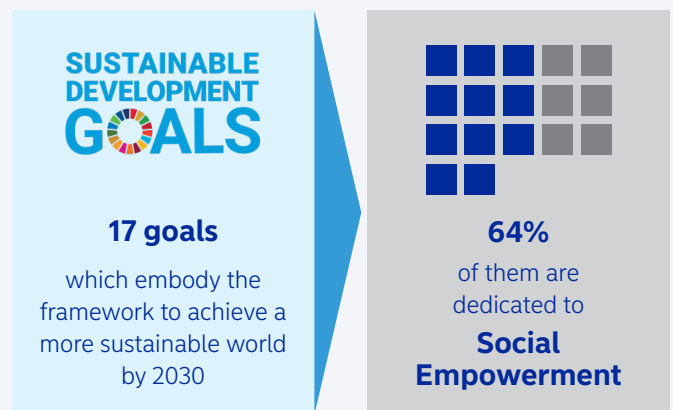
The Nordea 1 – Global Social Empowerment Fund, launched in December 2020, has been managed internally by Nordea's Fundamental Equities Team (FET), the same successful ESG thematic boutique behind the well-known Nordea's Global Climate and Environment Strategy and ESG STARS Strategies.

The Nordea 1 – Global Social Empowerment Fund is managed by two portfolio managers, Olutayo Osunkunle and Thomas Sørensen, who are part of and supported by the rest of the FET. The team is further supported by the Nordea Responsible Investment (RI) Team, one of the largest and most experienced teams in Europe, as well as a dedicated Impact Analyst.

The importance of "S" in ESG

ESG considerations continue to gain traction in society as investors, politicians, regulators and companies acknowledge social issues are time sensitive. However, over the last four years, the majority of investment inflows related to the UN Sustainable Development Goals (SDGs) have made their way to environ-

ment-focused strategies only, even though 64% of them are dedicated to social empowerment. In fact, there is an estimated USD 5 to 7 trillion investment needed per year to achieve the goals, yet only USD 3 trillion is currently being invested. Hence, there is a clear investment gap within the Social pillar, which has been left behind.



Source: <https://www.unpri.org/download?ac=5909>

Nevertheless, the recent health crisis and social inequality demonstrations have raised awareness around this theme. If this investment gap is filled, the opportunities for business to deliver services and solutions will grow manifold as well as generating a positive impact on society. We believe there is an exciting investment opportunity behind this megatrend and we need to act now.

¹) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.

Making the “S” in ESG investible

In December 2020, Nordea Asset Management launched a new fund with a strong focus on the “S” factor. The Nordea 1 – Global Social Empowerment Fund has three main goals:

- To generate attractive risk-adjusted long-term returns²
- To support sustainable global growth by supporting businesses which provide social solutions creating a positive impact
- To be a responsible investor by fostering corporate improvement via engagement and active ownership

Importantly, we believe all three goals can be achieved at the same time. We should not underestimate the power of capital allocation, which we have seen first-hand through the success of our Global Climate and Environment Strategy.

The Nordea 1 – Global Social Empowerment Fund applies the same proven toolbox – rigorous fundamental analysis with full ESG and Impact integration, a disciplined risk management framework and engagement as a key component to foster change. Hence it comes with no surprise that we also leverage on the very same investment team, that successfully managed the Global Climate and Environment Strategy for more than a decade.

The Investment Approach

The Nordea 1 – Global Social Empowerment Fund was launched in 2020 to invest in companies that provide social solutions, create a positive impact, and generate sustainable shareholder value.

The investment team utilises its proprietary investment universe targeting three overall investment clusters and nine underlying strategies which are strongly aligned with the United Nation Sustainability Development Goals³ as illustrated below.

Asset Class & Investment Universe			
Supporting sustainable Global growth by allocating capital for positive social solutions			
Theme	Vital Needs	Inclusion	Empowerment
Strategies	<ul style="list-style-type: none"> • Air, water and Sanitation • Food and Nutrition • Affordable Housing and Other basics 	<ul style="list-style-type: none"> • Human Capital Development • Digital Connectivity • Infrastructure 	<ul style="list-style-type: none"> • Health and Wellness • Productive Innovation • Financial Engagement
SDGs			

Source: Nordea Investment Management AB.

Vital Needs

In Vital Needs, we identify companies that help providing the minimum foundational resources for long-term wellbeing with their products and services. We have identified air, water and sanitation, food and nutrition and affordable housing and target companies with solutions within this theme. Our investments in this area are focused on companies in this regard because the World Employment Conference on 1976 proposed that the satisfaction of vital needs is the most important objective of national and international development policy, notwithstanding that the definition of the poverty line is defined as the minimum income to satisfy these needs.

Inclusion

In Inclusion, we are incorporating companies that promote equality. With vital needs satisfied, we believe that the participation in the formal global economy reduces inequality. We choose to invest in companies that demonstrate sound policies for empowering human capital, improving digital connectivity and building infrastructure to support economic, technology and social inclusion.

Empowerment

In Empowerment, we focus on solutions which empower people with means to create lasting wealth and to improve their wellbeing going beyond the foundational basics covered in earlier themes. We target Health & Wellness solutions, Innovators which help reduce operational costs whilst driving productivity as well as income generation possibilities of SMEs (Productive Innovation) and Providers who democratize the access to financial products (Financial Engagement).

Investment philosophy and process

The investment philosophy is based on the following beliefs:

- **Positive Impact** – we believe our solutions-oriented approach contributes a better society
- **Fundamental** – we believe free cash flows ultimately drive shareholder value
- **Discipline** – we believe our investment process can produce consistent results and reduce the risk of unintended biases
- **Long-term sustainability** – we believe in active ownership and take a long-term view

The Nordea 1 – Global Social Empowerment Fund follows a structured, disciplined investment process centred in long-term thinking, fundamental bottom-up analysis and a unique risk management framework.

As an integrated component to the investment process of this product, a thorough in-house ESG analysis is performed by our independent and experienced RI team. Together with all other relevant inputs, ESG is systematically impacting the valuation

²) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money. ³) SDG refers to the UN's Sustainable Development Goals, 17 high level goals launched in 2015 to end poverty, protect the planet and ensure prosperity for all.



model, mainly via how we fade returns (sustainability of returns) in our DCF model. Moreover, we use both internal and external ESG analysis to assess companies' ESG profiles. As part of this assessment, we would not buy C-rated companies.

Furthermore, the investment process also incorporates an in-depth assessment of the potential impact of each investment. The impact framework aims to identify potential social and/or environmental solution within our clusters and measure the positive contribution to the SDGs (revenue alignment). At the same time, we also examine the EU taxonomy alignment of the respective solution and company.

Overall, our fundamental, bottom-up and ESG integrated approach aims to identify a portfolio of high conviction ideas – **40 to 60 under-valued stocks** – that invests in global equities, **typically with a mid-cap, growth bias**, that derive future cash flows from their innovative social solutions.

Engagement & Impact Management

Being a key part of the investment process, Engagement means having a constructive dialogue with the companies we invest in or that we are considering for investment. Such dialogue enables us to understand how a company is thinking about and addressing ESG risks or opportunities that are relevant for its business.

The portfolio managers and RI Team together build an engagement roadmap, where they identify the most relevant and material ESG topics for each company. Engagement can take various forms, from conference calls to face-to-face meetings, field visits and even active ownership & voting. While the RI Team typically takes the lead in engagement activities, our portfolio managers often participate as well. We see engagement as a way to preserve and enhance long-term shareholder value, as well as a great opportunity to create a positive impact for the broader society.

Engagement takes a new dimension with our Global Social Empowerment solution. It does not only consist of the traditional forms of engagement, like the exercise of voting rights or entering into a dialogue to encourage companies to improve their management systems, their ESG performance or their reporting. When assessing a company's ESG risk profile, the RI team pays attention to specific themes utilising the UN Sustainable Development Goals.

We distinguish between two types of engagement:

- **Risk Engagement:** if a company is not managing its material ESG risks well, the RI team engages with the company on the issue. The ESG risks can be company specific or stem from the country in which the company operates or its industry. Violations of international norms and conventions are also addressed under Risk Engagement
- **SDGs Engagement:** We believe the UN Sustainable Development Goals (SDGs) form a useful framework, which helps us to understand company strategy in the context of global ESG themes. While companies' exposure to SDGs varies greatly, these exposures can be both a source of opportunity and risk, and hence a valuable area for engagement

Invest in social solutions and benefit from returns with responsibility

The Nordea Global Social Empowerment Strategy is a uniquely positioned thematic global equity solution well aligned with UN SDGs run by a passionate and experienced team from a successful ESG thematic boutique in charge of more than €24bn AuM mainly focused on sustainable solutions.

With the Nordea Global Social Empowerment Strategy investors can be an active player of the social empowerment trend. We create value by investing in businesses that provide successful solutions to close the existing social gap, while always having in mind the economic value of our investment. A robust ESG analysis is fully integrated into a proven fundamental process while engagement with the invested companies secure that ESG issues are identified and being discussed to foster a change towards a more sustainable and more social world.

Together, we make a difference with your investment.

Nordea 1 – Global Social Empowerment Fund	
Fund manager	Fundamental Equities Team
Fund domicile	Luxembourg
ISIN codes*	LU2257592514 (BP-USD) LU2257592787 (BI-USD)
Annual management fees	1.50% (BP-USD) 0.75% (BI-USD)
Base currency	USD
Reference index	MSCI ACWI Index (Net Return)
No. of holdings	61
Launch date	03.12.2020

Risks

Please be aware that there are risks associated with investing in this sub-fund, amongst others in: **Country risk – China, Depository receipt, Derivatives, Emerging and frontier markets, Securities handling, Taxation.** 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.lu/SocialEmpowerment



*Other share classes may be available in your jurisdiction.

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