

# Prospectus

## Nordea 1, SICAV

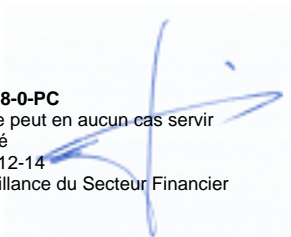
Undertaking for Collective Investments in  
Transferable Securities (UCITS) under Luxembourg law

January 2018

**VISA 2017/110297-638-0-PC**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2017-12-14

Commission de Surveillance du Secteur Financier



**Investment Funds**



# Important Information

**This prospectus (the “Prospectus”) and the relevant Key Investor Information documents (“KIID” and each a “KIID”) should be read in their entirety before making any application for Shares. If you are in doubt about the content of this Prospectus or of the KIIDs, you should consult your financial or other professional advisor.**

Subscriptions can only be received after the KIIDs have been made available and on the basis of this Prospectus accompanied by the latest Annual Report as well as by the latest Semi-Annual Report if published after the latest Annual Report. These reports form part of the present Prospectus and the KIIDs. No information other than that contained in the documents listed in Chapter 22 “Documents available for inspection” of this Prospectus may be given in connection with the offer.

The Directors, whose names are set out in Chapter 23 “Registered Office & Boards of Directors” of this Prospectus, have taken all reasonable care to ensure that the information contained in this Prospectus and in the KIIDs is, to the best of their knowledge and belief, in accordance with the facts and does not omit anything material to such information. The Directors accept responsibility accordingly.

The distribution of this Prospectus, the KIIDs and supplementary documentation and the offering of Shares may be restricted in certain countries. Investors wishing to apply for Shares should inform themselves as to the requirements within their own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.

This Prospectus and the KIIDs do not constitute an offer or solicitation by anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Investors should note that not all the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

The Management Company shall not divulge any confidential information concerning the Investor unless required to do so by law or regulation or being instructed to do so by the Investor. The Investor agrees that personal details contained in the application form and arising from the business relationship with the Management Company may be stored, modified or used in any other way by the Management Company for the purpose of administering and developing the business relationship with the Investor. To this end data may be transmitted to financial advisers working with the Management Company, as well as to other companies being appointed to support the business relationship. In accordance with the Luxembourg law of 2 August 2002, as may be amended from time to time, regarding the protection of personal data during data processing, as may be amended from time to time, the Investor can request a statement of his personal data which are stored at the Management Company, free of charge. The Investor has the right to have these data changed or deleted should they prove to be incorrect.

The English version of the Prospectus of the Company has been deposited with and approved by the Luxembourg Financial Supervisory Authority. As the Company is authorised for public marketing in a number of countries outside Luxembourg, the distribution of the Prospectus and of the KIIDs may require translation into the official language of the respective countries. In such case, the English version of the Prospectus and KIIDs shall prevail in case of discrepancies between the English version of the Prospectus and KIIDs and their translation into another language. In addition hereto, another language version may contain country-specific information intended for Investors subscribing to Shares of the Company in such country, and such information is not part of this English version of the Prospectus.

The Management Company may use telephone recording procedures to record, inter alia, conversations made to their respective call centres. By giving such calls by telephone, the counterparty to such calls is deemed to consent to the tape-recording of conversations between such counterparty and the Management to the use of such tape recordings by the Management Company and/or the Company in legal proceedings or otherwise at their discretion.

# Prospectus

## Nordea 1, SICAV

(Société d'Investissement à Capital Variable à compartiments multiples)  
R.C.S. Luxembourg B. 31442

The Company contains the following Sub-funds of investment:

### Equity Sub-funds

Nordea 1 – African Equity Fund  
Nordea 1 – Asian Focus Equity Fund  
Nordea 1 – Chinese Equity Fund  
Nordea 1 – Emerging Consumer Fund  
Nordea 1 – Emerging Markets Focus Equity Fund  
Nordea 1 – Emerging Markets Small Cap Fund  
Nordea 1 – Emerging Stars Equity Fund  
Nordea 1 – European Focus Equity Fund  
Nordea 1 – European Small and Mid Cap Equity Fund  
Nordea 1 – European Stars Equity Fund  
Nordea 1 – European Value Fund  
Nordea 1 – Global Climate and Environment Fund  
Nordea 1 – Global Dividend Fund  
Nordea 1 – Global Ideas Equity Fund  
Nordea 1 – Global Opportunity Fund  
Nordea 1 – Global Portfolio Fund  
Nordea 1 – Global Real Estate Fund  
Nordea 1 – Global Small Cap Fund  
Nordea 1 – Global Stable Equity Fund  
Nordea 1 – Global Stable Equity Fund – Euro Hedged  
Nordea 1 – Global Stars Equity Fund  
Nordea 1 – Indian Equity Fund  
Nordea 1 – Latin American Equity Fund  
Nordea 1 – Nordic Equity Fund  
Nordea 1 – Nordic Equity Small Cap Fund  
Nordea 1 – Nordic Ideas Equity Fund  
Nordea 1 – Nordic Stars Equity Fund  
Nordea 1 – North American All Cap Fund  
Nordea 1 – North American Small Cap Fund  
Nordea 1 – North American Value Fund  
Nordea 1 – Norwegian Equity Fund  
Nordea 1 – Stable Emerging Markets Equity Fund

### Bond Sub-funds

Nordea 1 – Danish Bond Fund  
Nordea 1 – Danish Mortgage Bond Fund  
Nordea 1 – Emerging Market Bond Fund  
Nordea 1 – Emerging Market Bond Opportunities Fund  
Nordea 1 – Emerging Market Corporate Bond Fund  
Nordea 1 – Emerging Market Hard Currency Bond Fund  
Nordea 1 – Emerging Market Local Debt Fund  
Nordea 1 – Emerging Market Local Debt Fund Plus  
Nordea 1 – Emerging Markets Debt Total Return Fund  
Nordea 1 – European Corporate Bond Fund  
Nordea 1 – European Corporate Bond Fund Plus  
Nordea 1 – European Covered Bond Fund  
Nordea 1 – European Cross Credit Fund  
Nordea 1 – European Diversified Corporate Bond Fund  
Nordea 1 – European Financial Debt Fund  
Nordea 1 – European High Yield Bond Fund  
Nordea 1 – European High Yield Bond Fund II  
Nordea 1 – Flexible Fixed Income Fund  
Nordea 1 – Global Bond Fund  
Nordea 1 – Global High Yield Bond Fund  
Nordea 1 – International High Yield Bond Fund – USD Hedged  
Nordea 1 – Latin American Corporate Bond Fund  
Nordea 1 – Low Duration European Covered Bond Fund  
Nordea 1 – Low Duration European High Yield Bond Fund  
Nordea 1 – Low Duration US High Yield Bond Fund  
Nordea 1 – North American High Yield Bond Fund  
Nordea 1 – Norwegian Bond Fund  
Nordea 1 – Renminbi High Yield Bond Fund  
Nordea 1 – Swedish Bond Fund  
Nordea 1 – Unconstrained Bond Fund – USD Hedged  
Nordea 1 – US Bond Opportunities Fund  
Nordea 1 – US Corporate Bond Fund  
Nordea 1 – US High Yield Bond Fund  
Nordea 1 – US Total Return Bond Fund

### Balanced Sub-funds

Nordea 1 – Balanced Income Fund  
Nordea 1 – Stable Return Fund  
Nordea 1 – GBP Diversified Return Fund

### Absolute Return Sub-funds

Nordea 1 – Alpha 5 MA Fund  
Nordea 1 – Alpha 10 MA Fund  
Nordea 1 – Alpha 15 MA Fund  
Nordea 1 – European Focus Equity Long/Short Fund  
Nordea 1 – Global Long Short Equity Fund – USD Hedged  
Nordea 1 – Heracles Long/Short MI Fund  
Nordea 1 – Stable Equity Long/Short Fund – Euro Hedged

### Reserve Sub-funds

Nordea 1 – Danish Kroner Reserve  
Nordea 1 – Norwegian Kroner Reserve  
Nordea 1 – Swedish Kroner Reserve

This Prospectus supersedes the Prospectus dated October 2017 and incorporates all amendments to that Prospectus.

**The Company is established as an Undertaking for Collective Investments in Transferable Securities (UCITS) in accordance with the laws of the Grand Duchy of Luxembourg.**

Luxembourg, January 2018

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## 2. Terms and definitions used in this Prospectus

<b>Accumulating Shares</b>	Shares in the Company which are not entitled to any distribution payments. Holders of such Shares benefit from the capital appreciation resulting from the reinvestment of any income earned by the Shares.
<b>Administration Fee</b>	An annual fee levied on the assets of the Company, payable to Nordea Investment Funds S.A. as remuneration for its functions of Administrative Agent for the Company.
<b>Administrative Agent</b>	Nordea Investment Funds S.A., 562 rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.
<b>Africa</b>	For investment purposes, defined as all territories on the African continent, as far as the Suez Canal, plus Madagascar and Mauritius.
<b>AIF</b>	An alternative investment fund in the meaning of the Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers.
<b>Articles</b>	The Articles of Incorporation of the Company.
<b>Asia</b>	For investment purpose defined as Bangladesh, Mainland China, Hong Kong, India, Indonesia, Macau, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam.
<b>AUD</b>	Australian Dollar.
<b>Base Currency</b>	The currency in which the Net Asset Value of a given Sub-fund is expressed.
<b>Board of Directors</b>	The decision making body of the Company elected by the Shareholders.
<b>Business Day</b>	Each day Nordea Investment Funds S.A. is open for business. For the purpose of this definition, Nordea Investment Funds S.A. shall be considered as closed for business on all legal and bank holidays in Luxembourg, on the 24 <sup>th</sup> December and on Good Friday. Nordea Investment Funds S.A. may, in addition, also be closed on other days as Nordea Investment Funds S.A. may decide. Closure for this latter reason will be notified to the Shareholders in accordance with the law.
<b>CAD</b>	Canadian Dollar.
<b>Central &amp; Eastern Europe Central &amp; Eastern European</b>	For investment purpose defined as all Member States and all official candidate countries of the European Union and other countries in geographical Europe except of Belarus, Ukraine, Russia and Moldova.
<b>CHF</b>	Swiss Franc.
<b>China A-Shares</b>	Shares traded on Chinese stock exchanges such as the Shanghai Stock Exchange (“ <b>SSE</b> ”) and the Shenzhen Stock Exchange (“ <b>SZSE</b> ”) and denominated in CNY, available to both domestic and foreign investors. Where acquired via Stock Connect, such shares are denominated in CNH.
<b>China H-Shares</b>	Shares traded on the Hong Kong Stock Exchange denominated in HKD, available to all investors authorised to trade on Regulated Markets, can be traded without a QFII license.
<b>ChiNext</b>	The SZSE ChiNext board.
<b>CIBM</b>	The China interbank bond market, an OTC market outside the Shanghai and Shenzhen stock exchanges.
<b>CNH</b>	Chinese Renminbi traded offshore (outside Mainland China, mainly in Hong Kong).
<b>CNY</b>	Chinese Renminbi traded onshore (in Mainland China).
<b>Company</b>	Nordea 1, SICAV.
<b>Contingent Convertible Bond</b>	Debt Security, issued by banks or financial institutions, that upon a pre-specified triggering event converts into a set number of shares, or is subject to a partial or full write-off. Triggering events include pre-defined capital ratios of the issuer falling to a particular level, or the issue/issuer being subject to a regulatory action or decision by the responsible regulator in the issuer's home market.
<b>Conversion</b>	Exchange of Shares of one Sub-fund and/or Share Class against Shares of another Sub-fund and/or Share Class.
<b>Conversion Fee</b>	A fee payable by the Shareholder upon Conversion of its Shares.
<b>CRS</b>	The Common Reporting and Due Diligence Standard developed by the OECD in order to introduce a global standard for the automatic exchange of financial account information.
<b>Cut-off Time</b>	15:30 CET on any Business Day.
<b>DAC</b>	The Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU relating to the mandatory automatic exchange of information in the field of taxation.
<b>Debt Securities</b>	Bonds, warrants on bonds, notes, asset-backed securities, inter alia mortgage-backed securities and pass-through securities, certificates of deposit, debentures and Contingent Convertible Bond. Such Debt Securities can appear in the form of fixed rate, floating rate, interest-bearing securities, zero coupon, inflation-linked, perpetual and/or dual currency bonds. Debt Securities can be issued by public authorities, supranational institutions, companies and/or credit institutions. Investments in Debt Securities shall comply in particular with section I E. (7) in Chapter 8 “Investment Restrictions” of this Prospectus.
<b>Depository</b>	J.P. Morgan Bank Luxembourg S.A., 6 route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

<b>Depository Fee</b>	A fee levied on the assets of the Company, payable to J.P. Morgan Bank Luxembourg S.A. as remuneration for depository services to the Company.
<b>Derivatives</b> <b>Financial Derivative Instruments</b>	Financial instruments that derive their value in response to the change in value of an underlying investment; this value change itself caused by changes in prices for financial instruments, including but not limited to transferable securities (as defined below), commodity prices, interest rates, foreign exchange rates or currencies, credit risk, market risk, or financial indices. Such Derivatives can be divided into exchange-traded Derivatives and over-the-counter (OTC) Derivatives.
<b>Director</b>	A member of the Board of Directors of the Company.
<b>Distributing Shares</b>	Shares in the Company which are entitled to payment of a distribution in case payment of a distribution is decided upon by the Shareholders' general meeting, or, in case of interim distributions, by the Board of Directors.
<b>Distribution Fee</b>	An annual fee levied on the assets of the E-Shares of the Company, payable to Nordea Investment Funds S.A. as Principal Distributor. Nordea Investment Funds S.A. will, out of the Distribution Fee, remunerate the distributors/sales agents appointed by Nordea Investment Funds S.A. for the distribution of the Shares.
<b>DKK</b>	Danish Kroner.
<b>Emerging Market(s)</b>	For investment purpose defined as countries with – compared e.g. to Europe - less developed economies (as measured by per capita Gross National Product) that have the potential for significant future growth. Examples include Brazil, China, India and Russia. Most emerging market countries are located in Latin America, Eastern Europe, Asia, Africa or the Middle East.
<b>Equity Related Securities</b>	Securities that encompass, inter alia, co-operative shares, participation certificates, equities, equity rights, dividend-right certificates, warrants on equities or on equity rights, and Participatory Notes.
<b>EU</b>	The European Union.
<b>EUR</b>	Euro, the single European currency adopted by a number of member states of the European Union.
<b>Euro Zone</b>	For investment purpose defined as those countries in which the EUR is the legal currency.
<b>Europe/ European</b>	For investment purpose defined as the 28 Member States of the European Union together with Norway, Iceland, Liechtenstein and the Swiss Federation.
<b>Exchange Traded Fund (“ETF”)</b>	An exchange traded fund is a form of investment fund (a UCI) which is traded on a stock exchange.
<b>FATCA</b>	The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act enacted in March 2010.
<b>FATF</b>	Financial Action Task Force on money laundering and terrorist financing (also referred to as Groupe d'Action Financière Internationale “GAFI”).
<b>FCP</b>	Fonds Commun de Placement.
<b>Fixed and Contingent Coupon</b>	The interest payment for a debt instrument which is calculated with the same percentage rate for the entire lifetime of the debt instrument; however, the interest amount may not necessarily be paid with cash but could e.g. be paid with further debt instruments issued by the same issuer.
<b>Fixed Coupon</b>	The interest payment for a debt instrument which is calculated with the same percentage rate for the entire lifetime of the debt instrument.
<b>GBP</b>	Pound Sterling.
<b>Greater China</b>	Mainland China, Hong Kong, Macau and Taiwan.
<b>Gross Conversion Amount</b>	The Net Asset Value per Share multiplied by the number of Shares being converted.
<b>Gross Investment Amount</b>	The Net Asset Value per Share multiplied by the number of Shares subscribed and increased by the Subscription Fee.
<b>Gross Redemption Amount</b>	The Net Asset Value per Share multiplied by the number of Shares being redeemed.
<b>Group of Companies</b>	Companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts, as may be amended from time to time, and according to recognised international accounting rules.
<b>High Yield Bond</b>	Corporate Debt Securities rated BB+/ Ba1 and below by a Rating Agency.
<b>HKD</b>	Hong Kong Dollar.
<b>Institutional Investor</b>	An undertaking or organisation that manages important funds and values such as credit institutions, professionals of the financial sector – including investment in their own name but on behalf of third parties pursuant to a discretionary management agreement - insurance and reinsurance companies, pension funds, holding companies, regional and local authorities.
<b>Institutional Share</b>	A Share of the Company reserved for Institutional Investors.
<b>Investment Grade Bond</b>	Corporate Debt Securities rated above BB+/Ba1 by a Rating Agency.
<b>Investor</b>	A potential Shareholder of the Company.
<b>JPY</b>	Japanese Yen.

<b>Key Investor Information Document ("KIID")</b>	In addition to this prospectus, one or all of the Key Investor Information Documents as are prepared and made available by the Company. The Key Investor Information Document should be made available to investors prior to any investment in the Shares.
<b>Latin America</b>	For investment purposes defined as Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela.
<b>Law of 10 August 1915</b>	The Luxembourg law of 10 August 1915 relating to commercial companies, as may be amended from time to time.
<b>Law of 12 July 2013</b>	The Luxembourg law of 12 July 2013 relating to alternative investment fund managers, as may be amended from time to time.
<b>Law of 13 February 2007</b>	The Luxembourg law of 13 February 2007 relating to specialised investment funds, as may be amended from time to time.
<b>Law of 17 December 2010</b>	The Luxembourg law of 17 December 2010 on undertakings for collective investment, as may be amended from time to time.
<b>Mainland China or PRC</b>	The People's Republic of China, excluding the Special Administrative Regions of Hong Kong and Macau.
<b>Management Company</b>	Nordea Investment Funds S.A., 562 rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.
<b>Management Fee</b>	An annual fee levied on the assets of the Company, payable to Nordea Investment Funds S.A. as remuneration for its investment management services rendered to the Company.
<b>Member State</b>	A member state of the European Union.
<b>MiFID II</b>	The Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as may be amended from time to time.
<b>Money Market Instruments</b>	Instruments normally traded on the money market as well as interest-bearing securities with a term or residual term of no more than 397 days at the time of their acquisition for the Investment Fund. If their term is more than 397 days, their interest rate must be regularly adjusted to reflect current market conditions, at least once in each 397-day period. Money market instruments include instruments whose risk profile corresponds to the risk profile of this type of securities.
<b>Net Asset Value</b>	In relation to any Shares of any Share Class of any Sub-fund, the value per Share determined in accordance with the relevant provisions described under the heading "Net Asset Value" of this Prospectus.
<b>Net Investment Amount</b>	The amount of money effectively being invested in the Company; equals Gross Investment Amount less Subscription Fee.
<b>Net Redemption Amount</b>	The Net Asset Value per Share multiplied by the number of Shares being redeemed less Redemption Fee.
<b>NOK</b>	Norwegian Kroner.
<b>Nordic Region</b>	For investment purpose defined as Denmark, Sweden, Norway, Finland and Iceland.
<b>North America</b>	For investment purpose defined as the United States of America (USA) and Canada.
<b>OECD</b>	The Organisation for Economic Co-operation and Development.
<b>Other Regulated Market</b>	A market which is regulated, operates regularly and is recognised and open to the public, namely a market <ul style="list-style-type: none"> <li>• that meets the following cumulative criteria: high liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions);</li> <li>• on which the securities are dealt in at a certain fixed frequency;</li> <li>• which is recognised by a state or by a public authority which has been delegated by that state or by another entity which is recognised by that state or by that public authority such as a professional association and</li> <li>• on which the securities dealt are accessible to the public.</li> </ul>
<b>Other State</b>	Any state of Europe which is not a Member State, and any state of America, Africa, Asia, and Oceania.
<b>P-Notes</b>	Equity warrants that comply with article 41 (1) of the Law of 17 December 2010 and article 2 of the Grand-Ducal Regulation of 8 February 2008, as may be amended from time to time, and which are used to generate exposure to a specific equity security in a given market.
<b>Participatory Notes</b>	
<b>Performance Fee</b>	An annual fee levied on the assets of the Company that is payable to the Management Company. The Management Company will, out of the Performance Fee, remunerate certain investment managers appointed by the Management Company in addition to the investment management fee as a remuneration for their investment management services rendered to the Management Company. The Performance Fee, if any, shall be subject to conditions as described in the Prospectus.
<b>PLN</b>	Polish Zloty.
<b>Principal Distributor</b>	Nordea Investment Funds S.A.
<b>Private Borrowers</b>	Comprise, among others, corporations, municipalities and mortgage institutions.
<b>Private Share</b>	A Share of the Company non-Institutional and Institutional Investors may acquire.



<b>Prospectus</b>	The Prospectus for Nordea 1, SICAV; this document.
<b>Public Authorities</b>	Comprise, among others, governments and supra-national institutions.
<b>Rating Agency</b>	A Rating Agency is to provide credit ratings, used by the Investment Manager of any particular sub-fund, if/when approved by either the Securities and Exchange Commission ("Nationally Recognized Statistical Rating Organization") or by the European Securities and Markets Authority ("Credit Rating Agency").
<b>Redemption</b>	The sale of Shares owned by a Shareholder.
<b>Redemption Fee</b>	A fee payable by the Shareholder upon sale of his Shares.
<b>Registered Office</b>	The Company address, as notified to the Registre de Commerce et des Sociétés, Luxembourg (the Trade and Companies Register of Luxembourg), where the Company's records shall be kept and where official correspondence to the Company shall be sent.
<b>Regulated Market</b>	A regulated market as defined in Article 4 (1), 14 of the directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as may be amended from time to time.
<b>Regulation S</b>	A Regulation of the Securities Act, as below defined, that provides an exclusion from the registration obligations imposed under Section 5 of the Securities Act, for securities offerings made outside the USA by both U.S. and foreign issuers. A securities offering, whether private or public, made by an issuer outside of the USA in reliance on this Regulation need not be registered under the Securities Act.
<b>Regulation S Securities</b>	Securities that are offered and sold outside of the USA and are not subject to the registration obligations imposed under Section 5 of the Securities Act, as below defined.
<b>Regulatory Authority</b>	The Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.  Commission de Surveillance du Secteur Financier 283 route d'Arlon L-1150 Luxembourg Grand Duchy of Luxembourg (www.cssf.lu).
<b>RMB</b>	Renminbi, the official currency in the People's Republic of China.
<b>Rule 144A Securities</b>	Rule 144A Securities are US securities transferable via a private placement regime (i.e. without registration with the Securities and Exchange Commission), to which a "registration right" registered under the Securities Act may be attached, such registration rights providing for an exchange right into equivalent Debt Securities or into equity shares. The selling of such Rule 144A Securities is restricted to Qualified Institutional Buyers (as defined by the Securities Act, itself below defined).
<b>Securities Act</b>	Refers to the US Securities Act of 1933, as may be amended from time to time.
<b>SEK</b>	Swedish Kronor.
<b>SGD</b>	Singapore Dollar.
<b>Share Class</b>	One or more classes of Shares within a Sub-fund whose assets shall be commonly invested according to the investment policy of that Sub-fund, but where a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of Investors, marketing country or other specificity shall apply.
<b>Shareholder</b>	A person or company having invested in Shares.
<b>Shares</b>	Shares of the Company and any rights arising therefrom.
<b>SICAV</b>	Société d'Investissement à Capital Variable.
<b>SME Board</b>	The SZSE small and medium enterprise board.
<b>Stock Connect</b>	Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect which are securities trading and clearing linked programs developed by Hong Kong Exchanges and Clearing Limited, SSE, SZSE and China Securities Depository and Clearing Corporation Limited ("ChinaClear"), with an aim to achieve mutual stock market access between the PRC and Hong Kong ("Stock Connect"). Foreign investors, including certain of the Sub-funds, can deal through the Stock Exchange of Hong Kong ("SEHK") in selected securities listed on the SSE and SZSE (Northbound trading).
<b>Sub-fund</b>	An individual portfolio of assets and liabilities within the Company; the assets are invested pursuant to the Sub-fund's own specific investment objective and policy.
<b>Subscription</b>	The purchase of Shares.
<b>Subscription Fee</b>	A fee payable upon purchase of Share(s).
<b>Total Assets</b>	The total assets (after deduction of cash) of a Sub-fund.
<b>Total Net Asset Value</b>	The total value of all Shares issued in a Sub-fund or the total value of the assets of such Sub-fund minus the value of such Sub-fund's liabilities.
<b>Transferable Securities</b>	Transferable Securities include <ul style="list-style-type: none"> <li>• shares and other securities equivalent to shares,</li> <li>• bonds and other debt instruments,</li> <li>• any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange, with the exclusion of techniques and instruments.</li> </ul>

<b>UCI</b>	An Undertaking for Collective Investment.
<b>UCITS</b>	An Undertaking for Collective Investment in Transferable Securities governed by the UCITS Directive.
<b>UCITS Directive</b>	The Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as may be amended from time to time.
<b>USD</b>	United States Dollar.
<b>Valuation Day</b>	Each day on which the Net Asset Value per Share is calculated for a specific Sub-fund of the Company. Unless otherwise defined in relation to a particular Sub-fund, each day which is a Business Day and not a bank holiday in Luxembourg or in a market which is the principal market for a significant part of a Sub-fund's investments.
<b>Variable Coupon</b>	The interest payment for a debt instrument which is not calculated with the same percentage rate for the entire lifetime of the debt instrument, but instead, with a percentage rate which is adjusted periodically, i.e. each 1, 3, 6 or 12 month.

### 3. Introduction

#### The Company

The main objectives of the Company are

- to provide a range of Sub-funds combined with active and professional management,
- to diversify investment risks and
- to satisfy Investors seeking income, capital conservation and longer-term capital growth.

The Company was originally incorporated in the Grand Duchy of Luxembourg on 31 August 1989 under the name of Fronrunner I, SICAV. The Company changed its name into Nordea 1, SICAV on 1 February 2001. The Company is organised as a variable capital company, Société d'Investissement à Capital Variable (SICAV) with multiple compartments under the Law of 10 August 1915 and part I of the Law of 17 December 2010. The Company is established for an indefinite period from the date of incorporation.

The Registered Office of the Company is at 562, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.

The Company is registered with the Trade and Companies Register of Luxembourg under reference B-31442.

The Articles of the Company were originally published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial"), dated 16 October 1989, and amended several times. The last amendments to the Articles were adopted by an extraordinary shareholders' meeting held on 10 May 2012, the minutes of such extraordinary shareholders' meeting were published in the Mémorial referenced 1385 and dated 5 June 2012. The last version of the Articles, together with the mandatory legal notice, have been deposited with the Trade and Companies Register of Luxembourg where they are available for inspection and where copies thereof can be obtained.

The financial year of the Company commences on 1 January and ends on 31 December of each year.

Shareholders' meetings shall be held annually in Luxembourg at the Company's Registered Office or at such other place as specified in the notice of meeting. The annual general meeting shall be held on 15 March each year, at 11:00 CET. If such a day is not a Business Day, the annual general meeting shall be held on the first following Business Day thereafter. Other meetings of Shareholders may be held at such place and time as may be specified in the respective notices of meetings. Registered Shareholders will receive notices of meetings by ordinary mail. Notices will further be published as described in Chapter 21 "Notices and information to Shareholders" of this Prospectus.

Resolutions concerning the interests of the Shareholders of the Company shall be passed at a general meeting and resolutions concerning the particular rights of the Shareholders of one specific Sub-fund shall in addition be passed by that Sub-fund's general meeting.

The Company draws the Investors' attention to the fact that any Investor will only be able to fully exercise his Investor rights directly against the Company, notably the right to participate in general shareholders' meetings, if the Investor is registered himself and in his own name in the shareholders' register of the Company. In cases where an Investor invests in Shares of the Company through an intermediary investing into such Shares in his own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

In accordance with the Articles of the Company, the Board of Directors is empowered to:

- restrict the acquisition of Shares in the Company by any physical person or legal entity if this is in the interest of the Company;

- restrict the holding of Shares in the Company by any physical person or legal entity if this is necessary to ensure that the laws and regulations of a country and/or official regulations are not violated or that shareholding does not lead to a situation in which the Company would incur tax liabilities or other financial disadvantages, which it would otherwise not have incurred or would not incur.

The Board of Directors may decide, at any time, to establish new Sub-funds. On the establishment of such additional Sub-funds, the present Prospectus shall be amended and a relevant KIID shall be produced.

Furthermore, in the case of Sub-funds created which are not yet opened for subscription, the Board of Directors is empowered to determine at any time the initial period of subscription and the initial subscription price; at the opening of such a Sub-fund, the Prospectus shall be amended and a KIID shall be produced to provide the Investors with the necessary information.

The Shares of the Sub-funds of the Company may be listed on the Luxembourg Stock Exchange.

#### Important information for investors residing in the United States of America

Persons residing or corporations or other entities operating in the United States of America (US Persons) may not subscribe for Shares in the Company.

#### US Persons

The Board of Directors has decided that the Shares shall not be offered or sold to ultimate beneficial owners which are US Persons. For this purpose, the term "U.S. Person" shall include:

- a citizen of the United States of America (USA) irrespective of his place of residence or a resident of the USA irrespective of his citizenship;
- a US Passport holder;
- a person born in the USA unless renounced citizenship;
- a dual citizen of the USA and another country;
- a person who is a lawful permanent resident of the USA, i.e. a holder of "Green Card";
- a person who has a substantial presence in the USA, i.e. a non-US citizen (i) that is not a diplomat, teacher, student or an athlete and (ii) that is present in the USA for at least 183 days by counting:
  - all the days (at least 31) in the current year,
  - 1/3 the days in the immediately preceding year, and
  - 1/6 the days in the second preceding year;
- a partnership, limited liability partnership, limited liability company, joint-stock company, fund or any similar enterprise organised or existing in laws of any state, territory or possession of the USA;
- a corporation organised under the laws of the USA or of any state, territory or possession thereof or
- any estate or trust which are subject to US tax regulations;
- any legal entity (other than a limited liability entity) that is directly or indirectly more than 50 per cent owned by one or more of any or a combination of the entities in the above 3 bullet points and/or any natural persons described above;
- a corporation, partnership, limited liability partnership, limited liability company, business, trust, joint-stock company, fund or any similar enterprise, organized outside the USA, formed principally for the purpose of investing in securities and owned by more than 50 per cent by a natural Person or any persons as described above

As the above-mentioned definition of "US Person" differs from Regulation S, the Board of Directors of the Company, notwithstanding the fact that such person or entity may come within any of the categories referred to above, has granted authority to the Management Company to determine, on a case by case basis, whether ownership of Shares or solicitation for ownership of Shares shall or shall not violate any securities law of the USA or any state or other jurisdiction thereof.

For further information on restricted or prohibited Share ownership, please consult the Company or the Management Company.

#### **FATCA**

FATCA extends the Internal Revenue Code of the U.S. with a new chapter on **"Taxes to enforce reporting on certain foreign accounts"** and requires foreign financial institutions ("FFI") such as the Company to provide the Internal Revenue Service in the U.S. (the **"IRS"**) with information on certain U.S. Persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information could lead a 30% withholding tax applying to certain U.S. source income (including dividends and interests) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

Luxembourg signed on 28 March 2014 a Model I Intergovernmental Agreement with the USA improving international tax compliance and implementing FATCA (the **"Model I IGA"**). The Company has chosen the Reporting Model 1 Foreign Financial Institution (**"Reporting Model 1 FFI"**) FATCA status resulting in registration at the IRS FATCA platform and receiving the Global Intermediary Identification Number (**"GIIN"**).

The Company will comply with the FATCA provisions under the terms of the Model I IGA and the terms of the Luxembourg legislation transposing such Model I IGA.

The Company will report tax information to the Luxembourg tax authorities, which will then transmit the information to the IRS. The Company will also perform necessary due diligence and monitoring of investors and report, on an annual basis, among other things, information relating to financial accounts held by U.S. Persons or by non-U.S. entities owned by U.S. Persons.

#### **CRS**

The CRS is a component of a global standard for automatic exchange of financial account information developed by the OECD. The CRS provides for the reporting and due diligence rules to be observed when the automatic exchange of financial account information applies. The financial institutions are required to provide the jurisdictions in which individuals and entities are resident with information on their financial accounts. Such

information includes interest, dividends and similar types of income as well as capital gains and account balances. Failure to provide the requested information could lead to penalties as determined in the domestic law of the reporting financial institutions.

The automatic exchange of financial account information applies under the CRS to the countries which have signed the Multilateral Competent Authority Agreement on automatic exchange of financial account information (**"MCAA"**). On 29 October 2014, Luxembourg, together with 50 other jurisdictions, signed the MCAA.

The Company will perform necessary due diligence and monitoring of investors and report, on an annual basis, the financial account information to the Luxembourg tax authorities, which will then transmit the information to the jurisdictions in which the individuals and entities concerned are residents. The first reporting should occur in 2017 in relation to the financial year 2016.

#### **DAC**

The DAC introduces at the scale of the European Union an automatic exchange of financial account information, alike the CRS, and requires financial institutions to provide other EU Member States with information on the financial accounts held by individuals and entities resident in these other Member States. Such information includes interest, dividends and similar types of income as well as capital gains and account balances. Failure to provide the requested information could lead to penalties as determined by the Member State in which the reporting financial institutions are located.

Luxembourg implemented the DAC into national law with the law of 18 December 2015.

The Company will perform necessary due diligence and monitoring of investors and report, on an annual basis, the financial account information to the Luxembourg tax authorities, which will then transmit the information to the jurisdictions in which the individuals and entities concerned are residents. The first reporting should occur in 2017 in relation to the financial year 2016.

## **4. The Sub-funds of the Company**

Each Sub-fund is subject to the general regulations as set out in this Chapter 4 "The Sub-funds of the Company" and following chapters of this Prospectus.

Each Sub-fund may invest in such assets as set out in Chapter 8.I.A of this Prospectus and shall comply with the general rules and restrictions set out in Chapter 8. Each Sub-fund's investments shall be made in line with its Investment Objective and shall comply with the investment policy and specific eligible assets provisions as set out for each Sub-fund in this Chapter. The liabilities of each Sub-fund shall be segregated on a Sub-fund by Sub-fund basis with third party creditors having recourse only to the assets of the Sub-fund concerned.

#### **Uncertainty Considerations**

The investments made in the Company's Sub-funds may be subject to substantial fluctuations. Various factors may initially trigger such fluctuations or may influence the scale of a fluctuation. Such factors may be related to financial markets and investment management activities, including but not limited to:

- Changes in interest rates
- Changes in exchange rates
- Changes to the liquidity profile of the portfolio
- Changes to the level of leverage of the portfolio
- Change of investor interest in investment strategies related to asset classes, such as a preference of either of Equity Related Securities, Debt Securities, or Cash
- Change of investor interest in investment strategies related to markets, countries, industries or sectors

Factors may also be related to macroeconomic and geo-politic developments in the markets/countries the Sub-funds are invested into, including but not limited to:

- Changes of employment, public expenditure and indebtedness, inflation
- Changes in the legal environment
- Changes in the political environment
- Changes in regulatory matters which may influence a company or its sector
- Changes in the competitive environment of an industry affecting a particular company and its suppliers or customers

By diversifying investments, the investment manager endeavours to partially mitigate the negative impact of such risks on the value of the Sub-fund. Although the Board of Directors makes every effort to achieve the investment objectives of the Company and its Sub-funds, no guarantee can be given as to whether the investment objectives will be achieved.

# Nordea 1 – African Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

Within the investment restriction limits listed below, the Sub-fund will invest its assets in companies regardless of their size or the industry sector they operate in.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Africa.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

For the purpose of this Sub-fund, investments are to be considered as eligible in the sense of Art. 50 (1) of the UCITS Directive, in those African markets that:

- any European supervisory authority has confirmed as being regulated by way of publication and/or
- the Board of Directors of the Company has assessed as being regulated, applying the requirements and conditions of MiFID II.

## Derivatives

The Sub-fund may use Derivatives for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Alpha 5 MA Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return taking the Sub-fund's targeted volatility into consideration.

The Sub-fund's investment strategy can broadly be defined as a multi-strategy, or diversified risk premia approach. The Sub-fund's exposure to the different risk premia or strategies and sub-strategies, is based on the results of a continuous bottom-up valuation, combined with a focus on short-term market behaviour across asset classes and risk factors.

The Sub-fund's overall expected volatility is typically around 3% in normal market conditions and 5% during adverse market conditions, where 5% is seen as tail volatility typically used in the risk budgeting. The specific risks of the different strategies invested into will be managed through a dynamic risk-budgeting process. This allows the Sub-fund to follow combinations of strategies with both higher as well as lower individual volatility. The investment strategies aim to have overall low correlations.

The portfolio will typically not have any constant bias towards a particular investment strategy or risk factor. For shorter periods of time, the portfolio can however be exposed to more concentrated effects from directional and particular risk premia strategies. In the medium term the strength of diversification of the different strategies provides downside protection.

## Eligible assets

Without limiting the Sub-fund from investing into any further eligible instruments, the most common instruments used to implement the aforementioned strategies will be:

- Transferable Securities (mainly Equity Related Securities and Debt Securities),
- Money Market Instruments, including commercial papers and certificates of deposits,
- Derivatives, such as contract for differences, credit default swaps, futures on indices and individual equities, and forwards (including non-deliverable forwards) on currencies.
- UCITS and/ or open-ended UCIs, including open-ended ETFs.

The Sub-fund may invest up to 20% of its net assets in a total combination of mortgage-backed securities and asset backed securities.

The Sub-fund can take on both, long and short positions. The Sub-fund will not borrow securities or cash to create leverage. Any short exposure will only be achieved via the use of Derivatives.

Depending on the instruments used to implement the investment strategies, the Sub-fund could have variable level of cash. It is not to be excluded that, in the case that the large majority of long positions are achieved via the use of Derivatives, the level of cash increases up to 100% of the Sub-fund's net assets. The Investment Manager will allocate the cash across currencies worldwide in accordance with his convictions.

Cash may as well be required to cover margin calls and collateral requirements.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, or for hedging purposes. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with credit default swap transactions and transactions in options, futures, swaps and CFDs.**

In accordance with the CESR/10-788, this Sub-fund will implement the Absolute Value-at-Risk to measure the global exposure relating to Derivatives, as further described and specified in Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus.

The expected level of leverage disclosed in the table below (in accordance with the CESR 10-788 calculated as the sum-of notional of Derivatives used and additionally calculated using the Commitment approach) shall be a fair indication of the actual level of leverage under normal market conditions.

The actual level of leverage may deviate (i.e. moderate increase or decrease) from such expected level depending on the strategies applied by the Investment Manager, which might directly affect the use of Derivatives.

The actual level of leverage of this Sub-fund may however deviate significantly from the expected level of leverage disclosed (i.e. strong increase or decrease) in order to obtain the Sub-fund's targeted risk and return profiles depending on the volatility: in periods of low volatility, the gross exposure may be higher than in periods of high volatility, in order for the investment to remain within the risk and return targets.

Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Absolute Value-at-Risk	400%	400%

Provided by the investment policy of the Sub-fund, the expected level of leverage cannot be assigned to one specific investment strategy.

Investors must be aware that this fund might carry greater investment risk than other investment funds, due to the use of Derivatives and the related higher level of leverage.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in financial instruments in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Alpha 10 MA Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return taking the Sub-fund's targeted volatility into consideration.

The Sub-fund's investment strategy can broadly be defined as a multi-strategy, or diversified risk premia approach. The Sub-fund's exposure to the different risk premia or strategies and sub-strategies, is based on the results of a continuous bottom-up valuation, combined with a focus on short-term market behaviour across asset classes and risk factors.

The Sub-fund's overall expected volatility is typically around 7% in normal market conditions and 10% during adverse market conditions, where 10% is seen as tail volatility typically used in the risk budgeting. The specific risks of the different strategies invested into will be managed through a dynamic risk-budgeting process. This allows the Sub-fund to follow combinations of strategies with both higher as well as lower individual volatility. The investment strategies aim to have overall low correlations.

The portfolio will typically not have any constant bias towards a particular investment strategy or risk factor. For shorter periods of time, the portfolio can however be exposed to more concentrated effects from directional and particular risk premia strategies. In the medium term the strength of diversification of the different strategies provides downside protection.

## Eligible assets

Without limiting the Sub-fund from investing into any further eligible instruments, the most common instruments used to implement the aforementioned strategies will be:

- Transferable Securities (mainly Equity Related Securities and Debt Securities),
- Money Market Instruments, including commercial papers and certificates of deposits,
- Derivatives, such as contract for differences, credit default swaps, futures on indices and individual equities, and forwards (including non-deliverable forwards) on currencies,
- UCITS and/ or open-ended UCIs, including open-ended ETFs.

The Sub-fund may invest up to 20% of its net assets in a total combination of mortgage-backed securities and asset-backed securities.

The Sub-fund can take on both, long and short positions. The Sub-fund will not borrow securities or cash to create leverage. Any short exposure will only be achieved via the use of Derivatives.

Depending on the instruments used to implement the investment strategies, the Sub-fund could have variable level of cash. It is not to be excluded that, in the case that the large majority of long positions are achieved via the use of Derivatives, the level of cash increases up to 100% of the Sub-fund's net assets. The Investment Manager will allocate the cash across currencies worldwide in accordance with his convictions.

Cash may as well be required to cover margin call and collateral requirements.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, or for hedging purposes. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with credit default swap transactions and transactions in options, futures, swaps and CFDs.**

In accordance with the CESR/10-788, this Sub-fund will implement the Absolute Value-at-Risk to measure the Global Exposure relating to Derivatives, as further described and specified in Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions".

In order to obtain the Sub-fund's targeted risk and return profiles, the gross exposure across all portfolio holdings and Derivatives of the Sub-fund may be larger than the Sub-fund's net asset value. The level of this gross exposure may vary considerably depending on the volatility: in periods of high volatility, the gross exposure may be lower than in periods of low volatility, in order for the investment to remain within the risk and return targets.

The expected level of leverage disclosed in the table below (in accordance with the CESR 10-788 calculated as the sum-of-notional of Derivatives used and additionally calculated using the Commitment approach) shall be a fair indication of the actual level of leverage under normal market conditions.

The actual level of leverage may deviate (i.e. moderate increase or decrease) from such expected level depending on the strategies applied by the Investment Manager, which might directly affect the use of Derivatives.

The actual level of leverage of this Sub-fund may however deviate significantly from the expected level of leverage disclosed (i.e. strong increase or decrease) in order to obtain the Sub-fund's targeted risk and return profiles depending on the volatility: in periods of low volatility, the gross exposure may be higher than in periods of high volatility, in order for the investment to remain within the risk and return targets.

Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Absolute Value-at-Risk	650%	650%

Provided by the investment policy of the Sub-fund, the expected level of leverage cannot be assigned to one specific investment strategy.

Investors must be aware that this fund might carry greater investment risk than other investment funds, due to the use of Derivatives and the related higher level of leverage.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in financial instruments in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Alpha 15 MA Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return taking the Sub-fund's targeted volatility into consideration.

The Sub-fund's investment strategy can broadly be defined as a multi-strategy, or diversified risk premia approach. The Sub-fund's exposure to the different risk premia or strategies and sub-strategies, is based on the results of a continuous bottom-up valuation, combined with a focus on short-term market behaviour across asset classes and risk factors.

The Sub-fund's overall expected volatility is typically around 10% in normal market conditions and 15% during adverse market conditions, where 15% is seen as tail volatility typically used in the risk budgeting. The specific risks of the different strategies invested into will be managed through a dynamic risk-budgeting process. This allows the Sub-fund to follow combination of strategies with both higher as well as lower individual volatility. The investment strategies aim to have overall low correlations.

The portfolio will typically not have any constant bias towards a particular investment strategy or risk factor. For shorter periods of time, the portfolio can however be exposed to more concentrated effects from directional and particular risk premia strategies. In the medium term the strength of diversification of the different strategies provides downside protection.

## Eligible assets

Without limiting the Sub-fund from investing into any further eligible instruments, the most common instruments used to implement the aforementioned strategies will be:

- Transferable Securities (mainly Equity Related Securities and Debt Securities),
- Money Market Instruments, including commercial papers and certificates of deposits,
- Derivatives, such as contract for differences, credit default swaps, futures on indices and individual equities, and forwards (including non-deliverable forwards) on currencies.
- UCITS and/ or open-ended UCIs, including open-ended ETFs.

The Sub-fund may invest up to 20% of its net assets in a total combination of mortgage-backed securities and asset backed securities.

The Sub-fund can take on both, long and short positions. The Sub-fund will not borrow securities or cash to create leverage. Any short exposure will only be achieved via the use of Derivatives.

Depending on the instruments used to implement the investment strategies, the Sub-fund could have variable level of cash. It is not to be excluded that, in the case that the large majority of long positions are achieved via the use of Derivatives, the level of cash increases up to 100% of the Sub-fund's net assets. The Investment Manager will allocate the cash across currencies worldwide in accordance with his convictions.

Cash may as well be required to cover margin calls and collateral requirements.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, or for hedging purposes. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with credit default swap transactions and transactions in options, futures, swaps and CFDs.**

In accordance with the CESR/10-788, this Sub-fund will implement the Absolute Value-at-Risk to measure the global exposure relating to Derivatives, as further described and specified in Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus.

The expected level of leverage disclosed in the table below (in accordance with the CESR 10-788 calculated as the sum-of-notional of Derivatives used and additionally calculated using the Commitment approach) shall be a fair indication of the actual level of leverage under normal market conditions.

The actual level of leverage may deviate (i.e. moderate increase or decrease) from such expected level depending on the strategies applied by the Investment Manager, which might directly affect the use of Derivatives.

The actual level of leverage of this Sub-fund may however deviate significantly from the expected level of leverage disclosed (i.e. strong increase or decrease) in order to obtain the Sub-fund's targeted risk and return profiles depending on the volatility: in periods of low volatility, the gross exposure may be higher than in periods of high volatility, in order for the investment to remain within the risk and return targets.

Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Absolute Value-at-Risk	900%	900%

Provided by the investment policy of the Sub-fund, the expected level of leverage cannot be assigned to one specific investment strategy.

Investors must be aware that this fund might carry greater investment risk than other investment funds, due to the use of Derivatives and the related higher level of leverage.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in financial instruments in order to maximise the return. The Sub-fund follows an investment policy aiming at a relatively high return in turn coupled with higher volatility. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – Asian Focus Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests in companies that are undervalued in relation to their ability to generate cash flow over the long term.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in equities, i.e. inter alia China H-Shares, and Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Asia.

The Sub-fund may invest up to 25% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

For this Sub-fund, the use of Derivatives is limited to hedging purposes, as well as for efficient portfolio management. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investments in Asia, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance with the MSCI All Country Asia Ex. Japan – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Balanced Income Fund

## Objective and investment policy

The Sub-fund's objective is to preserve and steadily grow the Shareholder's capital over a full investment cycle.

The investment process is based on active asset allocation, both tactical and strategic, robust diversification across mainly fixed income asset classes using leveraged exposure, and active currency management. The Investment Manager aims to find return drivers using both long and short positions, in a wide range of fixed income instruments. Additionally, the investment manager aims, for a smaller portion of the Sub-fund, to invest in equity instruments.

## Eligible assets

The Sub-fund will implement its investment strategy by taking positions in a broad range of fixed income and equity asset classes, sub-asset classes and currencies globally by investing directly into securities or indirectly via the use of Derivatives and to a limited extent into funds. Asset classes and sub-classes refer to a group of assets of common sectors, geographic areas, ratings, security type, or any other criteria relevant for the construction of each investment strategy.

The most widely used instruments may include, without being limited to:

- government bonds,
- inflation linked bonds,
- corporate bonds (investment grade and sub-investment grade, which may include defaulted bonds up to 5% of its net assets),
- emerging market debt bonds in hard and/or local currencies,
- a maximum of 20% of the net assets of this Subfund may be invested in a total combination of mortgage-backed securities (MBS) and assetbacked securities (ABS)",
- covered bonds,
- convertible bonds,
- future and forward contracts,
- credit default swaps,
- equities,
- Money Market Instruments, including commercial papers and certificates of deposits,
- UCITS and/or other open-ended UCIs, including open-ended ETFs.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives. In order for the Sub-fund's to reach its investment objectives and risk and return profile, the gross exposure across all portfolio holdings and Derivatives of the Sub-fund may be larger than the Sub-fund's net asset value.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, credit default swaps, currency forwards and bond futures transactions.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investors who focus on capital preservation above all.. The Sub-fund should be regarded as an alternative to more traditional investment profiles.

# Nordea 1 – Chinese Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in the People's Republic of China, Hong Kong and Taiwan.

The Sub-fund may invest up to 50% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in China and in emerging and less developed markets.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI Golden Dragon Index – Net Total Return in USD.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Danish Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Danish bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by either Public Authorities or Private Borrowers being domiciled or exercising the predominant part of their economic activity in Denmark.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is DKK.

## Reference index

The Sub-fund compares its performance against Nordea Constant Maturity 5 Year Government Bond Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Danish Kroner Reserve

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the short-term Danish bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities denominated in DKK and issued by either Public Authorities or Private Borrowers.

The average term to maturity for fixed-coupon Debt Securities in this Sub-fund may be maximum 24 months. The interest rate for floating-rate Debt Securities must be adjusted to market conditions at least once a year in accordance with their issue conditions.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is DKK.

## Reference index

The Sub-fund compares its performance against the Denmark Interbank 3 Month – Total Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is not willing to take the duration risks of a normal bond portfolio. This Sub-fund should be regarded as a lower-risk alternative to asset classes such as bonds and equities.

# Nordea 1 – Danish Mortgage Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in mortgage bonds issued by either Public Authorities or Private Borrowers being domiciled or exercising the predominant part of their economic activity in Denmark.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.

**Specific Risks related to Investments in Danish mortgage bonds:** in accordance with regulation and laws applicable in Denmark, in times of significantly rising interest rates or market environments hindering issuance of new bonds, some Danish mortgage bonds can be extended and thus increase duration in the portfolio. In times of decreasing interest rates some bonds can be pre-paid, and thus reduce duration in the portfolio. In consequence, the investment behaviour of the Sub-fund might be affected.

## Base Currency

The Base Currency of this Sub-fund is DKK.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Consumer Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests its assets, within the investment restrictions listed below, in companies which are expected to benefit either directly or indirectly from the ongoing urbanisation trend and changing consumer behaviour in the Emerging Market economies. The aim is to select businesses that expect to generate a significant proportion of their revenue from consumers in Emerging Markets, e.g. by establishing themselves as the leading brands. Additionally, but still within the investment restrictions listed below, the Sub-fund will focus investment around companies in developed markets that sell products and services targeted towards the marginal spending of the emerging consumer, benefiting from the expected increases in disposable income levels.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 25% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with the investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the specific equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Emerging Market Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Emerging Market bonds market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by either Public Authorities or Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets. These securities are denominated in hard currencies, such as USD or EUR.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging markets, including China, corporate debt securities, credit default swap transactions and high-yield debt securities and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

JP Morgan Emerging Markets Bond Index Global Diversified.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.



# Nordea 1 – Emerging Market Bond Opportunities Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Emerging Market bonds market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by either Public Authorities or Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets. These securities are denominated in local currencies as well as in hard currencies such as USD and EUR.

The Sub-fund is allowed to invest directly into Chinese Debt Securities via CIBM.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

As an exception to Chapter 5 "Share Capital" of this Prospectus, it should be noted that some hedged Share Classes of this Sub-fund are only partially hedged.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China, investment in corporate debt securities, credit default swap transactions and high-yield debt securities and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

50% JP EMBI GD (in Base Currency (USD)) and 50% JP GBI-EM GD (in Base Currency (USD)).

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Market Corporate Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Emerging Market corporate bonds market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued in USD by Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets.

The Sub-fund may invest up to 20% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging markets, including China, corporate debt securities, credit default swap transactions and high-yield debt securities and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the JPM Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified) in USD.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Market Hard Currency Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Emerging Market bonds market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities and credit default swaps issued by Public Authorities, quasi sovereigns or Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets. These securities are denominated in hard currencies, such as USD or Euro.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China and in lower rated debt securities, risks associated with credit default swap transactions, risks associated with transactions in futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference Index

The Sub-fund compares its performance against the JP Morgan Emerging Markets Bond Index Global Diversified.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Market Local Debt Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Emerging Market bonds market.

Capital gain is achieved from income and price appreciation of the securities as well as from currency appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by Public Authorities, quasi sovereigns or Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets. These securities are denominated in local currencies.

The Sub-fund is allowed to invest directly into Chinese Debt Securities via CIBM.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China and in lower rated debt securities.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference Index

The Sub-fund compares its performance against the JP Morgan GBI Emerging Market Global Diversified.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Market Local Debt Fund Plus

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Emerging Market bonds market.

Capital gain is achieved from income and price appreciation of the securities as well as from currency appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by Public Authorities, quasi sovereigns or Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets. These securities are denominated in local currencies.

The Sub-fund is allowed to invest directly into Chinese Debt Securities via CIBM.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China and in lower rated debt securities, risks associated with credit default swap transactions, risks associated with transactions in futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference Index

The Sub-fund compares its performance against the JP Morgan GBI Emerging Market Global Diversified.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Markets Debt Total Return Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return. It generally seeks to identify investment opportunities within and across all subsectors of the Emerging Markets debt universe. Capital gain is achieved from income and price appreciation of the securities as well as from currency appreciation. The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by Public Authorities, quasi sovereigns or Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Emerging Markets. These securities may be denominated in local currencies as well as in hard currencies such as USD and EUR.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund is allowed to invest directly into Chinese Debt Securities via CIBM.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets including China, in lower rated debt securities, in warrants, options, futures, swaps and contracts for differences ("CFD") and in credit default swap (CDS) transactions.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Emerging Markets Focus Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests in companies that are undervalued in relation to their ability to generate cash flow over the long term.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Emerging Markets.

The Sub-fund may invest up to 25% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI Emerging Markets Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Emerging Markets Small Cap Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund is managed in accordance with an investment process which is based on a bottom-up and fundamental research approach.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which:

- (i) are domiciled or exercise the predominant part of their economic activity in Emerging Markets, and
- (ii) have a market capitalization (at the time of purchase) between USD 100 million and USD 5 billion.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in smaller companies and in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI Emerging Markets Small Cap Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – Emerging Stars Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests its assets, within the investment restrictions listed below, in companies with a particular focus on their ability to comply with international standards for environmental, social and corporate governance, and more particularly in companies that are considered to have the potential to grow out of the Emerging Markets, e.g. by establishing themselves as global players.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities of companies, which are domiciled or exercise the predominant part of their economic activity in the Emerging Markets.

The Sub-fund may invest up to 25% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with the investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI Emerging Markets Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the specific equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – European Corporate Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European corporate bond market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Euro denominated corporate bonds and credit default swaps where the underlying credit risk is linked to Euro denominated corporate bonds.

The Sub-fund may invest up to 20% of its Total Assets in asset-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Rating

A minimum of two-thirds of the Total Assets must have a long-term rating between AAA and BBB- or equivalent, as issued by a Rating Agency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

The above rating criteria also apply for the underlying securities of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in corporate debt securities, credit default swap transactions and high-yield debt securities and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the BofA Merrill Lynch EMU Corporate Bonds Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European Corporate Bond Fund Plus

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European corporate bond market. The Sub-fund actively uses Derivatives in order to enhance returns and manage risks.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Euro denominated corporate and covered bonds and credit default swaps where the underlying credit risk is linked to Euro denominated corporate bond.

The Sub-fund may invest up to 20% of its Total Assets in asset-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Rating

A minimum of two-thirds of the Total Assets must have a long-term rating between AAA and BBB- or equivalent, as issued by a Rating Agency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

The above rating criteria also apply for the underlying securities of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in corporate debt securities, credit default swap transactions and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the BofA Merrill Lynch EMU Corporate Bonds Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European Covered Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European covered bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in covered bonds issued by either companies or financial institutions domiciled or exercising the predominant part of their economic activities in Europe.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At all times, at least two-thirds of the Total Assets shall be invested in securities that have a minimum rating of A-/A3 or equivalent, as issued by a Rating Agency. Maximum 10% of the Total Assets may be invested in bonds with a rating lower than BBB-/Baa3 or equivalent, as issued by a Rating Agency, and/or in non-rated bonds.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against iBoxx EUR Covered Bond Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European Cross Credit Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Euro denominated corporate bonds that are not issued by financial institutions. However, the Sub-fund may invest in securities from holding companies of any corporate group, which financial institutions may be part of.

The Sub-fund may invest up to 20% of its Total Assets in asset-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

Security ratings of this Sub-fund are defined as the second best long-term rating from a Rating Agency. If there is only one long-term rating available from any of these rating institutes on a given security this rating will define the security rating.

A minimum of two-thirds of the Total Assets must have a long-term rating between BBB+/Baa1 and B-/B3 or equivalent, as issued by a Rating Agency.

The Sub-fund is not allowed to buy non-rated securities and securities which have a long-term rating below B-/B3 or equivalent, as issued by a Rating Agency, at the time of purchase. In case holdings are downgraded below B-/B3 or equivalent, as issued by a Rating Agency, or become unrated the Sub-fund is allowed to hold these securities for up to six months.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9. "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in corporate debt securities, credit default swap transactions and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund does not compare its performance against any reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European Diversified Corporate Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European corporate bond market. The Sub-fund targets a limited exposure to any specific issuer or sector relative to its reference index.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Euro-denominated corporate bonds.

The Sub-fund may invest up to 20% of its Total Assets in asset-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Rating

A minimum of two-thirds of the Total Assets must have a long-term rating between AAA and BBB- or equivalent, as issued by a Rating Agency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

The above rating criteria also apply for the underlying securities of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in corporate debt securities, credit default swap transactions and transactions in warrants, options, futures and swaps.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the BofA Merrill Lynch EMU Corporate Bonds Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European Financial Debt Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation. The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities and credit default swaps issued by European financial institutions (this geographic requirement applies to the issuing entity itself or to the ultimate parent company of the issuing entity).

The Sub-fund may invest up to 20% of its Total Assets in asset-backed securities and up to 20% of its Total Assets in Contingent Convertible Bonds.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with the investment in high yield debt securities, in Contingent Convertible Bonds and in derivatives.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who needs a well-diversified portfolio within financial sector debt.

# Nordea 1 – European Focus Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation. The Sub-fund invests in companies that are undervalued in relation to their ability to generate cash flow over the long term.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the MSCI Europe – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – European Focus Equity Long/Short Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with a long-term capital appreciation that has a low correlation with the returns of the equity markets.

The Sub-fund seeks to have a long exposure to European companies. The Sub-fund invests, within the investment restrictions listed below, in companies that are undervalued in relation to their ability to generate cash flow over the long term.

The Sub-fund seeks to have a short exposure to European equity indices to eliminate systematic market risk.

Above strategies are implemented by investing directly into securities or indirectly via the use of Derivatives or, to a limited extent by investing in Exchange Traded Funds.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe.

The Sub-fund may be exposed to other currencies than the base currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with futures, swaps and CFDs.**

The Sub-fund will be leveraged, which means that the market value of the underlying securities, currencies and other instruments in the Sub-fund's portfolio of assets and Derivatives may be larger than the Sub-fund's net asset value. Leverage techniques may amplify the risks of adverse market movements or failed investment strategies.

In accordance with the CESR/10-788, this Sub-fund will implement the Absolute Value-at-Risk to measure the global exposure relating to Derivatives, as further described and specified in Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus. The expected level of leverage disclosed in the table below (in accordance with the CESR/10-788 calculated as the sum-of-notional of Derivatives used and additionally calculated using the Commitment approach) shall be a fair indication of the actual level of leverage under normal market conditions.

The actual level of leverage may deviate (i.e. moderate increase or decrease) from such expected level depending on the strategies applied by the Investment Manager, which might directly affect the use of Derivatives.

Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Absolute Value-at-Risk	430%	430%

The Sub-fund may achieve the expected level of leverage through the use of Derivatives, such as to create exposure to individual security positions through CFD, or for the purpose of lowering the correlation of the targeted long-term capital appreciation with the returns of the equity markets.

Investors must be aware that this fund might carry greater investment risk than other investment funds, due to the use of Derivatives and the related higher level of leverage.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets and with the use of leverage techniques in order to maximise the return. Thus, the investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – European High Yield Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European High Yield Bond market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in High Yield Bonds, credit default swaps and other Debt Securities, including Contingent Convertible Bonds, issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities, including CLOs and CDOs.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities, in Contingent Convertible Bonds and in CDOs and CLOs.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance in EUR against the Merrill Lynch European Currency High Yield Constrained Index - Total Return 100% Hedged to EUR.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European High Yield Bond Fund II

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European High Yield Bond market.

The Sub-fund actively uses Derivatives in order to enhance returns and manage risks.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in High Yield Bonds, Contingent Convertible Bonds and credit default swaps, denominated in EUR or GBP, or issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe (the geographic requirement applies to the issuing entity itself or to the ultimate parent company of the issuing entity).

The Sub-fund may invest up to 20% of its Total Assets in asset-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities and in Contingent Convertible Bonds.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance in EUR against the Merrill Lynch European Currency High Yield Constrained Index - Total Return 100% Hedged to EUR.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – European Small and Mid Cap Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which:

- (i) are domiciled or exercise the predominant part of their economic activity in Europe.
- (ii) have a market capitalisation (at the time of the purchase) of up to 10 billion EUR.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against Dow Jones STOXX Mid 200 (Return) Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – European Stars Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests its assets with a particular focus on the companies' ability to comply with international standards for environmental, social and corporate governance.

The Sub-fund invests in companies that are undervalued in relation to their ability to generate cash flow over the long term.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the MSCI Europe – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the stock markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – European Value Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager invests in securities of companies which are significantly undervalued compared to the estimated earning power of these companies.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

For this Sub-fund, the use of Derivatives is limited to hedging purposes as well as for efficient portfolio management. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described under Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance with the MSCI Europe – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

Investors should further be aware that because of the investment strategy applied by this Sub-fund, significant differences between the development of the Sub-fund and that of the market (as defined by the reference index) may occur and may be prevalent for an extended period of time.

# Nordea 1 – Flexible Fixed Income Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide positive returns in excess of cash over an investment cycle.

The Sub-fund aims to offer a robust diversification across fixed income asset classes and regions. The objective is to build an unconstrained bond product, designed to address a constantly changing environment in the fixed income space, such as interest rates fall and rise as well as changes in credit spreads. The Sub-fund will use active currency management to mitigate risk without reducing the return expectancy.

## Eligible assets

The Sub-fund will implement its investment strategy by taking positions in a broad range of fixed income asset classes, Sub-asset classes and currencies globally by investing directly into securities or indirectly via the use of Derivatives and to a limited extent into funds. Asset classes and sub-classes refer to a group of assets of common sectors, geographic areas, ratings, security type, or any other criteria relevant for the construction of each investment strategy. The most widely used instruments may include, without being limited to:

- government bonds;
- inflation linked bonds;
- corporate bonds (investment grade and sub-investment grade, which may include defaulted bonds up to 5% of its net assets);
- emerging market debt bonds in hard and/or local currencies;
- mortgage backed securities (MBS) or asset-backed securities (ABS) up to 20% of its net assets;
- covered bonds;
- convertible bonds (which may include, to a limited extent, bonds, which have converted into equity);
- credit default swaps;
- equities up to 2.5% of its net assets (as a result of investments in defaulted bonds);
- Money Market Instruments, including commercial papers and certificates of deposits;
- UCITS and/or other open-ended UCIs, including open-ended ETFs.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, credit default swaps, currency forwards and bond futures transactions.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference Index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – GBP Diversified Return Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a stable growth to the Shareholders over a full investment cycle. The Sub-fund aims to achieve a positive return on a rolling three (3) years basis.

## Eligible assets

Within the general investment restrictions of the Prospectus, the Sub-fund invests, either directly or via the use of Derivatives, in all permissible types of asset classes such as Equity Related Securities, Debt Securities, and Money Market Instruments.

The asset allocation will vary over time, in anticipation of market movements. The asset allocation will typically consist of Equity Related Securities and Debt Securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, or for hedging purposes. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in credit default swap transactions and transactions in options, futures, swaps and CFDs.**

## Base Currency

The Base Currency of this Sub-fund is GBP.

## Reference index

This Sub-fund has no reference index.

## Profile of the typical Investor

The Sub fund is suitable for the Investor who focuses on capital preservation above all. The Sub-fund should be regarded as an alternative to more traditional investment profiles.



# Nordea 1 – Global Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the global bond market.

## Eligible assets

The Sub-fund invests globally and a minimum of two-thirds of its Total Assets in Debt Securities issued by either Public Authorities or Private Borrowers.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against JP Morgan GBI Global - Total Return Index (in EUR).

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Global Climate and Environment Fund

## Objective and investment policy

This Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies operating in alternative energy resource efficiency and environment protection.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in credit default swap transactions and transactions in options, futures, swaps and CFDs and emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the specific equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Dividend Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests in securities of companies with a healthy balance sheet and a good dividend-paying ability.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global High Yield Bond Fund

## Objective and investment policy

The Sub-fund aims to preserve the Shareholder's capital and to provide a return exceeding the average return of the global High Yield Bond market.

## Eligible assets

The Sub-fund invests globally and a minimum of two-thirds of its Total Assets in subordinated bonds and High Yield Bonds issued by Private Borrowers.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities and credit default swap transactions.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the BofA Merrill Lynch Developed Markets High Yield Constrained Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Global Ideas Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager determines the fair value of a company by its long term sustainable cash generation. Attractive investment opportunities, arising when securities prices deviate from their fair values, are exploited by investing with a long term investment horizon in companies priced at a discount to fair value. The disciplined investment process is furthermore characterized by rigorous independent research, a high active share and low portfolio turnover.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets world-wide in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI All Country World – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Long Short Equity Fund – USD Hedged

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with a consistent absolute return that has a relatively low correlation with the returns of the equity markets. This is done by exploiting the inefficient way the markets responds to cycles.

The Sub-fund seeks to have a long exposure to companies that surprise the market by their participation in an earnings growth cycle in addition to an attractive valuation at the time of investment. Such long exposure is generated via direct investment in such equities or through the use of Derivatives or, to a limited extent, the investment in Exchange Traded Funds.

Moreover, the Sub-fund seeks to have a short exposure to individual stocks or equity baskets where the risk and return characteristics are deemed to be un-attractive by the Investment Manager at the time of investment. Such short exposures may be generated through the use of Derivatives and are deemed increase the performance of the Sub-fund.

The Sub-fund will be leveraged, which means that the market value of the underlying securities, currencies and other instruments in the Sub-fund's portfolio of assets and Derivatives may be larger than the Sub-fund's net asset value. Leverage techniques may amplify the risks of adverse market movements or failed investment strategies.

Based on leverage, the Sub-fund seeks to maximise its long-term return without exceeding its volatility target. This volatility target may change overtime.

## Eligible assets

The Sub-fund's assets shall be mainly invested in Equity Related Securities issued by companies worldwide, either directly or via the use of Derivatives.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with transactions in warrants, options, futures, swaps and contracts for differences ("CFD").**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets and with the use of leverage techniques in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

## Performance Fee

The Management Company is entitled to receive a Performance Fee, calculated and accrued daily and paid yearly in arrears, in respect of each calendar year. The full Performance Fee will be passed on to the Investment Sub-Manager of this Sub-fund; Clarivest Asset Management LLC.

Performance Fee will be calculated as follows: at the end of the calendar year for which Performance Fee is to be calculated, the Performance Fee for each Share will be equal to maximum 10% of the appreciation of the Net Asset Value per Share (net of Performance Fee) as at the end of such calendar year, after deduction of Libor USD 3 Month ("**Hurdle Rate**"). The Performance Fee shall be calculated only on the performance exceeding the all-time highest end of year Net Asset Value per Share ("**High Watermark**").

Share Classes	Performance fee rate
Private Shares and Institutional Shares, excluding X-Shares	10%
X-Shares	Please see Chapter 10 of this Prospectus.

In case of net redemptions as observed on any Valuation Day, the pro rata of the year-to-date performance accrual that relates to such net redeemed Shares will be considered as due regardless of the performance of the Sub-fund after such net redemption.

The initial Subscription price represents the first High Watermark. If, at the end of the first financial period (determined separately for each Share Class), the Net Asset Value per Share of the Share Class exceeds its respective High Watermark (i.e. its initial Subscription price) and its Hurdle Rate, a Performance Fee is due. Otherwise, no Performance Fee is due for the first financial period.

For the subsequent financial periods, entitlement to a Performance Fee arises only when the following two conditions are met:

- 1) the Net Asset Value per Share has exceeded the Hurdle Rate in the relevant calendar year; or, in case of net redemption on any Valuation Day, if the Net Asset Value per Share has exceeded the Hurdle Rate on the period starting at the beginning of the calendar year and finishing on the Valuation Day where the redemption price is fixed; and
- 2) the Net Asset Value per Share exceeds the highest of (i) the first High Watermark, or (ii) the previous all-time high year end Net Asset Value per Share.

The Hurdle Rate applied for non-hedged Share Classes is a variable USD short-term interest rate. For hedged Share Classes, an equivalent variable short-term interest rate expressed in the relevant currency will be applied for the respective currency. A floor of 0% shall be applied to the Hurdle Rate, i.e. as long as the interest rate used as Hurdle Rate for any Share Class is negative, the Hurdle Rate shall be considered to be 0%.

# Nordea 1 – Global Opportunity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund is managed in accordance with an investment process which is designed to identify opportunities through fundamental research, as well as understand the drivers of value for the companies within the investable universe.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the MSCI All Country World – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Portfolio Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests globally and a minimum of two-thirds of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against MSCI World – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – Global Real Estate Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests globally, and a minimum of two-thirds of its Total Assets in Real Estate Equity Securities. These securities typically include:

- equity of companies active in the development and/ or the ownership of income producing property, as well as
- units (or shares) of collective investment vehicles with exposure to property such as publicly quoted property unit trusts and Real Estate Investment Trusts (REITs).

While the companies or vehicles in which the Sub-fund invests will be domiciled primarily in developed countries, the Sub-fund may invest up to 25% of its Total Assets in Real Estate Equity Securities of companies domiciled in Emerging Markets.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8. "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the FTSE/EPRA NAREIT Developed Index (USD).

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Small Cap Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund is managed in accordance with an investment process which is designed to identify companies - through a bottom-up fundamental research approach - that are mispriced and possess factors that can close the gap between the market price and intrinsic value.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities which have a market capitalization (at the time of purchase) between USD 200 million and USD 10 billion or are included in the reference index of the Sub-fund.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with the investment in smaller companies, and with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against MSCI World Small Cap Index Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Stable Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager will focus, within the investment limits described below, on equities providing a potential of stable return over a time span of several years. The main focus will be equities with stable historical financial figures and with low or fair valuation.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the stock markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Stable Equity Fund – Euro Hedged

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager will focus, within the investment restriction limits listed below, on equities providing a potential of stable return over a time span of several years. The main focus will be equities with stable historical financial figures and with low or fair valuation.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, at least 90% of the portfolio currency exposure will be hedged against the Base Currency of the Sub-fund.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Global Stars Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests its assets with a particular focus on the companies' ability to comply with international standards for environmental, social and corporate governance.

The investment manager determines the fair value of a company by its long term sustainable cash generation. Attractive investment opportunities, arising when securities prices deviate from their fair values, are exploited by investing with a long term investment horizon in companies priced at a discount to fair value.

The disciplined investment process is furthermore characterized by rigorous independent research, a high active share and low portfolio turnover.

## Eligible assets

The Sub-fund invests globally and a minimum of three-fourths of its Total Assets in Equity Related Securities.

The Sub-fund may invest up to 10% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI All Country World – Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the stock markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Heracles Long/Short MI Fund

## Objective and investment policy

The Sub-fund's objective is to provide attractive absolute returns by benefiting from both rising and falling asset prices using a long-short strategy.

The Sub-fund is taking long or short exposures to a broad range of asset classes worldwide directly or via the use of Derivatives.

The Sub-fund's investment strategy can be broadly categorized as a managed futures strategy. The investment decisions taken are based on a quantitative model under consideration of the targeted return as well as the targeted risk, reflected for each Share Class via the Synthetic Risk and Reward Indicator. Rule-based and forecast-free, the model assesses portfolio composition on a daily basis, by this initiating the necessary transactions. The Sub-fund will generate gains from investing in a portfolio of primarily directional strategies. These strategies are broadly diversified across asset classes, namely equities, fixed income instruments (such as government bonds) and currencies, across different geographic regions, targeting liquid global markets. Each individual strategy aims at exploiting rising underlying markets through long positions and falling underlying markets through short positions, executed respectively through futures and forward contracts. In the long-term, the Sub-fund aims to obtain similar risk and return contribution from each of the asset classes.

## Eligible assets

Without limiting the Sub-fund from investing into any further eligible instruments, the most common instruments used to implement the aforementioned strategies will be:

- Transferable Securities (mainly Equity Related Securities and Debt Securities),
- Money Market Instruments, including commercial papers and certificates of deposits,
- Derivatives, such as contract for differences, credit default swaps, futures on indices and individual equities, and forwards (including non-deliverable forwards) on currencies,
- UCITS and/or open-ended UCIs, including open-ended ETFs.

The Sub-fund may invest up to 20% of its net assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Derivatives used will be exchange traded futures contracts where applicable (e.g. on equity indices) or OTC contracts such as foreign exchange forward contracts. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

In accordance with the CESR/10-788, this Sub-fund will implement the Absolute Value-at-Risk to measure the global exposure relating to Derivatives, as further described and specified in Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions".

The expected level of leverage disclosed in the table below (in accordance with the CESR 10-788 calculated as the sum-of-notional of Derivatives used and additionally calculated using the Commitment approach) shall be a fair indication of the actual level of leverage under normal market conditions.

The actual level of leverage may deviate (i.e. moderate increase or decrease) from such expected level depending on the strategies applied by the Investment Manager, which might directly affect the use of Derivatives.

The actual level of leverage of this Sub-fund may however deviate significantly from the expected level of leverage disclosed (i.e. strong increase or decrease). A significant decrease in leverage would be experienced e.g. in times of high market volatility without any significant change in price over an extended period of time within an asset class, whilst a significantly increased leverage could be experienced when as part of the dynamic asset allocation approach applied Derivative strategies are shifted towards Money Market Instruments as underlying asset class. The latter would require a higher nominal exposure in order to maintain proportionate levels of risk and opportunity, e.g. compared to equities. In addition, average leverage could be surpassed if underlying markets experience strong trends, while volatility remains low.

Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Absolute Value-at-Risk	1,100%	1,000%

Provided by the investment policy of the Sub-fund, the expected level of leverage cannot be assigned to one specific investment strategy.

Investors must be aware that this fund might carry greater investment risk than other investment funds, due to the use of Derivatives and the related higher level of leverage.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

There is no reference index for this Sub-fund.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in derivative strategies. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

## Performance Fee

The Management Company is entitled to receive a Performance Fee, calculated and accrued daily and paid yearly in arrears, in respect of each calendar year. The full Performance Fee will be passed on to Metzler Asset Management GmbH ("Metzler"), in its capacity as investment manager for the Sub-fund.

However, Metzler may elect to forego its right to the Performance Fee for any given calendar year. Metzler's decision to forego the Performance Fee must be taken and communicated to the Management Company before the 1<sup>st</sup> January of the calendar year for which Performance Fee would otherwise be calculated. Once the decision to forego has been made, Metzler will have no entitlement to a Performance Fee for the calendar year in question. In such case, the Management Company shall not be entitled to a Performance Fee from the Sub-fund.

If Metzler has not communicated its decision to forego Performance Fee, Performance Fee will be calculated as follows: at the end of the calendar year for which Performance Fee is to be calculated, the Performance Fee for each Share will be equal to maximum 20% of the appreciation of the Net Asset Value per Share (net of Performance Fee) as at the end of such calendar year, after deduction of Euribor1M ("Hurdle Rate"). The Performance Fee shall be calculated only on the performance exceeding the all-time highest end of the year Net Asset Value per Share ("High Watermark").

Share Classes	Performance fee rate
Private Shares	20%
Institutional Shares, excluding X-Shares	15%
X-Shares	Please see Chapter 17 of this Prospectus.

In case of net redemptions as observed on any Valuation Day, the pro rata of the year-to-date performance accrual that relates to such net redeemed Shares will be considered as due regardless of the performance of the Sub-fund after such net redemption.

The initial Subscription price represents the first High Watermark. If, at the end of the first financial period (determined separately for each Share Class), the Net Asset Value per Share of the Share Class exceeds its respective High Watermark (i.e. its initial Subscription price) and its Hurdle Rate, a Performance Fee is due. Otherwise, no Performance Fee is due for the first financial period.

For the subsequent financial periods, entitlement to a Performance Fee arises only when the following two conditions are met:

- 1) the Net Asset Value per Share has exceeded the Hurdle Rate in the relevant calendar year; or, in case of net redemption on any Valuation Day, if the Net Asset Value per Share has exceeded the Hurdle Rate on the period starting at the beginning of the calendar year and finishing on the Valuation Day where the redemption price is fixed; and
- 2) the Net Asset Value per Share exceeds the highest of (i) the first High Watermark, or (ii) the previous all-time high year end Net Asset Value per Share.

The Hurdle Rate applied for non-hedged Share Classes is a variable EUR short-term interest rate (Bloomberg code EUR001M Index). For hedged Share Classes, an equivalent variable short-term interest rate expressed in the relevant currency will be applied for the respective currency. A floor of 0% shall be applied to the Hurdle Rate, i.e. as long as the interest rate used as Hurdle Rate for any Share Class is negative, the Hurdle Rate shall be considered to be 0%.

# Nordea 1 – Indian Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in India.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the MSCI India 10/40 Index – Net Total Return in USD.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – International High Yield Bond Fund – USD Hedged

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the international High Yield Bond market.

## Eligible assets

The Sub-fund invests globally and a minimum of two-thirds of its total assets including cash in High Yield Bonds issued by Private Borrowers.

The Sub-fund may invest up to 20% of its total assets including cash in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities and credit default swap transactions.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Merrill Lynch Global High Yield Constrained Index (USD hedged).

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Latin American Corporate Bond Fund

## Investment objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the Latin America corporate bonds market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued in USD by Private Borrowers, which are domiciled or exercise the predominant part of their economic activity in Latin America.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, and high yield debt securities.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the JP Morgan Cembri Broad Diversified Latam IG Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Latin American Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund invests its assets according to a combination of asset-, sector- and country-allocation based on fundamental analysis.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Latin America.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the MSCI EM Latin America 10/40 – Net Return Index converted to EUR.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Low Duration European Covered Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European covered bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in covered bonds issued by either companies or financial institutions domiciled or exercising the predominant part of their economic activities in Europe.

Modified duration of this Sub-fund must be between 0 and 2.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

At all times, at least two-thirds of the Total Assets shall be invested in securities that have a minimum rating of A-/A3 or equivalent, as issued by a Rating Agency. Maximum 10% of the Total Assets may be invested in bonds with a rating lower than BBB-/Baa3 or equivalent, as issued by a Rating Agency, and/or in non-rated bonds.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Low Duration European High Yield Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the European High Yield Bond market.

The Sub-fund aims to achieve its objectives by investing directly into securities or indirectly via the use of Derivatives.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in High Yield Bonds, credit default swaps and other Debt Securities, including Contingent Convertible Bonds, issued by companies which are domiciled or exercise the predominant part of their economic activity in Europe.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities, including CLOs and CDOs.

Modified duration of this Sub-fund must be between 0 and 2.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities, in Contingent Convertible Bonds and in CDOs and CLOs.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Low Duration US High Yield Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in High Yield Bonds, issued by Private Borrowers which are domiciled or exercise the predominant part of their economic activity in the United States of America, or denominated in USD.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

Modified duration of this Sub-fund fund must be between 0 and 2. The average effective maturity of the investments of this Sub-fund must be between 0 and 7 years. The measure of such average effective maturity of Sub-funds' investments is computed by weighting each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities and credit default swap transactions.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Nordic Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation. The investment manager determines the fair value of a company by its long term sustainable cash generation. Attractive investment opportunities, arising when securities prices deviate from their fair values, are exploited by investing with a long term investment horizon in companies priced at a discount to fair value.

The disciplined investment process is furthermore characterized by rigorous independent research, a high active share and low portfolio turnover.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in the Nordic Region.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the MSCI Nordic 10/40 Index (Net Dividends Reinvested).

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Nordic Equity Small Cap Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager determines the fair value of a company by its long term sustainable cash generation. Attractive investment opportunities, arising when securities prices deviate from their fair values, are exploited by investing with a long term investment horizon in companies priced at a discount to fair value.

The disciplined investment process is furthermore characterized by rigorous independent research, a high active share and low portfolio turnover.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by smaller companies which:

- (i) are domiciled or exercise the predominant part of their economic activity in the Nordic Region.
- (ii) have a market capitalisation (at the time of the purchase) of up to 0.50% of the Nordic Stock Exchanges total market capitalisation. The Nordic Stock Exchanges are Stockholm, Helsinki, Copenhagen, Oslo and Reykjavik.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investments in smaller companies.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund compares its performance against the Carnegie Small CSX Return Nordic.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who is aware of the relatively high risks involved. This Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – Nordic Ideas Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager determines the fair value of a company by its long term sustainable cash generation. Attractive investment opportunities, arising when securities prices deviate from their fair values, are exploited by investing with a long term investment horizon in companies priced at a discount to fair value.

The disciplined investment process is furthermore characterized by rigorous independent research, a high active share and low portfolio turnover.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in the Nordic Region.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Nordic Stars Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

Within the investment restriction limits listed below, the Sub-fund invests its assets in companies with a particular focus on their ability to comply with international standards for environmental, social and corporate governance.

The investment manager determines the fair value of a company by its long term sustainable cash generation. Attractive investment opportunities, arising when securities prices deviate from their fair values, are exploited by investing with a long term investment horizon in companies priced at a discount to fair value.

The disciplined investment process is furthermore characterized by rigorous independent research, a high active share and low portfolio turnover.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in the Nordic Region.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – North American All Cap Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in North America.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Russell 3000 Index - Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – North American High Yield Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the US High Yield Bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its total assets including cash in High Yield Bonds issued by Private Borrowers which are domiciled or exercise the predominant part of their economic activity in the United States of America.

The Sub-fund may invest up to 20% of total assets including cash in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities and credit default swap transactions.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Merrill Lynch US High Yield Master II Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – North American Small Cap Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The Sub-fund is managed in accordance with an investment process which is based on a bottom-up and fundamental research approach. Factors that are analysed include management strength, industry trends and financial health.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which:

- (i) are domiciled or exercise the predominant part of their economic activity in North America, and
- (ii) have a market capitalization (at the time of purchase) between USD 200 million and USD 5 billion.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with the investment in smaller companies.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Russell 2000 Index - Net Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – North American Value Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

The investment manager invests in securities of companies which are significantly undervalued compared to the estimated earning power of these companies.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in North America.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

For this Sub-fund, the use of Derivatives is limited to hedging purposes, as well as for efficient portfolio management. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance with the S&P 500 Composite – Total Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

Investors should further be aware that because of the investment strategy applied by this Sub-fund, significant differences between the development of the Sub-fund and that of the market (as defined by the reference index) may occur and may be prevalent for an extended period of time.

# Nordea 1 – Norwegian Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return that exceeds the average return of the Norwegian bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by either Public Authorities or Private Borrowers being domiciled or exercising the predominant part of their economic activity in Norway.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is NOK.

## Reference index

The Sub-fund compares its performance against OB (Oslo Stock Exchange) Government Bonds All Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Norwegian Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or publicly listed or exercise the predominant part of their economic activity in Norway.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is NOK.

## Reference index

The Sub-fund compares its performance against the Oslo Exchange Mutual Fund Index – Total Return.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.



# Nordea 1 – Norwegian Kroner Reserve

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the short-term Norwegian bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities denominated in NOK and issued by either Public Authorities or Private Borrowers.

The average term to maturity for fixed-coupon Debt Securities in this Sub-fund may maximum be 24 months. The interest rate for floating-rate Debt Securities must be adjusted to market conditions at least once a year in accordance with their issue conditions.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is NOK.

## Reference index

The Sub-fund compares its performance against 3 Month NIBOR – Total Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is not willing to take the duration risks of a normal bond portfolio. This Sub-fund should be regarded as a lower-risk alternative to asset classes such as bonds and equities.

# Nordea 1 – Renminbi High Yield Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return on the investment, primarily consisting of interest income and long-term capital appreciation.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in high-yield Debt Securities, which are issued by Private Borrowers and Public Authorities,

- which are domiciled in Greater China and Asia, or
- which exercise the predominant part of their economic activity in Greater China and Asia, and are based in either Greater China or any other foreign countries.

Debt Securities invested into by the Sub-fund may be denominated in CNH and CNY, as well as in other currencies.

The Sub-fund is allowed to invest directly into Chinese Debt Securities via CIBM.

The Sub-fund actively uses Derivatives in order to create an exposure to the Renminbi for the main part of all Debt Securities, being part of the Sub-fund's Total Asset, which are issued in other currencies.

The Sub-fund may invest up to 20% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in China, in emerging and less developed markets, and in lower rated debt securities.**

## Base Currency

The Base Currency of this Sub-fund is CNH.

## Reference Index

The Sub-fund has no reference index.

## Profile of the typical investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Stable Emerging Markets Equity Fund

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with long-term capital appreciation. The Sub-fund is managed according to a quantitative investment process that seeks to identify securities with a stable return and price development along with a moderate valuation. The process focuses on companies with e.g. stable development in earnings, dividend and cash flow.

## Eligible assets

The Sub-fund invests a minimum of three-fourths of its Total Assets in Equity Related Securities issued by companies which are domiciled or exercise the predominant part of their economic activity in Emerging Markets.

The Sub-fund may invest up to 25% of its Total Assets in China A-Shares via Stock Connect.

The Sub-fund will be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, including China.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Stable Equity Long/Short Fund – Euro Hedged

## Objective and investment policy

The Sub-fund's objective is to provide Shareholders with a long-term capital appreciation that has a relatively low correlation with the returns of the equity markets.

The Sub-fund employs different equity strategies in order to provide positive returns whilst maintaining a negative correlation to the equity market. The universe of potential equity strategies used for the Sub-fund includes, but is not limited to, the Low Risk Anomaly Strategy and the Momentum Strategy. The Low Risk Anomaly Strategy targets companies with stable fundamentals and a risk premium that is higher than justified by the companies' systematic market risk. In the second step the systematic market risk is then eliminated by shortening equity indices. The Momentum Strategy is used to provide downside protection by shortening equity futures in market environments where the risk aversion is deemed to be high. The strategies are implemented using direct investments in equities, through Derivatives, or, to a limited extent by investing in Exchange Traded Funds.

Based on leverage, the Sub-fund seeks to maximise its long-term return without exceeding its volatility target. This volatility target may change over time.

## Eligible assets

The Sub-fund invests globally and a minimum of two-thirds of its Total Assets in Equity Related Securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with futures, swaps and CFDs.**

The Sub-fund will be leveraged, which means that the market value of the underlying securities, currencies and other instruments in the Sub-fund's portfolio of assets and Derivatives may be larger than the Sub-fund's net asset value. Leverage techniques may amplify the risks of adverse market movements or failed investment strategies.

In accordance with the CESR/10-788, this Sub-fund will implement the Absolute Value-at-Risk to measure the Global Exposure relating to Derivatives, as further described and specified in Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus.

The expected level of leverage disclosed in the table below (in accordance with the CESR/10-788 calculated as the sum-of-notional of Derivatives used and additionally calculated using the Commitment approach) shall be a fair indication of the actual level of leverage under normal market conditions.

The actual level of leverage may deviate (i.e. moderate increase or decrease) from such expected level depending on the strategies applied by the Investment Manager, which might directly affect the use of Derivatives.

Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Absolute Value-at-Risk	450%	350%

The Sub-fund may achieve the expected level of leverage through the use of Derivatives, such as to create exposure to individual security positions through CFD, or for the purpose of lowering the correlation of the targeted long-term capital appreciation with the returns of the equity markets.

Investors must be aware that this fund might carry greater investment risk than other investment funds, due to the use of Derivatives and the related higher level of leverage.

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is prepared to take the higher risks associated with investments in the equity markets and with the use of leverage techniques in order to maximise the return. Thus, the Investor should have experience with volatile products and be able to accept significant temporary losses.

# Nordea 1 – Stable Return Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a stable growth to the Shareholders over a full investment cycle.

## Eligible assets

Within the general investment restrictions of the Prospectus, this Sub-fund invests, either directly or via the use of Derivatives, in all permissible types of asset classes such as Equity Related Securities, Debt Securities, and Money Market Instruments.

The asset allocation will vary over time, in anticipation of market movements. The asset allocation will typically consist of Equity Related Securities and Debt Securities.

The Sub-fund invests a minimum of one-fourth of its total assets in equities listed on a stock exchange or traded on a regulated market.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The Sub-fund will use this currency exposure actively in the investment strategy.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, or for hedging purposes. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in credit default swap transactions and transactions in options, futures, swaps and contract for difference (CFDs).**

## Base Currency

The Base Currency of this Sub-fund is EUR.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

This Sub fund is suitable for the Investor who focuses on capital preservation above all. The Sub-fund should be regarded as an alternative to more traditional investment profiles.

# Nordea 1 – Swedish Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the medium-term Swedish bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities issued by either Public Authorities or Private Borrowers being domiciled or exercising the predominant part of their economic activity in Sweden.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is SEK.

## Reference index

The Sub-fund compares its performance against JPM Sweden Govt. Bond (in SEK) – Total Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – Swedish Kroner Reserve

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the short-term Swedish bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in Debt Securities denominated in SEK and issued by either Public Authorities or Private Borrowers.

The average term to maturity for fixed-coupon Debt Securities in this Sub-fund may maximum be 24 months. The interest rate for floating-rate Debt Securities must be adjusted to market conditions at least once a year in accordance with their issue conditions.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is SEK.

## Reference index

The Sub-fund compares its performance against Sweden Interbank 3 Month – Total Return Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who is not willing to take the duration risks of a normal bond portfolio. This Sub-fund should be regarded as a lower-risk alternative to asset classes such as bonds and equities.

# Nordea 1 – Unconstrained Bond Fund – USD Hedged

## Objective and investment policy

The Sub-fund's objective is to maximize its total return by investing in a diversified portfolio of predominantly fixed income assets and by exploiting market opportunities within and across fixed income sub-sectors.

This Sub-fund's investment process continuously combines top-down macro-analysis and bottom-up security assessment to define the optimum asset allocation.

## Eligible assets

The Sub-fund invests globally and invests a minimum of two-thirds of its Total Assets in Debt Securities issued by Public Authorities and Private Borrowers.

Minimum 50% of Total Assets must either (i) be issued in the United States of America, or (ii) be issued by such companies that are domiciled or exercise the predominant part of their economic activity in the United States of America, or (iii) be denominated in USD.

The Sub-fund may invest up to 50% of its Total Assets in asset backed securities that shall:

- (i) either be issued, guaranteed, or secured by a collateral guaranteed, by a Government or any of its agencies, instrumentalities or sponsored corporations. These include inter alia conforming residential mortgages, commercial mortgages, car loans, and credit card receivables,
- or
- (ii) consist of privately issued (i.e. non-agency) mortgage-backed securities. These would be backed by residential non-conforming mortgages.

Exposure to asset-backed securities, inter alia mortgage-backed securities, will be built-up by investing into true-sale/cash securitizations.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Rating

The Sub-fund may invest into securities of any credit rating quality, including non-rated securities.

However, privately issued (i.e. non-agency) mortgage-backed securities must have a long-term credit rating of B-/B3 (or equivalent) or higher, as issued by a Rating Agency, any other internationally recognized statistical rating organization or that are considered of comparable credit quality by the investment manager.

Security ratings of this Sub-fund are defined as the second best long-term rating by a Rating Agency. If there is only one long-term rating available from any of these rating institutes on a given security this rating will define the security rating.

## Derivatives

The Sub-fund may use derivatives as part of the investment strategy for hedging purposes or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in emerging and less developed markets, Special risk consideration regarding investments in mortgage- or asset-backed securities, the risks associated with high yield debt securities and lower rated debt securities, and to the risks associated with the use of Derivatives and the related higher level of leverage.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference Index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.



# Nordea 1 – US Bond Opportunities Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return. It generally seeks to identify investment opportunities within and across all subsectors of the US bond market.

## Eligible assets

The Sub-fund invests a minimum of two thirds of its Total Assets in Debt Securities of any type, issuer, seniority and maturity.

The Sub-fund may invest up to 20% of its Total Assets in asset backed securities, including Collateralised Loan Obligations (CLO's).

The Sub-fund may invest up to 70% of its Total Assets in residential mortgage-backed securities, including but not limited to agency, non-agency and pass-through securities. The major part of these bonds and debt instruments (i.e. at least 35% of the Total Assets) shall however:

- (i) either be issued, guaranteed, or secured by collateral guaranteed, by the Government of the United States of America or any of its agencies, instrumentalities or sponsored corporations; or
- (ii) consists of privately issued mortgage-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Rating

Privately issued mortgage-backed securities must be rated at least AA-/Aa3 (or equivalent) by a Rating Agency or any other nationally recognized statistical rating organization in the US ("NRSRO"), or that are considered of comparable credit quality by the investment manager.

The Sub-fund may also invest in Debt Securities of lower credit quality, i.e. unrated or rated BB+ or lower by an approved Rating Agency and any other NRSRO.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investments in mortgage- or asset-backed securities, high yield debt securities, emerging and less developed markets and lower rated debt securities.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Bloomberg Barclays US Aggregate Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – US Corporate Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the US corporate bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in corporate bonds issued by Private Borrowers which are domiciled or exercise the predominant part of their economic activity in the United States of America.

The Sub-fund may invest up to 20% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings.

## Rating

A minimum of two-thirds of the Sub-fund's securities must have a long-term rating between AAA and BBB- or equivalent, as issued by a Rating Agency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Bloomberg Barclays US Credit Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – US High Yield Bond Fund

## Objective and investment policy

The Sub-fund's objective is to preserve the Shareholder's capital and to provide a return exceeding the average return of the US High Yield Bond market.

## Eligible assets

The Sub-fund invests a minimum of two-thirds of its Total Assets in High Yield Bonds issued by Private Borrowers which are domiciled or exercise the predominant part of their economic activity in the United States of America.

The Sub-fund may invest up to 10% of its Total Assets in asset backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. In this Sub-fund, the majority of all currency exposures are hedged to the Base Currency.

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with investment in high-yield debt securities.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund compares its performance against the Merrill Lynch US High Yield Master II Index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

# Nordea 1 – US Total Return Bond Fund

## Objective and investment policy

The Sub-fund's objective is to maximise its total return. It generally seeks to identify investment opportunities within and across subsectors of the US mortgage market.

## Eligible assets

The Sub-fund shall regularly invest at least two-thirds of its Total Assets in Debt Securities of:

- any type (including but not limited to mortgage-backed and asset-backed securities (including Collateralised Loan Obligations), pass-through securities;
  - any seniority (including senior Debt Securities as well as subordinated debt instruments); and
  - any maturity (including short-term Debt Securities);
- issued by either Public Authorities or Private Borrowers domiciled or exercising the predominant part of their activity in the United States of America or its territories.

The major part of these bonds and debt instruments (i.e. at least 50% of the Total Assets) shall however:

- (i) either be issued, guaranteed, or secured by a collateral guaranteed, by the Government of the United States of America or any of its agencies, instrumentalities or sponsored corporations; or
- (ii) consists of privately issued mortgage-backed securities.

The Sub-fund may be exposed to other currencies than the Base Currency through investments and/or cash holdings. The main currency exposure in this Sub-fund is to the Base Currency.

## Rating

Privately issued mortgage-backed securities must be rated at least AA-/Aa3 (or equivalent) by a Rating Agency or any other nationally recognized statistical rating organization in the US ("NRSRO"), or that are considered of comparable credit quality by the investment manager.

The Sub-fund may also invest in Debt Securities of lower credit quality, i.e. unrated or rated BB+ or lower by an approved Rating Agency and any other NRSRO."

## Derivatives

The Sub-fund may use Derivatives as part of the investment strategy, for hedging purposes, or in order to apply efficient portfolio management techniques. Section II "Use of Financial Derivative Instruments" in Chapter 8 "Investment Restrictions" of this Prospectus further describes and specifies the Company's use of Derivatives.

## Risk profile

**Investors must read carefully the "Uncertainty Considerations" as set-out in the initial paragraphs of Chapter 4 "The Sub-funds of the Company" of this Prospectus and the special risk considerations as described in Chapter 9 "Special Risk Considerations" of this Prospectus before investing in the Sub-fund. Special attention must be drawn to the risks associated with mortgage-backed securities, the risks associated with high yield debt securities and the risks associated with lower rated debt securities.**

## Base Currency

The Base Currency of this Sub-fund is USD.

## Reference index

The Sub-fund has no reference index.

## Profile of the typical Investor

The Sub-fund is suitable for the Investor who needs a well-diversified bond allocation in his portfolio.

## 5. Share Capital

The capital of the Company shall at all times be equal to the value of the net assets of the Company. The minimum capital of the Company shall be EUR 1,250,000.00.

All Shares of the Company are issued and fully paid-up and have no par value.

Each Share carries one vote, irrespective of its Net Asset Value and of the Sub-fund and/or Share Class to which it relates.

Shares are only available as registered book Shares in non-certificated form. Shares issued will be evidenced by a transaction confirmation. Shares may also be held and transferred through accounts maintained with clearing systems.

Registered book Shares are issued as fractions of Shares with 3 decimal places (rounding up or down of the last decimal). Fractions of Shares will have no voting rights but will participate in the distribution of dividends, if any, and in the liquidation distribution.

If the capital of the Company falls below two-thirds of the legal minimum, the Board of Directors must submit the question of the dissolution of the Company to a general meeting of Shareholders. The meeting does not require a quorum, and decisions are taken by simple majority. If the capital falls below one quarter of the legal minimum, a decision regarding the dissolution of the Company may be passed by Shareholders present or represented holding one quarter of the Shares at the meeting. The meeting must be convened not later than 40 days from the day on which it appears that the capital has fallen below two-thirds or one-quarter of the minimum capital, as the case may be.

The Board of Directors may decide to issue within each Sub-fund different Share Classes whose assets shall be commonly invested according to the investment policy of that Sub-fund, but which may be differentiated by a specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of Investors, marketing country or other specificity as further described below. The characteristic of a Share Class is expressed through a combination of letters in the Share Class name. The meaning of these letters is described below. For example, an HBI-Share Class is hedged against foreign exchange risk (H), is an Accumulating Share (B) and is only available to Institutional Investors (I).

An updated list of available Share Classes can be found on [www.nordea.lu](http://www.nordea.lu).

### 5.1. Private and Institutional Shares

Shares are issued either as Private Shares or Institutional Shares (as defined in Chapter 2 "Terms and definitions in this Prospectus"). Unless otherwise decided by the Management Company, Private and Institutional Shares of any Sub-fund may be issued in one or more of the following types:

#### 5.1.1. Private Shares

Private Shares may be issued as P, C, Q or E-Shares.

##### P-Shares

P-Shares are available to both Private and Institutional Investors.

##### C-Shares

C-Shares are available to both Private and Institutional Investors. To Private Investors these Shares can only be offered by distribution partners rendering portfolio management and/or investment advice on an independent basis. They are also eligible for and accessible through distribution partners in countries where the receipt and retention of inducements is regulatory prohibited as well as for distribution partners rendering non-independent investment advice and which, according to individual fee arrangements with their clients are not allowed to receive and retain any commissions (for distribution partners in the European Union these services are defined by MiFID II) Furthermore, the Management Company does not remit any commission-based payments for these Shares even in case the financial

intermediaries or distribution partners are not legally prohibited from receiving such payments.

The Management Company may decide at any time to accept subscriptions, conversions and redemptions from financial intermediaries or distribution partners, or alike, that, by law or regulation, are ineligible to, or do not wish to receive commission-based payments or alike.

##### Q-Shares

Q-Shares are available to both Private and Institutional Investors but are, unless otherwise decided by the Board of Directors, only available in the context of certain corporate events, including but not limited to liquidations and mergers, involving a Nordea entity. Besides, these Shares are available, subject to approval from the Management Company.

##### E-Shares

E-Shares are available to both Private and Institutional Investors. These Shares are charged a Distribution Fee of 0.75% per annum calculated upon the Net Asset Value of such Shares at each Valuation Day. Such Distribution Fee will be paid to the Principal Distributor or to the respective distributor or sales agent.

### Minimum Investment Amounts

Core types	Minimum Investment Amount
P-Shares	Not applicable.
C-Shares	Not applicable.
Q-Shares	Not applicable.
E-Shares	Not applicable.

#### 5.1.2. Institutional Shares

Institutional Shares may be issued as D, I, Z, X or Y.

##### D-Shares

D-Shares are available to Institutional Investors at the discretion of the Management Company and require a written agreement with the Management Company, prior to the Shareholder's initial subscription into such Share Class. Furthermore, the Management Company does not remit any commission-based payments for these Shares even in case the financial intermediaries or distribution partners are not legally prohibited from receiving such payments.

##### I-Shares

I-Shares are available to Institutional Investors.

##### Z-Shares

Z-Shares are available to Institutional Investors at the discretion of the Management Company.

##### X-Shares

X-Shares are available to Institutional Investors:

- who meet the minimum account maintenance or qualification requirements established from time to time;
- whose X-Shares will be held on a safe custody account in the name of the Administrative Agent;
- this account being subject to a separate charging structure whereby all or part of the fees, normally charged to the Share Class and expressed in the Net Asset Value per Share, are administratively levied and collected by the Management Company directly from the Shareholder; and
- who, as a result of point (iii) above, conclude a written agreement with the Management Company, prior to the Shareholder's initial subscription into such Share Class, in which the relevant fees and charging procedure are agreed between the Shareholder and the Management Company. The Company and/or the Administrative Agent reserve the right to refuse a subscription if a relevant written agreement is not validly concluded between the Shareholder and the Management Company at the time the subscription is received.

## Y-Shares

Y-Shares are available to Institutional Investors being other investment vehicles:

- Specialised Investment Funds (governed by the Law of 13 February 2007) and UCIs that have appointed Nordea Investment Funds S.A. as Management Company; or
- UCIs that have appointed a Nordea entity as Management Company.

## Minimum Investment Amounts

Core types	Minimum Investment Amount
D-Shares	Minimum initial and subsequent investment amounts are on application and subject to separate client agreement.
I-Shares	EUR 75,000 or the equivalent amount in the currency in which the subscription is processed.
Z-Shares	Minimum initial and subsequent investment amounts are on application and subject to separate client agreement.
X-Shares	EUR 25,000,000 or the equivalent amount in the currency in which the subscription is processed, unless otherwise specified in the relevant Sub-fund's specifications.
Y-Shares	Not applicable.

For each Investor, the Minimum Investment Amount disclosed in the above table applies to the initial subscription or the initial conversion of Shares or any holding amount in each Share Class of a Sub-fund. Unless indicated otherwise, no Minimum Investment Amount applies to any subsequent subscription of Shares after the initial subscription in the same Share Class.

The Management Company may decide at any time to further reduce the Minimum Investment Amount for any of the Share Classes of a Sub-fund or to, upon request, waive this amount for financial intermediaries or distribution partners, or alike, that, by law or regulation, are ineligible to, or do not wish to receive commission-based payments or alike.

## 5.2 Accumulating and Distribution Shares

Private and Institutional Shares are issued as either Distributing Shares or Accumulating Shares as described below.

### 5.2.1. Accumulating Shares

Accumulating Shares are not entitled to any distribution payments. Holders of such Shares benefit from the capital appreciation resulting for the reinvestment of any income earned by the Shares.

- **Share Classes with prefix “B”**

These Shares are Accumulating Shares and are as such not entitled to any distribution payments.

- **E, Z, X and Y-Shares**

These Shares are Accumulating Shares unless the Share Class name is prefixed by the letters “A”, “J” or “M”.

### 5.2.2. Distributing Shares

Distributing Shares are entitled to payment of a distribution in case a payment of a distribution is decided upon by the Shareholders' general meeting or by the Board of Directors, as relevant. There may be different categories of Distributing Shares. Distributions may be paid out of capital and further reduce the Net Asset Value of the relevant Share Class. Dividends paid out of capital could be taxed as income in certain jurisdictions.

- **Share Classes with prefix “A”**

These Shares will be eligible for annual distributions, as decided by the Annual General Meeting of the Shareholders.

- **Share Classes with prefix “J”**

These Shares will be eligible for annual distributions, as decided by the Annual General Meeting of the Shareholders. These Shares will be available at the discretion of the Management Company and are in principle restricted to Institutional Investors residents of Denmark, Finland, Norway and Sweden.

- **Share Classes with prefix “M”**

These Shares will be eligible for monthly distributions, as decided by the Board of Directors and distributions due on these shares will be paid in cash and will, in principle, be made to Shareholders in the currency of the relevant Share Class. The Board of Directors may from time to time review the amount distributed (if any). These Shares will be available at the discretion of the Management Company and are in principle restricted to residents of Hong Kong and Singapore.

## 5.3. Hedging

Private and Institutional Shares may be issued in combination with hedging features.

- **Share Classes with prefix “H” – Currency Hedged Share Classes**

Each Currency Hedged Share Class is associated with a specific denominative currency. For each Currency Hedged Share Class the Company seeks to hedge the Net Asset Value (NAV), expressed in the Sub-Fund's Base Currency, to the denominative currency of the Currency Hedged Share Class.

Ex: In a Sub-fund, with a HBI-EUR Share Class (Currency Hedged Share Class), the Company seeks to hedge the NAV of the HBI-EUR Share Class, expressed in the Sub-Fund's Base Currency, to EUR. The underlying investments are the same in all share classes.

When Currency Hedging applies to P-Shares, the letter “P” is omitted. Ex:

- Currency hedged BP-Shares are denominated “HB-Shares”.
- Currency hedged AP-Shares are denominated “HA-Shares”.
- Currency hedged MP-Shares are denominated “HM-Shares”.

- **Share Classes with prefix “T” – Duration Hedged Share Classes**

These Shares are hedged against interest rate risk (“Duration Hedging”). Such Shares seek to predominantly hedge the interest rate risk of a Sub-fund's portfolio. The Board of Directors may decide to which Sub-funds and Share Classes the Duration Hedging will apply.

When Duration Hedging applies to P-Shares, the letter “P” is omitted. Ex:

- Duration hedged BP-Shares are denominated “TB-Shares”.
- Duration hedged AP-Shares are denominated “TA-Shares”.
- Duration hedged MP-Shares are denominated “TM-Shares”.

## 5.4. Currencies available for subscription

Private and Institutional Share Classes shall be denominated and may be available for subscription in any of the following currencies:

Abbreviations	Currencies
AUD	Australian Dollar
CAD	Canadian Dollar
CNH	Offshore Renminbi
CHF	Swiss Franc
DKK	Danish Kroner
EUR	Euro
GBP	British Pound
HKD	Hong Kong Dollar
JPY	Japanese Yen
NOK	Norwegian Kroner
PLN	Polish Zloty
SEK	Swedish Kronor
SGD	Singapore Dollar
USD	United States Dollar

The Board of Directors has the discretion to decide on additional currencies.

## 6. Share Dealing

### **The Board of Directors of the Company emphasises that**

- all Investors/ Shareholders are bound to place their Subscription/ Redemption or Conversion order(s) before the Cut-Off Time for transactions in the Shares,
- when doing so, orders are being placed for execution on the basis of still unknown prices,
- the repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Sub-funds, also known as “market timing”, may disrupt portfolio investment strategies and increase the Sub-funds’ expenses and adversely affect the interests of the Sub-funds’ long-term Shareholders. Market timing practices and excessive trading practices are not allowed. In addition, the Sub-funds are not intended for short-term investments,
- to prevent such practice, the Company and its duly appointed agents reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to market timing, to suspend, revoke or cancel any Subscription or Conversion order placed by Shareholders who have been identified as frequently trading in and out of a particular Sub-fund.

Instructions for Subscription, Redemption and Conversion which the Company considers unclear or incomplete may result in the Subscription, Redemption or Conversion being processed with delay.

### **6.1. Subscription for Shares**

The Board of Directors shall be authorised, without limitation and at any time, to issue additional Shares for all Sub-funds without granting existing Shareholders a preferential right to subscribe for the Shares.

All orders shall be made in the reference currency of the Share Class the Investor wishes to invest in.

The Company reserves the right to accept or refuse any Subscription in whole or in part and for any reason.

#### **6.1.1. Subscription Request**

##### **• Form of Subscription Request**

Initial Subscription for Shares must be made by forwarding a duly completed application form to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or the Administrative Agent (by Institutional Investors only). The relevant application form can be obtained from the Investor’s local distributor, sales agent or paying agent. The application form for Institutional Investors can also be found on [www.nordea.lu](http://www.nordea.lu) or obtained from the Management Company.

Subsequent Subscriptions for Shares may be made either

- on the application form, or
- in electronic order format like Swift or other pre-defined proprietary format, or
- by letter or facsimile addressed to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or the Administrative Agent (by Institutional Investors only).

Such Subscription requests are deemed to be final and conclusive for the Company and are executed at the entire risk of the applicant.

##### **• Timing for Subscription Request**

Subscription requests can be received on any day that is a Business Day.

If a Subscription request is received by the Administrative Agent before or at 15:30 CET on a Business Day, the Subscription request will be processed using the Net Asset Value per Share calculated on that day after 15:30 CET.

If a Subscription request is received by the Administrative Agent later than 15:30 CET on a Business Day, or on a day which is not a Business Day, the Subscription request will be processed on the first following Business Day thereafter.

The Board of Directors may also decide that some Sub-funds shall only be open for Subscription during the initial Subscription period. After the expiration of such initial Subscription period, there shall be no further issue of Shares.

The Subscription of Shares from any Sub-fund shall be suspended when the calculation of the Net Asset Value thereof is suspended.

##### **• Subscription Fee**

A Subscription Fee may be charged to Investors upon Subscription for Shares as further set out in Chapter 16 of this Prospectus.

#### **6.1.2. Subscription Payment**

The Company does not accept third party payments.

Payments shall be made by bank transfer and in the reference currency of the relevant Shares Class. Payment by cheque will not be accepted.

The Board of Directors may from time to time accept Subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Sub-fund pursuant to its investment policy and restrictions. Any such contribution in kind will be made at the net asset value of the assets contributed calculated in accordance with the rules set out in Chapter 7 “Net Asset Value” of this Prospectus and will be the subject of an auditor’s report drawn up in accordance with the requirements of Luxembourg law. Should the Company not receive good title on the assets contributed this may result in the Company bringing an action against the defaulting Investor or his/her financial intermediary or deducting any costs or losses incurred by the Company or by the Investment Manager against any existing holding of the applicant in the Company.

#### **6.1.3. Settlement of Subscription**

Upon acceptance of a Subscription request, all Shares shall be allotted immediately after the Subscription payment has been made readily available on the relevant Valuation Day at the latest.

For Subscriptions made by Institutional Investors, the allotment of Shares is conditional upon Subscription payment within a previously agreed period in principle not exceeding 3 (three) Business Days from the relevant Valuation Day on which the Subscription has been accepted. The agreed period for Subscription payments may, in case of currency holidays, exceptionally exceed 3 (three) Business Days from the above mentioned date.

If timely payment has not been received within the settlement period, the Subscription may lapse and be cancelled at the cost of the Investor or the Investor’s financial intermediary.

Failure to make payment on the agreed payment date may result in the Company bringing an action against the defaulting Investor or the Investor’s financial intermediary or deducting any costs or losses incurred by the Company or the Administrative Agent against any existing holding of the Investor in the Company.

In all cases, any confirmation of transaction and any money returnable to the Investor will be held on behalf of the Administrative Agent without payment of interest pending receipt of the remittance.

#### **6.2. Redemption of Shares**

Any Shareholder has the right to request, at any time, that the Company repurchases any or all of its Shares without capital guarantee at their Net Asset Value.

**A Redemption request will only be executed after the identity of the Shareholder and/or the beneficial owner has been established to the complete satisfaction of the Company. Payment will only be made to the respective Shareholder.**

### 6.2.1. Redemption Request

- **Form of Redemption Request**

Shareholders wishing to have any or all of their Shares redeemed shall deliver by letter or by facsimile or in electronic order format like Swift or other predefined proprietary format addressed to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office or the Administrative Agent (by Institutional Investors only), an irrevocable, written and duly signed Redemption request specifying the name, address and account identification of the Shareholder(s), the name of the Sub-fund and the number of Shares to be redeemed as well as payment details for the Redemption proceeds (name of bank, bank identification number, account number and name of the account holder(s)).

- **Timing for Redemption Request**

Redemption requests can be received on any day that is a Business Day.

If the Redemption request is received by the Administrative Agent before or at 15:30 CET on a Business Day, the Redemption will be processed using the Net Asset Value per Share calculated on that day after 15:30 CET.

If the Redemption request is received by the Administrative Agent later than 15:30 CET on a Business Day or on a day which is not a Business Day, the Redemption will be processed on the first following Business Day thereafter.

The Redemption of Shares from any Sub-fund shall be suspended when the calculation of the Net Asset Value thereof is suspended.

- **Redemption Fee**

A Redemption Fee may be charged to Shareholders redeeming Shares as further set out in Chapter 16 of this Prospectus.

### 6.2.2. Settlement of Redemption

All Redemption requests will be processed strictly in the order in which they are received, and each Redemption shall be processed at the Net Asset Value of the said Shares.

The settlement date for Redemption is in principle the third Business Day after the date of acceptance of the Redemption. The Board of Directors or its delegate may decide to defer the settlement date due to currency holidays.

Neither the Company nor the Management Company are responsible for any delays or charges incurred at any receiving bank or settlement system.

Redemption proceeds will normally be dispatched to the Shareholder within 8 (eight) Business Days after the relevant Valuation Day and after receipt/presentation of proper documentation. If in exceptional circumstances the liquidity of a Sub-fund is not sufficient to enable the payment to be made within 8 (eight) Business Days after the relevant Valuation Day, such payment will be made as soon as reasonably practicable thereafter.

Redemption proceeds will only be paid in the reference currency of the relevant Share Class.

**Shareholders should note that any Redemption of Shares by the Company will take place at a price that may be higher or lower than the original acquisition amount.**

### 6.3. Conversion of Shares

Any Shareholder has the right to request, at any time, that the Company converts any or all of its Shares without capital guarantee at their respective Net Asset Value per Share, unless decided otherwise by the Board of Directors.

#### 6.3.1. Conversion Request

- **Form of Conversion Request**

Shareholders wishing to have any or all of their Shares converted to another Share Class shall deliver, by letter or by facsimile or in electronic format like Swift or other predefined proprietary format addressed to the local distributor, sales agent or paying agent (by all types of Investors) or to the Registered Office

or the Administrative Agent (by Institutional Investors only), an irrevocable, written and duly signed Conversion request specifying the name, address and account identification of the Shareholder(s), the name of the Share Class and number of Shares to be converted as well as the name of the Share Class into which the Shares shall be converted. Conversions are only allowed between Share Classes with the same reference currency.

- **Timing for Conversion Request**

Conversion requests can be received on any day that is a Business Day.

If the Conversion request is received by the Administrative Agent before or at 15:30 CET on a Business Day, the Conversion will be processed using the Net Asset Value per Share for the relevant Sub-funds calculated on that Valuation Day after 15:30 CET.

If the Conversion request is received by the Administrative Agent later than 15:30 CET on a Valuation Day or on a day which is not a Valuation Day, the Conversion will be processed on the first following Valuation Day thereafter.

The Conversion of Shares from any Sub-fund shall be suspended when the calculation of the Net Asset Value thereof is suspended.

- **Conversion Fee**

A Conversion Fee may be charged to Shareholders converting Shares as further set out in Chapter 16 of this Prospectus. The rate at which all or part of the Shares in a given Share Class of a Sub-fund (the "Original Shares") are converted into Shares of another Share Class of a Sub-fund (the "New Shares") is determined by means of the following formula:

$$A = \frac{B \times C \times E}{D}$$

where

- A is the number of New Shares to be allocated;
- B is the number of Original Shares which are to be converted;
- C is the Net Asset Value per Share of the Original Shares on the respective Valuation Day;
- D is the Net Asset Value per Share of the New Shares on the respective Valuation Day;
- E is the applied rate of exchange on the respective Valuation Day between the currency of the Original Shares and the currency of the New Shares.

The above-mentioned formula does not take into consideration

- the possible Conversion Fee;
- the difference in initial Subscription Fee between the Original Shares and the New Shares which the Shareholder may be requested to bear;
- the Conversion costs, if any;
- any taxes collected at source if applicable.

#### 6.3.2. Settlement of Conversion

Conversion will only take place on the first possible common Valuation Day for the Shares redeemed and the Shares subscribed.

The settlement date for Conversion is in principle the third Business Day after the date of acceptance of the Conversion. The Board of Directors or its delegate may decide to defer the settlement date due to currency holidays.

All Conversion requests will be processed strictly in the order in which they are received, and each Conversion shall be processed at the Net Asset Value of the respective Shares.

### 6.4. Further Details on Share Dealing

#### Postponement of Share Dealing

The Company reserves the right to limit the number of Shares which may be subscribed on any one Valuation Day to a number representing no more than 10% of the Sub-fund's Total Net Asset Value. In these circumstances and provided that the Net Asset Value is calculated on each Business Day, the Board of Directors may declare that part or all of the Subscription requests will be processed during a period not exceeding 8 (eight) Valuation



Days and will be priced at the Net Asset Value determined on the Valuation Day the Shares are subscribed. On any Valuation Day, such Shares will be dealt with before any subsequent requests for Subscription.

The Company reserves the right to limit the number of Shares which may be converted and/or redeemed on any one Valuation Day to a number representing no more than 10% of the Sub-fund's Total Net Asset Value. In these circumstances and provided that the Net Asset Value is calculated on each Business Day, the Board of Directors may declare that part or all of such Shares for Conversion and/or Redemption will be converted and/or redeemed during a period not exceeding 8 (eight) Valuation Days and will be priced at the Net Asset Value determined on the Valuation Day the Shares are converted and/or redeemed. On any Valuation Day such Shares will be dealt with before any subsequent requests for Conversion and/or Redemption.

#### **Restrictions on Subscriptions and Conversions**

In order to inter alia protect existing Shareholders, the Board of Directors (or any delegate duly appointed by the Board of Directors) may, at any time, decide to close a Sub-fund or a Share Class and not to accept any further Subscriptions and Conversions of Shares into the relevant Sub-fund or Share Class.

Decisions taken by the Board of Directors or its delegate on a closure may have immediate or non-immediate effect and be effective for non-determined period of time. Any Sub-fund or Share Class may be closed to Subscriptions and Conversions in without notice to Shareholders.

In relation thereto, a notification will be displayed on the website [www.nordea.lu](http://www.nordea.lu) and if applicable on other Nordea websites, and will be updated according to the status of the said Shares or Sub-funds. Indeed, the closed Sub-fund or Share Class may be re-opened when the Board of Directors or its delegate deems the reasons to have the latter closed no longer applying.

## **7. Net Asset Value**

The Net Asset Value of Shares of each Share Class of each Sub-fund shall be calculated in the Base Currency of the relevant Sub-fund.

The Net Asset Value of each Share Class of each Sub-fund shall be determined by the Administrative Agent by dividing the net assets of the Sub-fund attributable to that Share Class by the number of outstanding Shares of the relevant Share Class. With respect to the individual Share Classes denominated in another currency than the Base Currency, provided they are in issue, the Net Asset Value of Shares of such Share Classes shall be expressed in their relevant currency by converting the Net Asset Value expressed in the Base Currency into the currency of the relevant Share Class. Such conversion shall be made at the spot exchange rate prevailing on the relevant Valuation Day, as provided by the Administrative Agent.

The Administrative Agent calculates the Net Asset Value per Share in each Sub-fund on each of its Business Days provided it is a Valuation Day for the respective Sub-fund.

The value of the assets of each Share Class of each Sub-fund is determined as follows:

- Securities and Money Market Instruments admitted for official listing on a stock exchange or traded in another Regulated Market within Europe, North or South America, Asia, Australia, New Zealand or Africa, which operates regularly and is recognised and open to the public are valued on the basis of the last available price at the time when the valuation is carried out. If the same security or Money Market Instrument is quoted on different markets, the quotation of the main market for this security or Money Market Instrument will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Board of Directors or its delegate with a view to establishing the probable bid price for such securities;

A reason for a closure may be among others that the size of a given Sub-fund has reached such a level that the market it is invested into has also reached its capacity level and thus the Sub-fund can no longer be managed according to the defined objectives and investment policy.

#### **Mandatory repurchase of Shares**

Where the Board of Directors becomes aware that a Shareholder in the Company

- (a) is a U.S. Person or is holding Shares for the account of a U.S. Person; or
- (b) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax or fiscal consequences for the Company or its Shareholders.

The Board of Directors may:

- (i) direct such Shareholder to dispose of the relevant Shares to a person who is qualified or entitled to own or hold such Shares; or
- (ii) redeem the relevant Shares at the Net Asset Value of the Shares as at the Valuation Day immediately following the date of notification of such mandatory Redemption to the relevant Shareholder.

#### **Anti-money laundering**

In the context of money laundering prevention and in compliance with Luxembourg and international regulations applicable thereto, any Investor will have to establish its identity to the Company or to the intermediary which collects the Subscription, provided that the intermediary is located in a country that applies the recommendations of the Financial Action Task Force (FATF) – also called Groupe d'Action Financière Internationale (GAFI). Such identification shall be evidenced when subscribing for Shares. Redemption or transfer of Shares will only be executed after the identity of the Investor and/or the beneficial owner has been established to the complete satisfaction of the Company.

- unlisted securities or unlisted Money Market Instruments are valued on the base of their probable bid price as determined in good faith by the Board of Directors or its delegate;
- liquid assets and loans are valued at their nominal value plus accrued interest;
- units/shares of UCITS authorised according to the UCITS Directive, and/or other assimilated UCI will be valued at their last available net asset value;
- Derivatives are valued at market value.

The main method applied to the Collateralised Debt Obligations ("CDOs") and Collateralised Loans Obligations ("CLOs") is to use a third party vendor like IDC, Markit or Pricing Direct which is specialized in valuing these instruments. Alternatively market maker prices can be used.

In addition, appropriate provisions will be made to account for the charges and fees levied on the Sub-funds.

In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors or their delegate shall be entitled to use other generally recognised valuation principles which can be examined by an auditor, in order to reach a proper valuation of the Total Assets of each Sub-fund. This explicitly includes the application in distressed markets of adjustments in the NAV valuation to reflect the high volatility, the fast moving prices of securities and the distressed liquidity in the relevant markets.

The Board of Directors may determine that a swinging single pricing methodology will be applied in the calculation of the daily Net Asset Value of the relevant Sub-fund, in order to compensate for the costs generated by the purchase or sale of the Sub-fund's assets caused by Subscriptions and Redemptions. These costs reflect both the estimated fiscal charges and dealing costs that may be incurred by the Sub-fund and the estimated bid/offer spread of the assets in which the Sub-fund invests.

The swinging single pricing methodology will be applied for the relevant Sub-fund by adjusting upwards or downwards its Net Asset Value by an amount, relating to the cost of market dealing for that Sub-fund, determined as a percentage of that Net Asset Value (the "Swing Factor"). The Swing Factor will be determined by the Board of Directors (or any delegate duly appointed by the Board of Directors) and will not exceed, under normal market conditions, 1.75% of the Net Asset Value. The adjustment will be upwards when the net movement results in an increase of all Shares of the Sub-fund and will be downwards when it results in a decrease. However, if assessed appropriate, it can be decided only to adjust upwards or downwards. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting Swing Factor may be different for net inflows than for net outflows. The above swinging single pricing methodology will have to be applied when the aggregate transactions result in a Net Investment Amount which, in percentage of the Net Asset Value of the Sub-fund on the relevant Valuation Day, exceeds a threshold fixed by the Board of Directors.

The calculation of the Net Asset Value of the Shares of any Share Class of any Sub-fund and the Subscription, Redemption, and Conversion thereof may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- during any period (other than ordinary holidays or customary weekend closings), when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of the Sub-fund's investments, or in which trading is restricted or suspended;
- during any period, when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of the Sub-fund, or it is impossible to transfer money involved in the acquisition or disposal of investments at normal rates of exchange, or it is impossible to fairly determine the value of any assets in the Sub-fund;
- during any breakdown in the means of communication normally employed in determining the price of any of the Sub-fund's investments or the current prices on any stock exchange;
- when for any reason the prices of any investment held by the Sub-fund cannot be reasonably, promptly or accurately ascertained;
- during any period, when remittance of money which will or may be involved in the purchase or sale of any of the Sub-fund's investments cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange.

The suspension of the calculation of the Net Asset Value and of the Subscription, Redemption, and Conversion of Shares will be published on the Nordea website, as appropriate.

## 8. Investment Restrictions

### I. Investment Restrictions

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments for each Sub-fund, the Base Currency of a Sub-fund and the course of conduct of the management and business affairs of the Company.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-fund in this Prospectus, the investment policy shall comply with the rules and restrictions laid down hereafter.

#### A. Investments in the Sub-funds may consist solely of:

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market.
- (2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State.
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a Regulated Market in an Other State or dealt in on an Other Regulated Market which operates regularly and is recognised and open to the public in an Other State.
- (4) Recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market or on an Other Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of issue.
- (5) Units of UCITS authorised according to the UCITS Directive, and/or other UCIs within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive, whether situated in a Member State or in an Other State, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in Community law (as defined in the UCITS Directive), and that cooperation between authorities is sufficiently ensured;
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;

- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs.
- (6) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in Community law.
  - (7) Derivatives, i.e. in particular options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or Derivatives dealt in over-the-counter ("OTC Derivatives"), provided that:
    - (i) the underlying consists of instruments covered by this Section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;
      - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority, and
      - the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
    - (ii) Under no circumstances shall these operations cause the Company to diverge from its investment objectives.
  - (8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
    - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by Community law; or
  - issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro and which presents and publishes its annual accounts in accordance with directive 78/660/EEC, as may be amended from time to time, is an entity which, within a Group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (9) Rule 144A Securities, which can be invested into by some Sub-funds under the conditions that:
- such securities are either admitted to official listing on a Regulated Market or are dealt in on an Other Regulated Market which operates regularly and is recognised and open to the public;
  - such securities respect Point 17 of the “CESR’s Guidelines concerning eligible assets for investment by UCITS” (ref. CESR/07-434) of July 2007.

Investment in Rule 144A Securities, which would not comply with any of the above conditions, shall, together with the Transferable Securities eligible under section I.B item (1) here below, not exceed 10% of the Sub-fund’s net asset value.

- (10) Regulation S Securities, which can be invested into by some Sub-funds under the conditions that such securities must be in line with the general conditions for Debt Securities and in line with Article 41.1 of the Law of 17 December 2010.
- (11) Debt Securities, which are rated by a Rating Agency, can be invested into in accordance with directive 2013/14/EU (reduced reliance on external ratings). Investments made in Debt Securities must be subject to an independent credit risk assessment, as Sub-funds may not rely solely and mechanistically on external credit ratings. In case of an impairment of credit quality, identified through an internal credit risk assessment process or indicated by a change of a rating issued by a Rating Agency, corrective action must be taken when required by the relevant Sub-fund’s investment policy.

#### **B. Each Sub-fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under I.A (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute “borrowings” for the purpose of this restriction.
- (4) Acquire foreign currency by means of a back-to-back loan.
- (5) Subscribe, acquire and/or hold securities to be issued or issued by another Sub-fund of the Company, in accordance with Article 181(8) of the Law of 17 December 2010 provided that:
  - the Sub-fund does not invest, in turn, in a Sub-fund which has already invested in;
  - the Sub-fund does not invest more than 10% of its assets into the contemplated another Sub-fund;
  - any voting rights attached to the relevant securities are suspended for as long as they are held by the concerned

- Sub-fund and without prejudice to the appropriate processing in the accounts and the periodic reports;
- the value of relevant securities is not taken into account for the calculation of the Net Asset Value of the Company for the purpose of verifying of the minimum capital of EUR 1,250,000.00 as long as these securities are held by the Sub-fund;
- there is no duplication of subscription or repurchase fees between those at the level of the investing Sub-fund and the target Sub-fund.

#### **C. In addition, the Company shall comply with the following investment restrictions:**

##### **(a) Risk Diversification rules**

For the purpose of calculating the restrictions described in (2) to (5) and (8) hereunder, companies which are included in the same Group of companies are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple Sub-funds where the assets of a Sub-fund are exclusively reserved to the investors in such Sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that Sub-fund, each Sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules described under items I.C(a), items (1) to (5) and (7) to (9), II.B, item (1) and II.C, items (1) and (2).

##### **Transferable Securities and Money Market Instruments**

- (1) No Sub-fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of one single issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) A Sub-fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of companies.
- (3) The limit of 10% set forth above under (1)(i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).
- (4) The limit of 10% set forth above under (1)(i) is increased up to 25% in respect of qualifying Debt Securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying Debt Securities. For the purposes hereof, “qualifying Debt Securities” are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-fund invests more than 5% of its net assets in Debt Securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-fund.
- (5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).
- (6) Notwithstanding the ceilings set forth above, each Sub-fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any other member state of the Organisation for Economic Co-operation and Development (“OECD”) such as the U.S. or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-fund.

- (7) Without prejudice to the limits set forth under I.C(b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory Authority, on the following basis:
- the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### **Bank Deposits**

- (8) A Sub-fund may not invest more than 20% of its assets in deposits made with the same body.

#### **Units of Open-Ended Companies**

- (9) No Sub-fund may invest more than 10% of its assets in the units of UCITS or other UCIs, including open-ended ETFs.

When a Sub-fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding (regarded as more than 10% of the voting rights or share capital), no Subscription or Redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or UCIs.

#### **(b) Limitations on Control**

- (10) No Sub-fund may acquire such amount of shares carrying voting rights which would enable the Company to exercise a significant influence over the management of the issuer.
- (11) The Company may not acquire
- (i) more than 10% of the outstanding non-voting shares of any one issuer;
  - (ii) more than 10% of the outstanding Debt Securities of any one issuer;
  - (iii) more than 10% of the Money Market Instruments of any one issuer; or
  - (iv) more than 25% of the outstanding shares or units of the same UCITS and/or other UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of Debt Securities or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above under (10) and (11) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and
- shares in the capital of a company which is incorporated under or organised pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that Other State, (ii) pursuant to the laws of that Other State a participation by the relevant Sub-fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under I.C(a), items (1) to (5), (8) to (11) and under II.B item (1) and II.C, items (1) and (2). Where these limits are exceeded Article 49 of the Law of 17 December 2010 shall apply mutatis mutandis;
- shares held by one or more investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of shares at Shareholder's request exclusively on its or their behalf.

#### **D. In addition, the Company shall comply in respect of its net assets with the following investment restriction:**

Each Sub-fund shall ensure that its global exposure relating to Derivatives does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, i.e. the market risk components, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

#### **E. Finally, the Company shall comply in respect of the assets of each Sub-fund with the following investment restrictions:**

- (1) No Sub-fund may acquire commodities or precious metals or certificates representative thereof, provided that transactions in foreign currencies, financial instruments, indices or Transferable Securities as well as futures and forward contracts, options and swaps thereon are not considered to be transactions in commodities for the purposes of this restriction.
- (2) No Sub-fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Sub-fund may use its assets to underwrite any securities.
- (4) No Sub-fund may issue warrants or other rights to subscribe for shares in such Sub-fund.
- (5) A Sub-fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).
- (6) The Company may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A, items (5), (7) and (8).
- (7) No Sub-fund may invest – as part of its general investment into Debt Securities – into asset-backed securities, inter alia mortgage-backed securities and pass-through securities, as long as not stated explicitly in the Sub-fund specific part of this Prospectus.
- (8) No Sub-fund may invest – as part of its general investment into Debt Securities – more than 10% of its assets into Contingent Convertible Bonds, as long as not stated explicitly in the Sub-fund specific part of this Prospectus.

#### **F. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Sub-fund when exercising subscription rights attaching to securities in such Sub-fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-fund or as a result of the exercise of subscription rights, such Sub-fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders. The Directors have the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Company are offered or sold.

## **II. Use of Financial Derivative Instruments**

#### **A. The Company shall comply in respect of its net assets with the following restrictions:**

Each Sub-fund shall ensure that its global exposure does not exceed the total net value of its portfolio. The Board of Directors may choose one of the following methodologies to measure the market risk components of such global exposure:

- The Commitment approach: the positions on Derivatives are converted into equivalent positions in underlying assets, after consideration of all netting and coverage effects, as further described in section III.4.2. of CSSF Circular 11/512, as may be amended from time to time. The total exposure to markets deriving from Derivatives may not exceed 100% of the Net Asset Value of the Sub-fund so that the global exposure of the Sub-fund to the equity, bond and money markets may not exceed 200% of the Net Asset Value of the Sub-fund.

- The Value-at-Risk (VaR) approach: the VaR is measured at the whole Sub-fund level, on a holding period not exceeding one month (20 business days) and a confidence level not below 95%, and is coupled with back tests as well as stress tests, as further described in section III.4.4. of CSSF Circular 11/512, as may be amended from time to time.

The Board of Directors has decided to implement the following methodologies to calculate the global exposure for each of the below mentioned Sub-funds. This methodology varies from one Sub-fund to another as expressed in the table below:

Sub-fund	Methodology applied for measuring the Global Exposure
African Equity Fund	Commitment approach
Alpha 10 MA Fund	Absolute Value-at-Risk
Alpha 15 MA Fund	Absolute Value-at-Risk
Alpha 5 MA Fund	Absolute Value-at-Risk
Asian Focus Equity Fund	Commitment approach
Balanced Income Fund	Absolute Value-at-Risk
Chinese Equity Fund	Commitment approach
Danish Bond Fund	Commitment approach
Danish Kroner Reserve	Commitment approach
Danish Mortgage Bond Fund	Commitment approach
Emerging Consumer Fund	Commitment approach
Emerging Market Bond Fund	Commitment approach
Emerging Market Bond Opportunities Fund	Commitment approach
Emerging Market Corporate Bond Fund	Commitment approach
Emerging Market Hard Currency Bond Fund	Commitment approach
Emerging Market Local Debt Fund	Commitment approach
Emerging Market Local Debt Fund Plus	Commitment approach
Emerging Markets Debt Total Return Fund	Absolute Value-at-Risk
Emerging Markets Focus Equity Fund	Commitment approach
Emerging Markets Small Cap Fund	Commitment approach
Emerging Stars Equity Fund	Commitment approach
European Corporate Bond Fund	Relative Value-at-Risk
European Corporate Bond Fund Plus	Relative Value-at-Risk
European Covered Bond Fund	Commitment approach
European Cross Credit	Commitment approach
European Diversified Corporate Bond Fund	Commitment approach
European Financial Debt Fund	Absolute Value-at-Risk
European Focus Equity Fund	Commitment approach
European Focus Equity Long/Short Fund	Absolute Value-at-Risk
European High Yield Bond Fund	Commitment approach
European High Yield Bond Fund II	Commitment approach
European Small and Mid Cap Equity Fund	Commitment approach
European Stars Equity Fund	Commitment approach
European Value Fund	Commitment approach
Flexible Fixed Income Fund	Absolute Value-at-Risk
GBP Diversified Return Fund	Absolute Value-at-Risk
Global Bond Fund	Commitment approach
Global Climate and Environment Fund	Commitment approach
Global Dividend Fund	Commitment approach
Global High Yield Bond Fund	Relative Value-at-Risk
Global Ideas Equity Fund	Commitment approach
Global Long Short Equity Fund – USD Hedged	Absolute Value-at-Risk
Global Opportunity Fund	Commitment approach
Global Portfolio Fund	Commitment approach
Global Real Estate Fund	Commitment approach
Global Small Cap Fund	Commitment approach
Global Stable Equity Fund	Commitment approach
Global Stable Equity Fund – Euro Hedged	Commitment approach
Global Stars Equity Fund	Commitment approach
Heracles Long/Short MI Fund	Absolute Value-at-Risk
Indian Equity Fund	Commitment approach
International High Yield Bond Fund – USD Hedged	Commitment approach
Latin American Corporate Bond Fund	Commitment approach

Sub-fund	Methodology applied for measuring the Global Exposure
Latin American Equity Fund	Commitment approach
Low Duration European Covered Bond Fund	Commitment approach
Low Duration European High Yield Bond Fund	Commitment approach
Low Duration US High Yield Bond Fund	Absolute Value-at-Risk
Nordic Equity Fund	Commitment approach
Nordic Equity Small Cap Fund	Commitment approach
Nordic Ideas Equity Fund	Commitment approach
Nordic Stars Equity Fund	Commitment approach
North American All Cap Fund	Commitment approach
North American High Yield Bond Fund	Commitment approach
North American Small Cap Fund	Commitment approach
North American Value Fund	Commitment approach
Norwegian Bond Fund	Commitment approach
Norwegian Equity Fund	Commitment approach
Norwegian Kroner Reserve	Commitment approach
Renminbi High Yield Bond Fund	Absolute Value-at-Risk
Stable Emerging Markets Equity Fund	Commitment approach
Stable Equity Long/Short Fund – Euro Hedged	Absolute Value-at-Risk
Stable Return Fund	Absolute Value-at-Risk
Swedish Bond Fund	Commitment approach
Swedish Kroner Reserve	Commitment approach
Unconstrained Bond Fund – USD Hedged	Absolute Value-at-Risk
US Bond Opportunities Fund	Commitment approach
US Corporate Bond Fund	Relative Value-at-Risk
US High Yield Bond Fund	Relative Value-at-Risk
US Total Return Bond Fund	Commitment approach

Sub-funds applying the “**Relative Value-at-Risk**” methodology to measure its global exposure compare their Value-at-Risk with the one of a Reference Portfolio. In accordance with CSSF Circular 11/512, as may be amended from time to time, this Value-at-Risk, calculated on a time interval of maximum 1 month (20 business days) and a confidence level not below 95%, shall not exceed 2 times the Value-at-Risk of the Reference Portfolio.

Sub-fund	Method applied for measuring the Global Exposure	Reference portfolio	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
European Corporate Bond Fund	Relative Value-at-Risk	Merrill Lynch EMU Corporate Bonds Index	130%	130%
European Corporate Bond Fund Plus	Relative Value-at-Risk	Merrill Lynch EMU Corporate Bonds Index	200%	200%
Global High Yield Bond Fund	Relative Value-at-Risk	Merrill Lynch Global High Yield Constrained Index	150%	120%
US Corporate Bond Fund	Relative Value-at-Risk	Bloomberg Barclays US Credit Index	250%	250%
US High Yield Bond Fund	Relative Value-at-Risk	Merrill Lynch US High Yield Master II Index	120%	120%

Sub-funds applying the methodology called “**Absolute Value-at-Risk**” measure their global exposure with a Value-at-Risk, calculated on a time interval of maximum 1 month (20 business days) and a confidence level not below 95%. The monthly Value-at-Risk with a confidence level of 99% shall not exceed 20% of the Net Asset Value of the relevant Sub-fund. The maximum limit of 20% must be adjusted accordingly, when different time intervals or confidence levels are applied.

Sub-fund	Method applied for measuring the Global Exposure	Expected level of leverage (in % of NAV) as sum-of-notional	Expected level of leverage (in % of NAV) under commitment approach
Alpha 5 MA Fund	Absolute Value-at-Risk	400%	400%
Alpha 10 MA Fund	Absolute Value-at-Risk	650%	650%
Alpha 15 MA Fund	Absolute Value-at-Risk	900%	900%
Balanced Income Fund	Absolute Value-at-Risk	450%	350%
Emerging Markets Debt Total Return Fund	Absolute Value-at-Risk	600%	350%
European Financial Debt Fund	Absolute Value-at-Risk	250%	200%
European Focus Equity Long/Short Fund	Absolute Value-at-Risk	430%	430%
Flexible Fixed Income Fund	Absolute Value-at-Risk	300%	200%
GBP Diversified Return Fund	Absolute Value-at-Risk	450%	400%
Global Long Short Equity Fund – USD Hedged	Absolute Value-at-Risk	150%	150%
Heracles Long/Short MI Fund	Absolute Value-at-Risk	1,100%	1,000%
Low Duration US High Yield Bond Fund	Absolute Value-at-Risk	150%	150%
Renminbi High Yield Bond Fund	Absolute Value-at-Risk	250%	150%
Stable Equity Long/Short Fund – Euro Hedged	Absolute Value-at-Risk	450%	350%
Stable Return Fund	Absolute Value-at-Risk	450%	400%
Unconstrained Bond Fund – USD Hedged	Absolute Value-at-Risk	300%	300%

For the Sub-funds using the Absolute or Relative Value-at-Risk methodology to calculate their global exposure, the two tables above disclose the “expected level of leverage (in % of NAV)”, in accordance with the CESR’s Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS of 28 July 2010 (the “CESR/10-788”).

The expected level of leverage shall be an indication of the actual level of leverage even though the actual level of leverage may deviate significantly from time to time (e.g. in particular due to market fluctuations, lack of investment opportunities).

The method selected for leverage computation is based on the sum of notional, and is additionally computed using the commitment methodology.

## B. Additionally:

- The risk exposure to a counterparty in an OTC Derivative transaction may not exceed 10% of the Sub-fund’s net assets when the counterparty is a credit institution referred to in section I. A (6) above or 5% of its net assets in other cases.
- Investment in Derivatives shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in (1) to (8) of section I.C(a).above and (1) and (2) of section II. C. below. When a Sub-fund invests in index-based Derivatives, these investments do not have to be combined to the limits set forth in (1) to (8) of section I.C(a).above and (1) and (2) of section II.C. below. The rebalancing frequency of the underlying index of such index-based Derivatives is determined by the index provider. The cost to the Sub-Fund, when the index itself is rebalanced, is expected to be insignificant.
- When a Transferable Security or Money Market Instrument embeds a Derivative, the latter must be taken into account when complying with the requirements of sections I. A item (7) (ii) and II. A. above as well as with the risk exposure and information requirements laid down in the present Prospectus.

## C. Combined limits

- Notwithstanding the individual limits laid down in (1) and (8) of section I. C(a). and (1) of section II. B. above, a Sub-fund may not combine:
  - investments in Transferable Securities or Money Market Instruments issued by,
  - deposits made with,
  - and/or exposures arising from OTC Derivative transactions undertaken with a single body in excess of 20% of its net assets.
- The limits set out in (1), (3), (4) and (8) of section I. C(a)., in (1) of section II. B. and in (1) of section II.C. above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or Derivatives made with this body carried out in accordance with (1), (3), (4) and (8) of section I. C., in (1) of section II. B. and in (1) of section II.C above may not exceed a total of 35% of the net assets of the Company.

## D. Eligible Financial Derivatives Instruments

### Each Sub-fund may use Derivatives

- as part of its investment strategy:
  - by replacing direct investments,
  - by generating additional exposure to a reference index,
  - by reducing the portfolio’s duration,
  - by modifying the portfolio’s duration in relation to a reference index,
- for hedging purposes:
  - to hedge its net assets, either against the portfolio’s downside risk, or in relation to the composition of the reference index,
  - to hedge a currency exposure into the Sub-fund’s Base Currency,
- to apply efficient portfolio management techniques provided those transactions do not cause a Sub-fund to diverge from its investment objectives as laid down in this Prospectus and such transactions comply with the conditions and restrictions set out above.

The types of Derivatives used can differ for each Sub-fund. Derivative types can include but are not limited to the following:

- Future and forward contracts (including non-deliverable forwards) on financial instrument (including but not limited to Transferable Securities), interest rates, foreign exchange rates and currencies, credit risk, market risk, or financial indices;
- Swap contracts related to interest rates, foreign exchange rates and currencies, credit and/or market risk of Transferable Securities both on an individual and portfolio level, or financial indices;
- Option contracts on financial instruments (including but not limited to Transferable Securities), interest rates, foreign exchange rates and currencies, or financial indices;
- Contracts for differences (CFD) on financial instrument (including but not limited to Transferable Securities), interest rates, foreign exchange rates and currencies, credit risk, market risk, or financial indices.

Financial indices as referred to in this document are understood to be in accordance with Article 44 of the Law of 17 December 2010.

More exotic Derivatives might be used in accordance with the investment restrictions outlined for each Sub-fund. A Derivative is considered of exotic nature when its features, usually related to the structure of payoff and/or the type of underlying investment, make it more complex than commonly traded Derivatives.

Derivatives which would require the physical delivery of commodities in either way between Sub-fund and counterparty may not be used.

The Company limits exposure to losses in the event of default of its Derivative counterparty by entering into master netting agreements.

### Options on securities:

- the Company may not invest in put or call options on securities unless:
  - such options are quoted on a stock exchange or traded on a Regulated Market; and

- the acquisition price of such options does not exceed, in terms of premium, 15% of the total net assets of the relevant Sub-fund;
- (2) the Company may not write call options on securities that it does not own unless the aggregate of the exercise prices of such call options does not exceed 25% of the net asset value of the relevant Sub-fund;
- (3) the Company may not write put options on securities unless the relevant Sub-fund holds sufficient liquid assets to cover the aggregate of the exercise prices of such options written.

#### **Currency Derivatives:**

Sub-funds may be authorised, as part of their investment strategies or investment policy as described in their relevant specifications, to use currency Derivatives for:

- (1) either hedging purposes

In such case, the Company may enter into forward currency contracts or write call options or purchase put options on currencies provided however that the transactions made in one currency in respect of one Sub-fund may in principle not exceed the valuation of the aggregate assets of such Sub-fund denominated in that currency (or currencies which are likely to fluctuate in the same manner) nor exceed the period during which such assets are held.

By derogation to the above, Sub-funds may be managed by referring to the reference index as mentioned under each Sub-fund for the purpose of hedging currency risk. These reference indexes are appropriate, recognised indices or combinations thereof and disclosed in this Prospectus.

The neutral risk position of any Sub-fund will be the composition of the reference index in both its investment and currency component weightings.

The Company may increase or decrease the currency positions in a Sub-fund in comparison to its respective reference index by purchasing (or selling) currencies for forward settlement by the sale (or purchase) of other currencies held in the Sub-fund's portfolio.

The Company may give a Sub-fund a currency exposure that differs from its respective reference index provided that, when using forward currency contracts, purchases of currencies that are not the Base Currency of the relevant Sub-fund will be permitted to increase the exposure up to a maximum of 15% above the reference index's weight of a given currency.

The total of such purchase transactions providing a currency exposure which is greater than the reference index weightings (except purchases in the Base Currency of the Sub-fund) shall not exceed 20% of the assets of the relevant Sub-fund.

In addition, the Company may engage in the following currency hedging techniques:

- hedging by proxy - a technique whereby a Sub-fund effects a hedge of the Base Currency of the Sub-fund (or benchmark or currency exposure of the assets of the Sub-fund) against exposure in one currency by instead selling (or purchasing) another currency closely related to it, provided however that these currencies are indeed likely to fluctuate in the same manner;
- cross-hedging - a technique whereby a Sub-fund sells a currency to which it is exposed and purchases more of another currency to which the Sub-fund may also be exposed, the level of the Base Currency being left unchanged, provided however that all such currencies are currencies of the countries which are at that time within the Sub-fund's benchmark or investment policy and the technique is used as an efficient method to gain the desired currency and asset exposures;
- anticipatory hedging - a technique whereby the decision to take a position on a given currency and the decision to have some securities held in a Sub-fund's portfolio denominated in that currency are separate, provided however that the currency which is bought in anticipation of a later purchase of underlying portfolio securities is a currency associated with those countries which are within the Sub-fund's benchmark or investment policy.

A Sub-fund may not sell forward more currency exposure than there is in underlying assets exposure on either an individual currency (unless hedging by proxy) or a total currency basis.

In case the publication of the benchmark index has been stopped or where major changes in that benchmark have occurred or if for some reason the Board of Directors feels that another benchmark is appropriate, another benchmark may be chosen. Any such change of benchmark will be reflected in an updated Prospectus.

- (2) or investment purposes (as a separate asset class for speculative purposes):

In such case, currency Derivatives may conduct a Sub-fund to be long or short in one or more currencies.

Whatever the purpose, hedging or investment, the Company may only enter into forward currency contracts if they constitute private agreements with highly rated financial institutions specialised in this type of transaction and may only write call options and purchase put options on currencies if they are traded on a Regulated Market operating regularly, being recognised and open to the public.

#### **Financial futures and index options:**

- (1) For the purpose of hedging the risk of the fluctuation of the value of the portfolio securities of its Sub-funds, the Company may sell stock index futures, sell call options on indices or purchase put options on indices provided that there exists sufficient correlation between the composition of the index used and the corresponding portfolio of the relevant Sub-fund;
- or
- (2) For investment purposes, as a separate asset class and provided such purpose is authorised as part of the investment strategies and investment policy as described in the specifications of the relevant Sub-fund, or for the purpose of efficient portfolio management, the Company may, in respect of each Sub-fund, purchase and sell futures contracts and/or purchase and sell options on any kind of financial instruments;

Shall options be purchased, the aggregate acquisition cost (in terms of premiums paid) of options on securities, index options, interest rate options and options on any kind of financial instruments purchased by the Company in respect of a particular Sub-fund shall not exceed 15% of the total net assets of the relevant Sub-fund;

Furthermore, the Company may only enter into transactions on financial futures and index options referred to above, if these transactions concern contracts which are traded on a Regulated Market operating regularly, being recognised and open to the public.

#### **Interest rate Derivatives**

- (1) The Company may sell interest rate futures contracts for the purpose of managing interest rate risk. It may also for the same purpose write call options or purchase put options on interest rates or enter into interest rate swaps by private agreement with highly rated financial institutions specialised in this type of operation.
- (2) The Company may use bond and interest rate options, bond and interest rate futures and index futures contracts for the purposes of efficient portfolio management.

#### **Swaps**

- (1) The Company may enter into swap contracts in which the Company and the counterparty agree to exchange payments where one or both parties pay the returns generated by a security, instrument, basket or index thereof. The payments made by the Company to the counterparty and vice versa are calculated by reference to a specific index, security or instruments and an agreed upon notional amount. Any such underlying security or instrument must be a transferable security and any such index must be an index of a Regulated Market. The relevant indices include, but are not limited to, currencies, interest rates, prices and total return on interest rates indices, fixed income indices and stock indices.
- (2) The Company may enter into swap contracts relating to any financial instruments or index, including total return swaps.

- (3) The Company may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The International Swap and Derivatives Association ("ISDA") have produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Company may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, the Company may, provided it is in its exclusive interest, buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swap purchased together with the amount of the aggregate of premiums paid relating to the purchase of options on Transferable Securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 100% of the net assets of the relevant Sub-fund.

The Company may also sell protection under credit default swaps in order to acquire a specific credit exposure provided such possibility is referred to in the investment strategies and investment policy as described in the specifications of the relevant Sub-fund and provided the purpose followed is in the exclusive interest of such Sub-fund.

The Company will only enter into credit default swap transactions with highly rated financial institutions specialised in this type of transaction and only in accordance with the standard terms laid down by the ISDA. Also, the Company will only accept obligations upon a credit event that are within the investment policy of the relevant Sub-fund. The Company will ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from credit default swaps and other techniques and instruments.

#### **Contracts for differences (CFD)**

- (1) The Company may deal in contract for difference (CFD) transactions. CFD is an agreement between two parties to exchange the difference between the opening price and the closing price of the contract, at the close of the contract, multiplied by the number of units of the underlying asset specified within the contract. Differences in settlement are thus made through cash payments, rather than physical delivery of the underlying assets. CFD on transferable securities, financial indexes or swap contracts will be used in strict accordance with the investment policy followed for each of the Sub-funds.

#### **Additional information with respect to options**

With respect to the options referred to in the preceding sections above, the Sub-funds may enter into OTC options transactions with highly rated Financial Institutions participating in these types of transactions if such transactions are more advantageous to the Sub-funds or if quoted options having the required features are not available.

### **III. Other Efficient Portfolio Management Techniques and Instruments**

The Company will employ the following efficient portfolio management techniques and instruments relating to Transferable Securities and Money Market Instruments provided that such techniques or instruments are considered by the Board of Directors as economically appropriate to the efficient portfolio management of each Sub-fund in accordance with its investment objective, and with respect to Article 11 of the Grand-Ducal decree of 8<sup>th</sup> February 2008, as well as in line with (i) CSSF

Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to Transferable Securities and Money Market Instruments, as may be amended from time to time ("CSSF Circular 08/356") and (ii) CSSF Circular 14/592 relating to the rules applicable to undertakings for collective investments when they use efficient portfolio management techniques and instruments, as may be amended from time to time ("CSSF Circular 14/592").

When those transactions involve the use of Derivatives, the conditions and restrictions set out above must be complied with.

Under no circumstances shall these operations cause a Sub-fund to diverge from its investment objectives as laid down in this Prospectus.

Efficient portfolio management techniques and instruments relating to Transferable Securities and Money Market Instruments may be used by any Sub-fund for the purpose of generating additional capital or income or for reducing costs or risk, to the extent permitted by and within the limits set forth in (i) article 11 of the Grand Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg Law, (ii) CSSF Circular 08/356, (iii) CSSF Circular 14/592 and (iv) any other applicable laws and regulations.

The risks of such techniques and instruments are adequately captured by the risk management process of the Company.

For more information on risks, see Chapter 9 "Special Risks Considerations" of this Prospectus. There can be no assurance that the objective sought to be obtained from use of the aforesaid techniques and instruments will be achieved.

The Sub-funds will get the revenue generated from such techniques and instruments deducted with the direct and indirect operational costs. In particular, a Sub-fund may pay fees to agents and other intermediaries, which may be affiliated with the Depositary, the Investment Manager or the Management Company, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct and indirect operational costs and fees incurred by each Sub-fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the annual report of the Company.

#### **Securities Lending and Borrowing**

Securities lending and borrowing transactions consist in transactions whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

The Company may enter into securities lending and borrowing transactions provided that they comply with the following rules, in line with CSSF Circular 08/356 and CSSF Circular 14/592:

- (1) The Company may only lend or borrow securities through a standardised system organised by a recognised clearing institution or through a regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries.
- (2) As part of lending transactions, the Company must in principle receive collateral, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent. Collateral shall not be required if the securities lending is made through Clearstream International or EUROCLEAR or through any other organisation assuring to the lender a reimbursement of the value of the securities lent, by way of a guarantee or otherwise.
- (3) The securities borrowed by the Company may not be disposed of during the time they are held by the Company, unless they are covered by sufficient financial instruments which enable the Company to return the borrowed securities at the close of the transaction.



- (4) The Company may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (I) during a period the securities have been sent out for re-registration; (II) when the securities have been loaned and not returned in time; and (III) to avoid a failed settlement when the Depository fails to make delivery.

Securities eligible for securities lending and borrowing agreements include Debt Securities, Equity related Securities and Money Market Instruments.

The expected and maximum proportion of the Total Net Asset Value which may be subject to securities lending and borrowing transactions is summarized, for each Sub-fund, in the table below. The expected level is based on available historical data, and may in no case exceed the indicated maximum level. Such expected level may be subject to change and will be reviewed and updated, as the case may be, when this Prospectus is updated.

Sub-fund	Expected level (in % of Total Net Asset Value)	Maximum level (in % of Total Net Asset Value)
African Equity Fund	0	100
Alpha 10 MA Fund	3	100
Alpha 15 MA Fund	2	100
Alpha 5 MA Fund	3	100
Asian Focus Equity Fund	5	100
Balanced Income Fund	0	100
Chinese Equity Fund	6	100
Danish Bond Fund	0	100
Danish Kroner Reserve	0	100
Danish Mortgage Bond Fund	1	100
Emerging Consumer Fund	9	100
Emerging Market Bond Fund	0	100
Emerging Market Bond Opportunities Fund	0	100
Emerging Market Corporate Bond Fund	0	100
Emerging Market Hard Currency Bond Fund	6	100
Emerging Market Local Debt Fund	1	100
Emerging Market Local Debt Fund Plus	2	100
Emerging Markets Debt Total Return Fund	2	100
Emerging Markets Focus Equity Fund	6	100
Emerging Markets Small Cap Fund	0	100
Emerging Stars Equity Fund	6	100
European Corporate Bond Fund	9	100
European Corporate Bond Fund Plus	8	100
European Covered Bond Fund	6	100
European Cross Credit Fund	8	100
European Diversified Corporate Bond Fund	5	100
European Financial Debt Fund	10	100
European Focus Equity Fund	2	100
European Focus Equity Long/Short Fund	0	100
European High Yield Bond Fund	0	100
European High Yield Bond Fund II	0	100
European Small and Mid Cap Equity Fund	0	100
European Stars Equity Fund	2	100
European Value Fund	12	100
Flexible Fixed Income Fund	0	100
GBP Diversified Return Fund	4	100
Global Bond Fund	3	100
Global Climate and Environment Fund	7	100
Global Dividend Fund	2	100
Global High Yield Bond Fund	0	100
Global Ideas Equity Fund	5	100
Global Long Short Equity Fund – USD Hedged	0	100
Global Opportunity Fund	0	100
Global Portfolio Fund	4	100
Global Real Estate Fund	0	100
Global Small Cap Fund	0	100
Global Stable Equity Fund	3	100

Sub-fund	Expected level (in % of Total Net Asset Value)	Maximum level (in % of Total Net Asset Value)
Global Stable Equity Fund – Euro Hedged	2	100
Global Stars Equity Fund	1	100
Heracles Long/Short MI Fund	0	100
Indian Equity Fund	0	100
International High Yield Bond Fund – USD Hedged	0	100
Latin American Corporate Bond Fund	0	100
Latin American Equity Fund	0	100
Low Duration European Covered Bond Fund	6	100
Low Duration European High Yield Bond Fund	0	100
Low Duration US High Yield Bond Fund	0	100
Nordic Equity Fund	14	100
Nordic Equity Small Cap Fund	8	100
Nordic Ideas Equity Fund	11	100
Nordic Stars Equity Fund	8	100
North American All Cap Fund	1	100
North American High Yield Bond Fund	0	100
North American Small Cap Fund	4	100
North American Value Fund	0	100
Norwegian Bond Fund	0	100
Norwegian Equity Fund	10	100
Norwegian Kroner Reserve	0	100
Renminbi High Yield Bond Fund	0	100
Stable Emerging Markets Equity Fund	2	100
Stable Equity Long/Short Fund – Euro Hedged	2	100
Stable Return Fund	7	100
Swedish Bond Fund	0	100
Swedish Kroner Reserve	0	100
Unconstrained Bond Fund – USD Hedged	0	100
US Bond Opportunities Fund	0	100
US Corporate Bond Fund	0	100
US High Yield Bond Fund	0	100
US Total Return Bond Fund	0	100

The Company enters into securities lending transactions through a lending agent. 85% of the revenues from securities lending transactions are returned to the respective Sub-fund, while a 15% fee is paid to the lending agent. When the collateral posted by the borrower in a securities lending transaction is in cash, the resulting reinvestment of the cash collateral may be subject to fixed or variable fees. Details on such fixed or variable fees and on the lending agent are disclosed in the periodical financial reports of the Company which are available from the Company or the Management Company.

#### Repurchase Agreement Transactions and Buy-Sell Back Transactions

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Buy-sell back transactions consist of transactions, not being governed by a repurchase agreement or a reverse repurchase agreement as described above, whereby a party buys or sells securities or instruments to a counterparty, agreeing, respectively, to sell to or buy back from that counterparty securities or instruments of the same description at a specified price on a future date. Such transactions are commonly referred to as buy-sell back transactions for the party buying the securities or instruments, and sell-buy back transactions for the counterparty selling them.

In line with CSSF Circular 08/356 and CSSF Circular 14/592, the Company may on an ancillary basis enter into buy-sell back transactions or repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions or buy-sell back transactions. Its involvement in such transactions is, however, subject to the following rules:

- (1) The Company may not buy or sell securities using a repurchase agreement transaction or buy-sell back transaction unless the counterparty in such transactions is a regulated financial institution with a minimum credit rating of investment grade which has its registered office in one of the OECD countries.
- (2) During the life of a repurchase agreement contract or buy-sell back transaction, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.
- (3) The Company must take care to ensure that the level of its exposure to repurchase agreement transactions and buy-sell back transactions is such that it is able, at all times, to meet its redemption obligations.
- (4) Repurchase agreement transactions and buy-sell back transactions are expected to take place on an occasional basis only.

Securities eligible for repurchase agreement transactions are limited to:

- (i) short-term bank certificates;
- (ii) Money Market Instruments;
- (iii) bonds issued or guaranteed by an OECD member state or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- (iv) shares or units issued by money market UCIs (having daily NAV and AAA rating or equivalent);
- (v) bonds issued by non-governmental issuers offering an adequate liquidity;
- (vi) shares listed or dealt on a regulated market of a EU Member State or on a stock exchange of an OECD member state, on the condition that these shares are included within a main index.

The expected and maximum proportion of the Total Net Asset Value which may be subject to repurchase transactions et al. is summarized, for each Sub-fund, in the table below. The expected level is based on available historical data, and may in no case exceed the indicated maximum level. Such expected level may be subject to change and will be reviewed and updated, as the case may be, when this Prospectus is updated.

Sub-fund	Expected level (in % of Total Net Asset Value)	Maximum level (in % of Total Net Asset Value)
African Equity Fund	0	49
Alpha 10 MA Fund	0	49
Alpha 15 MA Fund	0	49
Alpha 5 MA Fund	0	49
Asian Focus Equity Fund	0	49
Balanced Income Fund	0	49
Chinese Equity Fund	0	49
Danish Bond Fund	0	49
Danish Kroner Reserve	0	49
Danish Mortgage Bond Fund	0	49
Emerging Consumer Fund	0	49
Emerging Market Bond Fund	0	49
Emerging Market Bond Opportunities Fund	0	49
Emerging Market Corporate Bond Fund	0	49
Emerging Market Hard Currency Bond Fund	0	49
Emerging Market Local Debt Fund	0	49
Emerging Market Local Debt Fund Plus	0	49

Sub-fund	Expected level (in % of Total Net Asset Value)	Maximum level (in % of Total Net Asset Value)
Emerging Markets Debt Total Return Fund	0	49
Emerging Markets Focus Equity Fund	0	49
Emerging Markets Small Cap Fund	0	49
Emerging Stars Equity Fund	0	49
European Corporate Bond Fund	0	49
European Corporate Bond Fund Plus	0	49
European Covered Bond Fund	0	49
European Cross Credit Fund	0	49
European Diversified Corporate Bond Fund	0	49
European Financial Debt Fund	0	49
European Focus Equity Fund	0	49
European Focus Equity Long/Short Fund	0	49
European High Yield Bond Fund	0	49
European High Yield Bond Fund II	0	49
European Small and Mid Cap Equity Fund	0	49
European Stars Equity Fund	0	49
European Value Fund	0	49
Flexible Fixed Income Fund	0	49
GBP Diversified Return Fund	0	49
Global Bond Fund	0	49
Global Climate and Environment Fund	0	49
Global Dividend Fund	0	49
Global High Yield Bond Fund	0	49
Global Ideas Equity Fund	0	49
Global Long Short Equity Fund – USD Hedged	0	49
Global Opportunity Fund	0	49
Global Portfolio Fund	0	49
Global Real Estate Fund	0	49
Global Small Cap Fund	0	49
Global Stable Equity Fund	0	49
Global Stable Equity Fund – Euro Hedged	0	49
Global Stars Equity Fund	0	49
Heracles Long/Short MI Fund	0	49
Indian Equity Fund	0	49
International High Yield Bond Fund – USD Hedged	0	49
Latin American Corporate Bond Fund	0	49
Latin American Equity Fund	0	49
Low Duration European Covered Bond Fund	0	49
Low Duration European High Yield Bond Fund	0	49
Low Duration US High Yield Bond Fund	0	49
Nordic Equity Fund	0	49
Nordic Equity Small Cap Fund	0	49
Nordic Ideas Equity Fund	0	49
Nordic Stars Equity Fund	0	49
North American All Cap Fund	0	49
North American High Yield Bond Fund	0	49
North American Small Cap Fund	0	49
North American Value Fund	0	49
Norwegian Bond Fund	0	49
Norwegian Equity Fund	0	49
Norwegian Kroner Reserve	0	49
Renminbi High Yield Bond Fund	0	49
Stable Emerging Markets Equity Fund	0	49
Stable Equity Long/Short Fund – Euro Hedged	0	49
Stable Return Fund	0	49
Swedish Bond Fund	0	49
Swedish Kroner Reserve	0	49
Unconstrained Bond Fund – USD Hedged	0	49
US Bond Opportunities Fund	0	49
US Corporate Bond Fund	0	49
US High Yield Bond Fund	0	49
US Total Return Bond Fund	0	49

100% of the revenues, if applicable, from repurchase transactions et al. are allocated to the relevant Sub-fund. Repurchase transactions et al. may be subject to fixed or variable fees and operational costs. Details on these fixed or variable fees and operational costs may be disclosed in the financial reports of the Company which are available from the Company, the Management Company or the Administrative Agent.

#### Total Return Swaps

On an ancillary basis, the Company can also enter into one or several total return swap to gain exposure to reference assets, which may be invested according to the investment policy of the relevant Sub-fund. A total return swap ("TRS") is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. The Company may only enter into such transactions through regulated financial institutions with a minimum credit rating of investment grade quality which has its registered office in one of the OECD countries.

The expected and maximum proportion of the Total Net Asset Value which may be subject to TRS is summarized, for each Sub-fund, in the table below. The expected level is based on available historical data, and may in no case exceed the indicated maximum level. Such expected level may be subject to change and will be reviewed and updated, as the case may be, when this Prospectus is updated.

Sub-fund	Expected level (in % of Total Net Asset Value)	Maximum level (in % of Total Net Asset Value)
African Equity Fund	0	100
Alpha 10 MA Fund	20	650
Alpha 15 MA Fund	48	900
Alpha 5 MA Fund	15	400
Asian Focus Equity Fund	0	100
Balanced Income Fund	0	350
Chinese Equity Fund	0	100
Danish Bond Fund	0	100
Danish Kroner Reserve	0	100
Danish Mortgage Bond Fund	0	100
Emerging Consumer Fund	0	100
Emerging Market Bond Fund	0	100
Emerging Market Bond Opportunities fund	0	100
Emerging Market Corporate Bond Fund	0	100
Emerging Market Hard Currency Bond Fund	0	100
Emerging Market Local Debt Fund	0	100
Emerging Market Local Debt Fund Plus	0	100
Emerging Markets Debt Total Return Fund	0	350
Emerging Markets Focus Equity Fund	0	100
Emerging Markets Small Cap Fund	0	100
Emerging Stars Equity Fund	0	100
European Corporate Bond Fund	0	130
European Corporate Bond Fund Plus	0	200
European Covered Bond Fund	0	100
European Cross Credit Fund	0	100
European Diversified Corporate Bond Fund	0	100
European Financial Debt Fund	0	200
European Focus Equity Fund	0	100
European Focus Equity Long/Short Fund	70	430
European High Yield Bond Fund	0	100
European High Yield Bond Fund II	0	100
European Small and Mid Cap Equity Fund	0	100
European Stars Equity Fund	0	100
European Value Fund	0	100
Flexible Fixed Income Fund	0	200
GBP Diversified Return Fund	0	400
Global Bond Fund	0	100
Global Climate and Environment Fund	0	100
Global Dividend Fund	0	100

Sub-fund	Expected level (in % of Total Net Asset Value)	Maximum level (in % of Total Net Asset Value)
Global High Yield Bond Fund	0	120
Global Ideas Equity Fund	0	100
Global Long Short Equity Fund – USD Hedged	63	150
Global Opportunity Fund	0	100
Global Portfolio Fund	0	100
Global Real Estate Fund	0	100
Global Small Cap Fund	0	100
Global Stable Equity Fund	0	100
Global Stable Equity Fund – Euro Hedged	0	100
Global Stars Equity Fund	0	100
Heracles Long/Short MI Fund	0	1,000
Indian Equity Fund	0	100
International High Yield Bond Fund – USD Hedged	0	100
Latin American Corporate Bond Fund	0	100
Latin American Equity Fund	0	100
Low Duration European Covered Bond Fund	0	100
Low Duration European High Yield Bond Fund	0	100
Low Duration US High Yield Bond Fund	0	150
Nordic Equity Fund	0	100
Nordic Equity Small Cap Fund	0	100
Nordic Ideas Equity Fund	0	100
Nordic Stars Equity Fund	0	100
North American All Cap Fund	0	100
North American High Yield Bond Fund	0	100
North American Small Cap Fund	0	100
North American Value Fund	0	100
Norwegian Bond Fund	0	100
Norwegian Equity Fund	0	100
Norwegian Kroner Reserve	0	100
Renminbi High Yield Bond Fund	0	150
Stable Emerging Markets Equity Fund	0	100
Stable Equity Long/Short Fund – Euro Hedged	64	450
Stable Return Fund	0	400
Swedish Bond Fund	0	100
Swedish Kroner Reserve	0	100
Unconstrained Bond Fund – USD Hedged	0	300
US Bond Opportunities Fund	0	100
US Corporate Bond Fund	0	250
US High Yield Bond Fund	0	120
US Total Return Bond Fund	0	100

100% of the revenues from TRS are allocated to the relevant Sub-fund. TRS may be subject to fixed or variable fees and operational costs. Details on these fixed or variable fees and operational costs are disclosed in the financial reports of the Company which are available from the Company or the Management Company.

#### Co-management and pooling of assets

For the purpose of effective management, where the investment policies of the Sub-funds so permit, the Board of Directors may choose to allow co-management of the assets of certain Sub-funds.

In such case, assets of different Sub-funds will be managed in common. The assets which are co-managed shall be referred to as a "pool" notwithstanding the fact that such pool(s) are used solely for internal management purposes. The pool(s) do not constitute separate entities and are not directly accessible to the Shareholders. Each of the co-managed Sub-funds shall be allocated its specific assets.

Where the assets of two or more Sub-funds are pooled, the assets attributable to each participating Sub-fund will initially be determined by reference to its initial allocation of assets to such a pool and will change in the event of additional allocations or withdrawals.

The entitlements of each participating Sub-fund to the co-managed assets apply to each and every line of investments of such pool.

Additional investments made on behalf of the co-managed Sub-funds shall be allotted to such Sub-funds in accordance with their respective entitlements and assets sold shall be levied similarly on the assets attributable to each participating Sub-fund.

#### IV. Collateral Management

In respect of OTC Derivatives transactions and efficient portfolio management techniques, the Sub-funds may obtain, from its counterparty, collateral with a view to reduce its counterparty risk. For the purposes of this section, all assets received by the Company in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral.

Collateral received by a Sub-fund may be used to reduce its counterparty risk exposure with a counterparty if it complies at all times with the criteria laid down in the CSSF Circular 14/592. By way of derogation to the principle of collateral diversification laid down under 43 (e) of the ESMA Guidelines 2014/937, each Sub-fund may have an exposure for up to 100% of its net asset in securities issued or guaranteed by a Member State, its local authorities, a member State of the OECD and certain other States (currently including Republic of Singapore and Hong-Kong) or by a public international body of which one or more Member States are members, provided that the Sub-fund holds securities of at least six different issues and that the securities from any one issue do not account for more than 30% of the net asset of the Sub-fund.

Collateral must normally take the form of:

- (i) liquid assets (cash, short-term bank certificates, Money Market Instruments, letter of credit);
- (ii) OECD sovereign bonds;
- (iii) shares or units issued by money market UCIs (having daily net asset value and AAA rating or equivalent);
- (iv) shares or units issued by UCITS investing mainly in bonds/shares mentioned in (v) and (vi) below;
- (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity;
- (vi) shares listed or dealt on a regulated market of a EU Member State or on a stock exchange of an OECD member state.

The Company will determine the required level of collateral for OTC Derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Company for each asset class based on its haircut policy.

The Company has implemented a haircut policy relating to the classes of assets received as collateral. The policy takes

into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Company under normal and exceptional liquidity conditions. Non-cash collateral received for the benefit of a Sub-fund may not be sold, re-invested or pledged. Cash collateral received in the context of the use of such techniques and instruments shall be reinvested pursuant to CSSF Circular 14/592 in:

- (a) money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (b) short-term bank deposits;
- (c) Money Market Instruments as defined in Directive 2007/16/EC of 19 March 2007;
- (d) short-term bonds issued or guaranteed by a EU Member State, Switzerland, Canada, Japan or the USA or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity, or in
- (f) reverse repurchase agreement transactions according to the provisions described (i) under section I (C) (a) of CSSF Circular 08/356 and (ii) in CSSF Circular 14/592.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

#### V. Master-feeder structures

Unless otherwise specified in the Investment Policy and other specifications of a Sub-fund in Chapter 4 "The Sub-funds of the Company" of this Prospectus:

- none of the Sub-funds of the Company shall invest in investment vehicles that classify as feeder funds in the sense of Article 77(1) of the Law of 17 December 2010; and
- all Sub-funds of the Company may raise capital from feeder funds subject to the terms of Articles 50 to 57 of the UCITS Directive.

#### VI. Socially responsible investment

The Company pays attention to environmental, social and governance issues.

The Company follows the Principles for Responsible Investment (PRI).

Environmental and social responsibility and corporate governance practices are integrated in the Company's investment operations.

All the Company Sub-funds apply the principles of responsible investments in accordance with the PRI framework. The investments of the Sub-funds are reviewed on a regular basis using the norm-based screening method adopted by the Investment Manager.

Certain Sub-funds adopt additional screening criteria. Details on these additional screening criteria, if any, are indicated in the investment policy of each Sub-fund.

## 9. Special Risk Considerations

**Investors must read these special risk considerations before investing in any of the Company's Sub-funds.**

#### Special risk consideration regarding investment in Asia and in emerging and less developed markets

Asia may include emerging and less developed markets. In emerging and less developed markets the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. These risks may include any or all of the following elements: political or economic risks, legal

risks, accounting practices, lacking or insufficient protection of shareholders, market and settlement risks, unclear tax rules, execution and counterparty risk, as well as an uncertain status of nomineehip. This list may not be exhaustive and other risks may occur. Investors' attention is also pointed to the fact that significant currency movements may occur and that the convertibility of a currency may be revoked.

Hence, investments in Asia and in emerging and less developed markets should be made only by sophisticated investors or professionals who have independent knowledge of the relevant markets, are able to consider and weight the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

### **Special risk consideration regarding investment in Central & Eastern European markets**

Central & Eastern Europe may include emerging and less developed markets. In emerging and less developed markets the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. Investments in emerging and less developed markets should be made only by sophisticated investors or professionals who have independent knowledge of the relevant markets, are able to consider and weight the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

### **Special risks consideration regarding investments in mortgage- or asset-backed securities**

**Credit risk:** Certain borrowers may default on their mortgage obligations or the guarantees underlying the mortgage-backed securities may default. A Sub-fund may partly invest in mortgage- or asset-backed securities which are not guaranteed by a government, which may make this Sub-fund subject to substantial credit risk.

**Interest rate risk:** Changes in interest rate may have a significant impact on a Sub-fund investing in mortgage- or asset-backed securities. Indeed, should interest rates rise, the investments value of a Sub-fund's portfolio may fall since fixed income securities generally fall in value when interest rates rise.

**Extension or Prepayment risk:** A Sub-fund investing in mortgage- or assets-backed securities may face extension risk and prepayment risk, both being direct consequences of interest rate changes:

- during periods of rising interest rates, underlying borrowers may pay off their obligations at a slower pace than expected, thus extending the average life of mortgage- or assets-backed securities. Such increase of the securities' duration may change these securities from short- or intermediate-term into long-term securities and therefore reduce the value of such securities;
- during periods of falling interest rates, mortgage or asset-backed securities may be prepaid, thus possibly reduce returns because the Sub-fund will have to reinvest the prepayments on mortgage- or asset-backed investments in lower-yielding investments.

**Liquidity risk:** A Sub-fund investing in mortgage- or assets-backed securities may face liquidity risk if it cannot sell a security at the most opportunistic time and price. Thus, such a Sub-fund may face higher liquidity risk than a Sub-fund investing in other types of securities.

**Insolvency risk:** Finally, enforcing rights against the underlying assets or collateral may be difficult.

### **Special risk consideration regarding investment in CDOs and CLOs**

Some Sub-funds may invest in specific types of asset-backed securities known as Collateralised Debt Obligations ("CDOs") or Collateralised Loans Obligations ("CLOs"). Additionally to the risks related to investments in asset-backed securities, investments in CDOs and CLOs carry specific risks which depend mainly on the type of collateral and on the tranche of the CDO or the CLO the Sub-fund invests into. Without being limited to those, such specific risks are: (i) the quality of the collateral may decline in value or quality, go into default or be downgraded; (ii) a Sub-fund may invest in tranches of a CDO or CLO that are subordinated to other tranches (the safest tranches being the "senior" ones); and (iii) the complex structure of the CDO/CLO may lead to difficulty when valuing the security or to unexpected investment results.

### **Special risk consideration regarding investments in high-yield debt securities**

Certain High Yield Bonds rated Ba1 or BB+ and below by a Rating Agency are very speculative, involve comparatively greater risks than higher quality securities, including price volatility, and may be questionable as to principal and interest payments. The attention of the potential Investor is drawn to the type of high-risk investment that the Sub-fund is authorised to make. Compared to higher-rated securities, lower-rated High Yield Bonds generally tend to be more affected by economic and legislative developments, changes in the financial condition of their issuers,

have a higher incidence of default and be less liquid. The Sub-fund may also invest in High Yield Bonds placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries. Corporate Debt Securities may bear Fixed Coupon or Fixed and Contingent Coupon or Variable Coupon and may involve equity features such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer (e.g. synthetic convertibles) or participation based on revenue, sales or profits.

### **Special risk consideration regarding investment in Contingent Convertible Bonds**

Events that trigger the conversion from debt into equity are designed so that conversion occurs when the issuer of the Contingent Convertible Bonds is in crisis, as determined either by regulatory assessment or objective losses (e.g. measure of the issuer's core tier 1 capital ratio). Investment in Contingent Convertible Bonds may entail the following risks (non-exhaustive list):

**Capital structure inversion risk:** contrary to classical capital hierarchy, Contingent Convertible Bonds' investors may suffer a loss of capital when equity holders do not.

**Trigger level risk:** trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager of the Sub-fund to anticipate the triggering events that would require the debt to convert into equity.

**Conversion risk:** it might be difficult for the Investment Manager of the Sub-fund to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might be forced to sell these new equity shares because of the investment policy of the sub-fund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.

**Coupon cancellation:** for some Contingent Convertible Bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

**Call extension risk:** some Contingent Convertible Bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

**Write-down risk:** Should a Contingent Convertible Bond undergo a write-down, the Contingent Convertible Bonds' investors may lose some or all of its original investment.

**Industry concentration risk:** To the extent that the investments are concentrated in a particular industry, the Contingent Convertible Bonds' investors will be susceptible to loss due to adverse occurrences affecting that industry.

**Unknown risk:** the structure of Contingent Convertible Bonds is innovative yet untested.

### **Special risk consideration regarding investments in lower rated debt securities**

Securities rated below investment grade or assigned equivalent ratings by the Management Company are considered speculative and may be questionable as to repayment of principal and interest. Such securities involve higher credit or liquidity risk.

**High Credit Risk:** Lower rated Debt Securities, commonly referred to as "junk bonds" are subject to a substantially higher degree of credit risk than investment grade Debt Securities. During recessions, a high percentage of issuers of lower rated Debt Securities may default on payments of principal and interest. The price of a lower rated debt security may therefore fluctuate drastically due to unfavourable news about the issuer or the economy in general.

**High Liquidity Risk:** During recessions and periods of broad market declines, lower rated Debt Securities could become less liquid, meaning that they will be harder to value or sell at a fair price.

### **Risks associated with credit default swap ("CDS") transactions**

The purchase of credit default swap protection allows the Company, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a cash settlement, the purchaser of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the purchaser of the CDS protection receives the full nominal value

from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made from a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default and the terms of delivery of bonds and debt certificates shall be defined in the CDS contract. The Company can if necessary sell the CDS protection or restore the credit risk by purchasing call options. Upon the sale of credit default swap protection, the Sub-fund incurs a credit risk comparable to the purchase of a bond issued by the same issuer at the same nominal value. In either case, the risk in the event of issuer default is in the amount of the difference between the nominal value and the attainable redemption amount. Besides the general counterparty risk, upon the concluding of credit default swap transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The Sub-fund will ensure that the counterparties involved in these transactions are selected carefully and that the risk associated with the counterparty is limited and closely monitored.

#### **Risks associated with transactions in warrants, options, futures, swaps and contracts for differences ("CFD")**

Some of the Sub-funds may seek to protect or enhance the returns from the underlying assets by using warrants, options, futures, CFD and swap contracts and enter into forward foreign exchange transactions in currency. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the warrants, options or futures markets and in swap contracts and in currency exchange transactions involves investment risks and transaction costs to which the Sub-funds would not be subject if the Sub-funds did not use these strategies. If the investment manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-fund may leave the Sub-fund in a worse position than if such strategies were not used. Risks inherent to warrants, options, foreign currency, swaps, CFD, futures contracts and options on futures contracts include, but are not limited to: (a) dependence on the investment manager's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time; and (e) the possible inability of a Sub-fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a Sub-fund to sell a portfolio security at a disadvantageous time. Where a Sub-fund enters into swap or CFD transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap or CFD counterparty, such event would affect the assets of the Sub-fund.

#### **Risks associated with investment in smaller companies**

The stock prices of smaller and mid-sized companies can perform differently than larger, more recognised, companies and have the potential to be more volatile. A lower degree of liquidity in their securities, a greater sensitivity to changes in economic conditions and interest rates, and uncertainty over future growth aspects may all contribute to such increased price volatility. Additionally, smaller companies may be unable to generate new funds for growth and development, may lack depth in management, and may be developing products in new and uncertain markets all of which are risks to consider when investing in such companies.

#### **Risks associated with investment in Rule 144A Securities**

Rule 144A Securities are not registered with the Securities and Exchange Commission (SEC). These securities are considered as recently issued transferable securities and are only deemed for investment by Qualified Institutional Buyers (as defined in the Securities Act).

#### **Risk associated with investment in securities of companies principally engaged in the real estate industry**

Investments by the Company in the real estate sectors are exposed to a high level of concentration, to the cyclical nature of real estate values and to any other risks related to general and local economic conditions.

#### **Special risks associated with investments in China**

##### **Chinese RMB currency risk**

China A-Shares and any other Transferable Securities priced in CNY and/or CNH carry a specific currency risk. Special attention is drawn to the fact that the government of the PRC controls and/or influences at least indirectly movements in exchange rates and currency conversions. The exchange rate floats against a basket of foreign currencies, therefore such exchange rate could fluctuate widely against the USD, HKD or other foreign currencies. Sub-funds investing into transferable securities denominated in CNY and/or CNH might calculate its Net Asset Value in another currency, such as USD or EUR. As a result a fluctuation in a value of the CNY and/or CNH might result in a corresponding change of the Net Asset Value in the Sub-fund.

#### **Special risks associated with investments in China relevant especially for the Bond Sub-funds of the Company**

##### **Chinese bonds related risks**

The PRC has implemented strict capital controls and thereby prevents Private Borrowers from borrowing from foreign investors directly. Chinese Debt Securities are therefore commonly issued by Private Borrowers or Public Authorities outside of the PRC but denominated in Chinese RMB, rather than any local or hard currency. The limited availability of RMB outside of the PRC may affect the liquidity and trading price of the RMB traded units. Sub-funds investing a significant part of their Total Assets into Chinese Debt Securities create concentrated exposure in the PRC and may be more volatile than Sub-funds adopting a more diversified strategy. Sub-funds investing into Chinese Debt Securities might be subject to liquidity risk due to potentially less liquid and less active markets.

#### **Special risks associated with investments in China relevant especially for the Equity Sub-funds of the Company**

##### **China A-Shares related restrictions**

Foreign investors are allowed to trade in such China-A Shares (only) via the Qualified Foreign Institutional Investor (QFII) status or the Renminbi Qualified Foreign Institutional Investor (RQFII) license in compliance with the authorisation granted by the Securities Regulatory Commission (CSRC) and State Administration of Foreign Exchange (SAFE) in People's Republic of China. As from the effective date of this Prospectus, neither the Company nor any of its Sub-funds are allowed to invest via the QFII status or the RQFII license. However, since 17 November 2014, foreign investors are able to deal in selected China A-Shares via the Stock Connect programme without having a QFII status or RQFII license.

#### **Risks related to the dealing in China A-Shares via Stock Connect**

Certain Sub-funds may invest and have direct access to certain eligible China A-Shares via Stock Connect. The respective Sub-fund trades selected securities listed on SSE and on SZSE through its broker affiliated to the respective sub-custodian who is a Stock Exchange of Hong Kong ("SEHK") exchange participant ("Stock Connect Shares"). Stock Connect Shares will be held following settlement by brokers or custodians as clearing participants in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities and Clearing Corporation Limited ("HKSCC") as central securities depository in Hong Kong and nominee holder. HKSCC in turn holds Stock Connect Shares of all its participants through a "single nominee omnibus securities account" in its name registered with China Securities Depository and Clearing Corporation Limited ("ChinaClear"), the central securities depository in Mainland China.

**Quota limitations risk:** Stock Connect is subject to quota limitations which may restrict a Sub-fund's ability to deal via Stock Connect on a timely basis. This may impact a Sub-fund's ability to implement its investment strategy effectively. When the aggregate quota balance for Northbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day until the aggregate quota balance returns to the daily quota level. Accepted buy orders will not be affected by the using up of the daily quota. Sell orders will continue to be accepted.

**Beneficial ownership:** The Sub-fund as foreign investor, investing through Stock Connect, and holding the Stock Connect Shares through HKSCC is the beneficial owner of the assets and therefore eligible to exercise its rights through the nominee

only. The Company may not be able to participate in corporate actions affecting Stock Connect Shares due to time constraints or for other operational reasons. Similarly, the Company will not be able to vote in shareholders' meetings except through HKSCC and will not be able to attend shareholders' meetings. While Chinese regulators have affirmed that the ultimate investors hold a beneficial interest in Stock Connect securities, the law surrounding such rights is in its early stages and the mechanisms that beneficial owners may use to enforce their rights are untested and therefore pose uncertain risks. Further, courts in China have limited experience in applying the concept of beneficial ownership and the law surrounding beneficial ownership will continue to evolve as they do so. There is accordingly a risk that as the law is tested and developed, the Company's ability to enforce its ownership rights may be negatively impacted.

Stock Connect Shares are uncertificated and are held by HKSCC for its account holders. The respective Sub-fund's title or interests in, and entitlements to Stock Connect Shares will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. There are uncertainties as to whether the Chinese courts would recognise the ownership interest of the investors, or whether they would allow them standing to take legal action against the Chinese entities in case disputes arise. The relevant Sub-fund, as investor, might be assisted by HKSCC in bringing legal actions to Chinese courts.

A failure or delay by HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of Stock Connect Shares and/or monies in connection with them and the relevant Sub-fund and its investors may suffer losses as a result. Neither the relevant Sub-fund, nor the Company or the Management Company shall be responsible or liable for any such losses.

**Default risk:** Because of the uncertainty that raises the nominee system in China, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, it is not clear whether Stock Connect Shares will be regarded as held for the beneficial ownership of the Sub-funds or as part of the general assets of HKSCC available for distribution to creditors.

ChinaClear, the Mainland China counterpart to HKSCC maintaining a clearing and settlement system, is supervised by the China Securities Regulatory Commission ("CSRC"). Pursuant to the applicable rules of the CCASS, if ChinaClear would default, HKSCC will seek recovery of the outstanding Stock Connect securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute the Stock Connect securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Stock Connect authorities. The relevant Sub-funds may suffer delays in the recovery process or may not be able to fully recover its losses from ChinaClear.

**Non-availability of investor compensation schemes:** Investors should note that any trading under Stock Connect will neither be covered by Hong Kong's Investor Compensation Fund nor by the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes.

**Trading day limitation risk:** Stock Connect will only operate on days when stock exchanges in both Mainland China and Hong Kong, are open for trading and when banks in both markets are open on the corresponding settlement days. This could potentially expose the relevant Sub-funds to the risk of price fluctuations when Stock Connect is not trading.

**Stock recall risk:** A stock may be recalled from the scope of eligible stocks for trading via Stock Connect for various reasons, and in such event the stock can be sold but will be restricted from being bought. This may adversely affect a Sub-fund's ability to meet its investment objective as well as affect the investment strategy of the Sub-fund. Under Stock Connect, the Sub-fund will be allowed to sell China A-Shares but restricted from further buying if: (i) the relevant China A-Share subsequently ceases to be a constituent stock of the relevant indices; (ii) the China A-Share is subsequently under "risk alert"; and/or (iii) the China H-Share corresponding to the China A-Share subsequently ceases to be traded on the SEHK. Price fluctuation limits would be applicable to China A-Shares.

**Trading cost:** China A-Shares trading under the Northbound trading via Stock Connect may cause additional fees or taxes in addition to the existing trading fees and stamp duties applicable for China A-Shares.

**Currency risk:** Investments by the relevant Sub-funds in Stock Connect Shares will be traded and settled in RMB. If the relevant Sub-fund or a Share Class of a Sub-fund is denominated in another currency, the Sub-fund/ Share Class will be exposed to currency risk.

**Regulatory risk:** Any changes in laws, regulations and policies of the China A-Shares market or rules in relation to Stock Connect may affect trading capabilities and/or share prices. Foreign shareholding restrictions and disclosure requirements might be applicable. Additional notifications, reports and other requirements might be required in connection with interests of the Sub-fund(s) in investments in China A-Shares via Stock Connect. The regulations governing Stock Connect are untested so far and there is no certainty as to how they will be applied.

**Suspension Risk:** Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effective, the relevant Sub-fund's ability to access the PRC market will be adversely affected.

**Operational Risk:** Stock Connect relies on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Sub-fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

**Eligibility of Stocks:** Only certain China A-Shares are eligible to be accessed through Stock Connect. Such securities may lose their eligibility at any time. When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Sub-funds, for example, if the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

**Pre-Trade Requirements and Special Segregated Accounts:** PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a Sub-fund intends to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Sub-fund may not be able to dispose of its holdings of China A-Shares in a timely manner.

Alternatively, if the relevant Sub-fund maintains its Stock Connect shares with a custodian who is a custodian participant or general clearing participant participating in CCASS, the Sub-fund may request such custodian to open a special segregated account ("SPSA") in CCASS to maintain its holdings in the Stock Connect shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating the Stock Connect system to verify the holdings of an investor such as a Sub-fund. Provided that there is sufficient holding in the SPSA when a broker inputs the relevant Sub-fund's sell order, the Sub-fund will only need to transfer Stock Connect shares from its SPSA to its broker's account after

execution and not before placing the sell order and the Sub-fund will not be subject to the risk of being unable to dispose of its holdings of China A-Shares in a timely manner due to failure to transfer of China A-Shares to its brokers in a timely manner. In addition, these pre-trade requirements may, as a practical matter, limit the number of brokers that the Sub-funds may use to execute trades. While the Sub-funds may use SPSA in lieu of the pre-trade check, many market participants have yet to fully implement IT systems necessary to complete trades involving securities in such accounts in a timely manner. Market practice with respect to SPSA is continuing to evolve.

#### **Risks associated with the SME Board and/or ChiNext**

Certain Sub-funds may invest in the SME Board and/or the ChiNext via the Shenzhen-Hong Kong Stock Connect. Investments in the SME Board and/or ChiNext may result in significant losses for the Sub-fund and its investors. The following additional risks apply:

**Higher fluctuation on stock prices:** Listed companies on the SME Board and/or ChiNext are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the Shenzhen Stock Exchange.

**Over-valuation risk:** Stocks listed on the SME Board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

**Differences in regulations:** The rules and regulations regarding companies listed on ChiNext are less stringent in terms of profitability and share capital than those in the main board and SME Board.

**Delisting risk:** It may be more common and faster for companies listed on the SME Board and/or ChiNext to delist. This may have an adverse impact on the Sub-fund if the companies that it invests in are delisted.

#### **Risks associated with investments via CIBM**

The main products traded in CIBM include government bonds, corporate bonds and People's Bank of China's bills.

The CIBM is in a stage of development and internationalisation. Market volatility and potential lack of liquidity due to low trading volume may result in prices of certain debt securities traded on the CIBM to fluctuate significantly. Sub-funds investing in the CIBM market are therefore in particular subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds.

To the extent that a Sub-fund transacts in the CIBM market in on-shore China, the Sub-fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

#### **Risks associated with Currency Hedged Share Classes**

While the Company may attempt to reduce the effect of exchange rate fluctuations between the Base Currency of the Sub-fund and denominative currency of the Currency Hedged Share Class there can be no guarantee that it will be successful in doing so. The currency hedging on the Hedged Share Classes has no correlation with the currency exposure of the Sub-fund's portfolio holdings. Investors in the Currency Hedged Share Classes may have exposure to currencies other than the denominative currency of their Currency Hedged Share Class. All gains/losses or expenses arising from the currency hedge transactions will be borne by the shareholders in the Currency Hedged Share Class(es).

#### **Risks associated with Duration Hedged Share Classes**

It should be noted that Duration Hedging strategies employed by the Company will not completely eliminate the exposure of the hedged Share Classes to movements in interest rates. While the Company may attempt to hedge Share Classes against interest rate risk, there can be no guarantee that it will be successful in doing so.

The aim of the hedging strategy implemented is to reduce the exposure of the Share Class to changes of interest rates. Normally, the impact of interest rate changes tends to be reduced compared to the impact of such interest rate changes on any other Share Class. When interest rates increase, the market value of the hedging strategy tends to increase, by this limiting the impact of declining market values of fixed-income securities. However, in case of declining interest rates, whilst the market value of the fixed-income securities will increase, the market value of the hedging strategy tends to decrease, by this limiting the impact of the interest rate decline on the Share Class' Net Asset Value.

Should the asset under management of a Duration Hedged Share Class fall under a certain minimum level, the Duration Hedging might be severely impaired.

Duration Hedging will leave the credit risk unchanged. If the aggregated requests for redemption and/or conversion in a Duration Hedged Share Class on any Valuation Day exceed a certain threshold/proportion in/of the Share Class' assets under management, the Company reserves the right to postpone the redemption and/or conversion order to the next Valuation Day. This process is applied to secure that transactions related to the adjustment of the duration hedge do not impact the remaining shareholders of the relevant Duration Hedged Share Class. The threshold/proportion in/of the Share Class, to trigger such postponement of a redemption and/or conversion order shall be determined by the Board of Directors of the Company from time to time.

#### **Risks associated with all Share Classes**

Although there is an accounting attribution of assets and liabilities to each Share Class, there is no legal segregation with respect to Share Classes of the same Sub-fund. Therefore, in case the liability of one Share Class would exceed its assets, creditors of such Share Class could seek to have recourse to the assets attributable to the other Share Classes of the same Sub-fund. Transactions relating to one particular Share Class could therefore affect the other Share Classes of that same Sub-fund.

#### **Counterparty risks**

With OTC Derivatives there is a risk that a counterparty will not be able to fulfil its obligations and/or that a contract will be cancelled, i.e. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC Derivative. In order to determine the counterparty risk relating to OTC Derivatives, the Company will normally apply the method described in CSSF Circular 11/512, as may be amended from time to time.

#### **Liquidity Risk**

The Company's ability to trade in and out of investments can be limited as the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. This is off greater probability in emerging markets, small capitalisation securities, and some OTC Derivatives.

#### **Risk Management Function**

The Management Company employs a permanent Risk Management function, which monitors the risk management procedures, oversees the Company's compliance with the Investment Restrictions, advises on the Risk Profile of each Sub-fund and provides reports to the Board of Directors and Conducting Officers. The function also monitors the risk limits and OTC counterparty limits.

#### **Synthetic Risk and Reward Indicator**

Each Sub-fund or Share Class will have, with its KIID, a risk rating (Synthetic Risk and Reward Indicator) between 1 (representing a lower risk) and 7 (representing a higher risk). This will be calculated weekly.



### **Risks associated with securities lending, repurchase agreements and buy-sell back transactions.**

Securities lending transactions and repurchase agreement transactions involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved.

The principal risk when engaging in securities lending transactions and repurchase agreement transactions is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Sub-fund as required by the terms of the transaction. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Sub-fund. However, there are certain risks associated with collateral management, including difficulties in selling collateral and/or losses incurred upon realization of collateral, as described below.

Securities lending transactions and repurchase agreement transactions also entail liquidity risks due, inter alia, to locking cash or securities positions in transactions of excessive size or duration relative to the liquidity profile of the Sub-fund or delays in recovering cash or securities paid to the counterparty. These circumstances may delay or restrict the ability of the Company to meet redemption requests. The Sub-fund may also incur operational risks such as, inter alia, non-settlement or delay in settlement of instructions, failure or delays in satisfying delivery obligations under sales of securities, and legal risks related to the documentation used in respect of such transactions.

The Company may enter into securities lending transactions and repurchase agreement transactions with other companies in the same group of companies as the Investment Manager. Affiliated counterparties, if any, will perform their obligations under

any securities lending transactions and repurchase agreement transactions concluded in respect of a Sub-fund in a commercially reasonable manner. In addition, the Investment Manager will select counterparties and enter into transactions in accordance with best execution principles. However, investors should be aware that the Investment Manager may face conflicts between its role and its own interests or that of affiliated counterparties.

### **Collateral management risks**

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions and repurchase agreement transactions is generally mitigated by the transfer or pledge of collateral in favour of the Sub-fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-fund may not be collateralised. If a counterparty defaults, the Sub-fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the Company's ability to meet redemption requests in respect of this Sub-fund.

A Sub-fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-fund to the counterparty as required by the terms of the transaction. The Sub-fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-fund.

## **10. Management Company**

The Board of Directors of the Company has appointed Nordea Investment Funds S.A. as management company (the "**Management Company**") registered with the Luxembourg Supervisory Authority under Chapter 15 of the Law of 17 December 2010 under a Management Company Agreement concluded for an indefinite period of time which may be terminated by either party at three (3) months' notice.

The Management Company has been incorporated under the name Frontrunner Management Company S.A. on 12 September 1989. Its articles were amended from time to time and the last amendments thereto have been adopted by an extraordinary shareholders' meeting held on 1 May 2017. The minutes of such extraordinary shareholders' meeting were published in the Recueil Electronique des Sociétés et Associations (RESA) on 3 May 2017. It is registered with the Trade and Companies Register of Luxembourg under reference B-31619. The Management Company is established for an undetermined period of time. It is a direct subsidiary of Nordea Asset Management Holding AB, M540, 105 71 Stockholm, Sweden and as of 10 July 2017 its fully paid-up share capital amounted to EUR 1,908,336.

The Management Company's main objects are: (i) the management, the administration and marketing in accordance with Article 101(2) and Appendix II of the Law of 17 December 2010 of undertakings for collective investment in Transferable Securities (UCITs) authorised by the UCITS Directive, as well as of other undertakings for collective investment which are not covered by the said Directive (UCIs) and for which the Management Company is subject to prudential supervision but the shares of which cannot be marketed in other member states of the European Union under that Directive; and (ii) the management, administration and marketing of Luxembourg and foreign alternative investment funds (AIFs) within the meaning of Directive 2011/61/EU in accordance with Article 5(2) and Annex I of the Law of 12 July 2013.

The Management Company shall be in charge of the management, the administration and the distribution of the Company, other funds and also to the subsidiaries of UCITS, UCIs and AIFs to which it provides services, including domiciliation

and administration support services. The Management Company may take participations in companies having a same or similar corporate object in the Grand-Duchy of Luxembourg and abroad and may carry out any financial operations which it may deem useful in the accomplishment or the development of its purpose remaining within the limits of Chapter 15 of the 17 December 2010 Law and of Chapter 2 of the 2013 Law.

The Management Company shall be responsible for the investment management of all Sub-funds. The Management Company may at its own expense and under its control and supervision appoint one or more investment advisors to provide investment information, recommendations and research concerning prospective and existing investments. Furthermore, the Management Company may at its own expense and under its control and supervision delegate its investment management functions in relation to the assets of the Company within the limits prescribed by article 110 of the Law of 17 December 2010.

The Management Company in its capacity as the Principal Distributor (the "**Principal Distributor**") shall be responsible for the distribution and marketing in jurisdictions in which the Company obtains a marketing permission. The Management Company is empowered to appoint at its own expense and under its control and supervision local distributors and/or sales agents.

The Management Company in its capacity as registrar, transfer and administrative agent (the "**Administrative Agent**") shall be responsible for the general administrative functions required by Luxembourg law such as the calculation of the Net Asset Value and the keeping of the register of the Shareholders of the Company, and for processing the issue, redemption and conversion of Shares and for the maintenance of accounting records.

The Management Company is entitled to delegate at its own expense and under its control and supervision the functions of central administration for the Company.

Each Sub-fund pays a Management Fee and an Administration Fee as set out in Chapter 16 of this Prospectus.

### Conflicts of interests:

The Management Company maintains and applies, in accordance with the Law of 17 December 2010, effective and appropriate organizational and administrative arrangements enabling to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of each Sub-fund and its Shareholders.

The Management Company, any of its delegates or counterparties such as for example investment managers, investment sub-managers, investment advisors, service agents, paying agents, distributors and other agents which may be appointed from time to time (the "delegates", the "parties") may from time to time act in their relevant capacities in relation to or be otherwise involved with other investment funds (UCITS or AIFs) or other clients. It is therefore possible that any of them may, in due course of their business, have potential conflicts of interests with the Management Company, the Company, a Sub-fund or any of the Shareholders. Furthermore, when the Management Company and the Investment Manager are both part of the group of Nordea Bank AB (publ) there may therefore be conflicts of interests between their various activities and their duties and obligations to the Company and its Shareholders.

Each of the parties will at all times have regard in such event to its obligations under laws and agreements to act in the best interest of the Company and the Shareholders, when undertaking any dealing or investments with other investment funds or other clients, where conflicts of interest may arise. In such events, each will endeavour to resolve such conflicts fairly.

Where the arrangements made by the Management Company to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to some Shareholders of a Sub-fund will be prevented, the general nature or sources of conflicts of interest to these Shareholders shall be disclosed in this Prospectus or in any other adequate way disclosed to the Shareholders and appropriate policies and procedures shall be developed and implemented.

Investors may obtain, free of charge, the Conflicts of Interest Policy at the registered office of the Management Company.

### Remuneration Policy

The Management Company has implemented a Remuneration Policy that is designed as not to encourage excessive risk taking.

In that context, it integrates in its performance management system risk criteria specific to the activities of the business units concerned. The Management Company has implemented a series of safeguards that refrain to staff taking undue risk compared to the activity profile. The Remuneration Policy supports the business strategy, company values and a long-term interest of the Management Company and the group of Nordea Bank AB (publ) to which it belongs. The governance structure of the Remuneration Policy aims at preventing internal conflicts of interest.

Individual staff assessments are based on a weighting of financial and non-financial targets linked to the specific job scope and role. As such, the principle of individual performance assessment is based on an assessment of objectives reached as well as an appreciation of the employee's long-term value creation. Furthermore, the performance reflects an assessment of business and interpersonal skills and is linked to the achievement of the individual.

The criteria applied to establish fixed remuneration are job complexity, level of responsibility, performance and local market conditions. All staff members entitled to variable remuneration (such as bonus payments) are subject to an evaluation including both quantitative and qualitative criteria as part of an annual performance assessment. Variable amounts may be paid out over a period of time in line with applicable laws and regulations.

The overall remuneration pool is calculated as a percentage of the Management Company's result. Consequently, in the event of negative performance results, variable remuneration pools may be adjusted downwards at the discretion of the Board of Directors.

The Board of Directors decides on fixed and variable salary, as well as pension and other employment terms and conditions.

A summary of the Remuneration Policy, in its latest applicable version, is available on [www.nordea.lu](http://www.nordea.lu) under the "Download Centre". The policy includes a description of how remuneration and benefits are calculated, the details of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, in case such committee has been established. Investors may obtain, free of charge, a copy of the current Remuneration Policy at the registered office of the Management Company.

## 11. Investment Managers

Pursuant to article 110 of the Law of 17 December 2010, the Management Company has delegated its investment management functions to the following entities (each an "Investment Manager") for the respective, specified Sub-funds:

### Nordea Investment Management AB, including its branches

Mäster Samuelsgatan 21  
Stockholm, M540 10571  
Sweden

- Nordea 1 – African Equity Fund
- Nordea 1 – Alpha 5 MA Fund
- Nordea 1 – Alpha 10 MA Fund
- Nordea 1 – Alpha 15 MA Fund
- Nordea 1 – Asian Focus Equity Fund
- Nordea 1 – Balanced Income Fund
- Nordea 1 – Chinese Equity Fund
- Nordea 1 – Danish Bond Fund
- Nordea 1 – Danish Kroner Reserve
- Nordea 1 – Danish Mortgage Bond Fund
- Nordea 1 – Emerging Consumer Fund
- Nordea 1 – Emerging Market Bond Fund
- Nordea 1 – Emerging Market Bond Opportunities Fund
- Nordea 1 – Emerging Market Corporate Bond Fund
- Nordea 1 – Emerging Market Hard Currency Bond Fund
- Nordea 1 – Emerging Market Local Debt Fund
- Nordea 1 – Emerging Market Local Debt Fund Plus
- Nordea 1 – Emerging Markets Debt Total Return Fund
- Nordea 1 – Emerging Markets Focus Equity Fund
- Nordea 1 – Emerging Markets Small Cap Fund

- Nordea 1 – Emerging Stars Equity Fund
- Nordea 1 – European Corporate Bond Fund
- Nordea 1 – European Corporate Bond Fund Plus
- Nordea 1 – European Covered Bond Fund
- Nordea 1 – European Cross Credit Fund
- Nordea 1 – European Diversified Corporate Bond Fund
- Nordea 1 – European Financial Debt Fund
- Nordea 1 – European Focus Equity Fund
- Nordea 1 – European Focus Equity Long/Short Fund
- Nordea 1 – European High Yield Bond Fund
- Nordea 1 – European High Yield Bond Fund II
- Nordea 1 – European Small and Mid Cap Equity Fund
- Nordea 1 – European Stars Equity Fund
- Nordea 1 – European Value Fund
- Nordea 1 – Flexible Fixed Income Fund
- Nordea 1 – GBP Diversified Return Fund
- Nordea 1 – Global Bond Fund
- Nordea 1 – Global Climate and Environment Fund
- Nordea 1 – Global Dividend Fund
- Nordea 1 – Global High Yield Bond Fund
- Nordea 1 – Global Ideas Equity Fund
- Nordea 1 – Global Long Short Equity Fund – USD Hedged
- Nordea 1 – Global Opportunity Fund
- Nordea 1 – Global Portfolio Fund
- Nordea 1 – Global Real Estate Fund
- Nordea 1 – Global Small Cap Fund
- Nordea 1 – Global Stable Equity Fund
- Nordea 1 – Global Stable Equity Fund – Euro Hedged
- Nordea 1 – Global Stars Equity Fund

- Nordea 1 – Indian Equity Fund
- Nordea 1 – International High Yield Bond Fund – USD Hedged
- Nordea 1 – Latin American Corporate Bond Fund
- Nordea 1 – Latin American Equity Fund
- Nordea 1 – Low Duration European Covered Bond Fund
- Nordea 1 – Low Duration European High Yield Bond Fund
- Nordea 1 – Low Duration US High Yield Bond Fund
- Nordea 1 – Nordic Equity Fund
- Nordea 1 – Nordic Equity Small Cap Fund
- Nordea 1 – Nordic Ideas Equity Fund
- Nordea 1 – Nordic Stars Equity Fund
- Nordea 1 – North American All Cap Fund
- Nordea 1 – North American High Yield Bond Fund
- Nordea 1 – North American Small Cap Fund
- Nordea 1 – North American Value Fund
- Nordea 1 – Norwegian Bond Fund
- Nordea 1 – Norwegian Equity Fund
- Nordea 1 – Norwegian Kroner Reserve
- Nordea 1 – Renminbi High Yield Bond Fund
- Nordea 1 – Stable Emerging Markets Equity Fund
- Nordea 1 – Stable Equity Long/Short Fund – Euro Hedged
- Nordea 1 – Stable Return Fund
- Nordea 1 – Swedish Bond Fund
- Nordea 1 – Swedish Kroner Reserve
- Nordea 1 – Unconstrained Bond Fund – USD Hedged
- Nordea 1 – US Bond Opportunities Fund
- Nordea 1 – US Corporate Bond Fund
- Nordea 1 – US High Yield Bond Fund
- Nordea 1 – US Total Return Bond Fund

#### **Metzler Asset Management GmbH\***

Untermainanlage 1  
60329 Frankfurt am Main  
Germany

- Nordea 1 – Heracles Long/Short MI Fund

In the context of the respective, specified Sub-fund(s) for which each Investment Manager has been appointed, each Investment Manager shall be responsible for determining which investment should be purchased, sold or exchanged and what portion of the assets of the respective, above-mentioned Sub-funds should be held in various securities, subject to the respective Sub-fund's investment objectives and policy and within the limits imposed by the investment restrictions of the Company as set out in this Prospectus and in the Articles of the Company.

The Management Company may, at any time, give specific instructions regarding investment decisions to the Investment Manager who shall, upon receiving such instructions, act accordingly.

In consideration for the services rendered, the Investment Manager is paid a fee at commercial rate and payable by the Management Company directly out of its investment management fee received from the Company.

Each Investment Manager may engage, at its own expense, the services of any company or person to perform any or all of its duties, subject to the prior approval of the Luxembourg Supervisory Authority (the "Commission de Surveillance du Secteur Financier") and disclosure of such company or person in the present Prospectus. Furthermore, each Investment Manager may engage, at its own expense, the services of an investment advisor.

- \* In addition to the fee received from the Management Company (directly from the investment management fee received from the Company), this Investment Manager is entitled to receive a performance-related fee as described in the specifications of the Sub-fund "Nordea 1 – Heracles Long/Short MI Fund".

## **12. Investment Sub-Managers**

The Investment Manager Nordea Investment Management AB, including its branches has appointed the following entities (each an "Investment Sub-Manager") as investment sub-manager to the respective, specified Sub-funds:

#### **Aegon USA Investment Management, LLC**

4333 Edgewood Road NE, Cedar Rapids  
Iowa, 52499

United States of America

- Nordea 1 – International High Yield Bond Fund – USD Hedged
- Nordea 1 – North American High Yield Bond Fund

#### **BICE Inversiones Administradora General de Fondos S.A.**

Teatinos 280, 5<sup>th</sup> Floor,  
Santiago, Región Metropolitana 8340434  
Chile

- Nordea 1 – Latin American Corporate Bond Fund

#### **Capital Four Management Fondsmæglerselskab A/S**

Per Henrik Lings Allé 2, 8<sup>th</sup> Øster Allé 56  
DK-2100 Copenhagen

Denmark

- Nordea 1 – European High Yield Bond Fund
- Nordea 1 – Low Duration European High Yield Bond Fund

#### **Clarivest Asset Management LLC**

3611 Valley Centre Drive, Suite 100  
San Diego, CA 92130

United States of America

- Nordea 1 – North American Small Cap Fund
- Nordea 1 – Global Long Short Equity Fund – USD Hedged

#### **Cohen & Steers Capital Management, Inc.**

280 Park Avenue  
New York, NY 10017

United States of America

- Nordea 1 – Global Real Estate Fund

#### **Copper Rock Capital Partners, LLC**

200 Clarendon Street, 51<sup>st</sup> Floor  
Boston, MA 02116

United States of America

- Nordea 1 – Emerging Markets Small Cap Fund

#### **DoubleLine Capital LP**

333 S. Grand Ave., 18<sup>th</sup> Floor  
Los Angeles, CA 90071

United States of America

- Nordea 1 – US Bond Opportunities Fund
- Nordea 1 – US Total Return Bond Fund

#### **Eagle Asset Management, Inc.**

880 Carillon Parkway  
St. Petersburg, FL 33716

United States of America

- Nordea 1 – North American All Cap Fund

#### **Income Partners Asset Management (HK) Limited**

Suite 3311-3313  
Two International Finance Centre

8 Finance Street, Central

Hong Kong SAR

- Nordea 1 – Renminbi High Yield Bond Fund

#### **Itaú USA Asset Management Inc.**

767 Fifth Avenue

50<sup>th</sup> floor,

New York, New York, 10153

United States of America

- Nordea 1 – Latin American Equity Fund

#### **Loomis, Sayles & Company, LP**

C/O Corporation Service Company  
2711 Centerville Road, Suite 400

Wilmington, DE 19808

United States of America

- Nordea 1 – Global Opportunity Fund

**MacKay Shields LLC**

1345 Avenue of the Americas

New York, NY 10105

United States of America

- Nordea 1 – Global High Yield Bond Fund
- Nordea 1 – Low Duration US High Yield Bond Fund
- Nordea 1 – Unconstrained Bond Fund – USD Hedged
- Nordea 1 – US Corporate Bond Fund
- Nordea 1 – US High Yield Bond Fund

**Mensarius AG**

Dufourstrasse 5

8702 Zollikon/ Zürich

Switzerland

- Nordea 1 – European Value Fund

**PGIM Limited**

Grand Buildings, 1-3 Strand

Trafalgar Square

London WC2N 5HR

United Kingdom

- Nordea 1 – Emerging Market Bond Opportunities Fund
- Nordea 1 – Emerging Market Bond Fund.

**STANLIB Asset Management Limited**

17 Melrose Boulevard

Melrose Arch

Johannesburg 2196

South Africa

- Nordea 1 – African Equity Fund

**T. Rowe Price International Ltd**

60 Queen Victoria Street

London EC4N 4TZ

United Kingdom

- Nordea 1 – Emerging Market Corporate Bond Fund

**The London Company of Virginia, LLC**

1800 Bayberry Court

Suite 301

Richmond, VA 23226

United States of America

- Nordea 1 – North American Value Fund

**Thompson, Siegel & Walmsley LLC**

6806 Paragon Place

Suite 300

Richmond, VA 23230

United States of America

- Nordea 1 – Global Small Cap Fund

In the context of the respective, specified Sub-fund(s) for which each Investment Sub-Manager has been appointed, each Investment Sub-Manager shall be responsible for determining which investment should be purchased, sold or exchanged and what portion of the assets of the respective, above-mentioned Sub-funds should be held in various securities, subject to the respective Sub-fund's investment objectives and policy and within the limits imposed by the investment restrictions of the Company as set out in this Prospectus and in the Articles of the Company.

Each Investment Sub-Manager may engage, at its own expense, the services of an investment advisor.

In consideration for the services rendered, the Investment Sub-Manager is paid a fee at commercial rate and payable by the Investment Manager directly out of its fee received from the Management Company.

## 13. Investment Advisors and Sub-Advisors

The Investment Manager Nordea Investment Management AB, including its branches has appointed the following entity as investment sub-advisor to the respective, specified Sub-fund:

**ICICI Prudential Asset Management Company Ltd.**

12<sup>th</sup> Floor, Narain Manzil

Barakhamba Road

New Delhi – 110 001

India

- Nordea 1 – Indian Equity Fund

In the context of the respective, specified Sub-fund(s) for which each investment advisor has been appointed, each investment advisor shall provide the Investment Manager with investment information, recommendations and research concerning prospective and existing investments for the respective, above-mentioned Sub-fund(s).

In consideration for the services rendered, the investment sub-advisor is paid a fee at a commercial rate and payable by the Investment Manager directly out of its fee received from the Management Company.

## 14. Depositary

The Board of Directors of the Company has appointed J.P. Morgan Bank Luxembourg S.A. as depositary (the “**Depositary**”) in relation to the Company's assets under a depositary and custodian agreement and as amended from time to time (the “Depositary and Custodian Agreement”).

The Depositary has the legal form of a Société Anonyme incorporated under the laws of the Grand Duchy of Luxembourg. Its registered office is in Luxembourg.

The Depositary shall perform all the duties and obligations of a depositary under the UCITS Directive and the Luxembourg implementing laws and regulations with respect to each Sub-fund.

The Depositary and Custodian Agreement is concluded for an indefinite period of time and may be terminated by the Company with three months' notice. Before maturity of said notice period, the Company shall indicate the name of a new depositary which fulfils the requirements of the UCITS Directive and the Luxembourg implementing laws and regulations and to which the assets shall be transferred and which shall take over its

duties as the Company's depositary from the Depositary. Until the replacement is appointed, the Depositary shall continue to perform the services under the Depositary and Custodian Agreement and as required by a custodian or depositary pursuant to applicable law.

The Depositary will be responsible for the safekeeping of the assets of the Company. Safekeeping includes on one hand custody of assets that can be held in custody and on the other ownership verification and record keeping of other assets. In addition, the Depositary will be responsible for cash flow monitoring and oversight in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations. In carrying out its role as depositary, the Depositary shall act independently from the Company and the Management Company and solely in the interest of the UCITS and the Shareholders.

In accordance with the provisions of the Depositary Agreement and the UCITS Directive and the Luxembourg implementing laws and regulations, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part of all

of its safe-keeping duties to one or more third party delegates, including sub-custodians, appointed by the Depositary from time to time. Such delegated duties may only include custody and ownership verification in accordance with the UCITS Directive and the Luxembourg implementing laws and regulations. When selecting and appointing a delegate, the Depositary shall exercise all due skill, care and diligence as required by the UCITS Directive and the Luxembourg implementing laws and regulations to ensure that it entrusts the Company's assets only to a delegate who may provide an adequate standard of protection. However, when the law of a third country requires that certain financial instruments are held in custody by a local entity and no local entities satisfy the delegation requirements, the depositary may still delegate its functions to such a local entity only to the extent required by the law of that third country, only for as long as there are no local entities that satisfy the delegation requirements, and only where the depositary is instructed to delegate the custody of such financial instruments to such a local entity. In addition, the investors shall be informed, prior to their investment, of the fact that such a delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation. Such information will be made available to investors on the web-site [www.nordea.lu](http://www.nordea.lu). The Depositary's liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping.

Collateral posted in favour of a Sub-fund under a title transfer arrangement should be held by the Depositary or one of its correspondents or sub-custodians. Collateral posted in favour of a Sub-fund under a security interest arrangement (e.g., a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

As part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JPMorgan Chase Group, from time to time conflicts may arise between the Depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or

where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds e.g. foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws.

Shareholders should take note that the Depositary has delegated custody of the Company's assets held in Sweden to Nordea Bank AB (publ), assets held in Finland to Nordea Bank AB (publ), Finnish Branch, assets held in Norway to Nordea Bank AB (publ), filial i Norge and assets held in Denmark to Nordea Danmark, filial af Nordea Bank AB (publ), Sverige. Nordea Bank AB (publ), Nordea Bank AB (publ), Finnish Branch, Nordea Bank AB (publ), filial i Norge and Nordea Danmark, filial af Nordea Bank AB (publ), Sverige are part of the same group as the Management Company, and there may therefore be conflicts of interests between their various activities and their duties and obligations to the Company and its Shareholders. For information on how conflicts of interests are managed, please refer to section 10, "Management Company".

The list of delegates and sub-delegates is available at [www.nordea.lu](http://www.nordea.lu) under the "Download Centre".

Up-to-date information regarding points 2.1 and 2.2 of the Annex 1, Schedule A of the UCITS Directive will be made available to investors on request, namely information regarding the identity of the depositary, a description of its duties and of conflicts of interests that may arise, a description of any safekeeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflict of interest that may arise from such as delegation.

Each Sub-fund pays a Depositary Fee as set out in Chapter 16 of this Prospectus.

The Depositary will have no discretion in the decision-making process relating to the Company's investments. The Depositary is a service provider to the Company and is not responsible for the preparation of this document and therefore accepts no responsibility for the accuracy of any information contained in this document.

## 15. Distributors and Nominee(s)

### The Principal Distributor

The Principal Distributor of the Company is Nordea Investment Funds S.A., 562, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.

### Distributor in Sweden, Finland and Norway

The Principal Distributor has appointed Nordea Funds Ltd. as distributor in Finland, Nordea Funds Ltd, Swedish Branch as distributor in Sweden and Nordea Funds Ltd, Norwegian Branch as distributor in Norway.

The distributor has been appointed under an agreement which is for an indefinite period of time and may be terminated by either party at three months' notice.

In consideration for its services the distributor is entitled to receive a portion of the Subscription Fee, Redemption Fee and Conversion Fee when levied on transactions with Shares. In addition hereto the distributor is paid a fee at commercial rates and payable by the Principal Distributor directly out of its fees received from the Company.

### Nominee for Sweden

The Board of Directors has further appointed Nordea Bank AB (publ) as nominee in Sweden.

The nominee will provide nominee services for the Shares distributed subject to the terms and conditions of a nominee agreement. Pursuant to this nominee agreement, the nominee and

not the Investor(s) having subscribed for Shares shall be entered in the register of Shareholders. The terms and conditions of the nominee agreement provide - inter alia - that the Investor(s) having subscribed for Shares at all times shall be entitled to require the transfer of legal title to the Shares, whereupon the Investor(s) shall be entered in the register of Shareholders.

### Distribution in Italy

The Shares of the Sub-funds of the Company may be distributed in Italy, in accordance with Italian laws and customs, through savings plans via a Paying Agent in Italy (as per Chapter 26 "Representatives & Paying Agents outside Luxembourg" of this Prospectus).

Non-Institutional Investors resident in Italy shall have the possibility to grant a mandate to a Paying Agent in Italy (as per Chapter 26 "Representatives & Paying Agents outside Luxembourg" of this Prospectus) to

- i) submit the Subscription, Conversion and Redemption requests, grouped by Sub-fund and distributor, to the Company;
- ii) ask for registration of Shares, in its own name on behalf of a third party, in the Shareholder register of the Company;
- iii) perform all services relating to the exercise of the rights of Shareholders.

For further details on such mandates, non-Institutional Investors resident in Italy are invited to read the application form available at local level.

# 16. Fees and Expenses

## 16.1 Fees and Expenses borne by the Investors/ Shareholders

### Subscription Fee

A Subscription Fee may be charged to Investors upon Subscription for Shares. Such Subscription Fee will be paid to the Principal Distributor or to the respective distributor or sales agent, unless the Board of Directors in its sole discretion decides that the Subscription Fee in certain events (e.g. a Soft Closure of a specific Sub-fund) shall be payable to the Sub-fund itself. Such Subscription Fee is calculated as a percentage of the Net Investment Amount and depends on the Share Class and the Sub-fund into which the Subscription is made:

Share Classes	Sub-fund's Category*	Subscription Fee (as a % of the Net Investment Amount)
Private Shares D, I, Z Shares	Equity Sub-funds	Up to 5%
	Balanced Sub-funds	Up to 5%
	Bond Sub-funds	Up to 3%
	Absolute Return Sub-funds	Up to 5% (except Heracles Long/ Short MI Fund where the Subscription Fee is up to 3.5%)
	Reserve Sub-funds	Up to 1%
X and Y-Shares	All Sub-funds	Nil

\* The list of Sub-funds entering in each of the above categories is defined in page 4 of this Prospectus.

Example showing the Net Asset Value per Share and the payment amount:

Net Assets	EUR 50,000,000.00
Number of Shares issued	500,000.00
Net Asset Value per Share	EUR 100.00
Number of Shares subscribed	200.00
Net Investment Amount	EUR 20,000.00
5% Subscription Fee	EUR 1,000.00
Gross Investment Amount	EUR 21,000.00

The Subscription payment shall include the Net Investment Amount increased by the applicable Subscription Fee and without deduction of any transfer charges.

### Redemption Fee

A Redemption Fee may be charged to Shareholders redeeming Shares. The Redemption Fee is payable to the Principal Distributor, the respective distributor or sales agent. Such Redemption Fee is calculated as a percentage of the Gross Redemption Amount and depends on the Share Classes where the Redemption is made:

Shares Classes	Sub-fund's Category	Redemption Fee (as a % of the Gross Redemption Amount)
Private Shares	All Sub-funds	Up to 1%
D, I, Z	All Sub-funds	Up to 1%
X and Y-Shares	All Sub-funds	Nil

Example showing the Net Asset Value per Share and the Redemption payment amount:

Net Assets	EUR 50,000,000.00
Number of Shares issued	500,000.00
Net Asset Value per Share	EUR 100.00
Number of shares to redeem	200.00
Gross Redemption Amount	EUR 20,000.00
1% Redemption Fee (if any)	EUR 200.00
Net Redemption Amount	EUR 19,800.00

### Conversion Fee

A Conversion Fee may be charged to Shareholders converting Shares. The Conversion Fee is payable to the Principal Distributor, the respective distributor or sales agent. Such Conversion Fee is calculated as a percentage of the Gross Conversion Amount and depends on the Share Classes at the start of which the Conversion is made:

Share Classes	Sub-fund's Category	Conversion Fee (as a % of the Gross Conversion Amount)
Private Shares	All Sub-funds	Up to 1%
D, I, Z	All Sub-funds	Up to 1%
X and Y-Shares	All Sub-funds	Nil

Should the Subscription Fee of the Sub-fund into which the Shareholders subscribe be higher than the Subscription Fee of the Sub-fund they redeem, Shareholders may be requested to bear the difference in the Subscription Fee between the Sub-fund they redeem and the Sub-fund to which they subscribe, calculated on the Gross Conversion Amount net of any fees and taxes applicable. Conversion costs, if any, shall be borne by the Shareholder asking for the Conversion of his Shares.

### Fees charged by local intermediaries

Local intermediaries may claim directly from the Investor an additional fee on their own behalf in connection with Subscription, Conversion and/or Redemption of Shares in their market. Such fees are independent of the Company, the Depositary and the Management Company.

### Tax

Concerning taxes, please refer to Chapter 17 (Taxation of the Company and its Shareholders) of this Prospectus.

### Performance Fee in case of X-Share Classes

See section "Performance Fee" in Chapter 17.2.

## 16.2 Fees and Expenses borne by the Company

The Company shall bear all expenses connected with its establishment as well as the fees due to the Management Company, the Depositary and the Principal Distributor as well as to any service provider appointed by the Board of Directors from time to time.

The liabilities of each Sub-fund shall be segregated on a Sub-fund by Sub-fund basis with third party creditors having recourse only to the assets of the Sub-fund concerned.

Any costs incurred by the Company, which are not attributable to a specific Sub-fund, will be charged to all Sub-funds in proportion to their net assets. Each Sub-fund will be charged with all costs and expenses directly attributable to it.

Moreover, the Company shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Company;
- third party standard brokerage fees, and bank charges such as transaction fees originating from the Company's business transactions;
- all fees due to the Management Company, the Depositary, the Principal Distributor, the Auditor and the Legal Adviser to the Company;
- all expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing, the distribution of the Annual and Semi-Annual Reports as well as any Prospectuses;
- all expenses related to the maintenance, production, printing, translation, distribution, despatch, storage and archiving of the KIIDs;
- all expenses involved in registering and maintaining the registration of the Company with all governmental agencies and stock exchanges;
- all expenses incurred in connection with its operation and its management.

Advertising costs and expenses other than those specified above, relating directly to the offer or distribution of Shares will be charged to the Company to the extent decided by the Management Company.

All recurring expenses will be charged first against current income, then, should this not suffice, against realised capital gains, and, if necessary, against assets.

#### Management Fee

In consideration for its investment management and distribution services, the Management Company is entitled to receive the fees as indicated below, payable out of the assets of the relevant Sub-funds. These fees shall be calculated upon the Net Asset Value of the Sub-funds on each Valuation Day and payable at the end of each quarter.

#### Management Fee payable by the Sub-funds to the Management Company:

Sub-fund	P-Shares and E-Shares	C-Shares	I-Shares	D-Shares, Q-Shares and Z-Shares	X-Shares and Y-Shares
Nordea 1 – African Equity Fund	1.9500%	1.6000%	1.5000%	On application	Nil
Nordea 1 – Alpha 10 MA Fund	1.7000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Alpha 15 MA Fund	2.0000%	1.3000%	1.2000%	On application	Nil
Nordea 1 – Alpha 5 MA Fund	1.6000%	1.0000%	0.9000%	On application	Nil
Nordea 1 – Asian Focus Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Balanced Income Fund	1.2000%	0.7500%	0.6500%	On application	Nil
Nordea 1 – Chinese Equity Fund	1.8000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Danish Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – Danish Kroner Reserve	0.1250%	0.1250%	0.1250%	On application	Nil
Nordea 1 – Danish Mortgage Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – Emerging Consumer Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Emerging Market Bond Fund	1.0000%	0.7500%	0.6500%	On application	Nil
Nordea 1 – Emerging Market Bond Opportunities Fund	1.2000%	0.9000%	0.8000%	On application	Nil
Nordea 1 – Emerging Market Corporate Bond Fund	1.2000%	0.9000%	0.8000%	On application	Nil
Nordea 1 – Emerging Market Hard Currency Bond Fund	0.9000%	0.6000%	0.5000%	On application	Nil
Nordea 1 – Emerging Market Local Debt Fund	0.9000%	0.6000%	0.5000%	On application	Nil
Nordea 1 – Emerging Market Local Debt Fund Plus	1.0000%	0.7000%	0.6000%	On application	Nil
Nordea 1 – Emerging Markets Debt Total Return Fund	1.3000%	0.8000%	0.7000%	On application	Nil
Nordea 1 – Emerging Markets Focus Equity Fund	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Emerging Markets Small Cap Fund	1.6000%	1.0500%	0.9500%	On application	Nil
Nordea 1 – Emerging Stars Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – European Corporate Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – European Corporate Bond Fund Plus	0.7500%	0.5000%	0.4000%	On application	Nil
Nordea 1 – European Covered Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – European Cross Credit Fund	1.0000%	0.6000%	0.5000%	On application	Nil
Nordea 1 – European Diversified Corporate Bond Fund	0.5000%	0.3000%	0.2000%	On application	Nil
Nordea 1 – European Financial Debt Fund	1.0000%	0.6000%	0.5000%	On application	Nil
Nordea 1 – European Focus Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – European Focus Equity Long/Short Fund	1.6000%	1.0500%	0.9500%	On application	Nil
Nordea 1 – European High Yield Bond Fund	1.0000%	0.6000%	0.5000%	On application	Nil
Nordea 1 – European High Yield Bond Fund II	1.0000%	0.6000%	0.5000%	On application	Nil
Nordea 1 – European Small and Mid Cap Equity Fund	1.3000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – European Stars Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – European Value Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Flexible Fixed Income Fund	0.8000%	0.5000%	0.4000%	On application	Nil
Nordea 1 – GBP Diversified Return Fund	1.5000%	0.7000%	0.7000%	On application	Nil
Nordea 1 – Global Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – Global Climate and Environment Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Dividend Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global High Yield Bond Fund	1.0000%	0.8000%	0.7000%	On application	Nil
Nordea 1 – Global Ideas Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Long Short Equity Fund – USD Hedged	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Global Opportunity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Portfolio Fund	0.7500%	0.6000%	0.5000%	On application	Nil
Nordea 1 – Global Real Estate Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Small Cap Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Stable Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Stable Equity Fund – Euro Hedged	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Global Stars Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Heracles Long/ Short MI Fund	2.0000%	1.3000%	1.2000%	On application	Nil
Nordea 1 – Indian Equity Fund	1.8000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – International High Yield Bond Fund – USD Hedged	1.0000%	0.8000%	0.7000%	On application	Nil
Nordea 1 – Latin American Corporate Bond Fund	1.2000%	0.9000%	0.8000%	On application	Nil
Nordea 1 – Latin American Equity Fund	1.6000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Low Duration European Covered Bond Fund	0.5000%	0.3500%	0.2500%	On application	Nil
Nordea 1 – Low Duration European High Yield Bond Fund	0.9000%	0.5500%	0.4500%	On application	Nil
Nordea 1 – Low Duration US High Yield Bond Fund	1.0000%	0.8000%	0.7000%	On application	Nil

Sub-fund	P-Shares and E-Shares	C-Shares	I-Shares	D-Shares, Q-Shares and Z-Shares	X-Shares and Y-Shares
Nordea 1 – Nordic Equity Fund	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Nordic Equity Small Cap Fund	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Nordic Ideas Equity Fund	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Nordic Stars Equity Fund	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – North American All Cap Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – North American High Yield Bond Fund	1.0000%	0.8000%	0.7000%	On application	Nil
Nordea 1 – North American Small Cap Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – North American Value Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Norwegian Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – Norwegian Equity Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Norwegian Kroner Reserve	0.1250%	0.1250%	0.1250%	On application	Nil
Nordea 1 – Renminbi High Yield Bond Fund	1.5000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Stable Emerging Markets Equity Fund	1.8000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Stable Equity Long/Short Fund – Euro Hedged	1.7000%	1.1000%	1.0000%	On application	Nil
Nordea 1 – Stable Return Fund	1.5000%	0.9500%	0.8500%	On application	Nil
Nordea 1 – Swedish Bond Fund	0.6000%	0.4000%	0.3000%	On application	Nil
Nordea 1 – Swedish Kroner Reserve	0.1250%	0.1250%	0.1250%	On application	Nil
Nordea 1 – Unconstrained Bond Fund – USD Hedged	1.1000%	0.7500%	0.6500%	On application	Nil
Nordea 1 – US Bond Opportunities Fund	0.9000%	0.5500%	0.4500%	On application	Nil
Nordea 1 – US Corporate Bond Fund	0.7000%	0.4500%	0.3500%	On application	Nil
Nordea 1 – US High Yield Bond Fund	1.0000%	0.8000%	0.7000%	On application	Nil
Nordea 1 – US Total Return Bond Fund	1.1000%	0.6500%	0.5500%	On application	Nil

#### Performance Fee

The Management Company may for certain Sub-funds, if specified and as specified in the Sub-fund's specifications of the relevant Sub-fund in Chapter 4 "The Sub-funds of the Company" of this Prospectus, charge a Performance Fee paid out from the assets of the relevant Sub-fund. Such Performance Fee is passed on in full to the Investment Manager of the relevant Sub-fund.

In the case of X-Share Classes, a performance fee may be directly invoiced by the Management Company to the Investors in accordance with the separate charging structure agreed upon between each individual Investor and the Management Company.

#### Depositary Fee

The Depositary Fee consists of a custody fee and a fiduciary fee. The custody fee includes safekeeping, administration and transaction charges. Safekeeping and administration charges are applied as a percentage of the market value of the assets of the underlying investments held in custody. These charges vary from country to country. The transaction charges are based on the number and type of transactions. The Depositary furthermore charges a fixed fee per annum and per fund domicile for the Sub-funds' investments in funds. The fiduciary fee is calculated as a percentage of each Sub-fund's Net Asset Value.

The maximum annual fee payable to the Depositary will not exceed 0.125% of the Net Asset Value of each Sub-fund plus any VAT if applicable. As an exception, the fee payable to the Depositary for the Nordea 1 – African Equity Fund will not exceed 0.200%.

#### Administration Fee

Each Sub-fund pays an Administration Fee of up to 0.4000% p.a., plus any VAT if applicable to the Administrative Agent.

#### Tax

Concerning taxes, please refer to Chapter 17 (Taxation of the Company and its Shareholders) of this Prospectus.

#### Total Expense Ratio (TER)

This ratio expresses the sum of all costs and commissions charged on an ongoing basis to each Sub-fund's assets taken retrospectively as a percentage of the Sub-fund's average assets. The latest calculated TER-rate can be found in the Company's latest financial report.

## 17. Taxation of the Company and its Shareholders

#### Taxation of the Company

Under Luxembourg law, there are currently no Luxembourg income, withholding or capital gains taxes payable by the Company. The Company is, however, subject to:

- an annual subscription tax (Taxe d'Abonnement) of 0.05% on the aggregate Net Asset Value of the outstanding Private Shares of the Company;
- an annual subscription tax (Taxe d'Abonnement) of 0.01% on the aggregate Net Asset Value of the outstanding Institutional Shares of the Company.

The Taxe d'Abonnement is calculated and payable at the end of each quarter.

#### Taxation of the Shareholders

At the date of issue of this Prospectus, there is no Luxembourg withholding tax in general, should the Company decide to make distributions as mentioned in the Chapter 19 "Distribution Policy" of this Prospectus.

Prospective Investors should keep themselves informed of the taxes applicable to the acquisition, holding and disposal of Shares and to distributions in respect thereof under the laws of the countries of their citizenship, residence or domicile before they subscribe, convert or redeem any Shares.

Investors and prospective investors should know that the Management Company might not produce all the reporting or the figures necessary to such investors in order for them to comply with all their tax transparency requirements applicable in their jurisdictions and/or to the Share Classes such investors have invested in.

#### FATCA

The Company will attempt to satisfy any obligations imposed on it under FATCA to avoid the imposition of the 30% withholding tax, but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.



If the Company or one of its Sub-funds becomes subject to a withholding tax as a result of FATCA, the value of Shares held by all Shareholders may be materially affected. The FATCA withholding tax is a penalty without possibility of recovery.

Investors and Shareholders should contact their own tax advisers regarding the application of FATCA to their particular circumstances.

The Company and/or its Shareholders may be directly affected by the fact that a non-U.S. financial entity does not comply with FATCA even if the Company satisfies its own FATCA obligations.

#### **Automatic exchange of information**

Under the law of 18 December 2015 (the “**Law**”) implementing Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the “**DAC2**”) and the OECD Common Reporting Standard (the “**CRS**”), Luxembourg reporting financial institutions, as defined in the Law, are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating to the CRS details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC2 and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law. Under the DAC2, the automatic exchange of information is effective as of 1<sup>st</sup> January 2016. Under the CRS, the automatic exchange information with those countries that have signed the Multilateral Competent Authority Agreement (MCAA) will become effective when the conditions set out under article 7 of the MCAA are met. Luxembourg being an early adopter of the MCAA, an automatic exchange under the CRS may already, for some jurisdictions, be effective as of 1<sup>st</sup> January 2016.

Payments of dividends and other income derived from the shares held in the Company fall within the scope of the DAC2 and the CRS and are therefore subject to reporting obligations.

#### **CRS**

The Company will attempt to satisfy any obligations imposed on it under the CRS to avoid any penalties due to the non-compliance with the rules imposed on it under the CRS but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

If the Company or one of its Sub-funds becomes subject to penalties as a result of the CRS, the value of Shares held by all Shareholders may be affected. Any penalties resulting from the non-compliance to the rules imposed under the CRS should not be recoverable.

Investors and Shareholders should contact their own tax advisers regarding the application of the CRS to their particular circumstances.

#### **DAC 2**

The Company will attempt to satisfy any obligations imposed on it under the DAC 2, to avoid any penalties resulting from the rules adopted in Luxembourg to ensure effective implementation of and compliance with, the reporting and due diligence procedures, but no assurance can be given that the Company will be able to satisfy these obligations. This ability will depend on each Shareholder to provide the Company with the requested information.

Any penalties resulting from the non-compliance to such rules may affect the value of the Shares held by all Shareholders. Any penalties paid in such circumstances should not be recoverable.

Investors and Shareholders should contact their own tax advisers regarding the application of the DAC to their particular circumstances.

## **18. Dissolution and Merger**

#### **Dissolution of the Company**

In the event of the dissolution of the Company by decision of a Shareholders' meeting, the liquidation shall be effected by one or several liquidators appointed by the meeting of the Shareholders deciding upon such dissolution and determining their powers and their compensation. The liquidator(s) shall realise the Company's assets in the best interest of the Shareholders and shall distribute the net liquidation proceeds (after deduction of the liquidation charges and expenses) to the Shareholders in proportion to their share in the Company. Any amounts not claimed promptly by any Shareholder will be deposited at the close of the liquidation in escrow with the Caisse de Consignation, Luxembourg. Amounts not claimed from escrow within the period stipulated according to statutory limitation rules will be forfeited according to the provisions of Luxembourg law.

In the event of any contemplated liquidation of the Company, no further Subscription, Conversion, or Redemption will be permitted after publication of the first notice convening the extraordinary meeting of Shareholders for the purpose of winding-up the Company. All Shares outstanding at the time of such publication will participate in the Company's liquidation distribution.

#### **Dissolution/Merger of Sub-funds**

A Sub-fund with capital guarantee may not be terminated by resolution of the Board of Directors, but shall remain in force irrespective of the Net Asset Value of such Sub-fund until the Sub-fund is dissolved. A Sub-fund without capital guarantee may be terminated by resolution of the Board of Directors if the Net Asset Value of the Sub-fund falls to a level that no longer allows it to be managed in an economically reasonable way as well as in the course of a rationalisation or in the event of special circumstances beyond its control, such as political, economic and

military emergencies. In such events, the assets of the Sub-fund will be realised, the liabilities discharged and the net proceeds of realisation distributed to Shareholders in the proportion to their holding of Shares in the Sub-fund. In such event, written notice of the termination of the Sub-fund will be given to registered Shareholders and may further be published as described in article 24 of the Articles entitled “Dissolution of the Company, Liquidation, Merger, Split, Contribution or Conversion of a Sub-fund”. No Shares shall be redeemed or converted after the date of the decision to liquidate a Sub-fund.

Any amounts not claimed by any Shareholder shall be deposited at the close of liquidation with the Depositary during a period of 6 (six) months; at the expiry of the 6 (six) month period, any outstanding amount will be deposited in escrow with the Caisse de Consignation, Luxembourg. A Sub-fund with capital guarantee cannot be merged with another Sub-fund, with or without capital guarantee, of the Company.

A Sub-fund without capital guarantee may be merged with another Sub-fund without capital guarantee by resolution of the Board of Directors if the value of its net assets falls to a level that no longer allows it to be managed in an economically reasonable way as well as in the course of a rationalisation or in the event of special circumstances beyond its control, such as political, economic and military emergencies. In such event, written notice of the merger will be given to registered Shareholders and may further be published as described in article 24 of the Articles entitled “Dissolution of the Company, Liquidation, Merger, Split, Contribution or Conversion of a Sub-fund”. Each Shareholder of the relevant Sub-fund without capital guarantee shall be given the possibility, within a period of 1 (one) month as of the date of the publication, to request either the repurchase of his Shares,

free of any charges, or the exchange of his Shares, free of any charges, against Shares of a Sub-fund without capital guarantee not concerned by the merger.

At the expiry of this 1 (one) month period any Shareholder which did not request the repurchase or the exchange of its Shares, shall be bound by the decision relating to the merger.

A Sub-fund may be merged with a Sub-fund of the Company, a Sub-fund of another Luxembourg SICAV organised under Part I of the Law of 17 December 2010 or with an investment fund domiciled in another Member State which is compliant with the UCITS Directive, by resolution of the Board of Directors when deemed appropriate in the best interest of the Shareholders. In such event, written notice will be given to registered Shareholders

and may further be published as described in article 24 of the Articles entitled "Dissolution of the Company, Liquidation, Merger, Split, Contribution or Conversion of a Sub-fund". Each Shareholder of the relevant Sub-fund shall be given the possibility, within a period of 1 (one) month as of the date of the publication, to request either the repurchase of his Shares, free of any charges, or the exchange of his Shares, free of any charges, against Shares of a Sub-fund not concerned by the merger. At the expiry of this 1 (one) month period, any Shareholder who did not request the repurchase or the exchange of his Shares shall be bound by the decision relating to the merger. When a Sub-fund is contributed to a Sub-fund of another Luxembourg SICAV, the valuation of the Sub-fund's assets shall be verified by the auditor of the Company who shall issue a written report at the time of the contribution.

## 19. Distribution Policy

The Company makes Accumulating Shares available for subscription in all Sub-funds and Distributing Shares available for subscription in certain Sub-funds.

The profits allocated to Distributing Shares will be available for distribution to the Shareholders: as annual distributions, as the Annual General Meeting of the Shareholders may decide, or as interim dividends, as the Board of Directors may decide from time to time, provided that the capital of the Company does not fall below EUR 1,250,000.00.

Distributions due on Distributing Shares will normally be paid in cash by transfer of funds. Distributions payments will, in principle, be made to Shareholders in the currency of the relevant Share Class.

It is up to the Shareholders to seek advice on the tax impact of the payment of distributions, in line with the characteristics of their Share Classes.

Unless otherwise specified in Chapter 5 "Share Capital", and upon written instruction to the Administrative Agent, Shareholders may instead elect to have their distributions reinvested in further Distributing Shares of the Sub-fund and Share Class to which such distributions relate, to their own benefit.

Distributions not claimed within five years of their due date will forfeit and revert to the Sub-fund/ Share Class from where they originated.

The profits allocated to Accumulating Shares shall be added to the portion of net assets of such Share Classes and all income relating to these Shares will automatically be reinvested.

## 20. Payments to Shareholders

All payments from the Company to the Shareholders will be made available in the currency of the respective Shares. Payment will only be made to the respective Shareholder.

The Administrative Agent will make all payments by means of a bank transfer to the registered shareholder(s)' designated bank account.

## 21. Notices and information to Shareholders

Notices to Shareholders will be available at the Registered Office, the Administrative Agent, the Representatives and Paying Agents outside Luxembourg.

Notices to Shareholders will be sent by mail to registered Shareholders and will be made available on [www.nordea.lu](http://www.nordea.lu).

If required by Luxembourg law, notices to Shareholders are also published in the Mémorial and in a Luxembourg newspaper, as well as in other newspapers circulating in countries where the Company is authorised for public marketing of its Shares.

The information about the Net Asset Value of each Share Class of each Sub-fund and about the Subscription and Redemption Prices will be available at all times at the Registered Office, the Administrative Agent, the Representatives and Paying Agents outside Luxembourg.

Audited Annual Reports and unaudited Semi-Annual Reports will be made available at the Registered Office, the Administrative Agent, the Representatives and the Paying Agents not later than 4 (four) months after the end of the financial year in the case of Annual Reports, and 2 (two) months after the first 6 (six) months of the financial year in the case of Semi-Annual Reports.

Separate financial statements shall be issued for each Sub-fund in its relevant Base Currency. To establish the balance sheet of the Company, these financial statements will be added after conversion into the currency of the Company.

All reports will be available at the Registered Office, the Administrative Agent, the Representatives and Paying Agents outside Luxembourg.

Shareholders can send any complaints to the Management Company. The Management Company will make every effort to respond to all reasonable complaints quickly and will maintain a Shareholder complaints procedure which is available on request to Shareholders free of charge.

## 22. Documents available for inspection

The following documents may be obtained free of charge and as hard copy at the Registered Office of the Company, the Management Company, the Representatives or the Representatives and Paying Agents as disclosed in Chapter 25 "Representatives & Paying Agents outside Luxembourg" of this Prospectus during their respective business days:

- the Articles of the Company;
- the Prospectus of the Company;
- the Key Investor Information Documents of the Company;
- the Application Form;
- the periodical financial reports;
- the marketing documents made available from time to time.

An up-to-date version of the KIIDs will be made available on [www.nordea.lu](http://www.nordea.lu), and, depending on the local language(s) of the

countries where the Company, a Sub-fund or a Share Class are registered for public offering, on the local Nordea websites ending with the international country codes of such relevant countries. As an exception, KIIDs in Portuguese will be made available on [www.nordea.lu](http://www.nordea.lu) only.

The following documents may be consulted during usual business hours at the Registered Office of the Company or the Management Company:

- the Management Company Agreement between the Company and Nordea Investment Funds S.A.;
- the Global Custody Agreement between the Company and J.P. Morgan Bank Luxembourg S.A.

## 23. Registered Office & Boards of Directors

### Registered Office

Nordea 1, SICAV  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

### Board of Directors of the Company

Claude Kremer  
Luxembourg  
Grand Duchy of Luxembourg

Claude Kremer is a Founding Partner of the law firm Arendt & Medernach and Head of the firm's Investment Management business unit.

André Roelants  
Luxembourg  
Grand Duchy of Luxembourg

André Roelants is the Honorary Chairman of the Advisory Board of Clearstream International S.A. and a member of the Board of Directors of Clearstream Banking S.A. He has previously assumed the position of CEO of Clearstream, as well as Deputy CEO of Deutsche Börse in Frankfurt. His other functions have included being a member of the DEXIA Group's Executive Committee and Chairman of the Executive Board of Banque Internationale à Luxembourg S.A., Luxembourg.

Lars Eskesen  
Copenhagen  
Denmark

Lars Eskesen is retired after a professional career of 28 years in the financial industry. He was successively member of the Board of Management of Sparekassen SDS, CEO of Sparekassen SDS and Deputy CEO of Unibank A/S. During 7 years, he was member of the Board of the European Banking Association.

Christophe Girondel  
Luxembourg  
Grand Duchy of Luxembourg

Christophe Girondel is Global Head of Institutional and Wholesale Distribution of Nordea Asset Management and Member of Senior Executive Management Group of Nordea Asset Management (SEM).

Brian Stougård Jensen  
Copenhagen  
Denmark

Brian Stougård Jensen is Head of Product & Business Development of Nordea Asset Management and Member of Senior Executive Management Group of Nordea Asset Management (SEM).

Sheenagh Gordon-Hart  
Luxembourg  
Grand Duchy of Luxembourg

Sheenagh Gordon-Hart is Partner of "The Directors' Office S.A.", a Luxembourg's practice of independent directors

### Board of Directors of the Management Company

Cecilia Vernerson  
Luxembourg  
Grand Duchy of Luxembourg

Cecilia Vernerson is Country Manager and Head of Corporate Functions of Nordea Bank S.A.

Brian Stougård Jensen  
Copenhagen  
Denmark

Brian Stougård Jensen is Head of Product & Business Development of Nordea Asset Management and Member of Senior Executive Management Group of Nordea Asset Management (SEM).

Graham Goodhew  
Luxembourg  
Grand Duchy of Luxembourg

Graham Goodhew is retired after several years of professional career in the financial industry. He has previously assumed the position as member of the board and as Conducting Officer of JP Morgan Asset Management (Europe) S.à r.l. and as an executive director of JPMorgan Chase.

### Conducting Officers of the Management Company

Dirk Schulze  
Luxembourg  
Grand Duchy of Luxembourg

Dirk Schulze is Managing Director of Nordea Investment Funds S.A.

Suzanne Berg  
Luxembourg  
Grand Duchy of Luxembourg

Suzanne Berg is Head of Fund Administration at Nordea Investment Funds S.A.

## 24. Administration

### Management Company and administrative agent

Nordea Investment Funds S.A.  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg  
Telephone: +352 43 39 50-1  
Telefax: +352 43 39 48  
Homepage: <http://www.nordea.lu>  
E-mail: [nordeafunds@nordea.lu](mailto:nordeafunds@nordea.lu)

### Depository

J.P. Morgan Bank Luxembourg S.A.  
6, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

## 25. Representatives & Paying Agents outside Luxembourg

The full list of Representatives and Paying Agents outside Luxembourg can be obtained, free of any charge and in paper form, at the Registered Office of the Company and/or the Management Company.

### Austria

#### Information and Paying Agent

Erste Bank der österreichischen Sparkassen AG  
Am Belvedere 1  
AT-1100 Vienna  
Austria  
Telephone: +43 (0) 50100 12139  
Telefax: +43 (0) 50100 9 12139

### Belgium

#### Financial service agent

BNP Paribas Securities Services S.C.A.  
Brussels Branch  
Rue de Loxum, 25BE-1000-Brussels  
Belgium

### Denmark

#### Representative and Sub-Paying Agent

Nordea Danmark, filial af Nordea Bank AB (publ), Sverige Strandgade 3  
Christiansbro  
DK-1401 Copenhagen K  
Denmark  
Telephone: +45 33 33 65 44  
Telefax: +45 33 33 10 04

### Estonia

#### Representative & Paying Agent

Nordea Bank AB Estonia Branch  
Liivalaia 45  
EE-10145 Tallinn  
Republic of Estonia  
Telephone: +372 6283 300  
Telefax: +372 6283 201

### Finland

#### Paying Agent

Nordea Bank AB (publ), Finnish Branch  
Satamaradankatu 5  
FI-00020 Helsinki  
Finland  
Telephone: +358 9 1651  
Telefax: +358 9 165 54500

### Finland

#### Representative Agent

Nordea Funds Ltd  
Centralgatan/ Keskuskatu 3a  
FI-00020 Helsinki  
Finland  
Telephone: +358 9 1651  
Telefax: +358 9 165 48368

### France

#### Centralising Correspondent

CACEIS Bank  
1-3, place Valhubert  
FR-75206 Paris cedex 13  
France  
Telephone: +33 1 41 89 70 00  
Telefax: +33 1 41 89 70 05

### Germany

#### Information Agent

Société Générale S.A. Frankfurt Branch Neue  
Mainzer Straße 46-50  
DE- 60311 Frankfurt am Main  
Germany

### Italy

#### Paying Agent

State Street Bank GmbH – Succursale Italia  
Via Ferrante Aporti 10  
IT-20125 Milano  
Telephone: +39 (02) 3211-7001/ 7002  
Telefax: +39 02 8796 9964

### Italy

#### Paying Agent

BNP Paribas Securities Services  
Piazza Lino Bo Bardi, 3  
IT-20124 Milan  
Telephone: +39 2 7247 4294  
Telefax: +39 2 7247 4805

### Italy

#### Paying Agent

Banca Sella Holding S.p.A.  
Piazza Gaudenzio Sella 1  
IT-13900 Biella  
Telephone: +39 015 3501 997  
Telefax: +39 2433 964

### Italy

#### Paying Agent

Allfunds Bank S.A. Sucursal de Milan  
Via Bocchetto 6  
IT-20123 Milan  
Telephone: +39 02 89 628 301  
Telefax: +39 02 89 628 240

### Italy

#### Paying Agent

Société Générale Securities Services S.p.A.  
via Benigno Crespi, 19/A –MAC2,  
IT-20159 Milan  
Telephone: +39 02 9178 4661  
Telefax: +39 02 9178 3059

### Italy

#### Paying Agent

Banca Monte dei Paschi di Siena  
Piazza Salimbeni 3,  
IT- 53100 Siena  
Telephone: + 39 0577 294111

### Latvia

#### Representative & Paying Agent

Nordea Bank AB Latvia Branch  
62 Kr. Valdemāra street  
LV-1013 Riga  
Republic of Latvia  
Telephone: +371 67 096 096  
Telefax: +371 67 005 622

### Lithuania

#### Representative & Paying Agent

Nordea Bank AB Lithuania Branch  
Didzioji str. 18/2  
LT-01128 Vilnius  
Republic of Lithuania  
Telephone: +370 5 2 361 361  
Telefax: +370 5 2 361 362

**Norway****Paying Agent**

Nordea Bank AB (publ), filial i Norge Essendrops  
gate 7 Postboks 1166 Sentrum  
NO-0107 Oslo  
Norway  
Telephone: +47 22 48 45 00  
Telefax: +47 22 48 46 03

**Norway****Representative Agent**

Nordea Funds Ltd, Norwegian Branch  
Essendrops gate 7  
Postboks 1166 Sentrum  
NO-0107 Oslo  
Norway  
Telephone: +47 22 48 45 00  
Telefax: +47 22 48 46 03

**Spain****Representative Agent**

Allfunds Bank S.A.  
Paseo de la Castellana 9  
ES-28046 Madrid  
Spain  
Telephone: +34 91 270 95 00  
Telefax: +34 91 308 65 67

**Poland****Paying Agent**

Bank Handlowy w Warszawie S.A.  
ul. Senatorska 16  
00-923 Warszawa  
Poland  
Telephone: +48 22 657 72 00  
Telefax: +48 22 692 50 23

**Poland****Representative Agent**

ProService Finteco Sp. z o.o.  
ul. Puławska 436  
02-801 Warszawa  
Poland  
Telephone: +48 22 58 81 900  
Telefax: +48 22 58 81 950

**Sweden****Paying Agent**

Nordea Bank AB (publ)  
Smålandsgatan 17  
SE-105 71 Stockholm  
Sweden  
Telephone: +46 8 61 47000  
Telefax: +46 8 20 08 46

**Sweden****Representative Agent**

Nordea Funds Ltd, Swedish Branch  
Mäster Samuelsgatan 21  
M541  
SE-105 71 Stockholm  
Sweden  
Telephone: +46 8 61 47000  
Telefax: +46 8 20 08 46

**Switzerland****Representative & Paying Agent**

BNP Paribas Securities Services, Paris  
Succursale de Zurich  
Selnaustrasse 16 8002 Zurich  
Switzerland  
Telephone: +41 58 212 61 11  
Telefax: +41 58 212 63 30

**United Kingdom****Representative & Paying Agent**

Nordea Bank AB London Branch  
5 Aldermanbury Square  
London EC2V 7AZ  
United Kingdom  
Telephone: +44 20 7726 9000  
Telefax: +44 20 7726 9009

## 26. Counterparties

Here follows a non-exhaustive list of counterparties approved by the Management Company for trades with the Sub-funds in OTC Derivatives, exchange traded Derivatives and Repurchase Agreement Transactions:

**OTC- Derivatives:**

Barclays Bank Plc  
1 Churchill Place  
London E14 5HP  
United Kingdom

J.P. Morgan Securities Plc.  
25 Bank Street, 23 Floor  
Canary Wharf  
London E14 5JP  
United Kingdom

Barclays Capital Securities Limited  
c/o Barclays Capital  
5 The North Colonnade/Canary Wharf  
London E14 4BB  
United Kingdom

BNP Paribas  
London Branch  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

Morgan Stanley & Co International Limited  
25 Cabot Square/Canary Wharf  
London E14 4QA  
United Kingdom

Deutsche Bank AG  
Taunusanlage 12  
DE-60262 Frankfurt  
Germany

Natixis  
Cannon Bridge House,  
25 Dowgate Hill,  
London EC4R 2YA

Nordea Bank AB (publ), Finnish Branch  
Satamaradankatu 5,  
FI-00020 NORDEA,  
Finland

Société Générale  
17 Cours Valmy  
FR-92987 Paris  
La Défense Cedex  
France

**Exchange-traded Derivatives:**

Merril Lynch International  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Repurchase Agreement Transactions:**

Danske Bank A/S  
Holmens Kanal 2-12  
DK-1092 Copenhagen  
Denmark

Barclays Bank Plc  
1 Churchill Place  
London E14 5HP  
United Kingdom

## 27. Auditor

PricewaterhouseCoopers  
2, rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

## 28. Public Marketing Authorisations

Nordea 1, SICAV is fully or partly authorised for public marketing in at least the following countries:

Austria	Grand Duchy of Luxembourg	Portugal
Belgium	Italy	Spain
Denmark	Latvia	Sweden
Estonia	Lithuania	Switzerland
Finland	Norway	The Netherlands
France	Poland	The United Kingdom
Germany		

For further details on the public marketing authorisations and a full list of countries, please contact the Management Company at the address stated above.

## 29. Daily Share Prices

The Net Asset Value per Share of all Share Classes of all Sub-funds are available on a daily basis from the Management Company the Representatives and the Paying Agents. Their addresses and telephone numbers are listed above. The share prices may be published in a daily newspaper in those countries where the Company has obtained a public marketing authorisation.

In addition hereto all prices are available on the Internet at the address: [www.nordea.lu](http://www.nordea.lu).

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[www.nordea.lu](http://www.nordea.lu)

R.C.S. Luxembourg B-31442