

Audited Annual Report 2012  
**Nordea Fund of Funds, SICAV**

Société d'Investissement à Capital Variable  
à compartiments multiples

Investment Fund under Luxembourg Law

562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg  
R.C.S. number : Luxembourg B-66248

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# Report of the Board of Directors

## The Chairman's report

A new year is ahead of us and it will undoubtedly bring a lot of new interesting events that will impact the financial markets. The last year proved to be a volatile, but prosperous year, for almost all asset classes. The plethora of worries that the markets are faced with are by no means over. But a lot of accommodative action from the governments and supra-nationals kept the markets on track in what eventually turned out to a very good investment year.

Most risk assets moved higher over 2012 not at least fueled by central bank stimulus. However, the financial markets are still vulnerable with extremely low government yields, corporate earnings are under pressure and considerable political and policy risks remain. The European debt and Euro crisis, China's economic outlook as well as the malfunction of the US fiscal system are the three main concerns occupying us going into 2013.

In Europe is the dilemma between reducing debt and igniting growth the overriding theme. Companies have rationalized and are making good profits and it seems that the Greece problem at least has been contained for a while. One of the wishes for 2013 is that the contagion will not spread to bigger economies such as Italy and Spain. The crisis has increased unemployment to unsustainable levels in some countries and we have started to see civil unrest in the Mediterranean countries as people are getting increasingly frustrated by the lower standards of living. However, if we remember the macro situation one year ago, we believe it is fair to say that policy makers on average have taken some necessary steps to prevent further turmoil irrespective that some of the measures taken are short term in nature. Growth and job creation will be key in getting the economies back on track.

Two sub-funds were liquidated early 2012, namely Choice Emerging Market Equities and Choice International Equities. In particular the liquidation of the latter was important as this sub-fund accounted for most of the assets within the Company. However, as Nordea Investment Funds S.A. realized that the investment concept was not bringing the expected alpha generation, impacting sales and growth opportunities, a strategic decision to liquidate the Choice concept was taken in the long term interest of the shareholders.

On the backdrop of the positive developments on the financial markets in general, most sub-funds performed handsomely within the 6 to 10 per cent range. The negative outliers were the two funds of hedge funds which ended the year in slight negative territory in line with most of their peers. The Board has taken initiative to a review of the sustainability of these sub-funds.

We do not believe that the crisis is over, but that the global economies slowly, but surely, are moving in the right direction making the prospects for 2013 quite positive for risk assets.

The Board would again like to thank all stakeholders involved in the management of Nordea Fund of Funds, SICAV for their dedicated support in 2012. In this spirit of commitment and motivation, the Board looks forward to continue to serve investors the best way possible in 2013 and the years to come.

15 January 2013

André Roelants

# Report of the Investment Manager

The year 2012 was largely characterized by investor's quest for yield. Within an environment of fragile growth which resulted in significant volatility, risk assets posted strong performance with global equities and corporate and high yield bond markets returns being robust.

The Company was faced with a significant reduction in assets as the two Choice sub-funds were liquidated in the beginning of the year. The only sub-fund where we have seen material flows is Strategic Allocation Conservative that ends 2012 on a high note with around 24,3m PLN in assets coming from 10m PLN last year. The biggest outflows were due to the two Selects funds where a liquidation process commenced end of 2012.

Value Masters Fund – investing only in value style equity investment funds – returned 10.44% during the year. The sub-fund has no benchmark, but this should be compared to MACI Worlds net index that returned more than 14 per cent. So in that light the relative performance was below expectations.

The three Strategic Allocations sub-funds returned between 6.8% and 10.5% depending on the sub-funds respective allocation to equity markets which are close to the performance of Balanced and Conservative that returned 9% and 7%, respectively.

Despite the many types of risks that still prevails, we believe that chances are good that the Company's balanced portfolios will also provide investors with attractive absolute and risk-adjusted returns in 2013. As mentioned in the Director's report, we believe that quite a number of policy changes have been made in 2012 that will bode well for risk assets in the new year.

15 January 2013



To the Shareholders of Nordea Fund of Funds, SICAV  
562, rue de Neudorf  
L-2220 Luxembourg

#### REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying financial statements of Nordea Fund of Funds, SICAV (the "SICAV") and each of its sub-funds, which comprise the statement of net assets and the statement of investments in securities and other net assets as at 31 December 2012 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

##### *Board of Directors of the SICAV responsibility for the financial statements*

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### *Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### *Opinion*

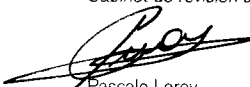
In our opinion, the financial statements give a true and fair view of the financial position of Nordea Fund of Funds, SICAV and each of its sub-funds as of 31 December 2012 and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

##### *Other matter*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Luxembourg, 04 March 2013

KPMG Luxembourg S.à r.l.  
Cabinet de révision agréé



Pascale Leroy  
Partner

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# Statement of Net Assets as of 31/12/2012

	Combined Statement	Nordea Fund of Funds - Balanced	Nordea Fund of Funds - Conservative
	(in EUR)	(in EUR)	(in EUR)
<b>Assets</b>			
Shares portfolio at market value (Note 2)	1,535.60	-	-
Funds portfolio at market value (Note 2)	57,768,924.09	22,310,699.32	20,558,614.10
Bonds portfolio at market value (Note 2)	6,453,691.92	-	-
Cash at banks	3,074,631.30	263,480.05	518,604.97
Dividends and interest receivable	104,055.77	4.87	5.52
Receivable for investments sold	359,845.86	-	-
Receivable for purchased shares under settlement	130,813.57	1,620.46	79.88
Net other receivable	41,705.28	-	-
Unrealised gain on futures already cashed (Note 9)	7,954.79	-	-
Unrealised gain on derivatives (Note 9)	7,827.34	-	-
Unrealised gain on forward exchange contracts (Note 9)	91,959.49	-	-
Unrealised gain on foreign currencies receivables and payables	53.17	-	-
	<b>68,042,998.19</b>	<b>22,575,804.70</b>	<b>21,077,304.47</b>
<b>Liabilities</b>			
Overdraft at banks	88,299.58	-	-
Unrealised loss on futures already cashed (Note 9)	848.22	-	-
Unrealised loss on forward exchange contracts (Note 9)	43,426.84	10,504.08	-
Accrued fees	339,108.25	97,292.76	71,355.46
Payable for redeemed shares under settlement	283,312.74	-	-
	<b>754,995.63</b>	<b>107,796.84</b>	<b>71,355.46</b>
<b>Net Assets</b>	<b>67,288,002.55</b>	<b>22,468,007.86</b>	<b>21,005,949.01</b>
Portfolio at acquisition cost	60,959,257.36	21,032,004.23	19,644,285.81

	Nordea Fund of Funds - Value Masters Fund
	(in EUR)
<b>Assets</b>	
Shares portfolio at market value (Note 2)	-
Funds portfolio at market value (Note 2)	7,481,191.35
Bonds portfolio at market value (Note 2)	-
Cash at banks	-
Dividends and interest receivable	495.00
Receivable for investments sold	-
Receivable for purchased shares under settlement	191.79
Net other receivable	-
Unrealised gain on futures already cashed (Note 9)	-
Unrealised gain on derivatives (Note 9)	-
Unrealised gain on forward exchange contracts (Note 9)	-
Unrealised gain on foreign currencies receivables and payables	-
	<b>7,481,878.14</b>
<b>Liabilities</b>	
Overdraft at banks	47,287.26
Unrealised loss on futures already cashed (Note 9)	-
Unrealised loss on forward exchange contracts (Note 9)	-
Accrued fees	35,009.18
Payable for redeemed shares under settlement	12,664.53
	<b>94,960.97</b>
<b>Net Assets</b>	<b>7,386,917.17</b>
Portfolio at acquisition cost	6,848,135.07

The accompanying notes form an integral part of these financial statements.



Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17) (in EUR)	Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17) (in EUR)	Nordea Fund of Funds - Strategic Allocation Aggressive (in PLN)	Nordea Fund of Funds - Strategic Allocation Balanced (in PLN)	Nordea Fund of Funds - Strategic Allocation Conservative (in PLN)
-	-	3,220.21	2,244.66	791.18
-	-	6,785,266.38	10,762,303.71	12,675,097.96
-	-	1,942,380.00	4,934,680.00	19,415,305.00
548,873.59	924,270.49	649,631.82	1,228,111.39	1,460,504.43
-	-	3,744.01	62,022.28	356,098.33
359,845.86	-	-	-	-
-	-	27,407.27	98,597.00	399,222.17
-	-	28,892.29	46,651.70	94,363.48
-	-	18,970.73	13,437.11	-
-	-	5,124.30	8,532.44	18,231.89
91,959.49	-	-	-	-
-	1.20	35.20	58.12	118.42
<b>1,000,678.94</b>	<b>924,271.69</b>	<b>9,464,672.21</b>	<b>17,156,638.41</b>	<b>34,419,732.86</b>
-	-	-	167,084.36	-
-	-	-	-	3,455.65
-	32,922.76	-	-	-
28,158.77	23,901.66	59,463.74	89,224.06	191,045.09
0.60	264,893.38	-	2,038.28	21,404.47
<b>28,159.37</b>	<b>321,717.80</b>	<b>59,463.74</b>	<b>258,346.70</b>	<b>215,905.21</b>
<b>972,519.57</b>	<b>602,553.89</b>	<b>9,405,208.47</b>	<b>16,898,291.71</b>	<b>34,203,827.65</b>
-	-	8,414,383.32	15,204,528.23	31,114,645.29

The accompanying notes form an integral part of these financial statements.

# Statement of Operations and Changes in Net Assets for the year ended 31/12/2012

	Combined Statement (in EUR)	Nordea Fund of Funds - Balanced (in EUR)	Nordea Fund of Funds - Choice Emerging Market Equities (Note 16) (in EUR)
<b>Net assets at the beginning of the year</b>	<b>131,904,559.12</b>	<b>18,698,446.61</b>	<b>6,942,357.91</b>
Revaluation difference on opening net assets	566,160.12	-	-
<b>Combined opening net assets at year-end rate</b>	<b>132,470,719.24</b>	<b>-</b>	<b>-</b>
<b>Income</b>			
Net interest on bonds	101,954.68	-	-
Net interest on banks	19,938.27	1,601.18	(356.64)
Net interest on derivatives	457.61	-	-
Net dividends (Note 2)	595,449.15	290,077.81	-
Retrocession management fees (Note 13)	37,651.69	243.38	1,092.71
	<b>755,451.40</b>	<b>291,922.37</b>	<b>736.07</b>
<b>Expenses</b>			
Taxe d'abonnement (Note 8)	21,116.36	6,390.07	-
Investment management fees (Note 3)	891,466.98	248,276.49	5,746.63
Central administration fees (Note 3)	93,740.46	25,806.42	519.51
Custodian fees and expenses (Note 7)	151,470.90	26,942.43	6,824.65
Printing and publication	10,045.55	2,730.11	47.55
Audit, legal and registration fees	192,153.75	52,686.08	708.68
Board of directors fees and expenses	35,143.55	9,555.42	165.24
Distribution fees E-shares (Note 5)	26,737.25	-	-
Transaction related costs (Note 18)	155,359.75	-	-
	<b>1,577,234.55</b>	<b>372,387.02</b>	<b>14,012.26</b>
<b>Net income/(loss)</b>	<b>(821,783.15)</b>	<b>(80,464.65)</b>	<b>(13,276.19)</b>
Net realised gain/(loss) on securities	5,536,040.77	(102,877.27)	(265,004.73)
Net realised gain/(loss) on derivatives	91,697.44	-	-
Net realised gain/(loss) on forward exchange contracts	837,509.70	(7,373.01)	-
Net realised gain/(loss) on foreign currencies	(289,317.94)	30,859.74	(33,200.12)
<b>Net realised gain/(loss)</b>	<b>5,354,146.83</b>	<b>(159,855.19)</b>	<b>(311,481.04)</b>
Changes in unrealised gain/(loss) on securities	3,483,840.98	1,865,094.15	859,228.48
Changes in unrealised gain/(loss) on derivatives	22,907.95	-	-
Changes in unrealised gain/(loss) on forward exchange contracts	(145,252.82)	(10,504.08)	-
Changes in unrealised gain/(loss) on foreign currencies	5,470.68	-	271.83
<b>Net increase/(decrease) in net assets as a result of operations</b>	<b>8,721,113.62</b>	<b>1,694,734.88</b>	<b>548,019.27</b>
<b>Movements in capital</b>			
Proceeds from shares issued	39,009,101.16	5,339,679.88	60,472.00
Payments for shares redeemed	(112,912,931.47)	(3,264,853.51)	(7,550,849.18)
<b>Net assets at the end of the year</b>	<b>67,288,002.55</b>	<b>22,468,007.86</b>	<b>-</b>
<b>TER for the year (Note 11)</b>			
BP-Shares		2.25%	-

The accompanying notes form an integral part of these financial statements.

Nordea Fund of Funds - Choice International Equities (Note 16) (in EUR)	Nordea Fund of Funds - Conservative (in EUR)	Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17) (in EUR)	Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17) (in EUR)	Nordea Fund of Funds - Strategic Allocation Aggressive (in PLN)
<b>60,747,057.42</b>	<b>17,259,918.78</b>	<b>6,180,471.23</b>	<b>7,925,862.64</b>	<b>8,873,013.09</b>
-	-	-	-	-
-	-	-	-	-
(970.86)	1,643.88	1,484.61	69.31	23,330.00
-	-	-	-	13,974.97
12,846.11	203,477.47	-	-	621.56
10,821.66	467.33	-	-	182,446.25
				40,432.64
<b>22,696.91</b>	<b>205,588.68</b>	<b>1,484.61</b>	<b>69.31</b>	<b>260,805.42</b>
-	4,693.62	2,009.15	2,027.72	3,886.49
55,648.95	196,646.37	79,183.03	77,851.45	160,068.80
4,447.53	23,733.67	9,895.86	9,727.98	12,052.57
55,295.73	24,838.47	15,461.41	9,774.56	4,744.12
404.81	2,511.78	1,050.39	1,028.29	1,260.53
6,046.19	48,572.66	20,374.66	19,670.23	24,354.10
1,409.81	8,791.44	3,675.06	3,592.86	4,412.84
-	-	-	-	8,480.25
-	-	-	-	220,364.18
<b>123,253.02</b>	<b>309,788.01</b>	<b>131,649.56</b>	<b>123,673.09</b>	<b>439,623.88</b>
<b>(100,556.11)</b>	<b>(104,199.33)</b>	<b>(130,164.95)</b>	<b>(123,603.78)</b>	<b>(178,818.46)</b>
5,686,416.36	154,637.93	(11,258.26)	(323,590.97)	528,079.50
-	-	-	-	183,770.83
-	(38,336.58)	294,052.61	575,278.75	18,859.83
(359,097.69)	43,941.29	(324.34)	25,732.44	10,510.04
<b>5,226,762.56</b>	<b>56,043.31</b>	<b>152,305.06</b>	<b>153,816.44</b>	<b>562,401.74</b>
(2,206,749.51)	1,195,731.66	123,453.01	301,743.68	433,243.03
-	-	-	-	34,923.79
-	-	89,739.85	(222,604.33)	(2,558.83)
5,471.93	-	(0.10)	(324.95)	35.20
<b>3,025,484.98</b>	<b>1,251,774.97</b>	<b>365,497.82</b>	<b>232,630.84</b>	<b>1,028,044.93</b>
163,251.87	4,189,070.45	8,094,077.04	1,821,028.33	6,350,072.66
(63,935,794.27)	(1,694,815.19)	(13,667,526.52)	(9,376,967.92)	(6,845,922.21)
-	<b>21,005,949.01</b>	<b>972,519.57</b>	<b>602,553.89</b>	<b>9,405,208.47</b>
-	2.08%	1.46%	1.63%	2.37%

The accompanying notes form an integral part of these financial statements.

# Statement of Operations and Changes in Net Assets for the year ended 31/12/2012

	Nordea Fund of Funds - Strategic Allocation Balanced (in PLN)	Nordea Fund of Funds - Strategic Allocation Conservative (in PLN)	Nordea Fund of Funds - Value Masters Fund (in EUR)
<b>Net assets at the beginning of the year</b>	<b>8,920,471.04</b>	<b>8,984,051.84</b>	<b>8,143,823.26</b>
Revaluation difference on opening net assets	-	-	-
<b>Combined opening net assets at year-end rate</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income</b>			
Net interest on bonds	103,222.50	288,811.24	-
Net interest on banks	23,092.86	29,868.66	36.64
Net interest on derivatives	621.56	621.19	-
Net dividends (Note 2)	121,590.55	38,803.09	4,894.70
Retrocession management fees (Note 13)	29,581.89	8,393.66	5,780.63
	<b>278,109.36</b>	<b>366,497.84</b>	<b>10,711.97</b>
<b>Expenses</b>			
Taxe d'abonnement (Note 8)	4,625.00	7,341.49	2,104.55
Investment management fees (Note 3)	154,552.10	178,448.41	107,085.87
Central administration fees (Note 3)	13,950.90	20,839.04	8,111.58
Custodian fees and expenses (Note 7)	7,053.58	18,271.20	4,952.97
Printing and publication	1,458.40	2,180.63	1,069.98
Audit, legal and registration fees	28,420.24	43,225.44	20,531.26
Board of directors fees and expenses	5,104.11	7,629.63	3,744.94
Distribution fees E-shares (Note 5)	20,301.13	80,146.29	-
Transaction related costs (Note 18)	215,370.13	197,201.88	-
	<b>450,835.59</b>	<b>555,284.01</b>	<b>147,601.15</b>
<b>Net income/(loss)</b>	<b>(172,726.23)</b>	<b>(188,786.17)</b>	<b>(136,889.18)</b>
Net realised gain/(loss) on securities	380,821.91	360,407.02	86,154.81
Net realised gain/(loss) on derivatives	143,928.01	45,876.84	-
Net realised gain/(loss) on forward exchange contracts	18,859.83	18,859.83	-
Net realised gain/(loss) on foreign currencies	(60.95)	(3,332.97)	1,024.03
<b>Net realised gain/(loss)</b>	<b>370,822.57</b>	<b>233,024.55</b>	<b>(49,710.34)</b>
Changes in unrealised gain/(loss) on securities	559,829.80	977,201.83	861,718.29
Changes in unrealised gain/(loss) on derivatives	32,798.31	25,605.00	-
Changes in unrealised gain/(loss) on forward exchange contracts	(2,558.83)	(2,558.83)	-
Changes in unrealised gain/(loss) on foreign currencies	58.12	118.42	-
<b>Net increase/(decrease) in net assets as a result of operations</b>	<b>960,949.97</b>	<b>1,233,390.97</b>	<b>812,007.95</b>
<b>Movements in capital</b>			
Proceeds from shares issued	15,642,460.91	50,006,654.54	1,668,688.50
Payments for shares redeemed	(8,625,590.21)	(26,020,269.70)	(3,237,602.54)
<b>Net assets at the end of the year</b>	<b>16,898,291.71</b>	<b>34,203,827.65</b>	<b>7,386,917.17</b>
<b>TER for the year (Note 11)</b>			
BP-Shares	2.07%	1.57%	3.33%

The accompanying notes form an integral part of these financial statements.

# Statement of Statistics as at 31/12/2012

Name of Sub-fund and share classes		Total Net Asset and Net Asset Value per share in base currency (*)			Number of outstanding shares
		31/12/2012	31/12/2011	31/12/2010	31/12/2012
<b>Nordea Fund of Funds - Balanced</b>	<b>EUR</b>	22,468,007.86	18,698,446.61	18,042,512.05	172,974.4872
BP - Shares	EUR	129.89	119.14	127.24	172,974.4872
<b>Nordea Fund of Funds - Choice Emerging Market Equities (Note 16)</b>	<b>EUR</b>	-	6,942,357.91	15,633,211.05	-
BP - Shares	EUR	-	48.80	63.86	-
<b>Nordea Fund of Funds - Choice International Equities (Note 16)</b>	<b>EUR</b>	-	60,747,057.42	131,429,406.85	-
BP - Shares	EUR	-	8.05	9.49	-
<b>Nordea Fund of Funds - Conservative</b>	<b>EUR</b>	21,005,949.01	17,259,918.78	14,952,552.81	171,554.3988
BP - Shares	EUR	122.44	114.47	118.68	171,554.3988
<b>Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)</b>	<b>EUR</b>	972,519.57	6,180,471.23	-	9,341.2635
BP - Shares	EUR	96.88	97.15	-	50,236.1
HB - DKK Shares	DKK*	-	723.57	-	-
HB - NOK Shares	NOK*	765.33	754.70	-	9,291.0274
<b>Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)</b>	<b>EUR</b>	602,553.89	7,925,862.64	-	6,322.0588
BP - Shares	EUR	89.82	91.17	-	144,028.5
HB - SEK Shares	SEK*	819.07	816.78	-	6,178.0303
<b>Nordea Fund of Funds - Strategic Allocation Aggressive</b>	<b>PLN</b>	9,405,208.47	8,873,013.09	-	173,747.7542
BP - Shares	PLN	54.25	49.09	-	126,362.8101
E - Shares	PLN	53.81	49.07	-	47,384.9441
<b>Nordea Fund of Funds - Strategic Allocation Balanced</b>	<b>PLN</b>	16,898,291.71	8,920,471.04	-	318,065.1061
BP - Shares	PLN	53.40	49.35	-	125,637.0269
E - Shares	PLN	52.95	49.33	-	192,428.0792
<b>Nordea Fund of Funds - Strategic Allocation Conservative</b>	<b>PLN</b>	34,203,827.65	8,984,051.84	-	649,387.2419
BP - Shares	PLN	53.07	49.70	-	43,946.8738
E - Shares	PLN	52.64	49.68	-	605,440.3681
<b>Nordea Fund of Funds - Value Masters Fund</b>	<b>EUR</b>	7,386,917.17	8,143,823.26	10,114,389.92	73,716.3777
BP - Shares	EUR	100.21	90.74	103.36	73,716.3777

(\*) The hedged classes are expressed in their respective hedge currency which is different from the base currency of the Sub-fund.

The accompanying notes form an integral part of these financial statements.



# Nordea Fund of Funds - Conservative

## Statement of Investments in Securities and Other Net Assets as of 31/12/2012 (Expressed in EUR)

## Breakdown by Country and Economic Sector of the Investments in Securities as of 31/12/2012 (in % of Net Assets)

Number/ Nominal	Description	Valuation (Note 2)	% of Net Assets
<b>Undertakings for Collective Investment in Transferable Securities (UCITS)</b>			
<b>DKK</b>			
121,871.298	Nordea 1 - Danish Mortgage Bond Fund BI-DKK	3,570,221.60	17.00
		<b>3,570,221.60</b>	<b>17.00</b>
<b>EUR</b>			
11,930.598	BlueBay Investment Grade Bond Fund B	1,879,307.80	8.95
2,182.212	Credit Suisse Solutions Lux - DJ CS AllH I S Cap	1,922,354.20	9.15
6,840.000	EasyETF CAC 40	245,521.80	1.17
4,225.000	iShares DAX DE	291,102.50	1.39
1,273.000	iShares Dow Jones Industrial Average	126,281.60	0.60
24,926.000	iShares EURO STOXX 50 DE	663,779.38	3.16
15,096.000	iShares Iboxx LSC2,5-5.5 DE	1,645,916.88	7.84
83,361.000	iShares MSCI Europe	1,798,096.77	8.56
24,053.000	iShares Nikkei 225 ETF	221,287.60	1.05
114,784.000	iShares S&P 500 ETF	1,222,105.25	5.82
0.125	Morgan Stanley Euro Ccy High Yield Bond Fd A Acc	2.32	0.0
41,667.570	Nordea 1 - European High Yield Bond Fund BI-EUR	1,055,856.22	5.03
1,996.738	Petercam L - Bonds Government Sustainable F Cap	2,776,144.71	13.22
102,647.068	PIMCO Total Return Bond Fund	2,099,132.54	9.99
		<b>15,946,889.57</b>	<b>75.92</b>
<b>GBP</b>			
46,760.000	iShares FTSE 100	335,759.08	1.60
		<b>335,759.08</b>	<b>1.60</b>
<b>USD</b>			
5,950.000	CS ETF Lux on MSCI Emerging Markets	493,443.23	2.35
33,667.000	db x-trackers CSI300 Index ETF 1 Cap	212,300.62	1.01
		<b>705,743.85</b>	<b>3.36</b>
<b>Total Undertakings for Collective Investment in Transferable Securities (UCITS)</b>		<b>20,558,614.10</b>	<b>97.87</b>
<b>Total Investments in Securities</b>		<b>20,558,614.10</b>	<b>97.87</b>
<b>Cash at banks</b>		<b>518,604.97</b>	<b>2.47</b>
<b>Other net liabilities</b>		<b>(71,270.06)</b>	<b>(0.34)</b>
<b>Total net assets</b>		<b>21,005,949.01</b>	<b>100.00</b>

Country	% of Net Assets
Luxembourg	56.70
Ireland	25.97
Germany	14.04
France	1.17
<b>Total</b>	<b>97.87</b>
Sector	% of Net Assets
Open Bond Funds	62.01
Open Share Funds	35.86
<b>Total</b>	<b>97.87</b>

Any differences in the percentages of net assets are the results of rounding. The accompanying notes form an integral part of these financial statements.

# Nordea Fund of Funds - Strategic Allocation Aggressive

## Statement of Investments in Securities and Other Net Assets as of 31/12/2012 (Expressed in PLN)

## Breakdown by Country and Economic Sector of the Investments in Securities as of 31/12/2012 (in % of Net Assets)

Number/ Nominal	Description	Valuation (Note 2)	% of Net Assets	Country
<b>Transferable securities and money market instruments admitted to official exchange listing</b>				
<b>Bonds</b>				
<b>PLN</b>				
600,000.000	Poland Government 0,000% 25-01-2013	598,620.00	6.36	Luxembourg
1,150,000.000	Poland Government 0,000% 25-07-2013	1,129,990.00	12.01	Finland
100,000.000	Poland Government 4,750% 25-10-2016	105,510.00	1.12	Poland
100,000.000	Poland Government 6,250% 24-10-2015	108,260.00	1.15	United States
		<b>1,942,380.00</b>	<b>20.65</b>	Ireland
				Germany
				<b>Total</b>
				<b>92.83</b>
<b>Total Bonds</b>				
		<b>1,942,380.00</b>	<b>20.65</b>	
<b>Shares</b>				
<b>PLN</b>				
1,799.000	Getin Noble Bank SA	3,220.21	0.03	
		<b>3,220.21</b>	<b>0.03</b>	
				<b>Total</b>
		<b>3,220.21</b>	<b>0.03</b>	<b>92.83</b>
<b>Total Transferable securities and money market instruments admitted to official exchange listing</b>				
		<b>1,945,600.21</b>	<b>20.69</b>	
<b>Undertakings for Collective Investment (UCI)</b>				
<b>USD</b>				
565.000	iShares FTSE China 25 Index Fund	70,568.67	0.75	
297.000	SPDR S&P 500 ETF Trust	130,700.49	1.39	
		<b>201,269.16</b>	<b>2.14</b>	
				<b>Total Undertakings for Collective Investment (UCI)</b>
		<b>201,269.16</b>	<b>2.14</b>	
<b>Undertakings for Collective Investment in Transferable Securities (UCITS)</b>				
<b>EUR</b>				
444.000	iShares DAX DE	124,630.29	1.33	
16,407,883	Nordea Emerging Market Equities Growth	1,226,432.79	13.04	
4,810,659	Nordea North America Fund Growth	162,580.33	1.73	
2,380,999	Nordea Russia Fund Growth	124,628.34	1.33	
1,587,079.339	Nordea World Fund	1,370,936.60	14.58	
139.000	Source Automobiles & Parts (ETF)	127,193.62	1.35	
		<b>3,136,401.97</b>	<b>33.35</b>	
<b>PLN</b>				
12,206,900	Nordea 1 - Global Stable Equity Fd Unhedged Y-PLN	535,638.77	5.70	
8,618,806	Nordea 1 - Polish Bond Fund Y-PLN	461,881.81	4.91	
31,125.199	Nordea 1 - Polish Equity Fund Y-PLN	1,808,062.81	19.22	
10,828,333	Nordea 1 - US High Yield Bond Fund HYP-PLN	642,011.86	6.83	
		<b>3,447,595.25</b>	<b>36.66</b>	
				<b>Total Undertakings for Collective Investment in Transferable Securities (UCITS)</b>
		<b>6,583,997.22</b>	<b>70.00</b>	
<b>Total Investments in Securities</b>				
		<b>8,730,866.59</b>	<b>92.83</b>	
<b>Cash at banks</b>				
		<b>649,631.82</b>	<b>6.91</b>	
<b>Other net assets</b>				
		<b>24,710.06</b>	<b>0.26</b>	
<b>Total net assets</b>				
		<b>9,405,208.47</b>	<b>100.00</b>	

Any differences in the percentages of net assets are the results of rounding. The accompanying notes form an integral part of these financial statements.



# Nordea Fund of Funds - Strategic Allocation Balanced

Statement of Investments in Securities  
and Other Net Assets as of 31/12/2012  
(Expressed in PLN)

Breakdown by Country and Economic  
Sector of the Investments in Securities  
as of 31/12/2012 (in % of Net Assets)

Number/ Nominal	Description	Valuation (Note 2)	% of Net Assets
<b>Transferable securities and money market instruments admitted to official exchange listing</b>			
<b>Bonds</b>			
<b>PLN</b>			
500,000.000	Poland Government 0,000% 25-01-2013	498,850.00	2.95
1,250,000.000	Poland Government 0,000% 25-07-2013	1,228,250.00	7.27
600,000.000	Poland Government 0,000% 25-07-2014	572,040.00	3.39
500,000.000	Poland Government 4,750% 25-10-2016	527,550.00	3.12
850,000.000	Poland Government 5,000% 24-10-2013	862,750.00	5.11
300,000.000	Poland Government 5,500% 25-04-2015	315,540.00	1.87
900,000.000	Poland Government 5,750% 25-04-2014	929,700.00	5.50
		<b>4,934,680.00</b>	<b>29.20</b>
<b>Total Bonds</b>		<b>4,934,680.00</b>	<b>29.20</b>
<b>Shares</b>			
<b>PLN</b>			
1,254.000	Getin Noble Bank SA	2,244.66	0.01
		<b>2,244.66</b>	<b>0.01</b>
<b>Total Shares</b>		<b>2,244.66</b>	<b>0.01</b>
<b>Total Transferable securities and money market instruments admitted to official exchange listing</b>		<b>4,936,924.66</b>	<b>29.22</b>
<b>Undertakings for Collective Investment (UCI)</b>			
<b>USD</b>			
374.000	iShares FTSE China 25 Index Fund	46,712.71	0.28
119.000	SPDR S&P 500 ETF Trust	52,368.21	0.31
		<b>99,080.92</b>	<b>0.59</b>
<b>Total Undertakings for Collective Investment (UCI)</b>		<b>99,080.92</b>	<b>0.59</b>
<b>Undertakings for Collective Investment in Transferable Securities (UCITS)</b>			
<b>EUR</b>			
290.000	iShares DAX DE	81,402.67	0.48
18,894.030	Nordea Emerging Market Equities Growth	1,412,263.74	8.36
8,402.295	Nordea North America Fund Growth	283,962.79	1.68
3,005.805	Nordea Russia Fund Growth	157,332.48	0.93
1,785,281.678	Nordea World Fund	1,542,145.96	9.13
157.000	Source Automobiles & Parts (ETF)	143,664.73	0.85
		<b>3,620,772.37</b>	<b>21.43</b>
<b>PLN</b>			
14,732.729	Nordea 1 - Global Stable Equity Fd Unhedged Y-PLN	646,472.15	3.83
35,508.428	Nordea 1 - Polish Bond Fund Y-PLN	1,902,896.66	11.26
56,805.723	Nordea 1 - Polish Equity Fund Y-PLN	3,299,844.45	19.53
20,125.437	Nordea 1 - US High Yield Bond Fund HYP-PLN	1,193,237.16	7.06
		<b>7,042,450.42</b>	<b>41.68</b>
<b>Total Undertakings for Collective Investment in Transferable Securities (UCITS)</b>		<b>10,663,222.79</b>	<b>63.10</b>
<b>Total Investments in Securities</b>		<b>15,699,228.37</b>	<b>92.90</b>
<b>Cash at banks</b>		<b>1,061,027.03</b>	<b>6.28</b>
<b>Other net assets</b>		<b>138,036.31</b>	<b>0.82</b>
<b>Total net assets</b>		<b>16,898,291.71</b>	<b>100.00</b>

Country	
Luxembourg	41.68
Poland	29.22
Finland	20.09
Ireland	0.85
United States	0.59
Germany	0.48
<b>Total</b>	<b>92.90</b>
Sector	
Open Share Funds	45.37
Government Bonds	29.20
Open Bond Funds	18.32
Diversified Banks	0.01
<b>Total</b>	<b>92.90</b>

Any differences in the percentages of net assets are the results of rounding.  
The accompanying notes form an integral part of these financial statements.

# Nordea Fund of Funds - Strategic Allocation Conservative

## Statement of Investments in Securities and Other Net Assets as of 31/12/2012 (Expressed in PLN)

## Breakdown by Country and Economic Sector of the Investments in Securities as of 31/12/2012 (in % of Net Assets)

Number/ Nominal	Description	Valuation (Note 2)	% of Net Assets	Country
<b>Transferable securities and money market instruments admitted to official exchange listing</b>				
<b>Bonds</b>				
<b>PLN</b>				
250,000.000	Poland Government 0,000% 25-01-2013	249,425.00	0.73	Poland
4,200,000.000	Poland Government 0,000% 25-07-2014	4,004,280.00	11.71	Luxembourg
4,000,000.000	Poland Government 3,750% 25-04-2018	4,102,800.00	12.00	Finland
2,500,000.000	Poland Government 4,750% 25-10-2016	2,637,750.00	7.71	Ireland
3,450,000.000	Poland Government 5,500% 25-04-2015	3,628,710.00	10.61	Germany
1,600,000.000	Poland Government 5,750% 25-04-2014	1,652,800.00	4.83	United States
2,900,000.000	Poland Government 6,250% 24-10-2015	3,139,540.00	9.18	
		<b>19,415,305.00</b>	<b>56.76</b>	<b>Total</b>
				<b>93.82</b>
<b>Total Bonds</b>				
		<b>19,415,305.00</b>	<b>56.76</b>	
<b>Shares</b>				
<b>PLN</b>				
442.000	Getin Noble Bank SA	791.18	0.01	
		<b>791.18</b>	<b>0.01</b>	
				<b>Total</b>
		<b>791.18</b>	<b>0.01</b>	
<b>Total Transferable securities and money market instruments admitted to official exchange listing</b>				
		<b>19,416,096.18</b>	<b>56.77</b>	
<b>Undertakings for Collective Investment (UCI)</b>				
<b>USD</b>				
131.000	iShares FTSE China 25 Index Fund	16,361.94	0.05	
		<b>16,361.94</b>	<b>0.05</b>	
				<b>Total</b>
		<b>16,361.94</b>	<b>0.05</b>	
<b>Undertakings for Collective Investment in Transferable Securities (UCITS)</b>				
<b>EUR</b>				
92.000	iShares DAX DE	25,824.29	0.08	
9,262.118	Nordea Emerging Market Equities Growth	692,311.47	2.02	
4,940.542	Nordea North America Fund Growth	166,969.87	0.49	
647.263	Nordea Russia Fund Growth	33,879.62	0.10	
1,084,455.693	Nordea World Fund	936,764.77	2.74	
72.000	Source Automobiles & Parts (ETF)	65,884.46	0.19	
		<b>1,921,634.48</b>	<b>5.62</b>	
<b>PLN</b>				
8,944.459	Nordea 1 - Global Stable Equity Fd Unhedged Y-PLN	392,482.86	1.15	
94,032.734	Nordea 1 - Polish Bond Fund Y-PLN	5,039,214.22	14.73	
48,816.653	Nordea 1 - Polish Equity Fund Y-PLN	2,835,759.37	8.29	
41,653.653	Nordea 1 - US High Yield Bond Fund HYP-PLN	2,469,645.09	7.22	
		<b>10,737,101.54</b>	<b>31.39</b>	
				<b>Total</b>
		<b>12,658,736.02</b>	<b>37.01</b>	
<b>Total Investments in Securities</b>				
		<b>32,091,194.14</b>	<b>93.82</b>	
<b>Cash at banks</b>				
		<b>1,460,504.43</b>	<b>4.27</b>	
<b>Other net assets</b>				
		<b>652,129.08</b>	<b>1.91</b>	
<b>Total net assets</b>				
		<b>34,203,827.65</b>	<b>100.00</b>	

Any differences in the percentages of net assets are the results of rounding. The accompanying notes form an integral part of these financial statements.

# Nordea Fund of Funds - Value Masters Fund

## Statement of Investments in Securities and Other Net Assets as of 31/12/2012 (Expressed in EUR)

## Breakdown by Country and Economic Sector of the Investments in Securities as of 31/12/2012 (in % of Net Assets)

Number/ Nominal	Description	Valuation (Note 2)	% of Net Assets
<b>Undertakings for Collective Investment in Transferable Securities (UCITS)</b>			
<b>EUR</b>			
4.000	Acatis Aktien Europa Fonds UI A1	411,516.40	5.57
55.000	Acatis Gane Value Funds UI EUR B	653,221.80	8.84
30,000.000	ACC Alpha Select AMI	663,000.00	8.98
1,800.000	DJE - Dividende & Substanz	489,942.00	6.63
10,000.000	Fidicum SICAV Contrarian Value Euroland A	532,600.00	7.21
3,330.000	First Private - First Private Aktien Emerging Mark	337,995.00	4.58
7,650.000	Gutmann - Optiselect Global Equity	674,424.00	9.13
12,378.193	Nordea 1 - European Value Fund BI-EUR	528,672.62	7.16
39,999.959	Nordea 1 - Global Value Fund BP-EUR	498,799.49	6.75
5,120.000	RBS Market Access Daxglobal Russia Index ETF Cap	224,614.40	3.04
2,700.000	Squad Cap Sq Val BC	677,457.00	9.17
5,200.000	Value Intelligence Fonds AMI I	615,004.00	8.33
3,500.000	Warburg Value Fund B Cap	659,680.00	8.93
		<b>6,966,926.71</b>	<b>94.31</b>
<b>JPY</b>			
50,000.102	Axa Rosenberg Japan Small Cap Alpha Fund A	514,264.64	6.96
		<b>514,264.64</b>	<b>6.96</b>
<b>Total Undertakings for Collective Investment in Transferable Securities (UCITS)</b>		<b>7,481,191.35</b>	<b>101.28</b>
<b>Total Investments in Securities</b>		<b>7,481,191.35</b>	<b>101.28</b>
<b>Overdraft at banks</b>		<b>(47,287.26)</b>	<b>(0.64)</b>
<b>Other net liabilities</b>		<b>(46,986.92)</b>	<b>(0.64)</b>
<b>Total net assets</b>		<b>7,386,917.17</b>	<b>100.00</b>

Country	
Luxembourg	48.89
Germany	36.29
Austria	9.13
Ireland	6.96
<b>Total</b>	<b>101.28</b>
Sector	
Open Share Funds	101.28
<b>Total</b>	<b>101.28</b>

Any differences in the percentages of net assets are the results of rounding. The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements as of 31/12/2012

## Note 1 – General

Nordea Fund of Funds, SICAV (hereafter "the Company") was originally incorporated in Luxembourg on 16 September 1998 under the name of Fronrunner II, SICAV. The Company changed its name on 19 March 2001. The Company is organised as a variable capital company, Société d'Investissement à Capital Variable (SICAV) with multiple Sub-funds, under the law of 10 August 1915 relating to commercial companies as amended and Part 1 of the law of 17 December 2010 relating to Undertakings for Collective Investment (UCI) as amended (the "Law").

At the end of the reporting year, the Company consists of the following Sub-funds:

Name of Sub-fund	Base Currency	Inception
Nordea Fund of Funds - Balanced	EUR	03/11/1998
Nordea Fund of Funds - Conservative	EUR	03/11/1998
Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)	EUR	29/08/2011
Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)	EUR	21/03/2011
Nordea Fund of Funds - Strategic Allocation Aggressive	PLN	09/12/2011
Nordea Fund of Funds - Strategic Allocation Balanced	PLN	09/12/2011
Nordea Fund of Funds - Strategic Allocation Conservative	PLN	09/12/2011
Nordea Fund of Funds - Value Masters Fund	EUR	03/11/1998

## Note 2 - Summary of significant accounting policies

### a) Valuation of investment securities

Investment securities are valued as follows:

1. Target Funds are valued at their Net Asset Value or bid price, if bid and offer prices are quoted.
2. Liquid assets are valued at their nominal value plus accrued interest.
3. Fixed term deposits are valued at their nominal value plus accrued interest.
4. Securities or financial 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, Africa or Oceania, 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 is quoted on different markets, the quotation on the principal market for this security is used. If there is no relevant quotation or if the quotations are not representative of the fair value, the valuation is made in good faith by the Board of Directors of the Company or their delegate with a view to establishing the probable bid price for such securities.
5. Unlisted securities or financial instruments are valued on the basis of their probable bid price as determined by the Board of Directors of the Company or their delegate in order to reach a proper and fair valuation of the total assets of each Sub-fund.
6. Derivatives are valued at market value.
7. Any other assets are valued on the basis of their probable bid price as determined by the Board of Directors of the Company or their delegate in order to reach a proper and fair valuation of the total assets of each Sub-fund.

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 of the Company or its delegate is entitled to use other generally recognised valuation principles in order to reach a proper valuation of the total assets of each Sub-fund.

### b) Net realised gain or loss on sales of investment securities

The net realised gain or loss on sales of securities is determined on the basis of the average cost of the securities sold.

### c) Foreign exchange translation

The financial statements of each Sub-fund of the Company are expressed in the base currency of each Sub-fund. Assets and liabilities in currencies other than the base currency are translated into the base currency at the exchange rates prevailing at 31/12/2012. Income and expenses in currencies other than the base currency are translated into the base currency at the exchange rates prevailing at payment dates. Resulting foreign exchange gains or losses are included in the statement of operations.

The following exchange rates were used as at 31/12/2012:

1 EUR = 4.0740 PLN	1 EUR = 7.4610 DKK	1 EUR = 7.3483 NOK	1 EUR = 8.5820 SEK
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### d) Forward exchange contracts

The forward exchange contracts outstanding at the end of the year are valued on the basis of the forward exchange rates prevailing as at 31/12/2012. The resulting unrealised profits or losses are included in the Statement of Net Assets.

### e) Cost of investment securities

The cost of investment securities denominated in currencies other than the Sub-fund's base currency is translated into the base currency at the exchange rate prevailing at the date of purchase.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## f) Financial futures contracts

The Company is authorised to buy and sell financial futures contracts. Upon entering into a contract the Company deposits and maintains cash as collateral. The cash margin calls needed to cover the required contract margins are adjusted daily in the Company cash accounts, and results on open positions are considered as realised at that point in time. The margin is calculated as the difference between the value of the contract at previous valuation day and the financial future value at the valuation day.

## g) Dividends

Dividends are recorded net of withholding taxes on Ex-date.

## h) Combined statements

The Company's Combined Statement of Net Assets and the Combined Statement of Operations and Changes in Net Assets are the sum of the statements of each Sub-fund translated into EUR at the prevailing exchange rates as at 31/12/2012.

i) The financial statements reflect the Net Asset Values as calculated on 31 December 2012 based on the market prices of the investments as at 31 December 2012.

## Note 3 – Management Company

The Board of Directors of the Company has appointed Nordea Investment Funds S.A. as Management Company under Chapter 15 of the Law. As such,

- the Management Company's main objective is the management, the administration and the marketing of the Company,
- the Management Company is responsible for the implementation of the investment policy of all Sub-funds,
- the Management Company may at its own expense and under its control and supervision appoint one or more investment advisers 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.
- the Management Company may delegate at its own expense and under its control and supervision the functions of central administration for the Company.

In consideration for its investment management services, the Management Company is entitled to receive from the Company the following fees, which are calculated on the Net Asset Value of the Sub-funds on each Valuation Date and payable at the end of each quarter according to the following rates:

Name of Sub-fund	Remuneration for investment management in % p.a. of the Net Asset Value as of 31/12/2012		
	AP, BP, E, HB	AI, BI, HBI	AX, BX
Nordea Fund of Funds - Balanced	1.35	/	/
Nordea Fund of Funds - Conservative	1.00	/	/
Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)	1.00	0.50	/
Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)	1.00	0.50	/
Nordea Fund of Funds - Strategic Allocation Aggressive	1.75	/	/
Nordea Fund of Funds - Strategic Allocation Balanced	1.45	/	/
Nordea Fund of Funds - Strategic Allocation Conservative	1.15	/	/
Nordea Fund of Funds - Value Masters Fund	1.50	1.00	/

The investment management fee may be used in part to pay remuneration for distribution activities concerning the Company. Reimbursements may be made to institutional investors who, from a commercial perspective, hold Shares of the Company for third parties.

The Management Company is further entitled to receive from the Company an annual fee for central administration of up to 0.125% p.a., plus any VAT if applicable, of the Net Asset Value of each Sub-fund calculated on the Net Asset Value of each share Class of each respective Sub-fund at each Valuation Day and payable at the end of each quarter.

## Note 4 – Investment Sub-Management & Investment Advisors

Pursuant to article 110 of the Law, the Management Company has delegated its investment management functions in respect of the below-mentioned Sub-funds to Nordea Investment Management AB, Regeringsgatan 59, 105 71 Stockholm, Sweden with the duty to direct and manage, subject to the supervision and control of the Management Company, the investment of the assets of these Sub-funds:

- Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)
- Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)
- Nordea Fund of Funds - Strategic Allocation Aggressive
- Nordea Fund of Funds - Strategic Allocation Balanced
- Nordea Fund of Funds - Strategic Allocation Conservative

# Notes to the Financial Statements as of 31/12/2012 (continued)

The Investment Sub-Manager has been appointed under agreements which are concluded for an indefinite period of time and may be terminated by either party at three months' notice. In consideration for the services rendered, the Investment Sub-Manager is paid a fee by the Management Company directly out of its investment management fee received from the above-mentioned Sub-funds.

In addition, the Management Company has appointed Nordea Bank S.A., 562, rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg, as investment advisor in respect of the below-mentioned Sub-funds:

- Nordea Fund of Funds - Balanced
- Nordea Fund of Funds - Conservative

In consideration for its services rendered, the Investment Advisor receives a fee at a commercial rate, payable by the Management Company directly out of its investment management fee received from the Company.

## **Note 5 – Principal Distribution Agent**

The Board of Directors of the Company has appointed Nordea Investment Funds S.A. as its principal distribution agent (the "Principal Distributor"). As such the Principal Distributor markets the shares of the Company in those jurisdictions, in which the Company obtains and maintains a public marketing authorisation. The Principal Distributor is empowered to appoint Sub-Distributors for the shares of the Company within the same jurisdictions.

A distribution fee of 0.75% per annum is applicable on E shares of the following Sub-funds:

Nordea Fund of Funds - Strategic Allocation Aggressive  
Nordea Fund of Funds - Strategic Allocation Balanced  
Nordea Fund of Funds - Strategic Allocation Conservative

Such distribution fee is calculated upon the Net Asset Value of the E-shares at each Valuation Day.

## **Note 6 – Service Agent**

Pursuant to article 110 of the Law, the Management Company has appointed at its own expense and under its control and responsibility Nordea Bank S.A. as registrar, transfer and administrative agent (the "Service Agent").

## **Note 7 – Custodian and Paying Agent**

The Board of Directors of the Company has appointed Nordea Bank S.A. as custodian and paying agent (the "Custodian") for the Company. In consideration for its services as custodian and paying agent, the Custodian is entitled to receive from the Company a fee of up to 0.125% p.a., plus any VAT if applicable, of the Net Asset Value of each share class of each Sub-fund calculated on each Valuation Date and payable at the end of each quarter. Expenses incurred by the Custodian or by other banks and financial institutions to which safekeeping of the assets of the Company is entrusted are additional to the Custodian's fee.

## **Note 8 – Taxation**

On 3 June 2003 the European Union agreed on the implementation of the Council Directive 2003/48/EC (the "Savings Tax Directive"). The "Savings Tax Directive" applies to the whole European Union ("EU"). Furthermore, a number of other countries and territories have agreed to introduce rules similar to those of the EU. The "Savings Tax Directive" is applicable to interest income as defined in the "Savings Tax Directive", when the interest income – as a main rule – is received by an individual who is resident in an EU country and holds a bank account in another country that has agreed to implement the "Savings Tax Directive". The "Savings Tax Directive" may therefore have an effect on the individual Shareholder taxation level, either as a withholding tax on (part of) the gains realised at disposal of the shares or as a withholding tax on any distributions.

The Company is subject to an annual subscription tax of 0.05% p.a. calculated and payable quarterly on the aggregate net asset value of the outstanding Private shares of the respective Sub-funds of the Company at the end of each quarter, and an annual subscription tax of 0.01% p.a. relating to outstanding Institutional Shares calculated in the same manner.

The value of the assets represented by the units and shares held in other Luxembourg undertakings for collective investment is exempted from any subscription tax.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## Note 9 – Forward Exchange Contracts, Credit Default Swaps and Financial Futures Contracts

### a) Forward Exchange Contracts

#### Nordea Fund of Funds - Balanced

Amount bought	Currency bought	Amount sold	Currency sold	Unrealised appreciation/ (depreciation) in Sub-fund base currency (EUR)	Maturity Date
458,603.60	USD	358,074.25	EUR	(10,504.08)	17/01/2013

Contracts with the same currency cross and the same maturity dates have been summed together in the above table.

The net unrealised depreciation on open forward foreign exchange contracts on 31/12/2012 amounts to EUR (10,504.08) and is included in the Statement of Net Assets under - Unrealised loss on forward exchange contracts.

#### Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)

Amount bought	Currency bought	Amount sold	Currency sold	Unrealised appreciation/ (depreciation) in Sub-fund base currency (EUR)	Maturity Date
208,347.23	EUR	1,562,000.00	NOK	(4,033.92)	22/01/2013
1,562,000.00	NOK	211,346.69	EUR	1,034.61	22/01/2013
1,092,409.60	EUR	8,144,128.42	DKK	834.90	08/02/2013
8,140,451.72	DKK	1,092,586.45	EUR	(1,504.48)	08/02/2013
7,573,120.91	EUR	55,817,801.50	NOK	(10,461.11)	08/02/2013
62,956,771.23	NOK	8,447,404.51	EUR	106,089.49	08/02/2013

Contracts with the same currency cross and the same maturity dates have been summed together in the above table.

The net unrealised appreciation on open forward foreign exchange contracts on 31/12/2012 amounts to EUR 91,959.49 and is included in the Statement of Net Assets under - Unrealised gain on forward exchange contracts.

#### Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)

Amount bought	Currency bought	Amount sold	Currency sold	Unrealised appreciation/ (depreciation) in Sub-fund base currency (EUR)	Maturity Date
541,493.90	EUR	700,000.00	USD	10,979.49	22/01/2013
700,000.00	USD	538,329.03	EUR	(7,814.78)	22/01/2013
6,980,956.23	EUR	60,732,055.74	SEK	(87,640.83)	08/02/2013
65,829,642.84	SEK	7,610,356.26	EUR	51,553.36	08/02/2013

Contracts with the same currency cross and the same maturity dates have been summed together in the above table.

The net unrealised depreciation on open forward foreign exchange contracts on 31/12/2012 amounts to EUR (32,922.76) and is included in the Statement of Net Assets under - Unrealised loss on forward exchange contracts.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## b) Financial Futures Contracts

### Nordea Fund of Funds - Strategic Allocation Aggressive

Description	Maturity date	Currency	Purchased/ Sold contracts	Commitment in currency	Unrealised appreciation/ (depreciation) from 30/12/2012 to 31/12/2012 in Sub-fund base currency (PLN)	Unrealised appreciation/ (depreciation) from contract opening to 30/12/2012 in Sub-fund base currency (PLN)
S&P 500 EMINI FUT 03/2013	15/03/2013	USD	5.00	355,875.00	2,624.60	(5,439.46)
US 10YR NOTE (CBT) 03/2013	28/03/2013	USD	(2.00)	(264,968.75)	1,833.36	2,790.19
WIG20 INDEX FUT Mar13	15/03/2013	PLN	94.00	2,458,100.00	0.00	21,620.00
					4,457.96	18,970.73

The net unrealised appreciation from 30/12/2012 to 31/12/2012 on open financial future contracts on 31/12/2012 amounts to PLN 4,457.96 and is included in the Statement of Net Assets under - Unrealised gain on derivatives.

The net unrealised appreciation from contract opening to 30/12/2012 on open financial future contracts on 31/12/2012 amounts to PLN 18,970.73 and is included in the Statement of Net Assets under - Unrealised gain on futures already cashed.

### Nordea Fund of Funds - Strategic Allocation Balanced

Description	Maturity date	Currency	Purchased/ Sold contracts	Commitment in currency	Unrealised appreciation/ (depreciation) from 30/12/2012 to 31/12/2012 in Sub-fund base currency (PLN)	Unrealised appreciation/ (depreciation) from contract opening to 30/12/2012 in Sub-fund base currency (PLN)
S&P 500 EMINI FUT 03/2013	15/03/2013	USD	8.00	569,400.00	4,199.37	(8,703.15)
US 10YR NOTE (CBT) 03/2013	28/03/2013	USD	(4.00)	(529,937.50)	3,666.73	5,580.26
WIG20 INDEX FUT Mar13	15/03/2013	PLN	72.00	1,882,800.00	0.00	16,560.00
					7,866.10	13,437.11

The net unrealised appreciation from 30/12/2012 to 31/12/2012 on open financial future contracts on 31/12/2012 amounts to PLN 7,866.10 and is included in the Statement of Net Assets under - Unrealised gain on derivatives.

The net unrealised appreciation from contract opening to 30/12/2012 on open financial future contracts on 31/12/2012 amounts to PLN 13,437.11 and is included in the Statement of Net Assets under - Unrealised gain on futures already cashed.

### Nordea Fund of Funds - Strategic Allocation Conservative

Description	Maturity date	Currency	Purchased/ Sold contracts	Commitment in currency	Unrealised appreciation/ (depreciation) from 30/12/2012 to 31/12/2012 in Sub-fund base currency (PLN)	Unrealised appreciation/ (depreciation) from contract opening to 30/12/2012 in Sub-fund base currency (PLN)
S&P 500 EMINI FUT 03/2013	15/03/2013	USD	16.00	1,138,800.00	8,398.73	(17,406.31)
US 10YR NOTE (CBT) 03/2013	28/03/2013	USD	(10.00)	(1,324,843.75)	9,166.82	13,950.66
					17,565.55	(3,455.65)

The net unrealised appreciation from 30/12/2012 to 31/12/2012 on open financial future contracts on 31/12/2012 amounts to PLN 17,565.55 and is included in the Statement of Net Assets under - Unrealised gain on derivatives.

The net unrealised depreciation from contract opening to 30/12/2012 on open financial future contracts on 31/12/2012 amounts to PLN (3,455.65) and is included in the Statement of Net Assets under - Unrealised loss on futures already cashed.



# Notes to the Financial Statements as of 31/12/2012 (continued)

## c) Credit Default Swaps

The credit default swaps contracts are off-balance sheet instruments. However, when entering certain Credit Default Swaps contracts, the cash amount received or paid at that date is considered as realised and shown under "Net realised gain/(loss) on derivatives" in these financial statements.

### Nordea Fund of Funds - Strategic Allocation Aggressive

Underlying	Buy/ Sell	Fixed rate	Nominal	Currency	Unrealised appreciation/ (depreciation) in Sub-fund base currency (PLN)	Realised at contract entering date being cashed in Sub-fund base currency (PLN)	Maturity Date
ITRAXX EUROPE CROSSOVER 20-JUN-17 S17 V1	Sell	5.00%	(5,000.00)	EUR	666.34	1,807.56	20/06/2017
					666.34	1,807.56	

The net unrealised appreciation on open credit default swaps on 31/12/2012 amounts to PLN 666.34 and is included in the Statement of Net Assets under - Unrealised gain on derivatives.

The realised appreciation on open credit default swaps on 31/12/2012 amounts to PLN 1,807.56 and is included in the Statement of Net Assets under - Cash at banks.

### Nordea Fund of Funds - Strategic Allocation Balanced

Underlying	Buy/ Sell	Fixed rate	Nominal	Currency	Unrealised appreciation/ (depreciation) in Sub-fund base currency (PLN)	Realised at contract entering date being cashed in Sub-fund base currency (PLN)	Maturity Date
ITRAXX EUROPE CROSSOVER 20-JUN-17 S17 V1	Sell	5.00%	(5,000.00)	EUR	666.34	1,807.56	20/06/2017
					666.34	1,807.56	

The net unrealised appreciation on open credit default swaps on 31/12/2012 amounts to PLN 666.34 and is included in the Statement of Net Assets under - Unrealised gain on derivatives.

The realised appreciation on open credit default swaps on 31/12/2012 amounts to PLN 1,807.56 and is included in the Statement of Net Assets under - Cash at banks.

### Nordea Fund of Funds - Strategic Allocation Conservative

Underlying	Buy/ Sell	Fixed rate	Nominal	Currency	Unrealised appreciation/ (depreciation) in Sub-fund base currency (PLN)	Realised at contract entering date being cashed in Sub-fund base currency (PLN)	Maturity Date
ITRAXX EUROPE CROSSOVER 20-JUN-17 S17 V1	Sell	5.00%	(5,000.00)	EUR	666.34	1,807.56	20/06/2017
					666.34	1,807.56	

The net unrealised appreciation on open credit default swaps on 31/12/2012 amounts to PLN 666.34 and is included in the Statement of Net Assets under - Unrealised gain on derivatives.

The realised appreciation on open credit default swaps on 31/12/2012 amounts to PLN 1,807.56 and is included in the Statement of Net Assets under - Cash at banks.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## Note 10 – Statement of changes in investments

A list specifying for each Sub-fund the total purchases and sales of investments which occurred during the reporting year can be obtained, free of charge, from the Registered Office of the Company, or the Custodian.

## Note 11 – Total Expense Ratio (TER)

This ratio expresses the sum of all costs and commissions charged on an ongoing basis to the Sub-fund's net assets (operating expenses Notes 3, 4, 5, 6, 7 and 8) taken retrospectively as a percentage of the Sub-fund's average net assets. The transaction fees incurred on the purchase and sale of investments are not included in the ratio. The TER is in principle calculated using the following formula:

$$\text{TER \%} = \frac{\text{Total operating expenses in CU}^*}{\text{Average Sub-Fund's net assets in CU}^*} \times 100$$

\*CU = Currency units in the Sub-fund's accounting currency

The TER is calculated for the preceding 12 months as of the closing date of the financial year or the end of the first half of the financial year.

When the Sub-fund invests at least 20% of its net assets in other collective investment schemes (target funds), a composite (synthetic) TER is calculated. This composite TER corresponds to the sum of:

- the TER of the Sub-fund which takes into consideration the reimbursements received from the target funds during the reporting year, and
- the prorated TER of the individual target funds, weighted on the basis of their individual net assets' proportion to the total net assets of the Sub-fund as of the closing date.

## Note 12 – Material changes to the Prospectus of the Company during the reporting year

A new Prospectus of the Company was issued in May 2012. The Prospectus includes the following main changes:

- Removal of the two liquidated sub-funds Choice International Equities and Choice Emerging Market Equities.
- Change of investment policy of the three Strategic sub-funds (Strategic Allocation Aggressive, Strategic Allocation Balanced and Strategic Allocation Conservative) so that the sub-funds' investment objective is to invest, instead of primarily, at least 20% of its net assets in other target funds.
- Dissolution and merger: the Board will determine from time to time the amount of assets below which a sub-fund may be, via Board resolution, liquidated or may merge with another Sub-fund or another investment fund compliant with the Directive 2009/65/EC established in Luxembourg or in another EU member state.
- Replacement of Peter Hemme by Lars Eskesen as Board Member of the Company.
- Appointment of Snorre Storset as additional Board Member of the Management Company

Existing shareholders were informed of all relevant changes to the Prospectus of the Company via mail sent to their address in the Shareholders' register. In addition, publication was made in various newspapers in countries where the Company is authorised for public marketing. Information about the names of these newspapers can be obtained from the Company or Nordea Investment Funds S.A.

The current Prospectus and Key Investor Information Documents for the share classes of the Company's sub-funds can be obtained free of charge and as hard copy, from the Registered Office of the Company, the Custodian, the Principal Distributor or any company listed in the section "Representatives & Paying & Information Agents outside Luxembourg".

## Note 13 – Retrocession management fees

Since the Sub-funds invest in shares of other investment funds (the "Target Fund(s)"), the investor is indirectly charged with the costs, fees and expenses which are borne by the Target Funds acquired. In particular, the Sub-funds are charged with the remuneration for the administration of the Target Funds and also indirectly with the charge for administering the securities held in the respective Target Funds.

When the Company invests in a Target Fund which is administered by another company linked to the Company through a significant direct or indirect holding or which is managed by a company in the Nordea Group or by a management company for a Nordea Fund, or by a company of which one or more members of the Board of Directors of that company are concurrently officers or members of the Board of the Directors of the Company or of another company in the Nordea Group, the Company may not be charged an entrance fee or a redemption fee or a management fee, except for the three Strategic sub-funds (Strategic Allocation Aggressive, Strategic Allocation Balanced and Strategic Allocation Conservative) for which a management fee may be charged since May 17, 2012.

The amount charged to the Company by another management company (capital investment company) or by another investment company, including its management company, as compensation for management of the shares held in the respective Sub-funds is reported in the Note 14. However, in some cases, some of these charges are reimbursed to the Company and will then be shown as a retrocession management fee in the Statement of Operations and Changes in Net Assets. In addition, however, the Company may charge investors, directly or indirectly, for fees and expenses, taxes, commissions and/or other expenses. This may result in a corresponding overcharge.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## Note 14 – Management / Capital management fees of the shares held in the respective Sub-funds

Fund Name	ISIN	Rate in % p.a.
Acatis Aktien Europa Fonds UI A1	DE000A0HF4P1	0.27
Acatis Gane Value Funds UI EUR B	DE000A1C5D13	0.95
ACC Alpha Select AMI	DE0007248643	1.50
Axa Rosenberg Japan Small Cap Alpha Fund A	IE0008366696	0.80
BlueBay Investment Grade Bond Fund B	LU0179826135	0.50
Credit Suisse Solutions Lux - DJ CS AllH I S Cap	LU0337323256	0.33
CS ETF Lux on MSCI Emerging Markets	LU0254097446	0.45
db x-trackers CSI300 Index ETF 1 Cap	LU0779800910	0.30
DJE - Dividende & Substanz	LU0159551042	1.07
EasyETF CAC 40	FR0010150458	0.25
Fidicum SICAV Contrarian Value Euroland A	LU0370217092	1.40
First Private - First Private Aktien Emerging Mark	DE000A0KFRX2	0.80
Gutmann - Optiselect Global Equity	AT0000A010J2	0.08
iShares DAX DE	DE0005933931	0.15
iShares Dow Jones Industrial Average	DE0006289390	0.50
iShares EURO STOXX 50 DE	DE0005933956	0.15
iShares EURO STOXX Banks DE	DE0006289309	0.50
iShares FTSE 100	IE0005042456	0.40
iShares FTSE China 25 Index Fund	US4642871846	0.74
iShares Iboxx LSC2.5-5.5 DE	DE000A0H08A8	0.15
iShares MSCI Europe	DE000A0J2094	0.40
iShares Nikkei 225 ETF	DE000A0H08D2	0.50
iShares S&P 500 ETF	DE0002643889	0.40
Morgan Stanley Euro Ccy High Yield Bond Fd A Acc	LU0073255761	0.85
Nordea 1 - Danish Mortgage Bond Fund BI-DKK	LU0229519045	0.30
Nordea 1 - European High Yield Bond Fund BI-EUR	LU0141799097	0.50
Nordea 1 - European Value Fund BI-EUR	LU0229519557	0.85
Nordea 1 - Global Stable Equity Fd Unhedged Y-PLN	LU0733678329	0.00
Nordea 1 - Global Value Fund BP-EUR	LU0160643358	1.50
Nordea 1 - Polish Bond Fund Y-PLN	LU0637343491	0.00
Nordea 1 - Polish Equity Fund Y-PLN	LU0637343574	0.00
Nordea 1 - US High Yield Bond Fund HYP-PLN	LU0637348615	0.00
Nordea Emerging Market Equities Growth	FI0008808860	1.00
Nordea North America Fund Growth	FI0008805585	1.00
Nordea Russia Fund Growth	FI0008809306	1.85
Nordea World Fund	FI0008800420	1.00
Petercam L - Bonds Government Sustainable F Cap	LU0336683767	0.20
PIMCO Total Return Bond Fund	IE0033989843	0.50
RBS Market Access Daxglobal Russia Index ETF Cap	LU0269999958	0.65
S&P Depository Receipts Trust	US78462F1030	0.06
Source Automobiles & Parts (ETF)	IE00B5NLX835	0.30
Squad Cap Sq Val BC	LU0376514351	1.50
Value Intelligence Fonds AMI I	DE000A0YAX80	0.85
Warburg Value Fund B Cap	LU0208289271	1.25

For German funds: the fee is the "Vermögensverwaltungsvergütung" (capital management fees) and includes the administration fees excluding custodian fees and printing fees.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## Note 15 – Share capital

All shares are issued and fully paid-up and have no par value. During the reporting year shares of any Sub-fund could be issued as either: Class AP Shares; Class AI Shares; Class AX Shares; Class BP Shares; Class BI Shares; Class BX Shares; Class E Shares; Class HE Shares; Class HB Shares and Class HBI Shares. The specifications of each Sub-fund indicate which of these Share Classes are in issue for the relevant Sub-fund.

The Board of Directors may decide to issue shares in different classes (a "Share Class"). Such Share Classes may be differentiated by specific sales and redemption charge structure, fee structure, distribution policy, reference currency, category of investors, marketing country or other specificity which shall be described in further details, when issued.

For some share classes, shareholders are allowed to subscribe in currencies other than the base currency of the Sub-fund. This Net Asset Value per share expressed in other currencies than the base currency of the Sub-fund represents the daily conversion of the NAV per share in the base currency of the Sub-fund.

Share Classes based on Class A shares		Share Classes based on Class B shares		Share Classes based on Class E shares	
At present, shares of the Share Class A may be sub-divided as follows:		At present, shares of the Share Class B may be sub-divided as follows:		At present, shares of the Share Class E may be sub-divided as follows:	
Share Class	Specifications	Share Class	Specifications	Share Class	Specifications
AP	Distributing shares of the relevant Sub-fund available to both, non-Institutional Investors and Institutional Investors.	BP	Accumulating shares of the relevant Sub-fund available to both, non-Institutional Investors and Institutional Investors.	E	Accumulating shares of the relevant Sub-fund available to both, non-Institutional Investors and Institutional Investors.
AI	Distributing shares of the relevant Sub-fund reserved for Institutional Investors.	BI	Accumulating shares of the relevant Sub-fund reserved for Institutional Investors.		E-Shares are charged a Distribution Fee, as defined in the specifications of each Sub-fund, per annum calculated upon the Net Asset Value of the E-Shares at each Valuation Day. Such Distribution Fee will be paid to the Principal Distributor or to the respective distributor or sales agent.
AX	Distributing shares of the relevant Sub-fund which may only be acquired by Institutional Investors: a) who meet the minimum account maintenance or qualification requirements established from time to time, and b) whose AX shares will be held on a safe custody account with the Company's Custodian, and c) whose account is 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. Shares of the Share Class AX shall only be authorised for public marketing in the Grand Duchy of Luxembourg.	BX	Accumulating shares of the relevant Sub-fund which may only be acquired by Institutional Investors: a) who meet the minimum account maintenance or qualification requirements established from time to time, and b) whose BX shares will be held on a safe custody account with the Company's Custodian, and c) whose account is 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. Shares of the Share Class BX shall only be authorised for public marketing in the Grand Duchy of Luxembourg.	HE	Hedged Accumulating shares available to both non-institutional and Institutional Investors. HE-Shares are hedged against the Base Currency of the relevant Sub-fund. However, they shall not be entitled to any dividend payments; Shareholders of this Class benefit from the capital appreciation resulting from the reinvestment of the revenue of the Sub-fund allocated to this Class. HE PLN-Shares are charged a Distribution Fee of 0.75% per annum calculated upon the Net Asset Value of the HE PLN-Shares at each Valuation Day. Such Distribution Fee will be paid to the Principal Distributor or to the respective distributor or sales agent.
		HB	Hedged Accumulating Shares available to both Institutional and non institutional investors		
		HBI	Hedged Accumulating Shares available to Institutional investors		

# Notes to the Financial Statements as of 31/12/2012 (continued)

Share Classes based on Class A shares		Share Classes based on Class B shares		Share Classes based on Class E shares	
At present, shares of the Share Class A may be sub-divided as follows:		At present, shares of the Share Class B may be sub-divided as follows:		At present, shares of the Share Class E may be sub-divided as follows:	
Share Class	Specifications	Share Class	Specifications	Share Class	Specifications
The Share Classes based on Share Class A shall be available in the currencies as listed in the below table. However, the specifications of each Sub-fund indicate which of these Share Classes are in issue for the relevant Sub-fund:		Shares of the Share Classes B shall be available in the currencies as listed in the below table. However, the specifications of each Sub-fund indicate which of these Share Classes are in issue for the relevant Sub-fund:		The Share Classes based on Share Class E shall be available in the currencies as listed in the below table. However, the specifications of each Sub-fund indicate which of these Share Classes are in issue for the relevant Sub-fund:	
Share Class	Currency	Share Class	Currency	Share Class	Currency
AP	EUR	BP	EUR, NOK, SEK, DKK, PLN	E	EUR, PLN
AI	EUR	BI	EUR, NOK, SEK, DKK, PLN	HE	PLN
		BX	EUR, NOK, SEK, DKK		
		HB	NOK, SEK, DKK, PLN		
		HBI	NOK, SEK, DKK, PLN		
<b>Distribution policy of the shares of Share Class A</b>		<b>Distribution policy of the shares of Share Class B</b>		<b>Distribution policy of the shares of Share Class E</b>	
Shares of the Share Class A shall be entitled to the payment of a dividend in case payment of a dividend is decided upon. The profits allocated to distributing shares will be available for distribution to the Shareholders as the Annual General Meeting of the Shareholders may decide, provided that the capital of the Company does not fall below EUR 1,250,000.-.		Shares of the Share Class B shall not be entitled to any dividend payments; shareholders of this Share Class benefit from the capital appreciation resulting from the reinvestment of the revenue of the Sub-fund allocated to the Share Class (accumulation).		Shares of the Share Class E shall not be entitled to any dividend payments; shareholders of this Share Class benefit from the capital appreciation resulting from the reinvestment of the revenue of the Sub-fund allocated to the Share Class (accumulation).	

## Note 16 - Liquidation of “Nordea Fund of Funds - Choice Emerging Market Equities” and “Nordea Fund of Funds - Choice International Equities” Sub-Funds

These two Sub-funds were liquidated on the 17 February 2012.

## Note 17 - Liquidation of “Nordea Select Equity Fund of Funds and Nordea Select Diversified Fund of Funds” Sub-Funds

On 27 December 2012, the Board of Directors of the Company took the decision to liquidate the Nordea Select Diversified Fund of Funds and Nordea Select Equity Fund of Funds as per 25 January 2013. As of 27 December 2012, shares of these sub-funds are no longer issued, redeemed or converted and the price calculation is suspended until the 25 January 2013.

# Notes to the Financial Statements as of 31/12/2012 (continued)

## Note 18 - Transaction fees

Transaction fees include Broker costs, which are included in the cost of investments, and transaction related costs, which are, in principle, disclosed separately in the Statement of Operations and Changes in Net Assets.

The transaction related costs include transaction costs on securities, on futures and on time deposits.

Expenses and stock exchange taxes (where applicable) billed by the broker directly and paid to him in settlement of the deal are registered as integral part of the cost price at the same time as the transaction itself.

Name of Sub-fund	Currency	Broker costs In Sub-Fund Ccy	Transaction related costs (Bank Commission) In Sub-Fund Ccy
Nordea Fund of Funds - Balanced*	EUR	10,917.95	32,790.53
Nordea Fund of Funds - Choice Emerging Market Equities* (Note 16)	EUR	160.23	3,384.81
Nordea Fund of Funds - Choice International Equities* (Note 16)	EUR	-	3,705.99
Nordea Fund of Funds - Conservative*	EUR	7,461.90	31,776.91
Nordea Fund of Funds - Nordea Select Diversified Fund of Funds* (Note 17)	EUR	60.62	8,200.73
Nordea Fund of Funds - Nordea Select Equity Fund of Funds* (Note 17)	EUR	30.00	10,767.05
Nordea Fund of Funds - Strategic Allocation Aggressive	PLN	20,233.65	220,364.18
Nordea Fund of Funds - Strategic Allocation Balanced	PLN	14,244.72	215,370.13
Nordea Fund of Funds - Strategic Allocation Conservative	PLN	6,754.92	197,201.88
Nordea Fund of Funds - Value Masters Fund*	EUR	293.16	3,674.16

(\*) Sub-funds for which the transaction costs on securities are included in the cost of investments so not shown separately in the Statement of Operations and Changes in Net Assets.

# Shareholder's Information

The following documentation and/or information can be obtained, free of any charges and as hard copy, from the Registered Office of the Company, the Custodian, the Principal Distributor or any company listed in the section "Representatives & Paying & Information Agents outside Luxembourg":

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>• the Statutes of the Company</li> <li>• the Management Company Agreement</li> <li>• the audited Annual Report</li> <li>• the daily Net Asset Value per share of all share Classes of all Sub-funds of the Company</li> <li>• the full Prospectus</li> </ul> | <ul style="list-style-type: none"> <li>• the Key Investor Information Documents</li> <li>• the Custodian Bank and Paying Agency Agreement</li> <li>• the un-audited Semi-Annual Report</li> <li>• a listing of investment transactions having taken place during the year</li> <li>• the Subscription Form</li> </ul> | <ul style="list-style-type: none"> <li>• the Service Agreement</li> <li>• all notices to the shareholders</li> <li>• the Investment Sub-Management Agreement</li> <li>• the Nominee Agreement with Nordea Bank AB (publ)</li> </ul> |
|---|---|---|

Notices for the Annual General Meeting of Shareholders are mailed to holders of registered shares of the Company.

The certified Articles of Incorporation were lodged at the office of the Registrar of the District Court of the Grand Duchy of Luxembourg on 25 September 1998 where they are available for inspection and where copies may be obtained upon request.

Subscriptions can only be received on the basis of the current Prospectus accompanied by the latest Annual Report as well as by the latest Semi-Annual Report if published after the latest Annual Report.

## Risk Transparency disclosures

### A) General

The Management Company uses a risk management process that allows monitoring the risk of the portfolio positions and their share of the overall risk profile of the portfolios on the Sub-funds at any time.

In accordance with the Law of 17 December 2010 and the applicable regulatory requirements of the Commission de Surveillance du Secteur Financier ("CSSF") the Management Company reports to the CSSF on a regular basis on the risk management process.

The Management Company assures, at the basis of appropriate and reasonable methods, that the overall risk, associated with derivatives, does not exceed the net asset value of the portfolio. The Management Company uses the following methods:

- **The Commitment approach:** the positions on derivative financial instruments are converted into equivalent positions in the underlying assets, after consideration of all netting and coverage effects.
- **The Value-at-Risk (VaR) approach:** The VaR is a mathematical-statistical concept and is used as a standard measure of risk in the financial sector. The VaR represents the potential loss of a portfolio over a given period (so-called holding period), which is with a certain probability (so-called confidence level).
  - **Relative VaR approach:** The relative VaR concept determines the VaR based on a reference portfolio. The relative VaR cannot exceed the VaR of a reference portfolio by more than a maximum of twice (200%). The reference portfolio is a matching portfolio in comparison to the Sub-fund's investment policy.
  - **Absolute VaR approach:** In the absolute VaR approach the VaR (99% confidence level, 20-day holding period) of the Sub-fund cannot exceed 20% of the Sub-fund net assets.

#### VaR add ons:

For Sub-funds measuring and monitoring the global risk on derivatives via VaR approach, the Management Company also determines the sum of the nominal values or equivalent values of all the relevant derivatives and estimates in this regard a degree of the expected average value (leverage). This level of leverage can, depending on the respective market conditions, derive from the actual value at the reporting date. Furthermore, the published expected level of leverage is explicitly not understood as an investment limit.

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
Nordea Fund of Funds - Balanced	Commitment approach
Nordea Fund of Funds - Conservative	Commitment approach
Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)	Absolute Value-at-Risk
Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)	Absolute Value-at-Risk
Nordea Fund of Funds - Strategic Allocation Aggressive	Commitment approach
Nordea Fund of Funds - Strategic Allocation Balanced	Commitment approach
Nordea Fund of Funds - Strategic Allocation Conservative	Commitment approach
Nordea Fund of Funds - Value Masters Fund	Commitment approach

# Risk Transparency disclosures (continued)

## B) Global risk measurement methods

### Ad 1) Absolute VaR approach

In the period from 01/01/2012 to 31/12/2012 (the "Period"), the absolute VaR approach has been used for monitoring and measuring the global risk associated with the derivatives used by a selection of Sub-funds. The following table indicates:

- (i) The VaR internal limit for each of these Sub-funds.
- (ii) The minimum level, the maximum level and the average level of the VaR as determined daily during the Period.

Sub-fund	Minimum VaR	Maximum VaR	Average VaR	Internal Limit*
Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)	0.180%	3.100%	1.871%	7.000%
Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)	0.640%	1.890%	1.262%	7.000%

\* Actual VaR may temporarily deviate from the internal limits.

The model used to calculate such VaR is the (parametric) variance-covariance approach with a confidence interval of 99% and a holding period of 20 days.

The sum of the nominal values or equivalent values of all relevant derivatives (leverage) in the period from 01/01/2012 to 31/12/2012 lead to the following average level of leverage for 2012:

Sub-fund	Average level of leverage in year 2012 (in % of NAV) (*)
Nordea Fund of Funds - Nordea Select Diversified Fund of Funds (Note 17)	100%
Nordea Fund of Funds - Nordea Select Equity Fund of Funds (Note 17)	100%

(\*) Calculated at least with bi-weekly data.

### Ad 2) Commitment Approach

In relation with the remaining Sub-funds that are not reported in Ad 1) above, the global risk on derivatives has been determined according to the commitment approach during the reporting period from **01/01/2012** until **31/12/2012**.



# Organisation

## Registered Office

Nordea Fund of Funds, SICAV  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

## Board of Directors

André Roelants  
(Chairman)  
Luxembourg  
Grand Duchy of Luxembourg

André Roelants is Chairman of the Board of Directors of Clearstream International 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.

Allan Polack  
Copenhagen  
Denmark

Allan Polack is CEO of Nordea Savings & Asset Management and member of the executive management group of Nordea Wealth Management.

Alex Schmitt  
Luxembourg  
Grand Duchy of Luxembourg

Alex Schmitt is Partner of Bonn & Schmitt, Avocats, Luxembourg.

Niels Thygesen  
Copenhagen  
Denmark

Niels Thygesen is Professor of Economics at the University of Copenhagen with a very active career as advisor to governments and central banks as well as being a member of many economic committees.

Jhon Mortensen  
Luxembourg  
Grand Duchy of Luxembourg

Jhon Mortensen is Managing Director and CEO of Nordea Bank S.A., Luxembourg and member of the executive management group of Nordea Capital Markets & Savings.

Jari Kivihuhta  
Helsinki  
Finland

Jari Kivihuhta is Managing Director of Nordea Investment Fund Company Ltd, Helsinki, Finland.

Eira Palin-Lehtinen  
Helsinki  
Finland

Eira Palin-Lehtinen is retired after a long career within the Nordea Group. She holds various board memberships in Finland.

Lars Eskesen  
(as from the 15<sup>th</sup> of March 2012)  
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. Lars Eskesen is today Chairman of the Board of Nordea Invest.

## Daily Management

Lars Erik Høgh  
Luxembourg  
Grand Duchy of Luxembourg

Lars Erik Høgh is Managing Director of Nordea Investment Funds S.A., Luxembourg.

# Administration

## Management Company

Nordea Investment Funds S.A.  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

## Service Agent

Nordea Bank S.A.  
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Grand Duchy of Luxembourg  
Telephone: +352 43 88 71  
Telefax: +352 43 93 52

## Custodian and Paying Agent

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# Investment Management

## Investment Manager

Nordea Investment Funds S.A.  
562, rue de Neudorf  
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Grand Duchy of Luxembourg

## Investment Advisor

Nordea Bank S.A.  
562, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

## Investment Sub-Manager

Nordea Investment Management AB  
Regeringsgatan 59  
105 71 Stockholm  
Sweden

# Distribution Channels

## Principal Distributor:

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# Public Marketing Authorisations

**Nordea Fund of Funds, SICAV is fully or partly authorised for public marketing in the following countries:**

Grand Duchy of Luxembourg  
Denmark  
Poland

Germany  
Finland  
Estonia

Lithuania  
Norway

Sweden  
Latvia

For further details please consult the current full Prospectus and the country-specific information intended for investors subscribing to shares from any of the above-mentioned countries.

# Representatives & Paying & Information Agents outside Luxembourg

## Representative and Paying Agent in Denmark:

Nordea Bank Danmark A/S  
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Telefax: +45 33 33 10 04

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# Legal Advisors

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Bonn Steichen & Partners  
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Immeuble C2  
L-2370 Howald  
Grand Duchy of Luxembourg

# Cabinet de révision agréé

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