

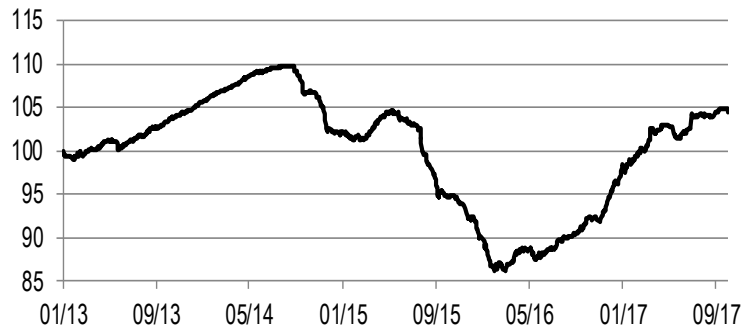
# Nordic High Yield Abs

Monthly Investment Basket Review 31.10.2017

## Investment Basket Basic Information

Name	Mandatum Life Nordic High Yield Abs
Inception date	28.1.2013
Investment Manager	Mandatum Life
Management Fee p.a.	1,0 %

## Unit Value



	1 mth	3 mths	6 mths	12 mths	Year-To-Date	Since Founded
Nordic High Yield Abs	0,06 %	0,31 %	2,07 %	13,09 %	9,62 %	4,48 %

## Investment Strategy

The Mandatum Life Nordic High Yield Abs investment basket offers the opportunity to invest diversely in Nordic fixed income investments with a good return potential at a moderate risk level. The investment basket invests its assets in the bonds of Nordic companies, which have no credit rating or which are rated as *high* yield, i.e. credit rating at most BB+ (Standard and Poor's).

The objective of the investment basket's investment activities is to achieve, through proactive portfolio management, a long-term yield on the investment basket's assets that outperforms the typical return on conventional fixed income investments. The interest rate risk of the portfolio is managed proactively. The foreign exchange risk is hedged according to the portfolio manager's judgement at any given time.

## Investment Manager's Review

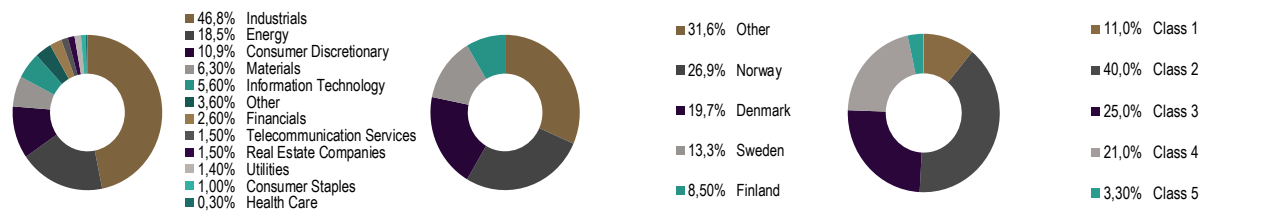
September's brisk issuing of new bonds ended soon after we moved into October with the start of the Q3 earnings season. October was a fairly quiet month on the Nordic market in any case and the political front failed to conjure up anything to shake up the market. Catalonia's situation is worth monitoring, however, even though it does not directly impact the Nordic high yield market. One of the autumn's most interesting topics is the ECB's plans to reduce stimulus, which were finally clarified at the meeting held at the end of October. The ECB's securities purchase rate will be halved at the turn of the year and this is also likely to slowly normalise the European corporate bond market. The ECB has already purchased so many corporate bonds that it would have found it difficult to continue purchases at the current rate next year. The strong global economic outlook also finally gives central banks leeway in dismantling exceptional measures.

Swedish real estate companies' plentiful bond issues, a phenomenon in recent years, hiccupped in October with signs of a cooling down in the housing markets in the more expensive areas of Stockholm and Oslo over the autumn. ML Nordic High Yield has very few of this sector's bonds and this autumn's housing market data does not give reason to raise their weight. If interest rates start rising next year, the credit risk premiums on these bonds will have room to grow. Following a few calm weeks, we expect the bond market to pick up again in November, with several companies wishing to issue bonds before the end of the year. In October, we participated in the refinancing of the bond of the Danish clothing company PWT and the issue of Melin Group, which offers invoicing and collection services. The outlook for the rest of the year is stable on the market and, in addition to the Q3 earnings, the focus is beginning to shift to positioning.

## Top Holdings

6,36 %	DSV Miljoe AS, FRN, Call 10.05.2019, Mat. 10.05.2021, EUR	3,84 %	West Atlantic AB, 7%, Call 21.12.2017, Maturity 21.12.2019, SEK
5,70 %	Axzon A/S, FRN, Call 30.06.2019, Mat. 26.05.2021, EUR	3,18 %	Bluewater Holding BV, 10%, 10.12.2019, USD
5,26 %	VV Holding AS, FRN, Call 10.07.2016, Maturity 10.07.2019, NOK	3,15 %	Lebara, FRN, Call 07.09.2020, Mat. 07.09.2022, EUR
4,77 %	Teekay Offshore Partners LP, FRN, 30.01.2019, NOK	2,87 %	Eagle Industries Oy, 8.25%, Callable/Sink, 13.03.2020, EUR
4,67 %	European Directories BondCo SCA, FRN, Maturity, 09.12.2018, EUR	2,85 %	Hoehg LNG Holdings Ltd, FRN, Call 05.06.2018, Maturity 05.06.2020, USD

## Investment Basket Composition



### Industry Allocation

### Geographic Distribution

### Allocation by credit rating\*

This investment basket review does not constitute a recommendation to subscribe for or redeem units in the investment basket. In compiling the investment basket review, every attempt has been made to ensure that the information contained in it is correct. However, Mandatum Life is not accountable for the correctness of the information. The investment basket's past performance is no guarantee of future returns. The value of investments may increase or decrease and investors risk losing the assets they originally invested.