

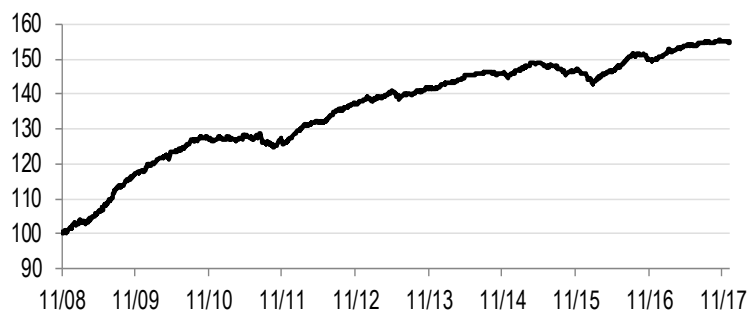
Fixed Income Portfolio Abs

Investment Basket Monthly Review 29.12.2017

Investment Basket Facts

Name	Mandatum Life Fixed Income Portfolio Abs
Inception Date	17.11.2008
Investment Manager	Mandatum Life
Management Fee p.a.	0.75%
Carbon Footprint compared to market	2017: 59%, 378.5 tCO ₂ per invested €1 million 2016: 51%, 314.2 tCO ₂ per invested €1 million

Performance



	1 mth	3 mths	12 mths	36 mths	Year-To-Date	Since Inception
Fixed Income Portfolio Abs	0,05 %	0,32 %	3,24 %	6,54 %	3,24 %	55,14 %

Top Holdings

7,89 %	Cash/ Money Market	2,07 %	AP Moeller - Maersk A/S, 4%, 04.04.2025, GBP
3,93 %	iShares iBoxx \$ Investment Grade Corporate Bond ETF	1,93 %	United Kingdom Gilt, 3.75%, 07.09.2021, GBP
2,38 %	United States Treasury Note/Bond, 1.625%, 31.08.2022, USD	1,82 %	United States Treasury Note/Bond, 2.5%, 15.02.2046, USD
2,28 %	Telefonaktiebolaget LM Ericsson, 4.125%, 15.05.2022, USD	1,80 %	Cash/ Money Market
2,09 %	Pohjola Bank PLC, 5.75%, 28.02.2022, EUR	1,79 %	Danica Pension Livsforsikringsaktieselskab, 4.375%,

Investment Strategy

Mandatum Life Fixed Income Portfolio strategy provides an active and extensive portfolio management solution. Investments are made in fixed income markets on a diversified basis and according to current market views. Basket funds are invested in deposits, money market and fixed income instruments, mutual fund units and derivatives contracts. Interest rate risk (duration-measured) may vary from 0 to 15 years in duration and credit risk may not exceed 100% of the investment basket's market value.

The investment basket suits both inexperienced and experienced investors, who seek returns typical for medium-term fixed income investments. The investment basket's return risk and capital risk are typical to diversified medium-term interest rate baskets with moderately low risk.

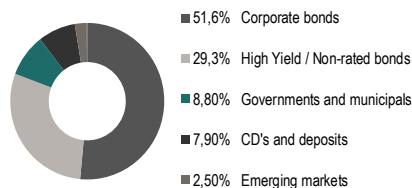
Investment Manager's Review

The interest rate level in Europe and the US finally rose slightly at year-end. The yield on Germany's 10-year government bond closed at 0.44% and the United States' 10-year bond at 2.43%. As expected, the Fed raised the fed funds rate in December to 1.5% and three interest rate hikes are forecast for 2018. In the US, short-term rates have risen clearly more briskly than long-term rates and the yield curve has thus flattened, partly indicating a settling down of economic activity in the future. Still for the moment, the situation is very different: global GDP growth is at its best this cycle with practically all of the OECD economies growing and the growth even accelerating in most. The low global level of inflation came as a surprise and the relatively low long-term interest rate levels in Europe partially reflect this.

On the fixed income markets, the past year ended with a buzz of activity on the issue front. In corporate bonds, the final quarter was the most active ever, and thus also in this cycle, and, for instance, more than EUR 25 billion in new euro-denominated high yield bonds were printed. At the same time, credit risk premiums are practically at this cycle's lowest levels and since the underlying interest rate level is very low, so for companies, this is an advantageous moment to lock in the cost of financing. For investors, this makes selectivity the order of the day.

We participated at the end of November in the issue of Yara's NOK bond and bought some more of the secured bond issued by Stockmann from the secondary markets. We also bought some more of Topdanmark's new bond. We are positioned with a relatively low interest rate risk level in the portfolio and are prepared to further reduce the interest rate risk sensitivity if the rising of interest rates gains new momentum in the new investment year. Otherwise movements in the portfolio were few and far between in December. The value of the Fixed Income Portfolio rose +0.05% in December and +3.24% in 2017.

Investment Basket Allocation



Allocation by Investment Class

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.

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