

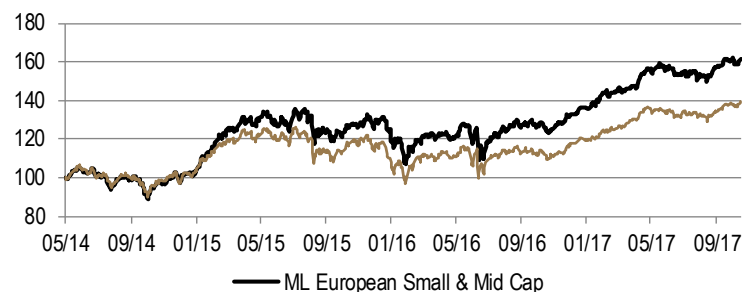
European Small & Mid Cap

Monthly Investment Basket Review 31.10.2017

Investment Basket Basic Information

Name	Mandatum Life European Small & Mid Cap
Inception date	15.5.2014
Investment Manager	Mandatum Life
Management Fee p.a.	1,5 %
Carbon footprint compared to benchmark index	27 %

Unit Value



	1 mth	3 mths	6 mths	12 mths	Year-To-Date	Since Founded
European Small & Mid Cap	0,98 %	4,83 %	5,08 %	28,53 %	20,29 %	61,48 %
Benchmark index	1,61 %	5,23 %	4,04 %	25,15 %	17,37 %	39,56 %

Top Holdings

3,00 %	Burford Capital Ltd	2,00 %	Aroundtown Property Holdings Plc
2,81 %	Medios Ag	1,97 %	Indivior Plc
2,25 %	Aurelius Ag	1,94 %	Academedia Ab
2,24 %	Teleperformance Sa	1,85 %	Morphosys Ag
2,20 %	Playtech Plc	1,82 %	Grand City Properties Sa

Investment Strategy

The investment basket invests its assets in European small and mid cap equities and equity-related securities. The investment basket may use fixed income investments only for the management of cash assets.

The investment basket has a benchmark index to which the return on the investment basket is compared. The benchmark index is STOXX Europe Small 200 NTR. The long-term objective of the investment basket is to exceed the development of the benchmark index. The benchmark index can be exceeded by investing in selected companies based on a careful analysis. The proportion of equity-related securities in the investment basket of the total value of the investment basket may vary between 75% and 125%.

Investment Manager's Review

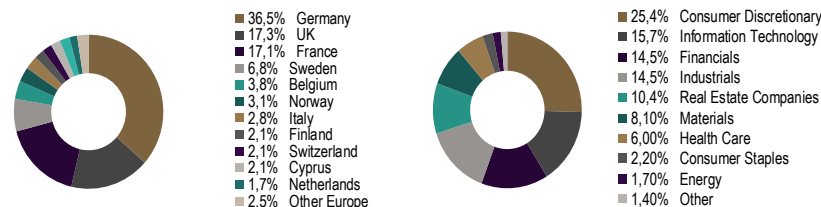
The stock prices of European SMEs rose in October. ML European Small & Mid Cap rose +1.0% while the investment basket's benchmark index was up by +1.6%. From the beginning of the year, the investment basket has yielded +20.3%, with the return on the benchmark index at +17.4%. Since inception, the investment basket's yield has been +61.5% and the benchmark index has yielded +39.6%.

Yet another earnings season is starting. The United States is somewhat further along, but Europe's reporting stage is also beginning to take off. Earnings have been mostly good but differences between companies are growing. Above all, stock prices are showing a wide variety of reactions to the earnings results. The situation is similar to the previous earnings season's: successes cause a rise of a few per cent, while disappointments lead to a much larger decline. Macro figures continue to be strong, news from industrial production is positive and GDPs are rising. From this perspective, Europe looks strong, with recovery and positive news being reported across a broad front. This leads us to believe that earnings growth will continue to be good in our companies. During the month, shares that yielded well included Burford, Medios and RIB Software.

The most weighted sectors in the investment basket are durable commodities and information technology. The most heavily weighted countries are Germany and the UK. The ML European Small & Mid Cap investment basket has a median P/E of 15.3x, a dividend yield of 2.9% and an earnings-growth expectation of around +10%. The investment basket is made up of the stocks of around 80 companies, with the average company size being approximately EUR 1.5 billion.

Many investors have been waiting for a course correction from the markets to increase their equity exposure. Over the past six years, all cases of market nervousness have provided excellent opportunities to increase small & mid cap stocks. We believe these companies will grow faster than large-scale companies and offer investors a better return in the long run.

Investment Basket Composition



Geographic Equity Distribution

Industry Allocation

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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