

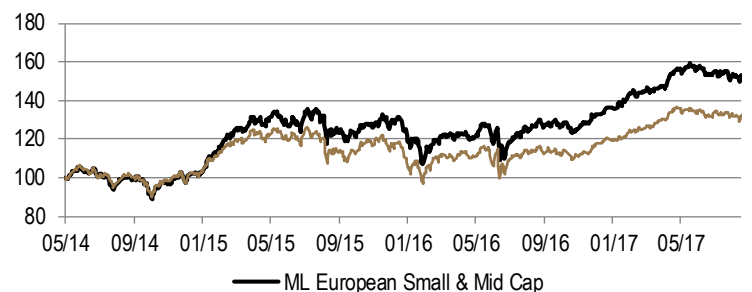
# European Small & Mid Cap

Monthly Investment Basket Review 31.8.2017

## 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 %
Coal Footprint compared to benchmark index	27 %

## Unit Value



	1 mth	3 mths	6 mths	12 mths	Year-To-Date	Since Founded
<b>European Small &amp; Mid Cap</b>	-0,74 %	-2,65 %	7,08 %	20,58 %	13,91 %	52,90 %
<b>Benchmark index</b>	-0,73 %	-2,37 %	6,03 %	16,21 %	10,72 %	31,66 %

## Top Holdings

2,93 %	Burford Capital Ltd	2,01 %	Ferrexpo Plc
2,33 %	Aurelius Ag	2,00 %	Grand City Properties Sa
2,29 %	Teleperformance Sa	1,76 %	Snp Schneider-Neureither & Partner Ag
2,27 %	Playtech Plc	1,71 %	Publity Ag
2,08 %	Aroundtown Property Holdings Plc	1,69 %	Medios Ag

## 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

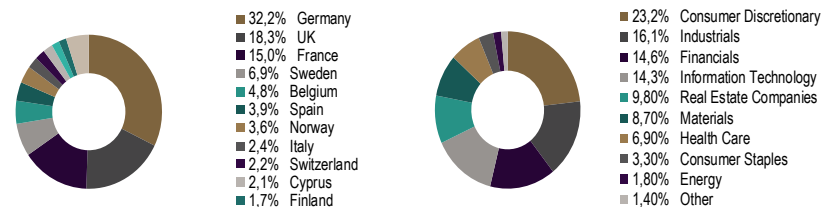
The stock prices of European SMEs fell slightly in August. ML European Small & Mid Cap fell -0,74% while the investment basket's benchmark index declined -0,73%. From the beginning of the year, the investment basket has yielded +13,91%, with the return on the benchmark index at +10,72%. Since inception, the investment basket's yield has been +52,90% and the benchmark index has yielded +31,66%.

Market price volatility increased in August although, in the end, the indices finished close to their initial levels. North Korea's continuous missile tests made the markets nervous in late August. The earnings season was wrapped up and the results were fairly good across the board. The European economy has shown clear signs of a pick-up, while at the same time, the markets have benefited from the election results. During the year, we met with several companies, and their message has mostly been the same: The economy has improved and Europe is recovering, but the growth rate is moderate. Over the last decade, companies have learned to make do with fewer resources, and all investments and recruitments have been carefully considered. We believe that the companies we own are in much better shape now than they were in 2007. During the month, the best performers included, among others, Medios, Ferrexpo and Aroundtown.

The most weighted sectors in the investment basket are durable commodities and industry. The most heavily weighted countries are Germany and the UK. The ML European Small & Mid Cap investment basket has a median P/E of 14.9x, a dividend yield of 2.7% 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 1.7 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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