

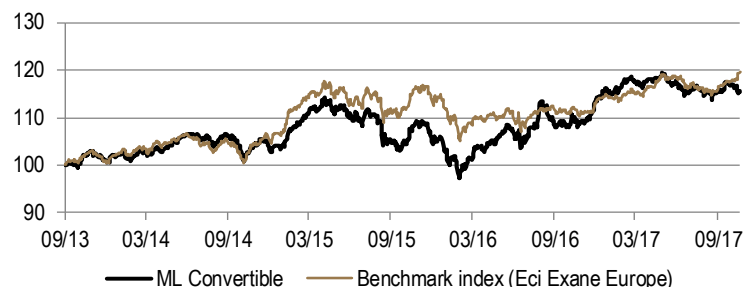
Convertible

Monthly Investment Basket Review 31.10.2017

Investment Basket Basic Information

Name	Mandatum Life Convertible
Inception date	10.9.2013
Investment Manager	Mandatum Life
Management Fee p.a.	1,2 %
Carbon footprint compared to benchmark index	84 %

Unit Value



	1 mth	3 mths	6 mths	12 mths	Year-To-Date	Since Founded
Convertible	-1,97 %	-0,68 %	-2,45 %	5,51 %	-0,05 %	15,29 %
Benchmark index	1,97 %	3,15 %	1,58 %	7,17 %	4,57 %	19,55 %

Top Holdings

14,41 %	Cash / Money Market	3,15 %	Cds Itraxx Europe Crossover Series 25 Version 1 20.6.2021
6,25 %	Outokumpu Oyj, 3.25%, 26.02.2021	3,12 %	Marine Harvest Asa, 0.125%, 05.11.2020, Eur
4,95 %	Golar Lng Ltd, 2.75%, 15.02.2022	3,12 %	Fresenius Medical Care Ag & Co Kgaa, 1.125%, 31.01.2020, Eur
4,46 %	Total Sa, 0.5%, 02.12.2022, Usd	3,00 %	Magyar Nemzeti Vagyonkezelő Zrt, 3.375%, 02.04.2019, Eur
3,94 %	Rocket Internet Se, 3%, 22.07.2021	2,80 %	Rag-Stiftung, 0.00%, 18.02.2021, Eur

Investment Strategy

The investment basket invests its assets mainly in European convertible bonds. The proportion of these investments in the investment basket can vary between 70-100% of the basket's total value. The investment basket may also restrictedly invest in other investment targets.

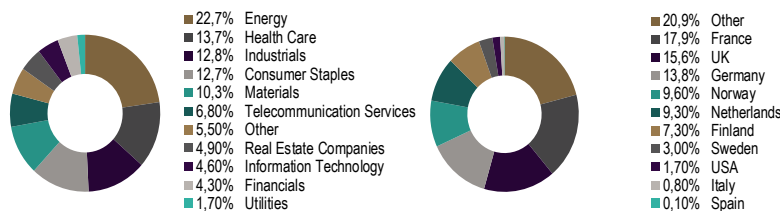
The possible equity investments, which may origin from conversions of convertible bond holdings or from direct investments in equity instruments, may in aggregate not exceed 10% of the investment basket's total value. The investment basket's equity risk can vary between 0-100% of the investment basket's total value. Convertible bonds' and equity derivatives' delta-adjusted weights are taken into consideration as calculating equity risk.

Investment Manager's Review

In October, the market moved within a relatively narrow variation range, however, with a slight positive undercurrent, and the political front failed to conjure up anything to shake up the market. Catalonia's situation is worth monitoring, however. Very few issues were made in October and were not a fit for the portfolio this time around; we focused instead purely on the secondary 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.

In October, we sold Air France's and ST Microelectronics's convertible bonds that were heading for conversion and bought instead some Korian, Vallourec and Bekaert, among others. Market volatility remained at a historically low level which means that the convexity of bonds, an asymmetric return/risk profile, which is important to investors, is now cheap to buy. In the current market environment, ML Convertible is thus an interesting option for direct equity risk. It may also make sense for companies to issue convertible bonds instead of share capital at this stage of the cycle. In addition, a brisk M&A pace offers convertible bond investors added yield opportunities. The portfolio's stock sensitivity (delta) was 32% at the end of October.

Investment Basket Composition



Industry Allocation

Geographic Distribution

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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