

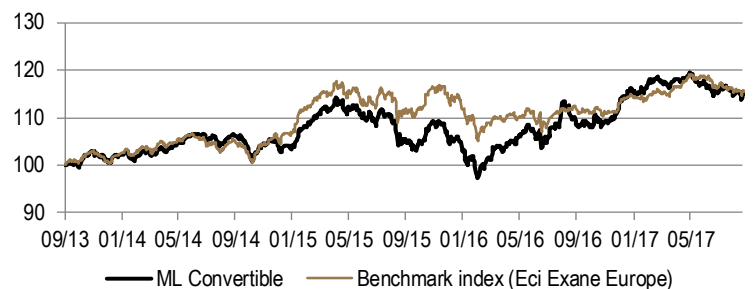
Convertible

Monthly Investment Basket Review 31.8.2017

Investment Basket Basic Information

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

Unit Value



	1 mth	3 mths	6 mths	12 mths	Year-To-Date	Since Founded
Convertible	-0,71 %	-1,24 %	-2,57 %	5,23 %	-0,09 %	15,24 %
Benchmark index	-0,37 %	-2,40 %	0,04 %	3,32 %	1,00 %	15,48 %

Top Holdings

8,90 %	Cash / Money Market	4,31 %	Total Sa, 0.5%, 02.12.2022, Usd
8,35 %	Outokumpu Oyj, 3.25%, 26.02.2020	4,05 %	Rag-Stiftung, 0.00%, 18.02.2021, Eur
4,93 %	Golar Lng Ltd, 2.75%, 15.02.2022	3,84 %	Rocket Internet Se, 3%, 22.07.2022, Eur
4,74 %	Vinci Sa, 0.375%, 16.2.2022, Usd	3,06 %	Fresenius Medical Care Ag & Co Kgaa, 1.125%, 31.01.2020, Eur
4,71 %	Marine Harvest Asa, 0.125%, 05.1	3,04 %	Magyar Nemzeti Vagyonkezelo Zrt, 3.375%, 02.04.2019, 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.

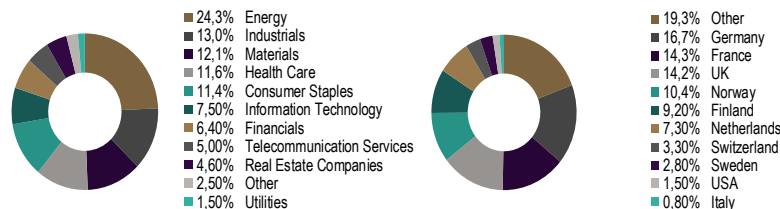
Investment Manager's Review

The equity market see-sawed throughout August as the earnings season continued, and a few tense moments were felt on the market when North Korea took turns provoking the US and Japan. The corporate bond market was slightly sluggish in its movements and the convertibles market moved within a fairly narrow variation range.

Only a couple of real estate companies issued bonds in August, which we did not participate in. Instead, we sold, for instance, our latest investments in Songa after Transocean announced its offer to purchase the company. As a company, Songa has experienced quite a change over the past few years and its visibility is exceptionally good compared to its competitors. In addition to Songa, our investment in Outokumpu's convertibles was one of this month's highlights. However, August's yields were weighed down by the dramatic weakening of the US dollar against the euro. The pound also continued to weaken somewhat. Major movements on the currency markets (the euro's strengthening vs USD and GBP) have, without a doubt, been a millstone around the market's neck. For now, the ECB has taken this matter in its stride and companies' quarterly reports have not given any indication of a weakening of euro zone export competitiveness.

In addition to the currency, August's yield was burdened by a decline in the market's valuation level (implicit volatility). Europe's convertibles market has rarely been priced at such a low volatility. Also option market volatility is currently historically low. This offers investors an excellent opportunity to buy convexity in one way or another, i.e. to buy good yield potential at a low price. The delta of ML Convertible was 39% at the end of August, which also enables the market to offer an interesting alternative for investing in the equity market.

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.