

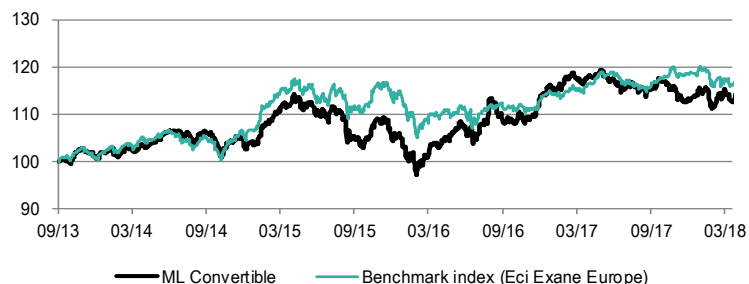
Convertible

Investment Basket Monthly Review 31.5.2018

Investment Basket Facts

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	2017: 88%, 536.1 tCO ₂ per invested €1 million 2016: 114%, 468.7 tCO ₂ per invested €1 million

Performance



	1 mth	3 mths	6 mths	12 mths	Year-To-Date	Since Inception
Convertible	1,22 %	3,91 %	5,42 %	1,70 %	4,02 %	18,67 %
Benchmark index	0,24 %	0,88 %	0,29 %	0,26 %	0,22 %	18,62 %

Top Holdings

14,61 %	Cash / Money Market	3,59 %	Hurricane Energy Plc, 7.5%, 24.07.2022. Usd
6,88 %	Pt Jersey Ltd, 0.5%, 19.11.2019, Eur	3,53 %	Bayer Ag, 0.05%, 15.06.2020, Eur
6,65 %	Golar Lng Ltd, 2.75%, 15.02.2022, Usd	3,33 %	Rag-Stiftung, 0.00%, 18.02.2021, Eur
5,70 %	Total Sa, 0.5%, 02.12.2022, Usd	3,21 %	Magyar Nemzeti Vagyonkezelő Zrt, 3.375%, 02.04.2019, Eur
5,01 %	Outokumpu Oyj, 3.25%, 26.02.2020	2,93 %	Prosafte Se

Investment Strategy

The investment basket invests 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 invest in other investment securities.

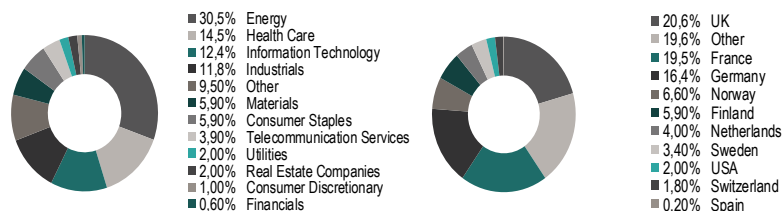
The equity investments, which may originate from conversions of convertible bonds or from direct equity investments, may in aggregate not exceed 10% of the investment basket's total value. The investment basket's equity exposure can vary between 0-100% of the investment basket's total value. Convertible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

Investment Manager's Review

May was eventful and a strong month for ML Convertible. The Italian parliamentary elections, which spawned a victory for the EU-critical movement, created volatility in both the equity and corporate bond markets. In addition, Trump announced that he would, after all, set new import duties on the EU countries as well. The stability of the euro zone (and the euro) is thus, once again, uncertain and the EU will set its own import duties on US products. A trade war is still in the works between the US and China. These tensions have clearly weakened the euro in May and depressed Germany's benchmark interest rates. Conversely, the interests on Italian bonds surged towards the end of the month. The direct impacts of the Italian election on ML Convertible were small as we had already sold all of the Italian companies from the portfolio earlier in the spring. The impacts on the entire European equity and fixed income markets remain to be seen.

The portfolio's interest rate risk is very moderate and the equity risk (delta) was 33% at the end of the month. The currency risk for USD-denominated bonds yielded more returns in May as the investment basket contains 17% in dollar-denominated bonds, whose currency risk is not hedged (corresponds to the benchmark index). We added to our investments in Michelin, Eurazeo and Deutsche Post. We sold some Fresenius Medical and STMicro. The earnings season is winding down and the earnings of portfolio companies mostly met or exceeded expectations. The greatest disappointment came from Golar LNG at the end of the month, whose earnings met with expectations. Schlumberger is pulling out of a joint venture, which sets the highly anticipated FLNG project in doubt. The investment basket's overweight in the energy sector has been a successful strategy during the spring, with the exception of late May, which has helped to boost the investment basket to achieve excellent returns.

Investment Basket Allocation



Sector Allocation

Geographic 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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