

# Portfolio Management Service

25

July 2018

## Investment Strategy

Portfolio Management Service 25 strategy is for an investor who is aiming for a better return than a deposit but wants to avoid strong fluctuation in the value of invested assets. In addition to fixed income investments, the strategy invests an average of 25 per cent of investments in high-risk asset classes in the long run. The proportion of high-risk assets may vary between 0 and 40 per cent according to market situation.

## Investment Manager's Review

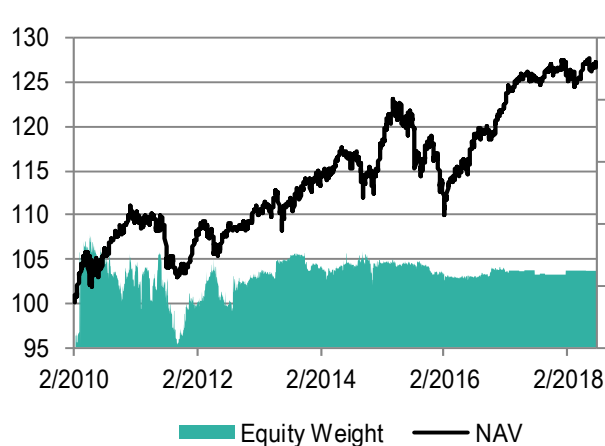
Return of the Portfolio Management Service 25 was +0.64% in July, +0.39% year to date and +1.27% for the last 12 months.

We reduced the weight of the emerging markets in June due to trade policy uncertainty, among other things, but in the long run, the outlook is better, for instance due to the lower valuation level than on western markets, a more favourable demographic and stronger economic growth. In fixed income investments, the focus is on Nordic corporate bonds, which offer better return potential than continental Europe. However, there is reason to be selective, in particular when it comes to higher-risk high yield investments. Due to the low return level, we underweight government bonds.

Economic growth is expected to remain stable globally. In the US, economic growth has received a boost from financial policy, the impacts of which are expected to become slowly diluted, however. Corporate and consumer confidence indicators have fallen from their peak levels but the decline has levelled out. The current level still indicates growth going forward.

During the summer, investment markets have remained relatively calm despite the tougher trade policy rhetoric. So far, however, trade policy measures have had no significant impact on companies' confidence. Another key theme on the investment markets is the central banks' tightening monetary policy. The interest rate risk of fixed income investments, measured by duration, is more moderate than the market index, which we wish to use to prepare for a moderate rise in interest rates due to a tightening central bank policy.

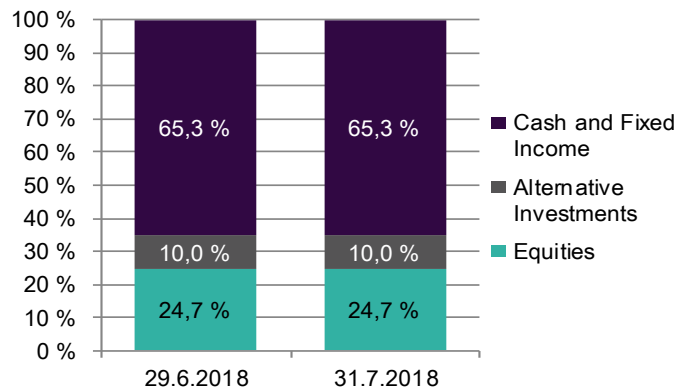
## Equity Weight and Performance



Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
127,07	0,64 %	0,93 %	1,27 %	0,39 %	27,07 %

**Equity weight** is the primary means for the investment management to control risk level. Equity weight is presented in the figure as painted area.

## Investment Allocation by Asset Class



**Alternative investments** consist of commodities and convertible bonds. They are intended to improve risk-corrected return as equity and alternative investment prices typically have low correlation.

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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## Top Holdings

27,3 %	Mandatum Life Fixed Income Portfolio Abs
10,0 %	ML Alternative Investments
8,6 %	Mandatum Life Money Abs
8,4 %	iShares 0-5 Year Investment Grade Corporate Bond ETF
6,2 %	Mandatum Life Nordic High Yield Abs
4,0 %	iShares Core S&P 500 ETF
3,5 %	MGI Global Equity Fund
3,4 %	Mandatum Life European Small & Mid Cap
3,3 %	Insight LIBOR Plus Fund
2,9 %	Mercer Sustainable Global Equity Fund

### Portfolio Management Service 25 total fees: 1,21 % p.a.\*

\*Calculated the previous calendar year's fees including management and custody fees, as well as account handling fees and other bank fees that are deducted from the investment basket's capital. Updated annually.

**ML Fixed Income Portfolio Abs** is an actively managed investment basket investing in fixed income markets. The basket aims to produce stable return.

**Alternative Investments** include among others unlisted bonds and real estate investments with a broad international diversification.

**iShares 0-5 Year Investment Grade Corporate Bond ETF** is an index fund investing in the lower risk investment grade credit bonds.

**ML Money Abs** is a low risk investment basket with wide diversification. The basket invests in money markets.

**ML Nordic High Yield Abs** is an actively managed investment basket investing in corporate bonds issued by Nordic high yield companies. The basket aims to produce stable return.

**iShares Core S&P 500 ETF** invests broadly in the U.S. stock market covering approximately 500 companies.

**MGI Global Equity Fund** is an active fund investing in the global markets.

**ML European Small & Mid Cap** is an actively managed investment basket investing in European Small & Mid Cap companies. The basket aims to beat its benchmark index in the long term.

**Insight Libor Plus** is a fund that mainly invests in secured debt instruments with a high credit rating.

**Mercer Sustainable Global Equity Fund** is a fund investing in the global stock market and emphasizing responsibility