

ML Allocation 25

December 2018

Investment Strategy

The Allocation 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 ML Allocation 25 was -2.1% in December and -2.8% for the last 12 months.

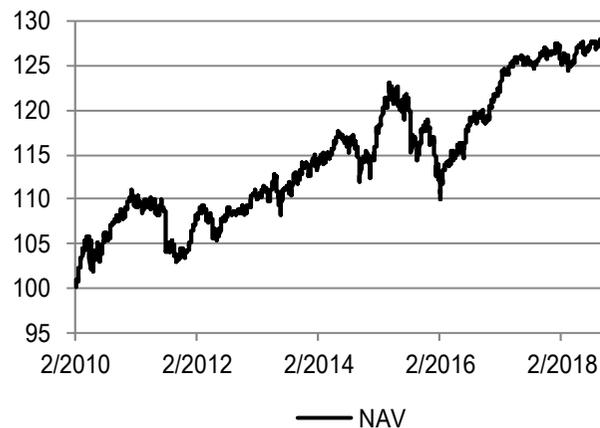
In 2018, we gradually reduced the equity portfolio's market sensitivity, and we continued along the same lines in December. We sold our holdings in Mercer's fund which invests globally in small cap companies and reduced the weight of the ML European Small & Mid Cap and ML Nordic Equity investment baskets. In addition, we reduced the weight of an ETF that invests in the S&P 500 index in the US market in November and again in early December.

Since September, we have gradually increased emerging market debt, which has proved successful. Also, we have continued to reduce dollar-denominated low-risk investment grade bonds.

Building the alternative investments portfolio has proceeded according to plan and alternative investments have mitigated the price volatility of the investment portfolios, as we expected them to.

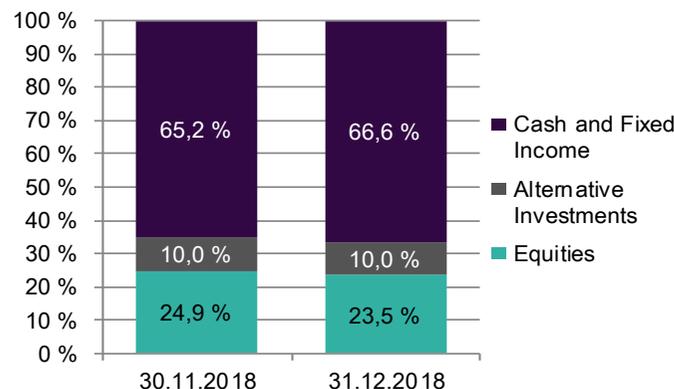
While the growth outlook for the global economy is still fairly good, growth is expected to slow down in 2019. At the same time, the likelihood of negative surprises has increased as forecast uncertainty has grown. The price of oil has fallen since early October with stocks building up as a result of weaker-than-expected demand, which also suggests dampened economic growth.

Equity Weight and Performance



Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
123,01	-2,10 %	-3,75 %	-2,82 %	-2,82 %	23,01 %

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.

Mandatum Life Insurance Company Limited. Postal address: PO Box 627, 00101 Helsinki. Registered office and address Bulevardi 56, 00120 Helsinki, Finland. Business ID 0641130-2. www.mandatumlife.fi

ML Allocation 25

December 2018

Top Holdings

27,2 %	Mandatum Life Fixed Income Portfolio Abs
17,4 %	Mandatum Life Money Abs
10,0 %	Mandatum Life Alternative Investments
6,4 %	Mandatum Life Nordic High Yield Abs
5,3 %	MGI Emerging Markets Debt Fund
3,5 %	MGI Global Equity Fund
3,3 %	Mercer Global High Yield Bond Fund
2,8 %	MGI Eurozone Equity Fund
2,6 %	iShares 0-5 Year IG Corporate Bond ETF
2,5 %	Mandatum Life European Small & Mid Cap

ML Allocation 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.

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

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

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.

MGI Emerging Markets Debt Fund is an actively managed fund investing in emerging markets fixed income investments.

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

Mercer Global High Yield Bond Fund is an actively managed fund investing in global high yield bond investments.

MGI Eurozone Equity Fund is an active fund investing in the European markets.

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

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.