

Portfolio Management Service

25

April 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 +0.9% in April, year-to-date -0,5% and +0,4% for the past 12 months.

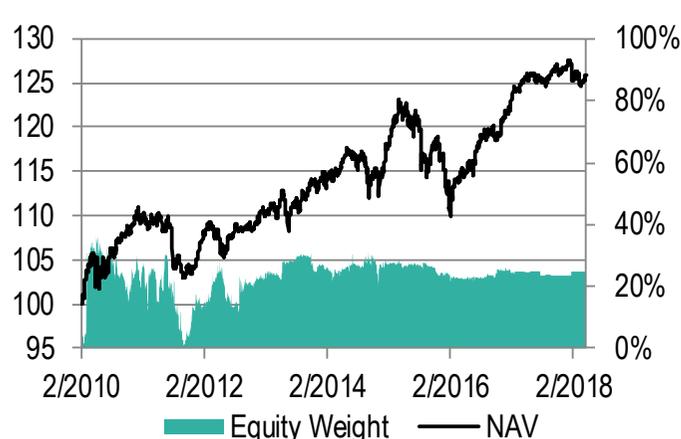
The Q1 earnings season has been strong particularly in the US, where earnings growth has managed to reach +24%, buoyed by the tax reform implemented last December. Earnings growth has also been strong on the emerging markets. In Europe, earnings have also exceeded expectations, but growth figures have remained lower than in the US, as expected. Conversely, a depreciating euro has given the stock prices of European export-driven companies a boost.

In April, we reduced the sensitivity of equity investments to the US technology sector by selling some of S&P 500 ETF, which invests in American companies, and by increasing a fund that invests in responsible companies globally. The valuation of technology companies has risen during the past year due to a strong rise in stock prices. In addition, the uncertainty related to large technology companies has increased lately.

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. In April, bearing low interest rate risk proved successful as the interest rate level rose slightly. Keeping corporate bonds in overweight in relation to the market index also worked well with corporate credit risk premiums on a downward path.

Economic growth and companies' earnings growth are giving the equity markets a positive vibe, but equity valuation levels are higher than the historical averages.

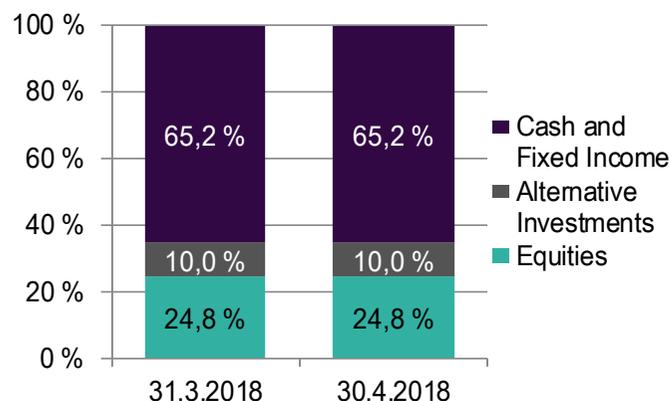
Equity Weight and Performance



Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
125,90	0,86 %	-0,69 %	0,37 %	-0,54 %	25,90 %

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.

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

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Top Holdings

31,9 %	Mandatum Life Fixed Income Portfolio Abs
10,0 %	ML Alternative investments
8,1 %	Mandatum Life Money Abs
6,8 %	iShares 0-5 Year IG Corporate Bond ETF
4,7 %	Mandatum Life Nordic High Yield Abs
4,0 %	iShares Core S&P 500 ETF
4,0 %	db x-trackers USD Corporate Bond UCITS ETF
3,6 %	MGI Global Equity Fund
3,2 %	Mandatum Life European Small & Mid Cap
3,2 %	MGI Emerging Markets Equity Fund

Portfolio Management Service 25 total fees: 1,10 % 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.

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

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

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 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.

db x-trackers USD Corporate Bond UCITS ETF is an exchange traded fund investing in the lower risk investment grade bonds.

MGI Emerging Markets Equity Fund invests in the emerging equity markets.