

# ML Allocation 50

December 2018

## Investment Strategy

The Allocation 50 strategy is for an investor who is looking for an efficient combination of both fixed income and equity investments. The assets are equally allocated between safer fixed income investments and high-risk asset classes, both making an average of 50 per cent in the long run. The proportion of high-risk investments may vary between 30 and 70 per cent according to market situation.

## Investment Manager's Review

Return of the ML Allocation 50 was -3.5% in December and -4.5% for the last 12 months.

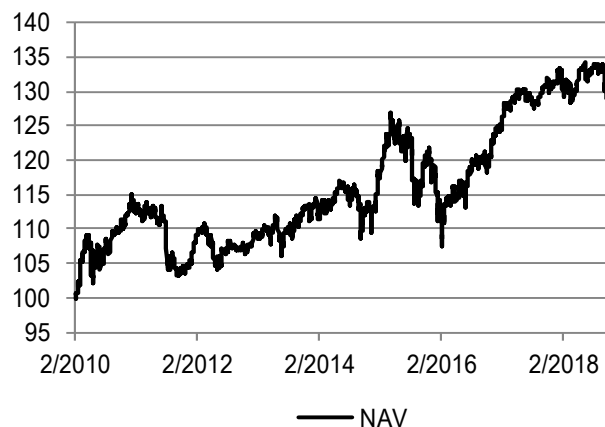
In 2018, we gradually reduced the equity portfolio's market sensitivity, and we continued along the same lines in December. We sold our holdings in Mercer's fund which invests globally in small cap companies and reduced the weight of the ML European Small & Mid Cap and ML Nordic Equity investment baskets. 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.

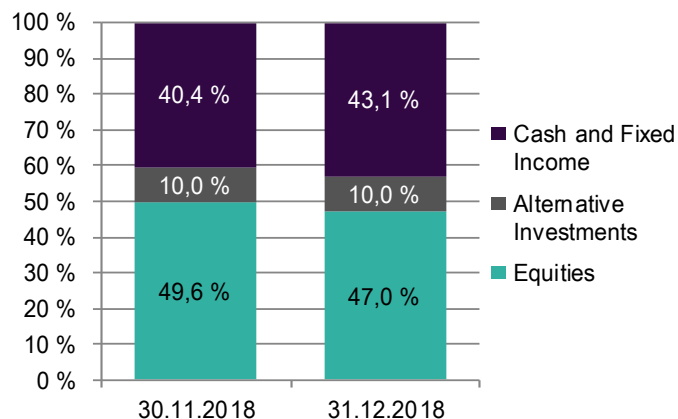
While the growth outlook for the global economy is still fairly good, growth is expected to slow down in 2019. At the same time, the likelihood of negative surprises has increased as forecast uncertainty has grown. The price of oil has fallen since early October with stocks building up as a result of 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
125,44	-3,51 %	-6,32 %	-4,51 %	-4,51 %	25,44 %

## 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 a 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

17,6 %	Mandatum Life Fixed Income Portfolio Abs
11,3 %	Mandatum Life Money Abs
10,0 %	Mandatum Life Alternative Investments
6,9 %	MGI Global Equity Fund
5,5 %	MGI Eurozone Equity Fund
5,0 %	Mandatum Life European Small & Mid Cap
4,2 %	Amundi Index Equity Global Low Carbon Fund
4,1 %	Mandatum Life Nordic High Yield Abs
3,8 %	Mercer Sustainable Global Equity Fund
3,6 %	iShares Edge MSCI USA Quality Factor ETF

**ML Allocation 50 total fees: 1,37 % 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.

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

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

**Amundi Index Equity Low Carbon Fund** invests in the global stock markets with emphasis on the low carbon footprint 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.

**Mercer Sustainable Global Equity Fund** invests globally and concentrates on the sustainable investments.

**iShares Edge MSCI USA Quality Factor ETF** invests in US companies selected based on quality factors.