

ML Allocation 80

August 2018

Investment Strategy

The Allocation 80 strategy is for an investor who wants an equity emphasised combination of fixed income and equity investments. The expected average proportion of high-risk asset classes is 80 per cent in the long run. The proportion of high-risk assets may vary between 50 and 100 per cent according to market situation.

Investment Manager's Review

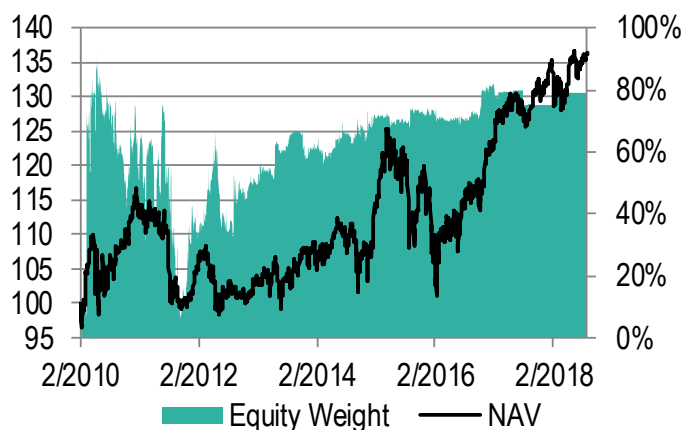
Return of the ML Allocation 80 was +1.1% in August, +3.2% year to date and +7.4% for the last 12 months.

In equity investments, we reduced the weight of emerging markets already in June, which, over the course of the summer, has proven to be a successful approach. In fixed income investments, we bought a small position of US medium-term maturity government bonds in August and reduced the share of low risk corporate bonds accordingly. In alternative investments, we made a new investment in pharmaceutical technology company Nanoform Finland. In addition, we made an investment in Insight's Secured Finance fixed income fund.

The equity market valuation level is higher than the historical average, but justifiable as earnings growth continues and the rise of interest rates remains moderate. In Europe and the Nordics, the valuation level is somewhat more moderate than in the US. The depreciation of the euro during the spring and summer is boosting Europe's export sector. In August, fixed income investments yielded around +0.2%, with the market index falling by some -0.4%. The main reasons behind the yield difference were the successful management of foreign exchange risk and underweight in emerging market debt, the prices of which were clearly in decline.

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 declined from their levels at the turn of the year but still predict continued growth.

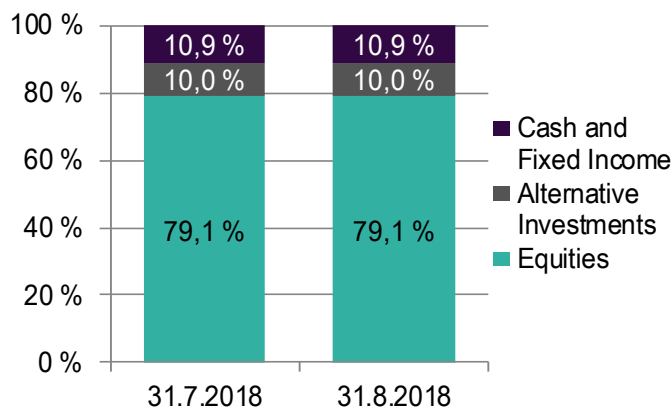
Equity Weight and Performance



Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
136,25	1,09 %	0,93 %	7,36 %	3,20 %	36,25 %

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

13,0 %	iShares Core S&P 500 ETF
11,4 %	MGI Global Equity Fund
10,9 %	Mandatum Life European Small & Mid Cap
10,0 %	ML Alternative Investments
9,4 %	Mercer Sustainable Global Equity Fund
7,5 %	MGI Eurozone Equity Fund
6,7 %	MGI Emerging Markets Equity Fund
5,5 %	Mandatum Life Nordic Equity
4,8 %	Mandatum Life Pohjoismaat Osake
4,5 %	Mandatum Life Fixed Income Portfolio Abs

ML Allocation 80 total fees: 1,58 % 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.

iShares Core S&P 500 ETF invests broadly to the U.S. stock market and covers approx. 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.

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

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

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

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

ML Nordic Equity is an actively managed investment basket investing in Nordic equity markets. The basket aims to beat its benchmark index in the long term.

ML Slim Tail Equity Fund invests in US stock index. Fund's strategy is to avoid large downturns. The strategy uses simple yet effective indicators.

ML Fixed Income Portfolio Abs is an actively managed investment basket invest-

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