

Portfolio Management Service

80

July 2018

Investment Strategy

Portfolio Management Service 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

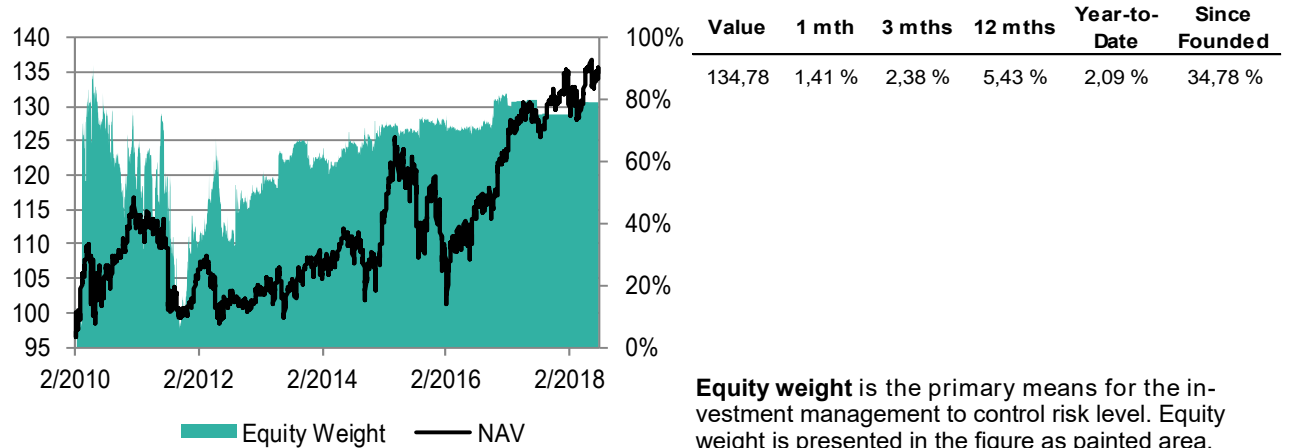
Return of the Portfolio Management Service 80 was +1.41% in July, +2.09% year to date and +5.43% for the last 12 months.

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.

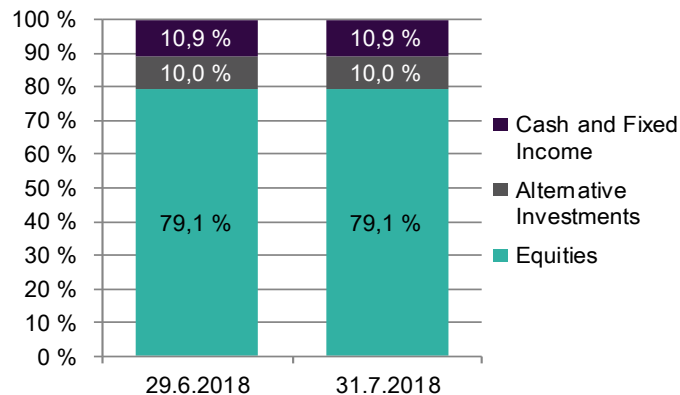
During the summer, investment markets have remained relatively calm despite the tougher trade policy rhetoric. So far, however, trade policy measures have had no significant impact on companies' confidence. Another key theme on the investment markets is the central banks' tightening monetary policy. 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



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

12,9 %	iShares Core S&P 500 ETF
11,3 %	MGI Global Equity Fund
11,0 %	Mandatum Life European Small & Mid Cap
10,0 %	ML Alternative Investments
9,3 %	Mercer Sustainable Global Equity Fund
7,6 %	MGI Eurozone Equity Fund
6,8 %	MGI Emerging Markets Equity Fund
5,7 %	Mandatum Life Nordic Equity
5,3 %	Mandatum Life Slim Tail Equity Fund
4,5 %	Mandatum Life Fixed Income Portfolio Abs

Portfolio Management Service 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 investing in fixed income markets. The basket aims to produce stable return.

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