

ML Allocation Equity

December 2018

Investment Strategy

The Equity strategy is for an investor who is looking for a fully equity-based strategy. As a starting point, the strategy does not contain safer fixed income investments, but they may be used in order to lower the risk in accordance to market situation and market view. The proportion of high-risk assets may vary between 85 and 125 per cent according to market situation.

Investment Manager's Review

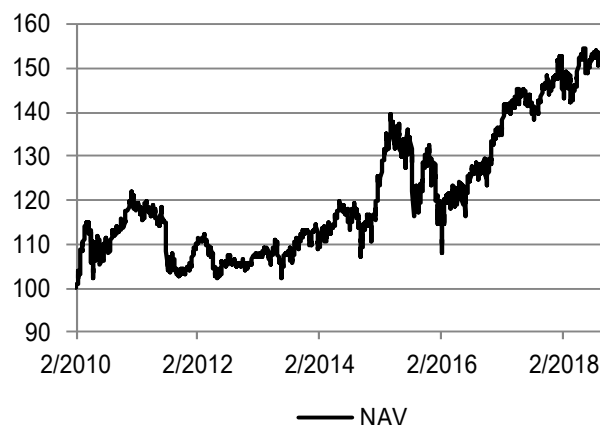
Return of the ML Allocation Equity was -6.3% in December and -8.4% for the last 12 months.

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.

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.

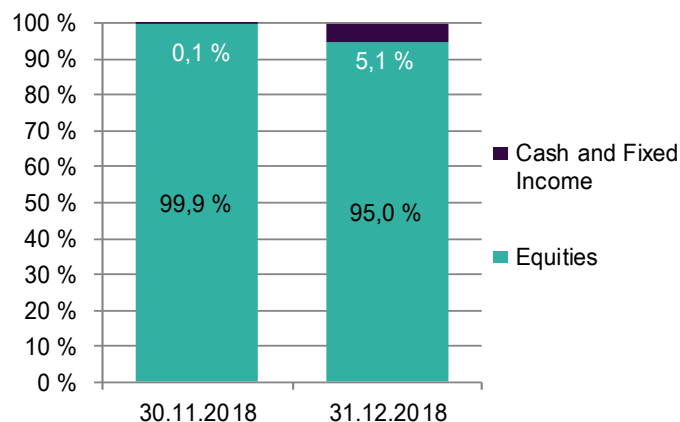
The monetary policy of central banks should remain a key market driver also in 2019. While the US is nearing the end of its interest rate hike cycle, the European Central Bank still has its first interest rate hike to carry out. Europe's tightening monetary policy may have an impact on the currency market, strengthening the euro.

Equity Weight and Performance



Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
135,39	-6,34 %	-11,56 %	-8,39 %	-8,39 %	35,39 %

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

14,8 %	MGI Global Equity Fund
11,8 %	MGI Eurozone Equity Fund
10,7 %	Mandatum Life European Small & Mid Cap
8,9 %	Amundi Index Equity Global Low Carbon Fund
8,1 %	Mercer Sustainable Global Equity Fund
7,6 %	iShares Edge MSCI USA Quality Factor ETF
7,4 %	Mandatum Life Slim Tail US Equity Fund
6,8 %	MGI Emerging Markets Equity Fund
6,2 %	Mercer Passive Emerging Markets Equity Fund
5,2 %	Mandatum Life Nordic Equity

ML Allocation Equity total fees: 1,66 % 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.

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.

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.

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

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

Mercer Passive Emerging Markets Equity Fund invests in 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.