

# ML Allocation Fixed Income

December 2018

## Investment Strategy

The Fixed Income strategy is for an investor who values safety and wants to avoid risks. The Fixed Income strategy is weighted fully towards fixed-income instruments and is efficient in terms of return to risk ratio. The expected proportion of high-risk assets classes is less than 5 per cent in the long run, but may vary between 0 and 10 per cent.

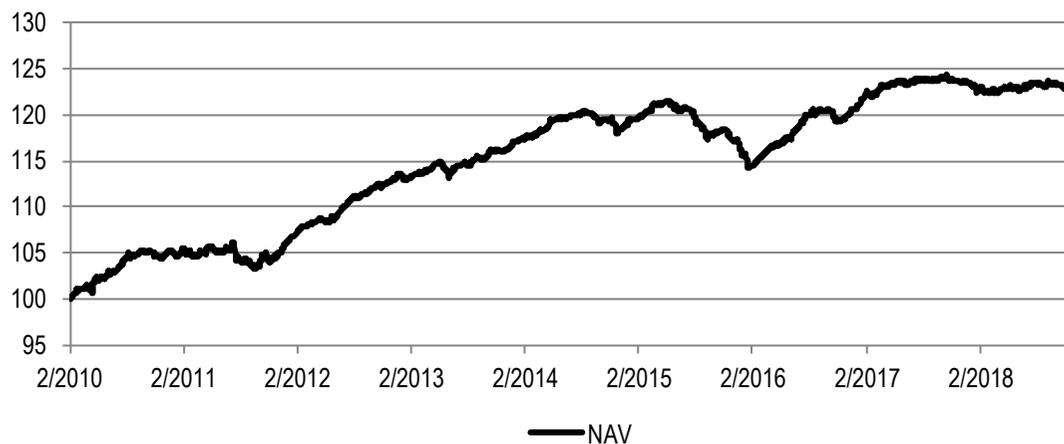
## Investment Manager's Review

Return of the ML Allocation Fixed Income was -0.7 in December and -1.3% for the last 12 months.

Since September, we have gradually increased emerging market debt, which has proved successful. Emerging markets have been supported by the stabilisation of local currencies after the sharp depreciation in the summer and by the moderate depreciation of the dollar in December. Also, we have continued to reduce dollar-denominated low-risk investment grade bonds. The currency risk hedging cost is high for euro investors, making dollar-denominated fixed income investments less attractive.

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.

## Performance



	Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
<b>ML Allocation Fixed Income</b>	122,01	-0,65 %	-1,22 %	-1,31 %	-1,31 %	22,01 %

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](http://www.mandatumlife.fi)

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## Top holdings

40,9 %	Mandatum Life Fixed Income Portfolio Abs
26,2 %	Mandatum Life Money Abs
9,6 %	Mandatum Life Nordic High Yield Abs
8,0 %	MGI Emerging Markets Debt Fund
5,0 %	Mercer Global High Yield Bond Fund
3,9 %	iShares 0-5 Year IG Corporate Bond ETF
2,3 %	Cash
2,2 %	Mandatum Life Euro High Yield
1,9 %	Invesco Chinese Yuan Dim Sum Bond ETF

**ML Allocation Fixed Income's total fees: 0,86 % 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.

**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 Emerging Markets Debt Fund** is an actively managed fund investing in emerging markets fixed income investments.

**Mercer Global High Yield Bond Fund** is an actively managed fund investing in global high yield bond investments.

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

**ML Euro High Yield** is an actively managed investment basket investing in mainly euro-denominated fixed income investments with a good return potential at a moderate risk level

**Invesco Chinese Yuan Dim Sum Bond ETF** invests mainly in Chinese corporate bond noted in yuan.

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