

# Fixed Income Portfolio Abs

Rules of the investment basket valid since 14.2.2013

## Main terms and conditions of the investment basket

- Name of the investment basket: Mandatum Life Fixed Income Portfolio Abs
- Portfolio manager of the investment basket: Mandatum Life Insurance Company Limited
- Start date of the investment basket: 17 November 2008
- Sales period: Continuous
- Investment period: Continuous
- Calculation of the value of the investment basket unit: A closing price will be calculated for the investment basket on each banking day. The value of redemptions made from the investment basket will be determined per order in accordance with the market situation at the time of redemption.
- Management fee of the investment basket: 0.75 % p.a.

## Definition of the investment basket

The investment basket is an investment object owned by Mandatum Life Insurance Company Limited (hereinafter Insurance Company) that may be linked to a unit-linked life insurance policy or capital redemption policy of the Insurance Company, where the assets of the investment basket are invested in deposits, money market instruments, fixed income instruments, mutual fund units and derivative contracts in accordance with its investment strategy.

The investment basket does not distribute its profit. Instead, profit increases the value of the unit. The return of the investment basket depends on the performance of the assets in the investment basket.

Unless otherwise provided in these rules, the regulation concerning investment objects in the terms and conditions of the insurance policy apply to the investment basket.

## Objective of the investment basket's investment activities

The objective of the investment basket's investment activities is to apply

active interest rate allocation to achieve a long-term return that outperforms money market instruments with credit risk. The Insurance Company is not liable if the objective of the investment basket's investment activities is not attained.

## The investment strategy of the investment basket

During the period when the investment basket is engaged in investment activity, 0% to 100% of the assets of the investment basket may be invested in securities (including the derivatives position of the investment basket) selected for the basket. The assets in the investment basket may be invested in deposits, money market instruments, bonds, standardised and non-standardised derivatives contracts and mutual fund units.

The interest-rate risk of the investment basket may vary between 0 to 15 years. The credit risk position of the investment basket may not exceed 100% of the market value of the basket.

## Target market allocation

The investment basket will invest its assets prudently and on a diversified basis.

The base currency of the investment basket is the euro. However, investors bear the foreign exchange risk of any other than euro-denominated investments. A quarterly review of the investment basket is available by request from the Insurance Company.

Up to 30% of the basket's assets may be invested in the securities of any one issuer (including all counterparty risks relating to this issuer). However, all assets of the investment basket may be invested in at least three different securities issued by a single OECD or EEA country, or a Finnish municipality or joint municipal authority.

In case the credit rating requirement of the issuer (other than an OECD or EEA country, Finnish municipality or joint municipal authority) for non-current debt is lower than Moody's Baa3 or S&P BBB- (that is, lower than the 'Investment Grade'), the total market value of such securities may not exceed 40% of the investment basket's market value.

Correspondingly, investments in the bonds (EMD bonds) of Emerging Markets countries (non-OECD countries) may be in local currency or in a hard currency (e.g. EUR, USD, GBP) that is, in a currency other than the local currency. The EMD weight of the investment basket may not exceed 40% of the basket's market value.

## The investment basket's risk profile

The investment basket's return risk and capital risk are typical of medium-term interest rate products. The value of the investment basket is calculated regularly at the current market values of the instruments it contains. Changes in fixed income markets will affect the value of the investment basket, which may even vary substantially in the short term.

The interest rate risk of the investment basket is monitored on the basis of modified duration, which varies between 0.00 and 15.00. The maximum allowable credit risk of the investment basket's investments is 100% of the market value of the basket. No specific close-out limits have been established for derivatives positions that affect the risks of the investment basket.

The foreign exchange risk component of investment instruments in the investment basket other than those denominated in euros, may be managed with exchange rate contracts (both standardised and non-standardised). The total foreign exchange risk of the investment basket may not exceed 100% or be less than 0% of the market value of the basket.

Lending and repurchase agreements may be made on investments in the investment basket. The market value of investments given as loans may not exceed 30% of the market value of the basket.

The collateral requirement of derivatives contracts, repurchase agreements and borrowed investments may not exceed 75% of the market value of the basket.

The investment basket is not covered by the investors' compensation fund or the deposit guarantee fund.

## Targeted investors

The investment basket suits investors who seek returns that are typical for medium-term interest fixed income investments.

## Fees and expenses

The annual management fee of the investment basket is 0.75 %. The management fee of the investment basket and expenses associated with investments, including trading costs and any taxes and other public-law fees will be deducted daily from the value of the investment basket when the value of unit is calculated; they will not be charged separately. The fees charged by mutual funds or other instruments in the basket will also be deducted. These fees are taken into account in unit value calculations.

## Calculation of the investment basket's value

The value of the investment basket is calculated by deducting the liabilities of the investment basket from its assets, including management fees and expenses associated with investments.

## Calculation of the unit value of the investment basket

The unit value of the investment basket is calculated by dividing the value of the basket by the number of investment basket units in circulation. The unit value of the investment basket may be divided into fractions. An investment basket unit comprises ten thousand (10,000) fractions of equal size. A closing price is calculated for the investment basket on the days that Finnish deposit banks are generally open (banking days).

## Unit subscription, redemption and associated restrictions

The Insurance Company is entitled to refuse subscriptions of the investment basket's units. Policyholders are entitled to withdraw their savings in the investment basket in accordance with the insurance policy's terms and conditions.

## Termination of the investment basket

The Insurance Company is entitled to terminate the investment basket. When the activities of the investment basket end, the policyholder must notify the Insurance Company, within the reasonable period assigned by the Insurance Company, which investment objects' performance he or she wants the savings to be tied to. In case the policyholder does not do this, the Insurance Company is entitled to transfer the investment savings tied to the basket to other investment objects of its choice.

## Ownership of the investment basket and its units, and rights to the basket and its units

The policyholder and beneficiaries do not have title or other rights to an investment basket linked to an insurance policy or to its units. The Insurance Company holds the title of the units of a basket linked to an insurance policy.

The Insurance Company is entitled to change the portfolio manager of the investment basket and make changes in the rules of the investment basket. The Insurance Company will notify the policyholders of changes.

## Restrictions on actions concerning investment baskets

The Insurance Company is entitled to restrict investment basket unit redemptions and subscriptions in case the restriction is deemed necessary to protect the interests of other policyholders.

## Taxes and payments to authorities

In case the investment basket or investment objects in the basket are subject to indirect taxes under a law or an order issued or other fees imposed by the authorities, and which are payable by the Insurance Company, the Insurance Company is entitled to charge the corresponding sum from the investment basket.

## Due dates

In case a due date referred to in these rules is not a banking day, the due date

in question will be considered the first banking day following the due day.

## Investment risk

The performance of unit-linked insurance depends on the performance of the investments – such as investment baskets – selected by the policyholder. The value of the investments may rise or fall and the policyholder bears the risk of losing his or her investment savings. The past performance of investments is no guide to future performance.

If the investments include investments other than euro-denominated investments, changes in exchange rates may affect their performance.

Policyholders independently decide on the selection of investments in accordance with their own investment objectives, and bear the risk of a decrease in or loss of the value of the insurance savings. Neither Mandatum Life nor its agents are liable for the performance of the investments, or the selection of the investments linked to the insurance policy.

Mandatum Life may change the investments that can be linked with an insurance policy and the asset managers that manage the investments during the validity of the insurance policy. Information on investments and related matters is supplied for information purposes only, and cannot be construed as a recommendation to subscribe for, hold or exchange certain investments, or to carry out any other actions affecting the performance of the insurance.

Prospective policyholders must carefully familiarise themselves with the terms and conditions and other information relating to the insurance and investments before taking out or changing an insurance policy or selecting or changing investments.

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