MANDATUM LIFE

# Portfolio Management Service

## Service terms and conditions

Valid as from 20 January 2010

### 1. General

The Portfolio Management Service is an additional service that customers can attach to their insurance contract. The insurance company manages the insurance savings covered by the service in accordance with the investment strategy selected by the customer by performing purchase and sale transactions and other management transactions related to financial instruments.

The insurance company will have the right to amend these terms and conditions. The insurance company will notify those customers to whom the amendments apply of any significant amendments to the service terms and conditions one month prior to these changes entering into force.

In these terms and conditions, an insurance contract also refers to a capitalisation contract.

These service terms and conditions do not constitute a part of the insurance contract's contractual terms.

### 2. Investment strategy

The insurance company offers various investment strategies from which their customers can choose. The investment goals, allocation ranges, investment risks and other essential matters related to them are specified under these service terms and conditions.

The insurance company will have the right to amend the content of the investment strategies. The insurance company will notify the customer of any significant amendments to the terms and conditions of his/her selected insurance strategy one month prior to these changes entering into force. Technical or minor changes can be made by the insurance company without notice.

The insurance company will have the right, without prior notice, to temporarily depart from the agreed investment strategy due to market conditions changing unexpectedly, or due to some other major reason. Brief deviations from the determined investment limits, brought on by changes in the investment values, are not considered departures from the investment strategy.

The investment strategies of this service are introduced in section 7.

### 3. Responsibility for investment activity results

The insurance company will manage the insurance savings attached to the investment strategies to the best of its ability. Due to market conditions, the realised profits of the investment strategies may depart, even radically, from the established profit targets. Similarly, the risks, always present in investment activities, may in practice markedly deviate from the anticipated risk level. The customer is solely liable for the risk involved in investing, and bears the risk for loss of returns and capital.

### 4. Service fee

The insurance company charges a service fee for the Portfolio Management Service, which stood at EUR 3.80 per month at the time these terms and conditions were dated. The service fee is collected from the insurance savings on a contract-specific basis. Insofar as group pension insurance and other insurance policies taken out from the insurance company are concerned, the service fee is specific to the insured persons within one contract and pension group.

The insurance company may collect the service by its selected means in periods of not more than 18 months. These periods may be altered by decision of the insurance company.

The insurance company will have the right to alter the service fee by giving advance notice of this.

### 5. Validity

The Portfolio Management Service will be valid until further notice. The Portfolio Management Service will expire upon expiry or termination of the insurance contract at the latest.

The customer will have the right to change his/her selected Portfolio Management Service investment strategy or discontinue service use at any time by giving verifiable notice, in accordance with the method accepted by the insurance company at any given time, in which event collection of the service fee will be concluded at the end of the calendar month.

The insurance company may discontinue offering the Portfolio Management Service by providing advance notice to the customer. In that event, the insurance company will ask the customer to select other investments for the insurance savings covered within the service. If the customer postpones the commencement of the pension period, the risk level will not be returned to its original higher level unless the customer verifiably informs the insurance company. Should the customer fail to submit the new investments to the insurance company within the time defined by the company, the insurance company will have the right to transfer the insurance savings to investments of its own choosing.

Should the Portfolio Management Service be selected for a personal or group pension insurance or some other contract determined by the insurance company, the insurance company will have the right to cancel the Portfolio Management Service without separate notice once the customer's pension entitlement period starts.

## 6. Complaints

Should the customer detect any errors or shortcomings in the service, including reporting, strategy implementation or value development capital, the customer must inform the insurance company of these without delay.

Value development capital refers to the investments according to which the value of the customer's insurance savings covered by the service is determined at any given time.

## 7. Investment strategies

On the date of this contract, the insurance company offers the investment strategies that are described below. A pension contract alternative is available for each strategy, entailing an automatic decrease in risk level, in accordance with the insurance company's opinion of the market, by changing strategies. The decrease in risk level is based on the retirement year printed on the pension contract in accordance with the method selected by the insurance company. Upon the conclusion of these alterations to the risk level, the assets are placed in Defensive Strategy. For instance, if the customer has selected the Growth Strategy, under typical market conditions, the risk level will drop from Growth to Defensive Strategy within three to five years. Should the customer not want the insurance company to reduce the risk level of the pension contract insurance savings covered by the service, the customer must verifiably inform the insurance company of this using the method approved by the insurance company at any given time.

In all the investment strategies, the value development capital is typically comprised of investment baskets and investment funds, but other investment instruments can also be utilised. The investment strategies are not investment funds or investment baskets and no designated management fees will be charged for them outside the service; instead, they form the Portfolio Management Service at the risk selected by the customer. Normal fees are collected for value development capital items; with regard to direct items, any possible trade and custodial fees for direct items are also collected. Risk class weight is a risk-assessment tool, describing the share of investments falling outside the strategy's interest asset type in the manner determined by the insurance company at any given time. All investing always entails the risk of loss of capital andreturn.

**Defensive:** The Defensive Strategy is a fixed income strategy in which interest yield is pursued through active measures in the various fixed income investment types. No more than 10 per cent of the assets can be invested in other than fixed income investment types. The median risk class weight is under 5 per cent, typically 0 per cent. This strategy entails a low risk, while its anticipated yield is a combination of short-term riskless interest and medium-term and longer-term low-risk interest.

**Conservative:** The Conservative Strategy is a fixed income-oriented combination strategy in which a yield higher than conventional interest yield is pursued through active measures within and between asset types. No more than 50 per cent and no less than 0 per cent of assets can be invested in higher-risk level asset types, determined by the insurance company. The median risk class weight is around 25 per cent in the long term.

The risk involved is moderate, and active measures are undertaken in order to reduce it. Its anticipated yield falls somewhere between short-term risk-free interest and middle-term as well as long-term low-risk interest of share investments.

**Balanced:** The Balanced Strategy is a balanced combination strategy in which a yield significantly higher than conventional interest yield is pursued through active measures within and between asset types. No more than 100 per cent and at least 0 per cent of assets can be invested in higher-risk level asset types, determined by the insurance company. The median risk class weight is around 50 per cent in the long term. The risk involved is the typical distributed investment risk, and active measures are undertaken in order to reduce it. Its anticipated yield falls somewhere between investment in shares and interest yield.

**Growth:** The Growth Strategy is an equity-weighted combination strategy in which a yield level approaching the stock market is pursued through active measures within and between asset types. No more than 100 per cent and at least 0 per cent of assets can be invested in higher-risk level asset types, determined by the insurance company. The median risk class weight is around 80 per cent in the long term. The risk involved is significant distributed investment risk, and active measures are undertaken in order to reduce it. Its anticipated yield approaches that of investment in shares.

**Aggressive:** The Aggressive Strategy is a share strategy in which the yield level of the stock market is pursued at a slightly reduced risk through active measures within and between asset types. No more than 125 per cent and at least 0 per cent of assets can be invested imputedly through derivatives in higher-risk level asset types, determined by the insurance company.

The median risk class weight is around 100 per cent in the long term. The Aggressive Strategy's risk, equalling that of the distributed stock market, is usually realised in accordance with the stock market's general development, but attempts are made to reduce the risk through active measures. The anticipated yield of the Aggressive Strategy equals that of share investment.

## 8. General risks related to investing

### Risks related to investment strategies

#### Market risk

One factor impacting on investments is market risk, ie. the risk resulting from general economic developments; in other words, the factors that affect the ability of all the businesses operating in the market to turn a profit and/or the value of the investment changing as a result of changes in economic prospects.

#### Yield risk

No guarantees can be provided for the development of the value of investments. The development history of investments does not ensure their future development.

#### Interest risk

Interest risk arises from the value of investments changing as a result of changes in market interest rate. Typically, an increase in the interest level during the investment period reduces the value of investments, whereas a decrease in the interest level increases the market value of investments.

### Credit risk

Credit risk refers to loss or deterioration of financial standing as the result of the issuer of securities or some other debtor failing to fulfil its commitments. Credit risk particularly applies to interest and share investments. The investor bears the risk for complete or partial loss of investment if credit risk is realised.

### Counterparty risk

Counterparty risk arises from the other party of to a funding or derivative agreement and is realised in the event that the counterparty is incapable or unwilling to fulfil its obligations. If counterparty risk is realised, the market value of the agreement made with the counterparty is exposed to risk. The investor bears the risk for complete or partial loss of investment if counterparty risk is realised as a result of the derivative counterparty's insolvency prior to the investment being redeemed.

### Exchange rate risk

Should the investments comprise investments in other currencies than the euro, fluctuations in exchange rates may impact on the value development of these investments.

## Risks and notes related to investment-oriented insurance

Investment activities always entail risks. The value development of investment-oriented insurance and capitalisation contracts is based on the value development of the investments selected by the insurance policyholder,such as investment baskets, equity funds, indexes, currencies, commodities, or shares.

The value of investments may rise or drop, and the policyholder bears the risk for the consequences of his/her investment decisions and for loss of investment savings. The policyholder should note that past performance of an investment does not equal a guarantee of future earnings.

Investment baskets are not covered by the Investors' Compensation Fund or the Deposit Guarantee Fund.

The policyholder makes independent decisions regarding the selection of investments and investment strategy in accordance with his/her investment goals while also bearing the risk for any potential loss or depreciation of the value of his or her investment savings.

Mandatum Life Insurance Company or its representatives cannot be held liable for the development of the value of investments or for the selection of the investments or investment strategies linked to the insurance.

The insurance company may change the investments or investment strategies available for an insurance during the validity of the insurance.

Information on strategies' investments and other investment-related matters are only provided in order to inform; the provided information cannot be taken as a recommendation to subscribe, retain or change certain investments or perform other measures impacting on the development of the insurance's value.

The policyholder must carefully familiarise him/herself with the terms and conditions, regulations, prices, product descriptions and brochures of the insurance policy and investments prior to taking out an insurance or changes that are made to the policy, or prior to selecting or changing investments.

Changes in legislation, other regulations or the authorities' procedures or court rulings may have an impact on the business operations or financial standing of Mandatum Life Insurance Company, the results of its operations, and the market values of the investments in the investment basket.

Moreover, the investor bears the risk for the impact that changes to legislation may have on insurance products.

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