

# ML Allocation 25

March 2019

## Investment Strategy

The Allocation 25 strategy is for an investor who is aiming for a better return than a deposit but wants to avoid strong fluctuation in the value of invested assets. In addition to fixed income investments, the strategy invests an average of 25 per cent of investments in high-risk asset classes in the long run. The proportion of high-risk assets may vary between 0 and 40 per cent according to market situation.

## Investment Manager's Review

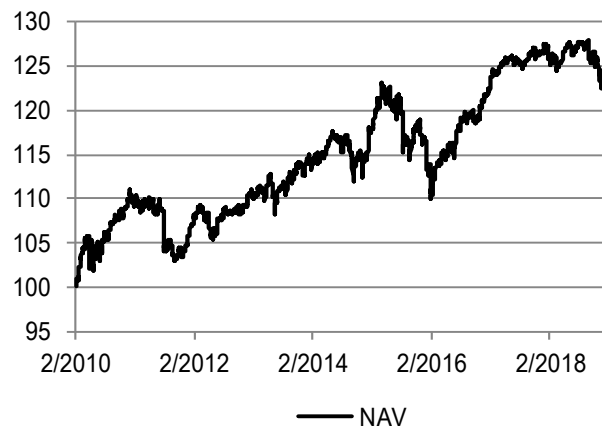
Return of the ML Allocation 25 was +0.72% in March and +2.75% for the last 12 months.

During March, we have gradually increased the equity weight. Over the past six months, companies' earnings forecasts have been adjusted clearly downwards but the fall in forecasts is now ceasing. Driving this is especially the levelling out of US tech companies' earnings forecasts and their coming to rest at a more realistic level. The earnings power of the oil sector has stabilised with the decline in the oil price coming to a halt due to the picking up of Asian demand. The equity weight was raised by growing the weight of the US equity markets in the portfolios.

In fixed income investments, the focus is on Nordic corporate bonds, in which we still see good return potential. We have also slightly increased continental European corporate bonds. In addition, we sold the US long-duration government bonds purchased in January/February. The interest rate risk of fixed income investments, measured by duration, has remained more moderate than the market index.

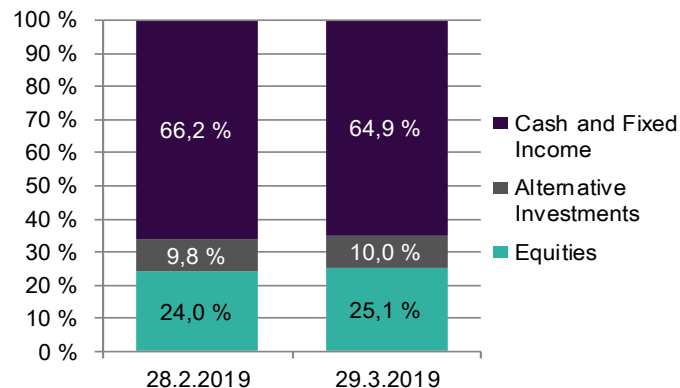
Building the portfolio has proceeded according to plan and alternative investments have mitigated the price volatility of the investment portfolios, as we expected them to. The degree of investment was approximately 80% at the end of March. We did not make any new investments in March.

## Equity Weight and Performance



| Value  | 1 mth  | 3 mths | 12 mths | Year-to-Date | Since Founded |
|--------|--------|--------|---------|--------------|---------------|
| 128,26 | 0,72 % | 4,27 % | 2,75 %  | 4,27 %       | 28,26 %       |

## 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

|        |                                                   |
|--------|---------------------------------------------------|
| 27,2 % | Mandatum Life Fixed Income Portfolio Abs          |
| 13,3 % | Mandatum Life Money Abs                           |
| 9,9 %  | Mandatum Life Alternative Investments             |
| 6,4 %  | Mandatum Life Nordic High Yield Total Return Fund |
| 5,4 %  | MGI Emerging Markets Debt Fund                    |
| 4,1 %  | Mercer Global High Yield Bond Fund                |
| 3,1 %  | MGI Global Equity Fund                            |
| 2,7 %  | iShares 0-5 Year IG Corporate Bond ETF            |
| 2,6 %  | MGI Eurozone Equity Fund                          |
| 2,5 %  | Amundi Index Equity Global Low Carbon Fund        |

**ML Allocation 25 total fees: 1,21 % 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.

**Alternative Investments** include among others unlisted bonds and real estate investments with a broad international diversification.

**ML Nordic High Yield Total Return Fund** is an actively managed investment fund investing in corporate bonds issued by Nordic high yield companies. The fund 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.

**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.

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

**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.