

ML Allocation 80

March 2019

Investment Strategy

The Allocation 80 strategy is for an investor who wants an equity emphasised combination of fixed income and equity investments. The expected average proportion of high-risk asset classes is 80 per cent in the long run. The proportion of high-risk assets may vary between 50 and 100 per cent according to market situation.

Investment Manager's Review

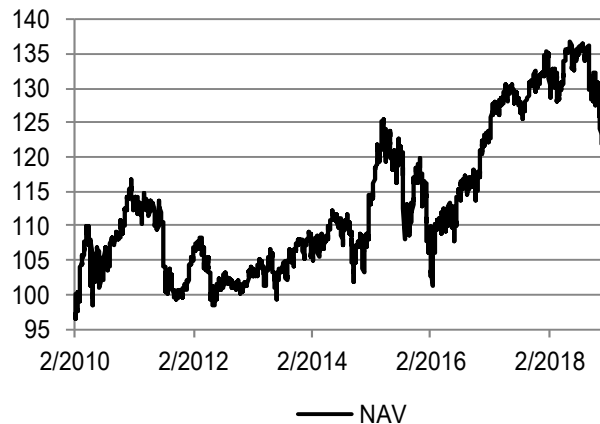
Return of the ML Allocation 80 was +1.2% in March and +5.07% for the last 12 months.

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.

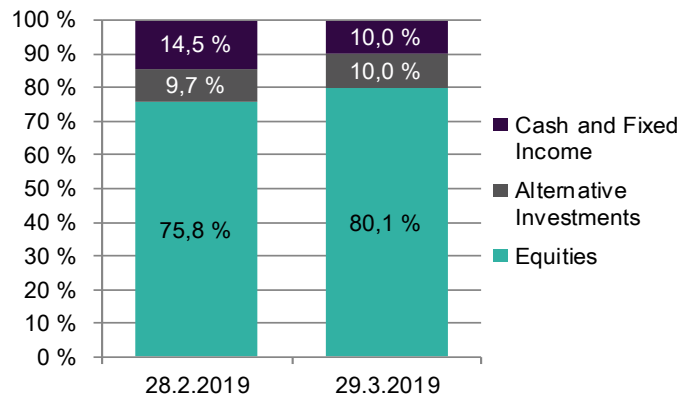
Building the portfolio has proceeded according to plan and alternative investments have mitigated the price volatility of the investment portfolios, as we expected them to. The degree of investment was approximately 80% at the end of March. We did not make any new investments in March.

Equity Weight and Performance



Value	1 mth	3 mths	12 mths	Year-to-Date	Since Founded
134,78	1,20 %	9,34 %	5,07 %	9,34 %	34,78 %

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 a low

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Top Holdings

10,1 %	MGI Global Equity Fund
10,0 %	Mandatum Life Alternative Investments
8,2 %	MGI Eurozone Equity Fund
8,0 %	Amundi Index Equity Global Low Carbon Fund
7,3 %	Mandatum Life European Small & Mid Cap
6,1 %	Mercer Sustainable Global Equity Fund
6,0 %	MGI Emerging Markets Equity Fund
5,8 %	Mandatum Life Fixed Income Portfolio Abs
5,4 %	Mandatum Life Slim Tail US Equity Fund
4,5 %	DB X-TRACKERS S&P 500 ETF

ML Allocation 80 total fees: 1,58 % 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.

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

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.

Mercer Passive Emerging Markets Equity Fund invests in emerging equity markets.

ML Fixed Income Portfolio Abs is an actively managed investment basket investing in fixed income markets. The basket aims to produce stable return.

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.

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