

# Mandatum Life Allocation 80

## Basic Information

|                 |           |
|-----------------|-----------|
| Report Date     | 31.7.2021 |
| Inception       | 3.2.2010  |
| Currency        | EUR       |
| NAV             | 177.5584  |
| Total fees p.a. | 1.78%     |

## 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 the market situation.

## Investment Manager's Outlook

The spread of the coronavirus Delta variant has replaced inflation as the number one cause for concern in the markets. It is feared that the new wave of the virus will postpone the re-opening of economies and economic recovery. Inflation, which had emerged as the number one cause for concern in the investment markets in April–June, seems to have been overshadowed by concerns over the Delta variant. The reported figures show that inflation has accelerated further but inflation expectations have decreased, and market participants seem to buy the central banks' rhetoric suggesting that the inflation acceleration will prove temporary. As a result, the interest rate level has fallen again after the spike early in the year. At the same time, the US central bank is hinting at tightening its monetary policy. According to the latest statements, decisions could be made already this year and measures could start in the beginning of next year. In Europe, it is believed that the central bank is in no hurry to tighten its monetary policy.

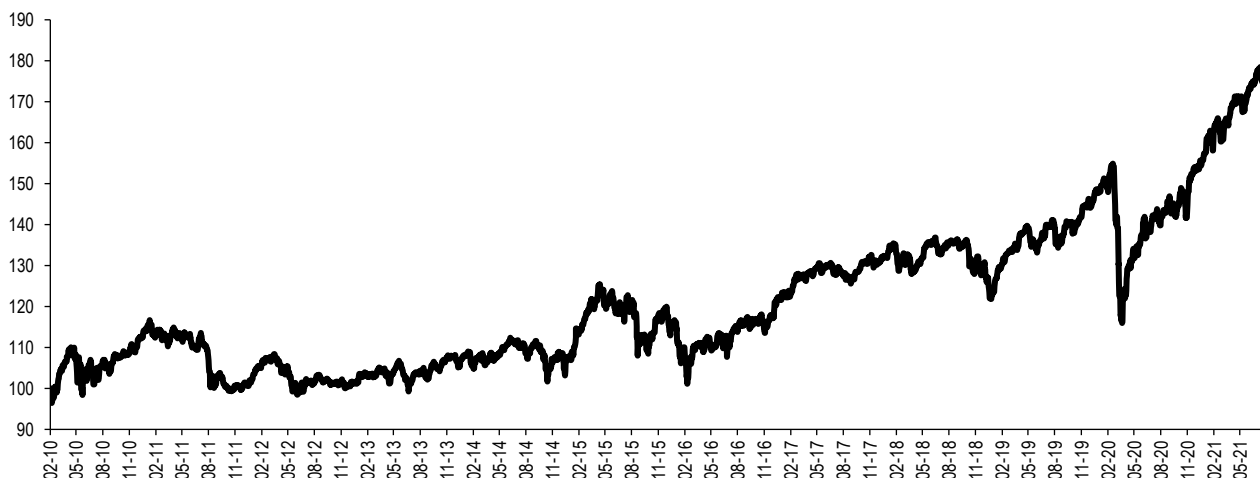
The equity markets are supported by companies' strong earnings growth. In Q2, companies on average have clearly exceeded market expectations. In addition to earnings growth, the low return expectation on fixed income investments is a reason why many investors prefer to stick with equities despite a relatively high valuation level. However, return expectations have been revised down following the stock price surge, suggesting that the equity markets are already pricing in a fairly favourable outlook for the next few years, which encourages restraint in risk-taking. We have kept the equity weight unchanged during this year by reducing equities by as much as the stock prices have risen. We continued along these lines in July.

Over the summer, the markets have priced in a less steep slope for economic recovery, as a result of which the stock prices in cyclical sectors, such as industrials, raw materials and financials, have shown a more moderate development. Correspondingly, interest rate sensitive and more stable sectors in terms of economic cycles, such as technology, health care and consumer staples, have performed better. In our view, the longer-term market picture is very similar to what it was before summer, which is why we have not made any major changes in equity investments.

The credit risk premiums on corporate bonds have remained low, due to which the return expectation is low and attractive opportunities are limited. This has led us to allow the weight of cash and equivalent money market investments to increase moderately. In fixed income investments, the focus is on our domestic market, on Nordic companies, which we know well and in which we see good return potential in relative terms. We do not invest in euro-zone government bonds due to the low return level, and government bonds account for a very small proportion of our fixed income investments. In July, we reduced the interest rate risk of our investments by redeeming the rest of a fund that invests in European corporate bonds with a long-term interest rate risk and a high credit rating. With the drop in interest rates, the fund's return expectation has declined. Correspondingly, we have moderately increased Nordic corporate bonds with a short interest rate risk. A low interest rate risk also means a smaller negative impact if inflation were to rise higher than expected, causing the interest rate level to rise again.

We continue to see opportunities for long-term investors in alternative fixed income investments, with the focus entirely on private arrangements. In real estate investments, we invest with portfolio managers specialised in property development, who are good buyers and have the ability to refine properties through active measures. Diversification across various types of real estate and geographic areas is all the more important in the current environment. In private equity investments, we are selectively active, looking for individual projects that are not debt driven. During this year, the improved investment environment has also had a positive impact on the valuations of alternative investments.

## Unit Value



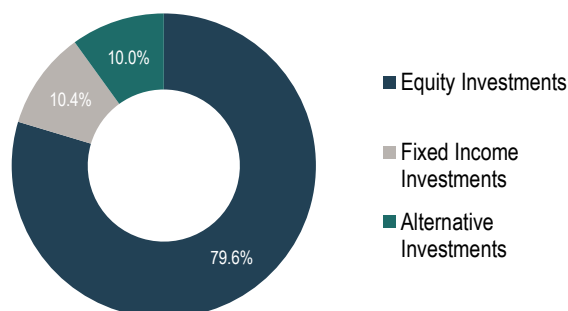
|                   | 1 Month | 3 Months | 6 Months | 12 Months | 3 Years | 5 Years | YTD    | Since Inception | Since Inception p.a. |
|-------------------|---------|----------|----------|-----------|---------|---------|--------|-----------------|----------------------|
| Investment Basket | 0.56%   | 3.99%    | 12.32%   | 26.64%    | 31.23%  | 54.55%  | 12.85% | 77.56%          | 5.12%                |

# Mandatum Life Allocation 80

## Largest Investments

|   |       |
|---|-------|
| Amundi MSCI World Climate Transition CTB    | 11.3% |
| Mandatum Life Alternative Investments       | 10.0% |
| Mandatum Life European Small & Mid Cap      | 9.9%  |
| Xtrackers S&P 500 ETF                       | 9.3%  |
| MGI Eurozone Equity Fund                    | 8.4%  |
| MGI Global Equity Fund                      | 8.0%  |
| Mercer Passive Emerging Markets Equity Fund | 6.5%  |
| MGI Emerging Markets Equity Fund            | 5.8%  |
| Mandatum Life Global Sustainable Equity     | 4.8%  |
| Mandatum Life Fixed Income Portfolio        | 4.7%  |

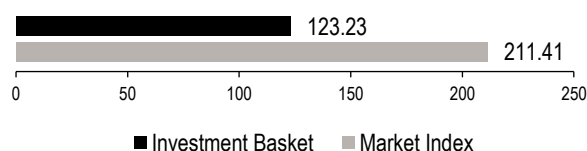
## Asset Class Allocation



## Statistics

|                 |       |
|-----------------|-------|
| Volatility p.a. | 9.24% |
| Sharpe p.a.     | 0.59  |

## Carbon Dioxide Emissions, tCO<sub>2</sub>/M€



The greenhouse gas emissions of investments per million invested. A tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) is used to measure the greenhouse gas emissions generated by the investment.

## Investment Descriptions

|   |   |
|---|---|
| Amundi MSCI World Climate Transition CTB    | Invests in the global stock markets with emphasis on companies which benefit from the transition to a lower carbon economy.                                     |
| Mandatum Life Alternative Investments       | Alternative Investments include among others unlisted bonds, real estate investments with a broad international diversification and private equity investments. |
| Mandatum Life European Small & Mid Cap      | Actively managed investment basket investing in European Small & Mid Cap companies. The basket aims to beat its benchmark index in the long term.               |
| Xtrackers S&P 500 ETF                       | Invests in the S&P 500 index that contains stocks of US companies.  |
| MGI Eurozone Equity Fund                    | Active fund investing in the European markets.  |
| MGI Global Equity Fund                      | Active fund investing in the global markets.  |
| Mercer Passive Emerging Markets Equity Fund | Invests in shares in emerging markets using a passive approach.   |
| MGI Emerging Markets Equity Fund            | Invests in emerging markets using an active approach.   |
| Mandatum Life Global Sustainable Equity     | Actively managed investment basket investing globally and concentrates on the sustainable investments.  |
| Mandatum Life Fixed Income Portfolio        | Actively managed investment basket investing in fixed income markets. The basket aims to produce stable return.   |