

# Mandatum Life Allocation Equity+

## Basic Information

Report Date	31.7.2021
Inception	9.2.2010
Currency	EUR
NAV	204.0082
Total fees p.a.	1.89%

## Investment Strategy

The Equity+ strategy is for an investor who is looking for an equity-based strategy. In addition to equity investments, the strategy may invest in alternative investments. As a starting point, the strategy does not contain safer fixed income investments, but they may be used in order to lower the risk according to the market situation and market view. The proportion of high-risk assets may vary between 85 and 125 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.

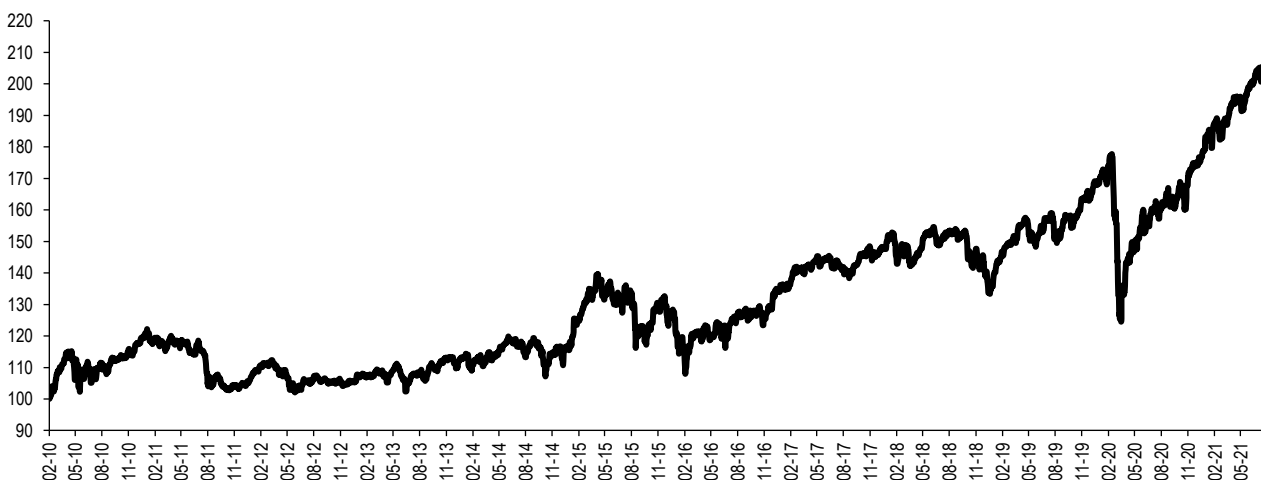
Strong economic growth has continued despite virus fears and additional support is in store for the recovering economy. In the USA, the Congress is expected to pass Biden's 1,000-billion-dollar infrastructure package in the near future. If it passes, the package will support US economic growth in the next few years. However, the package has been criticised for, among other things, increasing demand for raw materials in a situation where prices have already been clearly rising anyway.

Equities remain attractive compared to fixed income. 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.

According to our view, alternative investments will continue to play a key role in building a long-term, well-diversified investment portfolio. In the current low interest rate environment, long-term investors are well advised to capitalise on the additional return offered by limited liquidity, i.e. the liquidity premium. 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



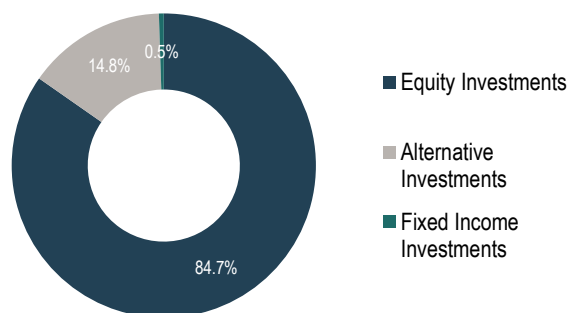
	1 Month	3 Months	6 Months	12 Months	3 Years	5 Years	YTD	Since Inception	Since Inception p.a.
Investment Basket	0.57%	4.45%	13.55%	29.27%	33.86%	62.43%	14.09%	104.01%	6.41%

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## Largest Investments

Mandatum Life Alternative Investments	14.8%
Amundi MSCI World Climate Transition CTB	12.0%
Mandatum Life European Small & Mid Cap	10.5%
Xtrackers S&P 500 ETF	9.9%
MGI Eurozone Equity Fund	8.9%
MGI Global Equity Fund	8.5%
Mercer Passive Emerging Markets Equity Fund	7.0%
MGI Emerging Markets Equity Fund	6.2%
Mandatum Life Global Sustainable Equity	5.1%
Mercer Sustainable Global Equity Fund	4.9%

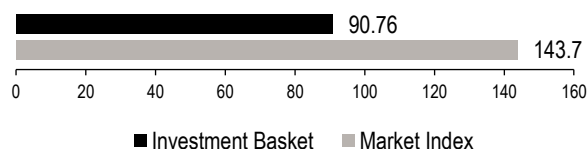
## Asset Class Allocation



## Statistics

Volatility p.a.	10.82%
Sharpe p.a.	0.63

## 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

Mandatum Life Alternative Investments	Alternative Investments include among others unlisted bonds, real estate investments with a broad international diversification and private equity investments.
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 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.
Mercer Sustainable Global Equity Fund	Invests globally and concentrates on the sustainable investments.