

Mandatum Life Allocation Fixed Income

Basic Information

Report Date	31.7.2021
Inception	24.2.2010
Currency	EUR
NAV	129.8159
Total fees p.a.	0.94%

Investment Strategy

The Fixed Income strategy is for an investor who values safety and wants to avoid risks. The Fixed Income strategy is weighted fully towards fixed-income instruments and is efficient in terms of the return to risk ratio. The expected proportion of high-risk assets classes is less than 5 per cent in the long run, but may vary between 0 and 10 per cent.

Investment Manager's Outlook

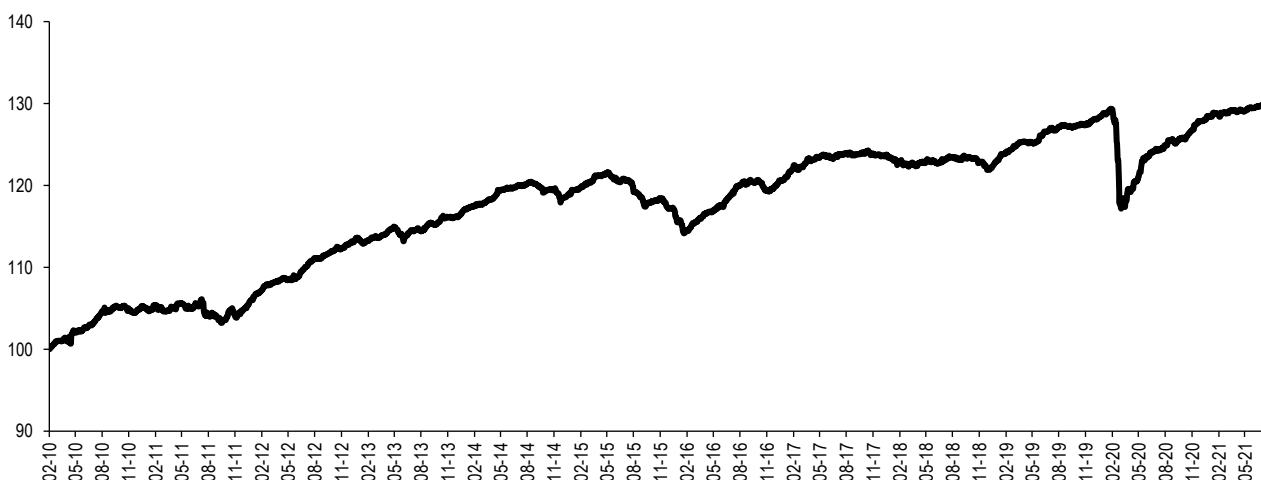
The spread of the coronavirus Delta variant has replaced inflation as the number one cause for concern in the markets. It is feared that the new wave of the virus will postpone the re-opening of economies and economic recovery. Inflation, which had emerged as the number one cause for concern in the investment 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 criticized for, among other things, increasing demand for raw materials in a situation where prices have already been clearly rising anyway.

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. In our view, the compensation for bearing extra interest rate risk is currently meagre, which is why we do not consider long maturity investments to be attractive; instead, we maintain the interest rate risk at a very moderate level. 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.

Unit Value



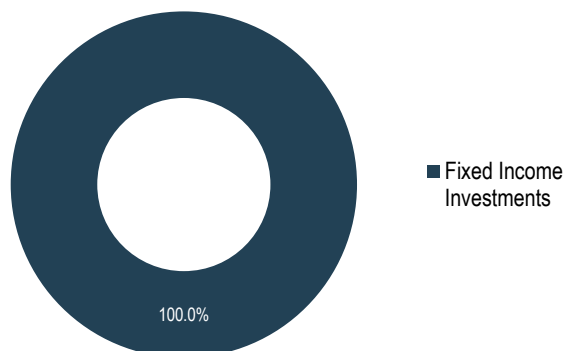
	1 Month	3 Months	6 Months	12 Months	3 Years	5 Years	YTD	Since Inception	Since Inception p.a.
Investment Basket	0.23%	0.63%	1.13%	4.40%	5.46%	8.90%	1.53%	29.82%	2.31%

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Largest Investments

Mandatum Life Fixed Income Portfolio	47.6%
Mandatum Life Money Abs	18.3%
Mandatum Life Nordic High Yield	6.2%
Mandatum Life Senior Loan Strategy	5.7%
Mandatum Life Opportunistic Loan Strategy	5.5%
iShares 0-5 Year IG Corporate Bond ETF	4.3%
MGI Emerging Markets Debt Fund	3.5%
Mercer Emerging Market Debt - Hard Currency Fund A4	3.5%
Mandatum Life Coupon Basket III	0.7%
iShares Euro Corp Bond BBB-BB ETF	0.6%

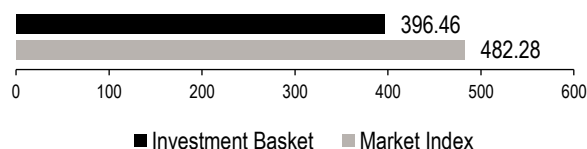
Asset Class Allocation



Statistics

Volatility p.a.	1.67%
Sharpe p.a.	1.4

Carbon Dioxide Emissions, tCO₂/M€



The greenhouse gas emissions of investments per million invested. A tonne of carbon dioxide equivalent (tCO₂e) is used to measure the greenhouse gas emissions generated by the investment.

Investment Descriptions

Mandatum Life Fixed Income Portfolio	Actively managed investment basket investing in fixed income markets. The basket aims to produce stable return.
Mandatum Life Money Abs	Low risk investment basket with wide diversification, investing in commercial papers and corporate loans with a maturity less than a year.
Mandatum Life Nordic High Yield	Actively managed investment fund investing in corporate bonds issued by Nordic high yield companies. The fund aims to produce stable return.
Mandatum Life Senior Loan Strategy	Loan strategy investing in European corporate loan market, mainly in asset-backed senior loans.
Mandatum Life Opportunistic Loan Strategy	Loan strategy investing in European corporate loan market with an opportunistic approach.
iShares 0-5 Year IG Corporate Bond ETF	Index fund investing in lower risk, shorter duration and USD-denominated investment grade credit bonds.
MGI Emerging Markets Debt Fund	Actively managed fund investing in emerging market government bonds denominated in local currencies.
Mercer Emerging Market Debt - Hard Currency Fund A4	Actively managed fund investing in emerging market bonds denominated in hard currencies.
Mandatum Life Coupon Basket III	Actively managed investment basket investing in up to BB+ rated or unrated bonds.
iShares Euro Corp Bond BBB-BB ETF	Index fund that tracks investment and sub investment grade European company loans.