

Mandatum Life SICAV-UCITS

Nordic High Yield Total Return Fund

Monthly Review 30.9.2018

Fund Facts

| | |
|---------------------------|---|
| Name | Mandatum Life SICAV-UCITS Nordic High Yield Total Return Fund |
| Inception Date | 15.12.2014 |
| Investment Manager | Mandatum Life |
| Base Currency | EUR |
| Benchmark Index | The fund does not have a benchmark index. |

Investment Strategy

Mandatum Life SICAV-UCITS Nordic High Yield Total Return Fund offers the opportunity to invest diversely in Nordic fixed income investments with an attractive return potential and a moderate risk level. The fund invests in Nordic companies with mostly non-rated bond issues where the implied maximum credit rating would not exceed BB+ (by Standard and Poor's). The Fund's investment objective is to achieve long-term yields which will exceed those of other more conventional fixed income funds and to outperform these over the longer-term.

The Fund is actively managed as a Total Return Fund, taking advantage of a wide range of market information and using all available methods and instruments within this asset class. The interest rate risk of the portfolio is managed proactively and the foreign exchange risk is hedged at the discretion of the portfolio manager at any given time.

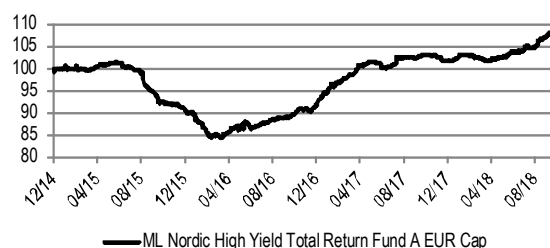
Risk and Reward Profile*



← Lower risk / Typically lower return | Higher risk / Typically higher return →

*The fund's risk category has been calculated using past performance of the fund's investment-policy-based portfolio.

Performance

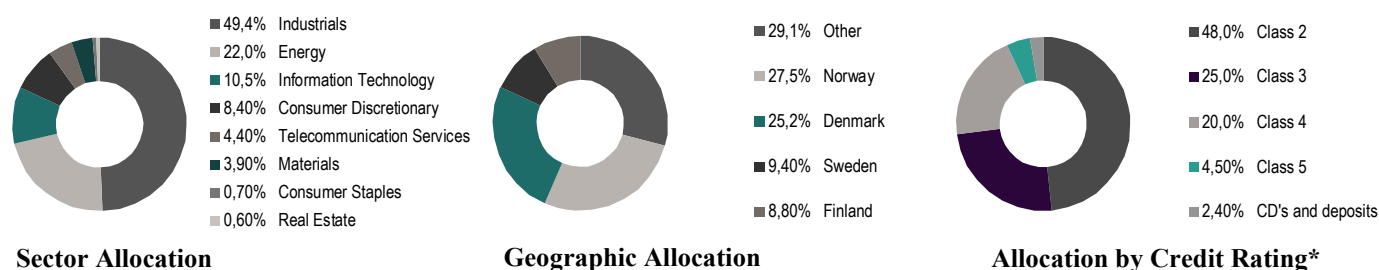


Top Holdings

| | |
|---|-------|
| DSV Miljoe AS, FRN, Call 10.05.2019, Mat 10.05.2021, EUR | 5,6 % |
| Axzon A/S, FRN, Call 30.06.2019, Mat 26.05.2021, EUR | 5,5 % |
| European Directories BondCo SCA, FRN, Maturity, 09.06.2021, EUR | 4,0 % |
| AINMT Scandinavia Holdings AS, FRN, Call 07.04.2019, Mat 07.04.2022, NOK | 3,5 % |
| West Atlantic AB, 7%, Call 21.12.2017, Maturity 21.12.2019, SEK | 3,4 % |
| VV Holding AS, FRN, Call 10.07.2016, Maturity 10.07.2019, NOK | 3,4 % |
| Quant AB, FRN, Call 15.02.2020, Mat 15.02.2023, EUR | 3,3 % |
| Corral Petroleum Holdings AB, 11.75%, Call 15.05.2019, Maturity 15.05.2021, EUR | 3,3 % |
| Beerenberg Holdco II AS, FRN, Maturity 24.2.2021, NOK | 3,0 % |
| Cash / Money Market | 3,0 % |

| | Share class | Bloomberg Ticker | ISIN Code | 1 mth | 3 mths | 6 mths | 12 mths | 2018 | Since Inception | Inception Date |
|-------------------------------------|-------------|--------------------------|--------------|------------------------|--------|---------------------------------|---------|-------------------------------|-----------------|----------------|
| Nordic High Yield Total Return Fund | A EUR Cap | MLNHYAE LX Equity | LU1112754756 | 1,47 % | 4,35 % | 6,31 % | 5,38 % | 6,24 % | 8,14 % | 15.12.2014 |
| | B EUR Cap | MLNHYBE LX Equity | LU1112755050 | 1,45 % | 4,23 % | 6,05 % | 5,27 % | 6,05 % | 9,29 % | 16.3.2015 |
| Running Yield | | Modified Duration | | Spread Duration | | Total Number of Holdings | | Fund AUM (EUR million) | | |
| 7.3% | | 0.4 years | | 2.3 years | | 57 | | 47,4 | | |

Fund Composition



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Investment Manager's Review

September was a strong month for the Nordic High Yield Total Return Fund. The primary market gained momentum after the earnings season and was quite hectic at times.

We participated in the issues of offshore wind farm service vessel owner Zitron, cable manufacturer NKT and chemical tanker company Odfjell. We also added Danish pork producer Idavang's and Norwegian 4G operator ICE's bonds to the portfolio. The credit risk premiums on many of the fund's bonds tightened somewhat during the earnings season, which boosted value development in early autumn. An individual sector worth mentioning is the oil sector, which has experienced a strengthening outlook and favourable bond development. After years of underinvestment, investments have started to increase and in oil services, capacity utilisation rates have risen. The next probable step is a clearer upward trend in prices.

For the first time ever, global oil demand is expected to reach 100 million barrels a day in Q4/2018, so growing investments in both maintenance and new capacity will be needed soon to avoid a dramatic rise in oil prices in the next few years. This message was also brought forward in the major oil conference organised in Oslo in September, where oil companies and oil service companies spoke in unison of an improving outlook. This year, the price of oil has risen by more than 20% (Brent oil at 82 USD per barrel). We find that the outlook for the Nordic corporate bond market is good, and the fund's low interest rate risk reduces concerns about the rise in interest rates that is expected for next year.

This fund review does not constitute a recommendation to subscribe for or redeem units in the fund. In compiling the fund 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 fund'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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