

Fixed Income Portfolio

Monthly Investment Basket Review July 2010

Name	Date	Value	Return %				
			1 m	3 m	12 m	Year-to-date	Since founded
Mandatum Life Fixed Income Portfolio	30.7.2010	125.18	0.94 %	2.51 %	12.04 %	6.11 %	25.18 %

Investment Strategy

Mandatum Life Fixed Income Portfolio strategy provides an active and extensive portfolio management solution. Investments are made in fixed income markets on a diversified basis and according to current market views. Basket funds are invested in deposits, money market and fixed income instruments, mutual fund units and derivatives contracts.

The interest rate risk (duration-measured) may vary from 0 to 15 years in duration and the credit risk may not exceed 100% of the investment basket's market value. The investment basket's return risk and capital risk are typical of medium-term interest rate products. The investment basket's foreign exchange risk component may be managed with standardized and non-standardized exchange rate contracts. The total foreign exchange risk may not exceed 100 % or be less than 0 % of the market value of the basket. Lending and repurchase agreements may be made on investments. The market value of investments given as loans may not exceed 30 % of the market value of the basket.

The collateral requirement of derivatives contracts, repurchase agreements and borrowed investments may not exceed 75 % of the market value of the basket. The investment basket suits both inexperienced and experienced investors who seek returns typical for medium-term fixed income investments. The investment basket's return risk and capital risk are typical of diversified medium-term interest rate baskets with moderately low risk. Changes in fixed income markets will affect the value of the investment basket, which may vary substantially in the short term.

Investment Manager's Review

Governmental restructuring operations passed moderately well in the beginning of July. Spain's 3.5 billion-euro auction went satisfactorily and the yield came to 3.657%. The debt was 1.7 times oversubscribed. German government bond yield levels rose in July in the short- and long-ends. After the drying up of liquidity in ECB's banking system, derivative markets of money market rates have continued to be under rising pressures in July.

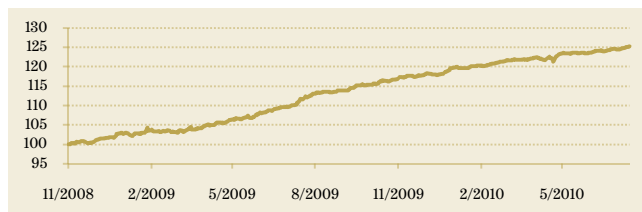
In corporate bonds, July was very quiet regarding bond issues, which is a very typical phenomenon during summer months. We will be active in new issues, and believe that August and September will be more active on this front. New purchases from secondary markets include Handelsbanken UT2 bond in pounds, TeliaSonera 2021, and sub-bond issued by IF (call 2011). In high yield names, we slightly increased StoraEnso weight in the portfolio.

The Fixed Income basket running yield was 4.90% at the end of July and modified duration 2.11 years. The duration moved between 1.6 and 3.5. The pound hedge was 90% and US dollar hedge 96%. Polish zloty risk was open at the end of the month. The Fixed Income basket succeeded well in July.

Investment Basket Basics

Name	Mandatum Life Fixed Income
Inception Date	17.11.2008
Investment Manager	Mandatum Life
Annual Management Fee	0,75 %

Mandatum Life Fixed Income Unit Value



Investment Basket Composition

Allocation by Asset Class



Top Holdings 30.7.2010

12,06 %	CASH
5,51 %	TLIASS 4.75 161121 EUR
4,98 %	RFGB 3.875 150917 EUR
4,38 %	KINCIT 5.1 171214 EUR
4,13 %	STORA 5.125 230614 EUR
3,95 %	STORA 6.404 150416 USD
3,92 %	IFSS VAR 21-11 300311 EUR
3,69 %	METSO 7.25 100614 EUR
3,30 %	OUTOK 5.125 240615 EUR
3,10 %	POHBK 6.5 281212-49 GBP

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