

Fixed Income

Monthly Investment Basket Review January 2012

Name	Date	Value	Return %				
			1m	3m	12m	Year-To-Date	Since Founded
Mandatum Life Fixed Income	31.1.2012	129,24	1,54 %	2,32 %	1,85 %	1,54 %	29,24 %

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.

Interest rate risk (duration-measured) may vary from 0 to 15 years in duration and credit risk may not exceed 100% of the investment basket's market value. The investment basket's return risk and capital risk are typical to 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 to 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.

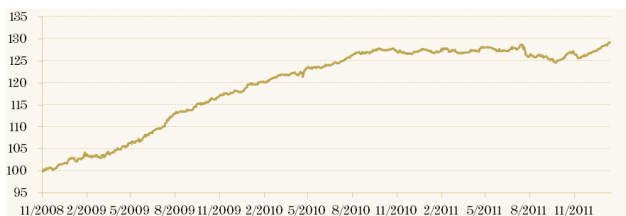
Investment Manager's Review

The risk taking willingness returned readily to the markets at the beginning of the year, especially when it comes to corporate risk. Risk premiums narrowed fast both on IG (Investment Grade) and High Yield side (HY 5.8%, prev. 7.6%). Interest of interest rate swaps went down as 10-year euroswap sank to 2.25% after being 2.4% at the turn of the year. The LTRO program ECB really started last year which offers banks unlimitedly up to 3-year loans with 1% interest rates has given an impulse towards riskier interest investment asset classes. Also on the government bond side, the interest rates of Italian and Spanish 10-year bonds have been in a decline. The standing with extremely tight liquidity seen at the end of 2011 is easing up at the moment and the markets are also opening for new issues. Banks have managed to collect both equity funding and senior loans from the markets. Also companies have rushed into to loan markets as investors' risk taking willingness is rising. The majority of the basket's investments are still lying in Scandinavian and Finnish corporate bonds. Late January, we sold slightly Outokumpu 2015 maturing bond. We also sold our total position in Telenor's 2020-euro bond. DNB NOR pound loan maturing in 2020 was purchased into basket from the issue as well as Seadrill's new 2-year loan in Norwegian crowns. The duration (sensitivity to interest rate changes) of the Fixed Income portfolio was mainly held near 2.7 years. The value climbed +1.50% in January. USD hedge rate was at 96% at the end of the month and pound hedge was at 90%. The hedge rate of Swedish crown was maintained at 98% and Polish zloty was hedged up to 96%. The running yield in the fixed income portfolio was 5.2% at the end of January.

Investment Basket Basics

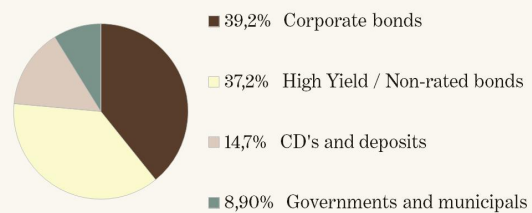
Name	Mandatum Life Fixed Income
Inception date	17.11.2008
Investment Manager	Mandatum Life
Management Fee p.a.	0.75%

Unit Value



Investment Basket Composition

Allocation by Investment Class



Top Holdings 31.1.2012

14,72 %	CASH
4,09 %	Poland Government International Bond, 5.5%, 25.04.2015, PLN
3,79 %	UPM-Kymmene OYJ, 6.625%, 20170123, GBP
3,72 %	TeliaSonera AB, 4.75%, 20211116, EUR
3,66 %	Stora Enso OYJ, 5.125%, 20140623, EUR
3,38 %	Skandinaviska Enskilda Banken AB, 4%, 20150617, SEK
3,11 %	Citycon OYJ, 5.1%, 20141217, EUR
2,81 %	Svenska Handelsbanken AB, 5.375%, Call 20130904, Mat. \${MATURITY}, GBP
2,79 %	Nordea Bank Finland PLC, 6.25%, Call 20140718, Mat. \${MATURITY}, GBP
2,72 %	SEADRILL LTD 5,93% 02/13/2014

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