

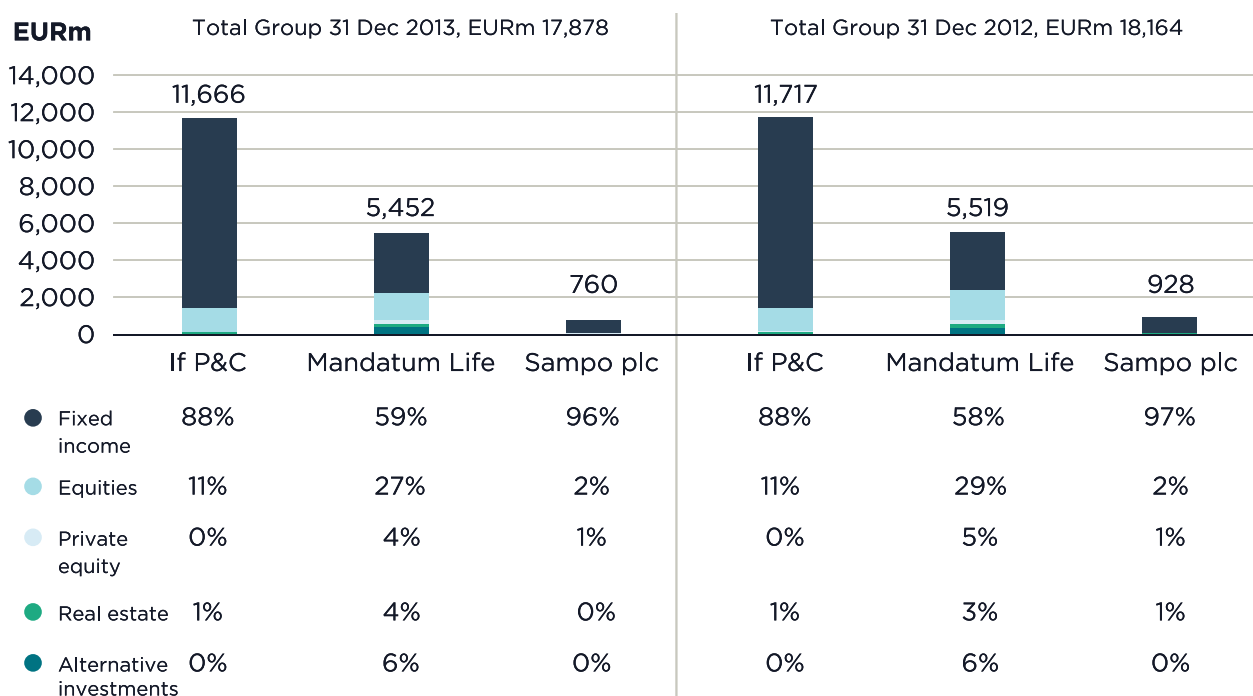
# Asset Allocations and Investment Returns

The total amount of Sampo Group's investment assets as at 31 December 2013 was EUR 17,878 million (EUR 18,164 million in 2012). The compositions of the investment portfolios by asset classes in If P&C,

Mandatum Life and Sampo plc at year end 2013 and at year end 2012 are shown in the figure Development of Investment Portfolios, If P&C, Mandatum Life and Sampo plc, 31 December 2013 and 31 December 2012.

## Development of Investment Portfolios

If P&C, Mandatum Life and Sampo plc, 31 December 2013 and 31 December 2012

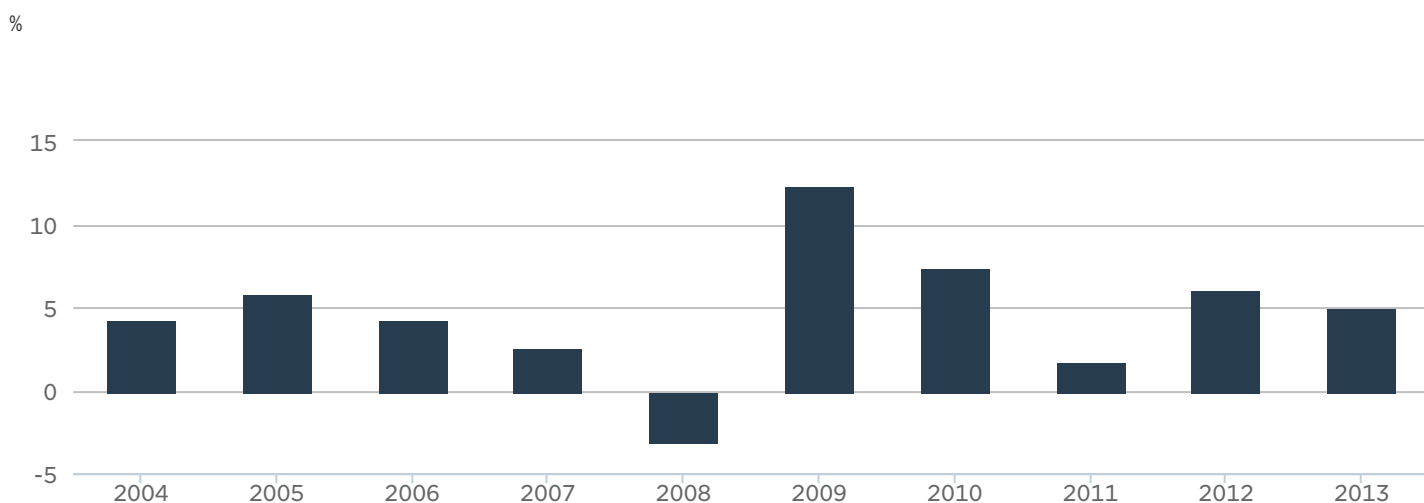


Sampo plc has a liquidity portfolio consisting mainly of money market instruments and a long-term portfolio including subordinated debt instruments issued by the insurance subsidiaries and the associated companies. The investments of Mandatum Life's Baltic subsidiary are included in Mandatum Life's investment assets as equity in all tables and graphs in this Risk Management section.

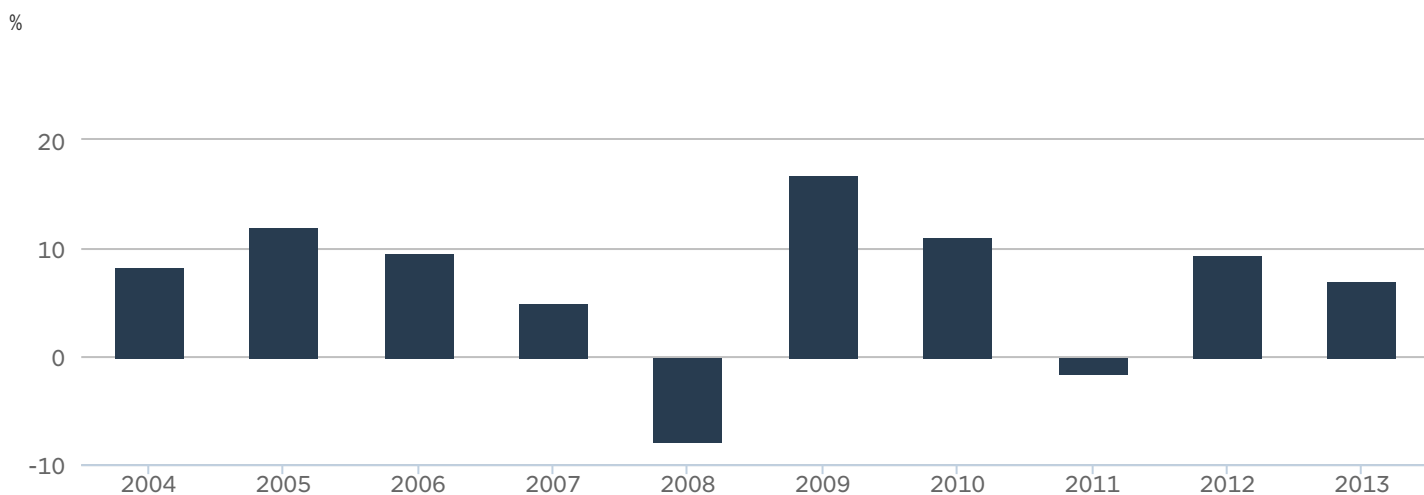
The insurance liabilities as well as the risk appetite of Mandatum Life and If P&C differ and as a result, the structures and risks of investment portfolios of the two companies often are different. This is reflected also in the companies' investment returns. Mandatum

Life has had on average higher returns and higher volatility. The figure Annual Investment Returns at Fair Values, If P&C and Mandatum Life, 2004–2013 presents the historical development of investment returns.

### Annual Investment Returns at Fair Values If P&C, 2004-2013



### Annual Investment Returns at Fair Values Mandatum Life, 2004-2013



The weighted average investment return of the Group's investment portfolios (including Sampo plc) in 2013 was 7.8 per cent (7.3 per cent in 2012).

More detailed investment allocations and average maturities of fixed income investments of If P&C,

Mandatum Life, Sampo plc and Sampo Group as of year-end 2013 are presented in the table Investment Allocation, If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2013.

## Investment Allocation

If P&amp;C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2013

Asset Class	If P&C			Mandatum Life			Sampo plc			Sampo Group		
	Market value, EURm	Weight	Average maturity (years)	Market value, EURm	Weight	Average maturity (years)	Market value, EURm	Weight	Average maturity (years)	Market value, EURm	Weight	Average maturity (years)
<b>FIXED INCOME TOTAL</b>	<b>10,272</b>	<b>88%</b>	<b>2.2</b>	<b>3,228</b>	<b>59%</b>	<b>2.2</b>	<b>677</b>	<b>89%</b>	<b>0.4</b>	<b>14,177</b>	<b>79%</b>	<b>2.1</b>
Money market securities and cash	873	7%	0.2	551	10%	0.4	637	84%	0.2	2,060	12%	0.3
Government bonds	1,855	16%	2.9	727	13%	2.2	0	0%	0.0	2,582	14%	2.7
Credit bonds, funds and loans	7,544	65%	2.2	1,933	35%	2.7	39	5%	0.0	9,516	53%	2.3
<i>Covered bonds</i>	3,237	28%	1.9	125	2%	2.2	0	0%	0.0	3,362	19%	1.9
<i>Investment grade bonds and loans</i>	2,399	21%	2.0	650	12%	1.5	0	0%	0.0	3,050	17%	1.9
<i>High-yield bonds and loans</i>	1,643	14%	3.2	949	17%	3.1	11	1%	2.7	2,603	15%	3.2
<i>Subordinated / Tier 2</i>	188	2%	2.2	54	1%	3.0	29	4%	3.7	271	2%	2.5
<i>Subordinated / Tier 1</i>	77	1%	1.0	155	3%	5.0	0	0%	0.0	233	1%	3.6
<i>Hedging swaps</i>	-1	0%	-	-1	0%	-	0	0%	-	-2	0%	-
Policy loans	0	0%	0.0	18	0%	1.3	0	0%	0.0	18	0%	1.3
<b>EQUITY TOTAL</b>	<b>1,283</b>	<b>11%</b>	<b>-</b>	<b>1,448</b>	<b>27%</b>	<b>-</b>	<b>18</b>	<b>2%</b>	<b>-</b>	<b>2,749</b>	<b>15%</b>	<b>-</b>
Finland	1	0%	-	647	12%	-	18	2%	-	665	4%	-
Scandinavia	948	8%	-	0	0%	-	0	0%	-	948	5%	-
Global	335	3%	-	801	15%	-	0	0%	-	1,136	6%	-
<b>OTHER ASSET CLASSES TOTAL</b>	<b>113</b>	<b>1%</b>	<b>-</b>	<b>761</b>	<b>14%</b>	<b>-</b>	<b>13</b>	<b>2%</b>	<b>-</b>	<b>887</b>	<b>5%</b>	<b>-</b>
Real estate	92	1%	-	194	4%	-	2	0%	-	288	2%	-
Private equity	21	0%	-	221	4%	-	11	1%	-	253	1%	-
Commodities	0	0%	-	0	0%	-	0	0%	-	0	0%	-
Alternative	0	0%	-	345	6%	-	0	0%	-	345	2%	-
<b>TRADING DERIVATIVES</b>	<b>-3</b>	<b>0%</b>	<b>-</b>	<b>16</b>	<b>0%</b>	<b>-</b>	<b>53</b>	<b>7%</b>	<b>0.0</b>	<b>66</b>	<b>0%</b>	<b>-</b>
<b>ASSET CLASSES TOTAL</b>	<b>11,666</b>	<b>100%</b>	<b>-</b>	<b>5,452</b>	<b>100%</b>	<b>-</b>	<b>760</b>	<b>100%</b>	<b>-</b>	<b>17,878</b>	<b>100%</b>	<b>-</b>
<b>FX Exposure, gross position</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>539</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>-</b>	<b>-</b>	<b>767</b>	<b>-</b>	<b>-</b>

Parent company Sampo plc's asset portfolio is a liquidity reserve including mainly short-term money market instruments and hence its market risks are limited. Interest rate risk arising from gross debt and the liquidity reserve is Sampo plc's most significant

market risk together with refinancing risk related to gross debt. Most of the parent company's debt is tied to short-term reference rates as a consequence of interest rate swaps used. This mitigates group level interest rate risk because, while lower interest rates

would reduce subsidiaries' investment returns in the long-term, the interest expense in the parent company would also be lower.

Fixed income investments and listed equity instruments form major part of the subsidiaries' investment portfolios. Money market securities, cash and investment grade government bonds form a liquidity buffer within fixed income investments. The average maturity of fixed income investments was 2.2 years in If P&C and 2.2 years in Mandatum Life. In both companies the average maturity is longer than duration ([Interest Rate and Currency Risks](#) section) because the fixed income investments include floating rate notes.

Both If P&C and Mandatum Life are exposed mainly to interest rate and currency risks (general market risks) as well as to equity and spread risks.

Additionally, If P&C and Mandatum Life have real estate investments, unlisted equity instruments (mainly private equity funds) and alternative investments. The Investment Policies set limits for maximum allocations into these asset classes and products. On 31 December 2013, the combined share of the above mentioned investments was 5.0 per cent of the total investment portfolio of Sampo Group. In If P&C the proportion was 1.0 per cent and in Mandatum Life it was 13.9 per cent. These asset classes are managed in most cases by external asset managers with the exception of the Group's real estate portfolio that is managed by Sampo Group's real estate management unit. The real estate portfolio includes both direct investments in properties and indirect investments in real estate funds as well as in shares and debt instruments in real estate companies.