

28.4.2014

Keva's Interim Report 1 January – 31 March 2014

Keva's investment performance in line with expectations

Keva, which is responsible for the funding of local government pensions, the investment of pension assets and for looking after pension matters for the entire public sector, recorded a 1.6 per cent return on investments, i.e. well over EUR 600 million, for the first quarter of the year. The market value of Keva's investments at the end of March was EUR 38.6 billion.

"Investment performance was in line with our expectations," says Pekka Alanen, Acting CEO.

"Investments have been performing rather well in the years since the financial crisis. The world economy nonetheless remains uncertain, and naturally this is also reflected in the capital markets. Under these circumstances, our performance is satisfactory to say the least," Alanen says.

The market value return on investments was 1.6 per cent during January–March. Listed equities and equity funds yielded a return of 1.1 per cent, fixed income investments 1.7 per cent and real estate investments (including real estate funds) 1.0 per cent. Among the smaller asset categories, private equity investments returned 5.2 per cent, hedge funds 2.3 per cent and commodity investments 6.3 per cent.

The market value of Keva's investment portfolio breaks down as follows: fixed income investments (including the impact of derivatives) 45.1 per cent, listed equities and equity funds 37.8 per cent and real estate investments 7.1 per cent, private equity investments and unlisted equities 5.5 per cent, hedge funds 3.9 per cent and commodity investments 0.6 per cent.

"There is no denying that we have entered a world of lower investment returns than we have become accustomed to," says CIO Ari Huotari.

"Fixed income investments can be expected to deliver only moderate returns in the coming years and while the return on equity investments has picked up since the financial crisis, there is a limit to how far the equity market can rise. There is a lot of investment money out there today looking for a home."

For further information, please contact

Pekka Alanen, Acting CEO, tel. +358 20 614 2349

Ari Huotari, CIO, tel. +358 20 614 2205

Tom Kåla, CFO, tel. +358 20 614 2211

The quarterly figures presented in this release are unaudited.

28.4.2014

The shares of the various asset classes are reported as percentages of the risk-appropriate market value of the investment assets.