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Preliminary information on Keva's financial statements

Keva reports strong investment performance

Keva, which is responsible for funding the pensions of local government employees and for investing their pension funds, recorded a 7.4% return on investments in 2016 (4.8% in 2015) according to preliminary information. At year-end 2016, Keva's investment had a market value of €48.5 billion (€44.2 billion in 2015).

The cumulative real return since funding started in 1988 until year-end 2016 has been 5.4% per annum, excluding capital weighting. In the Finnish pension sector, long-term returns are normally calculated without capital weighting. The capital-weighted real return since funding started to year-end 2016 was 4.2% per annum.

The five-year nominal return, excluding capital weighting, has been 8.2% and the real return 7.1%. The ten-year nominal return has been 5.1% and the real return 3.4%.

"We can be very pleased with Keva's investment performance for 2016," notes CEO **Timo Kietäväinen**.

"With interest rates at a record low and equities with many good years behind them, the investment year got off to a weak start. In addition, the year was marked by the confusion caused by, for example, Brexit, the United States presidential elections and, lastly, the referendum to amend the Italian constitution, which attracted less attention. Despite all this, we received excellent returns on our investments, especially considering that we had significantly reduced our risk level with regard to equities, for example."

Fixed income investments yielded 6.5%, listed equities and equity funds 8.8%, and real estate investments (including real estate funds) yielded 5.0%. Private equity investments returned 14.5% and hedge funds 3.6%.

Fixed income investments (including the impact of derivatives) accounted for 45.1%, listed equities and equity funds for 36.1%, real estate investments for 6.2%, private equity investments for 6.4% and hedge funds for 6.5% of Keva's investments at market value at year-end 2016.

"Few would have forecast at the start of 2016 that, given the performance of previous years, such returns could still be squeezed out of fixed interest investments," reflects CIO **Ari Huotari**.

"When we add to this the good returns from the equities markets, we can only note that what a year it was. Unfortunately, it seems the next few years may once again bring life's realities to everyday investor life.

For further information, please contact:



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The figures stated in this preliminary information are provisional and unaudited.

Keva will publish its financial statement bulletin proper on 23 February 2017.