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Preliminary information on Keva's financial statements

Reasonable return on Keva's investments in a difficult year

Keva, who handles funding for municipal sector pensions and pension fund investments, recorded a -1.7 per cent return on investments in 2011 (12.3 per cent in 2010), according to preliminary information. The investment return was negative due to the decline in share prices. The market value of investments was EUR 29.6 billion at the end of the year (EUR 28.8 billion in 2010). The cumulative real return since inception (1988) to the end of 2011 was 5.1% per annum, excluding capital weighting. In the Finnish pension sector, long-term returns are usually calculated without capital weighting. The capital-weighted cumulative real return since inception to the end of last year was 3.3 per cent per annum.

According to CEO and Managing Director **Merja Ailus**, the performance of Keva's investment activities in 2011 can be considered reasonable in relation to the general situation.

"The year was overshadowed by euro-area debt problems and concerns about global economic growth in general. It was certainly a tough year for all investors," says Ailus.

The return on listed equities was -10.0 per cent, private equity funds 13.9 per cent, fixed-income investments 3.5 per cent and real estate investments 6.8 per cent. Among the smallest asset categories, the return on hedge funds was -0.5 per cent.

Fixed-income investments accounted for 47.3 per cent, listed equities for 37.6 per cent, real estate investments for 8.2 per cent, private equity funds for 4.9 per cent and hedge funds for 2.0 per cent of the market value of Keva's entire investment portfolio.

According to CIO **Ari Huotari**, 2011 was a very unsettled year in the capital markets.

"Following the first phase of the financial crisis there was already some optimism in the markets. Last year, the concerns reappeared and market fluctuations were significant," he says.

"2012 is off to a relatively positive start. In all likelihood, the markets will soon reawaken to the many unresolved issues, say, in the euro area.

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So it looks like we are facing another year where investors will have to act with particular caution,” Huotari estimates.

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The figures presented above are based on tentative preliminary information. Keva will publish its official financial statement bulletin on 8 March 2012.