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Keva's interim report 1 January – 31 March 2012:

A good start to the year in terms of investments

Keva, which handles funding for local government pensions and pension fund investments, recorded a 5.9 per cent return on investments in the first quarter of the year. The market value of investments was EUR 31.5 billion at the end of March.

“The first quarter of 2012 was reasonably good for investors in the capital markets, especially for those with portfolios laden with shares and other higher-risk investments. In my view, we succeeded well in managing our global investment portfolio,” says Keva’s CEO and Managing Director Merja Ailus.

The return on investments at market value was 5.9% for January–March. Listed equities and equity funds returned 10.9% and fixed income investments 3.4%, while the return on real estate investments (including real estate funds) was 1.1%. Among the smaller asset categories, the return on private equity investments was 1.3%, on hedge funds 3.1%, and on commodities 5.2%.

Listed equities and equity funds accounted for 39.0%, fixed income investments for 45.5% and real estate investments for 7.9% of the entire investment portfolio. Private equity investments accounted for 4.6%, hedge funds 2.1% and commodity investments for 0.7% of Keva’s entire investment portfolio.

“The positive trend in the capital markets that already began at the end of 2011 continued in the first quarter of 2012. This optimism is probably mainly due to the European Central Bank’s financing operations aimed at supporting the banking system, which were launched at the end of last year. These measures abated, at least for the time being, concerns over the sustainability of the European banking system,” says CIO Ari Huotari.

“The outlook in the capital markets at the beginning of the second quarter of 2012 has, however, turned more negative. Equities markets have in general been under pressure, and the European equities markets, in particular, have been tried by the re-emerging concerns. The market uncertainty and turbulence that we know so well from recent years is set to continue,” Huotari estimates.

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The quarterly figures presented in this release are unaudited.