

25.4.2013

Keva's Interim Report 1 January – 31 March 2013:

Keva records good first-quarter result despite challenging market conditions

Keva, which handles funding for local government pensions, pension fund investments and pension matters for the whole public sector, recorded a 3.8 per cent return on investments, i.e. roughly EUR 1.3 billion, in the first quarter of the year. The market value of Keva's investments was EUR 35.8 billion at the end of March.

“The first quarter of 2013 was quite good and unfolded as expected. We have maintained our investment philosophy from last year, striving for high-quality investment operations for the long term, with an emphasis on risk management. This year will continue to present investors like us with considerable challenges,” says Keva's CEO, **Merja Ailus**.

The return on investments at market value was 3.8 per cent for January–March. Listed equities and equity funds yielded a return of 8.0 per cent and fixed income investments 1.2 per cent, while the return on real estate investments (including real estate funds) was 0.6 per cent. Among the smaller asset categories, the return on private equity investments was 2.8 per cent, on hedge funds 3.4 per cent, and on commodities 0.1 per cent.

Fixed income investments accounted for 45.9 per cent, listed equities and equity funds for 38.7 per cent and real estate investments for 7.5 per cent of the entire investment portfolio. Private equity investments accounted for 4.9 per cent, hedge funds for 2.4 per cent and commodity investments for 0.6 per cent of Keva's investment portfolio.

“We have had no major expectations for this year's investment result, in light of the exceptionally good result we had last year. Estimates on the return potential of fixed income investments, in particular, appeared to be rather modest. The scarcity of alternative investments was expected to bolster the equity markets, which largely turned out to be the case in the first quarter,” assesses Keva's CIO, **Ari Huotari**.

“Concerns over global economic growth, for example, have become more pronounced in April, and the euro zone unfortunately continues to be plagued with problems,” he adds.

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The figures presented in this bulletin are unaudited.

The shares of investment types are reported as shares of the risk-appropriate market value of Keva's investment assets.