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Keva's Interim Report 1 January–30 September 2013:

## Reasonable return on Keva's investments

Keva, which handles funding for local government pensions and pension fund investments, recorded a 4.8 per cent return on investments, i.e. EUR 1,674 million, in January–September. The market value of Keva's investments was EUR 36.6 billion at the end of September. The market value of investments in September 2013 was EUR 33.3 billion.

According to CEO **Merja Ailus**, 2013 has been a challenging investment year for Keva.

“We can consider our investment result very reasonable. We must not, however, lose sight of the fact that uncertainty still exists in the investment environment. On the other hand, we have not really seen a change in that environment since the onset of the financial crisis,” Ailus comments.

The market value return on investments was 4.8 per cent in January–September. The return on listed equities and equity funds was 11.2 per cent. Fixed income investments generated -0.2 per cent and real estate investments (including real estate funds) 3.0 per cent. Among the smaller asset classes, the return on private equity investments was 8.5 per cent, on hedge funds 7.1 per cent and on commodity investments -3.6 per cent.

Fixed income investments accounted for 45.8 per cent, listed equities and equity funds for 38.0 per cent and real estate investments for 7.3 per cent of Keva's entire investment portfolio at market value, while private equity investments accounted for 4.9 per cent, hedge funds for 3.4 per cent and commodity investments for 0.6 per cent.

According to CIO **Ari Huotari**, 2013 has been an interesting but contradictory year for investors. Equity markets have developed very favourably, but the return expectations on fixed income investments are low.

“The global economy is showing signs of slight improvement, but the capital markets continue to be overshadowed by concerns over the central banks' aim to squeeze liquidity,” Huotari says.

### **Additional information:**

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The figures presented in this release are unaudited.