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**Keva's interim report 1 January to 31 March 2019**

# Excellent start to the year for Keva's investments

Keva, which is responsible for the funding of local government pensions and the investment of pension funds reported a 5.5%, or EUR 2.7 billion, return on investments for the first quarter. At the end of March, Keva's investments had a market value of EUR 52.5 billion, compared to EUR 51.2 billion a year earlier.

Keva CEO **Timo Kietäväinen** looks at performance from the long-term outlook of the pension provider.

”The results are a fine achievement in the recent greatly fluctuating investment climate. At the same time, it should be remembered that the ”earnings-related pension industry's quarter” is 25 years. It's long-term results that count and Keva's returns are among the best in class,” Kietäväinen points out.

”Keva is strongly transforming and we have our eyes set firmly on the future. One of the things we have done during the early part of the year is to make a start on implementing Keva's strategy, which was adopted in March,” Kietäväinen continues.

Keva's return on investments at market value was 5.5% for January to March. The top performers were listed equities, which generated a return of 11.8%. Fixed-income investments generated 2.5%, hedge funds 2.0% and private equity investments 1.3%. Real estate investments (including real estate funds) generated a return of 0.6%.

Keva's long-term return on investments is at a good level. The capital-weighted annual cumulative real return on investments since the inception of funding in 1988 until the end of the report period was 4.0%. The non-capital-weighted average real return for the same period was 5.3%. The nominal return for the past five years without capital weighting has been 5.3% and the real return for the past ten years 6.8%.

Fixed-income investments (including the impact of derivatives) accounted for 40.3% and listed equities and equity funds for 36.4% of Keva's entire investment portfolio. Of the smaller asset classes, private equity investments accounted for 9.5%, hedge funds for 7.3% and real estate investments for 6.4% of the portfolio.

Keva CIO **Ari Huotarin** terms the result for the first quarter of the year as excellent despite market functioning having also shown some irrational characteristics.

"The capital markets and development of the real economy have become increasingly divorced from each other," Huotari notes.

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The figures in this release are unaudited