

Keva's interim report for 1 January to 30 September 2020

Keva's investments performed reasonably

Keva, which is responsible for the funding of local government pensions and the investment of pension funds, reported a return of -2.6%, or -EUR 1,442 million, for the first nine months of 2020. At the end of September, Keva's investments had a market value of EUR 54.4 billion, compared to EUR 54.6 billion a year earlier.

Keva CEO **Timo Kietäväinen** considers the investment performance to be reasonable given the very difficult investment environment.

"We have been able to ensure Keva's good liquidity. The long-term return on investments is what counts and in this respect Keva is the industry leader," Kietäväinen says.

"Reform of Keva has progressed to plan despite the exceptional conditions. The new organisation and management system were successfully rolled out in June. Customer service, especially e-services have shown strong development and the processing of pension applications has been exemplary. Likewise good progress has been made with our strategic target to be the most efficient in the industry," Kietäväinen adds.

Keva's return on investments for the first nine months of the year at market value was -2.6%. The top performer was real estate investments (including real estate funds), which generated a return of 0.4%. Returns on other investment types were in negative territory: fixed-income investments -0.8%, private equity investments -1.1%, hedge funds -1.1% and listed equities -5.4%.

Keva's long-term return on investments continues to be 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 3.9%. The non-weighted average real return for the same period was 5.3%. The real return for the past five years without capital weighting has been 4.1% and the real return for the past ten years 4.5%.

Fixed-income investments accounted for 37.3% (including the impact of derivatives) and listed equities and equity funds for 38.1% of Keva's entire investment portfolio. Of the smaller asset classes, private equity investments accounted for 11.6%, hedge funds for 6.2% and real estate investments for 6.7% of the portfolio.

Keva CIO **Ari Huotari** says that the current year has been driven among other things by coronavirus, actions by central banks and most recently the US presidential elections.

"The implications of corona on the real economy will be longer than was originally thought earlier in the year. Actions by central banks have sharply increased the values of risky investments. The US elections are now over and hopefully the transition will be as smooth as possible," Huotari says.



Interim report

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The figures in this release are unaudited.