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## **Keva's interim report for 1 January to 30 September 2021 Keva reports excellent result**

**Keva, which is responsible for the funding of local government pensions and the investment of pension funds, reported a return of 12.0% or €7 billion on investments for the first nine months of 2021. At the end of September, Keva's investments had a market value of €64.8 billion, compared to €54.4 billion a year earlier.**

Contribution income amounted to €4.3 billion by the end of September and €4.4 billion in local government pensions was paid out over the same period. Some 555,000 persons had earnings-related pension insurance in the local government sector at the end of September.

Keva CEO **Timo Kietäväinen** considers investment performance to be very good. Thanks to unprecedentedly large stimulus measures from banks and governments, the capital markets have continued to strengthen exceptionally quickly and strongly following the collapse during the coronavirus pandemic. Inflation is picking up and as uncertainty increases in China among others, there is a growing risk and likelihood of a correction movement.

"Good progress has been made with the reform of Keva and customer feedback received has continued to strengthen at an excellent level. Positive progress at Keva is reflected in us rising to rate as the most reliable actor in the earnings-related pension sector in the Luottamus & maine (Confidence & reputation) survey," Kietäväinen says.

He points out that this is not the result of just one survey, but that the stakeholder group survey carried out last autumn also assessed Keva's operations to be at an excellent level overall.

Keva's investment operations generated a market value return of 12% in the first nine months of the year. Private equity investments (including unlisted equities) generated a return of 34.6%, listed equities 15.8%, hedge fund investments 14.6%, real estate investments (including real estate funds) 3.8% and fixed-income investments generated a return of 1.7%.

Keva's long-term return on investments is still at a good level. The capital-weighted annual cumulative real return since the inception of funding in 1988 until the end of the report period was 4,4%. The non-capital weighted average real return over the same period was 5.5%. The real return over the past five years without capital weighting has been 6.2% and the real return over the past ten years 6.8%.

Listed equities and equity funds accounted for 39.3% of Keva's investment portfolio and fixed-income investments (including the impact of derivatives) for 33.7%. Of the smaller asset classes, private equity investments accounted for 14.8%, hedge funds for 6.4% and real estate investments for 5.8% of the portfolio.

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Keva CIO **Ari Huotari** says that in addition to generous support from central banks, basic positive market psychology has also been supportive of the capital markets this year, too, despite many concerns in the air.

“But the clock is ticking, which means we’re heading towards a return to everyday life on the market. How dramatic the correction movement will be and when it will hit has yet to be card,” Huotari says.

### **State, Church and Social Insurance Institution of Finland employee pensions**

Keva is Finland’s largest earnings-related pension provider and is responsible for instituting almost all pension cover in the public sector. €3.7 billion in State pensions, €166 million in Evangelical Lutheran Church pensions, €81 million in Social Insurance Institution of Finland (Kela) employee and €21 million in Bank of Finland pensions were paid out during the first nine months of 2021. The State, Evangelical Lutheran Church, Kela and Bank of Finland pay their own pension expenditure and share of operating costs to Keva.

### **For further information, please contact:**

Timo Kietäväinen, CEO, tel. +358 20 614 2201

Ari Huotari, CIO, tel. +358 20 614 2205

Tom Kåla, CFO, tel. +35820 614 2211

The figures in this release are unaudited.