Keva’s Interim Report 1 January – 31 March 2025

Jittery market put downward pressure on Keva’s investments

Keva, which is responsible for the funding of local government and wellbeing services county pensions and for the investment of pension funds, reported a return on investments of -1.2% or -EUR 0.8 billion for the first quarter of 2025. At the end of March, Keva’s investments had a market value of EUR 70.3 billion, compared to EUR 67.7 billion a year earlier.

Of the different asset classes, real estate investments (including real estate funds) generated a return of 0.3%, private equity investments -0.4%, fixed income investments -1.1% and hedge funds -1-1%. Listed equities generated a return of -1.8%.

Keva CEO **Jaakko Kiander** says that the threat of a trade war has created exceptional uncertainty in the stock and foreign exchange markets, which was already reflected in a fall in share prices in the first quarter.

“Uncertainty and sharp volatility in share prices will continue until clearer guidance on future US tariff policy is forthcoming. Uncertainty also adds to the risk of a recession, which has strengthened expectations of a fall in interest rates,” Kiander says.

In the allocation of Keva’s total investment assets (including the impact of derivatives), listed equities and equity funds accounted for 40.1% and fixed interest investments for 28.1%. Of the other asset classes, private equity investments accounted for 20.3%, hedge funds for 7.0% and real estate investments for 7.0%.

Keva’s long-term return on investments has been good. The cumulative capital-weighted real return on investments since funding began in 1988 to 31 March 2025 was 3.8% per year. The average real return, excluding capital weighting, over the same period was 4.9%. Keva’s real return, excluding capital weighting, has been 4.3% over the past five years and 2.8% over the past ten years.

CIO **Ari Huotari** says that uncertainty has put downward pressure on almost all risky investments on the capital markets.

“Of course, uncertainty has resulted in unrest also on the fixed income and forex markets, and the status of the US dollar and government bonds, for example, which have served as traditional safe havens, has been called into question. It will be interesting to see how long-term the consequences of the unrest seen at the beginning of the year will be," Huotari considers.

For further information, please contact:
Jaakko Kiander, CEO, tel. +358 20 614 2097
Ari Huotari, CIO, tel. +358 20 614 2205
Piia Laaksonen, CFO and Chief Actuary, tel. +358 20 614 2371

The figures in this release are unaudited.