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Keva's interim report 1 January – 31 March 2011:

A reasonable start to the year for investments

Keva's investments returned 0.0% during the first quarter of the year. The market value of investments was EUR 28.9 billion at the end of March.

"The first quarter of the year was eventful in both the real world and capital markets. In my view, we succeeded reasonably well in managing our global investment portfolio," says CEO Merja Ailus.

"In addition to the normal market fluctuations, the early year was marked by unrest in Northern Africa, the natural disaster in Japan and its aftermath, and of course the euro-area debt crisis continued to take its toll on the markets," Ailus points out.

The return on investments at market value was 0.0% for January–March. Listed equities and equity funds returned -0.5% and fixed income investments -0.1%, while the return on real estate investments (including real estate funds) was 0.9%. The highest returns were generated by commodity investments (7.6%), private equity investments (2.9%) and hedge funds (2.0%).

Listed equities and equity funds accounted for 43.6%, fixed income investments for 42.0% and real estate investments for 7.7% of the entire investment portfolio. Private equity investments accounted for 4.1%, hedge funds 1.7% and commodity investments for 0.7% of Keva's entire investment portfolio.

"The capital markets have been typically experiencing strong fluctuations in recent years, and the first few months of 2011 have followed suit," says Investment Director Ari Huotari.

"In terms of older market problems, the direct impacts of government bonds in the most troubled euro countries are starting to be a thing of the past for pension investors. Keva, for example, has very few of these bonds in its portfolio. Should the situation become worse, the indirect impacts could indeed be very damaging to the entire investment market," Huotari reckons.

For further information, please contact

Merja Ailus, CEO, tel. +358 20 614 2201
Ari Huotari, Investment Director, tel. +358 020 614 2205
Tom Kåla, Financial Director, tel. +358 020 614 2211

The quarterly figures presented in this bulletin are unaudited.