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Preliminary information on Keva's financial statements

EUR 2 billion return on Keva's investments

Keva, which is responsible for funding local government pensions and investing pension funds, recorded an 4.8% return on investments in 2015 (8.7% in 2014) according to preliminary information. At year-end 2015, Keva's investments had a market value of EUR 44.2 billion (EUR 41.5 billion in 2014).

The cumulative real return since funding started in 1988 until year-end 2015 was 5.3% per annum, excluding capital weighting. In the Finnish pension sector, long-term returns are usually calculated without capital weighting. The capital-weighted cumulative real return since funding started to year-end 2015 was 4.0% per annum.

The five-year nominal return, excluding capital weighting, after the financial crisis is 6.3% and the real return 4.8%. The ten-year nominal return is 5.3% and the real return 3.5%.

"We are quite pleased with the return on our investments, even though last year was fraught with worries about the development of the global economy. The equity markets were very unsettled, even more so than in recent years," says acting CEO **Tapani Hellstén**.

The return was 0.4% on fixed-income investments, 8.7% on listed equities and equity funds, and 8.0% on real estate investments (including real estate funds). Private equity investments generated a return of 19.2 %, whereas hedge and commodity investments returned a loss of 1.3%.

Fixed-income investments (including the impact of derivatives) accounted for 44.4%, listed equities and equity funds for 36.2%, real estate investments for 6.7%, private equity investments for 6.1% and hedge and commodity investments for 6.6% of the risk-based market value of Keva's investment assets at year-end 2015.

"Last year was again quite a rollercoaster year in the capital markets. Quite high returns were reached already in the spring only to subsequently dwindle to almost a zero level. Compared to expectations, the return on investments at year-end was quite reasonable. Headwinds, especially in the emerging markets, adversely affected our earnings. The current year, 2016, has got off to an uncertain start and it remains to be seen whether it is just a short-term market correction or the beginning of a longer-term trend," CIO **Ari Huotari** reflects.

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The figures presented in this preliminary information are provisional and unaudited. Keva will publish its financial statement bulletin proper on 25 February 2016.