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Keva's investments had a -0.8 per cent return – a meagre beginning of the year at the capital markets

Keva, which is responsible for the funding of local government pensions and the investment of pension assets, had a negative return of -0.8% on its investments, i.e. EUR 343 million, for the first three months of the year. The market value of Keva's investments at the end of March was EUR 44.0 billion compared to EUR 45.2 billion a year earlier.

According to Acting CEO **Tapani Hellstén**, Keva has performed reasonably well in the volatile markets.

- The beginning of the investment year 2016 has matched our estimates. The capital markets have been very unsettled and I believe we have performed reasonably well in investment operations in the middle of the storm, Hellstén says.

- One of our major long-term concerns among all structural change is the destiny of the funding base of the whole local government pension system. We wish that when structural decisions are being made, the funding of the municipal sector pensions is also taken into account.

The return on investments at market value was -0.8% during January – March. Listed equities and equity funds were -4.4%. Fixed income investments yielded 2.0% and real estate investments 0.7% (including real estate funds). Among the smaller asset categories, private equity investments returned 0.3% and hedge funds -2.9%.

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Fixed income investments (including the impact of derivatives) accounted for 46.3%, listed equities and equity funds for 34.7% and real estate investments for 6.7% of Keva's entire investment portfolio. Private equity investments accounted for 6.1% and other investments, primarily hedge funds, for 6.2%.

CIO **Ari Huotari** describes the first quarter as expectedly meagre.

- The main central banks try to support the markets as best they can. The underlying problem appears to be that none of the central operators seem to have an intelligible way to offer out of the current situation. In coming years, we might have even a bumpier ride ahead of us than what we expected.

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The figures presented in this release are unaudited.