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Keva's interim report for 1 January – 30 June 2024

Keva reports continued strong performance

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 of 5.3% on investments for the first half of 2024. At the end of June, Keva's investments had a market value of EUR 68.5 billion, compared to EUR 63.2 billion a year earlier.

Keva's investment operations generated a market value return of 5.3% for the first half of 2024. The return was 8.8% on listed equities and 7.3% on hedge funds. Private equity investments generated 4.7%, fixed income investments 1.2% and real estate investments (including real estate funds) 0.4%.

According to Keva CEO **Jaakko Kiander**, the outlook for the first half of the year was overshadowed by concerns about economic development and the timing of central bank interest rate cuts

"However, capital markets were relatively stable and bullish, particularly in the USA. The remainder of the year is looking much more turbulent," Kiander notes.

Listed equities and equity funds accounted for 39.2% and fixed income investments (including the impact of derivatives) for 27.5% of Keva's total investment assets. Of the other asset classes, private equity investments accounted for 19.4%, hedge funds for 7.1% and real estate investments for 6.8%.

According to CIO **Ari Huotari**, the early part of the year was very positive for high-risk investments.

"Of course, market guesses as to the timing and size of central banks' interest rate cuts varied, but market fluctuations were small. In the third quarter, there have then been concerns in the economy that central banks may have delayed too long in cutting interest rates after the underlying very rapid rate hikes," Huotari says.

Keva's long-term return on investments has been good. The cumulative money-weighted return on investments since funding began in 1988 to the end of June 2024 was 3.8% a year. The average real return, excluding money weighting, over the same period was 4.9%. The real return,

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excluding money weighting, over the past five years has been 2.4% and the ten-year real return 3.6%.

Increased contribution income from Keva member organisations

Keva is the largest earnings-related pension provider in Finland and is responsible for instituting pension cover in the public sector.

Contribution income amounted to EUR 3.2 billion during the first half of the year, up 4.5% compared to a year earlier. Pay rises among other things contributed to this increase. EUR 3.6 billion, up 8.4%, was paid out in local government and wellbeing services county pensions. The 2024 index increases and growth in the number of pension recipients contributed to this increase. Approximately 589,000 persons had earnings-related pension insurance at the end of June.

EUR 2.8 billion in State pensions, EUR 135 million in Evangelical Lutheran Church of Finland pensions, EUR 64 million in Social Insurance Institution of Finland (Kela) pensions and EUR 17 million in Bank of Finland pensions were paid out during the first half of 2024. The State, Evangelical Lutheran Church of Finland, Kela and Bank of Finland pay their own pension expenditure and share of operating costs to Keva.

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The figures in this release are unaudited.

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Key figures

	1-6/2024	1-6/2023	Change, %	2023
Pension and benefit decisions, Keva member organisations	26 031	24 476	6,4	52 565
Pension and benefit decisions, State	5 857	5 509	6,3	11 708
Pension and benefit decisions, Church	884	870	1,6	1 821
Pension and benefit decisions, Kela	309	267	15,7	613
Pension and benefit decisions, Bank of Finland	71	59	20,3	155

	6/2024	6/2023	Change, %	2023
Pension recipients, Keva member organisations	440 834	434 891	1,4	437 944
Pension recipients, State	223 612	228 697	-2,2	226 375
Pension recipients, Church	19 938	19 867	0,4	19 926
Pension recipients, Kela	5 996	6 002	-0,1	6 027
Pension recipients, Bank of Finland	1 472	1 439	2,3	1 461

	6/2024	6/2023	Change, %	2023
Number of insured, Keva member organisations	589 445	576 722	2,2	589 437

* For reasons of selection technology, the numbers of insured persons for June and December are not fully comparable.