

# ILMARINEN JANUARY–MARCH 2015

Press Conference / 24 April 2015



ILMARINEN

# EXCELLENT INVESTMENT RETURN

January–March 2015

- Investment return **7.1%**
  - Return on equity investments **14.9%**
  - Return on fixed income investments **1.2%**
  - Return on real estate investments **1.4%**
- Long-term return at a good level
  - Nominal return **6.2%**
  - Real return **4.4%**
- Solvency strengthened clearly

# KEY OBSERVATIONS ABOUT THE OPERATING ENVIRONMENT

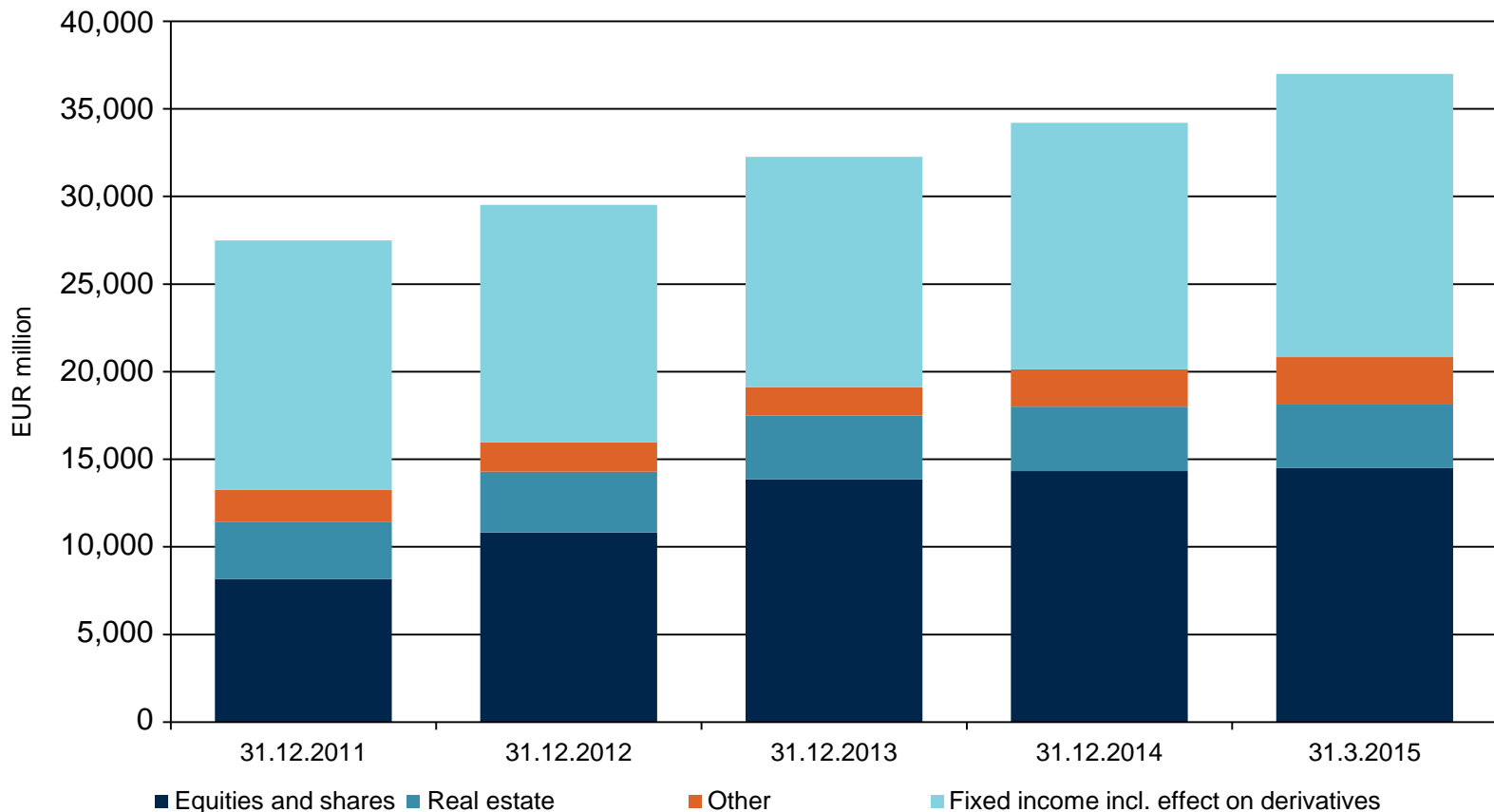
January–March 2015

- Return on equity was good in all of the main markets
- Interest rates fell to a record-low level and even into negative figures
- The euro continued to weaken against the US dollar
- In domestic real estate investments the vacancy rate of office premises remained high



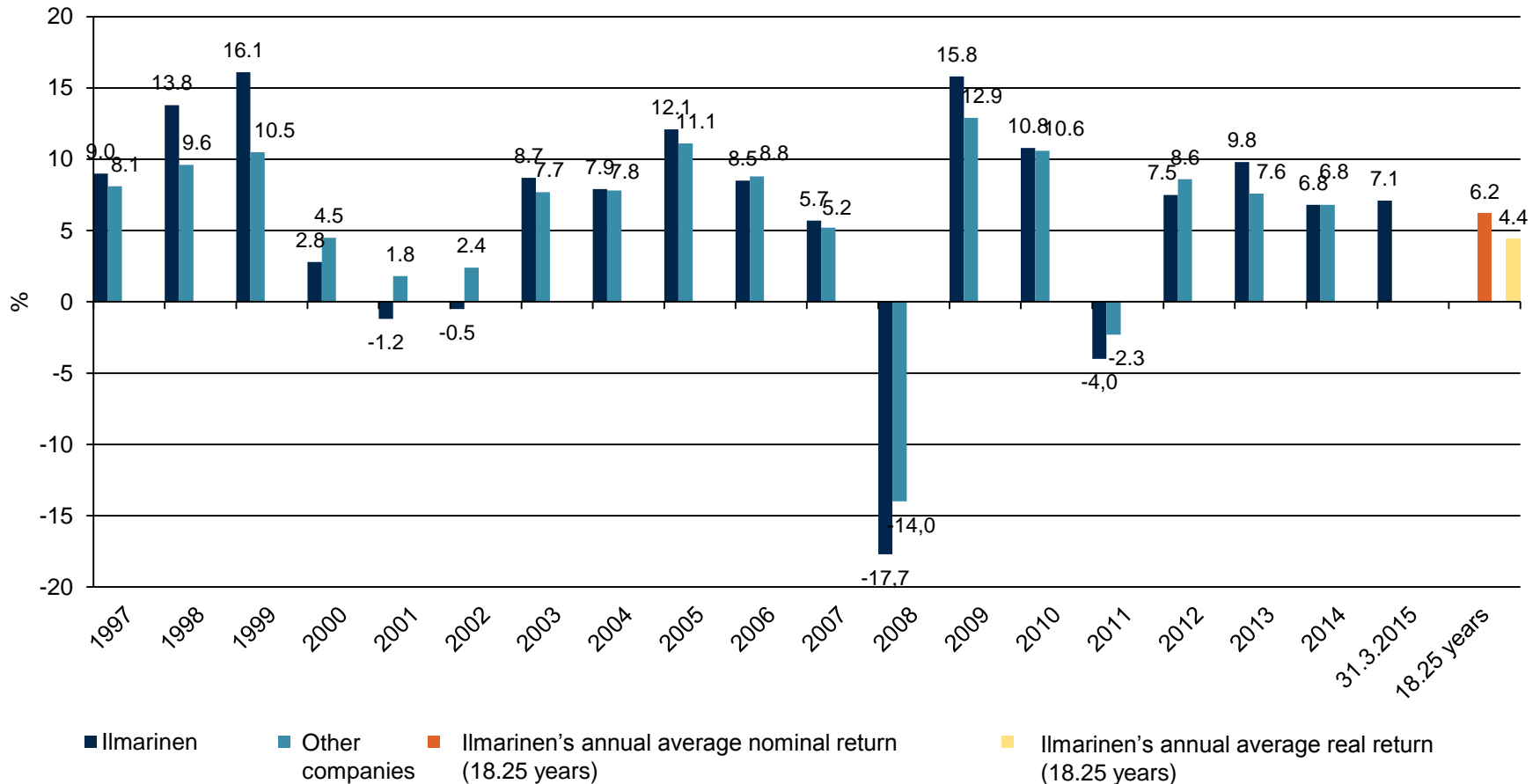
# MARKET VALUE OF INVESTMENTS **EUR 37 BILLION**

## Asset allocation according to risk



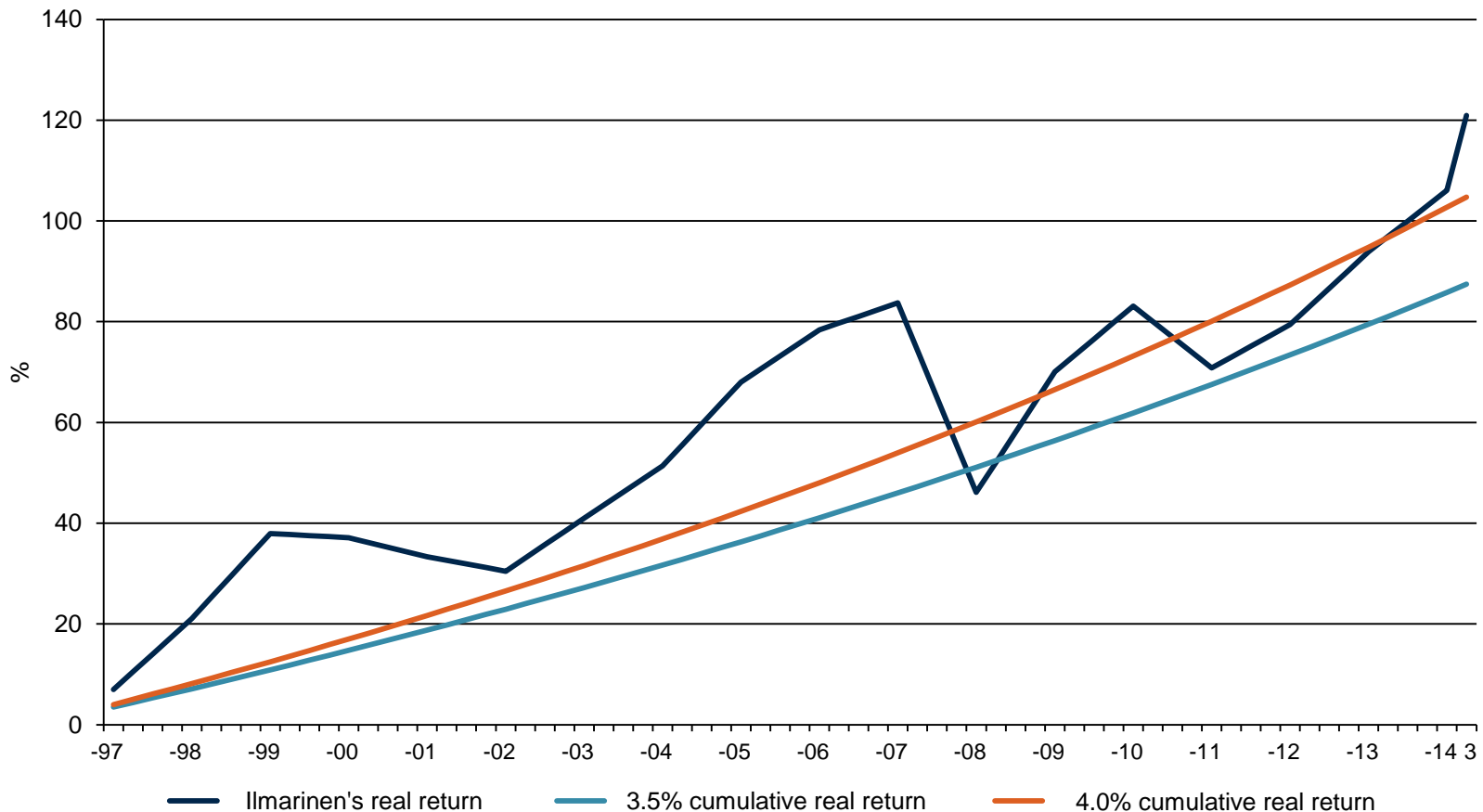
# REAL RETURN ON INVESTMENTS IN THE LONG TERM 4.4%

Net investment return at current value



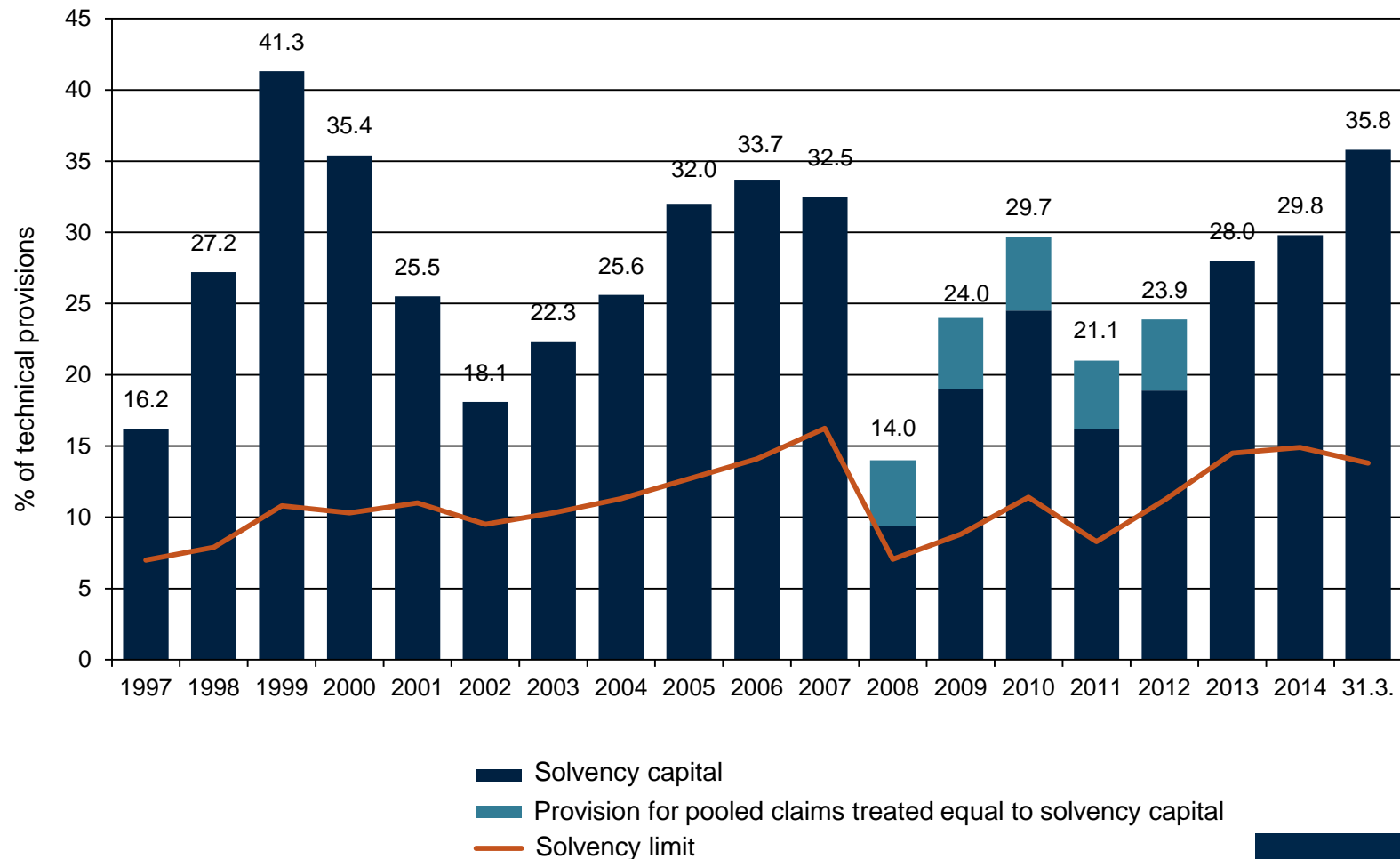
# LONG-TERM REAL RETURN ROSE CLEARLY

Cumulative return on investments 1997–31 March 2015



# SOLVENCY ROSE TO HIGHEST LEVEL IN 2000s

## Solvency development



# RETURN ON INVESTMENTS

## JANUARY-MARCH 7.1%

### Asset allocation and return

	Basic breakdown		Risk breakdown		Return	Volatility
	EUR mill.	%	EUR mill.	%	%	
<b>Fixed-income investments</b>	<b>17,347.5</b>	<b>46.9</b>	<b>1,5746.7</b>	<b>42.6</b>	<b>1.2</b>	
Loan receivables	1,491.0	4.0	1,491.0	4.0	1.3	
Bonds	14,187.2	38.3	5,270.2	14.2	0.9	1.7
Public corporation bonds	5,371.0	14.5	3,192.7	8.6	2.1	
Other bonds	8,816.2	23.8	2,077.5	5.6	0.2	
Other money market instruments and deposits (incl. investment receivables and payables)	1,669.2	4.5	8,985.4	24.3	10.4	
<b>Equities and shares</b>	<b>13,928.6</b>	<b>37.6</b>	<b>14,461.8</b>	<b>39.1</b>	<b>14.9</b>	
Listed equities and shares	10,905.8	29.5	11,438.9	30.9	17.7	9.6
Private equity investments	1,811.9	4.9	1,811.9	4.9	6.1	
Non-listed equities and shares	1,210.9	3.3	1,210.9	3.3	2.3	
<b>Real estate investments</b>	<b>3,639.6</b>	<b>9.8</b>	<b>3,639.6</b>	<b>9.8</b>	<b>1.4</b>	
Real estate investments	3,149.3	8.5	3,149.3	8.5	1.2	
Real estate funds and joint investments	490.3	1.3	490.3	1.3	2.4	
<b>Other</b>	<b>2,080.7</b>	<b>5.6</b>	<b>2,724.8</b>	<b>7.4</b>	<b>9.2</b>	
Hedge fund investments	649.8	1.8	649.8	1.8	12.7	5.7
Commodity investments	-9.9	0.0	85.5	0.2	-	
Other investments	1,440.8	3.9	1,989.4	5.4	-	
Investments total		<b>100.0</b>	<b>36,572.8</b>	<b>98.9</b>	<b>7.1</b>	<b>3.5</b>
Effect of derivatives			423.6	1.1		
Investments at current value	<b>36,996.4</b>		<b>36,996.4</b>	<b>100.0</b>		

8 The modified duration of bond investments is -1.8 year. The total return percentage includes income, expenses and operating expenses not allocated to any investment types.

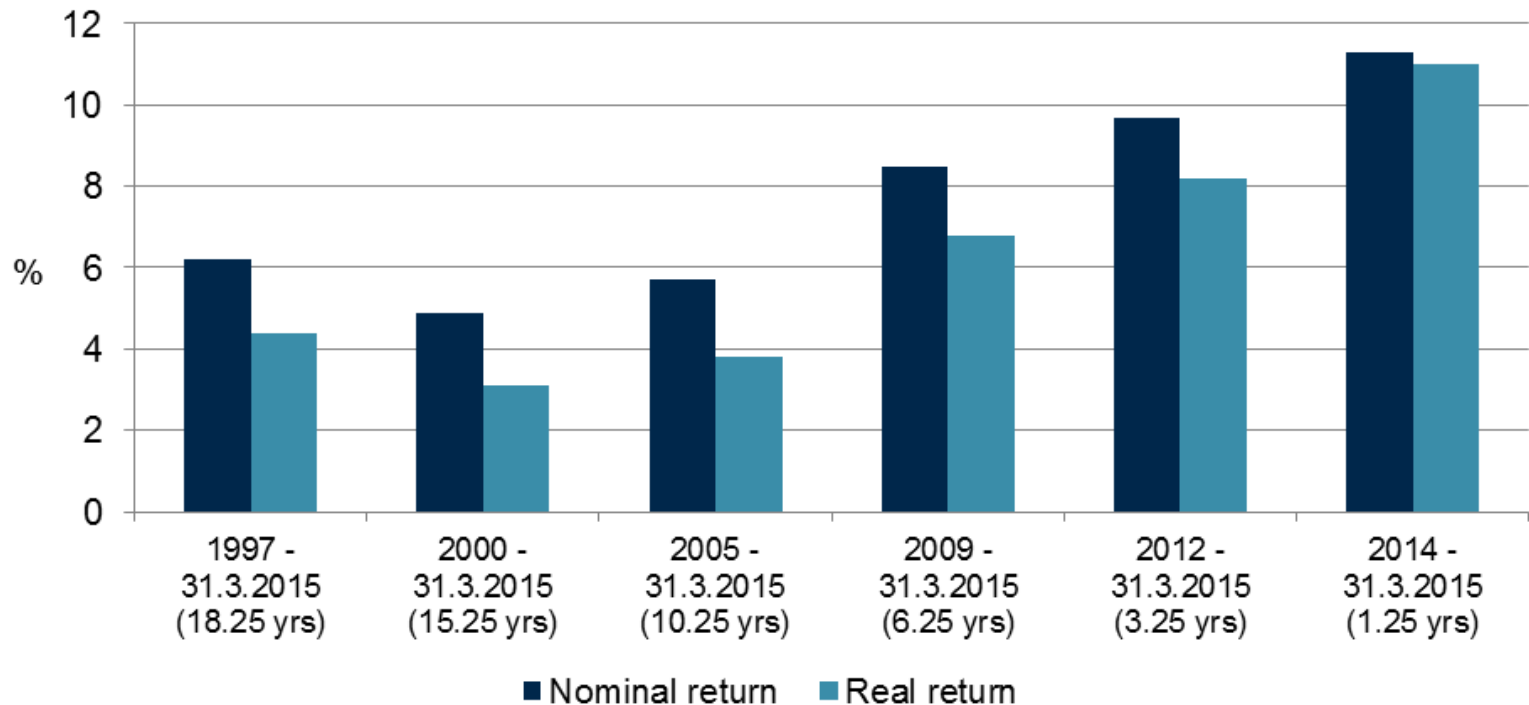


# 10-YEAR REAL RETURN

## 3.6 PER CENT

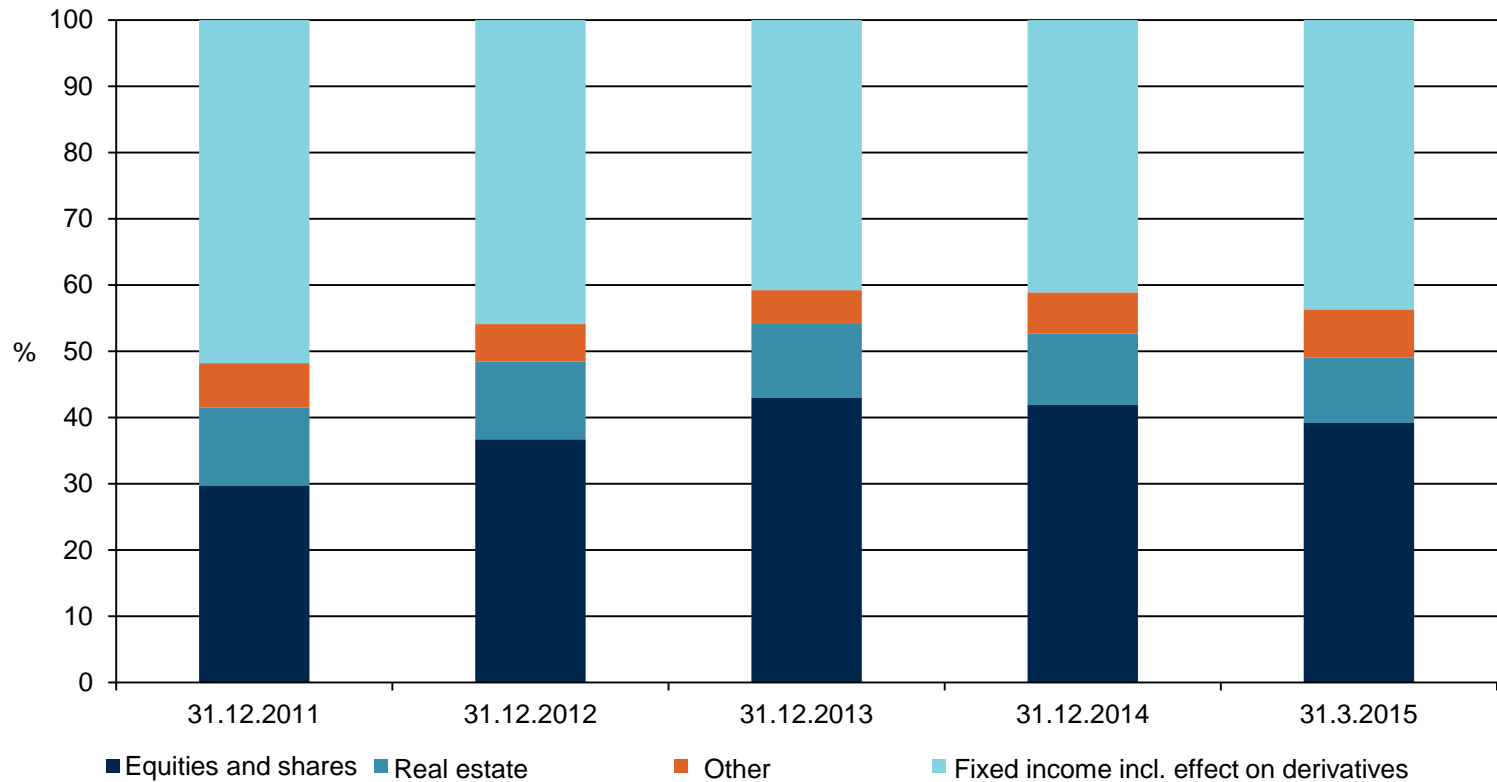
%	Ilmarinen	Finnish equities and shares	European equities and shares	Euro government bonds	Euro corporate bonds
3/2015	7.1	18.4	16.7	9.4	1.4
2014	6.8	10.6	7.2	13.0	8.2
Average return over five years	6.5	11.4	11.8	7.5	5.6
Average return over 10 years	5.6	9.9	7.3	5.8	4.6
Average return since 1997	6.2	9.0	5.8	5.4	4.7
Real average return over five years	4.6	9.4	9.8	5.6	3.7
Real average return over 10 years	3.6	7.9	5.4	3.9	2.7
Real average return since 1997	4.4	7.2	4.0	3.7	2.9

# VARYING INVESTMENT RETURNS DEPENDING ON PERIOD



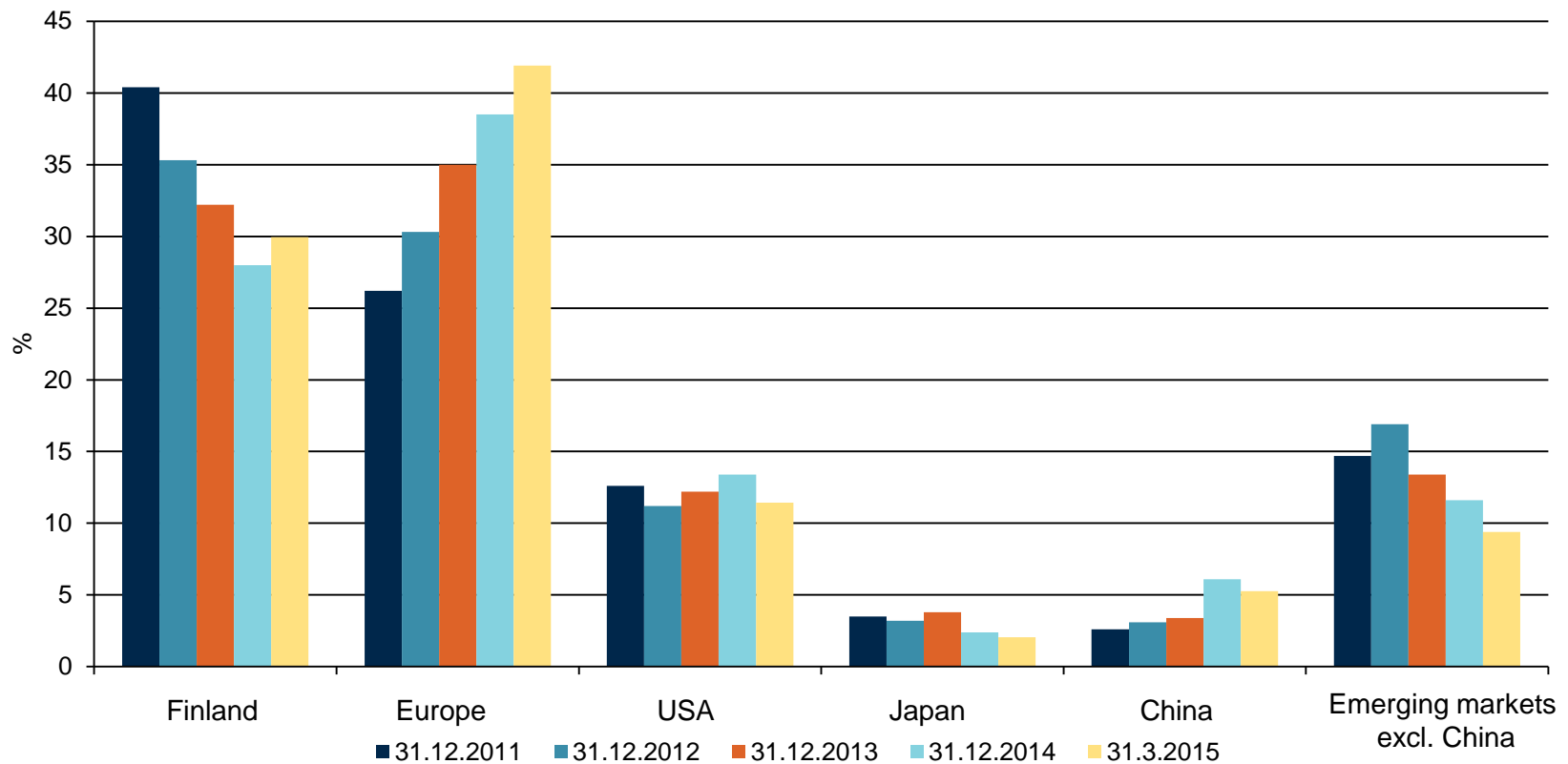
# PROPORTION OF EQUITIES & SHARES FALLING SLIGHTLY

## Asset allocation development



# FINNISH EQUITIES & SHARES INCREASED

Geographical breakdown of equity investments



# FINNISH EQUITY HOLDINGS

## EUR 3.3 BILLION

### Most significant Finnish equity holdings

	31 Mar 2015	31 Dec 2014
EUR mill.		
↑ Sampo plc A	246	223
↓ Nokia Corporation	246	359
UPM-Kymmene Corporation	229	176
↑ Kone Corporation	216	212
↑ Wärtsilä Corporation	164	148
↑ Citycon Oyj	133	117
↑ Stora Enso Oyj	125	79
↓ Metso Corporation	123	124
↑ Fortum Corporation	114	81
↑ Neste Oil Corporation	102	73

	31 Mar 2015	31 Dec 2014
Percentage		
Digia Plc	14.58	14.58
↓ PKC Group Plc	12.22	12.23
↑ Basware Corporation	10.76	10.70
Finnlines Oyj	10.58	10.58
Technopolis Plc	10.41	10.41
Talentum Plc	9.73	9.73
Sotkamo Silver Ab	8.72	8.72
↓ Tikkurila Oyj	8.41	8.75
CapMan Plc	8.32	8.32
Martela Corporation	8.07	8.07



*Investment markets and  
economic outlook*

# CURRENT MARKET TOPICS



- Europe's economic outlook has emitted some promising signals
- Finland's growth outlook, on the other hand, remains weak
- Geopolitical crises have remained a focal area
- The oil price has risen somewhat from the bottom-most figures



# OUTLOOK FOR THE REST OF 2015

- Short-term interest rates continue at a record-low level and long-term interest rates are not expected to rise rapidly
- Strong volatility possible in share prices
- With interest rates at zero, investors are still heading towards the equity markets



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