

# ILMARINEN'S INTERIM REPORT

1 JANUARY TO  
31 MARCH 2020

## THE CORONAVIRUS PUSHED INVESTMENT RETURNS 7.5% BELOW ZERO, COST-EFFECTIVENESS IMPROVED FURTHER

### JANUARY–MARCH PERFORMANCE IN BRIEF:

- Ilmarinen's Q1 total result slid into negative territory, to EUR -2,649 million (EUR 744 million in 1 Jan–31 Mar 2019), due to the low return on investments resulting from the coronavirus pandemic.
- Operating expenses decreased EUR 4 million and the ratio of operating expenses to expense loading components improved to 69.0 (71.5) per cent. Loading profit amounted to EUR 13 (13) million. When considering the reduction of the expense loading rate by 6.9% at the start of 2020, the comparable loading profit improved by EUR 3 million to EUR 13 million and the ratio of operating expenses to expense loading components improved by 8 percentage points to 69.0 per cent.
- Premiums written in January–March were on a par with the previous year at EUR 1.5 billion (EUR 1.5 billion). Measured in premiums written, net customer acquisition was EUR 37 million (EUR 63 million). A total of EUR 1.6 billion (EUR 1.5 billion) in pensions was paid to 460,000 pensioners.
- The return on Ilmarinen's investment portfolio was -7.5 per cent (4.6 per cent), i.e. EUR -3.8 billion (EUR 2.1 billion). At the end of March, the market value of investments stood at EUR 46.4 billion (31 Dec 2019: EUR 50.5 billion).
- The long-term average nominal return on investments was 5.4 per cent, corresponding to a 3.9 per cent annual real return.
- Due to the negative investment return, solvency capital declined to EUR 8,112 (10,792) million. The solvency ratio was 120.7 (126.6) per cent.
- Change in outlook: The Finnish economy is expected to slide into a deep recession, as a result of which unemployment is expected to rise and the payroll and premiums written are expected to decline substantially. The declining payroll will also reduce Ilmarinen's loading income and thus the loading profit and the ratio of operating expenses to expense loading components during the remainder of the year.

KEY FIGURES	1–3/2020	1–3/2019	2019
Premiums written, EUR mill.	1,485	1,461	5,758
Pension expenditure, EUR mill.	1,621	1,517	6,078
Operating expenses covered by loading income, EUR mill.	29	33	130
Loading profit, EUR mill.	13	13	55
Ratio of operating expenses to expense loading components, %	69.0	71.5	70.5
Return on investment, %	-7.5	4.6	11.8
Total result at current value, EUR mill.	-2,649	744	2,039
Value of investment assets, EUR mill.	46,403	47,381	50,528
Solvency capital, EUR mill.	8,112	9,625	10,792
Solvency ratio	120.7	124.8	126.6

The interim report result comparison figures are the figures for the corresponding period of 2019. Unless otherwise indicated, the comparison figures for the balance sheet and other cross-sectional items are the figures for the end of 2019.

ILMARINEN

# PRESIDENT AND CEO JOUKO PÖLÖNEN'S REVIEW



“The coronavirus pandemic had an impact on Ilmarinen’s Q1 return on investments, which fell into negative territory, to minus 7.5 per cent. At the onset of the crisis, Ilmarinen’s solvency was strong, and the buffers that have accumulated over a long period of time secure pension assets also in tough times. Finns do not need to be worried about their pensions: the payment of pensions is secured also during emergencies. The impacts of the crisis will be felt in the pension system in the form of lower investment returns and premiums written due to falling employment rates and the flexibility granted for the payment of earnings-related pension contributions.

In January–March, Ilmarinen’s return on investments was -7.5 per cent. With the coronavirus crisis, stock prices took a sharp plunge on all markets, which pushed the return on equity investments down to -12.8 per cent. The return on fixed income investments also was clearly negative, at -6.9 per cent, due to the widening of credit risk margins. The long-term average nominal return on investments since 1997 was 5.4 per cent, corresponding to a 3.9 per cent annual real return.

The solvency ratio declined to 120.7 per cent, but is still clearly higher than the regulatory requirements. The solvency buffers built up through long-term funding and investing protect pension assets during market volatility. When it comes to the whole pension system, however, it is important to ensure that the sudden slump in the stock market does not lead to a situation where pension companies would be forced to sell their equity investments at low prices to reduce risk.

The coronavirus outbreak and the containment measures have been detrimental especially to companies and entrepreneurs in the tourism, restaurant and services sector, but there will be negative business and economic impacts across a wide array of sectors. Together with other pension companies and the authorities, we quickly prepared a change which allows for a three-month extension on the term of payment for statutory earnings-related pension contributions to

ease the situation of our customer companies. In addition, employers’ earnings-related pension contribution will be temporarily reduced by 2.6 percentage points during 1 May–31 December 2020 in accordance with the agreement concluded between the labour market organisations. No client bonuses will be paid for the duration of the reduction. In the properties owned by Ilmarinen, business tenants were granted flexibility for payment terms and restaurant operators were exempted from rent during the lockdown imposed by parliament.

In January–March, Ilmarinen’s premiums written stood on the previous year’s level, at EUR 1.5 billion. They are, however, expected to fall due to declining employment and the reduction of employers’ earnings-related pension contributions. Demand for TyEL premium loans has started to grow, putting more pressure on liquidity along with the deferrals and reductions of earnings-related pension contributions.

So far, the coronavirus crisis has had no significant operational impacts on Ilmarinen. Most of Ilmarinen’s employees started working from home as recommended. Customer service is available as usual via phone and chat, and the payment of pensions can be secured even in exceptional situations. We paid a total of EUR 1.6 billion in pensions to 460,000 pensioners in the first quarter. In January–March, we made just over 10,000 new pension decisions.

Strong development in cost-effectiveness continued in Q1. Operating expenses declined EUR 4 million from the comparison period and the ratio of operating expenses to expense loading components improved to 69 per cent despite the 6.9-per-cent reduction in the expense loading rate. The economic downturn caused by the coronavirus outbreak is expected to reduce employment and payroll especially during the second quarter of the year, which will weaken the full-year ratio of operating expenses to expense loading components.

For our society as a whole, it is now very important to use every possible means of controlling the virus in order to shorten the duration of the epidemic and the lockdown measures. Both public and private resources must come into play in this situation. During an emergency state, securing the safety and health of people takes the highest priority. The prolongation of the epidemic has very serious economic, social and health consequences. The faster we can lift the restrictions paralysing our society, the fewer bankruptcies and the less unemployment and indebtedness of households, businesses and the public sector there will be. There is a risk of a rapid increase in the social consequences of social distancing: passivity, lack of physical activity, alcoholism and mental health problems. Disability rates have recently been on the rise anyhow, and it is worrisome for society at large if the situation continues to worsen.”

## **OPERATING ENVIRONMENT AND INVESTMENT MARKET**

At the start of the year, economic growth expectations were quite positive; global economic growth was projected to accelerate to just over three per cent. As the first quarter of the year progressed, the economic outlook became gloomier, however, when the novel coronavirus detected in China at the end of last year started to spread fast outside the country. Concerns about the spread of the coronavirus grew, and as a result of the extensive restrictions on travel, gatherings and services imposed to contain the virus, both demand and supply declined simultaneously. The virus quickly evolved into a global pandemic, causing significant human suffering and pushing many economies into recession.

Economic growth expectations weakened very quickly and dramatically. According to current forecasts, the global economy will shrink by around three per cent from the previous year. Unemployment rates have taken a sharp upward turn as the lockdown measures have paralysed the tourism and services sector in particular. Increasing uncertainty and health and financial concerns weaken demand and defer investment decisions in households and companies alike.

With the spread of the coronavirus, Finland's economic and employment outlook also weakened dramatically. Global demand and private consumption began to fall as a result of extensive international and national containment measures. The number of lay-off notifications grew rapidly, tipping the employment rate and payroll trend onto a downward trajectory. The economic decline in the second quarter of the year is expected to be very strong, as a result of which unemployment is expected to increase and the payroll and premiums written are expected to decrease substantially.

In an effort to curb the shrinking of economies and avoid bankruptcies and mass unemployment, central banks and governments have initiated unprecedented monetary and fiscal policy measures. The scale of the extensive stimulus measures in the United States, for example, is something that has not been seen since World War II. Following the stimulus measures, public deficits and indebtedness and central banks' balance sheets will grow significantly.

The uncertainty caused by the coronavirus and the sudden decline of growth expectations led to an all-time fast and steep stock market decline and rise in credit risk margins at the beginning of March. The key equity markets dropped 30–40 per cent from their peak levels. To support market liquidity and the economy, the US and eurozone central banks expanded their

already sizeable purchase programmes. In the United States, the Fed also cut the upper limit of its key interest rate twice, from 1.75 to 0.25 per cent. Monetary policy key interest rates are now practically at zero in both the US and the eurozone. In an effort to safeguard liquidity, central banks are offering banks secured central bank financing on more affordable terms for providing funding to households and companies. The global economic recession and the rapid decline in demand have also led to lower prices in the raw materials markets and, as a result of oversupply, the price of crude oil momentarily dipped into negative territory in April.

The massive stimulus measures initiated by governments and central banks started to work in the investment markets within a few weeks and stock prices have clearly rebounded from their lows. The uncertainty around the duration of the crisis and the efficacy of the economic support measures are key to the short-term development of the investment markets. A key threat is a second wave of the coronavirus, which could mean that it would take longer to recover from the crisis and lift the containment measures.

## **IMPACTS OF THE CORONAVIRUS CRISIS ON PENSION SYSTEM LEGISLATION**

The coronavirus crisis impacts the financing of the pension system through both premiums written and return on investments. The crisis weakens employment and payroll development, reducing pension institutions' premiums written. As a result of the crisis, several changes have been made to the earnings-related pension system and contributions.

Flexibility has been granted for the payment term of earnings-related pension contributions. The due date of YEL and TyEL insurance contributions can be deferred by a maximum of four months for invoices falling due in the period from 20 March to 30 June 2020. The flexibility option was requested at the initiative of pension companies and the Ministry of Social Affairs and Health adopted the measure on 19 March 2020. If all of Ilmarinen's customers used the option, the measure would provide employers and entrepreneurs with approximately EUR 2 billion in short-term funding. Extending the payment terms can increase the amount of credit losses.

Employers' TyEL contribution will be temporarily reduced by 2.6% points between 1 May and 31 December 2020. The cost impact on the whole pension system is some EUR 1.05 billion, and it will be financed from the earnings-related pension system's EMU buffers. The contribution reduction will be compensated for by raising employers' contributions in 2022–2025. The

related Government bill was submitted to parliament on 2 April 2020 and the act was adopted on 7 April 2020.

Pension insurance companies will refrain from paying client bonuses to customer companies during the period in which the employers' contribution is reduced. The client bonus for 2020 will thus only be a third of a normal year's client bonus. These bonuses will be paid in 2021.

In the difficult economic situation, demand for TyEL loans is expected to increase. Declining premiums written and growing demand for premium loans are putting pressure on pension companies' liquidity. The section concerning the restriction of premium loans in the insurance terms and conditions was updated to secure the liquidity of pension companies. The updated insurance terms and conditions took effect as of 1 April 2020.

On 13 March 2020, the Financial Supervisory Authority (FIN-FSA) notified the Ministry of Social Affairs and Health (STM) of exceptional circumstances in the financial markets, on account of which there is a risk of rapid and significant deterioration in the average solvency of employee pension institutions. Based on the FIN-FSA notification, STM will prepare temporary measures to ease the solvency regulations in a bid to avoid forced selling by earnings-related pension companies to reduce risks. The preparatory work for these solvency regulations is underway. The time frame granted to pension institutions potentially facing solvency problems for preparing a plan to improve their financial position was extended from the current one

year to three years. The change came into force as of 27 March 2020.

## INSURANCE OPERATIONS

In January-March, the company's premiums written stood at EUR 1.5 (1.5) billion. The growth of the customer base slowed down, and the number of insurance policies at the end of March totalled 146,565 (146,554). The number of TyEL insurance policies was 70,680 (70,491). Measured in premiums written, net customer acquisition in Q1 was EUR 37 (63) million. Customer retention was 95.2 per cent on an annual level.

At the end of March, Ilmarinen had altogether 459,187 (459,932) pensioners, to whom a total of EUR 1,621 (1,515) million was paid in benefits. Ilmarinen made a total of 10,079 (9,759) new pension decisions in January-March. The number of disability pension applications increased by approximately 21 per cent year-on-year. The increase can be explained by higher processing efficiency, as the disability pension application processing times have been substantially reduced. At the same time, the number of disability pension applications has declined. New rehabilitation decisions totalled 1,325 (1,132). The total number of pension decisions made was 19,356 (17,410).

Application processing times shortened in both disability pensions and old-age pensions. The processing time of disability pension applications was 47 days (76) and that of old-age pension applications was 12 days (37).

## NEW PENSION DECISIONS 1 JANUARY–31 MARCH 2020

	1–3/2020	1–3/2019	Change, %
Old-age pensions	4,072	4,030	1
Early old-age pensions	946	1,164	-19
Disability pensions	2,540	2,107	21
Survivors' pensions	1,188	1,322	-10
Right to rehabilitation	1,325	1,132	17
Years-of-service pensions	8	4	100
<b>New pension decisions, total</b>	<b>10,079</b>	<b>9,759</b>	<b>3</b>



## RETURN ON INVESTMENTS

At the end of the first quarter of 2020, Ilmarinen's total investments at current value were EUR 46,403 million (50,528). The return on investments at current value was -7.5 (4.6) per cent. Inflation in Q1 was -0.2 per cent and the real return on Ilmarinen's investments amounted to -7.7 per cent in January–March. Calculated at current value, the average annual return over the last five years has been 2.5 per cent, which corresponds to an average annual real return of 1.9 per cent. Calculated from 1997, the average annual return at current value on Ilmarinen's investments has been 5.4 per cent per annum. This corresponds to an annual real return of 3.9 per cent.

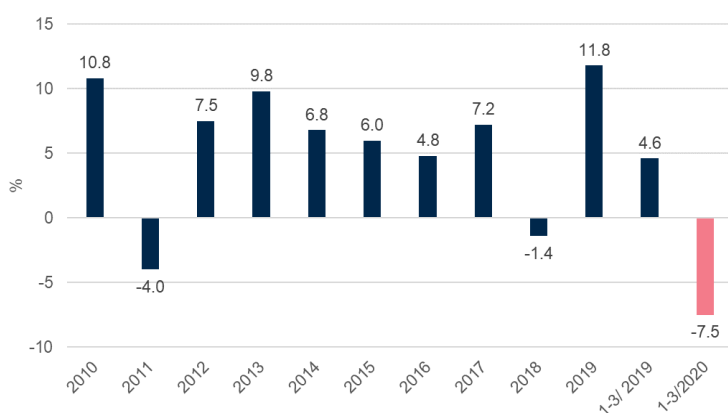
Fixed income investments accounted for a total of 33.5 (33.7) per cent of the investment portfolio and their return at current value was -6.9 (2.0) per cent. Their total market value was EUR 15,525 (17,015) million. Bonds accounted for a total of 28.7 (29.7) per cent of Ilmarinen's investment assets and their return was -7.9 (2.1) per cent. Other financial market instruments and deposits accounted for 2.4 (1.8) per cent of the investment assets, and their return was 0.1 (1.4) per cent. Loan receivables made up 2.4 (2.2) per cent of the investment assets, with a return of 0.5 (0.8) per cent. The modified duration of bonds was 1.7 (0.9) years.

Listed and non-listed equities and shares as well as private equity investments made up 43.7 (47.0) per cent of all investments. Their value at the end of March stood at EUR 20,291 (23,736) million. In the risk breakdown, listed equities and shares accounted for 30.2 (36.6) per cent. Finnish equities made up 27.2 (28.0) per cent of listed equity investments. The return on equities, calculated at current value, was -12.8 (8.8) per cent. The return on listed equity investments was -18.2 (11.0) per cent. The returns on private equity investments and non-listed equities were positive, but their valuation is typically updated with a delay of a quarter and the value that has been reported now reflects the situation at the turn of the year.

Real estate investments at the end of March stood at EUR 6,525 (6,386) million. They accounted for 14.1 (12.6) per cent of all investments, with indirect investments making up 1.4 (1.2) percentage points. The total return on real estate investments was 1.7 (1.0) per cent. The return on direct real estate investments was 1.8 (1.0) per cent.

Investments in hedge funds and commodities and other investments made up 8.8 (6.7) per cent of the market value of the investments at the end of March. Their total return was -8.1 (-1.8) per cent and their value at the end of March was EUR 4,062 (3,391) million.

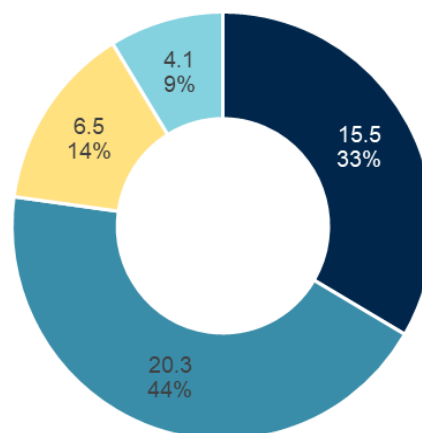
## RETURN ON INVESTMENTS 2010–Q1/2020



Average nominal return on investments over 10 years 4.5% and real return 3.2%.

## BREAKDOWN OF INVESTMENTS

31 March 2020, €46.4 bn



■ Fixed-income ■ Equities and shares  
■ Real estate investments ■ Other investments

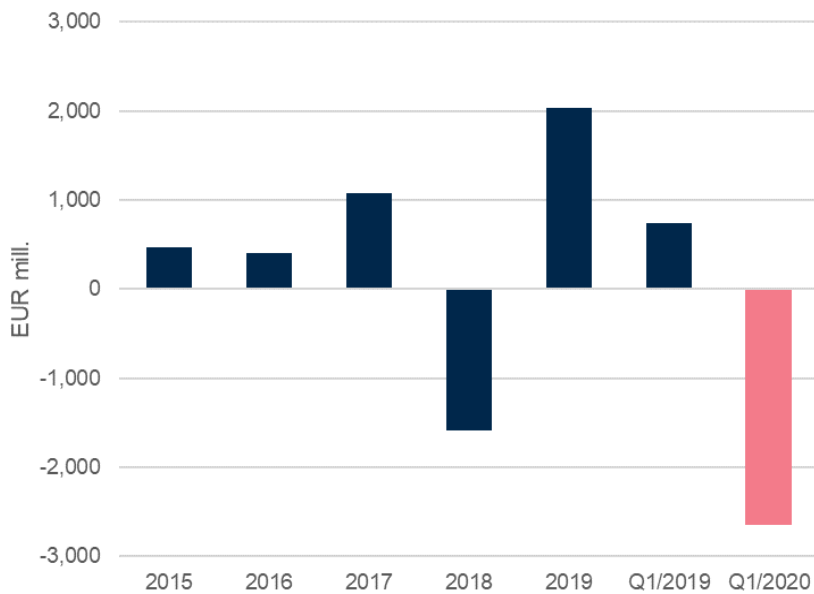
## RESULT AND SOLVENCY

Ilmarinen's total financial result at current value in Q1 was EUR -2,649 (744) million. Investment income at current value was EUR -3,786 (2,099) million, the underwriting result was EUR -8 (-11) million, and the loading profit was EUR 13 (13) million. The ratio of operating expenses to expense loading components,

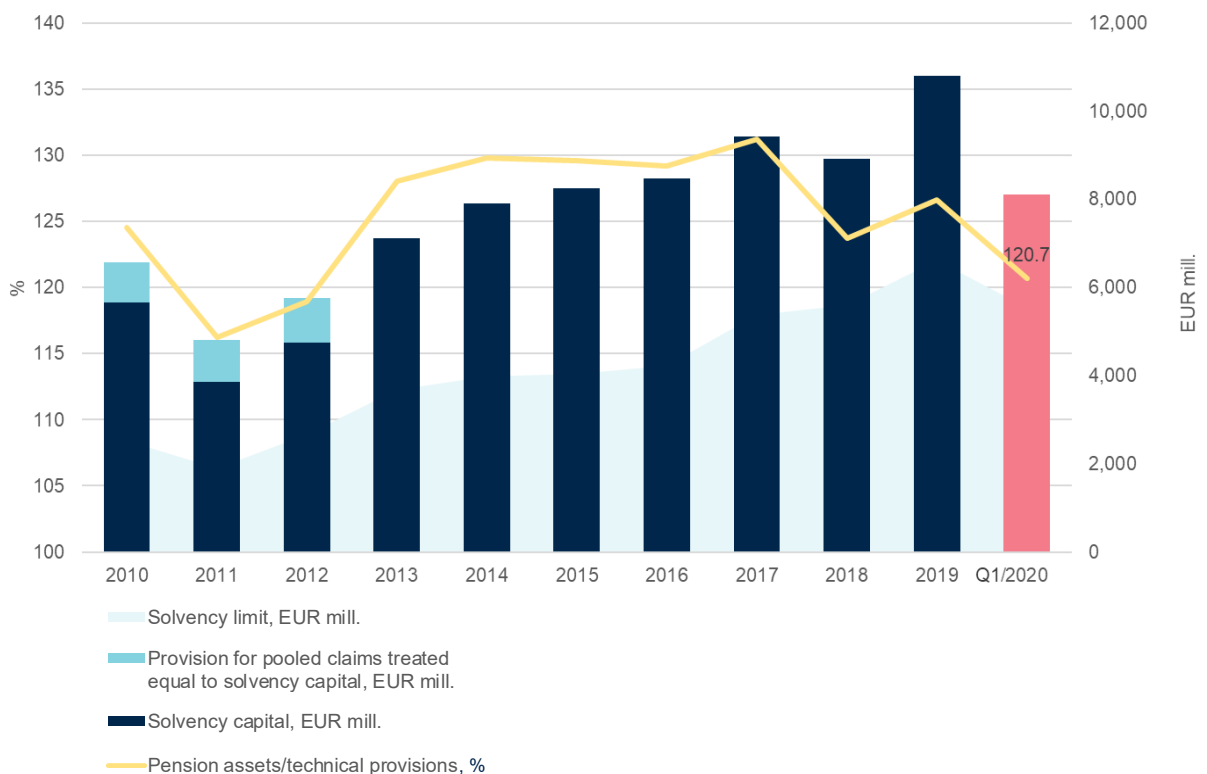
a measure of cost-effectiveness, improved to 69.0 (71.5) per cent in the first quarter of the year.

Solvency weakened by 5.9 percentage points compared to the start of the year and stood at 120.7 (126.6) per cent at the end of March. The ratio of solvency capital to the solvency limit was 1.5 (1.6). The solvency capital amounted to EUR 8,112 (10,792)

## TOTAL RESULT, EUR mill.



## SOLVENCY 2010–Q1/2020



million. Capital and reserves included in the solvency capital were EUR 185 (183) million, the valuation difference between current and book values was EUR 7,933 (9,084) million, and the provision for future bonuses was EUR 41 (1,573) million.

The technical provisions amounted to EUR 40,847 (42,150) million. The EUR 39,280 (40,550) million in solvency technical provisions do not include the provision for future bonuses or the earnings-related pension contributions that remain open receivables in the basic insurance under YEL.

## PERSONNEL

The average number of personnel in January–March was 602 (655). The energy level of Ilmarinen’s personnel has been monitored closely through the Työvire pulse survey. According to the surveys, personnel’s energy level has remained excellent despite the exceptional circumstances caused by the coronavirus epidemic and has even improved somewhat (4.2 on a scale of 1–5). Personnel’s willingness to recommend their workplace (eNPS) improved to +33 (on a scale of -100 to +100).

Ilmarinen’s operations have proceeded well despite the coronavirus epidemic, and sick leave rates have not risen so far. Most employees (more than 90%) have started working from home as recommended. Remote work is nothing new at Ilmarinen and the company has effective tools and practices in place. The survey carried out among personnel also confirms that working from home essentially works well. The average score of the responses was 4.3 (on a scale of 1–5). The issues raised in the open-ended feedback included problems related to ergonomics, scheduling the work and loneliness, but as a rule, working from home has become a routine and no time is wasted commuting.

Ilmarinen is renewing its work ability and customer account service models, and as part of this, co-determination negotiations were carried out earlier this year. Behind this are FIN-FSA’s adjusted guidelines concerning disability risk management. In future, a risk-based approach and effectiveness will be given even more emphasis and personnel’s expertise and competence will be strengthened further.

The co-determination negotiations covered 94 employees in positions related to customer account services and disability risk management. The reorganisation led to the termination of 10 employment relationships, but at the same a few new positions opened up, which are meant to enhance the management of mental health related disability risks and improve customer

relationship management, among other things. The new organisation will start operations on 1 May 2020.

## FUTURE PROSPECTS AND KEY UNCERTAINTIES

According to the IMF’s latest projection, the global economy will shrink in 2020 by around three per cent from the previous year and economies are expected to slide into a recession in almost all economic areas. The flattening of the curve of coronavirus infections and the monetary and fiscal measures are expected to put economies back on a growth track towards year-end. The economic outlook depends on how quickly economies can be reopened and whether a second wave of infections will be avoided.

The Finnish economy is expected to slide into a deep recession, as a result of which unemployment is expected to rise and the payroll and premiums written are expected to decline substantially. The declining payroll will also reduce Ilmarinen’s loading income and thus the loading profit and the ratio of operating expenses to expense loading components during the remainder of the year.

The uncertainty in the investment markets is expected to continue until the spread of the coronavirus is under control and confidence in economic recovery has been restored. Central banks and governments are expected to continue their stimulus measures to support markets.

The key risks affecting Ilmarinen’s operations and the earnings-related pension system in the longer term are related to the development of employment and payroll, the ascending trend in disability prevalence, performance of the investment markets and the development of demographics and the birth rate, which has been exceptionally low in recent years.

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## TABLES

KEY FIGURES IN BRIEF	1.1.–31.3.2020	1.1.–31.3.2019	1.1.–31.12.2019
Premiums written, EUR mill.	1,485	1,461	5,758
Net return on investments at fair value, EUR mill.	-3,786	2,099	5,375
ROCE, %	-7.5	4.6	11.8
	31.3.2020	31.3.2019	31.12.2019
Technical provisions, EUR mill.	40,847	41,846	42,150
Solvency capital, EUR mill. <sup>1)</sup>	8,112	9,625	10,792
in relation to solvency limit	1.5	1.5	1.6
Pension assets, EUR mill. <sup>2)</sup>	47,392	48,439	51,342
solvency capital (solvency ratio)	120.7	124.8	126.6
TyEL payroll, EUR mill. <sup>3)</sup>	21,090	21,820	21,923
YEL payroll, EUR mill. <sup>3)</sup>	1,598	1,708	1,678

1) Calculated according to the regulations in force at the time (the same principle also concerns other solvency key figures).

2) Technical provisions + solvency capital in accordance with section 11, item 10, of the Ministry of Social Affairs and Health's decree (614/2008.)

3) Estimated TyEL and YEL payroll for the whole year.

SOLVENCY CAPITAL AND LIMITS	31.3.2020	31.3.2019	31.12.2019
Solvency limit, EUR mill.	5,529	6,314	6,615
Maximum solvency capital, EUR mill.	16,587	18,941	19,844
Solvency capital, EUR mill.	8,112	9,625	10,792
Solvency ratio, % <sup>1)</sup>	120.7	124.8	126.6
Solvency position <sup>2)</sup>	1.5	1.5	1.6

1) Pension assets in relation to technical provisions as referred to in Section 11, item 10, of the Ministry of Social Affairs and Health's decree 614/2008.

2) Solvency capital in relation to solvency limit.

RESULT ANALYSIS, EUR mill.	1.1.–31.3.2020	1.1.–31.3.2019	1.1.–31.12.2019
<b>Source of profit</b>			
Technical underwriting result	-7.9	-11.1	-40.5
Return on investments at fair value	-2,654.3	741.8	-1 592.1
+ Net return on investments at fair value	-3,785.6	2,098.9	-641.6
- Return requirement on technical provision	1,131.3	-1,357.1	-950.5
Loading profit	13.1	13.1	29.9
Other profit	0.0	0.0	21.6
<b>Total result</b>	<b>-2,649.0</b>	<b>743.8</b>	<b>-1,581.0</b>



BREAKDOWN OF INVESTMENTS (CURRENT VALUE)	BASIC BREAKDOWN						RISK BREAKDOWN					
	31.3.2020		31.3.2019		31.12.2019		31.3.2020		31.3.2019		31.12.2019	
	EUR mill.	%	EUR mill.	%	EUR mill.	%	EUR mill.	%	EUR mill.	%	EUR mill.	%
<b>Fixed-income investments total</b>	<b>15,524.5</b>	<b>33.5</b>	<b>16,469.1</b>	<b>34.8</b>	<b>17,014.6</b>	<b>14 187,6</b>	<b>30.6</b>	<b>26.8</b>	<b>25.6</b>	<b>30.5</b>		
Loan receivables <sup>1)</sup>	1,099.1	2.4	976.6	2.1	1,096.5	1 099,1	2.4	2.1	2.2	2.1		
Bonds	13,325.5	28.7	14,198.8	30.0	14,998.9	7 987,1	17.2	14.4	18.0	7.9		
Other money market instruments and deposits <sup>1)2)</sup>	1,099.9	2.4	1,293.7	2.7	919.1	5 101,4	11.0	10.3	5.4	20.5		
<b>Equities and shares total</b>	<b>20,291.4</b>	<b>43.7</b>	<b>21,902.7</b>	<b>46.2</b>	<b>23,736.1</b>	<b>19 646,8</b>	<b>42.3</b>	<b>44.0</b>	<b>47.0</b>	<b>42.7</b>		
Listed equities and shares <sup>3)</sup>	14,671.4	31.6	17,108.7	36.1	18,485.3	14 026,8	30.2	33.8	36.6	32.5		
Private equity investments <sup>4)</sup>	4,643.6	10.0	3,858.1	8.1	4,305.6	4 643,6	10.0	8.1	8.5	8.2		
Non-listed equities and shares <sup>5)</sup>	976.4	2.1	935.9	2.0	945.2	976,4	2.1	2.0	1.9	2.0		
<b>Real estate investments total</b>	<b>6,525.0</b>	<b>14.1</b>	<b>6,105.5</b>	<b>12.9</b>	<b>6,385.7</b>	<b>6 542,6</b>	<b>14.1</b>	<b>12.9</b>	<b>12.7</b>	<b>13.3</b>		
Direct real estate investments	5,892.8	12.7	5,516.8	11.6	5,777.5	5 893,8	12.7	11.6	11.4	12.0		
Real estate funds and joint investments	632.1	1.4	588.7	1.2	608.2	648,8	1.4	1.3	1.2	1.3		
<b>Other investments total</b>	<b>4,062.2</b>	<b>8.8</b>	<b>2,903.4</b>	<b>6.1</b>	<b>3,391.3</b>	<b>4 444,4</b>	<b>9.6</b>	<b>12.2</b>	<b>9.7</b>	<b>14.0</b>		
Hedge fund investments <sup>6)</sup>	2,636.6	5.7	2,093.6	4.4	2,481.9	2 636,6	5.7	4.4	4.9	4.3		
Commodity investments	67.5	0.1	1.8	0.0	20.4	297,1	0.6	0.1	0.1	0.2		
Other investments <sup>7)</sup>	1,358.1	2.9	808.0	1.7	889.1	1 510,8	3.3	7.7	4.7	9.4		
<b>Investments total</b>	<b>46,403.1</b>	<b>100.0</b>	<b>47,380.8</b>	<b>100.0</b>	<b>50,527.8</b>	<b>44 821,4</b>	<b>96.6</b>	<b>95.8</b>	<b>95.0</b>	<b>100.4</b>		
Effect of derivatives						1 581,7	3.4	4.2	5.0	-0.4		
<b>Investment return at current value total</b>	<b>46,403.1</b>	<b>100.0</b>	<b>47,380.8</b>	<b>100.0</b>	<b>50,527.8</b>	<b>46 403,1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

The modified duration of bond investments was 1.7 year.

1) Includes accrued interest.

2) Includes cash at bank and in hand and consideration receivables and debt.

3) Also includes mixed funds unless they can be allocated elsewhere.

4) Includes private equity funds, mezzanine funds and infrastructure investments.

5) Also includes unlisted real estate investment companies.

6) Includes all types of hedge fund units regardless of the fund's strategy.

7) Includes items that cannot be allocated to other investment classes.

NET ROCE OF INVESTMENTS	NET INVESTMENT RETURN MARKET VALUE <sup>8)</sup>		CAPITAL EMPLOYED <sup>9)</sup>		ROCE, %		ROCE, %		ROCE, %	
	31.3.2020		31.3.2020		31.3.2020		31.3.2019		31.12.2019	
	EUR mill.	EUR mill.	EUR mill.	EUR mill.	%	%	%	%	%	%
<b>Fixed-income investments total</b>	<b>-1,181.1</b>	<b>17,006.4</b>	<b>-6.9</b>	<b>2.0</b>	<b>4.7</b>					
Loan receivables <sup>1)</sup>	5.1	1,122.3	0.5	0.8	2.5					
Bonds	-1,187.5	14,950.2	-7.9	2.1	5.0					
Other money market instruments and deposits <sup>1)2)</sup>	1.3	933.9	0.1	1.4	2.6					
<b>Equities and shares total</b>	<b>-3,003.9</b>	<b>23,553.1</b>	<b>-12.8</b>	<b>8.8</b>	<b>20.8</b>					
Listed equities and shares <sup>3)</sup>	-3,323.3	18,292.3	-18.2	11.0	22.5					
Private equity investments <sup>4)</sup>	291.3	4,309.0	6.8	1.3	15.6					
Non-listed equities and shares <sup>5)</sup>	28.0	951.7	2.9	3.1	13.2					
<b>Real estate investments total</b>	<b>109.4</b>	<b>6,312.2</b>	<b>1.7</b>	<b>1.0</b>	<b>8.4</b>					
Direct real estate investments	103.5	5,693.5	1.8	1.0	8.8					
Real estate funds and joint investments	6.0	618.7	1.0	1.4	4.4					
<b>Other investments total</b>	<b>295.5</b>	<b>3,627.9</b>	<b>8.1</b>	<b>-1.8</b>	<b>-2.1</b>					
Hedge fund investments <sup>6)</sup>	40.1	2,526.3	1.6	2.9	5.3					
Commodity investments	2.4	39.0	6.1	1,785.5	170.3					
Other investments <sup>7)</sup>	253.0	1,062.6	23.8	-12.6	-19.6					
<b>Investments total</b>	<b>-3,780.1</b>	<b>50,499.6</b>	<b>-7.5</b>	<b>4.6</b>	<b>11.9</b>					
Unallocated income, costs and operating expenses	-5.4	0.0	0.0	0.0	0.0					
<b>Investment return at current value total</b>	<b>-3,785.6</b>	<b>50,499.6</b>	<b>-7.5</b>	<b>4.6</b>	<b>11.8</b>					

1) Includes accrued interest.

2) Includes cash at bank and in hand and consideration receivables and debt.

3) Also includes mixed funds unless they can be allocated elsewhere.

4) Includes private equity funds, mezzanine funds and infrastructure investments.

5) Also includes unlisted real estate investment companies.

6) Includes all types of hedge fund units regardless of the fund's strategy.

7) Includes items that cannot be allocated to other investment classes.

8) Change in market value between the beginning and end of the reporting period less cash flows during the period. Cash flow means the difference between purchases/costs and sales/revenues.

9) Capital employed = market value at the beginning of the reporting period + daily/monthly time-weighted cash flows.