

# Ilmarinen's Interim Report

1 January to 31 March 2024

Well prepared for tomorrow.

# Ilmarinen's Interim Report 1 January to 31 March 2024: Return on investments was 3.2 per cent, solvency strengthened and cost-effectiveness continued to improve

## January–March performance in brief:

- The return on Ilmarinen's investment portfolio was 3.2 (2.2 per cent), or EUR 1.9 billion. The market value of investments grew to EUR 60.5 (58.9) billion. The long-term average return on investments was 5.8 per cent as of 1997. This corresponds to an annual real return of 3.8 per cent.
- The total result rose to EUR 778 (407) million.
- Premiums written rose by 2 per cent to EUR 1,690 (1,660). Pensions paid rose by 8 per cent to EUR 1,885 (1,754) million.
- Net customer acquisition was EUR 29 (70) million and rolling customer retention for the previous 12 months was 96.3 (97.1) per cent.
- Operating expenses financed using loading income decreased 2 per cent to EUR 24 (25) million and were 0.35 (0.37) per cent of the TyEL payroll and YEL income of the insured.
- Solvency capital increased to EUR 13.0 (12.2) billion, and the solvency ratio strengthened to 126.6 (125.4) per cent.
- Future prospects: Ilmarinen's premiums written are expected to grow as the earnings level rises.

Key figures	1–3/2024	1–3/2023	2023
Premiums written, EUR million	1,690	1,660	6,822
Pensions paid, EUR million	1,885	1,754	7,173
Operating expenses covered by loading income, EUR million	24	25	94
TyEL payroll and YEL income, EUR mill.	6,915	6,779	27,791
Operating expenses financed using loading income of payroll and YEL income, %	0.35	0.37	0.34
Return on investments, %	3.2	2.2	5.8
Total result at current value, EUR million	778	407	579
Value of investment assets, EUR million	60,479	57,489	58,923
Solvency capital, EUR million	13,000	12,199	12,226
Solvency ratio, %	126.6	126.3	125.4



The interim report result comparison figures are the figures for the corresponding period of 2023. Unless otherwise indicated, the comparison figures for the balance sheet and other cross-sectional figures are the figures for the end of 2023.

## President and CEO Jouko Pölönen's review



Ilmarinen's return on investments was 3.2 per cent and the solvency ratio rose to 126.6 per cent. Cost-effectiveness continued to improve as premiums written grew 2 per cent and operating expenses fell 2 per cent. Our improved cost-effectiveness directly benefits our customers.

The global economic growth outlook remains subdued and Finland's economy has been in a downturn since the start of the year. Construction permits and construction volumes have continued to fall and exports have contracted, due to, for example, the weak performance of Germany, a key export country for Finland. Employment has weakened since last summer and the political strikes in Q1 added to the economic and employment challenges. The number of employees in the companies belonging to Ilmarinen's business cycle index fell by 2.5 per cent year-on-year during January–March. Inflation has continued to decelerate and the European Central Bank is expected to cut its key interest rates starting in the summer. Consumers' purchasing power is expected to improve as real earnings grow and confidence recovers thanks to falling interest rates, which will hopefully shift the economy onto a growth trajectory towards the end of the year. Geopolitical tensions are still elevated and have the potential to weaken economic performance if they escalate.

Ilmarinen's return on investments for January–March was 3.2 per cent. Positive investment returns were driven by the listed equity market. Equity market returns were mostly positive globally, with, however, significant return differences between regions and sectors. The positive per-

formance focused on the technology sector. The Helsinki stock exchange's return on investments fell clearly short of the main markets. Government bond rates rose in Q1 when bets on the timing of central bank interest rate cuts were dialled back.

The long-term average nominal return on Ilmarinen's investments was 5.8 per cent, corresponding to a 3.8 per cent average annual real return since 1997. The solvency ratio rose to 126.6 per cent and solvency capital to EUR 13 billion.

Premiums written grew by 2 per cent to EUR 1,690 million, following the increase in the payroll for employees insured with Ilmarinen. We paid EUR 1,885 million in pensions to around 450,000 pensioners. The average pension in 2023 rose to EUR 1,977 and an index increase of 5.7 per cent was made to pensions at the start of the year.

The cost-effectiveness of Ilmarinen's operations improved further. In January–March, the operating expenses financed using loading income decreased by 2 per cent to EUR 24 million, which was 0.35 per cent of the payroll. Ilmarinen has reduced the annual costs for managing pension insurance by a third, close to EUR 50 million, since 2018, at the same time as premiums written have grown 34 per cent. Underlying the productivity leap is the successful merger with Etera in 2018 and the repatriation of the resulting synergy benefits. The key factors for improving profitability are the development of digital service processes and building a culture of continuous improvement.

The pension reform will be prepared in accordance with the Government Programme with key labour market organisations in tripartite negotiations by the end of January 2025. The goal is to ensure the financial sustainability of the pension system and to secure an adequate level of benefits. The amendments must strengthen public finances in the long term by approximately 0.4 percentage points in relation to the GDP, representing some one billion euros. Due to the record-low birth rate, investment returns are becoming increasingly significant from the perspective of the pension system's financial sustainability, which is why the solvency framework for earnings-related companies should be reshaped so as to enable them to seek better long-term returns.

## Current information about the pension system

The average pension of Finns rose to EUR 1,977 in 2023, compared to EUR 1,845 in the previous year, according to the statistics of the Finnish Centre for Pensions and Kela. Men's average pension was EUR 2,216 per month while women's was EUR 1,779. All in all, more than 60 per cent of the approximately 1.6 million pension recipients received less than EUR 2,000 in monthly pension and some two per cent received more than EUR 5,000 in monthly pension.

The contribution category model for disability pensions was reformed at the start of 2024. The reform will be implemented gradually and will be fully in force in 2029. The changes are aimed at improving, among other things, access to employment for older people and people who have difficulty finding employment. The reform encourages employers to anticipate work ability risks and take better care of their employees' work ability.

Reviews of self-employed persons' YEL income levels begun in 2023 in line with the new legislation continue in 2024. The review in 2024 will target entrepreneurs whose YEL income is below EUR 24,000 per year and has not been adjusted in three years. On the earnings-related insurance provider's initiative, YEL income can be raised by a maximum of EUR 4,000 in a review to ensure that the rise in an entrepreneur's monthly insurance contribution remains reasonable, at no more than EUR 85. The YEL income may also remain unchanged or decrease. The objective of the amendment is to improve entrepreneurs' pension and social security and to support the implementation of the Self-Employed Persons Pensions Act. There is still a need for a more substantial renewal of the pension and social security system for the self-employed.

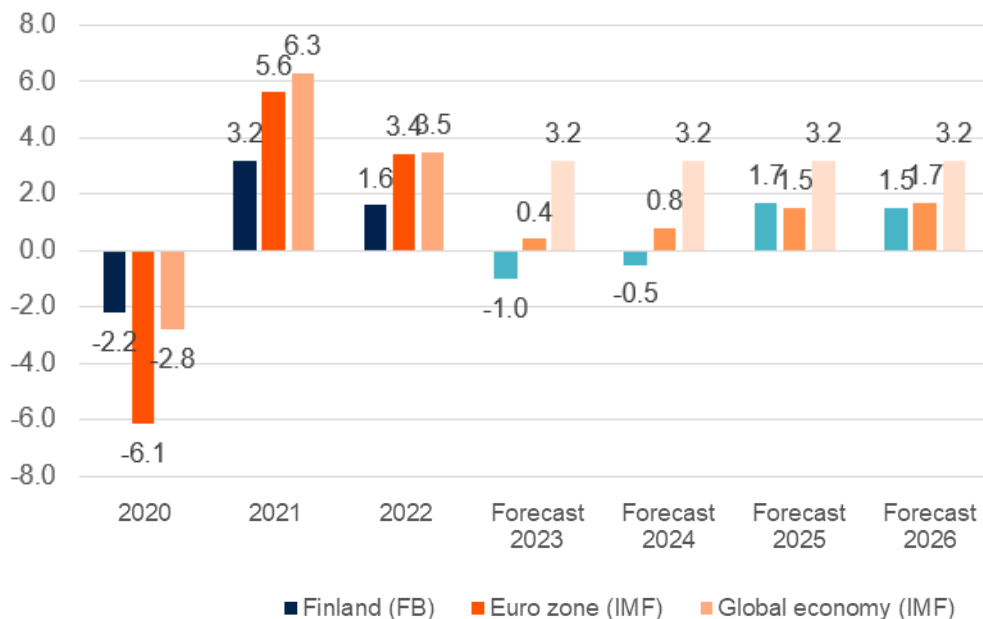
The pension reform will be prepared in accordance with the Government Programme by key labour market organisations in tripartite negotiations by the end of January 2025. The goal is to prepare the changes in

earnings-related pension legislation to ensure financial sustainability and the benefit level. Changes are needed due to the declining dependency ratio and the uncertainty related to economic development, returns on pension fund asset investments and future growth in contributions. The preparatory work must find, based on the assessment carried out jointly by the Ministry of Finance and the Finnish Centre for Pensions, methods for the long-term stabilisation of the pension insurance contribution level and significant reinforcing of public finances as a whole over a sustained period using a rule-based fiscal stabilisation system. The amendments must strengthen public finances in the long term by approximately 0.4 percentage points in relation to the GDP, representing some one billion euros. The Government Programme also states that an evaluation of the need to develop the Self-employed Persons' Pensions Act (YEL) system will be initiated. As part of the evaluation, the possibility of directing YEL contributions to the Farmers' Social Insurance Institution Mela will be investigated.

## Operating environment and investment market

Inflation continues to decelerate but the global economic growth outlook remains subdued. However, growth forecasts have been adjusted moderately upward during Q1. The International Monetary Fund (IMF) raised the global growth forecast in its forecast update by 0.1 percentage points to 3.2 per cent for 2024. The drop in inflation closer to the central banks' target levels has continued globally as supply bottlenecks are easing up and as a result of a monetary policy designed to slow down economic activity. The IMF predicts that developed countries' inflation will fall to 2.6 per cent during 2024. Especially the development of the US economy has exceeded expectations, showing up as strong confidence indicators and a slower decrease in inflation. In the euro zone, inflation has fallen in line with expectations, but core inflation indicators are still high com-

## Economic growth and forecasts



Sources: Statistics Finland, Bank of Finland (3/2024), IMF (estimate 4/2024)

pared to the ECB's price stability target. The curbing of the energy shock in the euro zone and lower inflation support the growth of real income and the IMF forecasts growth of 0.8% for 2024. China's economic growth has been more subdued than expected, raising expectations with regard to a monetary and financial policy supporting growth.

Slowing inflation and the moderate improvement in the growth outlook have reduced the risk of a deep recession. The year-on-year change in consumer prices in March was 2.4 per cent in the euro zone and core inflation, less energy and food prices, was 2.9 per cent. In the United States, the recovery of inflation towards the central bank's target level has been slower; the year-on-year change in consumer prices in March was 3.5% and core inflation 3.8%.

The key interest rates of the US central bank (Fed) and the European Central Bank (ECB) have remained unchanged after the third quarter of last year. The deposit rate of the ECB has been 4 per cent since September, while the Fed's key interest rate has varied within the range 5.25–5.5 per cent as of July 2023. Both central banks are anticipated to begin a gradual easing of their

monetary policies, i.e. a reduction of the key interest rate towards neutral during this year. Nevertheless, a significant change in a more moderate direction has occurred in interest rate expectations during the first quarter. At the turn of the year, central banks were expected to reduce their key interest rates by some 1.5 percentage points starting from the first quarter. At the end of March, interest rate cuts are expected to begin during the summer and the rate-cut expectations for the entire year have fallen to below one percentage point.

## Return development of the equity markets



Finland's economy is in a downturn in the first quarter of the year and forecasts show that we will be back on a growth trajectory at the end of the year. Higher interest rate and price levels have reduced consumption and investments, and weakened companies' and households' confidence in the general economic situation. Especially weakly positioned is the construction sector where new construction starts and new construction permits, which describe the sector's activity level, are at a lower level than in the financial crisis. Exports have contracted, due to, for example, the weak performance of Germany, a key export country for Finland. There are downward risks linked to labour market development, among other things, as a result of lay-offs and the labour market situation. The total work input of the economy is falling despite the employment rate level, with average working hours per employed person declining. Inflation has slowed quickly, and the short reference rates widely used in Finland have fallen from last year's peak levels. The growth forecast for the end of the year will be driven by recovering confidence and the improving purchasing power of consumers as real earnings grow.

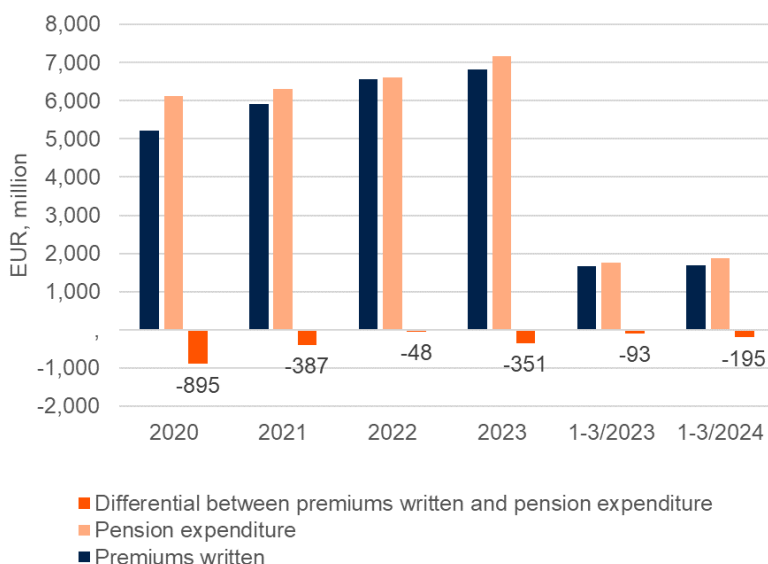
Equity market returns were mostly positive globally, with, however, significant return differences between regions and sectors. In

the USA, the equity market (S&P 500 index) return was some 10.6 per cent in January–March. The positive performance focused on the technology sector, where also companies' earnings performance was better than expected. In Europe, the STOXX 600 index's return for January–March was 7.7 per cent. The Helsinki stock exchange's return on investments for Q1 fell clearly short of the main markets, returning 0.3 per cent in January–March. The weaker return on the Finnish equity market in Q1 was the result of muted earnings performance.

Government bond rates rose in Q1 when bets on the timing of central bank interest rate cuts were dialled back. The US 10-year government bond's interest rate was 4.2 per cent at the end of March, i.e. 32 basis points higher than at the turn of the year. The German 10-year government bond's interest rate was 2.3 per cent, 28 basis points higher than at the turn of the year.

Corporate bonds' spreads remained relatively unchanged during Q1, both for low and high credit risk corporate bonds. Investor demand for securities with credit risk has remained strong. Credit risk premiums are, however, at a relatively low level. Following the prolonged zero interest rate environment, companies have significant needs with regard to refinancing, especially when it comes to

## Premiums written and pension expenditure January–March 2024



high credit risk. For now, problems related to refinancing and overindebtedness have remained company- and sector-specific, with a focus on the real estate sector.

On the currency market, movements were moderate in the first quarter of the year. The euro-dollar exchange rate varied within the narrow 1.07–1.10 range; the differences in monetary policy expectations are currently a clear driver for currency movements. The Japanese yen continued to fall in Q1 despite the Japanese central bank hiking its key interest rate by 10 basis points to a positive level and officially abandoning its yield curve control policy.

### Insurance operations

Premiums written rose to EUR 1,690 (1,660) million in January–March. The growth in premiums written was due to the increase in customers' payroll. The January–March payroll for employees insured with Ilmarinen grew by 1.6 per cent to EUR 6,354 (6,253) million. The number of insurance policies fell and totalled 129,147 (135,615) at the end of March. Measured in premiums written, net customer acquisition was EUR 29 (70) million and customer retention was 96.3 (97.1) per cent.

At the end of March, Ilmarinen had altogether 454,169 (456,120) pensioners. They

were paid a total of EUR 1,885 (1,754) million in benefits since the beginning of the year. In January–March, a total of 9,701 (7,912) new pension decisions were made, which was 23 per cent more than in the previous year. The number of new disability pension decisions made was 2,474 (2,361), up 5 per cent year-on-year. New rehabilitation decisions came to 915 (852). In January–March, 939 (916) persons transitioned on a disability pension or cash rehabilitation benefit, which is 3 per cent more than last year.

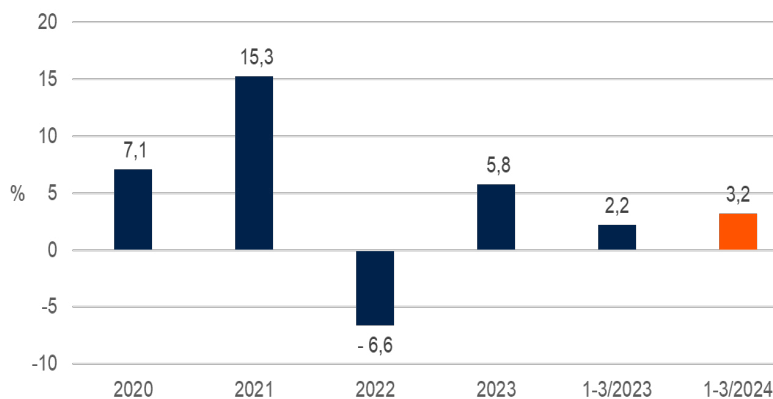
The average processing time for old-age pension applications was 8 (9) days and for disability pension applications 42 (37) days.

### Return on investments

At the end of March, Ilmarinen's total investments at current value were EUR 60,479 million (58,923). The return on investments at current value was 3.2 (2.2) per cent. Calculated at current value, the average annual return over the last five years has been 6.1 per cent, which corresponds to an average annual real return of 2.5 per cent. Calculated from 1997, the average annual returns at current value for Ilmarinen's investments have been 5.8 per cent per annum. This corresponds to an annual real return of 3.8 per cent.

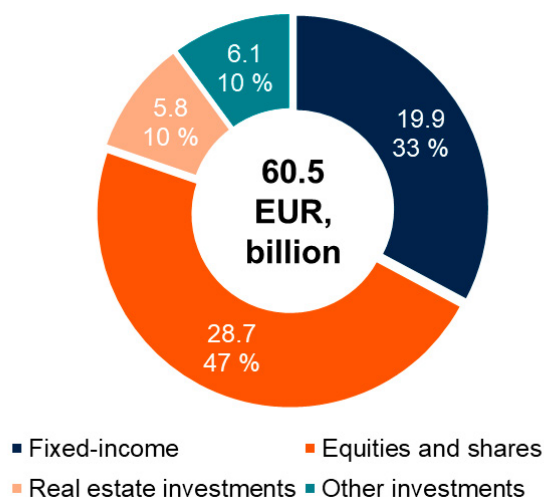
Fixed income investments accounted for a

### Return on investments 2020-Q1/2024

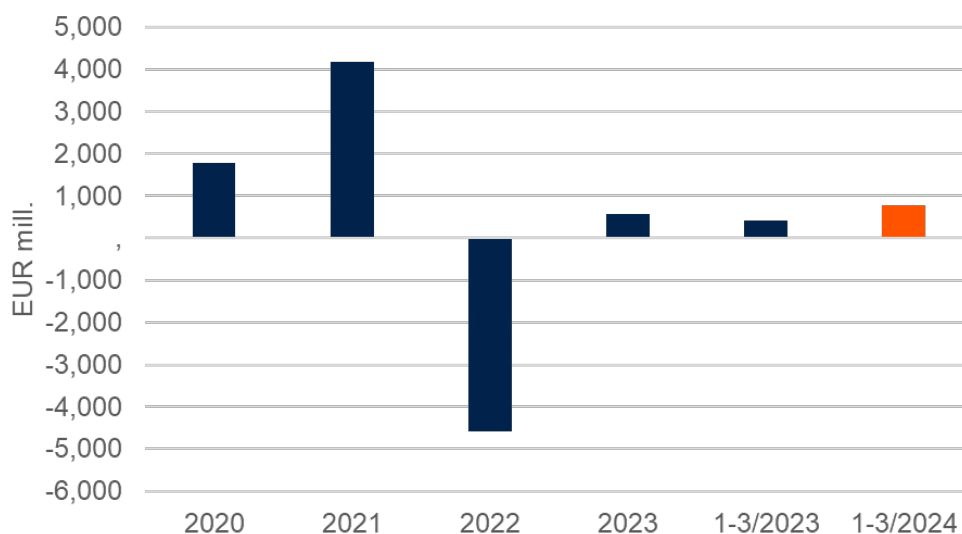


Average nominal return on investments over 5 years 6.1 per cent and real return 2.5 per cent

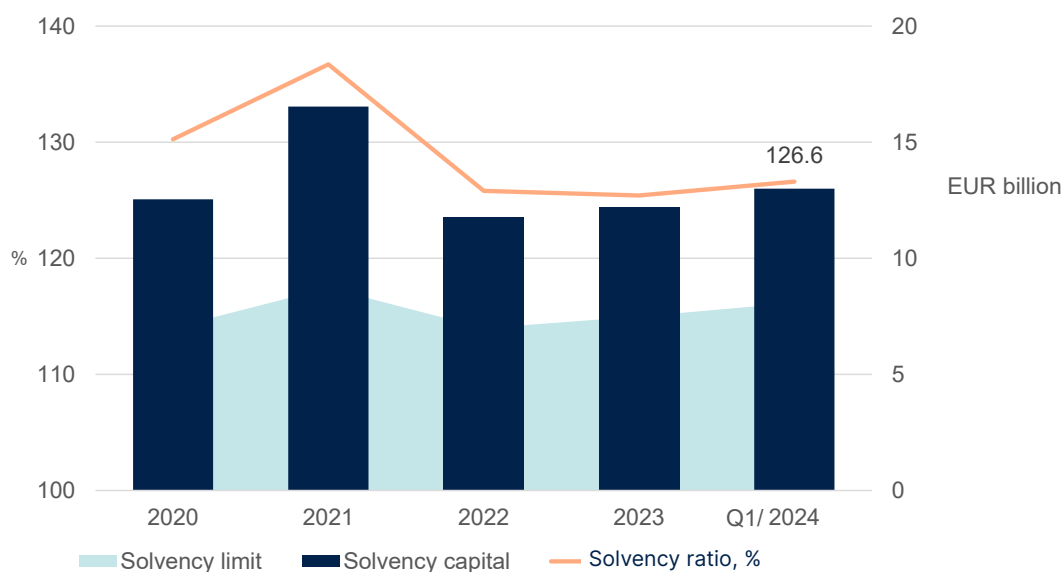
### Breakdown of investments, 31 March 2024



## Total result 2020-Q1/2024



## Solvency 2020-Q1/2024



total of 32.8 (33.6) per cent of the investment portfolio and their return at current value was 0.9 (2.3) per cent. Their total market value was EUR 19,855 (19,803) million. Bonds accounted for a total of 29.0 (27.6) per cent of Ilmarinen's investment assets and their return was 0.8 (2.5) per cent. The modified duration of bonds was 4.8 (4.1) years.

Listed and non-listed equities and shares as

well as private equity investments made up 47.4 (46.0) per cent of all investments. Their value at the end of March stood at EUR 28,687 (27,113) million. In the risk breakdown, listed equities and shares accounted for 33.8 (31.1) per cent. Finnish equities made up 27.0 (29.0) per cent of listed equity investments. The return on equity investments at current value was 6.0 (2.9) per cent. The return on listed



equity investments was 7.5 (4.3) per cent.

Real estate investments at the end of March stood at EUR 5,836 (5,816) million. They accounted for 9.6 (9.9) per cent of all investments, with the total return at 0.5 (0.8) per cent.

Investments in hedge funds and commodities and other investments made up 10.1 (10.5) per cent of the market value of the investments at the end of March. Their total return was 0.5 (0.8) per cent and their value at the end of March was EUR 6,102 (6,192) million.

## Result and solvency

Ilmarinen's total result at current value was EUR 778 (407) million. Investment income at current value was EUR 771 (403) million, the underwriting result was EUR 9 (3) million, and the loading profit was EUR -2 (1) million. The ratio of operating expenses to the payroll and YEL income, a measure of cost-effectiveness, improved to 0.35 (0.37) per cent in the first three months of the year, and operating expenses per pensioner and insured were EUR 22 (22). The administrative cost component of the TyEL contribution became company specific at the start of 2023. A surplus was formed in 2023, which is used to lower the level of the administrative cost component for the next years.

The solvency ratio strengthened to 126.6 (125.4) per cent. Solvency capital rose to EUR 13,000 (12,226) million. Capital and reserves were EUR 226 (224) million, the valuation difference between current and book values was EUR 12,268 (10,862) million, and the provision for accumulated accounting profit was EUR 519 (1,157) million.

The technical provisions amounted to EUR 49,357 (49,267) million. The EUR 48,809 (48,080) million in solvency technical provisions does 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 (person years) in January–March was 572 (576). For five

years now, we have been monitoring our personnel's energy level every two months through the Työvire pulse survey. The energy level is excellent (4.3 on a scale of 1–5). The employee Net Promoter Score (eNPS) was 44 (on a scale of -100 to +100) on average year to date.

Utilising artificial intelligence is a key factor shaping our work and Ilmarinen wishes to make use of the opportunities made available by AI in its own operations. In order to be able to benefit from AI, we need to have clear ground rules for how to use it and the expertise to use AI appropriately and in the right places. To start off the year, we organised coaching on the current state and opportunities of AI for the entire personnel. As part of the coaching, we reviewed the artificial intelligence responsibility principles we released at the end of 2023, and our ground rules for utilising AI. Each Ilmarinen employee can develop their competence in using AI in our online learning environment's self-study materials, and by taking part in practical coaching, such as prompting clinics. Ilmarinen employees using AI in their work also develop their expertise through targeted coaching.

Ilmarinen's third work ability competition started on Valentine's Day. It involves a game where small teams made up of employees from around the company go from checkpoint to checkpoint solving tasks linked to work ability practices. The competition is a way to acquaint Ilmarinen employees with Ilmarinen's work ability practices and have personnel participate in developing work ability issues. This year, the competition's theme revolves around building a better working life and ensuring that operations comply with Ilmarinen's rebranding.

Ilmarinen is a 'A feel-good workplace' (Hyvän mielen työpaikka) in 2024 as well. The label is proof that we are committed to strengthening a mind-friendly working life. The label is granted by MIELI Mental Health Finland on application. Ilmarinen has carried the label since 2022. MIELI's jury mentioned that Ilmarinen made excellent and delightful progress in raising awareness of DEI (diversity, equality and inclusion) issues

across the whole organisation. In addition, the mental well-being walks arranged by the occupational health psychologist and activation coach and the launch of the mental well-being mentor network received positive feedback. The occupational health services' sparring discussions supporting the daily work of Ilmarinen employees were also mentioned by the jury as a factor that strongly supports mental health and a mind-friendly working life. Our ongoing age management pilot programme, which will continue until the end of April, is one way of promoting a mind-friendly working life in different life situations. In May, we will collect experiences from the pilot programme participants and begin to plan for a follow-up based on the feedback.

## Changes in Ilmarinen's governance

Ilmarinen's Supervisory Board decided on 29 February 2024 to elect three new members to the Board of Directors: Tomi Hyryläinen, Chief Financial Officer of Tietoevry Oy, Pia Kalsta, CEO of Sanoma Media Finland Oy and Hannakaisa Länsisalmi, Chief Human Resources Officer, OP Financial Group.

Ilmarinen's Annual General Meeting on 22 March 2024 elected seven new members to the Supervisory Board: Maija Jokela, Managing Director, Ramboll Finland Oy; Matti Lehmus, President and CEO, Neste; Niko Simola, Director of Public Sector, Trade Union Pro; Minttu Sinisalo, SVP HR, Terveystalo Plc; Susanne Skippari, EVP, People and Communications, KONE Corporation; Antti Vasara, President & CEO, VTT Technical Research Centre of Finland Ltd and Jari Välikangas, acting Chair, Finnish Transport and Logistics SKAL.

## Responsibility

In March, we released our last annual and sustainability report drawn up in line with the Global Reporting Initiative standard. In reporting climate issues, we used the international Task Force on Climate-related Financial Disclosures framework, and with regard to biodiversity, the Taskforce on Nature-related Financial Disclosures framework. We will report the sustainability data for 2024 in ac-

cordance with the ESRS standard as part of our financial statements and Report on Operations.

As an active owner, we participated in person in the general meetings of more than fifty Finnish listed companies included in our investment portfolio during the first quarter. We paid particular attention to the companies' remuneration policies and reports, i.e. the transparency of remuneration. At foreign general meetings, we made use of a service provider's voting service and principles that consider ESG aspects.

## Future prospects and key uncertainties

Geopolitical tensions are casting a shadow over the global economic growth outlook. Global economic growth is anticipated to increase to approximately 3.2 per cent this year. Finland's economy is in a downturn and forecasts show that we will be back on a growth trajectory at the end of the year.

The speed at which inflation will slow and the pace at which central banks will ease their monetary policies are a source of uncertainty in the markets. The possible escalation of geopolitical tensions and armed conflicts is adding to nervousness in the markets.

Ilmarinen's premiums written are expected to grow as the earnings level rises.

The key risks affecting Ilmarinen's operations and the earnings-related pension system are related to the development of employment and payroll, changes in disability pension incidence, uncertainty in the investment markets, the development of demographics, and the exceptionally low birth rate.

## For more information, please contact:

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Key figures in brief	1.1.–31.3.2024	1.1.–31.3.2023	1.1.–31.12.2023
Premiums written, EUR mill.	1,690	1,660	6,822
Net return on investments at fair value, EUR mill.	1,875	1,252	3,272
ROCE, %	3.2	2.2	5.8
	<b>31.3.2024</b>	<b>31.3.2023</b>	<b>31.12.2023</b>
Technical provisions, EUR mill.	49,357	45,913	49,267
Solvency capital, EUR mill. <sup>1)</sup>	13,000	12,199	12,226
in relation to solvency limit	1.6	1.6	1.6
Pension assets, EUR mill. <sup>2)</sup>	61,809	58,642	60,307
as a percentage of technical provisions	126.6	126.3	125.4
TyEL payroll, EUR mill. <sup>3)</sup>	26,962	26,420	26,050
YEL payroll, EUR mill. <sup>3)</sup>	1,807	1,723	1,740

- 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	31.3.2024	31.3.2023	31.12.2023
Solvency limit, EUR mill.	8,078	7,557	7,487
Maximum solvency capital, EUR mill.	24,235	22,670	22,462
Solvency capital, EUR mill.	13,000	12,199	12,226
Solvency ratio, % <sup>1)</sup>	126.6	126.3	125.4
Solvency position <sup>2)</sup>	1.6	1.6	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.–31.3.2024	1.1.–31.3.2023	1.1.–31.12.2023
Source of profit			
Technical underwriting result	9	3	38
Return on investments at fair value	771	403	527
+ Net return on investments at fair value	1,875	1,252	3,272
- Return requirement on technical provisions	-1,104	-849	-2,744
Loading profit	-2	1	11
Other profit	0	0	3
Total result	778	407	579

Breakdown of investments (current value)	Basic breakdown						Risk breakdown			
	31.3.2024		31.3.2023		31.12.2023		31.3.2024		31.3.2023 31.12.2023	
	EUR mill.	%	EUR mill.	%	EUR mill.	%	EUR mill.	%	%	%
<b>Fixed income investments total</b>	<b>19,855</b>	<b>33</b>	<b>17,355</b>	<b>30</b>	<b>19,803</b>	<b>34</b>	<b>22,246</b>	<b>37</b>	<b>32</b>	<b>35</b>
Loan receivables <sup>1)</sup>	1,430	2	1,775	3	1,422	2	1,430	2	3	2
Bonds	17,565	29	14,759	26	16,269	28	22,584	37	32	36
Other money market instruments and deposits <sup>1) 2)</sup>	860	1	821	1	2,111	4	-1,768	-3	-3	-3
<b>Equities and shares total</b>	<b>28,687</b>	<b>47</b>	<b>26,905</b>	<b>47</b>	<b>27,113</b>	<b>46</b>	<b>30,137</b>	<b>50</b>	<b>47</b>	<b>47</b>
Listed equities and shares <sup>3)</sup>	18,993	31	17,991	31	17,761	30	20,444	34	31	31
Private equity investments <sup>4)</sup>	8,098	13	7,433	13	7,766	13	8,098	13	13	13
Non-listed equities and shares <sup>5)</sup>	1,595	3	1,481	3	1,587	3	1,595	3	3	3
<b>Real estate investments total</b>	<b>5,836</b>	<b>10</b>	<b>6,850</b>	<b>12</b>	<b>5,816</b>	<b>10</b>	<b>5,836</b>	<b>10</b>	<b>12</b>	<b>10</b>
Direct real estate investments	5,155	9	6,135	11	5,122	9	5,155	9	11	9
Real estate funds and joint investments	681	1	715	1	694	1	681	1	1	1
<b>Other investments total</b>	<b>6,102</b>	<b>10</b>	<b>6,380</b>	<b>11</b>	<b>6,192</b>	<b>11</b>	<b>6,072</b>	<b>10</b>	<b>11</b>	<b>10</b>
Hedge fund investments <sup>6)</sup>	5,194	9	4,843	8	5,092	9	5,194	9	8	9
Commodity investments	0	0	12	0	0	0	0	0	0	0
Other investments <sup>7)</sup>	908	2	1,525	3	1,100	2	879	1	3	2
<b>Investments total</b>	<b>60,479</b>	<b>100</b>	<b>57,489</b>	<b>100</b>	<b>58,923</b>	<b>100</b>	<b>64,291</b>	<b>106</b>	<b>102</b>	<b>103</b>
Effect of derivatives							-3,812	-6	-2	-3
<b>Investment return at current value total</b>	<b>60,479</b>	<b>100</b>	<b>57,489</b>	<b>100</b>	<b>58,923</b>	<b>100</b>	<b>60,479</b>	<b>100</b>	<b>100</b>	<b>100</b>

The modified duration of bond investments was 4.8 years.

- 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, %
	31.3.2024	31.3.2024	31.3.2024	31.3.2023	31.12.2023
	EUR mill.	EUR mill.	%	%	%
<b>Fixed income investments total</b>	<b>189</b>	<b>20,077</b>	<b>0.9</b>	<b>2.3</b>	<b>8.4</b>
Loan receivables <sup>1)</sup>	27	1,410	1.9	1.1	5.3
Bonds	142	17,385	0.8	2.5	9.5
Other money market instruments and deposits <sup>1) 2)</sup>	20	1,282	1.6	1.4	-0.3
<b>Equities and shares total</b>	<b>1,626</b>	<b>27,177</b>	<b>6.0</b>	<b>2.9</b>	<b>10.1</b>
Listed equities and shares <sup>3)</sup>	1,330	17,762	7.5	4.3	13.5
Private equity investments <sup>4)</sup>	264	7,818	3.4	-0.2	2.8
Non-listed equities and shares <sup>5)</sup>	33	1,596	2.0	1.8	7.2
<b>Real estate investments total</b>	<b>31</b>	<b>5,818</b>	<b>0.5</b>	<b>0.8</b>	<b>-13.5</b>
Direct real estate investments	42	5,122	0.8	0.8	-15.0
Real estate funds and joint investments	-10	695	-1.5	0.2	-0.7
<b>Other investments total</b>	<b>30</b>	<b>6,112</b>	<b>0.5</b>	<b>0.8</b>	<b>1.8</b>
Hedge fund investments <sup>6)</sup>	149	5,016	3.0	0.5	4.5
Commodity investments	0	0	-	-	-
Other investments <sup>7)</sup>	-118	1,096	-10.8	1.4	-7.5
<b>Investments total</b>	<b>1,876</b>	<b>59,183</b>	<b>3.2</b>	<b>2.2</b>	<b>5.8</b>
Unallocated income, costs and operating expenses	-1	0	0.0	0.0	0.0
<b>Investment return at current value total</b>	<b>1,875</b>	<b>59,183</b>	<b>3.2</b>	<b>2.2</b>	<b>5.8</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.