

Press release 25 April 2013

LocalTapiola Pension's quarterly statement for 1 January to 31 March 2013

LocalTapiola Pension had good investment return in the first quarter of 2013

- LocalTapiola Pension's return on investment at current value was 2.8% for the period of 1 January to 31 March 2013.
- The solvency ratio strengthened to 27.4% at the end of March. The solvency position was 2.5.
- The average ten-year return on investment is 5.7% (31 March 2003–31 March 2013) and the average five-year return is 5.0% (31 March 2008–31 March 2013).

For the first quarter of 2013, LocalTapiola Pension's return on investment at current value was 2.8% (4.2% in March 2012). At the end of March, the market value of investments was EUR 10,388.1 million (EUR 9,654.4 million in March 2012).

Financial markets had a strong start to 2013 despite the challenging economic environment

Good progress in the financial markets continued in the first quarter of 2013. Stock market development was supported by low interest rates and the commitment of central banks to a stimulative monetary policy. The challenges facing the European economy were reflected in growing unemployment and a weakening industrial outlook. Stock market declines triggered by the restructuring of the Cypriot banking sector were short-lived.

"The strong returns from equity investments enabled us to achieve an excellent overall return in the first quarter of the year. Due to low interest rates, the impact of fixed income investments on total return was lower than in previous quarters. The investment environment remained favourable despite clear challenges in the real economy," says **Hanna Hiidenpalo**, Investment Director.

Equity investments were the best performing asset class with a return of 7.1%. LocalTapiola Pension made successful equity investment selections, with returns reaching 7.8%. US stocks performed particularly well, returning 16.1%.

Within fixed income investments, corporate bonds generated the best return. At a return of 2.4%, high yield investments outperformed other fixed income investments. The overall return on fixed income investments was 0.3%. Real estate investments returned 0.9%. The return on alternative investments was significantly higher compared to previous quarters, reaching 2.7%.

LocalTapiola Pension's solvency ratio of 27.4 per cent at the end of March was strong and one of the best in the industry (25.3% in March 2012). The solvency position (the solvency margin in relation to the solvency limit) was 2.5 (3.2).

The merger of LocalTapiola Pension and Pension-Fennia is progressing

LocalTapiola Pension and Pension-Fennia will form a new pension insurance company on 1 January 2014. The framework agreement and merger plan were approved by the companies' boards at the end of March. The merger still requires the approval of the authorities and the companies' general meetings. The name of the new pension insurance company will be published later in the spring.

"We are in the process of a historic, large-scale merger in the earnings-related pension insurance sector," says **Satu Huber**, LocalTapiola Pension's Managing Director. "One of our aims in the new company is to develop services in corporate lending and well-being at work that strengthen the competitiveness of our customers. The merger will also benefit Finnish society as a whole, by improving the efficiency and functionality of the earnings-related pension scheme."

For more information:

LocalTapiola Pension's Interim Report 31 March 2013, PDF

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