



INTERIM REPORT

1 JANUARY – 31 MARCH 2018

Elo Mutual Pension Insurance Company

Pro forma figures are the combined figures of Pension Fennia and LocalTapiola Pension Company.



POSITIVE FIRST QUARTER

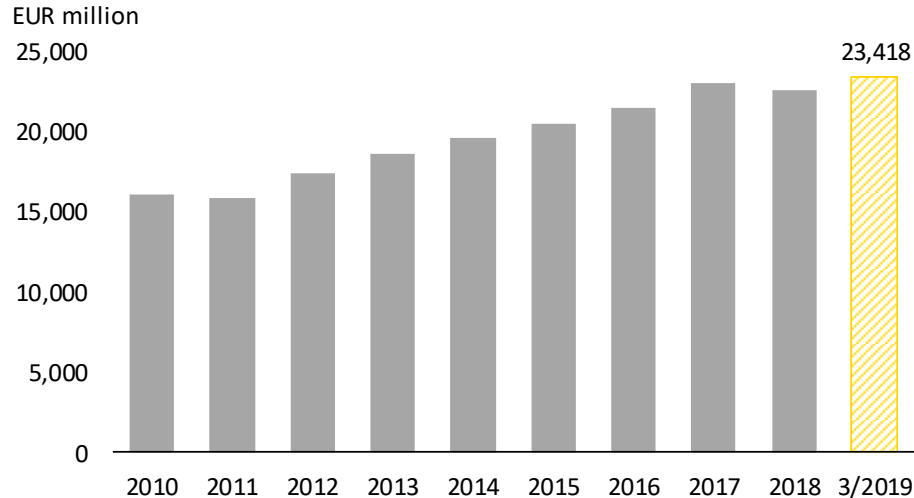
- Return on investment operations for 1 January–31 March was 5.2 per cent.
- Returns on all of Elo's asset classes were positive, with listed equities and bonds generating the highest returns
- Good long-term returns; average nominal return over 10 years was 6.4 per cent.
- The introduction of the income register went well. Customer satisfaction and service times remained at a good level regardless of the extensive service transformation.
- On average, Elo made pension decisions approximately 26 per cent faster than the overall average for other employment pension companies.

STRONG RETURN ON INVESTMENTS ALSO OVER A LONG TERM

	3/2019	3/2018	2018
Investment assets at fair value, EUR million	23,418.1	23,266.9	22,595.3
Net return from investment on capital employed, %	5.2%	-0.4 %	-1.4 %
Average nominal return, over 10 years	6.4%	5.2 %	5.9 %
Average nominal return, over 5 years	5.3%	5.6 %	4.5 %
Premiums written, EUR million	956.3	893.6	3,639.8
Technical provisions, EUR million	20,953.7	20,389.2	20,431.7
Loading profit, EUR million	8.4	8.9	31.8
Solvency capital, EUR million	4,414.1	4,618.6	3,935.1
Solvency position	1.6	1.6	1.6
Pension assets, % of technical provisions	122.4%	124.7 %	120.6 %

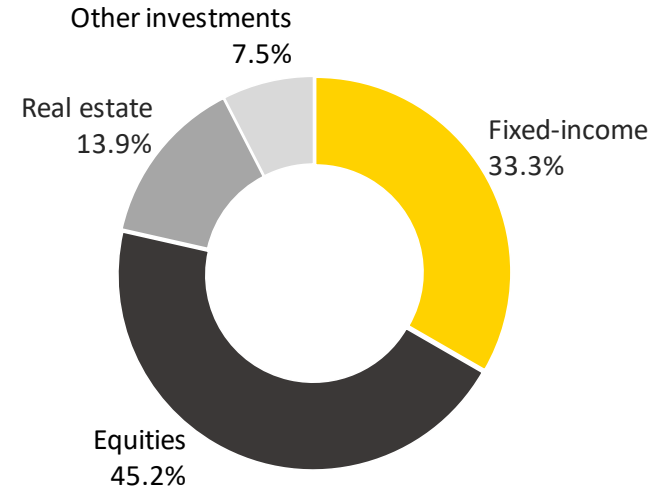
RETURNS ON ALL ASSET CLASSES WERE POSITIVE DURING THE PERIOD UNDER REVIEW

Development of investment assets 2010-3/2019



Investment asset allocation 3/2019

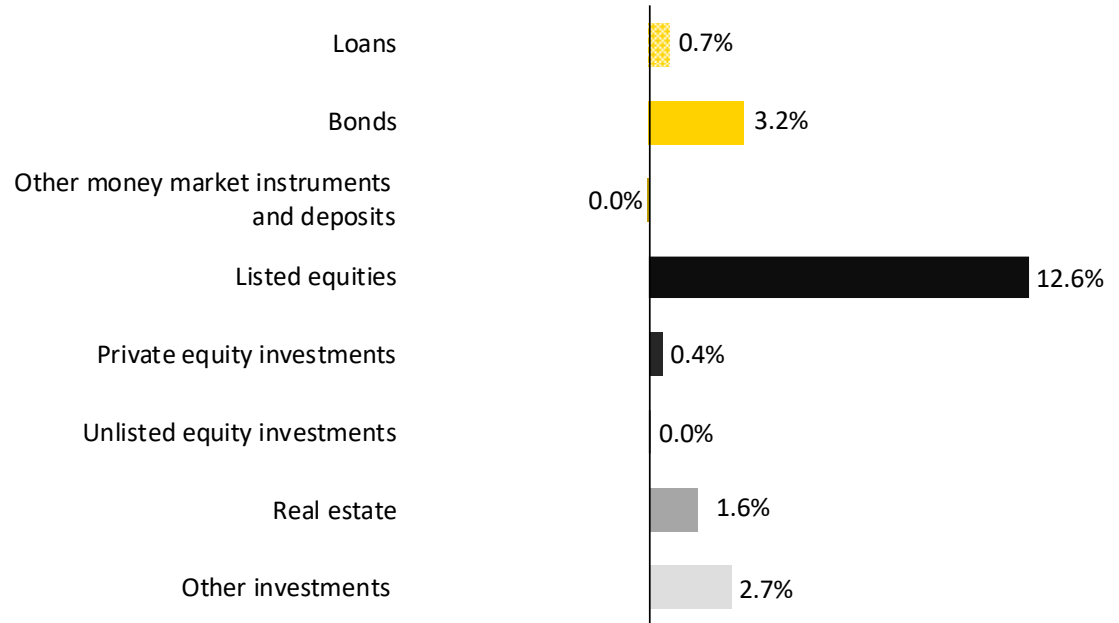
Actual risk position



- Investment assets have increased by approximately EUR 5 billion since the beginning of 2014.
- In the equity market, this was one of the highest-return periods since the autumn of 2009.

RETURN ON INVESTMENTS BY ASSET CLASS 1 JANUARY – 31 MARCH 2019

- **Listed equities generated the highest returns in the period under review**
- **Bonds and hedge fund investments also generated good returns.**



In the reported asset class-specific returns, the return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period.

INVESTMENTS GENERATED A RETURN OF 5.2%

Asset allocation and return on investments 31.3.2019

	Basic allocation by market value		Actual risk position		Return	Volatility
	EUR million		EUR million	%	%	%
Fixed-income investments	8,005.3	34.2	8,076.4	34.5	2.4	
Loans	565.3	2.4	565.3	2.4	0.7	
Bonds	6,505.9	27.8	6,485.6	27.7	3.2	3.1
Public bonds	3,469.6	14.8	3,619.8	15.5	2.7	
Other bonds	3,036.4	13.0	2,865.8	12.2	3.8	
Other money market instruments and deposits inc. any receivables and liabilities related to investments	934.0	4.0	1,025.5	4.4	0.0	
Equities	10,385.5	44.3	10,586.9	45.2	9.3	
Listed equities	7,814.4	33.4	8,015.9	34.2	12.6	10.2
Private equity investments	2,189.4	9.3	2,189.4	9.3	0.4	
Unlisted equity investments	381.6	1.6	381.6	1.6	0.0	
Real estate	3,258.3	13.9	3,258.3	13.9	1.6	
Direct real estate investments	2,508.8	10.7	2,508.8	10.7	1.2	
Real estate funds and joint investment companies	749.5	3.2	749.5	3.2	2.9	
Other investments	1,769.0	7.6	1,767.5	7.5	2.7	
Hedge fund investments	1,818.0	7.8	1,818.0	7.8	2.7	3.8
Commodity investments	0.0	0.0	-2.5	0.0	-	
Other investments	-48.9	-0.2	-48.0	-0.2	-	
Total investments	23,418.1	100.0	23,689.0	101.2	5.2	3.6
Effect of derivatives			-271.0	-1.2		
Total	23,418.1	100.0	23,418.1	100.0		

The return on foreign currency derivatives is estimated for asset classes in proportion to the average foreign currency-denominated assets during the reporting period.

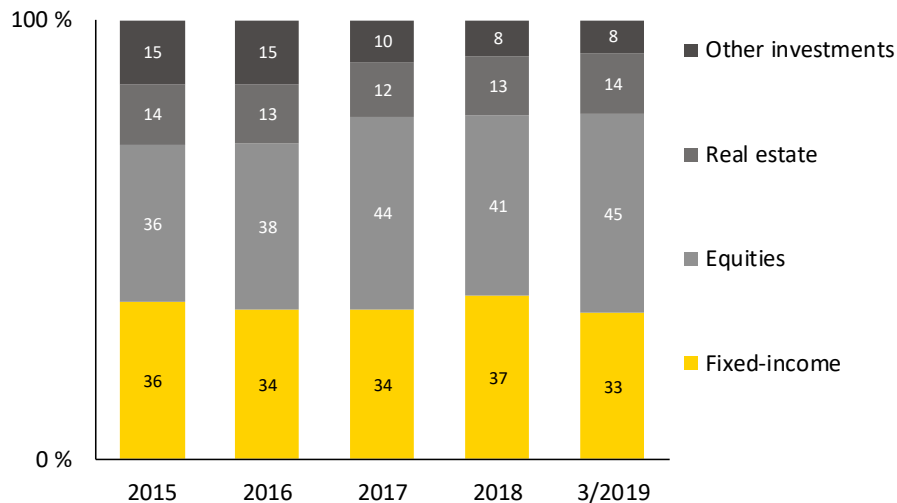
The total return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 3.2 years.

The open currency exposure is 25.7% of market value.

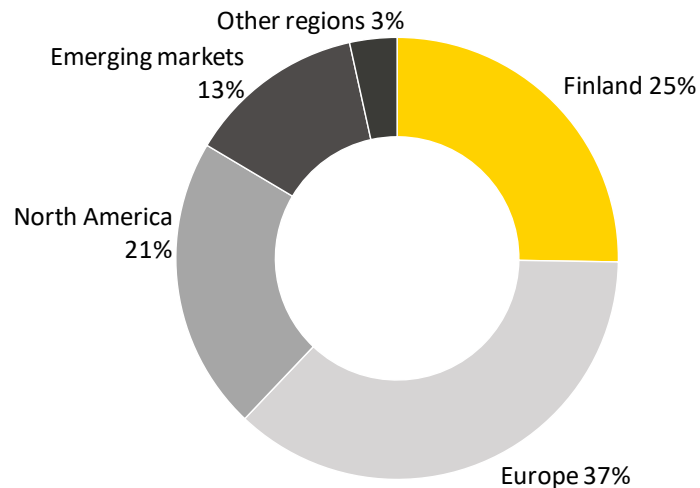
THE SHARE OF EQUITIES HAS INCREASED DUE TO FAVOURABLE MARKET DEVELOPMENT

Development of asset allocation 2015-3/2019

Risk allocation



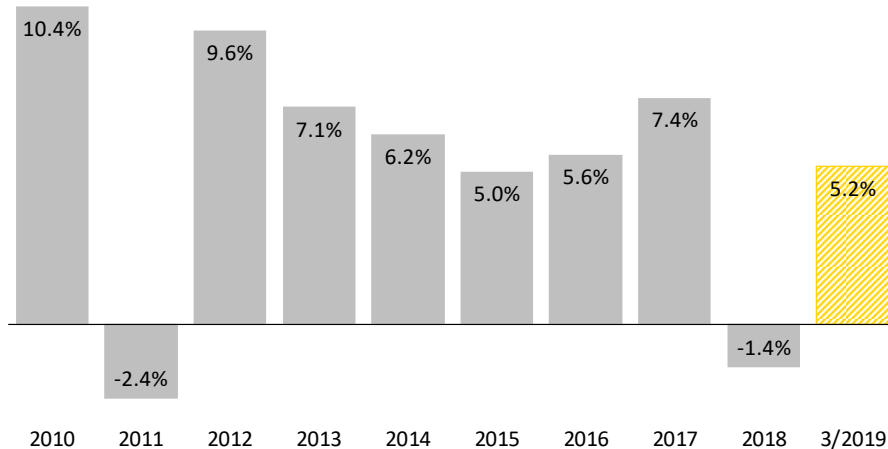
Geographical distribution of investments 3/2019



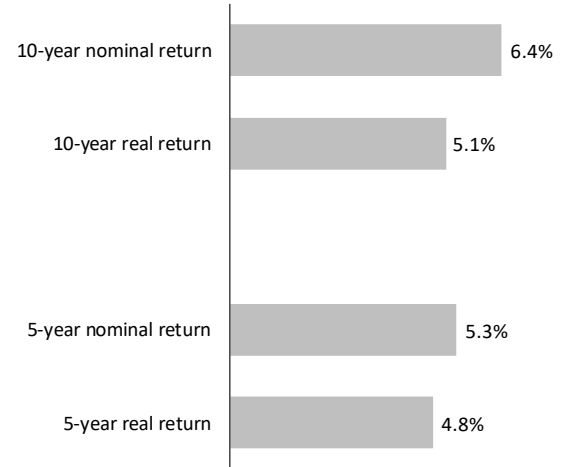
- Equity investments include listed equity investments accounting for 34.2 per cent of managed assets, unlisted equity investments 1.6 per cent and private equity investments 9.3 per cent respectively.

STRONG AVERAGE RETURN ON INVESTMENTS OVER TIME

Investment returns over time 2010–3/2019



Average return on investments over time



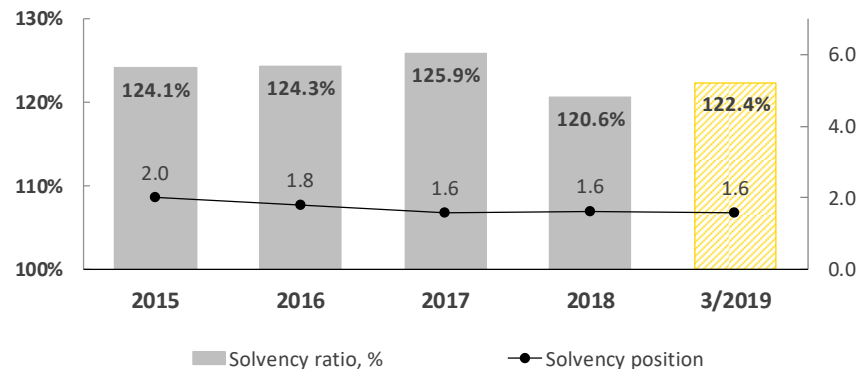
- Long-term nominal and real returns remained at a good level.

DEVELOPMENT OF SOLVENCY FIGURES

Key solvency figures

	31.3.2018	31.3.2019
Solvency limit, EUR million	2,431.3	2,794.9
Maximum amount of solvency capital, EUR million	7,633.1	8,384.8
Solvency capital, EUR million	3,935.1	4,414.1
Solvency ratio, %	120.6	122.4
Solvency position	1.6	1.6

Solvency ratio and position 2015–3/2019



- Solvency ratio, i.e. pension assets in relation to technical provisions, was **122.4%**.
- Solvency position, i.e. solvency capital in relation to solvency limit, was **1.6**.



FUTURE OUTLOOK

- Inflation expectations have remained moderate.
- It seems that new agreements will probably be reached in the trade negotiations between the United States and China during the spring.
- Easing of monetary policy supports expectations concerning the strengthening of global economic growth.
- The key question is whether there is enough time for economic policy to react to a sufficient degree and to enable the continuation of growth.