

1 JANUARY–30 JUNE 2023

# Elo interim report



## CEO's review

The industrial cycle weakened in the second quarter. However, demand for services recovered, supported by accumulated savings and employment growth. A sharp rise in interest rates weighed on the construction sector in Europe and the United States, and Finland was no exception.

Financial market returns were better than expected, thanks to good economic development. However, equity market returns diverged strongly, especially in late spring, both geographically and by sector. Interest income was positive in the first half of the year, despite interest rate hikes by central banks. The total return on Elo's investments was 2.8 per cent. Equity investments performed well, while the market situation weakened the return on our real estate investments. The solvency ratio was 121.0 per cent and solvency capital was 1.5 times the solvency limit.

This is a great year to be Elo's customer. For the second year in a row, our operating expenses decreased significantly, and thus our cost efficiency improved. Thanks to the increased efficiency, we will refund EUR 7 million to our customers as management fee refunds in the February–March 2024 invoice, in addition to customer refunds.

With regard to the pensions applied for from Elo, it should be noted that applications for disability pensions increased by 6 per cent year-on-year. In particular, the number of disability pension applications increased among those over 60 years of age. The increase concerned the transport, construction, industry and commerce sectors in particular. When we work longer careers, we should make sure that we can cope. We need long-term support for work ability and diverse flexibility so that working careers are not interrupted too early.

A major concern is the mental health symptoms of young people. Serious mental disorders have not increased in number, but the number of applications for disability pension due to less severe mental health challenges increased. Up to 38 per cent of new applicants for disability pension due to mental health reasons were under the age of 34. In 2022, the corresponding figure was 35 per cent.

The pension legislation for self-employed persons changed from the beginning of 2023 with regard to the determination of the self-employed person's earned income and regularity in reviewing earned income. As an earnings-related pension company, we are required to check the self-employed person's confirmed earned income at three-year intervals. We started reviewing entrepreneurs' earned income at the beginning of June. Based on feedback from entrepreneurs, our review process was perceived to be clear and responding to it to be smooth.

The first six months of Elo's new strategy are now behind us. We have identified future development targets and are proceeding in accordance with the action plan. We have developed processes that further improve our service. Our goal is to achieve an excellent employee experience and a unified management culture. We launched development programme for the management and middle management to strengthen the competence required by our strategy, as well as our way of leading and developing Elo.

With the new responsibility programme approved by Elo's Board of Directors, we are deepening our responsibility work in line with the strategy. The spearhead theme of the programme is "We provide lifelong security". During the review period, we prepared human rights principles for Elo. Moreover, we underwent an EcoVadis assessment and received the Silver rating in recognition for our responsibility work. We want our responsible way of working to be visible to our employees, customers and other partners.

*Carl Pettersson*  
CEO, Elo

### January–June in brief

- Elo's net return on investment operations was 2.8 per cent.
- The market value of the investments was EUR 29.0 billion.
- The solvency ratio was 121.0 per cent and solvency capital was 1.5 times the solvency limit.
- Premiums written came to EUR 2.2 billion, which was roughly at the same level as the amount paid in pensions and other benefits.

The reported comparison figures in brackets are figures for 30 June 2022.

## Key figures

	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Premiums written, EUR million	2,188.2	2,110.3	4,348.3
Net investment income at current value, EUR million	799.3	-1,326.4	-1,078.6
Net return from investment on capital employed, %	2.8%	-4.5%	-3.7%
	30.6.2023	30.6.2022	31.12.2022
Technical provisions, EUR million	24,959.5	23,655.5	24,252.8
Solvency capital, EUR million <sup>1)</sup>	5,153.2	5,470.4	5,109.0
ratio to solvency limit	1.5	1.5	1.5
Pension assets, EUR million <sup>2)</sup>	29,730.2	28,659.8	29,015.0
% of technical provisions <sup>2)</sup>	121.0%	123.6%	121.4%
TyEL payroll, EUR million <sup>3)</sup>	16,250.4	15,632.4	15,685.7
YEL earned income sum, EUR million <sup>3)</sup>	1,866.4	1,816.3	1,811.8

1) Calculated in accordance with the regulations in force at each time (the same principle also applies to other solvency metrics)

2) Technical provisions pursuant to section 11, paragraph 10 of the Ministry of Social Affairs and Health's Decree (614/2008) + solvency capital.

3) Estimate of policyholders' salary and reported earnings for the full year

## Economic operating environment

The industrial cycle weakened in the second quarter both in the major economies and Finland. Demand for services continued to recover, supported by accumulated savings and employment growth.

A sharp rise in interest rates weighed on the construction cycle in Europe and the United States, and Finland was no exception. Housing price development, which anticipates construction investments, turned negative in Finland already in the previous year. Services broadly supported the economic cycle, but GDP growth in the United States and the euro zone diverged during the first half of the year. Growth in the euro zone remained weak, mainly due to private consumption.

China's post-pandemic recovery also turned out to be slower than expected, and China's growth did not stimulate the global industrial cycle. Differences in the strength of economic growth partly explain regional differences in financial market returns. The US equity market outperformed Europe and especially Finland.

Inflation was under pressure in different directions. Due to the decrease in food and energy prices, consumer price inflation as a whole slowed down, but service inflation, powered by the tight labour market, remained rapid, giving rise to fears concerning the persistence of inflationary pressures.

## Earnings-related pension system

The Government Programme completed in June includes many entries concerning the pension system, the most significant of which is setting the course for a new pension reform. According to the Government Programme, the pension system will be developed on a tripartite basis as part of public finances. The cornerstones of the pension system include a basis of defined benefits and insurance, statutory character, a link to earnings and protection of property.

As part of the Government Programme, an assessment of the development needs of the YEL system will be launched, and the centralisation of YEL payments to Mela will also be investigated. Other entries on pensions include a tax reform to encourage retired people aged over 65 to work more, and the linear model of disability pensions, i.e. the introduction of the reconciliation of salary and disability pension. According to the programme, the provision on leaving the disability pension dormant will be made permanent. The effect of the contribution category of employers' pension insurance contribution for people over 55 years of age who are genuinely recruited as new employees will be eliminated.

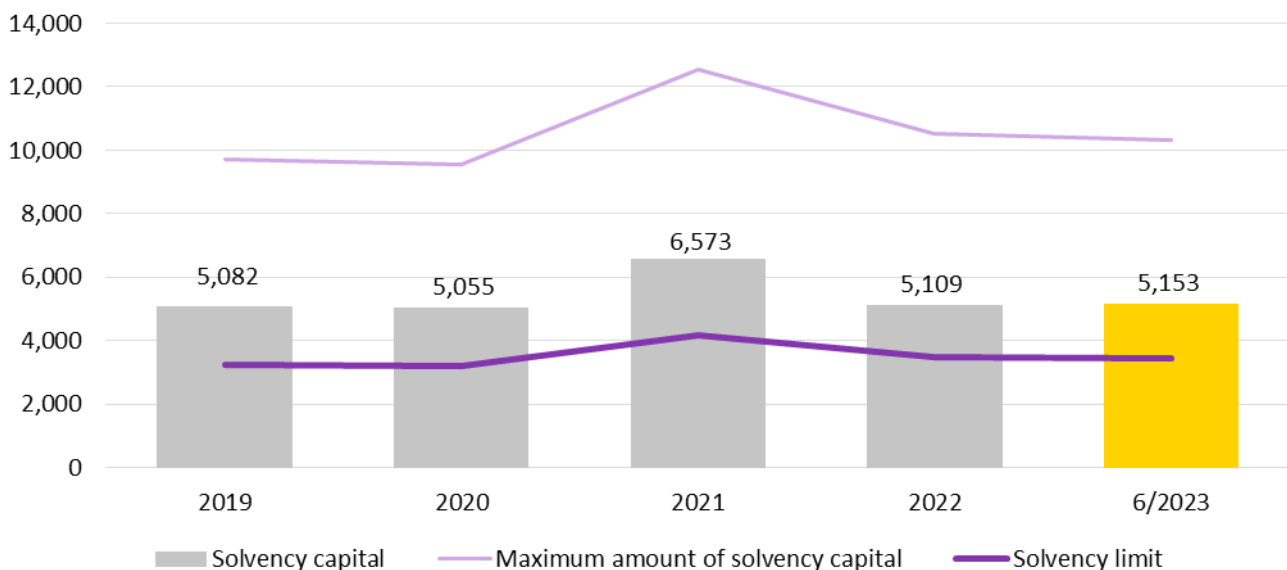
Amendments to the pension legislation for self-employed persons entered into force at the beginning of 2023. A key change is the further specification of the determination of the self-employed person's earned income and regularity in reviewing earned income. According to the statistics of the Finnish Centre for Pensions, the YEL earned income of new entrepreneurs began to increase already in 2022. The average earned income for new entrepreneurs was about EUR 17,000 per year, while in 2021, the average earned income was EUR 15,800.

## Result and solvency

The amount of solvency capital increased from the end of 2022 by EUR 44.3 million, amounting to EUR 5,153.2 (5,470.4) million at the end of June. The ratio of pension assets to technical provisions, i.e. the solvency ratio, was 121.0 (123.6) per cent. The solvency capital was 1.5 times (1.5 times) the solvency limit.

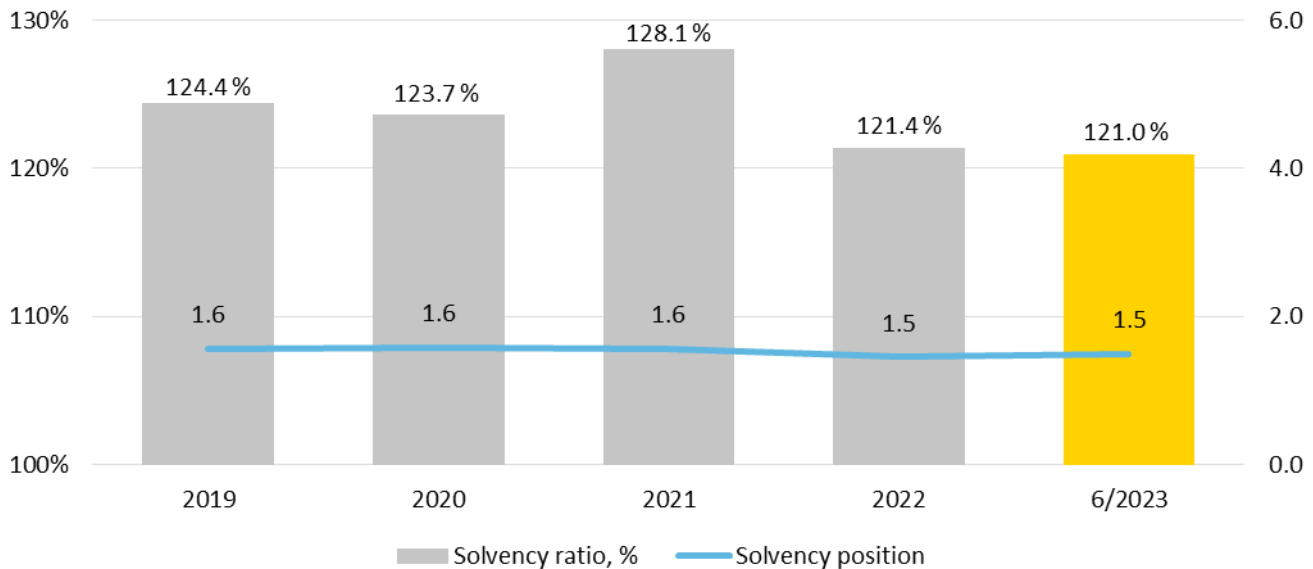
The operating expenses covered by the expense loading were EUR 39.3 (42.2) million and the expense loading profit was EUR 3.5 (15.0) million. The insurance business surplus was EUR 7.7 (22.8) million and other income EUR 2.9 (1.1) million. Elo's combined total result at fair values was EUR 48.2 (-1,102.5) million.

### Solvency



The net return on investment operations at fair values was EUR 799.3 (-1,326.4) million. The result of investment operations at fair values was EUR 34.1 (-1,141.3) million, with EUR 470.4 (571.1) million of

interest credited on technical provisions and EUR 294.8 million of provision linked to equity income increased (756.2 reversed).



Solvency capital	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Solvency limit, EUR million	3,441.3	3,733.7	3,502.2
Maximum amount of solvency capital, EUR million	10,323.8	11,201.0	10,506.5
Solvency capital, EUR million	5,153.2	5,470.4	5,109.0
Solvency ratio, % <sup>1)</sup>	121.0	123.6	121.4
Solvency position <sup>2)</sup>	1.5	1.5	1.5

<sup>1)</sup> Pension assets in relation to technical provisions as referred to in section 11, subsection 10 of the Ministry of Social Affairs and Health decree 614/2008.

<sup>2)</sup> Solvency capital in relation to solvency limit

## Insurance business and customer accounts

At the end of June, Elo administered 48,300 (47,100) TyEL and 84,200 (84,500) YEL insurance policies. In the period under review, the total number of self-employed persons and employees insured by Elo was over half a million. We are the market leader in YEL pension insurance, and one in three employer companies use Elo to insure their employees.

The customer acquisition of TyEL insurance amounted to a net of EUR +41.0 (+24.4) million, measured in terms of premiums written. The net result of YEL insurance customer acquisition was +4,855 (+5,360) in terms of the number of customers.

We started statutory reviews of entrepreneurs' earned income at the beginning of June. We prepared for the inspections by introducing the YEL earned income calculator, informing our customers and training them.

Based on customer feedback, entrepreneurs found our review process to be clear and responding to be smooth. The level of our services has remained high in insurance, pensions and rehabilitation.

TyEL credit losses for the period 1 January–30 June 2023 amounted to EUR 10.3 million, an increase of 82 per cent year-on-year. Many companies have faced difficulties as a result of rising prices and falling demand, and have gone bankrupt. Construction companies in particular have faced challenges.

### **Pension and rehabilitation**

Approximately 251,100 (245,600) pensioners were paid their pensions by Elo at the end of June. A total of EUR 2,088.3 (1,895.7) million was paid in pensions in January–June. The number of pension decisions issued on the basis of an application was 13,739 (14,229).

95 per cent of our customers felt that they had received enough information about applying for a pension, and Elo's net promoter score was at an excellent level.

The number of applications for partial early old-age pension and survivors' pension increased during the review period. A total of 1,502 (1,447) decisions on partial early old-age pension and 1,543 (1,242) on survivors' pension were issued. On the other hand, fewer decisions, 2,960 (4,458), were issued on old-age pension compared to the corresponding period last year.

A total of 886 (907) disability pension decisions were issued, representing a year-on-year decrease of 2 per cent. We issued 588 rehabilitation decisions in conjunction with disability pension. Vocational rehabilitation increasingly starts only at a later stage when applying for disability pension.

A total of 3,570 (3,118) new disability pension decisions were issued, representing a year-on-year increase of 14 per cent. The number of applications for new disability pensions, on the other hand, decreased by 6 per cent year-on-year. In particular, the number of disability pension applications increased among those over 60 years of age. The increase concerned the transport, construction, industry and commerce sectors in particular.

Serious mental disorders did not increase in number, but the number of applications for disability pension due to less severe mental health challenges increased. Up to 38 per cent of new applicants for disability pension due to mental health reasons were under the age of 34. In 2022, the corresponding figure was 35 per cent.

### **Investments**

Financial market returns were better than expected thanks to good economic performance. However, equity market returns were highly diversified, especially in late spring, both geographically and by sector. Interest yields were positive in the first half of the year despite central bank rate hikes.

At the end of June, the average 10-year nominal return of Elo's investments was 5.7 per cent and the average 10-year real return was 3.6 per cent. The average 5-year nominal return was 5.3 per cent and the average 5-year real return was 1.9 per cent.

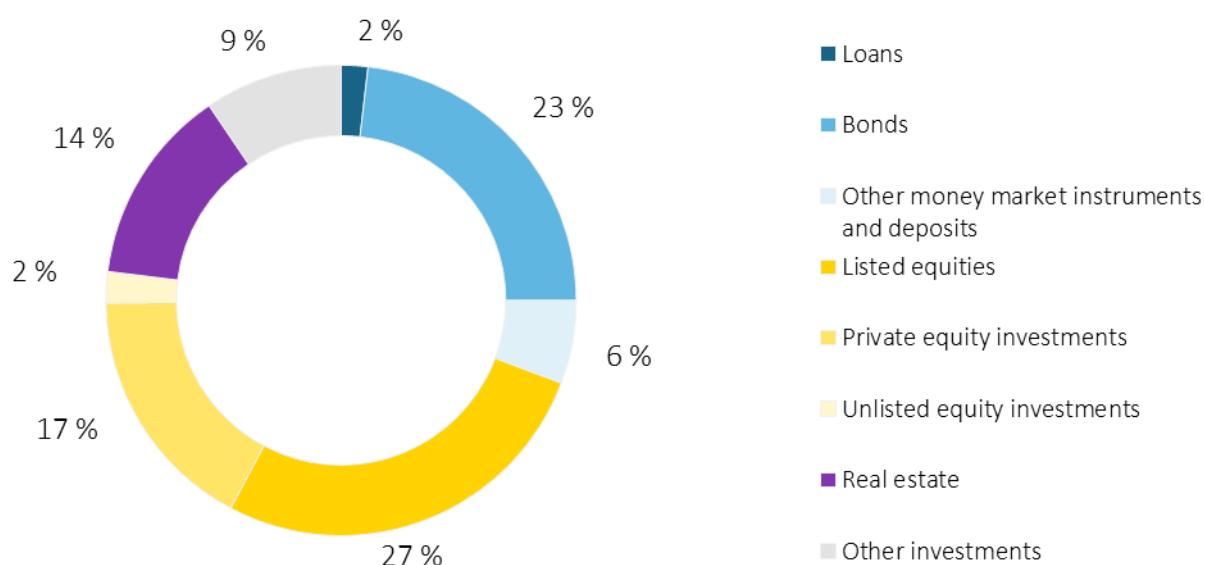
Elo's equity investments generated a return of 4.3 (-8.2) per cent during the first six months of the year. Equity market returns in different geographical areas diversified towards the end of the first half of the year. In particular, the US equity market was boosted by around a dozen of the largest growth companies, and the Nasdaq technology index rose by almost 40 per cent. European and emerging market equities rose by about 11 and 6 per cent, respectively. The development of the Finnish equity market differed from the main markets and the return was about -3 per cent. The Finnish market is very concentrated, so the weak development of the largest companies decreased the return of the entire market. Elo's listed equities generated a return of 6.7 (-17.2) per cent in the first half of the year and the return on private equity investments was 1.7 per cent (11.2 per cent).

Interest hikes by central banks continued steadily during the first half of the year. In the United States, interest rates were raised three times and the European Central Bank raised its interest rate four times. The shortest market rates increased with the rate hikes, but the longer rates remained in place or even decreased slightly. The credit risk margins on high-risk corporate bonds tightened to some extent in the wake of positive stock market development. The number of credit defaults was still low. Elo's fixed income investments generated a return of 2.2 (-3.5) per cent since the start of the year.

The uncertain economic outlook and rising interest rates had an impact on the real estate investment market. Transaction volume continued to be soft, the construction sector was in a decline and yield requirements increased. The general market situation was also reflected in the return on Elo's real estate investments, amounting to 0.2 (3.4) per cent. The occupancy rates of Elo's real estate have still remained at a good level.

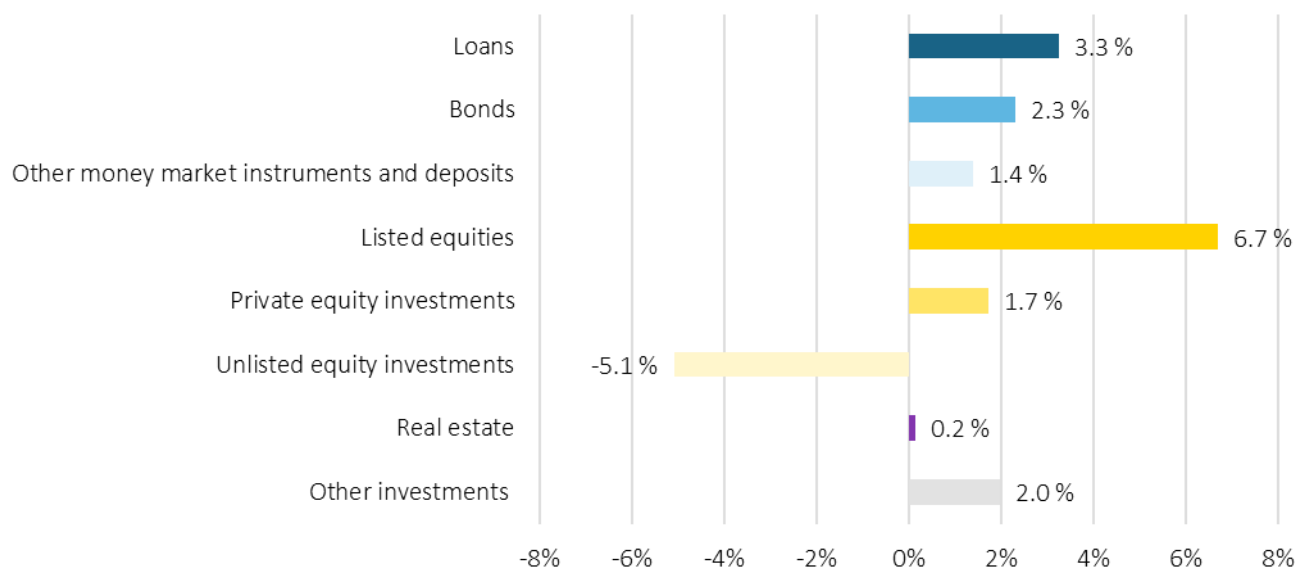
Elo's other investments generated a return of 2.0 (1.9) per cent. Elo's other investments consisted mainly of hedge fund investments, which returned 2.6 (3.4) per cent.

## Distribution





## Return



## Return-risk table

	Basic allocation		Risk allocation		Return	Volatility
	EURm	%	EURm	%	%	%
<b>Fixed-income investments</b>	<b>8,537.2</b>	<b>29.5</b>	<b>8,672.3</b>	<b>29.9</b>	<b>2.2</b>	
Loans	531.8	1.8	531.8	1.8	3.3	
Bonds	6,634.0	22.9	6,718.6	23.2	2.3	3.4
Public bonds	1,535.9	5.3	1,598.1	5.5	1.4	
Other bonds	5,098.1	17.6	5,120.5	17.7	2.6	
Other money market instruments and deposits incl. any receivables and liabilities related to investments	1,371.4	4.7	1,421.8	4.9	1.4	
<b>Equity investments</b>	<b>13,773.4</b>	<b>47.5</b>	<b>13,403.3</b>	<b>46.2</b>	<b>4.3</b>	
Listed equities	8,208.1	28.3	7,838.1	27.0	6.7	13.2
Private equity investments	4,942.4	17.1	4,942.4	17.1	1.7	
Unlisted equity investments	622.8	2.1	622.8	2.1	-5.1	
<b>Real estate investments</b>	<b>3,927.3</b>	<b>13.5</b>	<b>3,927.3</b>	<b>13.5</b>	<b>0.2</b>	
Direct real estate investments	2,677.5	9.2	2,677.5	9.2	1.7	
Real estate funds and joint investment companies	1,249.8	4.3	1,249.8	4.3	-3.0	
<b>Other investments</b>	<b>2,749.1</b>	<b>9.5</b>	<b>2,749.1</b>	<b>9.5</b>	<b>2.0</b>	
Hedge fund investments	2,754.9	9.5	2,754.9	9.5	2.6	4.8
Commodity investments	0.0	0.0	0.0	0.0	-	
Other investments	-5.8	0.0	-5.8	0.0	-	
<b>Total investments</b>	<b>28,987.0</b>	<b>100.0</b>	<b>28,752.1</b>	<b>99.2</b>	<b>2.8</b>	<b>4.6</b>
Effect of derivatives			234.9	0.8		
<b>Total</b>	<b>28,987.0</b>	<b>100.0</b>	<b>28,987.0</b>	<b>100.0</b>		

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 overall return includes returns, expenses and operating expenses not allocated to investment classes. The modified duration of bonds is 4.2.

The open currency exposure is 23.8% of market value.

## Personnel

In January–June, Elo had an average of 470 (522) employees and the average amount of work performed was 437 (478) man-years. Personnel expenses amounted to EUR 20.8 (20.4) million.

Elo continued to develop tools and processes to improve the personnel experience. As a result of the remuneration survey conducted at the beginning of the year, we launched a project in which we assessed the functionality of the performance bonus system and, in collaboration with the personnel, examined the personnel benefits package and the possibility of updating it. The aim is to ensure that the benefits are more aligned with the wishes of the staff and today's market practices. Supervisors were trained in Elo's management principles with theme of inclusive and fair management. Work on the management principles will continue in the autumn, when we will focus on innovative and effective management.

Elo's second Pulse measurement was carried out in May. We received the best ratings for our values and giving feedback. The biggest positive change was seen in the sharing of know-how in the local work community. The biggest opportunities for development were seen in management and communicating about the success of the strategy.

In June, we launched the Elo Quantum Leap Leadership Development Programme together with Hanken & SSE Executive Education. With the programme, we will strengthen and deepen the skills required by our strategy, as well as our way of leading and developing Elo. The programme also provides opportunities for growth and development as a leader. A total of 21 management and middle management representatives were selected for the seven-month programme through an open call.

In May, a well-being at work week was organised for Elo employees, with several events and briefings on work ergonomics and mental well-being.

## Corporate governance

In its meeting on 2 January 2023, Elo's Board of Directors elected the Chair and Deputy Chairs of the Board for 2023. Antti Aho, Managing Director of Aava Terveyspalvelut Oy, will be the Chair of the Board of Directors, and Sture Fjäder was elected as the first Deputy Chair of the Board until 24 April 2023. The second Deputy Chair is Minna Helle, Executive Director, Federation of Finnish Technology Industries. The Board of Directors will later elect a First Vice Chair to replace Sture Fjäder from among its members. At its meeting on 21 March 2023, the Supervisory Board elected Maria Löfgren, Chair of Akava ry, as an ordinary member of the Board of Directors as of 25 April 2023.

The Board of Directors is assisted by the Appointment and Remuneration Committee and the Audit and Risk Committee. The Appointment and Remuneration Committee is comprised of the presiding officers of Elo's Board of Directors, and it is chaired by the Chair of the Board of Directors. Timo Viherkenttä (Chair) and Sinikka Näätäsaari will continue as members of the Audit and Risk Committee. Minna Alitalo and Janne Makkula were elected as new members of the Audit and Risk Committee on 2 January 2023.

Elo's Board of Directors is comprised of twelve ordinary members.

## Responsibility

Elo's responsibility programme, "We provide lifelong security", was completed. The responsibility programme is based on three focus areas: We Insure Responsibly, We Build a Humane Work Life and We Invest in the Future.

Elo underwent an EcoVadis assessment for the first time, and we received the Silver rating in recognition for our responsibility work. We are in the top quarter of assessed companies. EcoVadis is one of the world's largest provider of business sustainability ratings, creating a global network of more than 100,000 rated companies from 200 different industries.

As one of Finland's biggest property owners, Elo plays an important role in reducing emissions from the building stock and in social responsibility, where we emphasise customer satisfaction and good living conditions and working environments. Elo's Swing House office building in Espoo received the Platinum-level WELL certification and the hotel on Kluuvikatu, Helsinki, was awarded the LEED Platinum certification. In addition, we introduced the revised customer experience programme for business premises.

## Risk management and compliance

In an employment pension company, the most significant risk in terms of impact concerns a considerable impairment of solvency. The overall risk of Elo's investments is proportioned to the risk-bearing capacity, and thus Elo's solvency position and ratio have remained at a secure level. Elo's Board of Directors reviews the key analyses of the own risk and solvency assessment (ORSA) on a quarterly basis. In the estimate for the second quarter, the Board of Directors' opinion was that there have been no significant changes in Elo's risk situation in relation to the situation at the end of the first quarter.

A climate risk analysis covering all of Elo's investment assets was carried out during the second quarter. The climate risk assessment of investment assets will continue in the autumn and its key findings will be integrated into the risk and solvency assessment ORSA.

As required by regulations, Elo's Board of Directors assessed the current state of the company's governance system, the impact of the reforms carried out, and any measures to be taken in the future. As a general observation, the Board noted that Elo's governance system has undergone significant development measures over the past year and a half and the company's governance system is in good condition.

Elo's second-line risk management and compliance functions continued to develop their operations and methods to ensure risk-based and efficient internal control and risk management. In accordance with the decision already made by the Board of Directors, the human resources of the compliance function were strengthened to clarify the collaboration between the first and second lines and to support the functions. Prepared by the risk management function, Elo's ORSA principles were updated in the second quarter, taking also into account the recommendations previously issued by internal audit.

## Near-term outlook

The economic outlook is still affected by uncertainty as to whether the impact of the rise in interest rates on economic growth and employment is yet to come. The rapid and strong rise in interest rates has clearly weakened the interest-sensitive areas of the economy. The key risk in the financial market is that inflation will not slow down sufficiently and interest rates will remain high. During the summer, the US economy has surprised with its strength, and the outlook for the rest of the year has grown stronger. The situation in Europe, on the contrary, has deteriorated due to the soft industrial cycle.

The impact of rising interest rates are already visible in the Finnish economy, as household mortgages are mainly tied to short-term variable reference rates. Both the housing trade and construction activity have weakened and there is no clear turn for the better in the construction sector without a recovery in real income or a decline in interest rates. The expectations of Finnish companies regarding the future operating environment have weakened, but employment has remained at a good level, although Finland's GDP contracted already in the second half of 2022 in the light of current data.

Inflation expectations and actual inflation are not yet at the price stability levels required by central banks in Europe and the United States. However, this should be achieved without a significant deterioration of the labour market. Concerns about Europe's energy balance, as well as geopolitical tensions, contribute to reduced visibility into future inflation. There is also significantly more uncertainty related to the Chinese economy, which is reflected, for example, in the willingness of international investors to invest in China. The trade and geopolitical environment has become less favourable for China. China's measures to promote the application of artificial intelligence and technological self-sufficiency have faced headwinds, especially in the United States.

The world economy is forecasted to grow by 2.6 per cent this year, below 2 per cent in the US, around 5 per cent in China and 0.5 per cent in the euro zone. Zero growth is forecast for Finland.

The key risks affecting Elo's operations are related to the development of employment and the payroll, the uncertainty in the financial market and the start and duration of pensions. Payroll growth will likely be lower during the second half than the first half of the year. This will affect the development of Elo's premiums written. The amount of credit losses on premiums written is estimated to increase by EUR 7.5 million from the previous year. The overall risk level of investments in relation to the risk-bearing capacity is kept at a secure level. Careful and comprehensive risk management ensures the interests of the insured, the achievement of objectives and the continuity of the company.

## Asset allocation at fair value

	Basic allocation by market value						Actual risk position <sup>8)</sup>					
	30.6.2023		30.6.2022		31.12.2022		30.6.2023		30.6.2022		31.12.2022	
	EURm	%	EURm	%	EURm	%	EURm	% <sup>10)</sup>	EURm	% <sup>10)</sup>	EURm	% <sup>10)</sup>
<b>Fixed-income investments</b>	<b>8,537.2</b>	<b>29.5</b>	<b>8,483.8</b>	<b>30.3</b>	<b>8,395.6</b>	<b>29.8</b>	<b>8,672.3</b>	<b>29.9</b>	<b>7,802.2</b>	<b>27.9</b>	<b>7,000.9</b>	<b>24.8</b>
Loans <sup>1)</sup>	531.8	1.8	477.9	1.7	497.5	1.8	531.8	1.8	477.9	1.7	497.5	1.8
Bonds	6,634.0	22.9	6,132.6	21.9	6,588.9	23.4	6,718.6	23.2	3,472.6	12.4	4,611.8	16.4
Other money market instruments and deposits including any receivables and liabilities related to investments <sup>1)2)</sup>	1,371.4	4.7	1,873.3	6.7	1,309.2	4.6	1,421.8	4.9	3,851.7	13.8	1,891.6	6.7
<b>Equities</b>	<b>13,773.4</b>	<b>47.5</b>	<b>13,146.9</b>	<b>47.0</b>	<b>13,221.0</b>	<b>46.9</b>	<b>13,403.3</b>	<b>46.2</b>	<b>12,822.1</b>	<b>45.8</b>	<b>13,072.5</b>	<b>46.4</b>
Listed equities <sup>3)</sup>	8,208.1	28.3	7,906.8	28.2	7,795.8	27.7	7,838.1	27.0	7,582.0	27.1	7,647.3	27.1
Private equity investments <sup>4)</sup>	4,942.4	17.1	4,637.7	16.6	4,775.7	16.9	4,942.4	17.1	4,637.7	16.6	4,775.7	16.9
Unlisted equity investments <sup>5)</sup>	622.8	2.1	602.4	2.2	649.5	2.3	622.8	2.1	602.4	2.2	649.5	2.3
<b>Real estate</b>	<b>3,927.3</b>	<b>13.5</b>	<b>3,784.8</b>	<b>13.5</b>	<b>3,941.6</b>	<b>14.0</b>	<b>3,927.3</b>	<b>13.5</b>	<b>3,784.8</b>	<b>13.5</b>	<b>3,941.6</b>	<b>14.0</b>
Direct real estate investments	2,677.5	9.2	2,631.4	9.4	2,638.0	9.4	2,677.5	9.2	2,631.4	9.4	2,638.0	9.4
Real estate funds and joint investment companies	1,249.8	4.3	1,153.4	4.1	1,303.5	4.6	1,249.8	4.3	1,153.4	4.1	1,303.5	4.6
<b>Other investments</b>	<b>2,749.1</b>	<b>9.5</b>	<b>2,575.6</b>	<b>9.2</b>	<b>2,624.2</b>	<b>9.3</b>	<b>2,749.1</b>	<b>9.5</b>	<b>2,603.8</b>	<b>9.3</b>	<b>2,624.2</b>	<b>9.3</b>
Hedge fund investments <sup>6)</sup>	2,754.9	9.5	2,628.1	9.4	2,623.5	9.3	2,754.9	9.5	2,628.1	9.4	2,623.5	9.3
Commodity investments	0.0	0.0	-3.5	0.0	0.0	0.0	0.0	0.0	24.7	0.1	0.0	0.0
Other investments <sup>7)</sup>	-5.8	0.0	-49.0	-0.2	0.7	0.0	-5.8	0.0	-49.0	-0.2	0.7	0.0
<b>Total</b>	<b>28,987.0</b>	<b>100.0</b>	<b>27,991.1</b>	<b>100.0</b>	<b>28,182.3</b>	<b>100.0</b>	<b>28,752.1</b>	<b>99.2</b>	<b>27,012.9</b>	<b>96.5</b>	<b>26,639.1</b>	<b>94.5</b>
Effect of derivatives <sup>9)</sup>							234.9	0.8	978.2	3.5	1,543.2	5.5
<b>Total at fair values</b>	<b>28,987.0</b>	<b>100.0</b>	<b>27,991.1</b>	<b>100.0</b>	<b>28,182.3</b>	<b>100.0</b>	<b>28,987.0</b>	<b>100.0</b>	<b>27,991.1</b>	<b>100.0</b>	<b>28,182.3</b>	<b>100.0</b>
<b>Modified duration of bond portfolio</b>	<b>4.2</b>											

1) Includes accrued interest

2) Includes cash at bank and in hand and purchase money claims and purchase money obligations

3) Includes also mixed funds if these cannot be allocated elsewhere

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

5) Includes also unlisted real estate investment companies

6) Includes all types of hedge fund investments regardless of the strategy of the fund

7) Includes items that cannot be included in other investment classes

8) Risk breakdown can be shown from reference periods as the knowledge accumulates (not with retroactive effect). If the numbers are shown from reference periods and the periods are not completely comparable, it must be informed.

9) Includes the effect of derivatives on the difference between the risk distribution and the basic distribution.

The effect of derivatives can be +/- . After the adjustment, the final sum of the risk distribution will equal that of the basic distribution.

10) The proportion is calculated by using the total amount of the line "Total investments at current value" as the divisor

## Net return on investment operations for capital employed

	Net return on investments at current value, EUR million	Invested capital <sup>9)</sup> , EUR million	Return on invested capital, %	Return on invested capital, %	Return on invested capital, %
	1.1.–30.6.2023	1.1.–30.6.2023	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
<b>Fixed-income investments</b>	<b>189.1</b>	<b>8,532.2</b>	<b>2.2</b>	<b>-3.5</b>	<b>-2.8</b>
Loans <sup>1)</sup>	16.6	512.0	3.3	0.6	3.1
Bonds	151.8	6,553.8	2.3	-4.8	-4.1
Other money market instruments and deposits including any receivables and liabilities related to investments <sup>1) 2)</sup>	20.7	1,466.4	1.4	0.4	0.5
<b>Equities</b>	<b>562.8</b>	<b>13,132.3</b>	<b>4.3</b>	<b>-8.2</b>	<b>-6.9</b>
Listed equities <sup>3)</sup>	512.4	7,653.1	6.7	-17.2	-15.5
Private equity investments <sup>4)</sup>	83.2	4,832.6	1.7	11.2	9.0
Unlisted equity investments <sup>5)</sup>	-32.9	646.6	-5.1	2.9	20.2
<b>Real estate</b>	<b>6.1</b>	<b>3,943.4</b>	<b>0.2</b>	<b>3.4</b>	<b>5.3</b>
Direct real estate investments	45.3	2,643.4	1.7	1.8	3.6
Real estate funds and joint investment companies	-39.2	1,300.0	-3.0	7.3	9.3
<b>Other investments</b>	<b>53.4</b>	<b>2,681.9</b>	<b>2.0</b>	<b>1.9</b>	<b>-0.5</b>
Hedge fund investments <sup>6)</sup>	68.5	2,679.6	2.6	3.4	2.3
Commodity investments	0.0	0.0	-	-	-
Other investments <sup>7)</sup>	-15.2	2.3	-	-	-
<b>Total investments</b>	<b>811.3</b>	<b>28,289.7</b>	<b>2.9</b>	<b>-4.5</b>	<b>-3.6</b>
Unallocated income, costs and operating expenses from investment operations	-12.0	0.0	0.0	0.0	-0.1
<b>Net investment income at current value</b>	<b>799.3</b>	<b>28,289.7</b>	<b>2.8</b>	<b>-4.5</b>	<b>-3.7</b>

1) Includes accrued interest

2) Includes cash at bank and in hand and purchase money claims and purchase money obligations

3) Includes also mixed funds if these cannot be allocated elsewhere

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

5) Includes also unlisted real estate investment companies

6) Includes all types of hedge fund investments regardless of the strategy of the fund

7) Includes items that cannot be included in 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