

## Varma's Interim Report 1 January 2020 – 30 September 2020

The comparison figures in parentheses are from 30 September 2019, unless otherwise indicated.

- Total result: EUR -1,928 (1,656) million.
- The nine-month return on investments was -2.6% (8.8%).
- The market value of investments was EUR 46.8 (48.7 on 1 Jan) billion.
- Solvency capital was EUR 9.7 (EUR 11.6 on 1 Jan) billion, and 1.7 (1.8 on 1 Jan) times the solvency limit.

### Economic operating environment

The global economy has continued its recovery since the crash of the spring, accelerated by unprecedented support packages and monetary policy measures. The spread of the crisis to the financial system has so far been avoided, and the central banks' measures have ensured the availability of financing in national economies. This, coupled with massive support packages, has boosted economic activity and recovery, as well as value development on the capital markets.

The equity markets are rebounding from the spring recession. Strong market volatility was seen again at the end of the third quarter of the year, however. This was due to the escalation of the second wave of the coronavirus pandemic, but also due to the uncertainty related to the strength of the economic recovery. Political risks also played a part, and these stemmed from the same sources as before the coronavirus crisis, namely the trade war and Brexit, but especially the political situation in the U.S.

The central banks' response during the crisis has been robust and swift. This has been necessary, but at the same time, dependency on monetary policy has increased. The markets do, in fact, react quite strongly at times to changing expectations in policy measures.

The financial recovery started in China, which is where the pandemic itself started. For the U.S., managing the crisis was made easier by the fact that the nation's economy was already in fairly good condition when the crisis hit. The stimulus measures in Europe have supported consumer demand. Europe's economic recovery has been slower than the U.S.'s or China's, but within the EU, a recovery plan has been agreed on with the aim of achieving structural reform in member states through more sustainable production and increased digitalisation. The coronavirus crisis and its subsequent shutdown measures have affected economies in different ways through their characteristic features, such as their dependency on exports and the importance of domestic demand.

The Finnish economy has so far made it through the coronavirus damage with a relatively moderate slump, and estimates of the depth of the economy's contraction have been tapered. Stimulus measures and keeping the availability of financing stable have upheld economic activity and consumption.

Companies' confidence in industry and construction remains low. The employment situation and consumers' cautiousness are limiting the growth in domestic demand.

The impacts of the coronavirus crisis are distributed and manifested unevenly in companies and industries. Varma's customer base also clearly reflects how different the impacts of the crisis have been. Varma works together with its customers with the aim of lengthening careers and helping customers manage the disability risk. The importance of this partnership is highlighted during major transitions.

## Earnings-related pension system

According to the Pension Barometer carried out for the Finnish Centre for Pensions, general trust in the Finnish pension system increased compared to the previous study. The repercussions of the crisis on retirement and the goal of lengthening careers will only show in the long term.

A number of exceptional arrangements were agreed on in the earnings-related pension sector, such as a temporary reduction in the employment pension contribution paid by employers. The goal is to support companies and ensure that they survive the crisis as painlessly as possible. Headed by the Ministry of Social Affairs and Health, changes to the solvency regulations have also been prepared in advance. They can be adopted through legislation if the crisis threatens to wreak havoc again on the financial markets.

Earnings-related pension brings stability during a financial crisis. Pensions are paid on time and in the agreed amounts, and they also help maintain consumer demand in pensioner households. The earnings-related pension system's solvency was strong when the crisis erupted, and its ability to withstand economic transitions is good in the short and mid-term. Structural sore points that characterise the public economy also have an impact on the long-term outlook for earnings-related pensions. As part of the structural reform, the labour market organisations have been assigned by the Finnish government to seek measures to reinforce the employment of people over 55. Boosting employment is crucial in terms of financing earnings-related pensions.

## Varma's economic and operational development

When the coronavirus epidemic turned into a pandemic in the spring, it brought far-reaching changes to Varma's operating environment. While economic activity has begun to recover somewhat after the worst downturn, in many industries both demand and supply are significantly lower than usual. Varma's solvency remained good, thanks to active portfolio management measures and a strong solvency position at the start of the year.

Varma complies with the guidelines issued by the authorities in all its operations. Varma's customer service and customer meetings have been taking place online. Varma's remote working practices have proved to be effective during the crisis, and the provision of earnings-related pension has continued without interruption.

Varma's total result at fair value for the nine-month period amounted to EUR -1,928 (1,656) million. The total investment result was EUR -1,952 (1,600) million. The return on investments at fair value was EUR 1,262 (3,853) million. The interest credited on the technical provisions was EUR 690 (2,253) million. The estimated technical underwriting result was EUR -5 (20) million and the loading profit was EUR 29 (36) million.

Varma's solvency remained at a good level. At the end of September, the solvency capital, which serves as a risk buffer for investment and insurance operations, was EUR 9,719 million (11,646 mill. on 1 Jan), and 125.7% (130.8% on 1 Jan) in relation to the technical provisions.

Varma's solvency capital was on a sustainable level, i.e. 1.7 (1.8 on 1 Jan) times the solvency limit.

Tables illustrating Varma's financial development are presented as attachments to this interim report.

## Insurance business

Varma's pension recipients numbered 343,000 at the end of September (344,000 on 1 Jan). Claims paid in January–September totalled EUR 4,365 (4,271) million. By the end of September, 16,031 new pension decisions were made, which is 4.3% less than in the corresponding period last year. A total of 39,619 pension decisions were made between January and September. In January–September, 9,578 disability pension decisions were made; this is 1.6% less than in the corresponding period of 2019.

The recovery of the TyEL payroll insured by Varma since the spring recession has continued, and by the third quarter it had reached the level of the previous year. This is partly explained by Varma's strong sales result from last year. At the end of September, 553,000 (542,000 on 1 Jan) employees and entrepreneurs were insured by Varma.

Varma gained a total of EUR 136 (104) million in new premiums written during January–September. This includes the net impact of new sales and premiums written transferred from other pension institutions.

## Investments

Varma's investment returns in 2020 continued to recover from the sharp plummet early in the year, but were still negative, at -2.6% (8.8%). At the end of September, the value of Varma's investments stood at EUR 46,791 (48,709 on 1 Jan) million. Varma's solvency ratio was 125.7% at the end of September (130.8% on 1 Jan).

The investment environment has been very challenging this year, as the global economy experienced the worst recession since the Great Depression of the 1930s. As a number of countries began to unwind the strict shutdown measures imposed due to the coronavirus crisis and implement unprecedented stimulus measures, global economic growth accelerated at an exceptionally fast pace in the third quarter. The measures by central banks and governments also stimulated the equity and fixed income markets, which recovered from the deep crash in the spring at a record rate. The most important events of the second half of the year will be the presidential elections in the U.S. and the development of the coronavirus crisis. Although the escalation of the coronavirus crisis has already led to partial shutdown measures in several countries, thus increasing the risk of a slowdown in economic growth, the situation on the capital markets has remained calm. Varma's investment returns continued to recover in the third quarter of the year.

2020 has been a year like no other in both the global economy and the capital markets. After the fastest crash of all time, the recovery of the economy and markets has also been unprecedented. Economic growth and employment were bolstered not only by the easing of shutdown measures, but also by massive monetary and financial policy stimulus. These co-ordinated stimulus measures have enabled the public sector to increase its debt without a substantial increase in debt service costs. Challenges may arise, however, if a second wave of the pandemic leads to significant new shutdown measures and the widespread use of a Covid-19 vaccine is delayed, because the reserves for another major round of financial policy stimulus are smaller than before. Nevertheless, global economic growth is likely to accelerate rapidly next year, due to the already modest comparison level alone.

On the capital markets, the combination of accelerated growth and massive stimulus has forced investors to allocate assets back to higher-risk asset classes. The strong recovery of share prices in the second quarter of the year slowed in the third quarter, and the differences in returns across various markets were remarkably large. The third quarter was strong for U.S. and Finnish equities, but the development of European equities and particularly bank stocks was weak. Emerging market equities were also one of the strongest asset classes of the quarter. The government bond markets performed fairly well in the third quarter despite the already exceptionally low interest rates heading into the quarter. On the corporate bond markets, the monetary policy stimulus and recovery of the economic situation were welcomed with a sigh of relief, and the loan risk premiums continued to narrow. Emerging market fixed income investments continued to recover, and their risk premiums narrowed on the heels of other higher-risk asset classes. The foreign exchange markets were characterised in the third quarter by the substantial weakening of the U.S. dollar.

Following the crash earlier in the year, and due to the considerable uncertainty, our allocation across various asset classes has been relatively cautious this year, although the weight of listed equities has been gradually increased as the year progresses. The returns on hedge funds, listed equities and private equity investments remained negative during the review period. The best returns were generated by public-sector bonds and infrastructure and unlisted equities. At the end of September, the average nominal investment return over five years was 4.4%, and over ten years 4.9%; the corresponding real returns were 3.7% and 3.6%.

The return on listed equity investments was -4.3% (18.0%). Geographical and industry-dependent differences in returns were still great. Finnish and U.S. equities showed the strongest performance, and European equities the weakest. The reported returns on private equity funds were slightly negative, at -0.7% (11.9%), but the returns on infrastructure and unlisted equities reached 7.7% (1.7%).

The return on fixed income investments was 0.0% (4.2%). The return on public-sector bonds, at 3.4% (3.2%), was relatively strong despite the low interest rate level, and the losses on other bonds shrunk to -2.0% (5.8%). The return on the loan portfolio was rather modest, at 0.7% (2.9%), and the return on other money-market instruments was negative, at -0.6% (0.8%).

The return on real estate investments was 1.2% (2.6%). Direct real-estate investments yielded a return of 1.9% (2.8%) and real-estate investment funds 0.3% (2.0%). This year, the coronavirus epidemic has had a moderately negative impact particularly on rents for business premises and hotels. A total of EUR 19 million in impairments was recorded in the fair values of properties. At the end of August, a general architecture competition was launched for the new Sara Hildén Art Museum building in Tampere's Finlayson area. In September, the Uusikumpu school owned and developed by Varma in Espoo was granted the high BREEAM environmental rating of Excellent.

The return on other investments during the review period was -5.4% (3.3%). In other investments, the returns on the most important asset class by far, hedge funds, continued to recover in the third quarter, but the year-to-date return was nevertheless negative.

Varma has U.S.-dollar-denominated investments in hedge funds, equities, corporate bonds and private equity funds. In accordance with Varma's investment policy, part of the currency risk is hedged. In terms of operations, foreign currency risks are managed as a single entity, and in financial reporting, the exchange rate impact is included in the investment returns of various asset classes. The U.S dollar has weakened against the euro during the year, which in turn pushed down the return on Varma's investments.

Varma's investment activities focussed on maintaining strong solvency, broadly diversifying investments and risk management. In its investment risk management, the company used derivatives for hedging purposes and to control the risk level of the portfolio.

The market risk of investments is the greatest risk affecting the company's result and solvency. Equities constitute by far the greatest market risk. The VaR (Value-at-Risk) figure measuring the total risk of Varma's investments stood at EUR 3,034 (1,652) million.

### **Operating expenses and personnel**

Varma's total operating expenses during the review period were EUR 93 (102) million. The expense loading rate that is intended to cover Varma's operating expenses was decreased by an average of 7% for 2020, which thus reduces the efficiency ratio. In addition, the reduced economic activity caused by the coronavirus pandemic is expected to lower the insured payroll for the full year, and thereby also the loading income. According to a full-year estimate, Varma will use 70% (66%) of the expense loading included in the insurance contributions for operating expenses. The loading profit for the period was EUR 29 (36) million. Due to the temporary change in TyEL legislation, 4/12 of the loading profit accumulated for 2020 will be used for client bonuses.

Varma's parent company employed an average of 536 people in the reporting period (537 in 2019). At the end of September, Varma's personnel were distributed as follows: pension services 17%, insurance services 17%, customer service departments 10%, disability risk management 14%, investment operations 14%, and other functions 28%.

## Corporate Governance

An up-to-date Corporate Governance Statement based on the recommendations of the Finnish Corporate Governance Code is presented on Varma's website. Varma publishes quarterly interim reports with the aim of ensuring transparent public financial reporting that conforms to best practices.

## Sustainability

In an international assessment, the UN-supported Principles for Responsible Investment (PRI) included Varma in the PRI Leaders' Group for the second time for its responsible investment work. In its assessment, which was conducted for the second time, the PRI compared investors on a global level; this year, the criteria was climate reporting performance. According to the assessment, Varma has excellent climate reporting practices. Thirty-six investors from a group of more than 2,000 member organisations from around the world made it into the Leaders' Group.

Varma is revamping its themed equity portfolio that invests in sustainable companies to align it more closely with the climate-related targets of Varma's investment operations and to promote the selected UN sustainable development goals. Climate change mitigation and responsible consumption are among the selected themes. The targeted size of the portfolio in the long term is EUR 500–1,000 million.

Varma was voted the best summer job employer of 2020 in the large companies category of the Most Responsible Summer Job competition. The competition, which is arranged by the Responsible Summer Job campaign, annually awards the best employers based on the summer job employees' assessments. The employees assessed, for instance, the application experience, introduction and guidance, the meaningfulness of the work, as well as fairness and equality.

## Risk management

Along with the change in the global economy, Varma's risk position has also changed. Based on that, Varma has updated its risk and solvency assessment.

Varma's greatest risks are related to investment operations and information processing. The most significant financial risks are those concerning investments. The risk level of investments was intensely adjusted during the review period in response to the changes taking place in the market. The measures taken considerably mitigated the impacts of the market changes. Varma's solvency and liquidity are at a secure level.

The risks of pension insurance operations are related to pension and insurance processing and to the effectiveness of the joint systems used in the sector. In this respect, operations under the exceptional circumstances have proceeded well and the risk level has remained low.

Varma's Board of Directors has confirmed the principles for the company's internal control and risk management system. More information about insurance, investment, operative and other risks, the means for managing them, as well as related quantitative data, are provided in the notes to the financial statements.

Varma's Board of Directors' investment plan lays down, among other things, the general security goals for investments, diversification and liquidity goals, and the principles governing the company's currency risk hedging. The diversification of the investment portfolio is based on allocation that takes into account the return correlations of asset classes.

## Outlook

Economic uncertainty and the strength of recovery are tied to how the pandemic develops. The market environment will continue to be demanding, and abrupt changes in the valuation levels of investment assets cannot be ruled out, even if economies continue to recover. The exceptional economic conditions can be expected to continue at least until Covid-19 is defeated with a vaccine. The economy's and capital markets' dependency on monetary policy and stimulus packages will continue.

The impacts of the coronavirus pandemic on companies have varied considerably across industries and regions. This also applies to recovery. So far, the number of bankruptcies has not increased, but economic structures can be expected to change along with the crisis. This sets new challenges, since at the same time, the employment rate should be raised. For the time being, Finland's temporary lay-off system has worked well. If economic recovery experiences a setback or the economy shrinks, for example, due to a struggling export sector, higher unemployment can be expected. In terms of the financing of earnings-related pensions, mounting long-term unemployment is the biggest risk in the current economic scenario, alongside market turbulence.

Varma continues to effectively and sustainably implement the earnings-related pension system.

Helsinki, 30 October 2020

Risto Murto  
President and CEO

The figures presented in this interim report are unaudited figures of the parent company.

*Varma Mutual Pension Insurance Company is a responsible and solvent investor. The company is responsible for the statutory earnings-related pension cover of 900,000 people in the private sector. Varma's premiums written totalled EUR 5.3 billion in 2019 and pension payments stood at EUR 5.9 billion. Varma's investment portfolio amounted to EUR 46.8 billion at the end of September 2020.*

**FURTHER INFORMATION:**

Pekka Pajamo, Senior Vice President, Finance and Internal Services, tel. +358 10 244 3158 or +358 40 532 2009  
Katri Viippola, Senior Vice President, HR, Communications and Corporate Social Responsibility,  
tel. +358 10 244 7191 or +358 400 129 500

ATTACHMENT: Graphs and charts

[www.varma.fi/en](http://www.varma.fi/en)

<https://www.varma.fi/annualreport>

## Balance sheet at fair values (Parent Company)

€ million	9/2020	9/2019	12/2019
<b>Assets</b>			
Investments	46,791	47,361	48,709
Receivables	1,171	897	1,161
Furniture and fixtures	3	4	4
	<b>47,965</b>	<b>48,262</b>	<b>49,873</b>
<b>Liabilities</b>			
Capital and reserves	128	134	136
Valuation differences	8,803	10,131	10,721
Provision for future bonuses	789	1,010	790
Off-balance-sheet items	-1	-1	-1
Solvency capital, total	9,719	11,274	11,646
Provision for current bonuses (for client bonuses)		38	171
Equity-linked provision for current and future bonuses	1,183	934	1,424
Actual technical provision	36,647	35,925	36,223
Total	37,831	36,859	37,647
Other liabilities	415	91	409
	<b>47,965</b>	<b>48,262</b>	<b>49,873</b>

## Income statement at fair values (Parent Company)

€ million	1-9/2020	1-9/2019	1-12/2019
Premiums written	3,733	4,019	5,286
Claims paid	-4,365	-4,271	-5,623
Change in technical provisions	41	-1,862	-2,610
Net investment income	-1,242	3,878	5,268
Total operating expenses	-93	-102	-124
Other income/expenses	0	0	8
Taxes	-3	-6	-7
<b>Total result<sup>1</sup></b>	<b>-1,928</b>	<b>1,656</b>	<b>2,197</b>

<sup>1</sup> Result at fair value before the change in provision for current and future bonuses and equalisation provision

€ million	1-9/2020	1-9/2019	1-12/2019
Underwriting profit/loss	-5	20	-2
Investment result	-1,952	1,600	2,139
Loading profit	29	36	53
Other income/expenses	0	0	8
<b>Total result</b>	<b>-1,928</b>	<b>1,656</b>	<b>2,197</b>

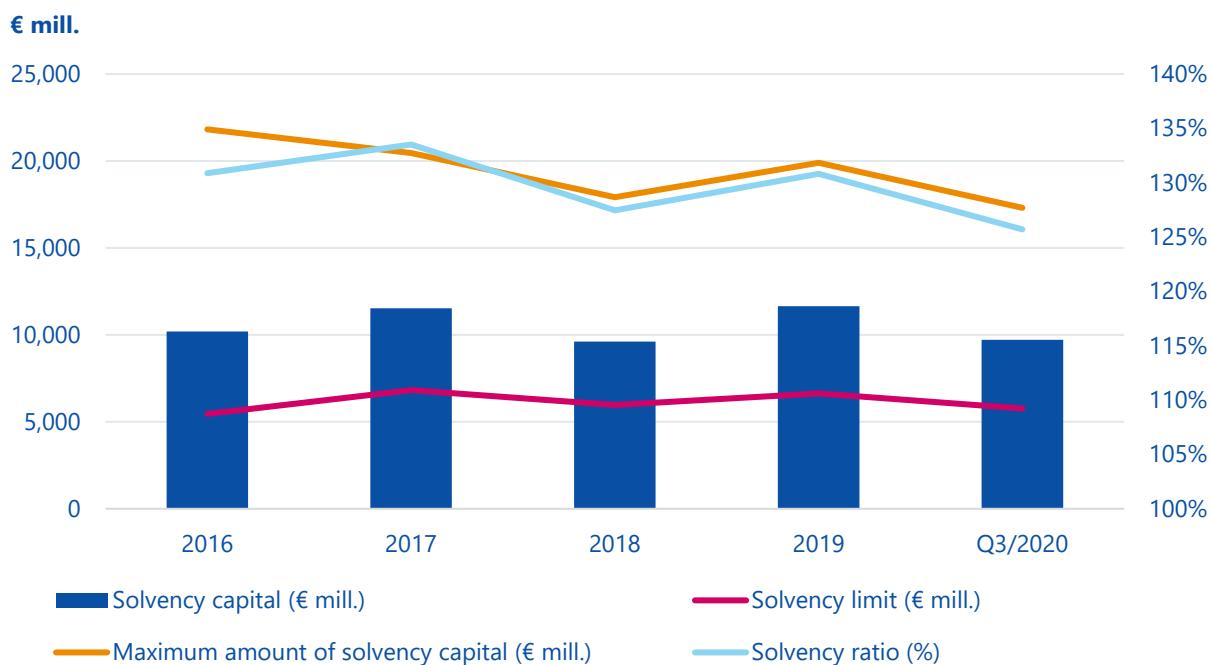
## Solvency capital and limits

	30/09/2020	30/09/2019	31/12/2019
Solvency limit (€ mill.)	5,859	6,588	6,633
Maximum amount of solvency capital (€ mill.)	17,578	19,763	19,900
Solvency capital (€ mill.)	9,719	11,274	11,646
Solvency ratio (%) <sup>1</sup>	125.7	130.6	130.8
Solvency capital/Solvency limit <sup>2</sup>	1.7	1.7	1.8

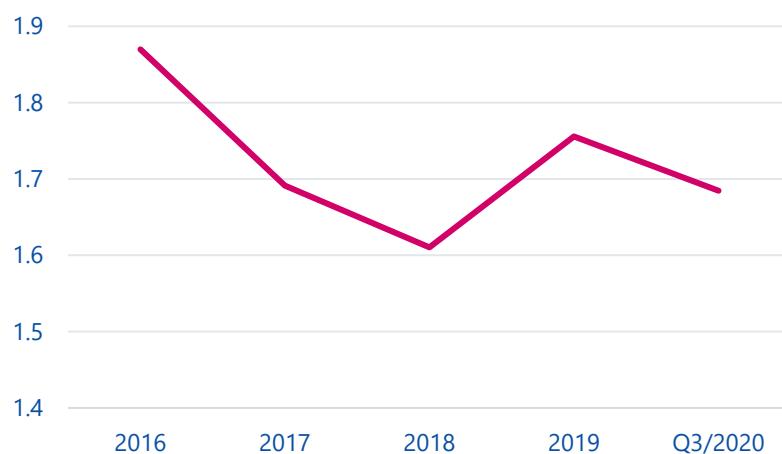
<sup>1</sup> Pension assets in relation to the technical provisions under §11 of the Ministry of Social Affairs and Health's decree governing pension institutions (614/2008).

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

## Solvency development



## Solvency capital in relation to the solvency limit



**Investments at fair value**

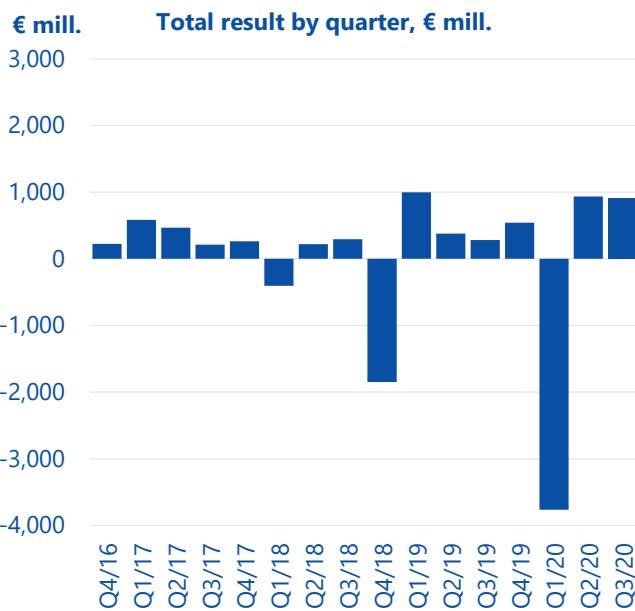
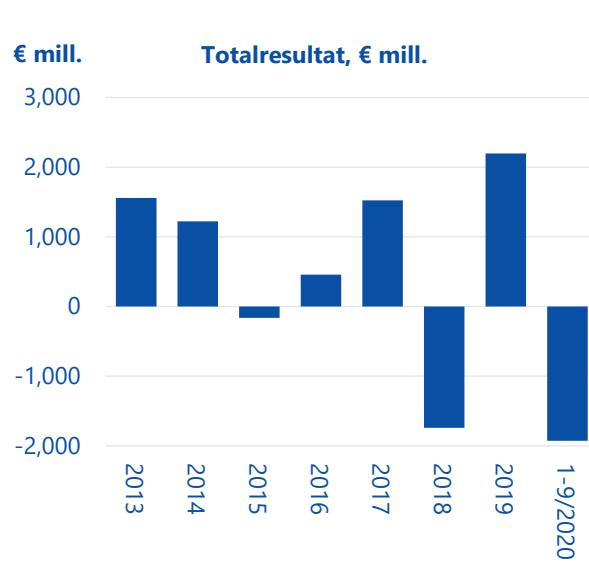
	30 Sep 2020				30 Sep 2019				31 Dec 2019				1-9/2020	1-9/2019	1-12/2019	24 m
	Market value				Market value				Market value				Return	Return	Return	Volati-
	Market Value	Risk position	MWR	MWR	MWR	MWR	%	%	%	lity						
Fixed-income investments <sup>1</sup>	€ mill.	%	€ mill.	%	€ mill.	%	0.0	4.2	4.5							
Loan receivables	2,690	6	2,690	6	2,051	4	2,051	4	2,315	5	2,315	5	0.7	2.9	4.0	
Bonds	7,882	17	7,906	17	9,701	20	10,687	23	9,563	20	10,693	22	0.0	4.8	5.1	6.2
Public bonds	3,126	7	2,928	6	3,541	7	4,526	10	3,577	7	4,707	10	3.4	3.2	2.6	
Other bonds	4,757	10	4,977	11	6,160	13	6,160	13	5,986	12	5,986	12	-2.0	5.8	6.6	
Other money-market instruments and deposits	2,308	5	2,108	5	956	2	-535	-1	1,079	2	44	0	-0.6	0.8	0.4	
<b>Equity investments</b>	<b>20,496</b>	<b>44</b>	<b>20,438</b>	<b>44</b>	<b>21,596</b>	<b>46</b>	<b>21,271</b>	<b>45</b>	<b>22,486</b>	<b>46</b>	<b>22,457</b>	<b>46</b>	<b>-3.2</b>	<b>16.3</b>	<b>22.8</b>	
Listed equities	14,735	31	14,677	31	16,409	35	16,085	34	17,252	35	17,223	35	-4.3	18.0	25.4	19.7
Private equity	5,455	12	5,455	12	4,935	10	4,935	10	4,945	10	4,945	10	-0.7	11.9	15.1	
Unlisted equities	306	1	306	1	251	1	251	1	289	1	289	1	7.7	1.7	16.9	
<b>Real estate investments</b>	<b>4,648</b>	<b>10</b>	<b>4,648</b>	<b>10</b>	<b>4,100</b>	<b>9</b>	<b>4,100</b>	<b>9</b>	<b>4,413</b>	<b>9</b>	<b>4,413</b>	<b>9</b>	<b>1.2</b>	<b>2.6</b>	<b>4.1</b>	
Direct real estates	2,821	6	2,821	6	3,011	6	3,011	6	2,792	6	2,792	6	1.9	2.8	3.9	
Real estate funds	1,827	4	1,827	4	1,089	2	1,089	2	1,622	3	1,622	3	0.3	2.0	4.7	
<b>Other investments</b>	<b>8,767</b>	<b>19</b>	<b>8,767</b>	<b>19</b>	<b>8,958</b>	<b>19</b>	<b>9,911</b>	<b>21</b>	<b>8,853</b>	<b>18</b>	<b>9,548</b>	<b>20</b>	<b>-1</b>	<b>-6.4</b>	<b>3.3</b>	
Hedge funds	8,769	19	8,769	19	8,970	19	8,970	19	8,857	18	8,857	18	-5.4	3.6	5.0	9.9
Commodities	0	0	0	0	-9	0	-1	0	0	0	0	0				
Other investments	-2	0	-2	0	2	0	942	2	-5	0	691	1				
<b>Total investments</b>	<b>46,791</b>	<b>100</b>	<b>46,556</b>	<b>99</b>	<b>47,361</b>	<b>100</b>	<b>47,483</b>	<b>100</b>	<b>48,709</b>	<b>100</b>	<b>49,471</b>	<b>102</b>	<b>-2.6</b>	<b>8.8</b>	<b>12.0</b>	<b>8.8</b>
Impact of derivatives			234	1			-123	0			-762	-2				
<b>Investment allocation at fair value</b>	<b>46,791</b>	<b>100</b>	<b>46,791</b>	<b>100</b>	<b>47,361</b>	<b>100</b>	<b>47,361</b>	<b>100</b>	<b>48,709</b>	<b>100</b>	<b>48,709</b>	<b>100</b>				

The modified duration for all the bonds is 3.7.

The open currency position is 24.7% of the market value of the investments.

<sup>1</sup> Includes accrued interest

## Total result



## Summary of the key figures

	1-9/2020	1-9/2019	1-12/2019
Premiums written, € million	3,733	4,019	5,286
Net investment income at fair value, € million	-1,262	3,853	5,241
Return on invested capital, %	-2.6	8.8	12.0
	9/2020	9/2019	12/2019
Technical provisions, € million	38,620	37,907	38,608
Solvency capital, € million in relation to solvency limit	9,719 1.7	11,274 1.7	11,646 1.8
Pension assets, € million % of technical provisions	47,530 125.7	47,491 130.6	49,445 130.8
TyEL payroll, € million	20,982	21,464	21,084
YEL payroll, € million	807	812	812

**Investments at fair value, broken down as per the regulations of the Financial Supervisory Authority**

	Market value						Risk position					
	30 Sep 2020		30 Sep 2019		31 Dec 2019		30 Sep 2020		30 Sep 2019		31 Dec 2019	
	€ mill.	%										
<b>Fixed-Income Investments</b>	<b>12,881</b>	<b>27.5</b>	<b>12,708</b>	<b>26.8</b>	<b>12,957</b>	<b>26.6</b>	<b>12,704</b>	<b>27.2</b>	<b>12,202</b>	<b>25.8</b>	<b>13,052</b>	<b>26.8</b>
Loan receivables	2,690	5.7	2,051	4.3	2,315	4.8	2,690	5.7	2,051	4.3	2,315	4.8
Bonds	7,882	16.8	9,701	20.5	9,563	19.6	7,906	16.9	10,687	22.6	10,693	22.0
Other money-market instruments and deposits	2,308	4.9	956	2.0	1,079	2.2	2,108	4.5	-535	-1.1	44	0.1
<b>Equity investments</b>	<b>20,496</b>	<b>43.8</b>	<b>21,596</b>	<b>45.6</b>	<b>22,486</b>	<b>46.2</b>	<b>20,438</b>	<b>43.7</b>	<b>21,271</b>	<b>44.9</b>	<b>22,457</b>	<b>46.1</b>
Listed equities	14,735	31.5	16,409	34.6	17,252	35.4	14,677	31.4	16,085	34.0	17,223	35.4
Private equity	5,455	11.7	4,935	10.4	4,945	10.2	5,455	11.7	4,935	10.4	4,945	10.2
Unlisted equities	306	0.7	251	0.5	289	0.6	306	0.7	251	0.5	289	0.6
<b>Real estate investments</b>	<b>4,648</b>	<b>9.9</b>	<b>4,100</b>	<b>8.7</b>	<b>4,413</b>	<b>9.1</b>	<b>4,648</b>	<b>9.9</b>	<b>4,100</b>	<b>8.7</b>	<b>4,413</b>	<b>9.1</b>
Direct real estates	2,821	6.0	3,011	6.4	2,792	5.7	2,821	6.0	3,011	6.4	2,792	5.7
Real estate funds	1,827	3.9	1,089	2.3	1,622	3.3	1,827	3.9	1,089	2.3	1,622	3.3
<b>Other investments</b>	<b>8,767</b>	<b>18.7</b>	<b>8,958</b>	<b>18.9</b>	<b>8,853</b>	<b>18.2</b>	<b>8,767</b>	<b>18.7</b>	<b>9,911</b>	<b>20.9</b>	<b>9,548</b>	<b>19.6</b>
Hedge funds	8,769	18.7	8,970	18.9	8,857	18.2	8,769	18.7	8,970	18.9	8,857	18.2
Commodities	0	0.0	-14	0.0	0	0.0	0	0.0	-1	0.0	0	0.0
Other investments	-2	0.0	2	0.0	-5	0.0	-2	0.0	942	2.0	691	1.4
<b>Total</b>	<b>46,791</b>	<b>100.0</b>	<b>47,361</b>	<b>100.0</b>	<b>48,709</b>	<b>100.0</b>	<b>46,557</b>	<b>99.5</b>	<b>47,483</b>	<b>100.3</b>	<b>49,471</b>	<b>101.6</b>
Impact of derivatives							234	0.5	-123	-0.3	-762	-1.6
<b>Total</b>	<b>46,791</b>	<b>100.0</b>	<b>47,361</b>	<b>100.0</b>	<b>48,709</b>	<b>100.0</b>	<b>46,791</b>	<b>100.0</b>	<b>47,361</b>	<b>100.0</b>	<b>48,709</b>	<b>100.0</b>

**Net return on invested capital**

	Net investment return at fair value  € million	Invested capital  € million	Return % on invested capital  %	Return % on invested capital  30 Sep 2019	Return % on invested capital  31 Dec 2019		
				30 Sep 2020	%		
				5	13 003	0,0	4,2
<b>Fixed-Income Investments</b>							
Loan receivables	18	2,468	0.7	2.9	4.0		
Bonds	0	8,375	0.0	4.8	5.1		
Other money-market instruments and deposits	-13	2,160	-0.6	0.8	0.4		
<b>Equity investments</b>	<b>-682</b>	<b>21,221</b>	<b>-3.2</b>	<b>16.3</b>	<b>22.8</b>		
Listed equities	-669	15,636	-4.3	18.0	-669		
Private equity	-35	5,296	-0.7	11.9	-35		
Unlisted equities	22	289	7.7	1.7	22		
<b>Real estate investments</b>	<b>57</b>	<b>4,554</b>	<b>1.2</b>	<b>2.6</b>	<b>57</b>		
Direct real estates	52	2,792	1.9	2.8	3.9		
Real estate funds	5	1,762	0.3	2.0	4.7		
<b>Real estate funds</b>	<b>-617</b>	<b>9,629</b>	<b>-6.4</b>	<b>3.3</b>	<b>4.5</b>		
Hedge funds	-512	9,549	-5.4	3.6	5.0		
Commodities	0	0					
Other investments	-104	80					
<b>Total</b>	<b>-1,237</b>	<b>48,407</b>	<b>-2.6</b>	<b>8.8</b>	<b>12.1</b>		
Unallocated income, costs and operating expenses from investment activities	-25	8					
<b>Net investment return at fare value</b>	<b>-1,262</b>	<b>48,414</b>	<b>-2.6</b>	<b>8.8</b>	<b>12.0</b>		