

Varma's Interim Report 1 January–31 March 2021

The comparison figures in parentheses are from 31 March 2020, unless otherwise indicated.

- The total result was EUR 1,945 (-3,763) million.
- The three-month return on investments was 6.0 (-10.0 per cent).
- The market value of investments was EUR 52.9 (50.2 on 1 Jan) billion.
- Solvency capital was EUR 13,462 (11,517 on 1 Jan) million, and 1.7 (1.7 on 1 Jan) times the solvency limit.

Economic operating environment

Global economic recovery has gained momentum, and growth forecasts have been adjusted upwards. Getting the pandemic under control, increasing vaccination coverage and unprecedented stimulus measures in several economic areas have lifted expectations and strengthened the conditions for growth. Economic recovery from a pandemic is different from recovering from a regular economic slump. The upturn in the export markets also helps Finland's economy.

China's economy has been climbing out of the pandemic pit quickly, which in turn has increased export opportunities for other countries and supported global growth. The U.S. economy is expected to achieve very strong growth this year, thanks to the government's unprecedented stimulus measures. The extensive measures are likely to accelerate a rise in prices, at least momentarily. Slightly more conventional inflation figures were seen in the U.S. even before the pandemic.

The stimulus solutions implemented in the U.S. considerably strengthen not only the country's own economy, but also the global economy. The slow vaccination rate in the eurozone is limiting domestic growth, but growth in other significant global market areas supports exports and industrial production. The onset of economic growth in the eurozone severely lags behind that of other areas.

The scope of monetary policy in the eurozone will support economic recovery for some time. The ECB announced in March that it is increasing its purchase of securities from the markets in order to maintain financing conditions that support economic recovery. In addition, the ECB intends to continue the emergency financing that was initiated due to the coronavirus pandemic. The European Union Recovery Instrument aims to achieve structural improvements in the economy's growth potential in member states, in accordance with the European Commission's strategy, through more sustainable production and increased digitalisation.

Finland's economy made it through the pandemic year reasonably well, at least in the short term. Global economic recovery in the first quarter began to show also in the export industry. The restriction measures imposed during the pandemic have had a major impact on demand, and companies faced the exceptional situation in very different ways. The service industry, whose economic situation weakened, bore the brunt of the impact. The second wave of the pandemic at the turn of the year weakened the domestic market. An improvement in the employment rate and decline in unemployment will happen after a delay, once the economy picks up.

Economic stimulus and various support measures have been vital in terms of preventing bankruptcies and mass unemployment. Controlling the pandemic is, however, causing an increase in the public deficit. Solving the challenges of the public economy and the economy's debt sustainability require clearly more dynamic economic growth and a stronger employment rate.

Earnings-related pension system

Finland's defined benefit earnings-related pension system, according to which pensions are paid in the promised amounts regardless of the economic cycle, brings stability to domestic demand and consumption by pensioner households. It is essential for the accrued pension benefits to be retained during economic crises also with respect to the self-employed and wage earners.

Six disability pension applications in which the main cause of disability listed was long-term complications from the Covid-19 virus were processed by Varma. The repercussions of coronavirus infection can also be seen to some extent in Varma's vocational rehabilitation services. The long-term indirect impacts that workplaces and work ability will suffer as a result of the pandemic will only be evident in the longer term.

Varma is managing the work ability risk that is under its responsibility. Varma is actively co-operating with its client companies and their employees to ensure work ability and the conditions for lengthening careers both during and after the current crisis. Precise risk-based targeting of Varma's disability risk management services improves their effectiveness.

Varma's economic development

The total result at fair value for the three-month period amounted to EUR 1,945 (-3,763) million. The most important component of the total result is the investment result, which was EUR 1,935 (-3,770) million. The return on investments at fair value was EUR 2,996 (-4,883) million. The return requirement on technical provisions was EUR 1,061 (1,113) million. The estimated technical underwriting result was EUR 0 (0) million and the loading profit was EUR 11 (7) million.

Varma's solvency strengthened since the start of the quarter. The solvency capital, which serves as a risk buffer for investment operations and insurance risks, was EUR 13,462 million at the end of March (EUR 11,517 mill. on 1 Jan), and pension assets in relation to the technical provisions were 133.5 (129.3 per cent on 1 Jan).

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

Insurance business

Varma's premiums written in January–March amounted to EUR 1,285 (1,286) million. The temporary contribution reductions granted in 2020 ended on 31 December 2020.

At the end of March, Varma's pension recipients numbered 347,000 (347,000 on 1 Jan 2021). Claims paid in January–March totalled EUR 1,473 (1,453) million. During the reporting period, the number of old-age pension applications increased by 2.9 per cent compared to the first quarter of 2020.

By the end of March, 5,975 new pension decisions had been made, which is roughly 0.5 per cent less than in the corresponding period last year. A total of 14,385 pension decisions were issued in January–March. Partial early old-age pension, which was introduced at the start of 2017, remained popular. Varma made a total of 757 new decisions concerning this pension type during the first quarter.

At the end of March, Varma was providing insurance for 538,000 (543,000 on 1 Jan) employees and self-employed persons. The insured payroll grew 2.7 per cent during the review period compared to the same period of 2020. In the transfer rounds at the start of the year, EUR 5 million in annual premiums written were transferred from Varma, calculated based on the TyEL net transfer information in the applications. Sales of new pension insurance policies during the reporting period amounted to EUR 23 (24) million.

Investments

The 2021 investment year got off to a strong start as markets have been pricing in a global economic recovery from the collapse caused by the pandemic. In the first quarter of the year, the return on Varma's investments was 6.0 (-10.0 per cent), and at the end of March, the value of investments amounted to EUR 52,923 (43,597) million. Varma's solvency ratio strengthened in the first quarter of the year to 133.5 (129.3 per cent on 31 Dec 2020).

The early months of 2021 have been very eventful in the equity markets. The year started on an upswing, but the market development has been erratic as small investors caused some turbulence in January and forced certain hedge funds to liquidate their investments. The rapid rise of interest rates, particularly in the U.S., also raised concerns of the overvaluation of some equities and industries. In addition, new coronavirus variants are adding to the uncertainty about the speed of economic recovery, especially in Europe, but so far these fears have been eclipsed by the very strong expectations of global growth. The expected acceleration of economic growth was particularly beneficial to cyclical equities, which continued their robust rise and fuelled the rotation from, among others, technology sectors to sectors that benefit from the opening up of economies and rising interest rates. Earnings growth for companies is forecasted in 2021 to be exceptionally strong overall, which has bolstered the global equity markets. Several important equity indices continued to clearly rise in the first quarter of the year.

The economy's recovery from the pandemic and the increasing inflation expectations clearly pushed interest rates up. The U.S. ten-year interest rate increased by more than 0.8 percentage points in the first quarter. A major factor behind the rise in the interest rate level was massive financial policy stimulus. The rise in interest rates hit the returns on public sector bonds hardest, pushing them clearly into negative territory. The increase also pushed the returns on corporate bonds with a strong credit rating into the negative. Lower-grade corporate bonds, however, yielded relatively good returns in the developed markets, thanks to narrowing credit risk premiums and a shorter duration. The first quarter was difficult for emerging market bonds, as the asset class suffered from both a relatively long duration and weakened currencies in relation to the U.S. dollar.

Higher-risk asset classes generally performed well during the first quarter. Expectations of a strong pick up in growth steered assets from fixed income to equities, which also bolstered the returns of private equity funds. Fixed income investments' shrinking credit risk premiums and interest rate risk hedging, for their part, fuelled the returns on hedge funds, which continued to recover from the dip at the start of last year.

Varma's investments performed strongly in the first quarter. The best returns were generated by listed equities 9.2 per cent and private equities 16.0 per cent. The weak performance of public sector bonds -3.0 per cent, on the other hand, pushed the total returns on fixed income investments into negative territory 0.3 per cent. Hedge funds continued to recover, yielding returns of 4.5 per cent. The return of infrastructure and unlisted equities was 5.2 per cent, loan receivables 1.0 per cent and real estate 0.9 per cent. The U.S. dollar strengthened during the quarter, which was good for Varma's investment returns. The average nominal investment return over five years was 6.5 per cent, and over ten years 5.5 per cent. The corresponding real returns were 5.5 per cent and 4.4 per cent.

The return on real estate investments was 0.9 per cent. Direct real estate investments yielded a return of 0.7 per cent and real estate investment funds 1.1 per cent. At the start of January, Varma sold a rental apartment building with 150 flats and additional construction rights in Espoo.

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. During the year, the appreciation of the US dollar supported equity returns. 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.

Varma's investment activities focussed on maintaining the company's strong solvency and broad diversification of investments, with a strong emphasis on 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 3,010 (3,807) million.

Operating expenses and personnel

Varma's total operating expenses during the reporting period were EUR 32 (33) million. The loading profit for the period was EUR 11 (7) million.

Varma's parent company had an average of 543 (537 in 2020) employees in the first quarter. At the end of March, Varma's personnel were distributed as follows: pension services 17 per cent, insurance and actuarial services 18 per cent, customer service departments 11 per cent, disability risk management 13 per cent, investment operations 14 per cent, and other functions 27 per cent.

The co-determination negotiations that were initiated at Varma in the first quarter with the goal of reorganising the insurance services and customer accounts functions were concluded in March. As a consequence of the reorganisation, the employment relationships of 12 people will end. The negotiations involved 127 employees.

Throughout the pandemic, Varma has strongly advised its employees to work remotely, and the company has complied with the recommendations issued by the authorities during the various phases of the pandemic.

Corporate Governance

Varma's Annual General Meeting was held on 16 March 2021 and took into account the official guidelines on gatherings valid at the time. The Annual General Meeting appointed six new members to Supervisory Board. The new members elected to the Supervisory Board are Ari Akseli, Kim Forsström, Heljä Misukka, Mika Rautiainen, Eeva Sipilä and Pekka Tiitinen. The Annual General Meeting approved the financial statements and discharged the Board of Directors, the Supervisory Board and the President and CEO from liability for the financial year 2020.

Continuing as Supervisory Board members are Christoph Vitzthum (Chair), Petri Vanhala (Deputy Chair), Satu Wrede (Deputy Chair), Juri Aaltonen, Kari Ahola, Eero Broman, Petri Castrén, Lasse Heinonen, Marko Hovinmäki, Olavi Huhtala, Mika Joukio, Jukka Jäämaa, Risto Kalliorinne, Ilkka Kaukoranta, Mari Keturi, Ville Kopra, Tapio Korpeinen, Pekka Kuusniemi, Päivi Leiwo, Johanna Moisio, Teo Ottola, Perttu Puro, Jari Suominen, Jorma Vehviläinen, Anssi Vuorio and Sauli Väntti.

The Annual General Meeting chose the audit firm Ernst & Young Oy as the company's auditor for the 2021 financial year, with Authorized Public Accountant Antti Suominen serving as the principal auditor.

As of the beginning of 2021, Varma's Board of Directors is composed of Jari Paasikivi (Chair), Jaakko Eskola (Deputy Chair), Antti Palola (Deputy Chair), Riku Aalto, Anu Ahokas (as of 1 April 2021), Eila Annala (until 31 March 2021), Rolf Jansson, Ari Kaperi, Jyri Luomakoski, Petri Niemisvirta, Pekka Piispanen, Saana Siekkinen and Mari Walls, and deputy members Jouni Hakala, Risto Penttinen and Timo Saranpää.

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

Varma published its annual and sustainability report in accordance with the Global Reporting Standard (GRI). The report also includes an account of climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The report is externally assured and has been drawn up in compliance with the accessibility directive.

EcoVadis, an international corporate sustainability assessment specialist, awarded Varma the Platinum EcoVadis Medal. Varma's sustainability practices were rated as excellent, and it ranked in the top 1 per cent of the 75,000 companies analysed.

Varma made an approximately EUR 200 million investment in the emerging markets to promote the UN's sustainable development goals and the company's own climate targets. Varma also joined the sustainable demolition Green Deal, an agreement between the Ministry of the Environment and the business sector to process and recycle demolition waste from construction projects. Joining the Green Deal supports Varma's climate and circular economy goals. In addition, Varma was among the first companies in Finland to launch environmental ratings of the residential buildings it owns in order to develop their sustainability.

In the first quarter, Varma donated 50,000 euros to the Deaconess Institute's Vamos youth service to promote efforts to find employment for young people at risk of exclusion.

Varma's sustainability efforts focus on climate change mitigation, promoting work ability and good working life, ethical business, open communication and responsibility for Varma employees.

Risk management

The outbreak of the coronavirus pandemic last year also changed Varma's risk position. The state of the global economy and risks have changed since the start of the pandemic. Varma has looked after its statutory operations also during the pandemic smoothly and without interruptions.

Varma's greatest risks are related to investment operations and information processing. The most significant financial risks are those concerning investments. Varma's liquidity remains 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.

The 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 Varma's financial statements.

Varma's Board of Directors' investment plan lays down 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

The global economy is recovering briskly, especially thanks to the accelerating growth in the U.S. China is also enjoying steady growth. Europe's recovery is slower.

The uncertainty surrounding the global economy has been overshadowed by the pandemic. Despite the recovery, the crisis will also leave scars on the economy. Pandemic-related stimulus will increase debt burdens to levels never before seen. Several time-outs have been taken in the normalisation of monetary policy ever since the financial crisis. China's and the U.S.'s aspirations to shift the bilateral power dynamic between the two countries have not disappeared.

Finland's economy is benefiting from the growth in the export markets. The recovery of domestic demand depends on how vaccinations and the pandemic progress over spring and summer. Finland's economy has weathered the coronavirus crisis relatively well, but the economy's main long-term problems remain unresolved. In terms of securing earnings-related pensions, the employment rate must increase and the economy must grow, as other expenditure linked to the aging of the population will grow substantially in the near future.

Varma's strong solvency position and careful risk management ensure good conditions for both seeking high returns and ensuring that the pension benefits of the insured are secure in all market conditions. Varma continues to effectively implement the earnings-related pension system.

Helsinki, 29.4.2021

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. Premiums written totalled EUR 4.9 billion in 2020 and pension payments stood at EUR 6.0 billion. The company's investment portfolio amounted to EUR 52.9 billion at the end of March 2021.

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

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

Balance sheet at fair values (Parent Company)

€ million	3/2021	3/2020	12/2020
Assets			
Investments	52,923	43,597	50,157
Receivables	1,061	1,224	1,130
Furniture and fixtures	3	4	3
Total Assets	53,988	44,825	51,289
Liabilities			
Capital and reserves	132	125	130
Valuation differences	10,949	7,346	9,995
Provision for future bonuses	2,383	400	1,393
Off-balance-sheet items	-1	-1	-1
Solvency capital, total	13,462	7,870	11,517
Provision for current bonuses (for client bonuses)	0	128	54
Equity-linked provision for current and future bonuses	1,475	-57	775
Actual technical provision	38,694	36,433	38,503
Total	40,169	36,377	39,278
Other liabilities	356	449	440
Total Liabilities	53,988	44,825	51,289

Income statement at fair values (Parent Company)

€ million	1-3/2021	1-3/2020	1-12/2020
Premiums written	1,285	1,286	4,931
Claims paid	-1,473	-1,453	-5,702
Change in technical provisions	-836	1,313	-749
Net investment income	3,004	-4,876	1,395
Total operating expenses	-32	-33	-110
Other income/expenses	0	0	7
Taxes	-1	-1	-3
Total result ¹⁾	1,945	-3,763	-231

¹⁾ Result at fair value before the change in provision for current and future bonuses and equalisation provision

€ million	1-3/2021	1-3/2020	1-12/2020
Underwriting profit/loss	0	0	22
Investment result	1,935	-3,770	-309
Loading profit	11	7	49
Other income/expenses	0	0	7
Total result	1,945	-3,763	-231

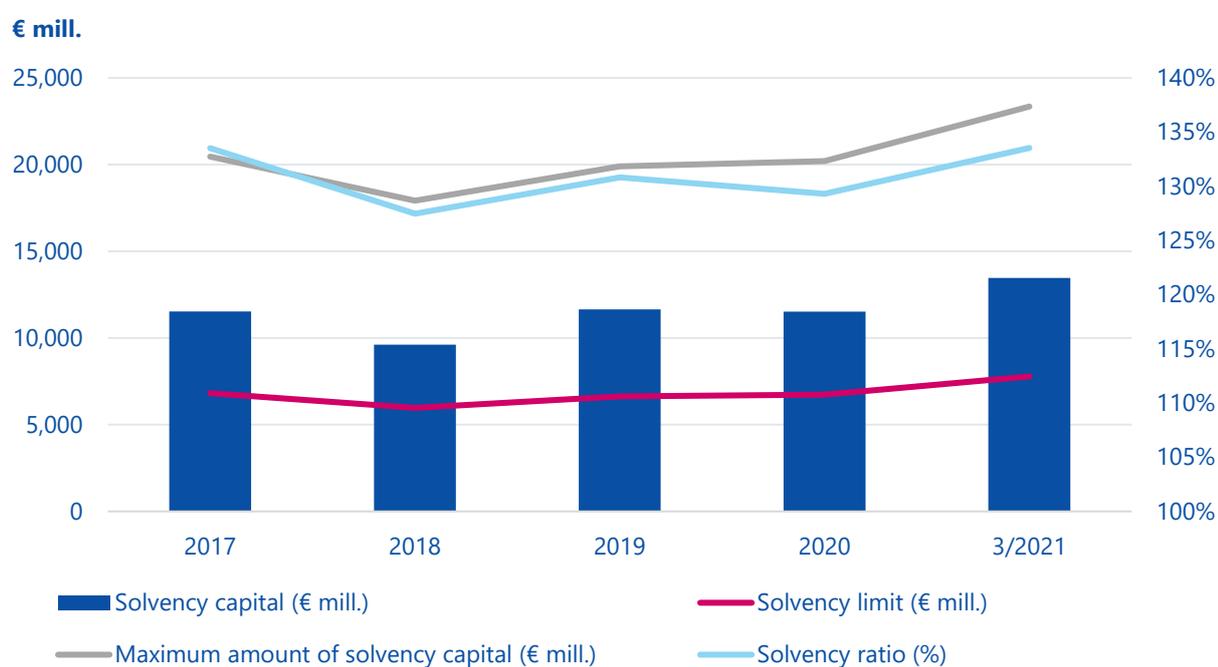
Solvency capital and limits

	31/03/2021	31/03/2020	31/12/2020
Solvency limit (€ mill.)	7,782	4,816	6,734
Maximum amount of solvency capital (€ mill.)	23,346	14,447	20,203
Solvency capital (€ mill.)	13,462	7,870	11,517
Solvency ratio (%) ¹⁾	133.5	121.6	129.3
Solvency capital/Solvency limit ²⁾	1.7	1.6	1.7

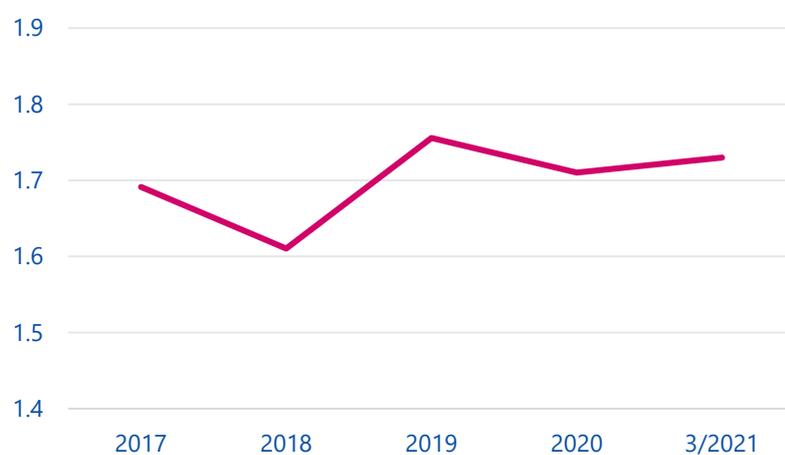
¹⁾ Pension assets in relation to the technical provisions under §11 of the Ministry of Social Affairs and Health's decree governing pension institutions (614/2008).

²⁾ Solvency capital in relation to the solvency limit.

Solvency development



Solvency capital in relation to the solvency limit



Investments at fair value

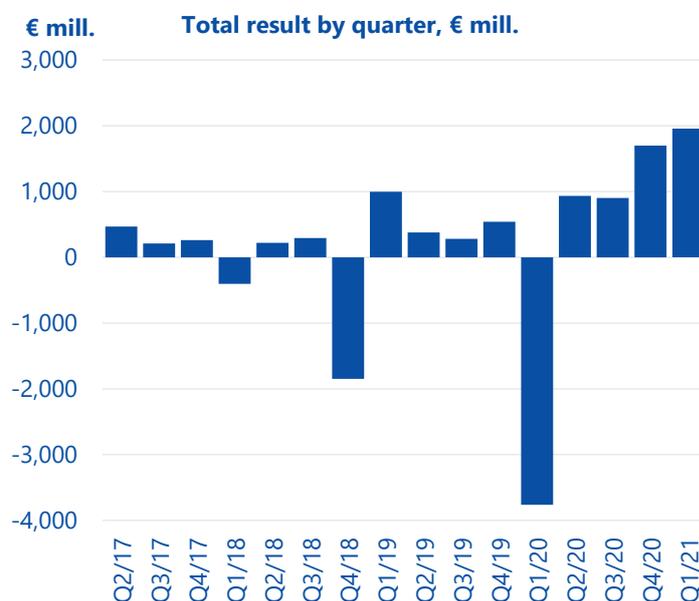
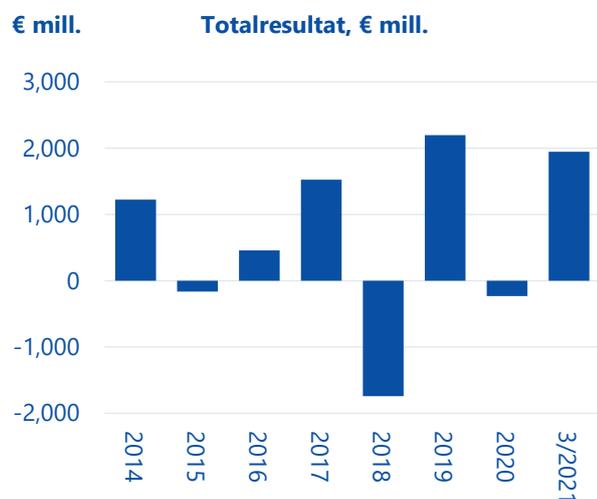
	31 Mar 2021				31 Mar 2020				31 Dec 2020				1-3/2021	1-3/2020	1-12/2020	24 m Volati- lity
	Market Value		Risk position		Market Value		Risk position		Market Value		Risk position		Return	Return	Return	
	€ mill.	%	MWR %	MWR %	MWR %											
Fixed-income investments ¹	12,858	24	12,687	24	12,874	30	13,164	30	12,279	24	11,410	23	-0.3	-3.6	1.9	
Loan receivables	2,877	5	2,877	5	2,299	5	2,299	5	2,711	5	2,711	5	1.0	0.9	0.5	
Bonds	8,386	16	8,586	16	7,562	17	8,053	18	8,128	16	7,459	15	-0.7	-5.4	3.0	6.2
Public bonds	3,604	7	3,804	7	2,872	7	3,464	8	3,326	7	2,490	5	-3.0	-0.6	6.1	
Other bonds	4,782	9	4,782	9	4,691	11	4,589	11	4,803	10	4,969	10	0.9	-8.3	1.0	
Other money-market instruments and deposits	1,595	3	1,225	2	3,012	7	2,812	6	1,440	3	1,240	2	-0.2	0.2	-1.0	
Equity investments	26,301	50	26,406	50	17,410	40	17,501	40	24,222	48	23,083	46	10.8	-14.6	5.9	
Listed equities	19,092	36	19,197	36	11,566	27	11,657	27	17,946	36	16,807	34	9.2	-21.1	5.2	18.7
Private equity	6,877	13	6,877	13	5,550	13	5,550	13	5,958	12	5,958	12	16.0	5.6	7.8	
Unlisted equities	332	1	332	1	294	1	294	1	318	1	318	1	5.2	1.6	8.6	
Real estate investments	4,876	9	4,876	9	4,611	11	4,611	11	4,828	10	4,828	10	0.9	1.3	2.0	
Direct real estates	2,851	5	2,851	5	2,808	6	2,808	6	2,875	6	2,875	6	0.7	1.1	3.4	
Real estate funds	2,026	4	2,026	4	1,804	4	1,804	4	1,953	4	1,953	4	1.1	1.5	-0.2	
Other investments	8,888	17	8,888	17	8,702	20	8,705	20	8,827	18	8,827	18	4.4	-13.9	-2.0	
Hedge funds	8,880	17	8,880	17	8,741	20	8,741	20	8,818	18	8,818	18	4.5	-12.7	-1.0	10.1
Commodities	0	0	0	0	-9	0	-1	0	0	0	0	0				
Other investments	8	0	8	0	-38	0	-38	0	9	0	9	0				
Total investments	52,923	100	52,858	100	43,597	100	43,982	101	50,157	100	48,149	96	6.0	-10.0	2.8	9.0
Impact of derivatives			65	0			-385	-1			2,008	4				
Investment allocation at fair value	52,923	100	52,923	100	43,597	100	43,597	100	50,157	100	50,157	100				

The modified duration for all the bonds is 3.85.

The open currency position is 30.0 per cent of the market value of the investments.

¹ Includes accrued interest

Total result



Summary of the key figures

	1-3/2021	1-3/2020	1-12/2020
Premiums written, € million	1,285	1,286	4,931
Net investment income at fair value, € million	2,996	-4,883	1,372
Return on invested capital, %	6.0	-10.0	2.8

	3/2021	3/2020	12/2020
Technical provisions, € million	42,552	36,905	40,726
Solvency capital, € million	13,462	7,870	11,517
in relation to solvency limit	1.7	1.6	1.7
Pension assets, € million	53,610	44,356	50,829
% of technical provisions	133.5	121.6	129.3
TyEL payroll, € million	21,942	20,434	21,142
YEL payroll, € million	817	786	807

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

	Market value						Risk position					
	31 Mar 2021		31 Mar 2020		31 Dec 2020		31 Mar 2021		31 Mar 2020		31 Dec 2020	
	€ mill.	%										
Fixed-Income Investments	12,858	24.3	12,874	29.5	12,279	24.5	12,687	24.0	13,164	30.2	11,410	22.7
Loan receivables	2,877	5.4	2,299	5.3	2,711	5.4	2,877	5.4	2,299	5.3	2,711	5.4
Bonds	8,386	15.8	7,562	17.3	8,128	16.2	8,586	16.2	8,053	18.5	7,459	14.9
Other money-market instruments and deposits	1,595	3.0	3,012	6.9	1,440	2.9	1,225	2.3	2,812	6.5	1,240	2.5
Equity investments	26,301	49.7	17,410	39.9	24,222	48.3	26,406	49.9	17,501	40.1	23,083	46.0
Listed equities	19,092	36.1	11,566	26.5	17,946	35.8	19,197	36.3	11,657	26.7	16,807	33.5
Private equity	6,877	13.0	5,550	12.7	5,958	11.9	6,877	13.0	5,550	12.7	5,958	11.9
Unlisted equities	332	0.6	294	0.7	318	0.6	332	0.6	294	0.7	318	0.6
Real estate investments	4,876	9.2	4,611	10.6	4,828	9.6	4,876	9.2	4,611	10.6	4,828	9.6
Direct real estates	2,851	5.4	2,808	6.4	2,875	5.7	2,851	5.4	2,808	6.4	2,875	5.7
Real estate funds	2,026	3.8	1,804	4.1	1,953	3.9	2,026	3.8	1,804	4.1	1,953	3.9
Other investments	8,888	16.8	8,702	20.0	8,827	17.6	8,888	16.8	8,705	20.0	8,827	17.6
Hedge funds	8,880	16.8	8,741	20.0	8,818	17.6	8,880	16.8	8,741	20.0	8,818	17.6
Commodities	0	0.0	0	0.0	0	0.0	0	0.0	3	0.0	0	0.0
Other investments	8	0.0	-38	-0.1	9	0.0	8	0.0	-38	-0.1	9	0.0
Total	52,923	100.0	43,597	100.0	50,157	100.0	52,858	99.9	43,982	100.9	48,149	96.0
Impact of derivatives							65	0.1	-385	-0.9	2,008	4.0
Total	52,923	100.0	43,597	100.0	50,157	100.0	52,923	100.0	43,597	100.0	50,157	100.0

Modified duration of the bond portfolio 3.9

Net return on invested capital

	Net investment return at fair value	Invested capital	Return % on invested capital	Return % on invested capital	Return % on invested capital
	€ million	€ million	31 Mar 2021 %	31 Mar 2020 %	31 Dec 2020 %
Fixed-Income Investments	-35	12,369	-0.3	-3.6	1.9
Loan receivables	27	2,768	1.0	0.9	0.5
Bonds	-60	8,338	-0.7	-5.4	3.0
Other money-market instruments and deposits	-2	1,263	-0.2	0.2	-1.0
Equity investments	2,617	24,285	10.8	-14.6	5.9
Listed equities	1,652	18,025	9.2	-21.1	5.2
Private equity	949	5,940	16.0	5.6	7.8
Unlisted equities	17	319	5.2	1.6	8.6
Real estate investments	41	4,801	0.9	1.3	2.0
Direct real estates	20	2,840	0.7	1.1	3.4
Real estate funds	21	1,961	1.1	1.5	-0.2
Real estate funds	383	8,672	4.4	-13.9	-2.0
Hedge funds	391	8,665	4.5	-12.7	-1.0
Commodities	0	0			
Other investments	-8	7			
Total	3,006	50,126	6.0	-10.0	2.9
Unallocated income, costs and operating expenses from investment activities	-10	7			
Net investment return at fair value	2,669	50,133	6.0	-10.0	2.8