

## Varma's half-year report 1 January–30 June 2021

The comparison figures in parentheses are from 30 June 2020, unless otherwise indicated.

- The total result was EUR 3,146 (-2,829) million.
- The six-month return on investments was 10.4 (-5.7) per cent, and the market value of investments was EUR 55.0 (50.2 on 1 Jan) billion.
- Solvency capital amounted to EUR 14,664 (11,517 on 1 Jan) million, i.e. 1.8 times (1.7 on 1 Jan) the solvency limit.

### Economic operating environment

The global economy's strong recovery and bright outlook bolstered the positive development in the capital markets. The rapid progress in coronavirus vaccinations in the major developed economies strengthened expectations of brisk economic growth, and the massive monetary and financial policy stimulus supported the investment markets. At the same time, strong consumer demand and production bottlenecks pushed both inflation and inflation expectations to the highest levels in years. The positive state of economic activity has helped heal the scars left by the coronavirus in the labour markets.

In the US, the new government's stimulus measures have even exceeded expectations. This year, the US economy is expected to grow at its fastest pace in decades and to reach a stronger growth trajectory than before the Covid-19 crisis. China's economy has grown steadily, and the recovery has driven up the prices of raw materials and industrial metals. China's growth spurt is starting to level out, and at the same time, Western industrial countries are gaining strength thanks to the US, which is again driving the global economy.

The rapid recovery of the global economy is also reflected in Finland. Finland's economy as a whole has made it through the coronavirus crisis with clearly less damage than feared, but the impacts of the economic restrictions have been tough on some domestic-market business sectors. Confidence in the future outlook has strengthened in all sectors. The lifting of the coronavirus-related restrictions and expectations of a brisk improvement in demand have also reinforced the outlook in service sectors weakened by the pandemic, such as the tourism and restaurant industries. The leading industrial indicators turned around already in the spring as global demand picked up.

Consumer confidence in the Finnish economy strengthened in the second quarter of the year. The labour market situation improved with the recovery, and the employment rate has risen. An improvement in the employment rate and decline in unemployment will happen after a delay, once the economy picks up. Private consumption is growing faster than earnings are increasing, as pent-up demand is released, restrictive measures are lifted and households use the savings they accumulated during the pandemic.

### Earnings-related pension system

During the spring, the Finnish Centre for Pensions surveyed wage-earners' retirement intentions. Within a ten-year period, the intention to retire has been delayed by approximately two years, and many wage-earners plan to continue working even past their earliest possible retirement age. Longer careers strengthen the sustainability of the earnings-related pension system.

The number of disability pension applications arriving at Varma decreased in January–June. During the first six months of the year, Varma processed twelve disability pension applications in which the main cause of disability listed was long-term complications from Covid-19. Of these, one applicant was granted permanent disability pension and six were granted the fixed-term cash rehabilitation benefit.

Varma works in co-operation with its customers to improve the conditions for lengthening careers and to ensure the positive development of work ability. Precise risk-based targeting of Varma's disability risk management services improves their effectiveness. Varma renewed its entire online service in an effort to improve the quality of its service. The Varma Online Service, launched at the end of May, also includes new work ability management services.

In April, the Finnish Government submitted a bill to Parliament concerning a reform of survivors' pension benefits. The goal is for survivors' pension to better meet the changing needs of families and society in the future.

The labour market organisations' Pension Negotiation Group proposed to the Ministry of Social Affairs and Health the launch of a study to assess the rules for financing TyEL pension security. The assessment would concern both the TyEL financing technique and the method for determining administrative costs and client bonuses.

## **Varma's economic development**

Varma's total result at fair value for six months amounted to EUR 3,146 (-2,829) million. The most significant factor of the total result is the investment result, which was EUR 3,123 (-2,843) million. The return on investments at fair value amounted to EUR 5,193 (-2,766) million, and the interest credited on the technical provisions was EUR 2,070 (77) million. The estimated technical underwriting result was EUR -1 (-3) million, and the loading profit was EUR 24 (17) million.

Varma's solvency strengthened. The solvency capital, which serves as a risk buffer for investment operations, was EUR 14,664 million at the end of June (11,517 mill. on 1 Jan), and 135.6 per cent in relation to the technical provisions (129.3 on 1 Jan).

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

Tables illustrating Varma's financial development are presented as attachments to this half-year report.

## **Insurance business**

Varma's pension recipients totalled 348,000 at the end of June (347,000 on 1 Jan). Claims paid in January–June totalled EUR 2,949 (2,908) million. By the end of June, the number of new pension decisions amounted to 11,419, which is 1.0 per cent less than in the corresponding period last year. A total of 27,295 pension decisions were made in January–June.

In the first half of the year, Varma gained a total of EUR 31 (56) million in premiums written. This includes new sales and the net impact of insurance policies transferred from other pension companies. Varma's revamped website and online service were launched at the start of summer. The development work focussed especially on improving the smoothness of the service. New functionalities were also added to the online service, for instance, for disability risk management.

Varma continuously develops its disability risk management and offers its customers information and tools for managing work ability, the most recent being new tools for assessing disability risks.

At the end of June, Varma provided insurance for 575,000 (543,000 on 1 Jan) employees and self-employed persons.

### Changes in the insurance portfolio

The pension liabilities of the bankrupt pension fund Liikennepalvelualojen eläkekassa Viabek were transferred to earnings-related pension companies on 30 June 2021. Viabek's current earnings-related pensions and pension benefits earned by employees and entrepreneurs, as well as most of Viabek's assets, were transferred to four earnings-related pension companies. At the same time, all private sector earnings-related pension insurers supplemented the shortfall in assets, in accordance with the statutory joint and several liability for bankruptcy, up to the amount of the actual pension liabilities. As part of the arrangement, EUR 61 million in liabilities transferred to Varma. Varma contributed EUR 23 million to help cover the shortfall in Viabek's pension assets.

### Investments

Varma's investment returns in the first half of the year were very strong as the global economy recovered from the coronavirus crisis, yielding 10.4 (-5.7) per cent. At the end of June, the value of Varma's investments stood at EUR 55,033 (45,279) million. Varma's solvency ratio was 135.6 per cent at the end of the first half of the year (129.3 per cent on 1 Jan).

The development of asset classes on the investment markets became significantly differentiated as the year progressed. At the start of the year, when stimulus optimism was at its peak and inflation expectations rose, the traditional cyclically sensitive and more moderately valued asset classes continued their winning streak, and many of the asset classes that had performed strongly in recent years suffered from the rising growth expectations and interest rates. Even though, particularly in the US, inflation exceeded expectations in the second quarter, the interest on US government bonds took a moderate downward turn at the end of spring. This decline reflected expectations that the central banks' exceptionally strong stimulus could be quickly limited. The strongly risen prices of industrial metals also fell in the spring. The price of oil, however, continued its rapid recovery from the pandemic-driven crash throughout the first half of the year.

Equities were the drivers of investment returns, with private equity investments performing exceptionally well. The returns on hedge funds were also very strong, and they served as a good alternative to fixed income investments, which performed modestly as interest rates rose. The returns on real estate developed reasonably well, with direct real estate investments performing more moderately than real estate funds. At the end of June, the average nominal investment return over five years was 7.1 per cent, and over ten years 5.9 per cent. The corresponding real returns were 6.1 and 4.9 per cent.

The return on listed equities was 16.2 (-9.7) per cent. Geographical and industry-dependent differences in returns were great. US and Finnish equities showed the strongest performance, and emerging market equities the weakest. The reported returns on private equity funds reached a high of 25.2 (-5.1) per cent, also partly reflecting the strong market development at the end of last year. The returns on unlisted equities were also strong, at 8.1 (-2.3) per cent, but they were outperformed by listed equities due to their moderate risk level.

The return on fixed income investments was 0.9 (-1.3) per cent in the first half of the year. The returns on public-sector bonds fell to -1.1 (2.1) per cent, mostly due to the rise in interest rates in winter and spring, but corporate bonds with a weaker credit rating in particular were bolstered by brighter growth prospects and the considerable shrinking of loan risk premiums. The return on other bonds was 2.5 (-4.3) per cent. Loan receivables developed as expected, yielding a return of 1.9 (0.1) per cent. The return on other money market instruments was slightly negative, at -0.2 (0.0) per cent.

The return on real estate investments grew to 1.9 (1.6) per cent. Real estate investment funds performed mildly better than direct real estate investments. Direct real estate investments yielded a return of 1.3 (1.8) per cent and real estate investment funds 2.8 (1.2) per cent. The city plan for Katajanokan Laituri, an office space and hotel project to be built in Katajanokka in Helsinki, was legally validated in June. Construction work on the approximately 16,400 m<sup>2</sup> wooden project is set to begin in autumn and reach completion in 2024.

The returns on other investments developed strongly, reaching 7.4 (-8.9) per cent. The returns on other investments almost entirely reflect the returns on hedge funds, which continued to recover steadily since spring of last year.

Varma has US-dollar-denominated investments in hedge funds, equities, government and 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 whole, and in financial reporting, the exchange rate impact is included in the returns of various asset classes. The US dollar strengthened somewhat against the euro since the start of the year, and this had a positive effect on investment returns to some extent.

Varma's investment activities focussed on maintaining the company's strong solvency and the 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 2,443 (3,598) million.

### **Operating expenses and personnel**

Varma's total operating expenses during the reporting period were EUR 68 (65) million. The loading profit for the period was EUR 24 (17) million. Varma efficiently implements statutory earnings-related pension cover, and 65 per cent of the contributions collected for insurance operations were used in the review period (61 per cent in 2020).

Varma's employees have mostly been working remotely since spring of 2020. The company's established teleworking practices have ensured efficient operations. Varma has prepared for day-to-day life after the exceptional period by creating a joint framework based on flexible work models and operating models that support a sense of community.

Varma's parent company employed an average of 533 people in the first half of the year (537 in 2020). At the end of June, Varma's personnel were distributed as follows: pension services 18 per cent, actuarial and insurance services 11 per cent, customer service departments 16 per cent, disability risk management 14 per cent, investment operations 13 per cent, and other functions 28 per cent.

### **Corporate Governance**

Varma's Supervisory Board held its constitutive meeting on 26 May 2021. Christoph Vitzthum continues as Chair of the Supervisory Board, and Satu Wrede and Petri Vanhala continue as vice chairs.

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.

### **Sustainability**

In spring of 2021, Varma participated in the annual general meetings of 83 public companies, abiding by the coronavirus-related restrictions that were in effect at the time. As a responsible owner, Varma supported the measures taken by companies and made active use of proxy and advance voting opportunities. Information about Varma's positions and votes at the general meetings is published on Varma's website.

Varma continued to build a carbon-neutral investment portfolio as well as its work to mitigate climate change by investing a total of EUR 430 million in two international sustainable ETFs. The funds aim to achieve a significant reduction in the investees' carbon emissions and allocate capital to fund the transition to a low-carbon economy.

Varma signed the 2021 Global Investor Statement to Governments on the Climate Crisis, which calls on political leaders to support action against climate change and promote investments, for example, in clean technologies and environmentally friendly infrastructure.

Varma launched a series of webinars on sustainability aimed at its client companies. The events addressed, for example, how companies can responsibly transition to the post-pandemic period. Varma prepared for the end of the exceptional period by creating a joint framework based on flexible work principles and operating models that support a sense of community. On the basis of the framework, the hybrid-period working practices to be adopted by each unit in the autumn were agreed on in a discussion.

Varma was once again an official partner of Helsinki Pride in 2021. The key aspects of Varma's Pride work are speaking out on behalf of an equal working life and practical development work.

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**

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 adjusted during the reporting period as usual, in accordance with the changes taking place in the markets. 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, Varma's operations during the pandemic 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 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**

The global economy has been growing, thanks to the lifting of the coronavirus-related restrictions and continued stimulus. The US's growth in particular has also been reflected in Europe and Finland.

The measures and efforts taken in Finland to control the pandemic deepen the deficit in public finances. Solving the challenges of Finland's aging population and reinforcing the economy's debt sustainability require strong economic growth and a higher employment rate. These are also necessary to safeguard the financing of earnings-related pensions.

The greatest risks to the real economy are related in the short term to how well the pandemic can be controlled and to managing new variants of the virus. In the longer term, considerable stimulus measures will increase and improve the economy's growth potential and expedite the development of the economy's production structures, for instance, as investments are made. On the other hand, economies' debt levels have reached record proportions.

A key issue in the economic operating environment continues to be the central banks' monetary policy and the intensity and timing of its turnaround. Several time-outs have been taken in the normalisation of monetary policy ever since the financial crisis. We expect the economy's strong recovery to bolster the markets' development. The risks of monetary policy changes and rising inflation expectations remain significant.

Varma's strong solvency position and careful risk management create a stable foundation for seeking returns also in the current market environment. A strong solvency position ensures that the insured's pension benefits are secured.

Helsinki, 20 August 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 55 billion at the end of June 2021.*

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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	6/2021	6/2020	12/2020
<b>Assets</b>			
Investments	55,033	45,279	50,157
Receivables	1,449	1,671	1,130
Furniture and fixtures	3	3	3
<b>Total Assets</b>	<b>56,486</b>	<b>46,953</b>	<b>51,289</b>
<b>Liabilities</b>			
Capital and reserves	133	127	130
Valuation differences	11,907	8,354	9,995
Provision for future bonuses	2,625	338	1,393
Off-balance-sheet items	-1	-1	-1
Solvency capital, total	14,664	8,818	11,517
Provision for current bonuses (for client bonuses)		86	54
Equity-linked provision for current and future bonuses	2,077	847	775
Actual technical provision	39,154	36,624	38,503
Total	41,231	37,471	39,278
Other liabilities	591	578	440
<b>Total Liabilities</b>	<b>56,486</b>	<b>46,953</b>	<b>51,289</b>

## Income statement at fair values (Parent Company)

€ million	1-6/2021	1-6/2020	1-12/2020
Premiums written	2,811	2,581	4,931
Claims paid	-2,949	-2,908	-5,702
Change in technical provisions	-1,856	315	-749
Net investment income	5,211	-2,752	1,395
Total operating expenses	-68	-65	-110
Other income/expenses	0	0	7
Taxes	-4	-1	-3
<b>Total result <sup>1</sup></b>	<b>3,146</b>	<b>-2,829</b>	<b>-231</b>

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

€ million	1-6/2021	1-6/2020	1-12/2020
Underwriting profit/loss	-1	-3	22
Investment result	3,123	-2,843	-309
Loading profit	24	17	49
Other income/expenses	0	0	7
<b>Total result</b>	<b>3,146</b>	<b>-2,829</b>	<b>-231</b>

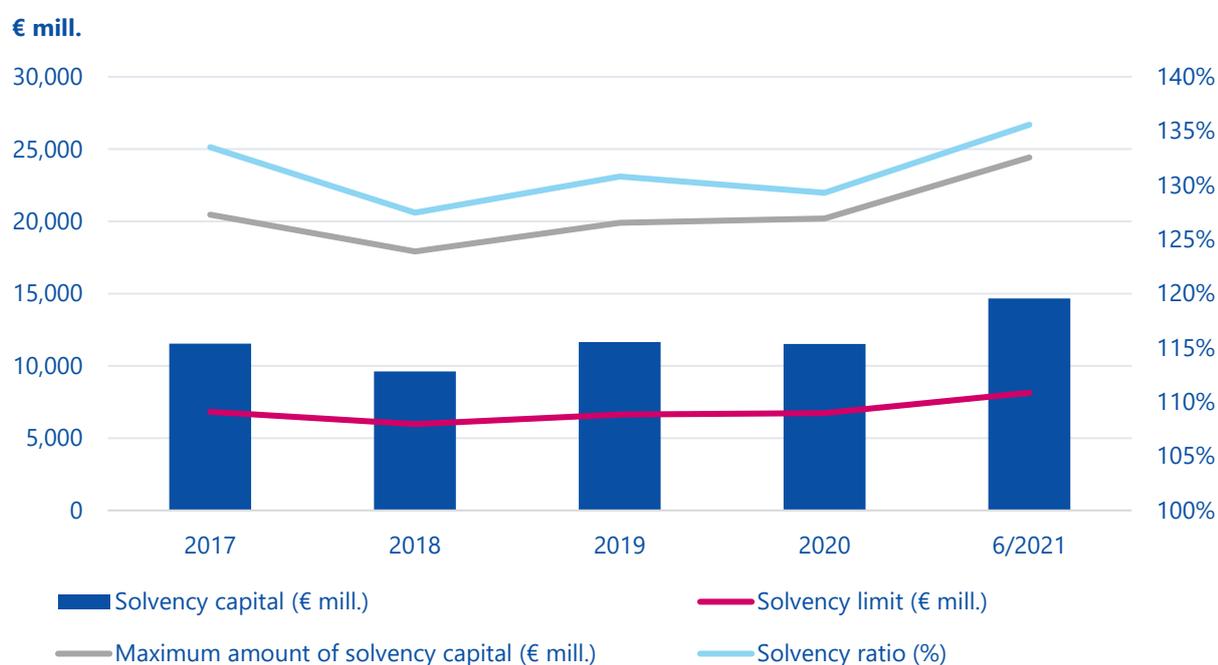
## Solvency capital and limits

	30/06/2021	30/06/2020	31/12/2020
Solvency limit (€ mill.)	8,141	5,090	6,734
Maximum amount of solvency capital (€ mill.)	24,422	15,270	20,203
Solvency capital (€ mill.)	14,664	8,818	11,517
Solvency ratio (%) <sup>1</sup>	135.6	123.5	129.3
Solvency capital/Solvency limit <sup>2</sup>	1.8	1.7	1.7

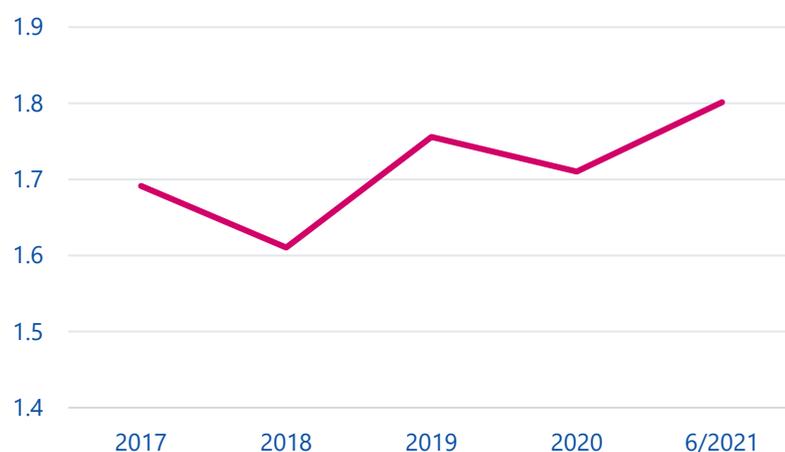
<sup>1</sup> Pension assets in relation to the technical provisions under §11 of the Ministry of Social Affairs and Health's decree governing pension institutions (614/2008).

<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

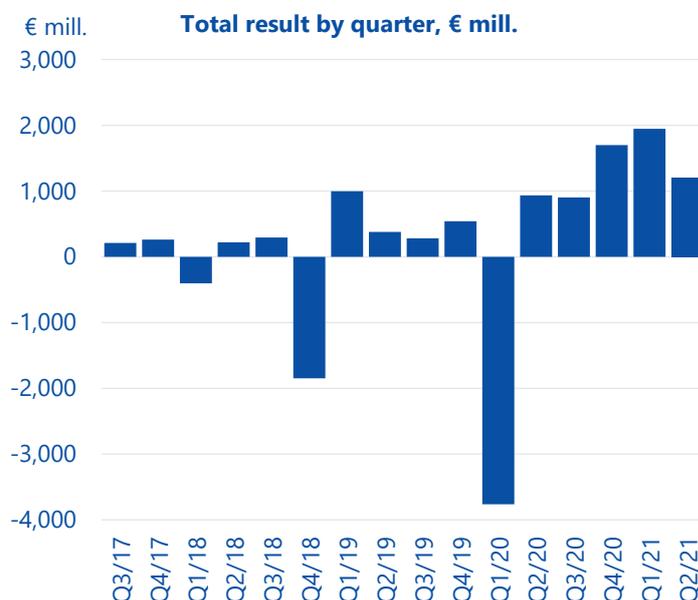
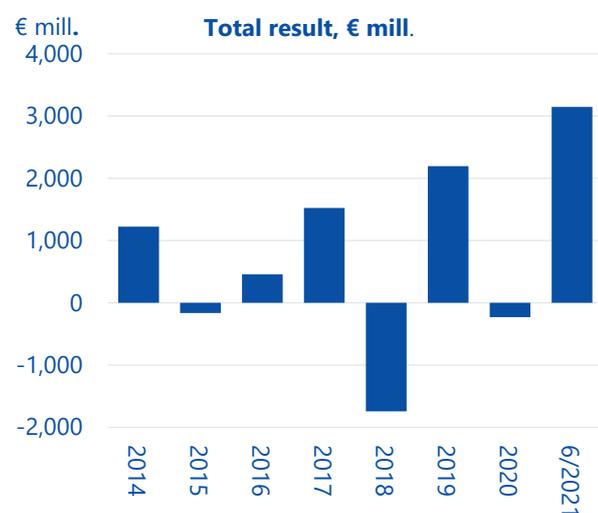
	30 Jun 2021				30 Jun 2020				31 Dec 2020				1-6/2021	1-6/2020	1-12/2020	24 m Volati- lity
	Market Value		Risk position		Market Value		Risk position		Market Value		Risk position		Return	Return	Return	
	€ mill.	%	MWR	MWR	MWR											
<b>Fixed-income investments <sup>1</sup></b>	<b>13,567</b>	<b>25</b>	<b>13,684</b>	<b>25</b>	<b>12,733</b>	<b>28</b>	<b>12,779</b>	<b>28</b>	<b>12,279</b>	<b>24</b>	<b>11,410</b>	<b>23</b>	<b>0.9</b>	<b>-1.3</b>	<b>1.9</b>	
Loan receivables	2,903	5	2,903	5	2,635	6	2,635	6	2,711	5	2,711	5	1.9	0.1	0.5	
Bonds	8,482	15	8,800	16	7,717	17	7,963	18	8,128	16	7,459	15	0.8	-2.0	3.0	<b>6.2</b>
Public bonds	4,485	8	4,803	9	2,937	6	3,210	7	3,326	7	2,490	5	-1.1	2.1	6.1	
Other bonds	3,997	7	3,997	7	4,780	11	4,754	10	4,803	10	4,969	10	2.5	-4.3	1.0	
Other money-market instruments and deposits	2,182	4	1,981	4	2,380	5	2,180	5	1,440	3	1,240	2	-0.2	0.0	-1.0	
<b>Equity investments</b>	<b>27,681</b>	<b>50</b>	<b>27,889</b>	<b>51</b>	<b>19,088</b>	<b>42</b>	<b>18,122</b>	<b>40</b>	<b>24,222</b>	<b>48</b>	<b>23,083</b>	<b>46</b>	<b>18.3</b>	<b>-8.4</b>	<b>5.9</b>	
Listed equities	20,111	37	20,319	37	13,656	30	12,690	28	17,946	36	16,807	34	16.2	-9.7	5.2	<b>18.0</b>
Private equity	7,221	13	7,221	13	5,150	11	5,150	11	5,958	12	5,958	12	25.2	-5.1	7.8	
Unlisted equities	349	1	349	1	282	1	282	1	318	1	318	1	8.1	-2.3	8.6	
<b>Real estate investments</b>	<b>4,981</b>	<b>9</b>	<b>4,981</b>	<b>9</b>	<b>4,619</b>	<b>10</b>	<b>4,619</b>	<b>10</b>	<b>4,828</b>	<b>10</b>	<b>4,828</b>	<b>10</b>	<b>1.9</b>	<b>1.6</b>	<b>2.0</b>	
Direct real estates	2,868	5	2,868	5	2,822	6	2,822	6	2,875	6	2,875	6	1.3	1.8	3.4	
Real estate funds	2,113	4	2,113	4	1,796	4	1,796	4	1,953	4	1,953	4	2.8	1.2	-0.2	
<b>Other investments</b>	<b>8,804</b>	<b>16</b>	<b>8,819</b>	<b>16</b>	<b>8,841</b>	<b>20</b>	<b>8,841</b>	<b>20</b>	<b>8,827</b>	<b>18</b>	<b>8,827</b>	<b>18</b>	<b>7.4</b>	<b>-8.9</b>	<b>-2.0</b>	
Hedge funds	8,805	16	8,805	16	8,835	20	8,835	20	8,818	18	8,818	18	7.5	-7.9	-1.0	<b>10.2</b>
Commodities	0	0	0	0	-9	0	-1	0	0	0	0	0				
Other investments	0	0	0	0	5	0	5	0	9	0	9	0				
<b>Total investments</b>	<b>55,033</b>	<b>100</b>	<b>55,372</b>	<b>101</b>	<b>45,279</b>	<b>100</b>	<b>44,360</b>	<b>98</b>	<b>50,157</b>	<b>100</b>	<b>48,149</b>	<b>96</b>	<b>10.4</b>	<b>-5.7</b>	<b>2.8</b>	<b>8.8</b>
Impact of derivatives			-339	-1			919	2			2,008	4				
<b>Investment allocation at fair value</b>	<b>55,033</b>	<b>100</b>	<b>55,033</b>	<b>100</b>	<b>45,279</b>	<b>100</b>	<b>45,279</b>	<b>100</b>	<b>50,157</b>	<b>100</b>	<b>50,157</b>	<b>100</b>				

The modified duration for all the bonds is 4.25.

The open currency position is 29.3 per cent of the market value of the investments.

<sup>1</sup> Includes accrued interest

## Total result



## Summary of the key figures

	1-6/2021	1-6/2020	1-12/2020
Premiums written, € million	2,811	2,581	4,931
Net investment income at fair value, € million	5,193	-2,766	1,372
Return on invested capital, %	10.4	-5.7	2.8

	6/2021	6/2020	12/2020
Technical provisions, € million	43,856	37,895	40,726
Solvency capital, € million	14,664	8,818	11,517
in relation to solvency limit	1.8	1.7	1.7
Pension assets, € million	55,873	46,354	50,829
% of technical provisions	135.6	123.5	129.3
TyEL payroll, € million	22,147	20,877	21,142
YEL payroll, € million	817	809	807

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

	Market value						Risk position					
	30 Jun 2021		30 Jun 2020		31 Dec 2020		30 Jun 2021		30 Jun 2020		31 Dec 2020	
	€ mill.	%										
<b>Fixed-Income Investments</b>	<b>13,567</b>	<b>24.7</b>	<b>12,733</b>	<b>28.1</b>	<b>12,279</b>	<b>24.5</b>	<b>13,684</b>	<b>24.9</b>	<b>12,779</b>	<b>28.2</b>	<b>11,410</b>	<b>22.7</b>
Loan receivables	2,903	5.3	2,635	5.8	2,711	5.4	2,903	5.3	2,635	5.8	2,711	5.4
Bonds	8,482	15.4	7,717	17.0	8,128	16.2	8,800	16.0	7,963	17.6	7,459	14.9
Other money-market instruments and deposits	2,182	4.0	2,380	5.3	1,440	2.9	1,981	3.6	2,180	4.8	1,240	2.5
<b>Equity investments</b>	<b>27,681</b>	<b>50.3</b>	<b>19,088</b>	<b>42.2</b>	<b>24,222</b>	<b>48.3</b>	<b>27,889</b>	<b>50.7</b>	<b>18,122</b>	<b>40.0</b>	<b>23,083</b>	<b>46.0</b>
Listed equities	20,111	36.5	13,656	30.2	17,946	35.8	20,319	36.9	12,690	28.0	16,807	33.5
Private equity	7,221	13.1	5,150	11.4	5,958	11.9	7,221	13.1	5,150	11.4	5,958	11.9
Unlisted equities	349	0.6	282	0.6	318	0.6	349	0.6	282	0.6	318	0.6
<b>Real estate investments</b>	<b>4,981</b>	<b>9.1</b>	<b>4,619</b>	<b>10.2</b>	<b>4,828</b>	<b>9.6</b>	<b>4,981</b>	<b>9.1</b>	<b>4,619</b>	<b>10.2</b>	<b>4,828</b>	<b>9.6</b>
Direct real estates	2,868	5.2	2,822	6.2	2,875	5.7	2,868	5.2	2,822	6.2	2,875	5.7
Real estate funds	2,113	3.8	1,796	4.0	1,953	3.9	2,113	3.8	1,796	4.0	1,953	3.9
<b>Other investments</b>	<b>8,804</b>	<b>16.0</b>	<b>8,841</b>	<b>19.5</b>	<b>8,827</b>	<b>17.6</b>	<b>8,819</b>	<b>16.0</b>	<b>8,841</b>	<b>19.5</b>	<b>8,827</b>	<b>17.6</b>
Hedge funds	8,805	16.0	8,835	19.5	8,818	17.6	8,805	16.0	8,835	19.5	8,818	17.6
Commodities	0	0.0	0	0.0	0	0.0	15	0.0	0	0.0	0	0.0
Other investments	0	0.0	5	0.0	9	0.0	0	0.0	5	0.0	9	0.0
<b>Total</b>	<b>55,033</b>	<b>100.0</b>	<b>45,279</b>	<b>100.0</b>	<b>50,157</b>	<b>100.0</b>	<b>55,372</b>	<b>100.6</b>	<b>44,360</b>	<b>98.0</b>	<b>48,149</b>	<b>96.0</b>
Impact of derivatives							-339	-0.6	919	2.0	2,008	4.0
<b>Total</b>	<b>55,033</b>	<b>100.0</b>	<b>45,279</b>	<b>100.0</b>	<b>50,157</b>	<b>100.0</b>	<b>55,033</b>	<b>100.0</b>	<b>45,279</b>	<b>100.0</b>	<b>50,157</b>	<b>100.0</b>

### Modified duration of the bond portfolio 4.25

## 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	30 Jun 2021 %	30 Jun 2020 %	31 Dec 2020 %
<b>Fixed-Income Investments</b>	<b>121</b>	<b>12,753</b>	<b>0.9</b>	<b>-1.3</b>	<b>1.9</b>
Loan receivables	53	2,797	1.9	0.1	0.5
Bonds	70	8,302	0.8	-2.0	3.0
Other money-market instruments and deposits	-3	1,654	-0.2	0.0	-1.0
<b>Equity investments</b>	<b>4,373</b>	<b>23,882</b>	<b>18.3</b>	<b>-8.4</b>	<b>5.9</b>
Listed equities	2,862	17,662	16.2	-9.7	5.2
Private equity	1,485	5,900	25.2	-5.1	7.8
Unlisted equities	26	319	8.1	-2.3	8.6
<b>Real estate investments</b>	<b>94</b>	<b>4,861</b>	<b>1.9</b>	<b>1.6</b>	<b>2.0</b>
Direct real estates	37	2,844	1.3	1.8	3.4
Real estate funds	57	2,016	2.8	1.2	-0.2
<b>Real estate funds</b>	<b>632</b>	<b>8,558</b>	<b>7.4</b>	<b>-8.9</b>	<b>-2.0</b>
Hedge funds	641	8,550	7.5	-7.9	-1.0
Commodities	1	0			
Other investments	-11	8			
<b>Total</b>	<b>5,220</b>	<b>50,053</b>	<b>10.4</b>	<b>-5.7</b>	<b>2.9</b>
Unallocated income, costs and operating expenses from investment activities	-27	12			
<b>Net investment return at fair value</b>	<b>5,193</b>	<b>50,066</b>	<b>10.4</b>	<b>-5.7</b>	<b>2.8</b>