

## Varma's Interim Report 1 January–31 March 2022

The comparison figures in parentheses are from 31 March 2021, unless otherwise indicated.

- The total result was EUR -1,050 (1,945) million.
- The three-month return on investments was -1.9 per cent (6.0 per cent).
- The market value of investments was EUR 57.6 (59.0 on 1 Jan) billion.
- Solvency capital was EUR 15,840 (16,890 on 1 Jan) million, and 1.8 (2.0 on 1 Jan) times the solvency limit.

### Economic operating environment

Economies around the world have recovered from the coronavirus pandemic at different speeds, as many of them were still suffering from lockdown measures in the first few months of the year. Besides the pandemic, growth was hampered by bottlenecks in many raw materials, intermediate goods and freight, which suppressed growth and accelerated inflation. These impacts were exacerbated by Russia's attack on Ukraine and the economic sanctions imposed on Russia by Western countries. For the first time in decades, rapidly rising inflation posed a serious threat to economic development, and expectations of tighter monetary policy created major uncertainty in the economic operating environment.

U.S. economic growth was bolstered by the considerable monetary and financial policy stimulus measures enacted previously. The country's economy achieved full employment, and inflation spread quite broadly from goods to the service sector. EU countries also made a rapid recovery from the pandemic, but the wave of infections caused by the Omicron variant halted growth at the start of the year. After the restrictions were lifted, the war in Ukraine hit the economy hard, which increased uncertainty and accelerated inflation. In China, more stimulating economic policy supported economic growth, but the country's zero tolerance for coronavirus infections led to strict shutdown measures, which negatively affected domestic demand and exports.

### 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. From the perspective of employers, a stable earnings-related pension system promotes more predictable economic development.

The legislative reform of survivors' pension took effect at the start of 2022. The main amendments of the reform were: surviving spouse's pension is paid for a fixed term for those born in or after 1975, and orphan's pension is paid until the child turns 20, instead of the previous age of 18.

During the review period, the Finnish Parliament considered legislative reforms that would enable a pension-company-specific administrative cost component included in insurance contributions and a negative pension liability supplementary factor. Pension insurance companies' insurance-related activities are financed with the administrative cost component, and with the new legislation, the efficiency of an earnings-related pension company would directly affect the contributions to be collected from the customer. Currently, the administrative cost component is determined on common grounds, and any surplus it generates is refunded to customers as part of the client bonuses in the following year.

A negative pension liability supplementary factor would reduce the return requirement on technical provisions and would thus strengthen earnings-related pension companies' solvency compared to the current framework, particularly in crisis scenarios in which investment returns are negative and companies' solvency rapidly weakens.

The planned legislative reforms would take effect on 1 June 2022, and the subsequent company-specific administrative cost component and new formula for the supplementary factor would become applicable at the start of 2023. On 22 March 2022, Varma filed an application concerning the actuarial principles for the 2023 administrative cost component.

### **Varma's economic development**

The total result at fair value for the three-month period amounted to EUR -1,050 (1,945) million. The most important component of the total result is the investment result, which was EUR -1,061 (1,935) million. The return on investments at fair value was EUR -1,149 (2,996) million. The return requirement on technical provisions was EUR -88 (1,061) million. The estimated technical underwriting result was EUR 4 (0) million and the loading profit was EUR 8 (11) million.

The solvency capital, which serves as a risk buffer for investment operations and insurance risks, was EUR 15,840 (16,890 mill. on 1 Jan) million at the end of March, and pension assets in relation to the technical provisions were 137.3 (139.4 on 1 Jan) per cent.

Varma's solvency capital was on a solid level, i.e. 1.8 times (2.0 on 1 Jan) the solvency limit.

### **Insurance business**

Varma's premiums written in January–March amounted to EUR 1,272 (1,285) million.

At the end of March, Varma's pension recipients numbered 345,000 (345,700 on 1 Jan). Claims paid in January–March totalled EUR 1,523 (1,473) million. During the reporting period, the number of old-age pension applications decreased by 1.2 per cent compared to the first quarter of 2021.

By the end of March, 5,817 new pension decisions were made, which is roughly 2.6 per cent less than in the corresponding period last year. A total of 14,619 pension decisions were made in January–March. Partial early old-age pension, which was introduced at the start of 2017, remained popular. Varma made a total of 799 new decisions concerning this pension type during the first quarter.

At the end of March, 564,300 (531,200 on 1 Jan) employees and entrepreneurs were insured by Varma. The TyEL payroll grew 7.0 per cent during the review period compared to the same period of 2021. In the transfer rounds at the start of the year, EUR 5 million in annual premiums written were transferred to 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 24 (23) million.

### **Investments**

Varma's investments yielded negative returns in the first quarter of 2022. The return on investments was -1.9 (6.0) per cent, and at the end of March, the value of the investments amounted to EUR 57,573 (52,923) million. Varma's solvency was 137.3 (139.4 on 31 Dec 2021) per cent at the end of the third quarter.

The combination of decelerating economic growth, rising inflation, bottlenecks in supply and tightening monetary policy is problematic, and in the first quarter of the year the market prices of several asset classes were in decline. At the same time, there were clear differences in the returns of Varma's listed and unlisted investments. The returns on listed equity and fixed income investments were clearly negative, while the returns on unlisted investments remained positive. The return differences reflect the lower interest rate risk of unlisted investments, the protection they provide against inflation and their lower sensitivity to turbulence compared to listed investments.

The return on equities was -3.5 (10.8) per cent. Listed equities yielded -7.5 (9.2) per cent. The return differences between geographical areas and business sectors were great. The essential drivers of returns were the acceleration of inflation, reactions to rising interest rates and the war in Ukraine. Finnish and European equities in particular suffered from the war and from the sanctions imposed on Russia. The drop in euro-denominated returns on U.S. equities was partly offset by the appreciation of the dollar against the euro. Private equities and unlisted equities continued to develop strongly, yielding returns of 5.5 (16.0) and 5.2 (5.2) respectively.

The rise in interest rates pushed the return on fixed income investments into negative territory, at -2.7 (-0.3) per cent. At -5.8 (-3.0) per cent, the return on public-sector bonds was exceptionally weak as inflation reached its highest level in decades and central banks communicated clearly tighter monetary policy. The return on corporate bonds also suffered from the rise in interest rates and the slight increase in credit risk premiums, which pushed their returns down to -3.1 (0.9) per cent. The return on loan receivables developed more consistently, thanks to their moderate interest rate risk, yielding 0.8 (1.0) per cent in the first quarter.

The return on real estate investments remained stable in the first quarter, despite the market turbulence. Direct real estate investments yielded a return of 0.9 (0.7) per cent and real estate investment funds 3.4 (1.1) per cent. In January, Varma won the Central Pasila design and land transfer competition organised by Senate Properties and the City of Helsinki. The entire property will comprise 43,000 square metres of office space and commercial premises. This will mean more than 3,000 office work stations as well as restaurant and other commercial premises that will be used by the building's tenants and others in the nearby area.

The return on other investments continued to develop steadily and reached 2.2 (4.4) per cent. The returns relied on the stable development of hedge funds, which helped diversify risk and compensate for the development of listed investments.

Varma has US-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 whole, and in financial reporting, the exchange rate impact is included in the returns of various asset classes. The US dollar strengthened against the euro in the first quarter, and this supported Varma's investment returns.

Varma's investment activities focussed on maintaining the company's secure solvency position, broadly diversifying investments and strongly emphasising 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 describing the total risk of Varma's investments stood EUR 2,475 (3,010) million.

### **Operating expenses and personnel**

Varma's total operating expenses in the reporting period were EUR 35 (33) million. The loading profit for the period was EUR 8 (11) million.

Varma commissioned the analysis on its IT costs in 2021 from an international consulting company. According to the cost analysis, Varma's IT costs are significantly lower than the peer companies in northern and western Europe. Varma's costs accounted for 0.85 per cent of its premiums written, while the peer group's median IT costs were 1.17 of their premiums written. Infrastructure's share of the costs proved to be particularly efficient and were almost 50% less than those of the peer group.

Varma's parent company had an average of 529 (527 in 2021) 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 11 per cent, customer service departments 17 per cent, disability risk management 14 per cent, investment operations 14 per cent, and other functions 27 per cent.

In February, Varma was recognised as one of Finland's Most Inspiring Workplaces for the fourth time. Varma employees' response rate in the survey has been over 90 per cent year after year, which shows that Varma's employees consider the survey as a means of influencing and developing their mutual day-to-day lives. The survey is carried out annually with hundreds of Finnish organisations, and the result of Varma's personnel survey clearly exceeds the average level of Finnish specialist organisations.

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. During the review period, the strong recommendation to work remotely was lifted, and Varma's employees have shifted to a hybrid model that allows them to work flexibly on Varma's premises or remotely.

## Corporate Governance

Varma's Annual General Meeting was held on 15 March 2022 in accordance with the official guidelines on gatherings. The Annual General Meeting elected three new members to the Supervisory Board: Pasi Pesonen, Lauri Sipponen and Markku Varis. 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 2021.

Continuing as Supervisory Board members are Christoph Vitzthum (Chair), Petri Vanhala (Deputy Chair), Juri Aaltonen, Kari Ahola, Ari Akseli, Eero Broman, Petri Castrén, Kim Forsström, Lasse Heinonen, Marko Hovimäki, Olavi Huhtala, Mika Joukio, Jukka Jäämaa, Risto Kalliorinne, Ilkka Kaukoranta, Mari Keturi, Ville Kopra, Tapio Korpeinen, Pekka Kuusniemi, Päivi Leiwo, Johanna Moisio, Perttu Puro, Mika Rautiainen, Eeva Sipilä, Jari Suominen, Pekka Tiitinen, Jorma Vehviläinen, Anssi Vuorio and Sauli Vääntti.

The Annual General Meeting chose the audit firm Ernst & Young Oy as the company's auditor for the 2022 financial year, with Authorized Public Accountant Antti Suominen serving as the principal auditor.

As of the beginning of 2022, Varma's Board of Directors is composed of Jaakko Eskola (Chair), Antti Palola (Deputy Chair), Risto Penttinen (Deputy Chair), Riku Aalto, Anu Ahokas, Ari Kaperi, Jyri Luomakoski, Petri Niemisvirta, Teo Ottola, Pekka Piispanen, Saana Siekkinen and Mari Walls, and deputy members Jouni Hakala, Timo Saranpää and Kari Välimäki.

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 for 2021 in accordance with the Global Reporting Initiative (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 also serves as a Communication on Progress of the UN Global Compact, and it presents the work carried out to promote the ten principles of the Global Compact. The report is externally assured and has been drawn up in compliance with the accessibility directive.

At the start of 2022, training on the corporate responsibility to respect human rights was arranged within Varma as part of an assessment of human rights risks and impacts. The training was aimed at Varma employees working in investment operations and acquisitions.

Varma is preparing a new Sustainability Programme and an updated Climate Policy for Varma's Investments, both scheduled for publication in the second quarter of the year.

### **Risk management**

The Covid-19 pandemic and Russia's attack on Ukraine have also changed Varma's risk position. Varma has looked after its statutory operations smoothly and without interruption also during these times.

Varma's greatest risks are related to investment operations and information processing. Cyber-risks in particular are estimated to have increased. 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 outlook for the economic operating environment is exceptionally uncertain. The biggest risks to the global economy and the investment markets relate to accelerating inflation and the central banks' measures to keep it in check. The rise in interest rates is expected to be the strongest it has been for a long time, and the new operating environment will pose major challenges for economic policymakers and companies, although the differences between countries' and sectors' ability to respond to these changes are great.

The extremely tightened security policy environment also undermines predictability and is putting the brakes on companies' investment decisions. In Finland, the sharp rise in costs is undermining households' purchasing power and companies' profitability, while investments in defense and recovery are simultaneously increasing the public deficit.

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

Helsinki, 29 April 2022

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 909,000 people in the private sector. Premiums written totalled EUR 5.6 billion in 2021 and pension payments stood at EUR 6.2 billion. The company's investment portfolio amounted to EUR 57.6 billion at the end of March 2022.*

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 and Communications 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	3/2022	3/2021	12/2021
<b>Assets</b>			
Investments	57,573	52,923	59,024
Receivables	1,375	1,061	1,173
Furniture and fixtures	3	3	3
<b>Total Assets</b>	<b>58,951</b>	<b>53,988</b>	<b>60,200</b>
<b>Liabilities</b>			
Capital and reserves	139	132	137
Valuation differences	13,105	10,949	14,416
Provision for future bonuses	2,597	2,383	2,339
Off-balance-sheet items	-1	-1	-1
Solvency capital, total	15,840	13,462	16,890
Provision for current bonuses (for client bonuses)	0	0	222
Equity-linked provision for current and future bonuses	1,836	1,475	2,434
Actual technical provision	40,672	38,694	40,230
Total	42,508	40,169	42,664
Other liabilities	603	356	423
<b>Total Liabilities</b>	<b>58,951</b>	<b>53,988</b>	<b>60,200</b>

## Income statement at fair values (Parent Company)

€ million	1-3/2022	1-3/2021	1-12/2021
Premiums written	1,272	1,285	5,635
Claims paid	-1,523	-1,473	-5,980
Change in technical provisions	378	-836	-3,222
Net investment income	-1,141	3,004	9,290
Total operating expenses	-35	-32	-130
Other income/expenses	0	0	-1
Taxes	-1	-1	-6
<b>Total result <sup>1)</sup></b>	<b>-1,050</b>	<b>1,945</b>	<b>5,587</b>

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

€ million	1-3/2022	1-3/2021	1-12/2021
Underwriting profit/loss	4	0	48
Investment result	-1,061	1,935	5,488
Loading profit	8	11	51
Other income/expenses	0	0	-1
<b>Total result</b>	<b>-1,050</b>	<b>1,945</b>	<b>5,587</b>

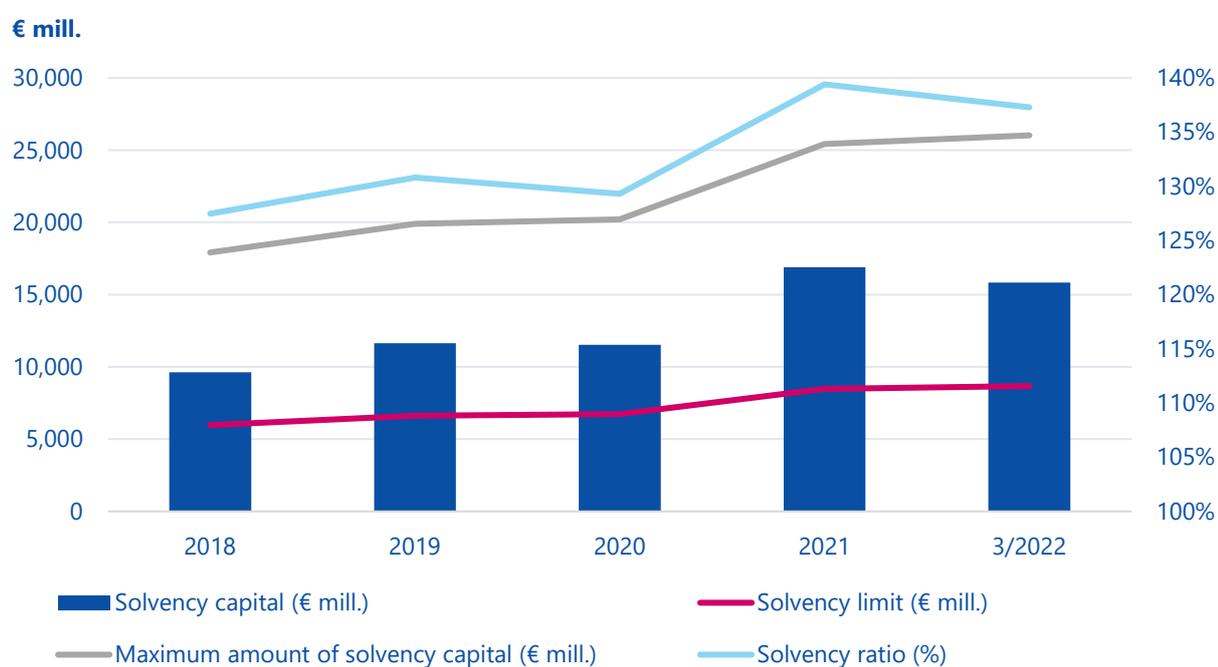
## Solvency capital and limits

	31/03/2022	31/3/2021	31/12/2021
Solvency limit (€ mill.)	8,674	7,782	8,473
Maximum amount of solvency capital (€ mill.)	26,021	23,346	25,418
Solvency capital (€ mill.)	15,840	13,462	16,890
Solvency ratio (%) <sup>1)</sup>	137.3	133.5	139.4
Solvency capital/Solvency limit <sup>2)</sup>	1.8	1.7	2.0

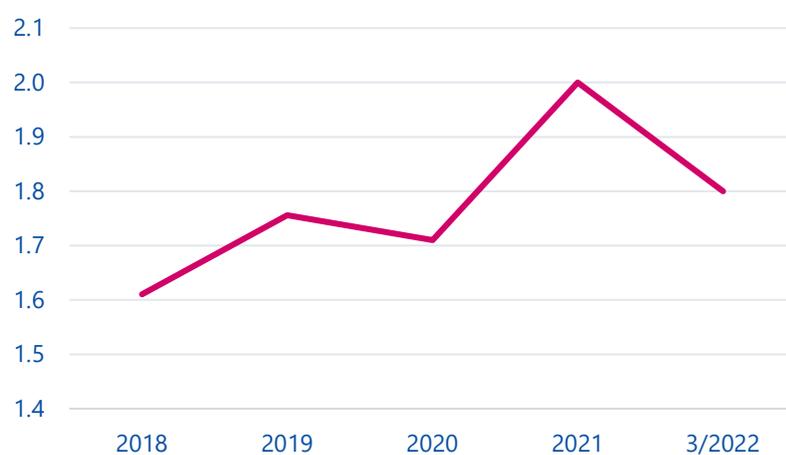
<sup>1)</sup> Pension assets in relation to the technical provisions under §11 of the Ministry of Social Affairs and Health's decree governing pension institutions (614/2008).

<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

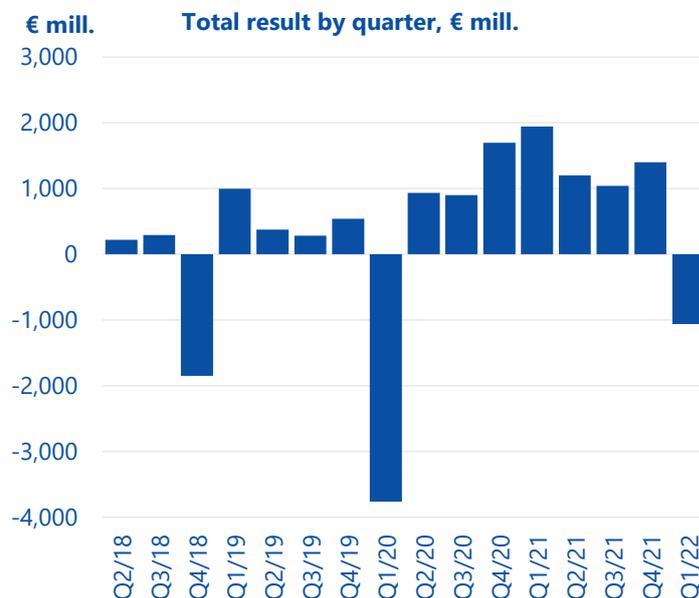
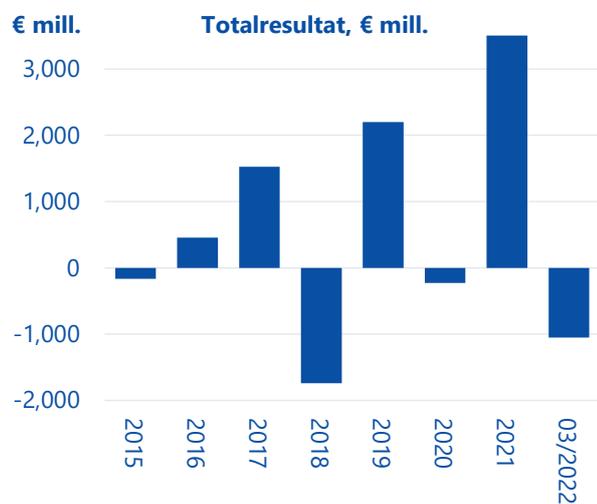
	31 Mar 2022				31 Mar 2021				31 Dec 2021				1-3/2022	1-3/2021	1-12/2021	24 m Volati- lity
	Market Value		Risk position		Market Value		Risk position		Market Value		Risk position		Return	Return	Return	
	Market Value	Risk position	MWR	MWR	MWR											
	€ mill.	%	€ mill.	%	%	%	%									
<b>Fixed-income investments <sup>1</sup></b>	<b>13,869</b>	<b>24</b>	<b>16,987</b>	<b>30</b>	<b>12,858</b>	<b>24</b>	<b>12,687</b>	<b>24</b>	<b>15,251</b>	<b>26</b>	<b>15,402</b>	<b>26</b>	<b>-2.7</b>	<b>-0.3</b>	<b>1.9</b>	
Loan receivables	2,664	5	2,664	5	2,877	5	2,877	5	2,711	5	2,711	5	0.8	1.0	5.4	
Bonds	7,841	14	7,962	14	8,386	16	8,586	16	9,269	16	10,281	17	-4.5	-0.7	1.4	<b>3.4</b>
Public bonds	3,763	7	3,869	7	3,604	7	3,804	7	5,132	9	6,189	10	-5.8	-3.0	-1.2	
Other bonds	4,078	7	4,093	7	4,782	9	4,782	9	4,136	7	4,092	7	-3.1	0.9	4.2	
Other money-market instruments and deposits	3,364	6	6,360	11	1,595	3	1,225	2	3,271	6	2,409	4	0.5	-0.2	-0.9	
<b>Equity investments</b>	<b>29,221</b>	<b>51</b>	<b>29,338</b>	<b>51</b>	<b>26,301</b>	<b>50</b>	<b>26,406</b>	<b>50</b>	<b>29,144</b>	<b>49</b>	<b>29,352</b>	<b>50</b>	<b>-3.5</b>	<b>10.8</b>	<b>32.2</b>	
Listed equities	19,598	34	19,716	34	19,092	36	19,197	36	20,010	34	20,217	34	-7.5	9.2	26.4	<b>13.0</b>
Private equity	9,121	16	9,121	16	6,877	13	6,877	13	8,663	15	8,663	15	5.5	16.0	49.6	
Unlisted equities	501	1	501	1	332	1	332	1	471	1	471	1	5.2	5.2	26.3	
<b>Real estate investments</b>	<b>5,525</b>	<b>10</b>	<b>5,525</b>	<b>10</b>	<b>4,876</b>	<b>9</b>	<b>4,876</b>	<b>9</b>	<b>5,442</b>	<b>9</b>	<b>5,442</b>	<b>9</b>	<b>2.0</b>	<b>0.9</b>	<b>5.9</b>	
Direct real estates	3,065	5	3,065	5	2,851	5	2,851	5	3,086	5	3,086	5	0.9	0.7	4.1	
Real estate funds	2,460	4	2,460	4	2,026	4	2,026	4	2,356	4	2,356	4	3.4	1.1	8.5	
<b>Other investments</b>	<b>8,958</b>	<b>16</b>	<b>8,964</b>	<b>16</b>	<b>8,888</b>	<b>17</b>	<b>8,888</b>	<b>17</b>	<b>9,187</b>	<b>16</b>	<b>9,187</b>	<b>16</b>	<b>2.2</b>	<b>4.4</b>	<b>15.3</b>	
Hedge funds	8,944	16	8,944	16	8,880	17	8,880	17	9,184	16	9,184	16	2.1	4.5	15.3	<b>2.7</b>
Commodities	0	0	0	0	-9	0	-1	0	0	0	0	0				
Other investments	14	0	14	0	8	0	8	0	3	0	3	0				
<b>Total investments</b>	<b>57,573</b>	<b>100</b>	<b>60,814</b>	<b>106</b>	<b>52,923</b>	<b>100</b>	<b>52,858</b>	<b>100</b>	<b>59,024</b>	<b>100</b>	<b>59,382</b>	<b>101</b>	<b>-1.9</b>	<b>6.0</b>	<b>18.5</b>	<b>5.1</b>
Impact of derivatives			-3,241	-6			65	0			-358	-1				
<b>Investment allocation at fair value</b>	<b>57,573</b>	<b>100</b>	<b>57,573</b>	<b>100</b>	<b>52,923</b>	<b>100</b>	<b>52,923</b>	<b>100</b>	<b>59,024</b>	<b>100</b>	<b>59,024</b>	<b>100</b>				

The modified duration for all the bonds is 3.78.

The open currency position is 31.0 per cent of the market value of the investments.

<sup>1</sup> Includes accrued interest

## Total result



## Summary of the key figures

	1-3/2022	1-3/2021	1-12/2021
Premiums written, € million	1,272	1,285	5,635
Net investment income at fair value, € million	-1,149	2,996	9,256
Return on invested capital, %	-1.9	6.0	18.5
	<b>3/2022</b>	<b>3/2021</b>	<b>12/2021</b>
Technical provisions, € million	45,105	42,552	45,225
Solvency capital, € million	15,840	13,462	16,890
in relation to solvency limit	1.8	1.7	2.0
Pension assets, € million	58,326	53,610	59,754
% of technical provisions	137.3	133.5	139.4
TyEL payroll, € million	23,606	21,942	22,535
YEL payroll, € million	835	817	815

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

	Market value						Risk position					
	31 Mar 2022		31 Mar 2021		31 Dec 2021		31 Mar 2022		31 Mar 2021		31 Dec 2021	
	€ mill.	%										
<b>Fixed-Income Investments</b>	<b>13,869</b>	<b>24.1</b>	<b>12,858</b>	<b>24.3</b>	<b>15,251</b>	<b>25.8</b>	<b>16,987</b>	<b>29.5</b>	<b>12,687</b>	<b>24.0</b>	<b>15,402</b>	<b>26.1</b>
Loan receivables	2,664	4.6	2,877	5.4	2,711	4.6	2,664	4.6	2,877	5.4	2,711	4.6
Bonds	7,841	13.6	8,386	15.8	9,269	15.7	7,962	13.8	8,586	16.2	10,281	17.4
Other money-market instruments and deposits	3,364	5.8	1,595	3.0	3,271	5.5	6,360	11.0	1,225	2.3	2,409	4.1
<b>Equity investments</b>	<b>29,221</b>	<b>50.8</b>	<b>26,301</b>	<b>49.7</b>	<b>29,144</b>	<b>49.4</b>	<b>29,338</b>	<b>51.0</b>	<b>26,406</b>	<b>49.9</b>	<b>29,352</b>	<b>49.7</b>
Listed equities	19,598	34.0	19,092	36.1	20,010	33.9	19,716	34.2	19,197	36.3	20,217	34.3
Private equity	9,121	15.8	6,877	13.0	8,663	14.7	9,121	15.8	6,877	13.0	8,663	14.7
Unlisted equities	501	0.9	332	0.6	471	0.8	501	0.9	332	0.6	471	0.8
<b>Real estate investments</b>	<b>5,525</b>	<b>9.6</b>	<b>4,876</b>	<b>9.2</b>	<b>5,442</b>	<b>9.2</b>	<b>5,525</b>	<b>9.6</b>	<b>4,876</b>	<b>9.2</b>	<b>5,442</b>	<b>9.2</b>
Direct real estates	3,065	5.3	2,851	5.4	3,086	5.2	3,065	5.3	2,851	5.4	3,086	5.2
Real estate funds	2,460	4.3	2,026	3.8	2,356	4.0	2,460	4.3	2,026	3.8	2,356	4.0
<b>Other investments</b>	<b>8,958</b>	<b>15.6</b>	<b>8,888</b>	<b>16.8</b>	<b>9,187</b>	<b>15.6</b>	<b>8,964</b>	<b>15.6</b>	<b>8,888</b>	<b>16.8</b>	<b>9,187</b>	<b>15.6</b>
Hedge funds	8,944	15.5	8,880	16.8	9,184	15.6	8,944	15.5	8,880	16.8	9,184	15.6
Commodities	0	0.0	0	0.0	0	0.0	7	0.0	0	0.0	0	0.0
Other investments	14	0.0	8	0.0	3	0.0	14	0.0	8	0.0	3	0.0
<b>Total</b>	<b>57,573</b>	<b>100.0</b>	<b>52,923</b>	<b>100.0</b>	<b>59,024</b>	<b>100.0</b>	<b>60,814</b>	<b>105.6</b>	<b>52,858</b>	<b>99.9</b>	<b>59,382</b>	<b>100.6</b>
Impact of derivatives							-3,241	-5.6	65	0.1	-358	-0.6
<b>Total</b>	<b>57,573</b>	<b>100.0</b>	<b>52,923</b>	<b>100.0</b>	<b>59,024</b>	<b>100.0</b>	<b>57,573</b>	<b>100.0</b>	<b>52,923</b>	<b>100.0</b>	<b>59,024</b>	<b>100.0</b>

### Modified duration of the bond portfolio 3.8

## 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 2022 %	31 Mar 2021 %	31 Dec 2021 %
<b>Fixed-Income Investments</b>	<b>-376</b>	<b>14,118</b>	<b>-2.7</b>	<b>-0.3</b>	<b>1.9</b>
Loan receivables	22	2,692	0.8	1.0	5.4
Bonds	-410	9,021	-4.5	-0.7	1.4
Other money-market instruments and deposits	12	2,405	0.5	-0.2	-0.9
<b>Equity investments</b>	<b>-1,073</b>	<b>30,315</b>	<b>-3.5</b>	<b>10.8</b>	<b>32.2</b>
Listed equities	-1,578	21,160	-7.5	9.2	26.4
Private equity	480	8,678	5.5	16.0	49.6
Unlisted equities	25	477	5.2	5.2	26.3
<b>Real estate investments</b>	<b>108</b>	<b>5,426</b>	<b>2.0</b>	<b>0.9</b>	<b>5.9</b>
Direct real estates	28	3,075	0.9	0.7	4.1
Real estate funds	80	2,351	3.4	1.1	8.5
<b>Real estate funds</b>	<b>205</b>	<b>9,134</b>	<b>2.2</b>	<b>4.4</b>	<b>15.3</b>
Hedge funds	187	9,138	2.1	4.5	15.3
Commodities	6	-2			
Other investments	12	-2			
<b>Total</b>	<b>-1,136</b>	<b>58,993</b>	<b>-1.9</b>	<b>6.0</b>	<b>18.6</b>
Unallocated income, costs and operating expenses from investment activities	-13	7			
<b>Net investment return at fair value</b>	<b>-1,149</b>	<b>59,000</b>	<b>-1.9</b>	<b>6.0</b>	<b>18.5</b>