

## Varma's Interim Report 1 January 2021 – 30 September 2021

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

- The total result was EUR 4,185 (-1,928) million.
- The nine-month return on investments was 13.5 (-2.6) per cent.
- The market value of investments was EUR 56.6 (50.2 on 1 Jan) billion.
- Solvency capital was EUR 15.7 (EUR 11.5 on 1 Jan) billion, and 1.9 (1.7 on 1 Jan) times the solvency limit.

### Economic operating environment

The global economy has recovered well from the coronavirus crisis. The recovery of developed economies has been driven by the US, where growth has been boosted not only by record-strong fiscal stimulus, but also by rapid actions to increase vaccine coverage. Europe's growth was slightly slower to start up, and the stimulus measures were also more modest in the countries of the economic area. In China, certain industries and companies caused concerns in the third quarter, and the country's economic growth outlook has also become more muted.

The wave of infections caused by the Delta variant of the coronavirus raised questions about the pace at which restrictions are being lifted. At the same time, bottlenecks in the supply of several products and, in particular, energy increased, causing a further hike in producer and energy price inflation. Consumer prices also rose faster than they have in decades. Monetary policy remained highly stimulatory, but the central banks started preparing the markets for the gradual tapering of their purchase programmes.

The economy has recovered from the coronavirus crisis remarkably faster than it did after the financial crisis, and the coronavirus period is not expected to weaken economies' production potential in the longer term. The downside to the successful management of the crisis is the increase in public debt to record-high levels, which will put a strain on economies and their growth outlook especially when interest rates rise.

Finland's economic recovery this year has been faster than the forecasts anticipated. Besides exports, the growth has been driven by stronger demand in domestic markets and growth in investments. Companies' confidence in the future outlook has strengthened thanks to the upturn in economic activity.

by the economic recovery, the employment rate has also improved. August saw over 100,000 more people employed than a year ago. Consumer confidence in the Finnish economy strengthened further.

From the perspective of the public economy, the financing of earnings-related pensions and other welfare-state promises, it is crucial that the economy is vibrant and capable of renewal. While taking on debt to manage the coronavirus crisis has been justified, in the long run, managing the debt ratio would require a more robust structural base for economic growth.

### Earnings-related pension system

The central labour market organisations have agreed on a proposal concerning the private sector's earnings-related pension contribution for 2022. The Ministry of Social Affairs and Health will confirm the TyEL contribution criteria upon application by the earnings-related pension insurance companies. The average TyEL contribution for the private sector is 24.85 per cent of the payroll. The contribution also includes a repayment item to compensate the temporary reduction in the employer's TyEL pension contribution in 2020. The pension contributions of the self-employed will remain at the same level in 2022 as they were in 2021.

A report commissioned by the Finnish Centre for Pensions and prepared by Torben M. Andersen concerning the long-term outlook of the earnings-related pension system was completed. The key message of the report was that Finland's statutory earnings-related pension insurance is stable and robust, but in the long term, it may face financing challenges.

The project to merge Finland's private and public sector pension laws, which had been in preparation for a long time and was included in the government programme, ended at an impasse when the working group tasked with resolving the matter could not come to an agreement on its implementation.

### **Varma's economic and operational development**

Varma has complied with the official guidelines on the strong recommendation to work remotely. Varma's customer service and customer meetings have been taking place remotely. Varma's remote working practices have proved to be effective during the crisis, and the provision of earnings-related pension has continued without interruption. Economic activity among Varma's customers has improved substantially from the situation one year ago, although in many industries both demand and supply have been significantly lower than usual.

Varma's total result at fair value for the nine-month period amounted to EUR 4,185 (-1,928) million. The total investment result was EUR 4,144 (-1,952) million. The return on investments at fair value was EUR 6,732 (-1,262) million. The interest credited on the technical provisions was EUR 2,588 (690) million. The estimated technical underwriting result was EUR 3 (-5) million and the loading profit was EUR 38 (29) 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 15,701 (11,517 on 1 Jan) million, and 137.7 (129.3 on 1 Jan) per cent in relation to the technical provisions.

Varma's solvency capital was on a sustainable level, i.e. 1.9 (1.7 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 347,000 at the end of September (347,000 on 1 Jan). Claims paid in January–September totalled EUR 4,458 (4,365) million. By the end of September, 16,538 new pension decisions were made, which is 3.1 per cent more than in the corresponding period last year. A total of 39,599 pension decisions were made in January–September. In January–September, 9,997 disability pension decisions were made; this is 8.7 per cent less than in the corresponding period of 2020.

In January–September, Varma processed 13 cases in which Covid-19 was the main reason for disability. In connection with the coronavirus, Varma has thus far granted disability pension until further notice to two people, and the fixed-term cash rehabilitation benefit to six people. During the pandemic, morbidity among Finns decreased. Any social and health risks the pandemic may cause to the population and the labour force over time will become clear in the longer term.

Varma has renewed its services and focussed especially on developing management services for risk-based disability. The goal of renewing the services is to support customers more effectively than before in lengthening careers. Varma is carefully analysing the impacts of the pandemic and the subsequent rapid working-life changes in order to predict customer needs and improve the relevance of services.

The TyEL payroll of those insured by Varma has grown strongly, by 6.7 per cent, compared to the situation one year ago. The payroll of the insured was low particularly in the second quarter of 2020, although the full-year trend was slightly positive. The trend in 2021 has been good. At the end of September, 571,000 (543,000 on 1 Jan) employees and entrepreneurs were insured by Varma.

Varma gained a total of EUR 41 (136) 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 investments performed strongly during the review period. The return on Varma's investments reached 13.5 (-2.6) per cent, and at the end of September, the value of investments amounted to EUR 56,616 (46,791) million. Varma's solvency ratio was 137.7 (129.3 on 1 Jan) per cent at the end of the third quarter.

This year, there have been major return differences between the investment market's main asset classes. The year has been marked by interest rates rising from exceptionally low levels and equity returns boosted by strong earnings growth. Risk appetites have remained reasonably strong, and the credit risk premiums on corporate bonds have been historically low. Return differences between areas and industries have, however, been significant. The strong performance of the developed markets that started last year continued, but in the emerging markets, the return development has diverged and the uncertainty related to China's economic growth, in particular, has pushed down the current year's returns. Of the equity market industries, the previously rejected banking, automotive and energy industries have risen. The increase in raw material prices has also been rapid, with energy and fuel prices rising the most.

This has been a very strong year for the investment markets. In the third quarter, however, equity returns were clearly lower than in the first half of the year, partly reflecting accelerating inflation, expectations of gradually normalising monetary policy and increased uncertainty about the pace of economic growth. The returns on government bonds were mainly negative on account of the rise in interest rates earlier in the year. Credit risk premiums on corporate bonds remained stable until the end of summer, but began to rise slightly in September. In terms of investment market returns, the most important factors this year have been the relief brought by the coronavirus vaccinations, the considerable strengthening of companies' profitability and expectations of how central banks will respond to higher inflation.

Equities were the drivers of Varma's investment returns during the review period, with private equity investments showing the strongest performance. The return on hedge funds also increased considerably. The rise in interest rates kept the return on fixed income investments modest. The return on real estate, however, developed reasonably well. At the end of September, the average nominal investment return over five years was 7.0 per cent, and over ten years 6.8 per cent. The corresponding real returns were 5.8 and 5.7 per cent.

The return on listed equities was 17.6 (-4.3) per cent. Geographical and industry-dependent differences in returns remained great. In terms of regions, US and Finnish equities showed the strongest performance, and emerging market equities the weakest. The reported return on private equity funds reached a record-high 39.9 (-0.7) per cent, also partly reflecting the good market development at the end of last year. Unlisted equities also performed strongly, yielding 10.4 (7.7) per cent, although they failed to keep up with the performance of the listed equity markets.

The return on fixed income investments was a moderate 1.5 (0.0) per cent in the first three quarters of the year. Public-sector bonds yielded a negative return of -0.9 (3.4) per cent as a result of the hike in interest rates in the first half of the year and early autumn. The return on corporate bonds has been reasonable as corporate bonds with a lower credit rating have benefited from the strong economic growth and expansionary monetary policy. The total return on other bonds was 3.5 (-2.0) per cent. Loan receivables basically developed as predicted, yielding a return of 3.0 (0.7) per cent. The return on other money market instruments was a modest -0.1 (-0.6) per cent.

The return on real estate investments rose to 4.1 (1.2) per cent. Direct real estate investments yielded a return of 4.1 (1.9) per cent and real estate investment funds 4.2 (0.3) per cent. At the end of September, Varma purchased buildings A and B of the OOPS commercial property in Espoo's Leppävaara district. The two buildings comprise a total of approximately 18,000 m<sup>2</sup> of office space, and the transaction also includes part of a large car park. The property targets the environmental rating of Excellent for commercial and office buildings in the BREEAM environmental rating system.

The return on other investments increased to 11.5 (-6.4) per cent, almost entirely reflecting the performance of hedge funds, which continued to be very strong as the macroeconomic environment and credit markets continue to recover.

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 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 January–September, and this supported 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 2,173 (3,034) million.

### **Operating expenses and personnel**

Varma's total operating expenses in the reporting period were EUR 100 (93) million. Along with the growth in the payroll insured by Varma, the insurance contribution component that is intended to cover Varma's operating expenses is expected to grow from 2020. According to a full-year estimate, Varma will use 63 (61) per cent of the expense loading included in the insurance contributions for operating expenses. The loading profit for the period was EUR 38 (29) million. The loading profit accumulated in 2021 will be used entirely for client bonuses.

Varma's parent company employed an average of 529 people in the reporting period (536 in 2020). At the end of September, Varma's personnel were distributed as follows: pension services 17 per cent, actuarial and insurance services 11 per cent, customer service departments 16 per cent, disability risk management 14 per cent, investment operations 14 per cent, and other functions 28 per cent.

### **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**

Varma has joined the world's largest corporate sustainability initiative, the UN Global Compact, which develops the environmental, social and economic sustainability of companies. Varma requires that its investee companies operate in compliance with the principles of the Global Compact.

Varma has promoted sustainability in its hedge fund investments. Of Varma's hedge fund investments, approximately 95 per cent have responsible investment policies in place, and a climate-related assessment is currently being conducted on them. In 2021, Varma made significant new fund commitments in renewable energy and in funds focussing on the energy transition.

Varma is participating in the CDP campaign that encourages companies to set science-based targets for emissions reduction, i.e. to operate in accordance with the Science Based Targets (SBT) framework.

## 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 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 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

We expect the economy to continue to grow, although the biggest growth spurt in developed economies has already taken place this year. Strong financial policy stimulus has supported economies and maintained demand.

Asset values have experienced record growth, driven by the economic recovery and the sustained low interest rate level. The accelerated inflation resulting from strong global growth and uncertainty over the tightening of monetary policy, especially in the US, could continue to cause nervousness and corrections in the markets. Varma is well-prepared to secure pensions also in volatile markets, thanks to the company's strong solvency and active risk management.

The Finnish economy will continue on its brisk growth trajectory this and next year. Thereafter, growth is expected to return to a slower growth path if the structural reforms fail to strengthen the conditions for growth. Special attention must be paid to lowering structural unemployment, responding to the shortage of labour force and focussing on the kind of competence that is needed in the face of changing economic structures. These factors are important also in terms of Finland's payroll development, which, alongside investment returns, is essential to the financing of earnings-related pensions.

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

Helsinki, 29 October 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 918,000 people in the private sector. Varma's premiums written totalled EUR 4.9 billion in 2020 and pension payments stood at EUR 6.0 billion. Varma's investment portfolio amounted to EUR 56.6 billion at the end of September 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](http://www.varma.fi/en)

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

## Balance sheet at fair values (Parent Company)

€ million	9/2021	9/2020	12/2020
<b>Assets</b>			
Investments	56,616	46,791	50,157
Receivables	976	1,171	1,130
Furniture and fixtures	3	3	3
<b>Total Assets</b>	<b>57,595</b>	<b>47,965</b>	<b>51,289</b>
<b>Liabilities</b>			
Capital and reserves	135	128	130
Valuation differences	12,721	8,803	9,995
Provision for future bonuses	2,846	789	1,393
Off-balance-sheet items	-1	-1	-1
Solvency capital, total	15,701	9,719	11,517
Provision for current bonuses (for client bonuses)	0	0	54
Equity-linked provision for current and future bonuses	2,141	1,183	775
Actual technical provision	39,518	36,647	38,503
Total	41,659	37,831	39,278
Other liabilities	235	415	440
<b>Total Liabilities</b>	<b>57,595</b>	<b>47,965</b>	<b>51,289</b>

## Income statement at fair values (Parent Company)

€ million	1-9/2021	1-9/2020	1-12/2020
Premiums written	4,249	3,733	4,931
Claims paid	-4,458	-4,365	-5,702
Change in technical provisions	-2,260	41	-749
Net investment income	6,759	-1,242	1,395
Total operating expenses	-100	-93	-110
Other income/expenses	0	0	7
Taxes	-5	-3	-3
<b>Total result <sup>1</sup></b>	<b>4,185</b>	<b>-1,928</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	1-9/2021	1-9/2020	1-12/2020
Underwriting profit/loss	3	-5	22
Investment result	4,144	-1,952	-309
Loading profit	38	29	49
Other income/expenses	0	0	7
<b>Total result</b>	<b>4,185</b>	<b>-1,928</b>	<b>-231</b>

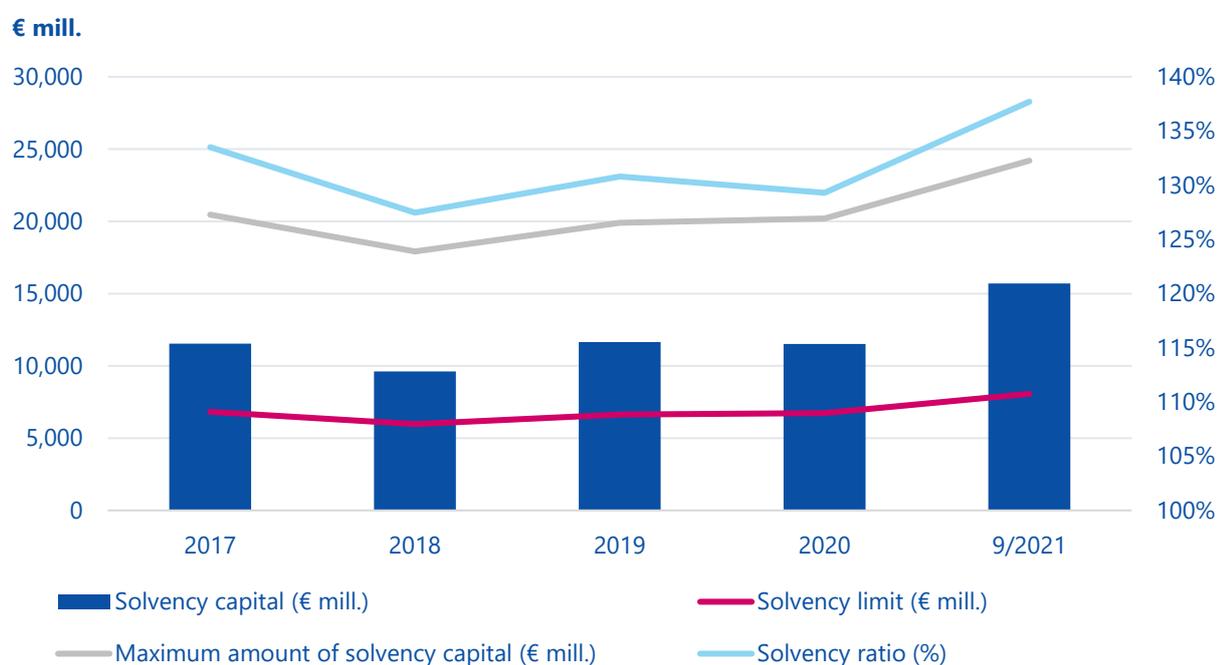
## Solvency capital and limits

	30/09/2021	30/09/2020	31/12/2020
Solvency limit (€ mill.)	8,067	5,859	6,734
Maximum amount of solvency capital (€ mill.)	24,201	17,578	20,203
Solvency capital (€ mill.)	15,701	9,719	11,517
Solvency ratio (%) <sup>1</sup>	137.7	125.7	129.3
Solvency capital/Solvency limit <sup>2</sup>	1.9	1.7	1.7

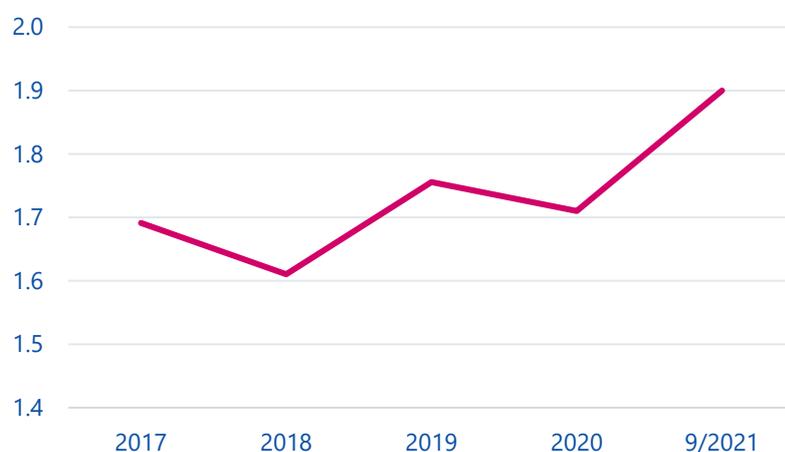
<sup>1</sup> Pension assets in relation to the technical provisions under §11 of the Ministry of Social Affairs and Health's decree governing pension institutions (614/2008).

<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

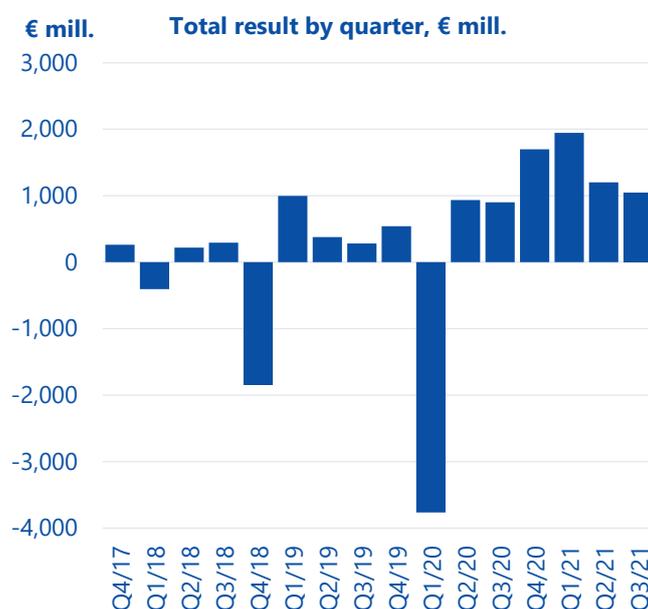
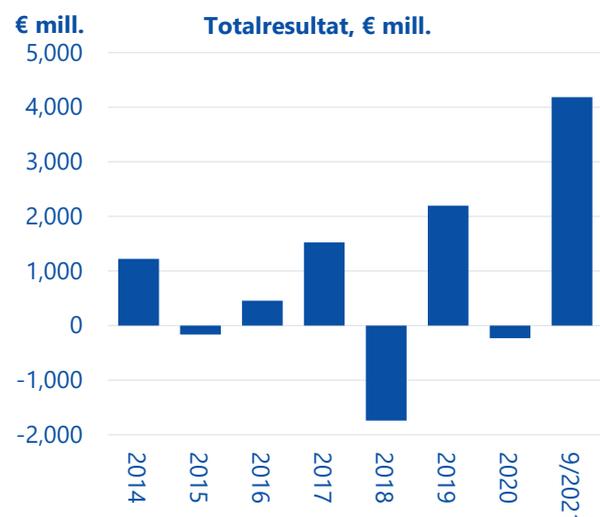
	30 Sep 2021				30 Sep 2020				31 Dec 2020				1-9/2021	1-9/2020	1-12/2020	24 m Volati- lity
	Market value				Market value				Market value				Return	Return	Return	
	Market Value		Risk position		Market Value		Risk position		Market Value		Risk position		MWR	MWR	MWR	
	€ mill.	%	%	%	%											
<b>Fixed-income investments <sup>1</sup></b>	<b>14,456</b>	<b>26</b>	<b>14,321</b>	<b>25</b>	<b>12,881</b>	<b>28</b>	<b>12,704</b>	<b>27</b>	<b>12,279</b>	<b>24</b>	<b>11,410</b>	<b>23</b>	<b>1.5</b>	<b>0.0</b>	<b>1.9</b>	
Loan receivables	2,848	5	2,848	5	2,690	6	2,690	6	2,711	5	2,711	5	3.0	0.7	0.5	
Bonds	8,577	15	9,844	17	7,882	17	7,906	17	8,128	16	7,459	15	1.4	0.0	3.0	6.2
Public bonds	4,529	8	5,796	10	3,126	7	2,928	6	3,326	7	2,490	5	-0.9	3.4	6.1	
Other bonds	4,048	7	4,048	7	4,757	10	4,977	11	4,803	10	4,969	10	3.5	-2.0	1.0	
Other money-market instruments and deposits	3,031	5	1,628	3	2,308	5	2,108	5	1,440	3	1,240	2	-0.1	-0.6	-1.0	
<b>Equity investments</b>	<b>27,838</b>	<b>49</b>	<b>27,641</b>	<b>49</b>	<b>20,496</b>	<b>44</b>	<b>20,438</b>	<b>44</b>	<b>24,222</b>	<b>48</b>	<b>23,083</b>	<b>46</b>	<b>23.1</b>	<b>-3.2</b>	<b>5.9</b>	
Listed equities	19,365	34	19,168	34	14,735	31	14,677	31	17,946	36	16,807	34	17.6	-4.3	5.2	18.2
Private equity	8,079	14	8,079	14	5,455	12	5,455	12	5,958	12	5,958	12	39.9	-0.7	7.8	
Unlisted equities	394	1	394	1	306	1	306	1	318	1	318	1	10.4	7.7	8.6	
<b>Real estate investments</b>	<b>5,235</b>	<b>9</b>	<b>5,235</b>	<b>9</b>	<b>4,648</b>	<b>10</b>	<b>4,648</b>	<b>10</b>	<b>4,828</b>	<b>10</b>	<b>4,828</b>	<b>10</b>	<b>4.1</b>	<b>1.2</b>	<b>2.0</b>	
Direct real estates	3,036	5	3,036	5	2,821	6	2,821	6	2,875	6	2,875	6	4.1	1.9	3.4	
Real estate funds	2,199	4	2,199	4	1,827	4	1,827	4	1,953	4	1,953	4	4.2	0.3	-0.2	
<b>Other investments</b>	<b>9,087</b>	<b>16</b>	<b>9,088</b>	<b>16</b>	<b>8,767</b>	<b>19</b>	<b>8,767</b>	<b>19</b>	<b>8,827</b>	<b>18</b>	<b>8,827</b>	<b>18</b>	<b>11.5</b>	<b>-6.4</b>	<b>-2.0</b>	
Hedge funds	9,087	16	9,087	16	8,769	19	8,769	19	8,818	18	8,818	18	11.6	-5.4	-1.0	10.3
Commodities	0	0	1	0	0	0	0	0	0	0	0	0				
Other investments	-1	0	-1	0	-2	0	-2	0	9	0	9	0				
<b>Total investments</b>	<b>56,616</b>	<b>100</b>	<b>56,285</b>	<b>99</b>	<b>46,791</b>	<b>100</b>	<b>46,556</b>	<b>99</b>	<b>50,157</b>	<b>100</b>	<b>48,149</b>	<b>96</b>	<b>13.5</b>	<b>-2.6</b>	<b>2.8</b>	<b>8.8</b>
Impact of derivatives			332	1			234	1			2,008	4				
<b>Investment allocation at fair value</b>	<b>56,616</b>	<b>100</b>	<b>56,616</b>	<b>100</b>	<b>46,791</b>	<b>100</b>	<b>46,791</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 4.2.

The open currency position is 24.0% of the market value of the investments.

<sup>1</sup> Includes accrued interest

## Total result



## Summary of the key figures

	1-9/2021	1-9/2020	1-12/2020
Premiums written, € million	4,249	3,733	4,931
Net investment income at fair value, € million	6,732	-1,262	1,372
Return on invested capital, %	13.5	-2.6	2.8

	9/2021	9/2020	12/2020
Technical provisions, € million	44,505	38,620	40,726
Solvency capital, € million	15,701	9,719	11,517
in relation to solvency limit	1.9	1.7	1.7
Pension assets, € million	57,337	47,530	50,829
% of technical provisions	137.7	125.7	129.3
TyEL payroll, € million	22,369	20,982	21,142
YEL payroll, € million	817	807	807

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

	Market value						Risk position					
	30 Sep 2021		30 Sep 2020		31 Dec 2020		30 Sep 2021		30 Sep 2020		31 Dec 2020	
	€ mill.	%										
<b>Fixed-Income Investments</b>	<b>14,456</b>	<b>25.5</b>	<b>12,881</b>	<b>27.5</b>	<b>12,279</b>	<b>24.5</b>	<b>14,321</b>	<b>25.3</b>	<b>12,704</b>	<b>27.2</b>	<b>11,410</b>	<b>22.7</b>
Loan receivables	2,848	5.0	2,690	5.7	2,711	5.4	2,848	5.0	2,690	5.7	2,711	5.4
Bonds	8,577	15.1	7,882	16.8	8,128	16.2	9,844	17.4	7,906	16.9	7,459	14.9
Other money-market instruments and deposits	3,031	5.4	2,308	4.9	1,440	2.9	1,628	2.9	2,108	4.5	1,240	2.5
<b>Equity investments</b>	<b>27,838</b>	<b>49.2</b>	<b>20,496</b>	<b>43.8</b>	<b>24,222</b>	<b>48.3</b>	<b>27,641</b>	<b>48.8</b>	<b>20,438</b>	<b>43.7</b>	<b>23,083</b>	<b>46.0</b>
Listed equities	19,365	34.2	14,735	31.5	17,946	35.8	19,168	33.9	14,677	31.4	16,807	33.5
Private equity	8,079	14.3	5,455	11.7	5,958	11.9	8,079	14.3	5,455	11.7	5,958	11.9
Unlisted equities	394	0.7	306	0.7	318	0.6	394	0.7	306	0.7	318	0.6
<b>Real estate investments</b>	<b>5,235</b>	<b>9.2</b>	<b>4,648</b>	<b>9.9</b>	<b>4,828</b>	<b>9.6</b>	<b>5,235</b>	<b>9.2</b>	<b>4,648</b>	<b>9.9</b>	<b>4,828</b>	<b>9.6</b>
Direct real estates	3,036	5.4	2,821	6.0	2,875	5.7	3,036	5.4	2,821	6.0	2,875	5.7
Real estate funds	2,199	3.9	1,827	3.9	1,953	3.9	2,199	3.9	1,827	3.9	1,953	3.9
<b>Other investments</b>	<b>9,087</b>	<b>16.1</b>	<b>8,767</b>	<b>18.7</b>	<b>8,827</b>	<b>17.6</b>	<b>9,088</b>	<b>16.1</b>	<b>8,767</b>	<b>18.7</b>	<b>8,827</b>	<b>17.6</b>
Hedge funds	9,087	16.1	8,769	18.7	8,818	17.6	9,087	16.1	8,769	18.7	8,818	17.6
Commodities	0	0.0	0	0.0	0	0.0	1	0.0	0	0.0	0	0.0
Other investments	-1	0.0	-2	0.0	9	0.0	-1	0.0	-2	0.0	9	0.0
<b>Total</b>	<b>56,616</b>	<b>100.0</b>	<b>46,791</b>	<b>100.0</b>	<b>50,157</b>	<b>100.0</b>	<b>56,285</b>	<b>99.4</b>	<b>46,557</b>	<b>99.5</b>	<b>48,149</b>	<b>96.0</b>
Impact of derivatives							332	0.6	234	0.5	2,008	4.0
<b>Total</b>	<b>56,616</b>	<b>100.0</b>	<b>46,791</b>	<b>100.0</b>	<b>50,157</b>	<b>100.0</b>	<b>56,616</b>	<b>100.0</b>	<b>46,791</b>	<b>100.0</b>	<b>50,157</b>	<b>100.0</b>

## 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 Sep 2021		30 Sep 2020	31 Dec 2020
<b>Fixed-Income Investments</b>	<b>194</b>	<b>13,297</b>	<b>1.5</b>	<b>0.0</b>	<b>1.9</b>
Loan receivables	83	2,799	3.0	0.7	0.5
Bonds	113	8,366	1.4	0.0	3.0
Other money-market instruments and deposits	-2	2,131	-0.1	-0.6	-1.0
<b>Equity investments</b>	<b>5,409</b>	<b>23,450</b>	<b>23.1</b>	<b>-3.2</b>	<b>5.9</b>
Listed equities	3,034	17,256	17.6	-4.3	5.2
Private equity	2,341	5,866	39.9	-0.7	7.8
Unlisted equities	34	328	10.4	7.7	8.6
<b>Real estate investments</b>	<b>203</b>	<b>4,893</b>	<b>4.1</b>	<b>1.2</b>	<b>2.0</b>
Direct real estates	116	2,854	4.1	1.9	3.4
Real estate funds	87	2,039	4.2	0.3	-0.2
<b>Real estate funds</b>	<b>963</b>	<b>8,390</b>	<b>11.5</b>	<b>-6.4</b>	<b>-2.0</b>
Hedge funds	973	8,383	11.6	-5.4	-1.0
Commodities	1	0			
Other investments	-11	8			
<b>Total</b>	<b>6,769</b>	<b>50,030</b>	<b>13.5</b>	<b>-2.6</b>	<b>2.9</b>
Unallocated income, costs and operating expenses from investment activities	-37	19			
<b>Net investment return at fair value</b>	<b>6,732</b>	<b>50,049</b>	<b>13.5</b>	<b>-2.6</b>	<b>2.8</b>