

# Ilmarinen's Interim Report

1 January to 30 June 2023



ILMARINEN

# Ilmarinen's Interim Report 1 January to 30 June 2023: Return on investments rose to 3.7 per cent, solvency strengthened and cost-effectiveness continued to improve

## January–June financial performance in brief:

- The return on Ilmarinen's investment portfolio was 3.7 (-6.2) per cent, i.e. EUR 2.1 billion. The market value of investments grew to EUR 58.2 (56.3) billion. The long-term average return on investments was 5.8 per cent as of 1997. This corresponds to an annual real return of 3.8 per cent.
- Thanks to the good performance of investment activities, the total result for January–June grew to EUR 0.6 (-3.4) billion.
- Premiums written grew by 6 per cent to EUR 3.5 (3.3) billion. EUR 3.6 (3.3) billion was paid in pensions.
- Net customer acquisition was EUR 70 (91) million and rolling customer retention for the previous 12 months was 96.4 (97.1) per cent.
- Operating expenses financed using loading income decreased by three per cent to EUR 50 (52) million and were 0.35 (0.39) per cent of the TyEL payroll and YEL income of the insured.
- Solvency capital increased to EUR 12.4 (11.8) billion, and the solvency ratio strengthened to 126.4 (125.8) per cent.
- Outlook: Ilmarinen's premiums written are expected to grow on the back of payroll growth, but the growth pace is expected to slow down from the previous year.

Key figures	1-6/2023	1-6/2022	2022
Premiums written, EUR million	3,493	3,287	6,558
Pensions paid, EUR million	3,594	3,287	6,606
Operating expenses covered by loading income, EUR million	50	52	99
TyEL payroll and YEL income, EUR mill.	14,231	13,378	26,630
Operating expenses financed using loading income of payroll and YEL income, %	0.35	0.39	0.37
Return on investments, %	3.7	-6.2	-6.6
Total result at current value, EUR million	605	-3,447	-4,592
Value of investment assets, EUR million	58,218	56,706	56,264
Solvency capital, EUR million	12,401	13,106	11,777
Solvency ratio, %	126.4	129.3	125.8

The interim report result comparison figures are the figures for the corresponding period of 2022. Unless otherwise indicated, the comparison figures for the balance sheet and other cross-sectional items are the figures for the end of 2022.

## PRESIDENT AND CEO JOUKO PÖLÖNEN'S REVIEW



Ilmarinen's return on investments rose to 3.7 per cent, solvency strengthened and cost-effectiveness continued to improve despite the high inflation and uncertain economic development.

The investment markets showed positive performance in the first half of the year, even though central banks have continued their key interest rate hikes and a fast rise in interest rates has created challenges and increasing financial costs for indebted households, companies and the leveraged real estate sector, for instance. Inflation and global economic growth have slowed, as a result of which the markets forecast an end to key interest rate hikes by the end of the year. The continued strong employment and payroll development have supported demand especially in the service sectors and generated a belief that inflation will be curbed without a deeper downturn. The capital markets' performance varied by region and sector in the first half of the year. Stock prices rose in the United States, especially driven by major tech companies, and the rise was also strong in Europe, although stock price performance was negative in Finland.

In January–June, Ilmarinen's return on investments rose to 3.7 per cent, i.e. to EUR 2.1 billion, thanks to the strong performance of the equity markets and fixed income and credit risk investment returns. The long-term average nominal return on investments was 5.8 per cent, corresponding to a 3.8 per cent

average annual real return since 1997. The solvency ratio rose to 126.4 per cent and solvency capital to EUR 12.4 billion. The solvency buffers built up through long-term funding and investing protect pension assets against market volatility.

Premiums written grew by 6 per cent to EUR 3,493 million, following the increase in the payroll for employees insured with Ilmarinen. The number of employees in the companies belonging to Ilmarinen's business cycle index increased by 1.3 per cent year-on-year during January–June. Employment development appears, however, to be decelerating as the number of employees began to fall at a rate of 0.3 per cent in June for the first time in more than two years. We paid EUR 3,594 million in pensions to around 455,000 pensioners.

The cost-effectiveness of Ilmarinen's operations improved further. Last year, we became the most cost-effective company in the industry, measured by the ratio of operating expenses to expense loading components. In January–June, the operating expenses financed using loading income decreased by 3 per cent to EUR 50 million and were 0.35 per cent of the payroll and YEL income. Earnings-related pension companies started applying company-specific expense loading rates as of the beginning of the year. Following this change, our customers will see the benefits of improved cost-effectiveness directly in their insurance contributions.

An adequate level and coverage of pensions, intergenerational fairness, and sustainable financing are included in the new Government Programme as earnings-related pension policy targets. The significance of investment returns from the perspective of the sustainability of long-term financing of the pension system highlights why the solvency framework for earnings-related companies must be reshaped so as to enable them to seek better long-term returns.

The Finnish welfare society and earnings-related pension system are especially chal-

lenged by the decline in the working age population and weakening of the age dependency ratio. Increasing labour immigration is necessary for Finland's economy and the pension system. Many sectors require more workforce, and in order to attract it, Finland must be an open society that is safe for all and where discrimination is not tolerated. At the same time, it is extremely important to take care of employees' work ability and competence development. We cannot afford

to let almost 20,000 people leave working life prematurely on disability pension. Working life requires flexibility to gain employment for those with partial work ability and also allow the many pensioners willing to work to take on part-time employment. Current and future pensioners have massive labour potential to make up for the growing deficit in working age population caused by a historically low birth rate.

## Current information about the pension system

Retirement on old-age pension has been significantly delayed after the 2017 pension reform. Finns retired on earnings-related pension at the age of 62.2 years on average in 2022 says a study conducted by the Finnish Centre for Pensions in early 2023. Last year, however, retirement took place a couple of months earlier compared to the previous year. The reason was an exceptional index increase of 6.8 per cent to earnings-related pensions which led to a large influx of applications at the end of 2022. A slightly more moderate index increase is expected at the next turn of the year to protect pensions' purchasing power from accelerating inflation. This year too, the index increase will most likely lead to growing interest in applying for pensions.

The administrative cost component included in the earnings-related pension insurance contribution became company-specific as of the start of 2023. Now every pension company has its own contribution criteria for the administrative cost component. The amendment is expected to increase competition between pension institutions, creating even stronger incentives to increase operational efficiency.

The act on more detailed specifications on determining entrepreneurs' YEL income and reviewing the YEL income for existing insurance policies came into force as of the start of 2023. In line with the act, Ilmarinen

has begun its reviews of self-employed persons' YEL income levels. This year, the review applies to entrepreneurs with an annual YEL income of less than EUR 15,000, if no material changes have been made to the YEL income for the past three years. On the earnings-related insurance provider's initiative, YEL income can be raised by a maximum of EUR 4,000 in a review to ensure that the rise in an entrepreneur's monthly insurance contribution remains reasonable, at no more than EUR 85. The YEL income may also remain unchanged or fall. The objective of the amendment is to improve entrepreneurs' pension and social security and to support the implementation of the Self-Employed Persons Pensions Act. There is still a need for a more substantial renewal of the pension and social security system for the self-employed.

Finns' confidence in the pension system has remained high. According to the latest Pension Barometer survey released by the Finnish Centre for Pensions, two thirds of respondents trust in the pension system and almost an equal amount felt that pension assets are managed reliably. Confidence has fallen slightly since the previous Pension Barometer studies.

The new Government Programme states that the cornerstones of the pension system are, for instance, a basis of defined benefits and insurance, statutory character, a link to earnings and protection of property. The intention is to prepare changes in earnings-related pension legislation to ensure financial

sustainability and the benefit level. Changes are needed due to the declining dependency ratio and the uncertainty related to economic development, returns on pension fund asset investments and future growth in contributions. The preparatory work must find, based on the assessment carried out jointly by the Ministry of Finance and the Finnish Centre for Pensions, methods for long-term stabilisation of the pension insurance contribution level and significant reinforcing of public finances as a whole over a sustained period using a rule-based fiscal stabilisation system. The programme also states that an evaluation of the need to develop the Self-Employed Persons' Pensions Act (YEL) system will be initiated. As part of the evaluation, the possibility of directing YEL contributions to the Farmers' Social Insurance Institution Mela will be investigated.

The government is preparing issues related to earnings-related pension policy with key labour market organisations in tripartite negotiations. The government asks that the organisations negotiate with the government and present the measures required to achieve the above-mentioned targets. The government is committed to making the required decisions in order to reach the targets if the organisations, together with the government, do not come to an understanding by January 2025.

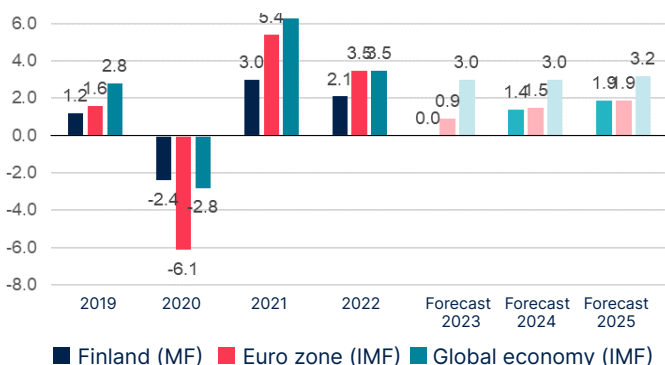
## Operating environment and investment market

Due to accelerating inflation and the rapid tightening of central bank monetary policies, economic growth has weakened from last year. The International Monetary Fund (IMF) forecasts that economic growth will slow globally to some 3 per cent, 1.8 per cent in the USA and 0.9 per cent in the euro zone. The Ministry of Finance predicts zero growth for the Finnish economy.

Economic growth is impeded by tightening monetary policy, but strong employment and payroll development has supported demand particularly in the service sectors. The growth outlook for industry is still clearly weaker. Economic growth for January–June was softer especially in the euro zone. In China, economic growth was brisk in Q1, but is assessed to have slowed down clearly during Q2. Expectations of a need for a more stimulating economic policy for boosting China's economic growth have increased. In the USA, economic growth has been faster than expected during the first part of the year.

Finland's economic growth took a slight upward trajectory during the first half of the year after the downturn at the end of the year. Inflation and rising financing costs mitigate spending and investment in housing construction, for example. As the proportion

## Economic growth and forecasts



## Stock price development



Sources: Statistics Finland, Ministry of Finance (forecast 15 June 2023), IMF (forecast 7/2023)

of floating rate loans in Finland is significant, monetary policy has a relatively fast impact on private spending and companies' investments. Correspondingly, real pay development is expected to adjust to better support private spending when inflation slackens.

Inflation slowed down in the first half of the year. The year-on-year change in consumer prices in June was 5.5 per cent in the euro zone and 3.0 per cent in the USA. However, core inflation, less energy and food prices, has fallen slower than the target, especially in services.

The United States' central bank, the Fed, raised its key interest rates in January–June by 0.75 percentage points to a range between 5.00 and 5.25 per cent, but in June refrained from carrying out a key interest hike for the first time since the start of 2022. The ECB also slowed down the rate of key interest rate hikes during Q2: the deposit rate was raised altogether 1.50 percentage points to a 3.50 per cent level in January–June. The fixed income markets priced in the end of key interest rate hikes in the USA and the euro zone by the end of the current year.

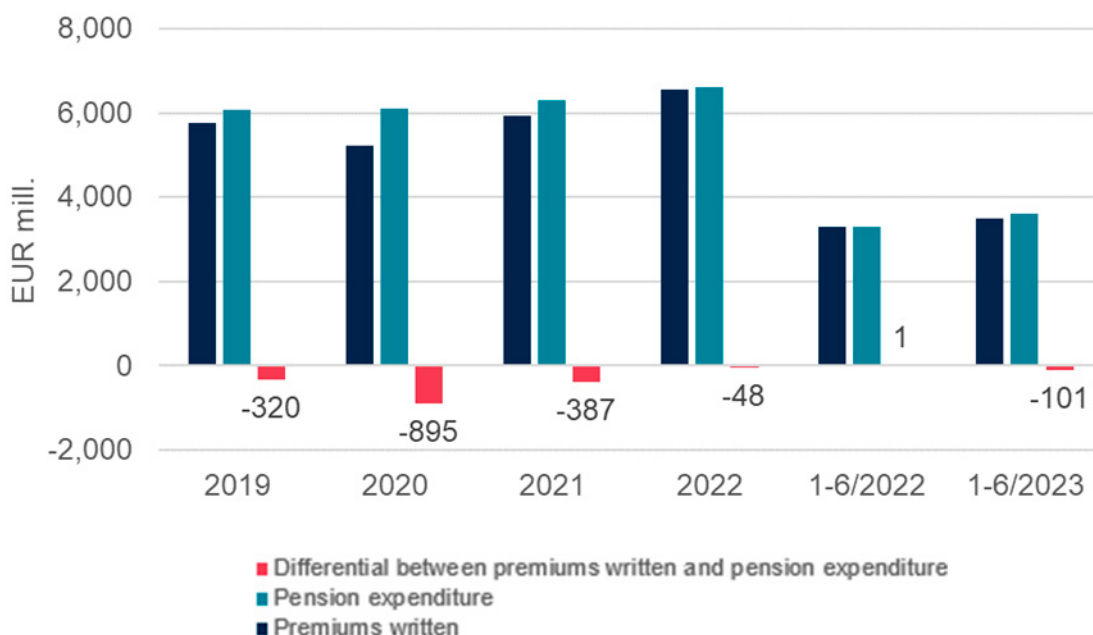
The development of the capital markets in the first half of the year was largely good,

particularly in listed equities. Concerns around the impacts of the US banking sector's problems on financing stability that emerged in March cooled down thanks to public sector support. Expectations of the threat of an immediate recession were deferred due to stronger than expected employment development in the USA especially.

Equity market performance during the current year varied by area in H1. In the USA, the equity market (S&P 500 index) return for January–June was some 17 per cent, especially due to the positive performance of the largest tech companies. Similarly, following the strong performance in Q1, Europe's equity market return was clearly more subdued than the United States' with the broad STOXX Europe 600 index return for January–June at around 12 per cent. In Finland, the equity markets fell in the second quarter by some five per cent, pushing the return for the entire current year to around three per cent negative. The fluctuation of returns, i.e. volatility, that illustrates equity market uncertainty, fell to a low level in Q2.

The yield curve for government bonds was still clearly inverted at the end of June. On

## Premiums written and pension expenditure January–June 2023



the yield curve, for example, the two-year interest rate was clearly higher than the ten-year rate, with the fixed income markets pricing in a decline in interest rates from the current level in upcoming years. The inversion of the yield curve is considered to be a mark of a tightening monetary policy, and is often interpreted to predict slowing economic growth.

Credit risk margins fell moderately in January–June in bonds with good and weaker credit ratings. However, credit risk margins are higher than at the start of last year and the rapidly rising financing costs have increased refinancing and credit default risks in the real estate sector especially, which is accelerated partly by banks’ tightened lending terms.

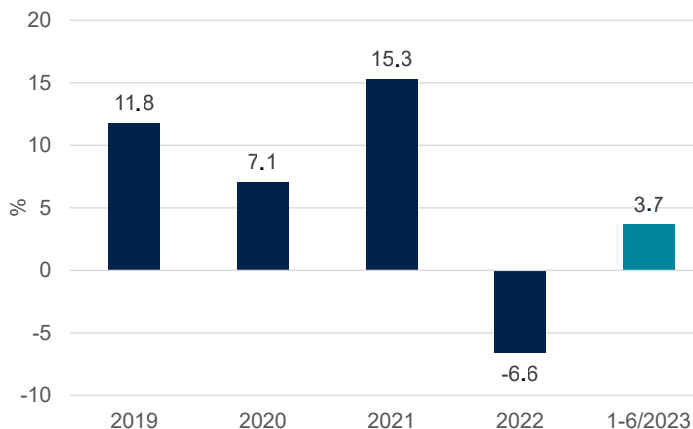
The US dollar depreciated from the start of the year against the euro by less than two per cent to 1.09, while the Japanese yen depreciated significantly, by more than ten per cent, against the euro in January–June thanks to the higher interest rate differential. The Japanese central bank has maintained a clearly more stimulating monetary policy than the other central banks.

## Insurance operations

Premiums written rose to EUR 3,493 (3,287) million in January–June. The growth in premiums written was due to the increase in customers’ payroll. The January–June payroll for employees insured with Ilmarinen grew by 6.7 per cent to EUR 13,301 (12,461) million. The number of insurance policies fell and totalled 134,155 (138,900) at the end of June. Measured in premiums written, net customer acquisition was EUR 70 (91) million and customer retention was 96.4 (97.1) per cent.

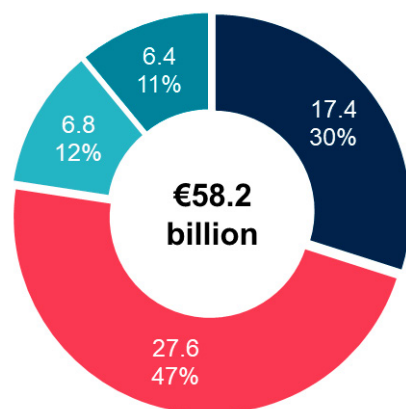
At the end of June, Ilmarinen had altogether 454,950 (453,938) pensioners. They were paid a total of EUR 3,594 (3,287) million in benefits as of the beginning of the year. In January–June, a total of 16,679 (18,830) new pension decisions were made, which was 11 per cent less than in the previous year. The number of new disability pension decisions made was 4,738 (4,894), down 3 per cent year-on-year. In January–June, 1,791 (1,847) persons transitioned on a disability pension or cash rehabilitation benefit, which is 3 per cent less than last year. New rehabilitation decisions totalled 1,689 (1,992).

## Return on investments 2019-Q2/2023



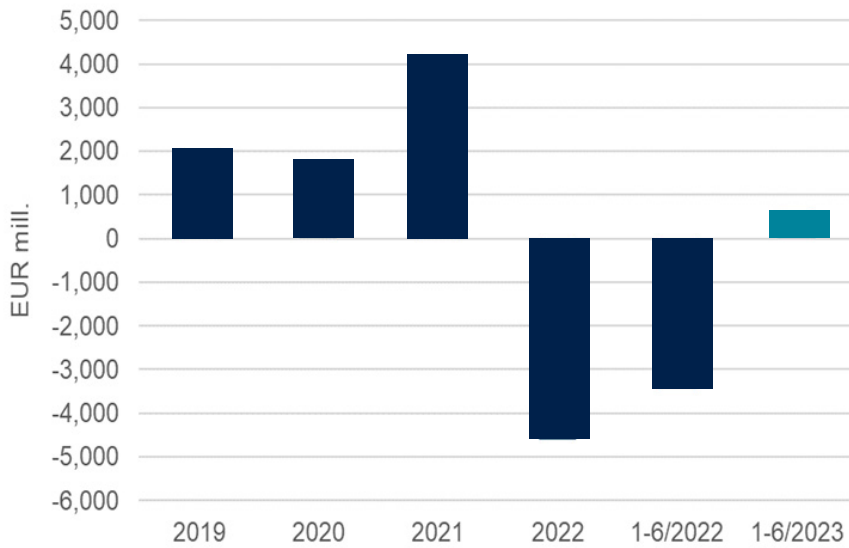
Average nominal return on investments over 5 years 5.5% and real return 2.0%.

## Breakdown of investments, 30 June 2023

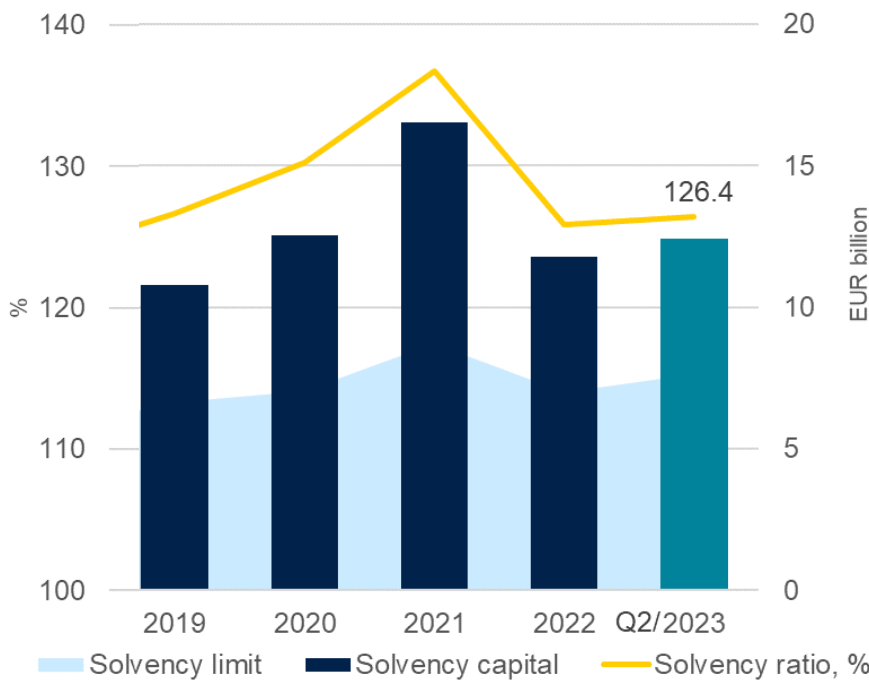


■ Fixed income ■ Equities and shares  
■ Real estate investments ■ Other investments

## Total result 2019-Q2/2023



## Solvency 2019-Q2/2023



The average processing time for old-age pension applications was 6 (3) days and for disability pension applications 39 (35) days.

### Return on investments

At the end of June, Ilmarinen's total investments at current value were EUR 58,218

million (56,264). The return on investments at current value was 3.7 (-6.2) per cent. Calculated at current value, the average annual return over the last five years has been 5.5 per cent, which corresponds to an average annual real return of 2.0 per cent. Calculated from 1997, the average annual returns at current



value for Ilmarinen's investments have been 5.8 per cent per annum. This corresponds to an annual real return of 3.8 per cent.

Fixed income investments accounted for a total of 29.9 (29.8) per cent of the investment portfolio and their return at current value was 3.7 (-5.2) per cent. Their total market value was EUR 17,416 (16,748) million. Bonds accounted for a total of 25.5 (23.8) per cent of Ilmarinen's investment assets and their return was 4.1 (-6.5) per cent. The modified duration of bonds was 4.0 (2.7) years.

Listed and non-listed equities and shares as well as private equity investments made up 47.5 (46.6) per cent of all investments. Their value at the end of June stood at EUR 27,645 (26,232) million. In the risk breakdown, listed equities and shares accounted for 31.7 (28.5) per cent. Finnish equities made up 26.6 (29.8) per cent of listed equity investments. The return on equity investments at current value was 5.7 (-9.6) per cent. Return on listed equity investments was 7.6 (-15.3) per cent.

Real estate investments at the end of June stood at EUR 6,756 (6,834) million. They accounted for 11.6 (12.1) per cent of all investments, with the total return at 0.1 (2.3) per cent.

Investments in hedge funds and commodities and other investments made up 11.0 (11.5) per cent of the market value of the investments at the end of June. Their total return was -1.0 (-1.1) per cent, and their value at the end of June was EUR 6,402 (6,450) million.

## Result and solvency

Ilmarinen's total result at current value at the end of the second quarter was EUR 605 (-3,447) million. Investment income at current value was EUR 587 (-3,512) million, the underwriting result was EUR 16 (38) million, and the loading profit was EUR 2 (27) million. The ratio of operating expenses to expense loading components, a measure of cost-effectiveness, improved to 0.35 (0.39) per cent in the first quarter of the year and operating expenses per pensioner and insured decreased to EUR 43 (45).

The solvency ratio rose to 126.4 (125.8) per cent and solvency capital to EUR 12,401

(11,777) million. Capital and reserves included in the solvency capital were EUR 218 (213) million, the valuation difference between current and book values was EUR 11,211 (12,134) million, and the provision for future bonuses was EUR 980 (-559) million.

The technical provisions amounted to EUR 46,479 (45,198) million. The EUR 47,009 (45,728) million in solvency technical provisions do not include the provision for future bonuses or the earnings-related pension contributions that remain open receivables in the basic insurance under YEL.

## Personnel

The average number of personnel (person years) in January–June was 587 (607). During the 2023 summer season, Ilmarinen employs 32 summer employees. The personnel's energy level is excellent (4.2 on a scale of 1–5). The employee Net Promoter Score (eNPS) was +43 (on a scale of -100 to +100) on average in the first part of the year. Our sick leave rate was 1.7 per cent (2.3 per cent).

Three new members joined Ilmarinen's executive group: **Esa Jääntti**, MA (Econ.) took on the role of EVP, Customer Relations at the start of April. He transferred to Ilmarinen from his position as Nooa Savings Bank's CEO. **Kaisa Ala-Laurila**, M.Sc (Communication and Media Studies), took on the position of EVP, Communications and Corporate Responsibility at the start of May. She has strong media industry experience and previously held the position of CEO for A-lehdet Oy, for example. **Mira Kauppi**, M.Sc (Math), Qualified Actuary, started as Chief Financial and Risk Officer in early June. Kauppi follows in the footsteps of **Matias Klemelä**, who transferred to Ilmarinen's investment organisation as a Strategist for Cross Asset Allocation. Kauppi has worked at Ilmarinen in financial, knowledge management and business development positions since 2019, prior to which she worked at OP Financial Group for more than a decade.

Based on a public vote, Ilmarinen's childcare centre came second in Oikotie's Työelämän vastuullisuusteko (Sustainable deed in work-

ing life) campaign from among ten finalists. Ilmarinen employees' elementary school-aged children can periodically come to the childcare centre for the duration of their parents' workday when the children are already on holiday and the parents are still working. This is one of the ways in which Ilmarinen supports the work–family life balance of its personnel. Ilmarinen's childcare centre was organised for the eighth time in June 2023.

In summer 2023, we also took part in the Kilometrikisa cycling competition between companies and organisations, and the associated Chain Reaction fundraising campaign organised by the Finnish Red Cross.

## Responsibility

In February, we released our new sustainability programme, the themes of which are climate, biodiversity and human rights.

In March, we released our Annual and Sustainability Report for 2022. We report in line with the international GRI standard. In reporting climate issues, we also use the international TCFD (Task Force on Climate-related Financial Disclosures) framework, and with regard to biodiversity, the beta version of the TNFD (Taskforce on Nature-related Financial Disclosures) framework. We also joined the TNFD Forum, which supports biodiversity.

Ilmarinen's goal is to achieve a carbon-neutral investment portfolio by the end of 2035. In direct listed equity investments, we switched over to a benchmark index that accounts for climate aspects in particular. We were anchor investors in four ETF index funds focusing on climate. We invested altogether EUR 5,167 million in them in total. We also began calculating the carbon footprint of our own operations.

As an active owner, we took part in the general meetings of almost all of our portfolio's Finnish listed companies in person. We paid particular attention to remuneration reporting, among other things. At foreign general meetings, we made use of a service provider's voting service and principles that consider ESG aspects.

Upcoming changes concerning corporate responsibility regulation also apply to Ilmarin-

en. One of the focal areas of the upcoming regulation is human rights and how companies manage their human rights impacts. We initiated a due diligence process concerning human rights. As part of it, we arranged human rights training for our personnel. We also joined the UN's responsible investment umbrella organisation for the PRI human rights stewardship initiative PRI Advance.

## Future prospects and key uncertainties

Prolonged inflation, the weakening of consumers' purchasing power and Russia's war in Ukraine are casting a shadow over the global economic growth outlook. Global economic growth is anticipated to decelerate this year by approximately 3 per cent and Finland's economy is expected to weaken to zero growth.

Ilmarinen's premiums written are expected to grow on the back of payroll growth, but the growth pace is expected to slow down from the previous year.

The longer-than-expected duration of inflationary pressure and the resulting prolonged tighter monetary policy are key risk factors, in addition to geopolitical tensions, for economic growth and the capital markets. Furthermore, the weakening of companies' earnings outlook is causing uncertainty on the markets. The real estate sector in particular and the problems of indebted companies and households threaten to pile up owing to the prolonged tight monetary policy.

The key risks affecting Ilmarinen's operations and the earnings-related pension system are related to the development of employment and payroll, changes in disability pension incidence, uncertainty in the investment markets, the development of demographics, and the exceptionally low birth rate.

## For more information, please contact:

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## Tables

Key figures in brief	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Premiums written, EUR mill.	3,493	3,287	6,558
Net return on investments at fair value, EUR mill.	2,061	-3,790	-4,009
ROCE, %	3.7	-6.2	-6.6
	30.6.2023	30.6.2022	31.12.2022
Technical provisions, EUR mill.	46,479	45,596	45,198
Solvency capital, EUR mill. <sup>1)</sup>	12,401	13,106	11,777
in relation to solvency limit	1.6	1.6	1.7
Pension assets, EUR mill. <sup>2)</sup>	59,410	57,816	57,505
as a percentage of technical provisions	126.4	129.3	125.8
TyEL payroll, EUR mill. <sup>3)</sup>	26,345	24,590	24,924
YEL payroll, EUR mill. <sup>3)</sup>	1,720	1,702	1,705

- 1) Calculated according to the regulations in force at the time (the same principle also concerns other solvency key figures).
- 2) Technical provisions + solvency capital in accordance with section 11, item 10, of the Ministry of Social Affairs and Health's decree (614/2008.)
- 3) Estimated TyEL and YEL payroll for the whole year.

Solvency capital and limits	30.6.2023	30.6.2022	31.12.2022
Solvency limit, EUR mill.	7,637	8,024	6,990
Maximum solvency capital, EUR mill.	22,911	24,073	20,970
Solvency capital, EUR mill.	12,401	13,106	11,777
Solvency ratio, % <sup>1)</sup>	126.4	129.3	125.8
Solvency position <sup>2)</sup>	1.6	1.6	1.7

- 1) Pension assets in relation to technical provisions as referred to in Section 11, item 10, of the Ministry of Social Affairs and Health's decree 614/2008.
- 2) Solvency capital in relation to solvency limit.

Result analysis, eur mill.	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Source of profit			
Technical underwriting result	16	38	132
Return on investments at fair value	587	-3,512	-4,801
+ Net return on investments at fair value	2,061	-3,790	-4,009
- Return requirement on technical provisions	-1,474	278	-792
Loading profit	2	27	58
Other profit	0	0	18
Total result	605	-3,447	-4,592

Breakdown of investments (current value)	Basic breakdown						Risk breakdown			
	30.6.2023		30.6.2022		31.12.2022		30.6.2023		30.6.2022 31.12.2022	
	EUR mill.	%	EUR mill.	%	EUR mill.	%	EUR mill.	%	%	%
<b>Fixed income investments total</b>	<b>17,415.7</b>	<b>29.9</b>	<b>16,392.4</b>	<b>28.9</b>	<b>16,748.2</b>	<b>29.8</b>	<b>19,531.9</b>	<b>33.5</b>	<b>32.8</b>	<b>26.6</b>
Loan receivables <sup>1)</sup>	1,678.0	2.9	1,885.3	3.3	1,778.3	3.2	1,678.0	2.9	3.3	3.2
Bonds	14,866.5	25.5	13,594.5	24.0	13,390.5	23.8	18,431.8	31.7	23.6	31.5
Other money market instruments and deposits <sup>1) 2)</sup>	871.2	1.5	912.6	1.6	1,579.4	2.8	-577.9	-1.0	5.9	-8.1
<b>Equities and shares total</b>	<b>27,645.0</b>	<b>47.5</b>	<b>27,389.3</b>	<b>48.3</b>	<b>26,231.9</b>	<b>46.6</b>	<b>27,596.4</b>	<b>47.4</b>	<b>45.9</b>	<b>44.1</b>
Listed equities and shares <sup>3)</sup>	18,496.6	31.8	18,355.4	32.4	17,419.5	31.0	18,448.1	31.7	30.0	28.5
Private equity investments <sup>4)</sup>	7,641.2	13.1	7,757.6	13.7	7,329.0	13.0	7,641.2	13.1	13.7	13.0
Non-listed equities and shares <sup>5)</sup>	1,507.1	2.6	1,276.3	2.3	1,483.4	2.6	1,507.1	2.6	2.3	2.6
<b>Real estate investments total</b>	<b>6,755.9</b>	<b>11.6</b>	<b>6,919.6</b>	<b>12.2</b>	<b>6,834.0</b>	<b>12.1</b>	<b>6,776.5</b>	<b>11.6</b>	<b>12.3</b>	<b>12.2</b>
Direct real estate investments	6,042.4	10.4	6,213.5	11.0	6,127.4	10.9	6,063.0	10.4	11.0	10.9
Real estate funds and joint investments	713.5	1.2	706.1	1.2	706.6	1.3	713.5	1.2	1.3	1.3
<b>Other investments total</b>	<b>6,401.9</b>	<b>11.0</b>	<b>6,004.4</b>	<b>10.6</b>	<b>6,450.1</b>	<b>11.5</b>	<b>6,562.4</b>	<b>11.3</b>	<b>11.1</b>	<b>12.2</b>
Hedge fund investments <sup>6)</sup>	5,087.6	8.7	4,394.1	7.7	4,817.6	8.6	5,087.6	8.7	7.7	8.6
Commodity investments	3.7	0.0	91.2	0.2	70.3	0.1	16.7	0.0	0.3	0.7
Other investments <sup>7)</sup>	1,310.6	2.3	1,519.1	2.7	1,562.3	2.8	1,458.0	2.5	3.1	3.0
<b>Investments total</b>	<b>58,218.5</b>	<b>100.0</b>	<b>56,705.7</b>	<b>100.0</b>	<b>56,264.2</b>	<b>100.0</b>	<b>60,467.2</b>	<b>103.9</b>	<b>102.2</b>	<b>95.1</b>
Effect of derivatives							-2,248.8	-3.9	-2.2	4.9
<b>Investment return at current value total</b>	<b>58,218.5</b>	<b>100.0</b>	<b>56,705.7</b>	<b>100.0</b>	<b>56,264.2</b>	<b>100.0</b>	<b>58,218.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The modified duration of bond investments was 4.0 years.

- 1) Includes accrued interest.
- 2) Includes cash at bank and in hand and consideration receivables and debt.
- 3) Also includes mixed funds unless they can be allocated elsewhere.

4) Includes private equity funds, mezzanine funds and infrastructure investments.

- 5) Also includes unlisted real estate investment companies.
- 6) Includes all types of hedge fund units regardless of the fund's strategy.
- 7) Includes items that cannot be allocated to other investment classes.

Net ROCE of investments	Net investment return market value <sup>8)</sup>	Capital employed <sup>9)</sup>	ROCE, %	ROCE, %	ROCE, %
	30.6.2023 EUR mill.	30.6.2023 EUR mill.	30.6.2023 %	30.6.2022 %	31.12.2022 %
<b>Fixed income investments total</b>	<b>631.2</b>	<b>17,179.2</b>	<b>3.7</b>	<b>-5.2</b>	<b>-5.2</b>
Loan receivables <sup>1)</sup>	43.4	1,758.2	2.5	1.9	3.2
Bonds	579.4	14,113.5	4.1	-6.5	-6.4
Other money market instruments and deposits <sup>1) 2)</sup>	8.4	1,307.5	0.6	-1.5	-3.5
<b>Equities and shares total</b>	<b>1,489.7</b>	<b>26,095.0</b>	<b>5.7</b>	<b>-9.6</b>	<b>-10.2</b>
Listed equities and shares <sup>3)</sup>	1,308.8	17,236.1	7.6	-15.3	-14.5
Private equity investments <sup>4)</sup>	147.6	7,388.0	2.0	4.8	-2.7
Non-listed equities and shares <sup>5)</sup>	33.3	1,471.0	2.3	4.6	21.3
<b>Real estate investments total</b>	<b>5.7</b>	<b>6,793.1</b>	<b>0.1</b>	<b>2.3</b>	<b>1.3</b>
Direct real estate investments	2.3	6,080.3	0.0	1.8	0.8
Real estate funds and joint investments	3.4	712.9	0.5	6.9	6.3
<b>Other investments total</b>	<b>-62.5</b>	<b>6,321.9</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-1.1</b>
Hedge fund investments <sup>6)</sup>	70.7	4,812.3	1.5	6.2	8.2
Commodity investments	-6.4	20.4	-	-	-
Other investments <sup>7)</sup>	-126.8	1,489.2	-8.5	-22.0	-22.0
<b>Investments total</b>	<b>2,064.1</b>	<b>56,389.2</b>	<b>3.7</b>	<b>-6.2</b>	<b>-6.6</b>
Unallocated income, costs and operating expenses	-2.8	0.0	0.0	0.0	0.0
<b>Investment return at current value total</b>	<b>2,061.3</b>	<b>56,389.2</b>	<b>3.7</b>	<b>-6.2</b>	<b>-6.6</b>

1) Includes accrued interest.

2) Includes cash at bank and in hand and consideration receivables and debt.

3) Also includes mixed funds unless they can be allocated elsewhere.

4) Includes private equity funds, mezzanine funds and infrastructure investments.

5) Also includes unlisted real estate investment companies.

6) Includes all types of hedge fund units regardless of the fund's strategy.

7) Includes items that cannot be allocated to other investment classes.

8) Change in market value between the beginning and end of the reporting period less cash flows during the period. (Cash flow means the difference between purchases/costs and sales/revenues.)

9) Capital employed = market value at the beginning of the reporting period + daily/monthly time-weighted cash flows.