

## Varma's Interim Report 1 January–30 September 2024

The comparison figures in parentheses are from 30 September 2023 unless otherwise indicated.

- Total result amounted to EUR 2,116 (-25) million.
- The nine-month return on investments was 7.7 (2.8) per cent.
- The market value of investments was EUR 63.2 (59.1 on 1 Jan) billion.
- Solvency capital was EUR 16,125 (14,010 on 1 Jan) million, and 1.7 (1.6 on 1 Jan) times the solvency limit.

### Economic operating environment

The global economy has continued to grow this year. The service sector in particular has enjoyed strong growth. Activity in the manufacturing industry has remained low, and the real estate sector has also been weak, although with major regional differences. Employment has developed quite strongly compared to economic growth, likely due to the slow normalisation of the labour market to the changes in workforce supply and demand caused by the pandemic.

From a geographical perspective, the differences have remained great, with the US economy clearly outperforming the eurozone. In the face of continued disappointing economic growth, the Chinese government announced new measures to stimulate the economy. Finland's economic growth has remained weak. The fall in interest rates will probably begin to ease the plight of households at the end of the year, even though the economy-wide payroll figures have taken a downturn and the acceleration of inflation due to the VAT hike will cut consumers' purchasing power.

Inflation clearly slowed worldwide in summer and early autumn, which has enabled the easing of monetary policy. In the USA, the central bank, i.e. the Fed, cut its policy rate by a half point in September. The European Central Bank (ECB) has eased its monetary policy in small steps. China's central bank has also continued to stimulate its economy. Of the major economies, only Japan's central bank is going against the flow.

Geopolitical uncertainty remains high. In the Middle East, military actions in Gaza have escalated regionally, the war in Ukraine continues, and tensions in Taiwan have remained high. November's upcoming US presidential election remains very tight, and the outcome of the election could change the country's economic, foreign and trade policies.

### Earnings-related pension system

The working group set up by the Ministry of Social Affairs and Health and the Ministry of Finance to look into reforming the earnings-related pension system has continued its work. The objective of the working group is to identify the changes that are needed to ensure the financial sustainability of the earnings-related pension system, secure an adequate level of benefits and stabilise the pension insurance contribution level through a rule-based stabilisation mechanism in the long term. The working group is expected to draw up a proposal of measures by 31 January 2025, after which the proposal will be compiled into a government proposal. The key labour market organisations have also established a bipartite pension negotiation group to prepare the pension reform.

Finland's pension system ranked seventh in the Mercer CFA Institute Global Pension Index, falling one spot from last year. In terms of pension system integrity, however, Finland still ranked number one in the comparison.

The earnings-related pension insurance companies have submitted an application concerning the actuarial principles for the 2025 insurance contribution for the private sector to the Ministry of Social Affairs and Health, and the ministry should issue its decision by mid-November. The average TyEL contribution for the private sector would be 24.85 per cent of the payroll (24.81 per cent in the current year). This also includes a repayment of 0.45 percentage points as final compensation for the reduction on the employers' pension contribution in 2020 during the pandemic. The pension contributions of the self-employed would remain at the same level in 2025 as they were in 2024.

The earnings-related pension index of current pensions is adjusted annually in January to ensure pensions' purchasing power. The Finnish Centre for Pensions has submitted a proposal to the Ministry of Social Affairs and Health to raise the earnings-related pension index by 1.31 per cent for 2025. This would influence current pensions as of the beginning of 2025. The proposed increase is more moderate than the two previous years, particularly due to the moderation of inflation.

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

Varma's total result at fair value for nine months amounted to EUR 2,116 (-25) million. The total investment result was EUR 2,080 (-63) million. The return on investments at fair value was EUR 4,558 (1,556) million. The interest credited on the technical provisions was EUR 2,478 (1,619) million. The estimated technical underwriting result was EUR 36 (38) million. Following the introduction of the company-specific administrative cost component, Varma charges to its customers an administrative cost component that has been calculated to reflect Varma's costs. The loading profit was EUR 1 (1) 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 16,125 (14,010 on 1 Jan) million, and 133.6 (130.4 on 1 Jan) per cent in relation to the technical provisions.

Varma's solvency capital was on a sustainable level, i.e. 1.7 (1.6 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 350,600 at the end of September (350,500 on 1 Jan). Claims paid in January–September totalled EUR 5,425 (5,094) million. By the end of September, 18,682 new pension decisions had been made, which is 8.0 per cent more than in the corresponding period last year. A total of 38,127 pension decisions were made in January–September. In January–September, 4,171 disability pension decisions were made.

Based on the amendments to the Self-Employed Persons' Pensions Act, Varma has carried out entrepreneurs' YEL income reviews since June for entrepreneurs whose income is between EUR 15,000 and EUR 25,000. The reviews will continue until the end of the year. Varma will review the income of over 7,000 entrepreneurs this year.

Disability risk management places an increasing emphasis on analytics and digital services. Analytics has focused on profession-specific reviews and the root causes of disability, as well as the extent to which disability can be influenced by adjusting work. More detailed analyses enhance the effectiveness of disability risk management. In Varma's digital services, a new knowledge-based management tool was released.

The TyEL payroll of those insured by Varma amounted to EUR 19,819 million during the period under review, up 2.6 per cent from the situation one year ago. At the end of September, 630,204 (607,535 on 1 Jan) employees and entrepreneurs were insured by Varma.

Varma gained a total of EUR 170 (159) 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

At the end of the summer, the investment markets experienced brief volatility, heightened especially by fears over the weakening of the US labour market and the Japanese stock market correction's impact on the global investment markets. Both listed equity and fixed income market returns nevertheless ended the third quarter on a clear uptrend. The markets were bolstered particularly by expectations of considerable monetary policy easing, which also pushed down government bond interest rates and corporate bond credit spreads in the third quarter.

The return on Varma's investments during the review period grew to 7.7 (2.8) per cent, and the value of investments reached EUR 63,156 (57,455) million by the end of September. Varma's solvency in relation to the technical provisions strengthened to 133.6 per cent (129.6 per cent in Q3/2023).

Equity investments yielded 11.2 (4.1) per cent year-to-date. The return on listed equities reached 14.8 (2.7) per cent, while the differences between geographical areas and business sectors remained great. Of Varma's listed equity investments, US equities performed very strongly, while Finnish, European and Japanese equities showed a clearly more moderate performance. Chinese stocks rallied at the end of the third quarter, thanks to optimism fuelled by the government's further stimulus measures.

The reported returns on private equity investments were clearly more moderate during the period under review than the returns on global listed equities and reached 4.4 (6.7) per cent.

As a consequence of the Fed easing its monetary policy, interest rates plummeted in summer; after a modest first half of the year, this increased the returns on fixed income investments to 4.7 (1.5) per cent. The highest returns among fixed income investments were generated by higher-risk corporate bonds.

The return on real estate investments was negative, at -2.1 (-2.6) per cent. On the real estate market, buyers and sellers are still trying to reach a consensus on return requirements, as the markets set higher return expectations on real estate investments, despite the slight decline in interest rates. The return on other investments reached 6.5 (4.5) per cent. Hedge investments performed consistently during the year, still benefiting from high running interest income and credit spreads. Due to the low duration, the fluctuating interest rates had very moderate negative impacts on hedge investments.

Varma has US-dollar-denominated investments in all asset classes. 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 weakened moderately against the euro during the year, which slightly lowered Varma's investment returns. The dollar weakened the most against the euro during the third quarter.

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 at EUR 2,832 (2,126) million.

### Operating expenses and personnel

Varma's total operating expenses in the reporting period were EUR 102 (106) million. The loading profit during the period was EUR 1 (1) million. Varma implements the statutory earnings-related pension cover in an efficient manner. Following the introduction of the company-specific administrative cost component, the size of the administrative cost component included in the insurance contribution equals Varma's operating expenses. Varma's administrative expenses decreased during the review period compared to the same period in 2023.

Varma's parent company employed an average of 584 people in the reporting period (584 in 2023). The method for calculating the average number of personnel changed since the last financial statement with the inclusion of temporary employment, and the comparison figure has been changed accordingly. At the end of September, Varma's personnel were distributed as follows: pension services 15 per cent, actuarial and insurance services 13 per cent, customer service departments 16 per cent, disability risk management 13 per cent, investment operations 14 per cent, and other functions 29 per cent.

Learning about and using AI in one's job has been the focus in Varma's personnel development. In addition, the importance of equality and diversity has been continuously promoted, and awareness about neurodiversity, among other things, has been increased. Another focus has been on thinking about and finding good practices to boost the sense of community at work.

### 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 continuously monitors the sustainability of its investments. The destruction of pearl mussels that came to light in Suomussalmi in August has raised questions about the corporate responsibility of the forestry industry and shareholders' opportunities to engage with their investees. Varma places any investee company suspected of environmental violations or other activities that are contrary to sustainability norms on an observation list, and Varma's representative contacts the company. Varma has committed to comply with national laws and international agreements, such as the UN Global Compact initiative, the ILO's labour standards and the OECD's Guidelines for Multinational Enterprises. Varma also requires compliance with these agreements and laws from its investee companies.

Varma continued its biodiversity work by following up on the biodiversity survey conducted in 2023 on high-risk sectors. The survey reassessed the portfolio companies' approach to and preparedness for risks linked to biodiversity loss. It included 318 (282) companies operating in high-risk sectors, and covered Varma's listed equity investments and ETFs. The survey encompassed roughly 35 per cent of the entire investment portfolio.

Of the companies surveyed, 39 (27) per cent had set targets for addressing the prevention of biodiversity loss in their operations. Nevertheless, less than half, 43 (51) per cent, of the companies had expressed their intent to take action to consider or compensate biodiversity loss. However, only 9 (5) per cent of all companies had a concrete action plan. Although a large number of companies still lacked a plan, the number of companies that did have an action plan increased since last year. Slightly less than a fifth, 18 (22) per cent, of the companies had not considered biodiversity issues in their public policies at all.

This year, Varma also looked into how many of the companies in its investment portfolio have publicly committed to reporting in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD) reporting framework. TNFD is a global initiative that provides companies and financial institutions with guidelines for assessing, reporting and considering nature-related dependencies, impacts, risks and opportunities. Varma determined that 30 per cent of companies surveyed had committed to reporting in line with the TNFD. In the euro zone, 13 per cent of companies indicated that they will report according to the TNFD, while the same figure in the USA is 15 per cent.

### Risk management

Varma's most significant risks are related to investment operations and information processing. Cyber risks in particular are estimated to remain elevated. A focus on mitigating cyber risks has contributed to disturbance-free services and preparations for future threats. 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. The risk level related to these 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. Varma's risk and solvency assessment describes Varma's key risks and the company's measures to manage them.

## Outlook

The outlook for the economic operating environment is uncertain. Global economic growth is likely to remain moderate, but inflation appears to be gradually slowing towards the central banks' inflation targets. The interest rate level, which is higher than it was in the previous decade, and higher indebtedness leave financial policy little room to manoeuvre and cut consumers' spending opportunities, although there are significant differences between countries in how monetary policy is transmitted to debt servicing costs. The markets' risk pricing has clearly moderated, and the central banks' easing monetary policy is providing some relief to indebted companies and households. In an environment of sluggish economic growth, however, higher capital costs are still a challenge for the debt service capacity of some sectors and companies. The situation is particularly challenging for debt-financed office properties with poor adaptability.

Finland's uncertain economic outlook is putting the brakes on companies' investment decisions. Even though inflation has started to decline, there is some degree of uncertainty related to its future development. Expenditure pressures related to the aging population, challenges related to security and energy policy, higher debt-service costs than in the last few years and political polarisation mean sustainable economic policy will continue to face challenges. International co-operation is also suffering from increased polarisation while at the same time, carrying out economic policy reforms geared to strengthening productivity growth is very challenging in an environment of slow growth and an unstable political atmosphere. The rapid development of artificial intelligence may boost future development of productivity, but its impacts on economic growth, employment and productivity are still difficult to assess.

Varma's strong solvency position and careful risk management create good conditions for the favourable performance of investment returns and secure the pension benefits of the insured in various market conditions. Varma continues to effectively implement the earnings-related pension system.

Helsinki, 25 October 2024

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 of pension funds. The company is responsible for the statutory earnings-related pension cover of 981,000 people in the private sector. Premiums written totalled EUR 6.5 billion in 2023 and pension payments stood at EUR 7.1 billion. Varma's investment portfolio amounted to EUR 63.2 billion at the end of September 2024*

#### FURTHER INFORMATION:

Pekka Pajamo, Senior Vice President, Finance and Internal Services, tel. +358 40 532 2009

Hanna Kaskela, Senior Vice President, Sustainability & Communications, tel. +358 40 584 5045

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	9/2024	9/2023	12/2023
<b>Assets</b>			
Investments	63,156	57,455	59,078
Receivables	1,699	1,173	1,339
Furniture and fixtures	2	2	2
<b>Total Assets</b>	<b>64,857</b>	<b>58,630</b>	<b>60,419</b>
<b>Liabilities</b>			
Capital and reserves	158	150	152
Valuation differences	14,724	11,983	12,975
Provision for future bonuses	1,254	1,187	892
Off-balance-sheet items other deductions	-11	-5	-9
Solvency capital, total	16,125	13,316	14,010
Provision for current bonuses (for client bonuses)	0	0	142
Equity-linked provision for current and future bonuses	1,159	-607	-17
Actual technical provision	46,865	45,691	45,949
Total	48,024	45,084	45,932
Other liabilities	708	230	335
<b>Total Liabilities</b>	<b>64,857</b>	<b>58,630</b>	<b>60,419</b>

## Income statement at fair values (Parent Company)

€ million	1-9/2024	1-9/2023	1-12/2023
Premiums written	5,011	4,880	6,466
Claims paid	-5,425	-5,094	-6,775
Change in technical provisions	-1,950	-1,283	-2,134
Net investment income	4,593	1,579	3,396
Total operating expenses	-102	-106	-137
Other income/expenses	0	0	2
Taxes	-11	-1	-2
<b>Total result <sup>1)</sup></b>	<b>2,116</b>	<b>-25</b>	<b>815</b>

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

€ million	1-9/2024	1-9/2023	1-12/2023
Underwriting profit/loss	36	38	70
Investment result	2,080	-63	739
Loading profit	1	1	4
Other income/expenses	0	0	2
<b>Total result</b>	<b>2,116</b>	<b>-25</b>	<b>815</b>

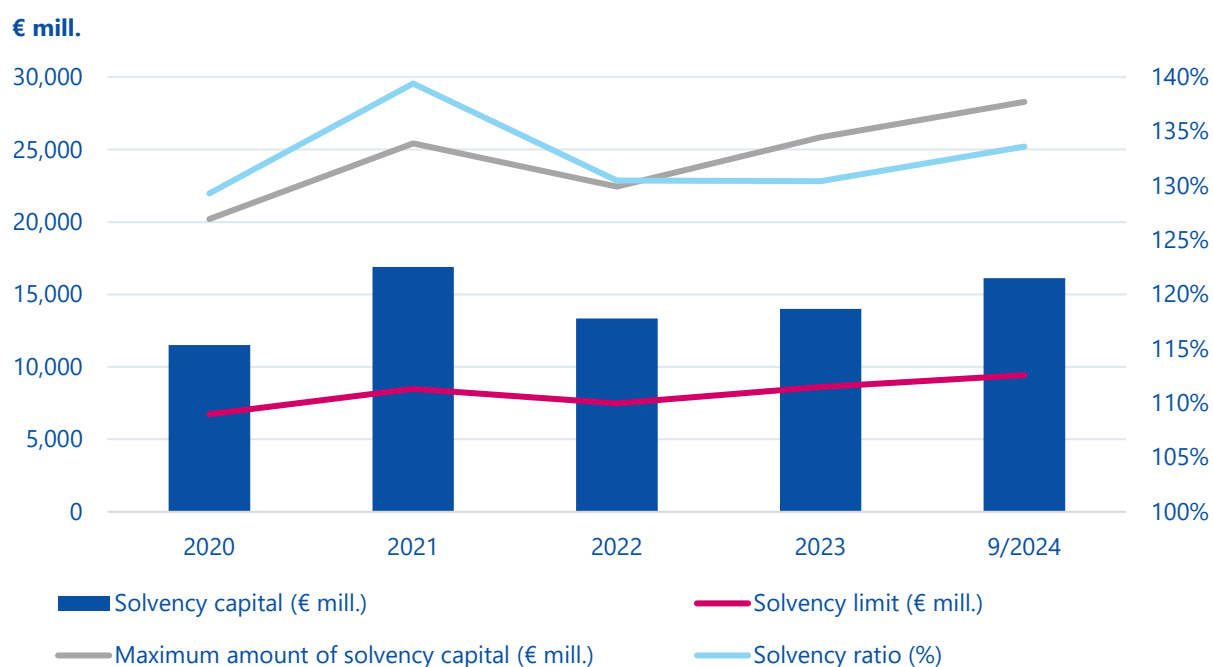
## Solvency capital and limits

	30/09/2024	30/09/2023	31/12/2023
Solvency limit (€ mill.)	9,430	7,854	8,614
Maximum amount of solvency capital (€ mill.)	28,289	23,562	25,843
Solvency capital (€ mill.)	16,125	13,316	14,010
Solvency ratio (%) <sup>1)</sup>	133.6	129.6	130.4
Solvency capital/Solvency limit <sup>2)</sup>	1.7	1.7	1.6

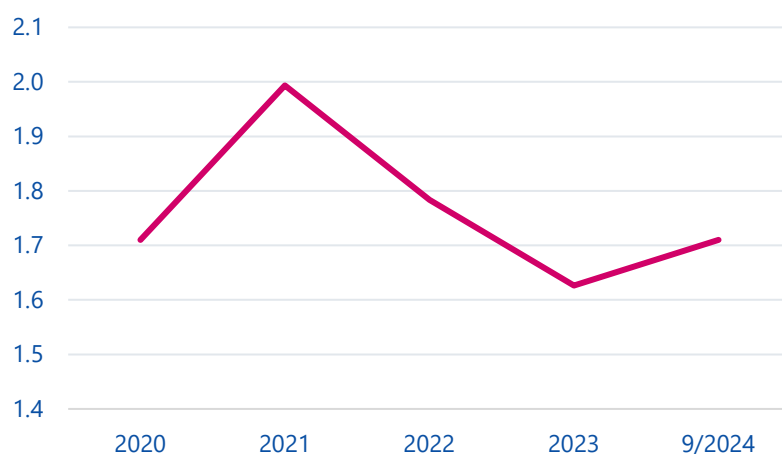
<sup>1)</sup> Pension assets in relation to the technical provisions under §11 of the Ministry of Social Affairs and Health's decree governing pension institutions (614/2008).

<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

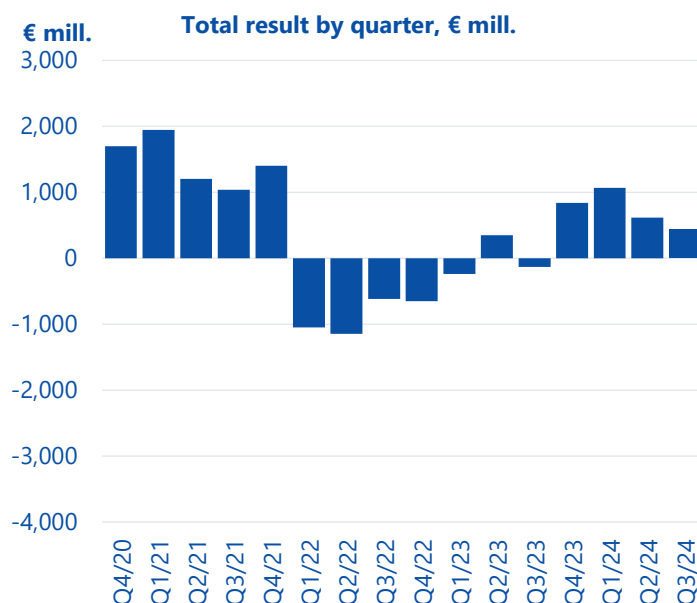
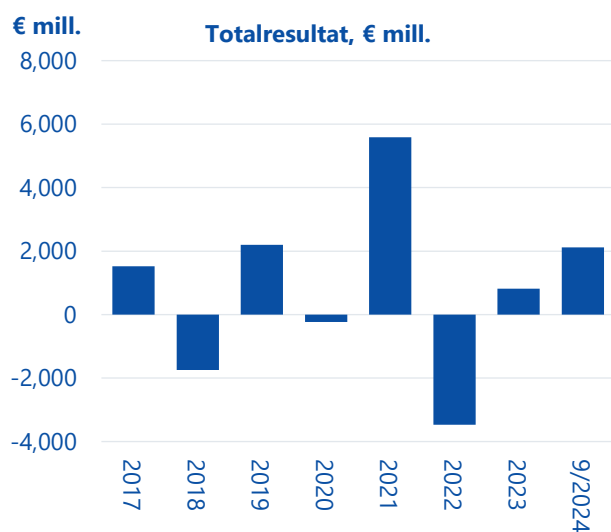
	30 Sep 2024				30 Sep 2023				31 Dec 2023				1-9/2024	1-9/2023	1-12/2023	24 m Volati- lity
	Market Value		Risk position		Market Value		Risk position		Market Value		Risk position		Return	Return	Return	
	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	MWR	MWR	MWR	
<b>Fixed-income investments <sup>1</sup></b>	<b>12,845</b>	<b>20</b>	<b>15,062</b>	<b>24</b>	<b>13,855</b>	<b>24</b>	<b>16,014</b>	<b>28</b>	<b>12,081</b>	<b>20</b>	<b>9,307</b>	<b>16</b>	<b>4.7</b>	<b>1.5</b>	<b>5.6</b>	
Loan receivables	2,253	4	2,253	4	2,587	5	2,587	5	2,598	4	2,598	4	5.8	4.9	7.3	
Bonds	8,112	13	9,615	15	9,132	16	11,177	19	8,304	14	8,967	15	5.0	0.6	5.8	4.5
Public bonds	3,271	5	4,676	7	4,603	8	6,546	11	3,769	6	4,335	7	4.6	-1.5	4.5	
Other bonds	4,841	8	4,939	8	4,529	8	4,631	8	4,536	8	4,632	8	5.3	2.8	7.3	
Other money-market instruments and deposits	2,479	4	3,194	5	2,136	4	2,250	4	1,179	2	-2,259	-4	2.0	1.3	2.0	
<b>Equity investments</b>	<b>34,239</b>	<b>54</b>	<b>34,432</b>	<b>55</b>	<b>28,671</b>	<b>50</b>	<b>28,814</b>	<b>50</b>	<b>31,874</b>	<b>54</b>	<b>31,866</b>	<b>54</b>	<b>11.2</b>	<b>4.1</b>	<b>8.6</b>	
Listed equities	22,287	35	22,480	36	17,379	30	17,523	30	20,634	35	20,626	35	14.8	2.7	10.3	9.2
Private equity	10,980	17	10,980	17	10,538	18	10,538	18	10,425	18	10,425	18	4.4	6.7	5.5	
Unlisted equities	972	2	972	2	754	1	754	1	815	1	815	1	9.0	2.3	8.9	
<b>Real estate investments</b>	<b>5,723</b>	<b>9</b>	<b>5,723</b>	<b>9</b>	<b>5,687</b>	<b>10</b>	<b>5,687</b>	<b>10</b>	<b>5,641</b>	<b>10</b>	<b>5,641</b>	<b>10</b>	<b>-2.1</b>	<b>-2.6</b>	<b>-4.3</b>	
Direct real estates	3,057	5	3,057	5	3,084	5	3,084	5	3,021	5	3,021	5	-0.2	-1.7	-4.0	
Real estate funds	2,666	4	2,666	4	2,603	5	2,603	5	2,620	4	2,620	4	-4.3	-3.7	-4.6	
<b>Other investments</b>	<b>10,350</b>	<b>16</b>	<b>10,337</b>	<b>16</b>	<b>9,242</b>	<b>16</b>	<b>9,243</b>	<b>16</b>	<b>9,481</b>	<b>16</b>	<b>9,480</b>	<b>16</b>	<b>6.5</b>	<b>4.5</b>	<b>5.6</b>	
Hedge funds	10,345	16	10,345	16	9,229	16	9,229	16	9,480	16	9,480	16	6.7	5.0	6.1	2.2
Commodities	0	0	-6	0	-9	0	-1	0	0	0	0	0				
Other investments	3	0	3	0	11	0	11	0	-1	0	-1	0				
<b>Total investments</b>	<b>63,156</b>	<b>100</b>	<b>65,554</b>	<b>104</b>	<b>57,455</b>	<b>100</b>	<b>59,759</b>	<b>104</b>	<b>59,078</b>	<b>100</b>	<b>56,294</b>	<b>95</b>	<b>7.7</b>	<b>2.8</b>	<b>6.0</b>	<b>3.3</b>
Impact of derivatives			-2,397	-4			-2,304	-4			2,784	5				
<b>Investment allocation at fair value</b>	<b>63,156</b>	<b>100</b>	<b>63,156</b>	<b>100</b>	<b>57,455</b>	<b>100</b>	<b>57,455</b>	<b>100</b>	<b>59,078</b>	<b>100</b>	<b>59,078</b>	<b>100</b>				

The modified duration for all the bonds is 4.85.

The open currency position is 29.7 per cent of the market value of the investments.

<sup>1</sup> Includes accrued interest

## Total result



## Summary of the key figures

	1-9/2024	1-9/2023	1-12/2023
Premiums written, € million	5,011	4,880	6,466
Net investment income at fair value, € million	4,558	1,556	3,363
Return on invested capital, %	7.7	2.8	6.0

	9/2024	9/2023	12/2023
Technical provisions, € million	49,278	46,271	46,966
Solvency capital, € million	16,125	13,316	14,010
in relation to solvency limit	1.7	1.7	1.6
Pension assets, € million	64,121	58,375	60,057
% of technical provisions	133.6	129.6	130.4
TyEL payroll, € million	26,128	25,429	25,367
YEL payroll, € million	1,056	943	943

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

	Market value						Risk position					
	30 Sep 2024		30 Sep 2023		31 Dec 2023		30 Sep 2024		30 Sep 2023		31 Dec 2023	
	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
<b>Fixed-Income Investments</b>	<b>12,845</b>	<b>20.3</b>	<b>13,855</b>	<b>24.1</b>	<b>12,081</b>	<b>20.5</b>	<b>15,062</b>	<b>23.8</b>	<b>16,014</b>	<b>27.9</b>	<b>9,307</b>	<b>15.8</b>
Loan receivables	2,253	3.6	2,587	4.5	2,598	4.4	2,253	3.6	2,587	4.5	2,598	4.4
Bonds	8,112	12.8	9,132	15.9	8,304	14.1	9,615	15.2	11,177	19.5	8,967	15.2
Other money-market instruments and deposits	2,479	3.9	2,136	3.7	1,179	2.0	3,194	5.1	2,250	3.9	-2,259	-3.8
<b>Equity investments</b>	<b>34,239</b>	<b>54.2</b>	<b>28,671</b>	<b>49.9</b>	<b>31,874</b>	<b>54.0</b>	<b>34,432</b>	<b>54.5</b>	<b>28,814</b>	<b>50.2</b>	<b>31,866</b>	<b>53.9</b>
Listed equities	22,287	35.3	17,379	30.2	20,634	34.9	22,480	35.6	17,523	30.5	20,626	34.9
Private equity	10,980	17.4	10,538	18.3	10,425	17.6	10,980	17.4	10,538	18.3	10,425	17.6
Unlisted equities	972	1.5	754	1.3	815	1.4	972	1.5	754	1.3	815	1.4
<b>Real estate investments</b>	<b>5,723</b>	<b>9.1</b>	<b>5,687</b>	<b>9.9</b>	<b>5,641</b>	<b>9.5</b>	<b>5,723</b>	<b>9.1</b>	<b>5,687</b>	<b>9.9</b>	<b>5,641</b>	<b>9.5</b>
Direct real estates	3,057	4.8	3,084	5.4	3,021	5.1	3,057	4.8	3,084	5.4	3,021	5.1
Real estate funds	2,666	4.2	2,603	4.5	2,620	4.4	2,666	4.2	2,603	4.5	2,620	4.4
<b>Other investments</b>	<b>10,350</b>	<b>16.4</b>	<b>9,242</b>	<b>16.1</b>	<b>9,481</b>	<b>16.0</b>	<b>10,337</b>	<b>16.4</b>	<b>9,243</b>	<b>16.1</b>	<b>9,480</b>	<b>16.0</b>
Hedge funds	10,345	16.4	9,229	16.1	9,480	16.0	10,345	16.4	9,229	16.1	9,480	16.0
Commodities	2	0.0	2	0.0	2	0.0	-11	0.0	3	0.0	1	0.0
Other investments	3	0.0	11	0.0	-1	0.0	3	0.0	11	0.0	-1	0.0
<b>Total</b>	<b>63,156</b>	<b>100.0</b>	<b>57,455</b>	<b>100.0</b>	<b>59,078</b>	<b>100.0</b>	<b>65,554</b>	<b>103.8</b>	<b>59,759</b>	<b>104.0</b>	<b>56,294</b>	<b>95.3</b>
Impact of derivatives							-2,397	-3.8	-2,304	-4.0	2,784	4.7
<b>Total</b>	<b>63,156</b>	<b>100.0</b>	<b>57,455</b>	<b>100.0</b>	<b>59,078</b>	<b>100.0</b>	<b>63,156</b>	<b>100.0</b>	<b>57,455</b>	<b>100.0</b>	<b>59,078</b>	<b>100.0</b>

### Modified duration of the bond portfolio 4.9

## Net return on invested capital

	Net investment return at fair value	Invested capital	Return % on invested capital	Return % on invested capital	Return % on invested capital
	€ million	€ million	30 Sep 2024 %	30 Sep 2023 %	31 Dec 2023 %
<b>Fixed-Income Investments</b>	<b>562</b>	<b>11,946</b>	<b>4.7</b>	<b>1.5</b>	<b>5.6</b>
Loan receivables	137	2,371	5.8	4.9	7.3
Bonds	389	7,751	5.0	0.6	5.8
Other money-market instruments and deposits	37	1,824	2.0	1.3	2.0
<b>Equity investments</b>	<b>3,521</b>	<b>31,422</b>	<b>11.2</b>	<b>4.1</b>	<b>8.6</b>
Listed equities	2,978	20,064	14.8	2.7	10.3
Private equity	466	10,501	4.4	6.7	5.5
Unlisted equities	77	856	9.0	2.3	8.9
<b>Real estate investments</b>	<b>-122</b>	<b>5,750</b>	<b>-2.1</b>	<b>-2.6</b>	<b>-4.3</b>
Direct real estates	-6	3,040	-0.2	-1.7	-4.0
Real estate funds	-115	2,710	-4.3	-3.7	-4.6
<b>Real estate funds</b>	<b>630</b>	<b>9,747</b>	<b>6.5</b>	<b>4.5</b>	<b>5.6</b>
Hedge funds	651	9,730	6.7	5.0	6.1
Commodities	2	1			
Other investments	-22	16			
<b>Total</b>	<b>4,592</b>	<b>58,864</b>	<b>7.8</b>	<b>2.8</b>	<b>6.1</b>
Unallocated income, costs and operating expenses from investment activities	-34	18			
<b>Net investment return at fair value</b>	<b>4,558</b>	<b>58,883</b>	<b>7.7</b>	<b>2.8</b>	<b>6.0</b>