

## ANNUAL REPORT 2009

### GENERAL

The Jane and Aatos Erkko Foundation was established in 2002 to support high-level international medical, technological and economic research. The Foundation also supports arts and culture as well as sports, physical education and wellbeing in order to promote the interests of Finland.

The Jane and Aatos Erkko Foundation's activities were further developed in 2010, the Foundation's eighth year of operation. Some of the members of the Board of Trustees changed, and the Foundation's organisation was improved. Minister Aatos Erkko gave up his position as Chairman of the Board of Trustees, and Nils Ittonen was appointed as the new Chair. Marja Leskinen became the Foundation's new Secretary General in August. Heli Rahka, who had served as the Secretary General since the establishment of the Foundation, was elected as a member of the Board of Trustees.

The Financial Committee was expanded by one member, and a four-member Working Committee was established for the Foundation.

In 2010, the Jane and Aatos Erkko Foundation granted a total of EUR 4,927,728 in donations, which was more than in the preceding years. This is mainly because the Foundation donated EUR 1 million to the Sibelius Academy's Satakieli (Nightingale) fundraising project and EUR 1 million to the University of Helsinki's Insight fundraising campaign.

In line with previous years, the Foundation's activities in 2010 focused on processing donations: preparing future donations, monitoring the donations previously granted, surveying new donation recipients, and conducting background studies.

The number of contacts made with the Foundation has increased steadily, with 203 applications recorded in 2010. In 2009, the Foundation received 160 applications, and the totals for 2008 and 2007 were 131 and 62, respectively. In addition to written applications, the Foundation received numerous enquiries by phone and email. The number of applications and contacts is rising with increasing awareness of the Foundation because of the funding decisions that have been made and published so far. Contacts with universities and other foundations have also increased awareness about the Foundation.

Available in Finnish, Swedish and English, the Foundation's website has proven to be an important channel for providing information about its operations. The website serves as the primary source of information for those applying for donations and scholarships in Finland and abroad.

### ADMINISTRATION

#### Board of Trustees

At the Foundation's annual meeting on 19 May 2010, Minister Aatos Erkko gave up his position as Chairman of the Board of Trustees. He was appointed as Honorary Chairman of the Foundation.

Nils Ittonen is the new Chairman of the Board of Trustees. His term of office will last until the next annual meeting. Jane Erkko continues as Vice Chair of the Board.

Jaakko Rauramo and Sakari Alhopuro were re-elected to the Board as members, and Heli Rahka, formerly the Foundation's Secretary General, was appointed to the Board of Trustees as a new member. The Board members' term of office will last until the next annual meeting. The Board of Trustees was convened four times in 2010.

#### Financial Committee

At its annual meeting on 19 May 2010, the Board of Trustees appointed a Financial Committee with Nils Ittonen as Chairman and Heli Rahka, Marja Leskinen and Karl Tujulin as members. Tujulin also serves as the Secretary of the Committee. The Financial Committee was convened four times in 2010.

#### Working Committee

At its annual meeting on 19 May 2010, the Board of Trustees established a Working Committee for the Foundation. The Committee is chaired by Nils Ittonen, with Jane Erkko, Heli Rahka and Marja Leskinen as members. The Working Committee prepares matters for the Board to decide on. The Committee was convened twice in 2010.

#### Secretary General

Marja Leskinen, formerly a member of the Board, became the Secretary General of the Foundation on 1 August 2010. The Foundation also decided to hire its first full-time administrative employee.

### INVESTMENT AND FINANCING ACTIVITIES

Minister Aatos Erkko donated EUR 20 million to the Foundation in 2010. This donation allowed the Foundation to continue with the expansion of its operations as provided in the Foundation's bylaws. The donation has been gradually invested in the stock and fixed income markets during 2010 in accordance with the investment plan.

Net income from the Foundation's investments totalled EUR 5,106,182.79 in 2010 (8,386,128.00 in 2009). The income mostly consisted of investment write-ups back to the purchase price of EUR 3,305,086.37 (EUR 6,733,696.26 in 2009) and profit shares in funds in the amount of EUR 1,690,199.08 (EUR 1,519,704.86).

Because of the donation received, surplus for the period totalled EUR 20,026,158.41 (EUR 5,627,212.46 in 2009). Short-term creditors on the balance sheet, totalling EUR 4,381,900.00 (EUR 4,574,500.00 in 2009), consisted of donations to be paid over the upcoming years in accordance with the agreed schedules.

At the turn of the year, the market value of the Foundation's assets was EUR 79.1 million (EUR 54.0 million in 2009). Share investments accounted for 87% (70%) and fixed-income investments 13% (30%) of the total.

Calculated at market value, the return on investment in 2010 was +16% or EUR +10.3 million (+21% or EUR +9.3 million in 2009). The return on share investments was +21% (+29%), and +3% (+8%) on fixed-income investments. In all, the absolute market result in 2010 was excellent, as was the case also in 2009. The relative result for share investments was also good, exceeding comparison indices.

## Risk management

The purpose of the Foundation's investments is to maintain and increase the capital over the long term and to ensure steady cash flow and sufficient liquidity for the Foundation's operations.

With its long investment horizon, the Foundation's investment strategy is share-orientated, and the investment portfolio is not generally hedged. In line with the Foundation's strategy, its investments are diversified geographically and by sector, company and currency. The Foundation's investments are in liquid securities and funds that can be realised quickly. In other words, the Foundation has a very low funding and liquidity risk. The domestic and international economy is reflected in the Foundation's investments. The risks are mainly related to the general market risk, that is, the performance of the international stock markets and dividend income over the long term. The Foundation maintains liquidity buffers that cover the Foundation's commitments and ensure sufficient conditions for the Foundation's operations.

The assets have been managed and investments have been made in line with the investment policy approved by the Board of Trustees. Matters related to investments are processed in the Financial Committee.

## DONATIONS

In 2010, the Foundation granted a total of EUR 4,927,728.77 in donations (EUR 2,688,000.00 in 2009, EUR 283,550.00 in 2008, EUR 3,541,339.42 in 2007). Operating expenses totalled EUR 152,295.61 (EUR 70,915.54 in 2009, EUR 62,178.67 in 2008, EUR 30,008.85 in 2007).

In 2010, the Foundation granted the following donations:

Hospital District of Helsinki and Uusimaa, Meilahti Hospital, acquisition of a DaVinci surgical robot, EUR 1.6 million

Sibelius Academy, Satakieli (Nightingale) fundraising project, EUR 1 million

University of Helsinki, Insight fundraising campaign, EUR 1 million

Hannele Laivuori, B.M., FINNPEC: Genetic Predisposition to Pre-eclampsia – the Finnish Nationwide Collaborative Study, University of Helsinki, EUR 420,000

Professor André Sourander, University of Turku, From Childhood into Adulthood – a birth-cohort study: the connection between mental-health problems in childhood and survival in adulthood, EUR 340,000.

Harbour Ice Breaker S/S Turso Association, renovation of harbour icebreaker S/S Turso, EUR 225,000

Timo Myöhänen, D.Sc. (Pharmacy), University of Helsinki, new treatment options for Parkinson's disease, EUR 156,000

Finnish Lighthouse Society, renovation of the Märket lighthouse, EUR 50,000

Minna-Liisa Änkö, Ph.D., research project in cell biology, Max Planck Institute, Dresden, EUR 43,000

American Scandinavian Foundation, USD 25,000

Suvi-Tuulia Keto, studies towards a Master of Music in classical trumpet performance, Roosevelt University, United States, EUR 18,000

Professor Jaakko Frösén, University of Helsinki, Ancient Greek Written Sources, Eikonopiia: Digital Imaging of Ancient Textual Heritage, symposium in Helsinki, October 2010, EUR 16,000.

K.L. Oesch Memorial Association, for writing the biography of K.L. Oesch, EUR 15,000

League of Finnish-American Societies (SAYL), Welcome to America – new edition of the USA travel guide (published in Finnish), EUR 15,000

Ballet dancer Suvi Honkanen, ballet studies at the Vaganova Academy of Ballet, St. Petersburg, EUR 7,500

Scholarships for Erkko Upper Secondary School of Orimattila, EUR 4,500

#### AUDITING

At its annual meeting on 19 May 2010, the Board of Trustees appointed Johanna Perälä, M.Sc. (Econ.), APA, and Samuli Perälä, M.Sc. (Econ.), APA, as the Foundation's auditors, and Sari Airola, M.Sc. (Econ.), APA, and Henrik Sormunen, M.Sc. (Econ.), APA, as alternate auditors.

#### OUTLOOK ON 2011

The Foundation will continue with its chosen policy, looking for opportunities to support high-quality international scientific research in accordance with the Foundation's bylaws and objectives. The focus will be on fairly large projects and operational flexibility.

The Foundation will continue to focus on consolidating its operating methods. It will also examine the opportunities to adopt an electronic grant application system. At the beginning of 2011, the Foundation's organisation was complemented by Dita Eklund, who was hired as an administrative employee.