

22 February 2018

AP4's fund capital increased to SEK 356.6 billion

With a net result of SEK 30.1 billion for 2017, AP4's fund capital increased to SEK 356.6 billion by the end of the year. The net return was 9.1 per cent (9.2 per cent gross of costs), and AP4 outperformed both the income index and the long-term return target. Net outflows to the national pension system totalled SEK 7.4 billion during the year.

"On the back of generally favourable performance for the global equity markets, AP4 reports a strong return for 2017. Interest rates were basically unchanged at extremely low levels, and fixed-income investments therefore delivered low returns during 2017. AP4 has generated an average annual return of 7.3 per cent during the last ten years and 6.1 per cent per annum since its inception in 2001. For both time periods, the return exceeds both AP4's long-term return target of a 4.5 per cent real annual return and the performance of the income index. AP4 has thus contributed to the stability of the pension system", comments Niklas Ekvall, CEO of AP4.

AP4's total asset management costs amounted to 0.10 per cent. Operating expenses amounted to 0.06 per cent and commission expenses to 0.04 per cent, expressed as a percentage of average fund capital under management. Costs are very low in an international comparison. According to an independent study by CEM Benchmarking, the fund's cost level was 46 per cent lower than that of a selection of comparable international pension funds.

"AP4 will continue to develop sustainable investments in the focus areas Climate & Environment and Corporate Governance. Our low-carbon strategies increased to almost 31 per cent of the global equity portfolio during 2017. The ambition is to further increase these investments and also to widen the scope of sustainable investments. We are doing this to lower the risk in the portfolio and create conditions for better returns. Active corporate governance is AP4's most important tool for influencing and interacting with the companies in which we are a shareholder. Ahead of the 2018 AGM season AP4 is active in 31 Swedish nomination committees, and in 2017 AP4 exercised its voting rights at 73 Swedish AGMs and 896 internationally. AP4 takes active responsibility as a shareholder", Niklas Ekvall concludes.

Key figures for AP4	2017	2016
Fund capital at 31 December, SEK billion	356.6	333.9
Net result, SEK billion	30.1	30.5
Net outflows to the national pension system, SEK billion	-7.4	-6.6
Fund capital at 1 January, SEK billion	333.9	310.0
Asset management costs, operating expenses, %	0.06	0.06
Asset management costs, commission expenses, %	0.04	0.04
Total asset management costs, %	0.10	0.10
Return on total portfolio, net of asset management costs, %	9.1	10.0
Real return on total portfolio, net of costs, %	7.4	8.3
Annualised return, net of asset management costs, 5 years, %	11.5	12.0
Annualised return, net of asset management costs, 10 years, %	7.3	6.7

AP4's mission is to contribute to financial security for retirees of today and of tomorrow by managing part of the buffer capital of Sweden's national pension system. AP4's long-term perspective, responsibility as shareholder and strong commitment to sustainability creates the conditions for high returns at a low cost. In this way we contribute to more secure pensions.

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An English version of AP4's 2017 Annual Report will be published in March 2018 at www.ap4.se.

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