

# 4P

**2025**

CEO Letter and Key Ratios



# The Year 2025

## Key metrics

**578.1**

SEK billion in fund capital.

**34.4**

SEK billion in net result.

**4.6**

SEK billion, net, transferred from AP4 to the pension system.

**6.3%**

return after costs. Over a ten-year measurement horizon, the return has averaged 8.0% per year.

**0.08%**

in total costs. Operating expenses amounted to 0.06% and commission expenses amounted to 0.02%.

**42**

nomination committees of Swedish listed companies in which AP4 has worked.

**82**

investor bodies in unlisted investments AP4 has been active in.

**1,334**

general meetings of Swedish and foreign listed companies at which AP4 has voted.

**6%**

lower carbon footprint. Since 2010, the portfolio's carbon footprint has decreased by 72%.

**4.2**

SEK billion in new thematic sustainability investments.



## 2025 – A special year for AP4

AP4 reported a return for the full year 2025 of 6.3% after costs, a return that we are satisfied with given the uncertain and rapidly changing market situation. The net result for the year was SEK 34.4 billion, which means that fund capital increased to SEK 578.1 billion at the end of the year after net payments from AP4 to the pension system of SEK 4.6 billion during the year. Following the transfer of assets from AP1 at the turn of the year, the fund capital increased to SEK 833.8 billion at the beginning of 2026.

2025 was a very special year for AP4. This is because our previously initiated change of portfolio system coincided with the consolidation of the Stockholm-based AP Funds decided by the Swedish Parliament.

Changing portfolio systems that include functionality all the way from the front office to the custodian bank is the most extensive and complex project a pension fund can undertake. In terms of workload and complexity, the consolidation process was an undertaking of similar magnitude.

This means that AP4 has successfully completed in a single year probably the two largest projects we have ever undertaken. On top of that, we have also skilfully managed our asset portfolio in a highly complex global environment. All in all, this makes me very proud of the efforts of AP4's employees in 2025.

### **A degree of optimism and USA still centre of attention**

At the beginning of 2025, there was some optimism that the economy would start to pick up again in Sweden following a prolonged slump. This proved not to be the case. Instead, 2025 was characterised by uncertainty and a feeling that in many areas we found ourselves in uncharted territory. In many ways,

the still relatively new administration in the USA has been at the centre of events, with a flurry of new and sometimes contradictory policy announcements. It is also increasingly clear that the Trump administration is serious about changing the world order, at least in some areas.

Now, as we begin 2026, there is once again a degree of optimism, and a feeling that "surely now it's time for the Swedish economy to pick up". There are several indications that this could in fact come to pass. Swedish interest rates have been cut and we can also expect significant real wage increases in 2026. In addition, fiscal policy in 2026 will be expansionary, involving tax cuts, increased public spending and greater investment.

Taken together, these stimuli should have a substantial positive impact on domestic consumption and Swedish economic activity. It is too early to start making assumptions, however. The global situation remains highly uncertain. It would come as no surprise for events to occur outside Sweden that dispel this budding optimism and push back the hopes of an economic upturn once more.

There are also some positive signs for the rest of Europe that growth, which has been structurally weak,

could pick up at least slightly in the coming years. However, hopes of higher growth are more likely to be fuelled by fiscal stimulus (not least in Germany) than by any successful productivity-enhancing reforms. Unfortunately, the pace of implementation appears to be slow, at least so far, with regard to many of the proposals of varying scope to strengthen Europe's long-term competitiveness that were presented in 2024 by Enrico Letta and Mario Draghi at the request of the European Commission.

### **Robust portfolio and proactive approach**

Over the past decade or so, the global economy and the financial markets have undergone a number of rather dramatic developments, each of a very different nature. A key lesson to take from this almost perpetually uncertain economic backdrop and regularly shifting market environments is the importance of taking a long-term view, combined with the aim of building a robust and diversified portfolio. The latter is a task that needs to be approached with great humility, recognising that it will never be fully mastered and understanding that it is work that will never be finished. The portfolio's risk and return characteristics need to be continuously analysed, developed and adapted to a constantly changing and uncertain global environment.

AP4 uses a long-term economic scenario analysis as a basis for the strategic allocation. The aim is to secure, as far as possible, the portfolio's return potential in the main scenario of the analysis, while also offering at least acceptable characteristics for the other scenarios, not least the more negative ones. Taking this approach, AP4 has gradually changed,

adapted and improved the characteristics of the investment portfolio over many years.

Maintaining this long-term perspective is key, but it is equally important to ensure the flexibility of the asset management organisation to quickly adapt the portfolio's risk and positioning to more temporary changes in market sentiment. The year 2025 contained periods of varying dynamics, as well as fairly large relative price changes across different asset classes. This has provided interesting opportunities for our asset management to actively adjust our asset allocation within and between equities, fixed income and currencies during the year.

#### **Successful consolidation of the Stockholm-based buffer funds**

In 2025, the Swedish Parliament decided to make changes to the management of buffer capital in the AP Funds. This decision meant, among other things, that the three Stockholm-based buffer funds were to be consolidated into two by transferring AP1's assets and liabilities to AP3 and AP4 respectively, while the assets and liabilities of Gothenburg-based AP6 were to be transferred to AP2. The legislative changes entered into force on 1 January 2026.

The consolidation of pension funds with global investment portfolios in both listed and unlisted assets is a complex and challenging task. It is only natural, therefore, that the past year has been one of intensive preparatory work, focusing on ensuring an orderly and responsible handover from AP1 to AP3 and AP4. This extensive work has been carried out with close collaboration between the three AP Funds, the special investigator appointed by the government, the AP Funds' auditor and the Ministry of Finance.

Based on the planning work carried out, the Stockholm-based AP Funds were successfully consolidated at the beginning of 2026. In total, listed and unlisted assets totalling SEK 511.5 billion were

transferred from AP1 to AP3 and AP4 as part of the consolidation. This meant that only SEK 8.7 billion, less than 2 per cent of AP1's fund capital, could not be transferred and instead remains in AP1. AP4 will manage these assets separately until such time as it is possible and appropriate for these assets to be transferred to AP3 and AP4.

It is also pleasing to report that it was possible to prepare and implement the complex consolidation of the Stockholm-based AP Funds while at the same time maintaining focus on the core business of managing the fund capital for the greatest benefit of the pension system. In addition, the consolidation has been implemented in a cost-effective way for the pension system, which means, among other things, that from as early as 2027 the savings for the pension system are expected to be in the region of SEK 150–200 million annually.

AP3 and AP4 would like to thank AP1 and its employees for their cooperation in 2025 in implementing the consolidation in a responsible manner.

#### **A new state-of-the-art portfolio system**

For a pension fund to change virtually its entire system environment while continuing normal operations could somewhat casually be likened to performing a simultaneous heart and lung transplant on a patient who continues to live their life as normal during the procedure. The change of system is also a multi-year project that has gone through various phases such as requirements specification, procurement, configuration and implementation, to ultimately ensure that the new system platforms could be successfully commissioned in autumn 2025. The project has been carried out in close collaboration with AP3.

With the launch of the new portfolio system, AP3 and AP4 have implemented modern, cloud-based system platforms that significantly enhance



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functionality and efficiency all the way from investment decision to custodian bank. There is no doubt that the new system installations will be of great benefit to our respective organisations for many years to come.

The fact that AP3 and AP4 now have similar system platforms, together with the experiences gained from the many years spent working together to implement them, also offers great potential for further value-creating collaboration between our funds. There is also already very clear evidence of this. Our joint systems project has given AP3 and AP4 major experience in running complex projects, as well as building closeness and great trust between our organisations. This has already proved invaluable in the planning and successful implementation of the consolidation of the Stockholm-based AP Funds.

#### **Stronger conditions for the future**

For AP4, the last few years have meant very focused and extremely intensive work on simultaneous system and consolidation projects. With the

completion of these major projects, AP4 is now entering a new phase. We will once again be able to devote all our energy to managing the buffer capital in the best way possible and continuing to develop AP4.

We will also be able to tackle this forward-looking work from a new position of strength. The combination of professional operations and strength that AP4 has built up over the past decade, a new state-of-the-art portfolio system, a larger and broader capital base and competent new employees have strengthened and improved our conditions. AP4 now has everything in place to be able to continue providing world-class professional and cost-effective pension management for a long time to come.

The workload on AP4's employees has been extremely high for virtually all of 2025. Despite this, we have never lost focus on delivering on our mission and tasks. We have pulled together and been there for each other throughout. I've said it many times before, but I still feel like saying it again. It is a very great honour to have such competent, professional and loyal colleagues and to manage money in the public pension system together with you. It's the best job in the world.

Stockholm, 19 February 2026

Niklas Ekvall, CEO