

# 4D

**2025**  
Interim Report



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## This is Fjärde AP-fonden (AP4)

AP4's mission is to contribute to the financial security of current and future pensioners in Sweden by managing part of the Swedish national pension system's buffer capital to achieve a high long-term return.

The mission involves also managing the fund capital in an exemplary way through responsible investments and responsible ownership. AP4 is a government agency and its operations are governed by the Swedish National Pension Funds Act [Lagen (2000:192) om allmänna pensionsfonder (AP-fonder)].

This half-year interim report has been prepared in accordance with the accounting and valuation policies jointly adopted by the AP Funds and described in AP4's 2024 Annual Report. Unless specifically indicated, the same accounting policies and calculation methods have been used as for the 2024 Annual Report. The interim report has not been reviewed by AP4's auditors. Figures in parentheses refer to the first half of 2024 unless indicated otherwise. No significant events have taken place after the end of the reporting period. AP4's annual report for 2025 will be published in February 2026.



# First half year 2025

**557.7**

SEK billion in fund capital at end of period

**11.9**

SEK billion net result

**2.4**

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

**2.2%**

return after costs, of which 0.8% active return. The return before costs was 2.2%

**0.07%**

of total costs indexed on a full-year basis. Operating expenses amounted to 0.06%, and commission expenses were 0.01%

**42**

nomination committees at Swedish listed companies on which AP4 served ahead of AGMs in the first half of 2025



# Stable management in a changing world

**AP4's portfolio returned 2.2% in the first half of 2025, corresponding to a net result of SEK 11.9 billion. Fund capital increased from SEK 548.2 billion at the beginning of the year to SEK 557.7 billion at mid-year, following the transfer of SEK 2.4 billion to the national pension system during the first six months of the year.**

Given the uncertain and fast-changing market environment, we are satisfied with the first half-year management result. If we extend the time frame, AP4's portfolio has returned 7.6% per year over the past 10 years and 6.7% per year since the start of the reformed pension system in 2001. This means that AP4 has exceeded its long-term return target of CPI+3% per year and that the long-term return has made a significant contribution to strengthening the Swedish national pension system.

## New conditions with the US driving the agenda

The past decade or so has not been without drama for the world economy. We need only mention tumultuous events such as the financial crisis, the euro crisis, refugee flows, the pandemic, negative interest rates, runaway budget deficits and a war in Europe to realise that for many years we have felt that the global economy has been on uncharted territory. In this context, the start of 2025 has been no exception.

As greater clarity emerged in the final stages of last autumn's presidential election in the United States, we also saw increasingly one-sided developments in financial markets in late 2024. More specifically, we saw positive underlying market sentiment channelled into a stronger US dollar and a tech-heavy US stock market that outperformed the world's other major

stock markets. This trend continued into this year.

As President Trump's new administration began to rapidly play its cards, there was a gradual increase in financial market turmoil. The result was a market that basically turned 180 degrees. We had a more negative market outlook combined with a sharply weakened US dollar and a US stock market that significantly underperformed most stock markets in Europe and in developing countries.

This reversal had strong momentum for a few months until Trump's much-hyped 'Liberation Day'. This was followed by a series of policy announcements in various directions and postponed deadlines for the introduction of new tariffs. The result of the latter, in particular, was a somewhat calmer market, with US assets and not least tech companies gradually regaining some of their earlier positive sentiment.

## The economic situation is difficult to interpret

The economic situation remains difficult to interpret, to say the least, with the US largely driving the agenda. In the shorter term, uncertainty is created by the almost continuous flow of changing and new policy announcements, as well as the perceived volatility of the new US administration.

Looking further ahead, there is still uncertainty about the new administration's longer-term ambitions.

However, it is increasingly clear that it is serious about wanting to see a change in the world order, at least in some areas. It should be obvious to everyone that international trade is one such area. It seems equally clear that there is a strong desire to use tariffs as a tool to favour US interests, and not just in the area of trade.

National security and national self-sufficiency also appear to be generally important drivers of policy. Linked to this, another priority for President Trump's administration appears to be the geopolitical ambition to rapidly and significantly shift focus and resources from Europe to Asia. This is an ambition that the United States has been talking about for decades, but has not previously realised in the same forceful way as now seems to be the case.

Regardless of the political direction, a high level of uncertainty in itself poses a problem for economic development as it hampers effective decision-making. In the face of uncertainty, many decisions tend to be postponed in the hope of greater clarity in the future, or there is a risk of the decisions that are actually made being less good than they would otherwise have been. In any case, uncertainty is negative for efficient resource allocation and economic growth, and more so the greater it is and the longer it lasts.

### Some optimism about increased European competitiveness

In parts of the first half of the year, there has been some optimism that, in response to strong external pressure, Europe will take the necessary steps to address its structural challenges better than in the past. One reason for this cautious optimism is that, at least rhetorically, the EU political system seems to have come to the realisation that a change of focus and far-reaching reforms are urgently needed to boost European productivity and competitiveness.

As part of the above growing realisation, Enrico Letta and Mario Draghi each presented a comprehensive report on behalf of the EU last year with a number of more or less far-reaching proposals to strengthen Europe's long-term strategic position. Of the proposals presented, two stand out in terms of importance and therefore need to be given particular priority. First, it is essential to ensure that the EU's internal market for goods and services starts to function as the 'single market' it was intended to be. Unfortunately, this is far from being the case today. Second, it is equally essential to succeed in establishing a better-functioning and more homogeneous EU market for corporate financing and the supply of risk capital. If these by no means new ideas could be converted from ambition to reality, this could significantly strengthen Europe's competitiveness and growth potential.

### Active management with a long-term perspective

If where the direction of the economy feels uncertain, it feels more certain that there will continue to be rapid changes and it will be difficult to navigate. Especially in times of uncertainty, it is important for AP4 to be able to maintain a long-term perspective. An important part of this is to continuously maintain a strong focus on enhancing the diversification and robustness of the portfolio in relation to the different

economic scenarios identified in our long-term economic analysis.

One example is the work done over a number of years to strengthen the portfolio for a more volatile inflation scenario. Another example is our growing focus on identifying and adjusting the portfolio to the increased concentration risks we see in financial markets, with increasing dominance of certain regions and types of company. In this context, our increased allocation to the specially designed Defensive equity class plays an important role, and also aims to perform relatively well in the more challenging economic environments found in our scenario analysis.

In times of uncertainty, it is just as important as having a long-term perspective to ensure that the management organisation has the flexibility to quickly adapt the portfolio to changing conditions. Linked to this, our ambition during the various phases of the spring was to continuously adjust the portfolio's risk level in an appropriate manner to the fairly volatile market sentiment. The relatively large movements in fixed income and foreign exchange markets also offered interesting opportunities in the first half of the year.

### A stronger platform to build on

AP4 is looking forward to a busy and exciting second half of 2025. In addition to the challenging task of managing our investment portfolio on an ongoing basis in a highly interesting market environment, AP4 will finalise two extensive change projects.

First, we are in the midst of preparations for the consolidation of the Stockholm-based AP Funds that the Riksdag decided on in May this year. The consolidation means that at the end of 2025, AP1's assets will be transferred in equal parts to AP3 and AP4, which is a fairly extensive challenge logistically as more than SEK 500 billion will change hands on the same date. For AP4, the consolidation also entails

significant planning and implementation work, and we need to prepare organisationally, operationally and in terms of resources for a larger and broader capital base.

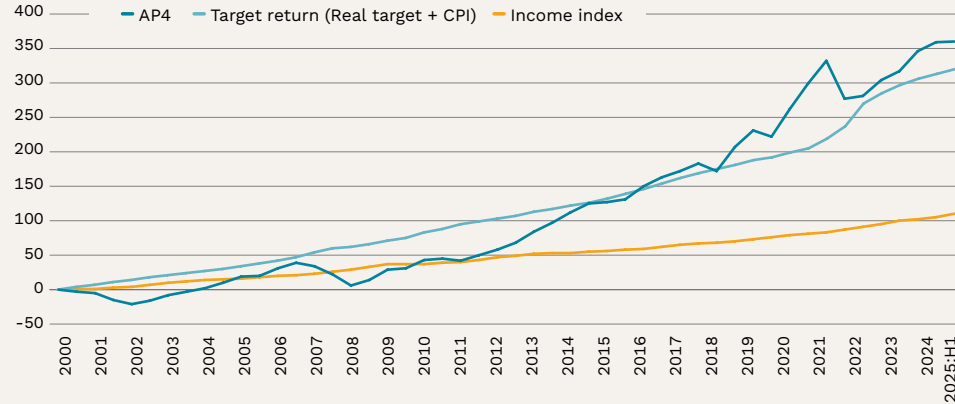
Second, AP4 and AP3 are in the final phase of implementing a brand new portfolio system, undoubtedly one of the most extensive and challenging projects that a pension fund can undertake. When the new system comes into operation, we will have modern, cloud-based system platforms that will significantly enhance functionality and efficiency all the way from investment decision to custodian bank.

It is now our task, with AP1 and AP3, to implement the consolidation of the Stockholm-based AP funds that has been decided with full vigour and great commitment in the best possible way for the pension system. With a new state-of-the-art system platform and an organisation strengthened with new cutting-edge expertise, I feel that AP4 will have very good conditions and an excellent basis for building an even stronger asset management organisation and an even more attractive workplace.

Finally, I would like to thank all employees at AP4 for your great commitment and responsibility, and for the determination with which you have worked so hard and so excellently in a very labour-intensive first half of the year. It is a fantastic privilege to work with you to contribute in the best possible way to securing pensions for the people of Sweden.

Stockholm, 29 August 2025  
Niklas Ekvall, CEO

## Return after costs since start in 2001 (%)



## Asset class market value and return, first half 2025

Asset class	Market value, SEK bn	Portfolio return <sup>1</sup> , %	Exposure <sup>2</sup> , %	Return contribution <sup>1</sup> , %	Net result contribution <sup>1</sup> , SEK bn
Global equities	200.4	6.3	35.9	2.4	13.0
Swedish equities	8	1.2	15.2	0.2	1.1
Defensive equities	41.6	4.5	7.5	0.3	1.8
Global fixed income	8	4.4	17.4	0.8	4.3
Swedish fixed income	43.7	2.1	7.8	0.2	0.9
Real assets	90.4	2.8	16.2	0.5	2.5
Other assets <sup>3</sup>	0.0	0.0	0.0	0.0	0.0
Currency	0.0	-2.1	0.0	-2.2	-11.6
<b>Total investments</b>	<b>557.5</b>	<b>2.2</b>	<b>100.0</b>	<b>2.2</b>	<b>12.0</b>

1) Portfolio return, return contribution and net result contribution are reported before costs.

The portfolio return after costs was 2.2% (6.9%). The result after costs was SEK 11.9 billion (34.6).

2) Underlying values of derivative instruments in the passive allocation are distributed among the respective asset classes.

3) Consists mainly of various overlay mandates.

# First half year 2025

## Portfolio performance

AP4's return after costs for the first half of 2025 was 2.2% (6.9%). Global equities was the asset class with the highest return and it made the largest positive contribution to the overall fund return. All other asset classes had positive returns and thus contributed to the overall return.

The strengthening of the Swedish krona meant that AP4's long-term open currency exposure had a negative impact on the return. Fund capital at the end of the first half of 2025 was SEK 557.7 billion, compared with SEK 548.2 billion at the start of the year. The increase is due to a net result of SEK 11.9 billion (34.6), while net payments to the pension system were made in the amount of SEK 2.4 billion (0.9).

The active return in relation to AP4's benchmark portfolio was 0.8% (-0.8%). The management of global equities, fixed income assets and real assets made the largest positive contribution to the active return during the first half of the year.

## Exceeding long-term return targets

AP4's long-term return is evaluated over two periods of time: from the start of the new pension system in 2001, and over the last ten years. The goal is to exceed both the target return of the CPI+3 percentage points per year and the performance of the income index. AP4 has exceeded the two targets in both time periods, which means that AP4 has contributed to the pension system's funding and stability.

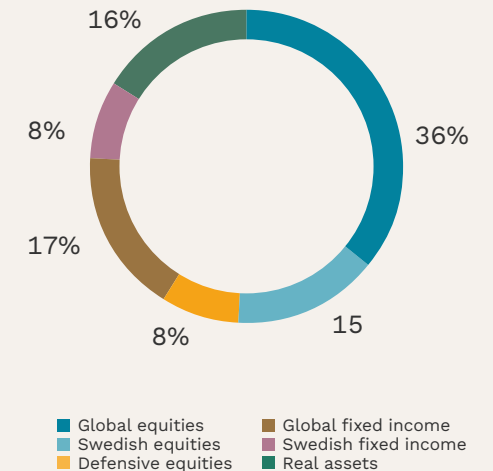
Since the start of the new pension system in 2001, AP4's return after costs has averaged 6.7% per year. The return target has grown by 6.1% per year, and growth of the income index has averaged 3.2% per year during the same time period. Measured over ten years,

AP4's return has averaged 7.6% per year, the return target has been 6.4% per year, and the income index has grown by an average of 3.1% per year.

## Continued net payments to the pension system

AP4's net payment to the pension system during the first half of the year totalled SEK 2.4 billion (0.9). Since 2009, when net payments from the AP Funds to the pension system began, AP4 has transferred a total of almost SEK 87 billion to the pension system.

## Asset allocation as per 30/06/2025



The pension system has gradually been strengthened thanks to very good returns from the AP Funds and improved demographics with a growing population and more people in employment, along with changes to the pension system such as the introduction of the target age. This means that the AP Funds are now expected to be net payers for only a few more years.

### Contribution to the pension system

On the launch of the new pension system in 2001, AP4's opening fund capital was SEK 134 billion. Since 2001, AP4 paid a net sum of just over SEK 72 billion to the pension system to cover deficits in pension payments. If the opening fund capital had yielded the same return as the income index up to and including

the end of June 2025, the net result contribution would have been just over SEK 140 billion and the fund capital would have amounted to almost SEK 210 billion. However, AP4's return has been significantly higher than the growth of the income index, resulting in total fund capital at the end of June 2025 of nearly SEK 558 billion. This means a net result contribution in excess of the growth of the income index of almost SEK 350 billion. This result has helped strengthen the pension system accordingly.

### AP4 is cost-efficient

The management cost ratio – the annualised total asset management costs relative to average fund capital under management – was 0.07% (0.08%) for the first half of 2025, which is a decrease on the first half

of 2024 owing to both lower asset management costs and higher average fund capital compared with the first half of 2024.

In recent years, AP4 has made significant strategic investments in portfolio system support, alternative investments and sustainability work. The fact that AP4 is cost-efficient even in an international comparison is evident from the comparison of cost levels among pension funds conducted by CEM Benchmarking. The most recent comparison for the 2023 financial year showed that AP4's management cost ratio was just over 30% lower than for the international comparison group.

### Summons to the Riksdag Committee on Finance

In May, the Riksdag Committee on Finance summoned the CEOs of AP1-AP4 in connection with the funds' investment in Northvolt. The CEOs described the background to the investment, legal perspectives and communication around the investment. The members of the Committee on Finance then put questions to the CEOs.

### The Swedish Government's annual evaluation

The Swedish Government's annual evaluation of the AP Funds for the 2024 financial year was submitted to the Riksdag in May 2025. The overall message was that AP4 has met the Government's expectations. The evaluation confirmed that AP4 has managed the net flow between incoming and outgoing payments in the income pension scheme as intended, that AP4 has generated a return that is contributing to the income pension scheme's long-term funding, and that AP4 has worked actively with sustainability issues.

In connection with the submission of the annual evaluation to the Riksdag, the Government also announced that, as part of the annual evaluation of the 2025 financial year, an in-depth analysis will be made of how the AP Funds invest in unlisted assets. A report

## Consolidation of AP Funds

On 31 January 2025, the Government announced that the pensions group, the parliamentary working group tasked with safeguarding the pension agreement and which currently has representatives from all eight parliamentary parties, has agreed to reduce the number of buffer funds from five to three.

This will be done in part by reducing the number of buffer funds in Stockholm from three to two. The consolidation will take place by dividing the assets of AP1 equally between AP3 and AP4 at the end of 2025.

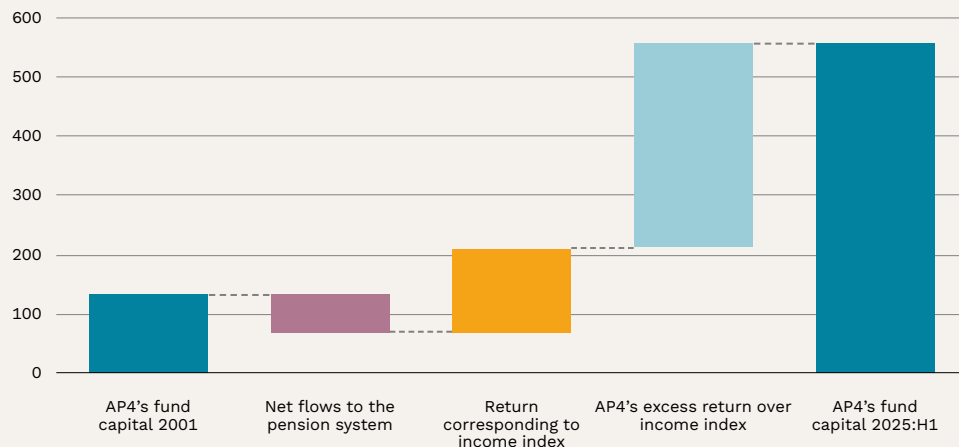
A bill was submitted to the Riksdag on 18 March and passed on 19 May. The amendments to the AP Funds Act will enter into force on 1 January 2026.

On 20 March, the Government appointed two special investigators to assist the AP Funds in the consolidation that is now to be implemented.

The announcement means that AP4, with AP1 and AP3, is now making preparations for a transfer of assets at the year-end.

AP4 has also been given a separate task to be responsible for separate management to gradually liquidate those assets that, owing to regulatory constraints, cannot be transferred or are not cost-efficient to be transferred from AP1 to AP3 and AP4 at the year-end.

### Contribution to the pension system 2001–2025:H1, SEK bn



will be submitted no later than in March 2026. As part of the annual evaluation, the Government is supported by external consultants. In the evaluations of the 2023 and 2024 financial years, they also conducted in-depth analyses of the AP Funds' unlisted investments.

### Renewed appointment of the entire AP4 Board of Directors

In May 2025, the Government decided to reappoint the entire AP4 Board. There were no changes to individual members or to the roles of Chair and Vice Chair of the Board.

### Award for AP4 in the first half of 2025

AP4 was named Sovereign Wealth Fund of the Year at Environmental Finance's Sustainable Investment Awards 2025.

AP4 received the award based on the quantitative climate scenario analysis performed in 2024.

The quantitative climate scenario analysis used model-based frameworks from partners to estimate the impact, in terms of risk and return, of the sustainability transition and climate change on AP4's portfolio. The results showed that AP4's portfolio outperforms a global equity index in terms of Scope 1 and 2 emissions, fossil fuels and adaptation to the Paris Agreement. This indicates that AP4 has a portfolio that is better adapted to managing the climate transition and climate change than a broad global equity index.

## AP4 takes ownership responsibility

AP4's corporate governance work helps to create high returns over time. AP4 works actively in its role as owner of both Swedish and foreign listed companies, and for unlisted investments. One of the most important tasks in this work is to help establish the best Board composition at the companies, tailored to the unique needs of each individual company. Other important ownership issues include the design of long-term remuneration programmes, issues relating to companies' capital structure, transparent reporting and sustainability. This work also includes AP4 striving to achieve gender balance. AP4 also advocates for best practice in corporate governance and promotes the development of a well-functioning securities market.

AP4 is one of the ten largest owners in more than 100 listed Swedish companies, and in two thirds of these AP4 is one of the five largest owners. This gives AP4 important ownership positions in Swedish listed companies, which is managed by being an active owner. AP4 worked on 42 Swedish nomination committees ahead of the 2025 AGM season, including five companies as chair of the nomination committee. Half of these companies recruited new members, 64 per cent of whom were women. The market value of the holdings in the companies in which AP4 works on nomination committees corresponded to more than half of the portfolio

value of AP4's Swedish equities. AP4 voted at 110 AGMs of Swedish companies in the first half of the year.

In foreign equities, the portfolio is well diversified with just over 1,150 holdings. During the first half of the year, AP4 voted at the AGMs of 1,048 foreign companies, which in practice means that over a full year AP4 votes at all AGMs of foreign companies in which AP4 is a shareholder. In addition to voting at the AGMs of foreign companies, AP4 is actively engaged in corporate governance dialogues with a focus on companies in climate-intensive sectors such as energy, power generation, commodities and transport. An example of this work is the French energy company TotalEnergies, with which AP4 has had an in-depth follow-up dialogue on its sustainability work. At the company's AGM, AP3 and AP4 jointly requested further information on sustainability issues relating to the company's operations in Africa.

AP4 makes unlisted investments in property companies, funds and private equity companies and is usually one of the larger investors. AP4 drives important issues in these investments through representation on nearly 80 investor bodies such as Boards of Directors or investor committees (known as Limited Partner Advisory Committees, LPACs). This corresponds to just over 80 per cent of the unlisted investments in the portfolio.

# 42

**nomination committees at Swedish listed companies on which AP4 served ahead of AGMs in the first half of 2025**

# 53%

**of the portfolio value of Swedish equities where AP4 worked on nomination committees**

# 1,158

**AGMs at which AP4 voted during the first half of 2025, in Sweden and abroad**

# 80%

**of the unlisted investments, AP4 serves on investor bodies such as Boards of Directors or investor committees**



# Multi-year summary

	2025-06-30	2024-06-30	2024	2023	2022	2021	2020
Fund capital, opening balance (SEK bn)	548.2	499.6	49.6	460.5	527.6	449.4	418.0
Net flows to the pension system (SEK bn)	-2.4	-0.9	-2.0	-4.8	-4.7	-7.5	-7.9
Net result for the period (SEK bn)	11.9	34.6	50.7	43.9	-62.5	85.7	39.3
Fund capital, closing balance (SEK bn)	557.7	533.3	548.2	499.6	460.5	527.6	449.4
Return, total portfolio before costs (%)	2.2	7.0	10.2	9.6	-11.8	19.3	9.7
Return, total portfolio after costs (%)	2.2	6.9	10.1	9.6	-11.9	19.2	9.6
Active return, before costs (%) <sup>1</sup>	0.8	-0.8	-1.4	-3.4	-3.8	3.5	2.4
Return, total portfolio after costs, (%) annualised 5 yrs	7.8	7.7	6.8	8.9	6.9	11.6	9.8
Return, total portfolio after costs, (%) annualised 10 yrs	7.8	8.5	8.0	8.5	9.2	11.8	9.7
Standard deviation total portfolio, ex-post (%) <sup>2</sup>	8.4	4.6	5.4	5.7	9.4	6.1	13.6
Standard deviation total portfolio, ex-post, 10 yrs (%) <sup>3</sup>	8.9	9.1	9.1	9.1	9.0	7.8	8.3
Active risk ex-post, active management (%) <sup>4</sup>	2.0	1.5	1.4	1.8	2.0	1.9	1.7
Currency exposure (%)	23	20	19	22	19	21	21
Share of externally managed capital (%) <sup>5</sup>	20	21	21	21	20	16	14
Number of employees, end of period	69	67	69	76	61	67	65
Asset management costs, excl. commission expenses (%)	0.06	0.06	0.06	0.06	0.05	0.05	0.06
Asset management costs, incl. commission expenses (%)	0.07	0.08	0.07	0.08	0.08	0.08	0.09

- 1) AP4's operative portfolio is evaluated against a benchmark portfolio made up of a number of market indexes with set asset weights. The market indexes used are adapted based on the Board's decisions on sustainability-based divestments and are hedged to Swedish kronor (SEK). AP4 can use its tax status as a state pension fund, and during the first half of 2025 this gave a positive contribution of 0.09 (0.09) percentage points. Active return is calculated as the difference in returns between the operative portfolio and the benchmark portfolio.
- 2) Pertains to daily return data unless indicated otherwise.
- 3) Pertains to quarterly data for total assets.
- 4) Active risk, calculated as standard deviation, measured on a yearly basis, in the difference in the return between the operative portfolio and the benchmark portfolio.
- 5) Includes investments in private equity companies.



# Half-year interim report 2025



# Income statement

SEK million	Jan-Jun 2025	Jan-Jun 2024	2024
<b>OPERATING INCOME</b>			
Net interest income	1,994	1,918	4,041
Dividends received	4,259	3,669	5,744
Net income, listed shares and participations	13,133	25,941	32,184
Net income, unlisted shares and participations	1,362	1,180	1,466
Net income, fixed income assets	1,897	-1,633	-1,759
Net income, derivative instruments	1,782	609	1,066
Net income/loss, changes in exchange rates	-12,338	3,174	8,366
Commission expenses	-44	-62	-104
<b>TOTAL OPERATING INCOME</b>	<b>12,045</b>	<b>34,796</b>	<b>51,004</b>
<b>OPERATING EXPENSES</b>			
Personnel costs	-91	-90	-170
Other administrative expenses	-71	-57	-121
<b>TOTAL OPERATING EXPENSES</b>	<b>-162</b>	<b>-147</b>	<b>-291</b>
<b>NET RESULT FOR THE PERIOD</b>	<b>11,883</b>	<b>34,649</b>	<b>50,713</b>

# Balance sheet

SEK million	2025-06-30	2024-06-30	2024-12-31
<b>ASSETS</b>			
Shares and participations, listed	324,363	313,195	330,690
Shares and participations, unlisted	103,107	85,766	102,405
Bonds and other fixed income assets	114,452	123,655	119,709
Derivative instruments	10,211	5,851	6,050
Cash and cash equivalents	10,407	6,334	6,512
Other assets	1,036	2,585	183
Prepaid expenses and accrued income	2,050	1,736	2,179
<b>TOTAL ASSETS</b>	<b>565,626</b>	<b>539,122</b>	<b>567,728</b>
<b>LIABILITIES AND FUND CAPITAL</b>			
<b>Liabilities</b>			
Derivative instruments	6,690	3,181	17,504
Other liabilities	293	1,767	444
Prepaid income and accrued expenses	930	841	1,540
<b>Total liabilities</b>	<b>7,913</b>	<b>5,789</b>	<b>19,488</b>
<b>Fund Capital</b>			
Fund capital, opening balance	548,240	499,551	499,551
Net payment to the pension system	-2,410	-867	-2,024
Net result for the period	11,883	34,649	50,713
<b>Total fund capital</b>	<b>557,713</b>	<b>533,333</b>	<b>548,240</b>
<b>TOTAL LIABILITIES AND FUND CAPITAL</b>	<b>565,626</b>	<b>539,122</b>	<b>567,728</b>



