

Första AP-fonden's return for 2016 was 9.3 per cent after expenses

Stockholm 23 February 2017 – Första AP-fonden's net investment income for 2016 as a whole amounted to SEK 27.0 billion (11.3) after expenses. This equals a return of 9.3 per cent (4.0). Total net assets amounted to SEK 311 billion at the year-end. The real return for the past ten-year period was 4.3 per cent annually after expenses. Första AP-fonden's target has therefore been exceeded in both the short and long term.

CEO Johan Magnusson comments on the year's results:

“It feels good to be able to report strong results for 2016 with a return on assets under management of 9.3 per cent after expenses. The main contributions came from real estate as well as from allocation and foreign exchange. The strong results were achieved during a year characterised by turbulence in global politics and eventful financial markets.”

Since 2001 Första AP-fonden has delivered total net investment income of SEK 192 billion.

“Naturally it is satisfying that we have been able to help strengthen the Swedish pension system for so many years.”

In 2016 the Fund paid SEK 6.6 billion into the pension system.

“However, we face a challenge in maintaining the good development and reaching the target of a real return of 4 per cent on a rolling 10-year basis. This is due to several factors, such as the many uncertain market factors around the world as well as our relatively high percentage of fixed-income assets which are governed by the investment rules that apply to AP funds.

Första AP-fonden's administrative expenses fell to 0.15 per cent in 2016 compared with 0.17 per cent in 2015.

“It is pleasing to note that our focus on cost efficiency has yielded results. We have continued to develop a more robust portfolio with a lot managed internally, which is cost effective. The parts that are managed externally are often more expensive, but they are expected to make a strong contribution after expenses. Analyses of the Fund's expenses must, therefore, always be carried out from the perspective of the investment strategy.”

Highlights of the year

- Net investment income for 2016 amounted to SEK 27.0 billion (11.3) after expenses. This equals a return of 9.3 per cent (4.0).
- In real terms, the return was 7.6 per cent in 2016.
- The real return for the past ten-year period was 4.3 per cent, which is higher than the target of 4.0 per cent.
- Administration generated an excess return of SEK 4.2 billion (3.6) above the Fund’s strategic benchmark. The main contributions came from real estate as well as from allocation and foreign exchange.
- Första AP-fonden has disbursed SEK 36.6 billion since 2009, of which SEK 6.6 billion in 2016, to cover the contribution deficit in the income pension system.
- The Fund's administrative expenses fell to SEK 458 million (493), equalling 0.15 per cent (0.17) of average assets under management.

	31/12/2016	31/12/2015
Closing net assets, SEK	310.5 bn	290.2 bn
Net investment income for the year, SEK	27.0 bn	11.3 bn
Net flow to the pension system, SEK	-6.6 bn	-4.9 bn
Opening net assets, SEK	290.2 bn	283.8 bn
Expense ratio, operating expenses	0.06%	0.06%
Expense ratio incl. commission expenses	0.15%	0.17%
Return after expenses	9.3%	4.0%
Real return after expenses	7.6%	3.9%

Annualised return after expenses, 5 years	10.0%
Annualised return after expenses, 10 years	5.5%

Real annualised return after expenses, 10 years	4.3%
---	------

Contact

Johan Magnusson, CEO

Anna Fall, Head of Communications

+46 (0)709 681 250

Första AP-fonden is one of five AP funds that ensure stability in the Swedish national income pension system. Första AP-fonden shall be a world-class pension manager through long-term investments and the professional work of its employees. We manage assets worth SEK 311 billion (31 December 2016) in a global portfolio comprising shares, fixed-income securities and alternative investments. Our brief is to achieve the highest possible return with well-judged financial risks, and thereby to contribute to a high, predictable income pension for current and future pensioners alike.