



Tredje AP-fonden

Press release, 22 February 2007

Another year of strong returns

AP3's fund capital rose SEK 20.2 billion to SEK 212.2 billion in the year ended 31 December 2006 and net profit totalled SEK 18.6 billion, equal to a return of 9.5% after expenses.

AP3 has generated returns of SEK 59.9 billion since its inception in 2001, representing an annual average return of 5.7%. Real return (minus inflation) has averaged 4.2%.

Kerstin Hessius, AP3 Chief Executive Officer, said: "Thanks to four years of strong performance we have exceeded our target of a long-term real return of 4% per year. Together with the other buffer funds we have made a substantial contribution to the Swedish pension system."

AP3's active medium-term allocation strategy made a positive contribution to net profit, primarily by reducing exposure to foreign currency risk. At year-end, 8% of the portfolio was exposed to currency risk.

The listed portfolio underperformed the benchmark index in 2006, with active return totalling -0.2 percentage points. Over the last five years, AP3's active management has outperformed the benchmark index by an average of 0.3% a year.

AP3's portfolio	Exposure, % of portfolio	Market value at 31 Dec 2006, SEK million	Portfolio return, 1 Jan – 31 Dec 2006 %	Index return %	Contribution to absolute return, %
Swedish equities	12.6	26.8	25.3	25.4	2.9
Foreign equities ¹⁾	40.8	86.6	13.0	13.1	5.3
Fixed income ¹⁾	40.1	85.0	1.1	0.9	0.5
Tactical asset allocation (TAA), active currency management, etc	0.9	2.0			-0.1
Total listed assets	94.4	200.3	8.9	9.1	8.5
Real estate	2.6	5.5	34.7		0.5
Private equity	3.0	6.4	22.5		0.7
Total AP3 portfolio	100.0	212.2	9.7		9.7

1) Returns on foreign equities and fixed income assets include currency hedges.

Annual report in full

Copies of the 2006 annual report in Swedish can be downloaded from the AP3 website at www.ap3.se. An English version will be available mid March.



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For further information please contact:

- Kerstin Hessius, CEO, phone: +46 (0)8 555 17100, kerstin.hessius@ap3.se
- Christina Kusoffsky Hillesöy, Communications Manager, phone: +46 (0)8 555 17 123,
mobile: +46 (0)709 517 223, christina.hillesoy@ap3.se