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Press release

AP3 appoints asset managers for Asian equities

The Third Swedish National Pension Fund (AP3) has now completed the asset manager searches for Japanese and Asia Pacific (ex Japan) equities.

The Japanese mandate is being divided between two asset managers: **Capital International** and **Schroders**. The value of this mandate is approximately JPY 16.9 billion per asset manager. The portfolios will be managed locally in Tokyo. The two asset managers have different investment styles and are expected to complement each other, thereby improving diversification of portfolio risk.

JP Morgan Fleming Asset Management (a part of JP Morgan Chase & Company) has been appointed sole manager for the Asia Pacific (ex Japan) mandate. The portfolio will be managed locally in Hong Kong by **JF Asset Management**. The value of the mandate is approximately USD 102 million. The benchmark index is FTSE All-World Developed Asia Pacific (ex Japan). This index includes Hong Kong, Singapore, New Zealand and Australia. The asset manager also has permission to invest a maximum of 10 per cent of the portfolio in South Korea and Taiwan.

Since AP3's new asset management mandate began on 1 January 2001, all of the Fund's external management equity mandates have been passive. A process is now under way to replace these passive mandates with active management in those markets where this can be expected add value.

These contracts will be the first active equities mandates in AP3's external asset management portfolios.

"AP's strategy is to hire external asset managers where these can be expected to outperform our own internal managers. This applies especially to Asian equities markets, where local presence is a crucial prerequisite to successful asset management. In addition, this is a region where there is good potential to outperform the market. It has therefore been essential to find active managers for these equities portfolios," says Lena Djurberg, portfolio manager at AP3's external management team.

Queries may be directed to:
Pernilla Klein, Communications Manager
Phone: +46 (0)8 555 17 142
Mobile: +46 (0)709 517 242
E-mail: pernilla.klein@ap3.se