

Press Release

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Good return and strong finances

Occupational pensions company Alecta's collective funding ratio, assets in relation to commitments, was 131 per cent at 31 March. Total return for the first quarter of 2005 was 2.5 per cent.

Alecta's collective funding ratio was 131 per cent at the end of the first quarter of the year. This exceeds the 110 – 130 per cent stipulated in Alecta's funding policy.

Alecta's President Tomas Nicolin comments: "The good return in our investment portfolio means that the company's financial position has recovered from the stock market falls in 2001 and 2002. In addition to the investment return there are factors that can affect the funding level in the future. Alecta's board has issued a declaration of intent which states that SEK 4.9 billion will be restored to a reserve to be placed at the disposal of the collective agreement parties."

These funds have been included in the funding capital since October 2002 when Alecta carried out measures designed to strengthen its funding and capital base. When implemented this measure will reduce the collective funding by approximately 2.5 percentage points. Another factor that may reduce funding is the risk of lower discount rates resulting from falling market interest rates.

Alecta's total return was 2.5 per cent in the first quarter of 2005. Equities were the asset class that had the highest return during the period. The market value of investments at 31 March was SEK 355 billion.

Tomas Nicolin continues: "I believe there is reason for caution as regards total return expectations for the rest of the year. Market interest rates have fallen to almost historically low levels while equities and real estate have gained value and performed strongly for some time. Together these factors limit the return potential when we look ahead. We have chosen a lower proportion of equities than our competitors among the life insurance companies."

For additional information, please contact

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The occupational pensions company Alecta handles the major part of the ITP occupational pension plan on assignment from the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK). Alecta has assets under management of approximately SEK 350 billion and provides service to 27,000 client companies and 1.6 million insured individuals. Alecta's cost-effective solutions enable client companies to provide their employees with financial security as long as they live. Through the disability insurance included in ITP, Alecta can also increase client companies' awareness of the correlation between health and profitability.