

Annual Report 2025

Asset management across generations

*The mission from the Swedish Parliament
is to strengthen the income pension
system for the benefit of current and
future pensioners.*

AP3

Contents

Reports and websites

This annual report describes AP3's operating activities in 2025. AP3 also publishes a Stewardship Report, which summarises the Fund's sustainability work, and action plans for its four focus areas.

Information about AP3's portfolio and its approach to responsible asset management can be found on pages 10-13 and key metrics on pages 62-63.

At ap3.se you will find information about the Fund's activities and current holdings, AP3's annual reports, interim reports, sustainability reports and action plans.

See also etikradet.se/en, the website of the Council on Ethics of the Swedish AP Funds.

Contact

AP3, Box 1176, 111 91 Stockholm,
info@ap3.se | +46 (08) 555 17 100

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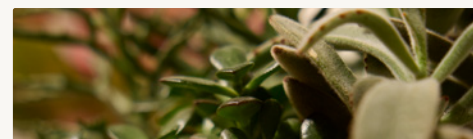
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AP3, highlights of 2025

Key metrics as at 31 December 2025

	2025	2024	2023	2022	2021
Assets under Management (AUM) at 31 Dec, SEK bn	577.1	549.1	499.8	468.4	502.3
Net payments to pension system, SEK bn	4.6	2.0	4.8	4.7	7.5
Net result, SEK bn	32.6	51.3	36.2	-29.2	86.8
Return before expenses, %	6.1	10.4	7.8	-5.7	20.8
Return after expenses, %	6.0	10.3	7.8	-5.8	20.7
Total asset management expense ratio, %	0.08	0.07	0.07	0.08	0.08
Asset management expense ratio excluding commission expenses, %	0.07	0.06	0.06	0.05	0.05
Annualised return after commission expenses and operating expenses, 5 years, %	7.5	8.2	9.6	8.1	11.3
Annualised return after commission expenses and operating expenses, 10 years, %	8.3	8.4	8.7	9.3	11.1

AP3 reports a good 2025. The return was 6.0% after expenses. The result was SEK 32.6 billion and Assets under Management (AUM) were SEK 577.1 billion.

6.0%

AP3's return was 6.0% (10.3) after expenses

SEK 577.1 bn

AP3's Assets under Management (AUM) stood at SEK 577.1 (549.1) billion

0.08%

AP3's asset management expense ratio was 0.08% (0.07), of which operating expenses were 0.07% (0.06)

SEK 4.6 bn

Disbursements to the pension system from AP3 totalled SEK 4.6 (2.0) billion

7.5%

AP3's annual average return after expenses was 7.5% (8.2) for the last five years and 8.3% (8.4) for the last 10 years

16.0%

AP3's listed equities asset class returned 16.0% (17.4) and was the largest contributor to the return.

- **AP3's full-year result for 2025** sums up a good year with a return of 6.1% before expenses. Assets under Management (AUM) totalled SEK 577.1 billion at year-end.
- **Consolidation of the AP Funds** following the decision to consolidate the AP Funds, preparations were made during the year. AP1's assets and liabilities were taken over at the year-end and distributed in equal shares to AP3 and AP4.
- **Future-proof system infrastructure**
A new, cloud-based, integrated system solution was implemented during the year, following intensive work by the Fund's employees. The solution replaces several systems that support the entire business flow. See page 19.
- **Strengthening of the Fund's talent base.** There were a record number of applicants for the positions advertised, with many highly qualified candidates.
- **Compared to its peers, AP3 has the highest return** combined with the lowest expenses over five years. This is compared to the peer group of comparable international pension funds. The survey is conducted annually by GEM Benchmarking.
- **The stewardship work was successful during the year.** The target for the proportion of women on the board in large companies was exceeded. The proportion now stands at 43%. The target for the proportion of companies in the portfolio with sustainability criteria in incentive programmes was also exceeded and the proportion now stands at 43%. For more information, see page 11.



STATEMENT BY THE CEO – STAFFAN HANSÉN

An eventful year in the world of AP Funds

On 31 January 2025, the Government Offices of Sweden announced that the Pension Group, in which all parliamentary parties are represented, supported the proposal for the assets of AP1 to be transferred in equal shares to AP3 and AP4.

At the same time, the Pension Group supported the proposal that the assets of AP6 be transferred to AP2 in Gothenburg. On 20 May, Parliament decided to implement the consolidations, which entered into force on 1 January 2026. The purpose of the consolidations was to realise greater economies of scale in the AP Funds system.

The consolidation work was extensive and carried out in close cooperation between the three Stockholm-based AP Funds. The focus was on ensuring an orderly and responsible handover of assets from AP1 to AP3 and AP4. A total of SEK 500 billion in listed and unlisted assets was transferred in equal shares to AP3 and AP4 at the year-end. The transfer went well.

Assets totalling SEK 10 billion remain in AP1 for legal reasons or reasons of cost or time. These assets will be managed in segregation by AP4 for the maximum benefit of the pension system. Whenever possible, assets and funds received from these assets will be transferred in equal shares to AP3 and AP4.

2025 financial year

The event with the greatest impact on financial markets in 2025 was President Donald Trump's imposition of import tariffs on 2 April. Within a few days, the S&P 500, the most common

measure of the value of the US stock market, fell by around 12 per cent, only to rebound within a few weeks and enjoy a long and steady rise for the rest of the year. Financial markets have gradually learned that words are not necessarily followed by action in statements by the US administration, which has had a stabilising effect on markets. A clear reflection of this is that the strength of the US economy and US companies continued to attract capital from abroad.

However, the long-term trend of dollar appreciation was broken during the year, related to recurring comments by President Trump that planted uncertainty regarding central bank independence. This particularly favoured the krona, which, after a prolonged depreciation, got its revenge. The combination of krona appreciation and dollar depreciation had a major impact on Swedish investors with exposure to USD assets, as the Swedish krona appreciated by 20 per cent against the US dollar during the year.

The Fund's total return for 2025 was 6.0 per cent after expenses, corresponding to record high Assets under Management (AUM) of SEK 577.1 billion. The listed equities portfolio contributed 7.7 per cent to the Fund's total return. The equities management return underperformed its benchmark index by 1.0 per cent, partly because the management had overweight in 'quality companies' that have not kept up with the fast-growing, index-heavy global tech companies.

Fixed income and currency management contributed 0.8 per cent to the Fund's total



The consolidation work was extensive and carried out in close cooperation between the three Stockholm-based AP Funds. The focus was on ensuring an orderly and responsible handover of assets.

return and a positive result that exceeded its benchmark index by 0.9 per cent. Alternative investments contributed 0.9 per cent to the Fund's total return. Currency movements affected the Fund's return by -3.4 per cent.

AP3 on target with future-proof system infrastructure

AP3, in close collaboration with AP4, has carried out an extensive modernisation of the Funds' system infrastructure. A new, cloud-based, integrated system solution replaces several former systems. The new platform supports the entire operational workflow – from analysis and order execution to portfolio management, risk control, compliance and financial reporting. This solution enables the entire investment process to be managed in an integrated manner, creating favourable conditions for the Fund to efficiently manage a larger capital base.

Consultation response – distributable surplus in the state income pension system

On 11 December, AP3's Board of Directors decided to submit the Fund's consultation response to the Ministry of Social Affairs' memorandum Ds 2025:24 – Distributable surplus in the state income pension system.

In its consultation response, submitted on 14 December, AP3 supports the introduction of an accelerator in the pension system and agrees that a balance sheet ratio of 1.15 is an appropriate limit for distributing surplus. AP3 also proposes that surplus should not be distributed if the funding ratio (the ratio between the

buffer funds' capital and the state income pension system's liabilities) risks falling below 15 per cent as a result of the distribution. Finally, AP3 proposes to introduce a cap on the distribution factor, which is the difference between the current balance sheet ratio and 1.15.

Organisation and Talent

A total of 14 new employees were recruited during the year and the Fund's ability to attract talent remains strong. The positions advertised drew a record number of applicants, including many highly qualified candidates.

As the organisation continues to grow, the Fund signed an agreement with Vasakronan during the year to relocate to new premises on Regeringsgatan in Stockholm in March 2026.

My thanks go to the Board and to colleagues across AP3 for their contributions to both the implementation of the new system infrastructure and the successful consolidation process. I would also like to extend our appreciation to the other AP Funds—particularly AP1 and AP4—for their excellent collaboration throughout the consolidation.

Finally, I wish to thank all our AP3 partners and to welcome the real estate company Willhem to AP3.

AP3 is well positioned to continue delivering on its long-term mission.

Staffan Hansén
CEO



577.1
SEK bn

AP3's Assets under Management (AUM) totalled SEK 577.1 billion at year-end.

6.0
per cent

AP3 returned 6.0 per cent after expenses in 2025.



AP3's performance, 2001-2025

In AP3's 25-year history, financial returns have been high and have exceeded the return target. Returns can vary widely between years, and 2025 was again a year of positive returns, in both nominal and real terms. The real return was 5.7% after expenses.

AP3's mission is to manage the buffer capital of the state income pension system. AP3 has generated an average annual return since inception of 4.6% in real terms, meaning after allowing for inflation. So far, the returns of the AP Funds have been able to contribute both to strengthening the balance sheet of the state income pension system and to bridging the current period of demographically driven deficits. This means that the AP Funds have worked as intended when the state income pension

system was designed more than 25 years ago. A period of high inflation reduces the prospects of generating high real returns, but the high historical real returns have provided a buffer against a period of economic uncertainty.

AP3's performance exceeds the target

The Board of Directors has set AP3's target return at 3.5% in real terms. For over two decades as a fund tasked with financing the income pension system's capital buffer, AP3

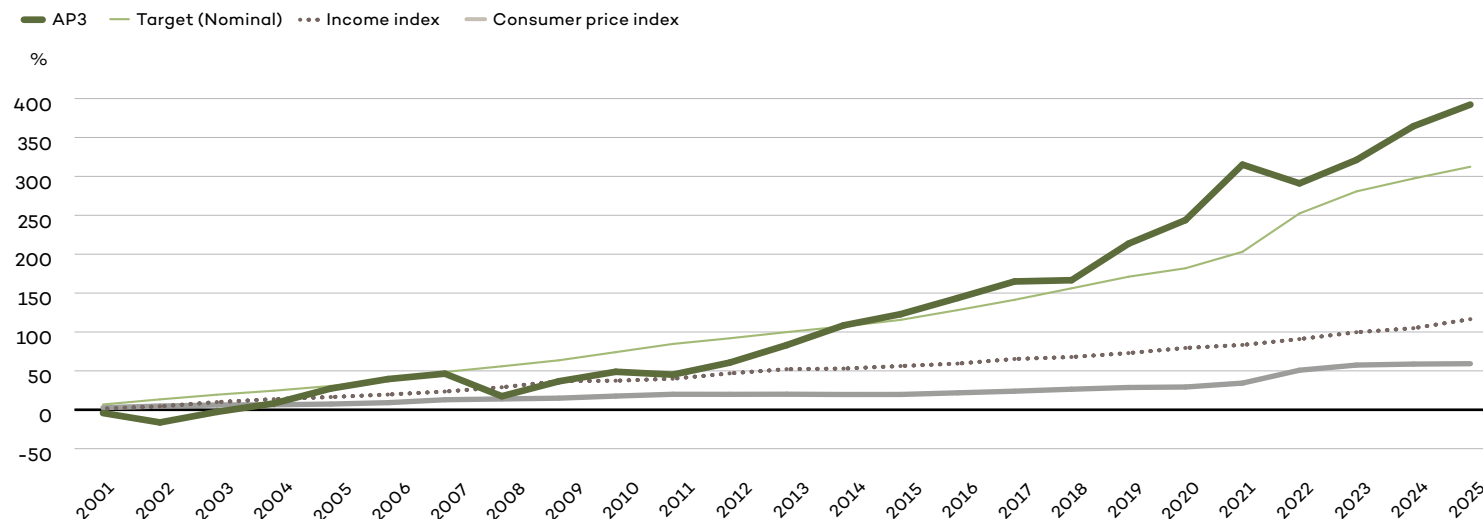
has outperformed its ambitious target. This is also substantially higher than the income index (3.1% per annum). The state income pension system has thus been significantly strengthened. Inflation was low in 2025 and has averaged 1.9% per annum since 2001.

AP3's investment capital helps fund deficits in the state income pension system

In 2025 AP3 paid out SEK 4.6 billion to the state income pension system. Since its inception,

AP3 has contributed SEK 67.4 billion to help finance the system's deficit. The annual deficit is projected to be approximately 1% of the value of the capital buffer in the coming decade. The structural deficit means that AP3 expects the capital buffer to grow more slowly in the next decade than in the last 10 years.

Aggregated percentage growth of portfolio and benchmarks, 2001-2025



6.6
per cent

AP3's annualised nominal return since inception.

67.4
SEK bn

Since its inception, AP3 has contributed SEK 67.4 billion to help finance the deficit in the pension system.

Equities strongest contributor in 2025

AP3's portfolio generated a return of 6.1 per cent before expenses. The equity portfolio accounted for most of the return. Fixed income also had a good year, with a positive result, and alternative investments produced a slightly positive result in relation to the return target.

The equity portfolio had a good year, contributing 7.7 percentage points to the total return. Fixed income contributed 0.8 percentage points and alternative investments made a contribution of 0.9 percentage points. The model-driven tactical allocation also worked well in 2025 and made a positive contribution to the return. There were large differences in performance between different regions of the world.

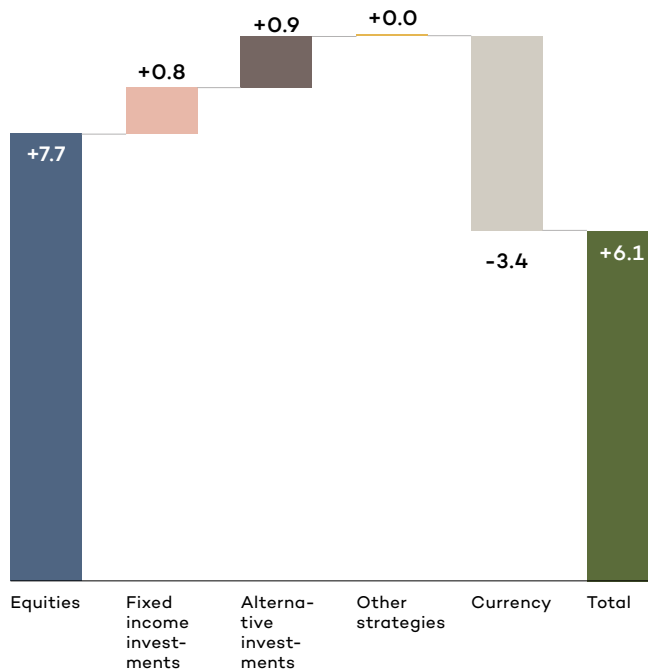
What stood out during the year was fixed income management, where the active choices in government and credit bonds added a return above the benchmark index. The Fund struggled with returns in alternative investments and with individual equity selections in equity management. The tactical and strategic reallocations both contributed positively to the return, while the appreciation of the Swedish krona led to a negative currency result.

Return and contribution to total portfolio return per asset class

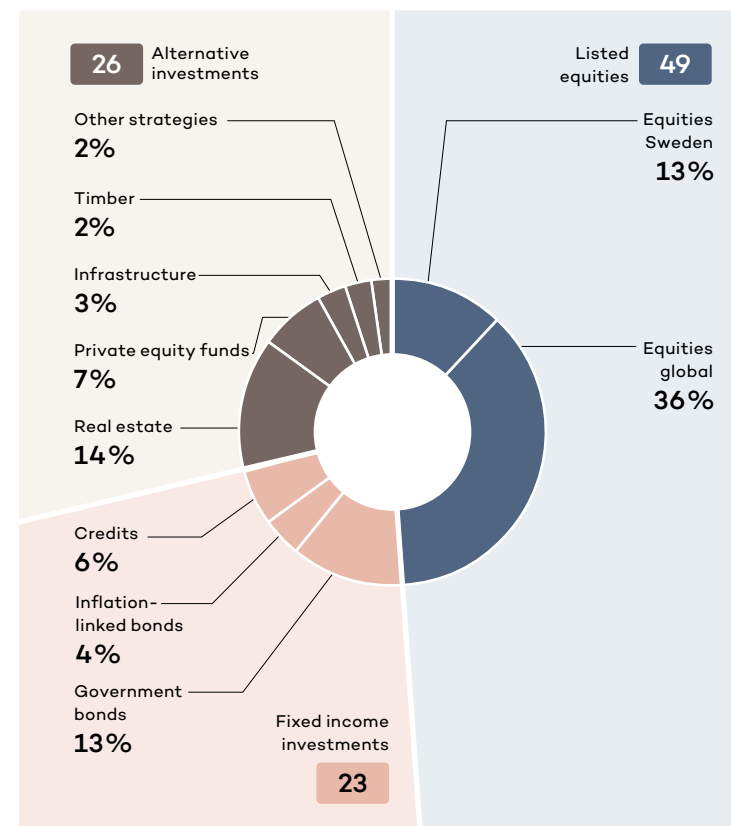
Return before expenses in per cent, 2025



Contribution to return before expenses (percentage points)

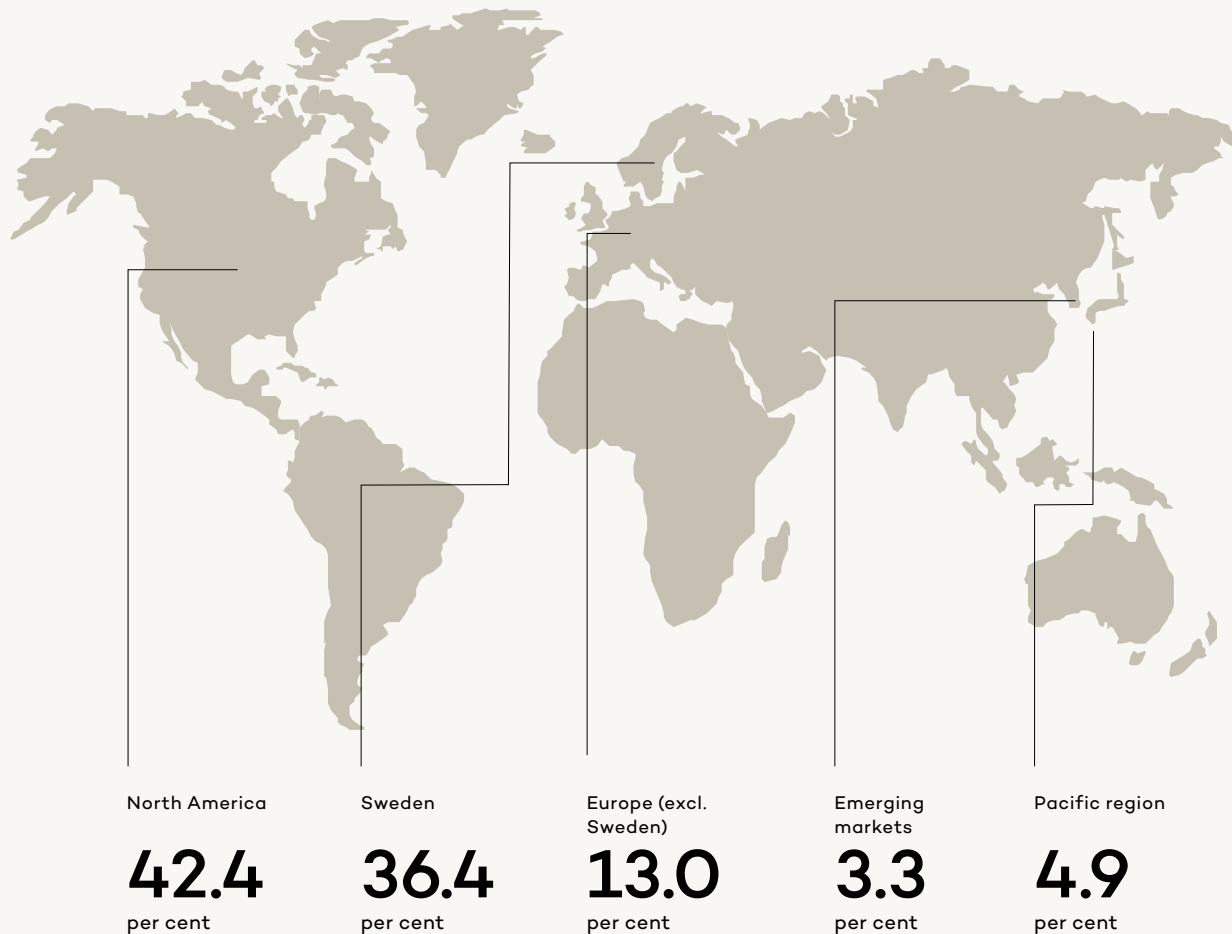


Market value per asset class in per cent

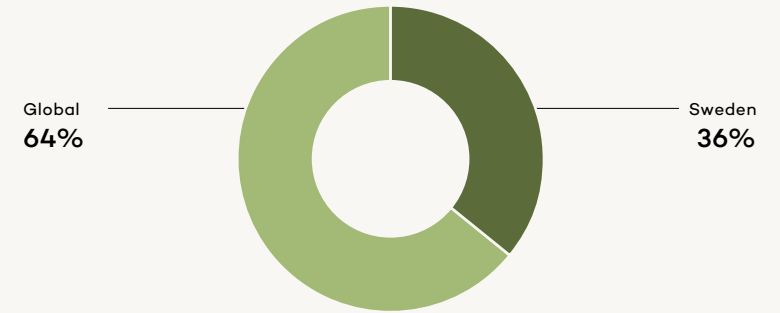


AP3's investment portfolio at year-end

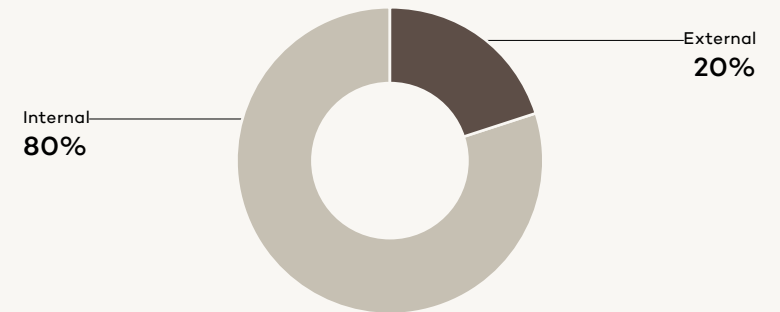
Geographical distribution of investments, percentage share (%)



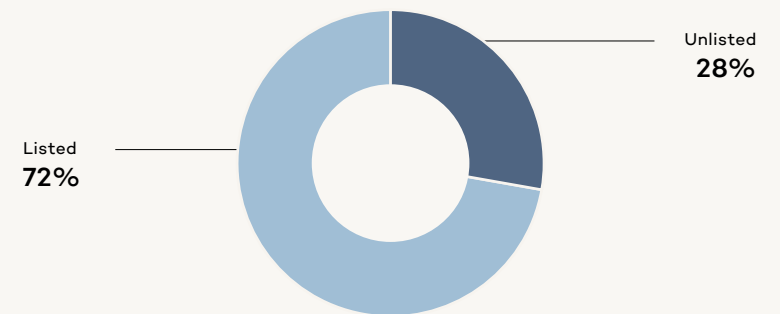
Global/Sweden



Internal/external management



Listed/unlisted investments



ALM analysis and long-term risk management

A new ALM analysis was performed in 2025 to determine a reasonable long-term level of risk for the portfolio. The analysis also took into account the impact of introducing an accelerator in the pension system.

An ALM analysis (Asset Liability Management analysis) is carried out every three years and was performed in November 2025. Its result indicated that the standard portfolio's risk level is balanced, while the return target should remain at the level set in 2019, i.e. 3.5 per cent real return. Risk assessment, market pricing and third-party fundamental approaches have all been factored into the long-term return target.

ALM analysis to assess the level of risk

The National Pension Funds Act states that the AP Funds must design the asset allocation based on an ALM analysis. This work should contribute to assessment of the overall risk level of the strategic asset allocation over a longer time horizon.

As the buffer funds have a specific mission in the state income pension system, the aim of the ALM analysis is to find a reasonable level of risk. Firstly, it is used to analyse how the AP Funds' portfolio development, combined with

demographics and the macro outlook, may affect the risk of the system becoming underfunded.

Pensions Group – about an accelerator in the system

In autumn 2025, the Parliamentary Pensions Group presented a proposal to introduce an 'accelerator' in the state income pension system. In the ALM analysis, AP3 therefore analysed the impact of this accelerator, in terms of both overall risk and the risks and impacts it would have for future generations.

According to the proposal by the Pensions Group, the aim is to 'avoid the buffer funds becoming unnecessarily large'. The purpose of the ALM analysis was therefore to determine, in light of the accelerator proposal, what can be expected to constitute a well-balanced level of risk for the investment portfolio. Too much risk can cause the 'brakes to be applied'. At the same time, too low a level of risk may result in

returns that are too low in the long run to fulfil the mission of 'maximising the benefit to the state income pension system over time'. The desired balance is referred to as age cohort neutrality.

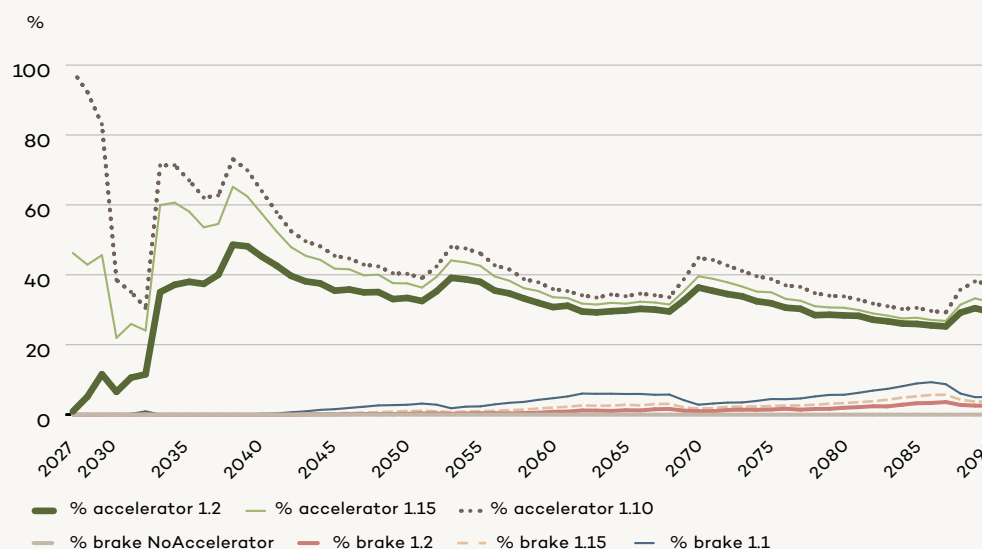
AP3 submitted its consultation response in December, summarising the Fund's conclusions:

- AP3 supports the introduction of an accelerator in the pension system on the grounds that it is a reasonable mechanism for avoiding overcapitalisation and returning surplus to the real economy.
- AP3 agrees that a balance sheet ratio of 1.15 is a reasonable limit for distributing surplus, but emphasises that this needs to be supplemented with a minimum funding ratio and a cap on the distribution factor. At the year-end 2024/2025, the funding ratio, i.e. the share of the buffer funds in the liabilities of the state income pension system, was 19 per cent. The Assets under Management (AUM) of the buffer funds are the only real assets in

the state income pension system. A minimum funding ratio ensures that the state income pension system is not drained of liquidity over time.

- AP3's proposal is that surplus is not distributed if the funding ratio is likely to fall below 15 per cent as a result of the distribution. A further aspect to consider is the introduction of a cap on the distribution factor (distributable surplus calculated in a certain way). The introduction of a cap limits the amount of distributable surplus that may be distributed in a given year. Distributing too much risks undermining age cohort neutrality over time and increases the risk of rebalancing.
- AP3's proposal: the introduction of a cap on the distribution factor. The cap is described in more detail in the consultation response, and corresponds to a maximum increase in the value of pension rights, over and above the income pension index, of 0.5 - 1.0 per cent in a given year.

**Baseline demographic scenario:
Probability of the accelerator being activated or the brake being applied**



The purpose of the ALM analysis is to determine what can be expected to constitute a well-balanced level of risk for the investment portfolio.



Sustainable development is a key feature of the asset management strategy

Sustainability pervades AP3’s work in the investment and stewardship process and the Fund’s internal work. It is crucial for creating long-term value and contributing to sustainable development. To maximise the impact of our sustainability work, we focus on areas in which AP3 can make the biggest difference and create the most value for the income pension system and society.

Read more about AP3’s sustainability work at [AP3.se/ansvar](https://ap3.se/ansvar)



The Fund’s selection criteria can be found at [ap3/ansvar/hallbarhetsprocessen](https://ap3.se/ansvar/hallbarhetsprocessen).

Sustainability work is integrated across all the Fund’s management units, with the groups responsible for complying with the responsible investment policy and contributing to the analysis of sustainability-related risks and opportunities.

AP3 is convinced that well-managed companies are better investments. The greatest opportunity to contribute lies in how the Fund invests and exercises its stewardship. By integrating sustainability aspects in investment decisions, AP3 identifies opportunities to create long-term value and reduce sustainability-related risks. The Fund works actively with the

companies in AP3’s portfolio to support their transition towards more sustainable business models. In this way, AP3 contributes to societal change and to achieving important global goals, such as those in the Paris Agreement.

Focus on four areas

AP3 focuses on the most material sustainability matters for the Fund:

- Corporate governance
- Climate
- Human rights
- Biodiversity

The four focus areas were identified by the Fund weighing up how the Fund affects people and the environment and how changes in the world around us affect the Fund and its investments. For more on AP3’s focus areas and goals, see page 11

Companies should show ambition to act for the long term

A basic prerequisite for AP3 to invest in a company is that the company demonstrates the ambition to act in the long term and integrate sustainability aspects in its

operations. AP3 refrains from investing in companies in which we deem sustainability risks to be too high.

AP3’s sustainability process

Minimum requirements

AP3 does not invest in companies that do not meet AP3’s minimum requirements

Analysis

AP3 identifies and assesses companies’ management of the most material sustainability risks

Focus areas

AP3 works systematically with four focus areas in its investment and stewardship work

Targets

Short-term, medium-term and long-term targets are set for each focus area.

Conditions for a good investment process

Engagement through good stewardship

Moving towards sustainability targets

Setting targets that are followed up is an important part of achieving clear results and integrating sustainability in the asset management work. The goals vary in nature depending on the focus area and may be both quantitative and qualitative.

Read more about focus areas in AP3's Stewardship Report and at ap3.se/forvaltning/agarstyrning



Corporate governance

Through active stewardship, AP3 will work to ensure that the companies in which it invests are well managed and well governed.

Targets

2025 result

Gender equality

All Swedish companies in the portfolio should have **at least 40%** of the underrepresented gender on the Board by 2026.

43%

(43%)
On average, the proportion of female directors in large companies is 43%.

Sustainability criteria in incentive plans

The proportion of Swedish companies in the portfolio with sustainability criteria in incentive plans must be doubled from 20% to **40%** by 2025.

43%

(41%)
The proportion of companies in the portfolio with sustainability criteria in incentive plans is 43%.



Climate

AP3 aims to help mitigate climate change and achieve net zero emissions in its portfolio by 2045, in line with the Paris Agreement and the 1.5°C scenarios.

Targets

2025 result

Carbon footprint

The carbon footprint of the equity portfolio should be **halved** in the period 2019–2025.

36%

(43%)
Total emissions were reduced by 36% and the relative carbon footprint was reduced by 65%.

Companies in line with the 1.5 degree target

The proportion of companies in the portfolio in line with the 1.5-degree target should be **100%** by 2040.

25%

(20%)
A quarter of companies in material sectors are deemed to be in line with the target.

Engagement dialogue

Dialogue with companies accounting for 70% of emissions in 2023 and **90%** in 2030.

Dialogue

is ongoing with companies accounting for 70% of emissions.

Sustainable bonds

25% of the fixed income portfolio in 2025 must be investments in sustainable bonds.

26%

(27%)
AP3 has **achieved its target** of investing in sustainable bonds by 2025.



Human rights

AP3 will work to ensure that human rights, as they relate to the companies' operations, are respected, upheld and strengthened.

Targets

2025 result

Human rights policy

The proportion of companies in the portfolio in high-risk sectors with a human rights policy in place must be **100%** by 2030.

94%

(97%)
94% of companies have a human rights policy.

Greater transparency in risk sectors

The proportion of companies in the portfolio in sectors with exposure to vulnerable groups that have a due diligence process must be **100%** by 2030.

75%

(57%)
75% of companies have a screening process.



Biodiversity

AP3 will contribute to both the conservation and positive development of biodiversity by 2030.

Targets

2025 result

Biodiversity policy

The proportion of companies in the portfolio in priority sectors with a biodiversity policy in place must be **100%** by 2030.

75%

(59%)
75% of companies have a biodiversity policy.

TNFD recommendations

The proportion of companies in the portfolio in priority sectors that follow TNFD recommendations must be **100%** by 2030.

18%

(22%)
18 of the companies follow TNFD recommendations.

The work of the Council on Ethics is increasingly important for AP3's risk management

The Council on Ethics of the Swedish AP Funds is a collaboration between AP1, AP2, AP3 and AP4 to jointly influence companies towards greater transparency and long-term value creation. In 2025, the Council on Ethics worked on five preventive focus areas, and 67 reactive engagement dialogues were held with companies on allegations of serious violations.

Read more in the Council on Ethics of the Swedish AP Funds' Annual Report for 2025 [↗](#)



The Council on Ethics' preventive engagement is intended to help solve challenges and prevent violations, accidents and incidents from occurring. This in turn contributes to better and better-managed companies and thus reduced risk in the AP Funds' assets.

3, 007

of the AP Funds' companies were screened in 2025. 55 companies were identified with confirmed violations or a risk of violations.

By conducting dialogues, the Council on Ethics is committed to influencing companies and sectors both for preventive purposes and in the event of incidents. The Council on Ethics collaborates on the companies included in the AP funds' foreign equity and credit portfolios of listed companies.

The Council on Ethics' preventive advocacy concerns several companies and sectors and is intended to help solve challenges and prevent violations, accidents and incidents from occurring. This in turn contributes to better and better-managed companies and thus reduced risk in the AP Funds' assets.

Focus 2025

During the year, the Council on Ethics worked within the framework of five focus areas and nine projects. The focus areas were as follows:

Antimicrobial resistance

Antimicrobial resistance (AMR) occurs when bacteria, viruses, fungi and parasites no longer respond to medicines, making infections more difficult to treat and increasing the risk of the spread of disease, serious illness and death. The Council on Ethics sees AMR as a material systemic risk for both society and the Funds' portfolios in the long term. Therefore, the Council is working actively to raise awareness of the issue and drive change through dialogues with

relevant companies. Project: Investor Action on AMR, FAIRR Animal Pharma and Restaurant Antibiotics.

Child labour and forced labour

Child labour and forced labour occur all over the world, but are particularly common in certain sectors and regions. Companies may be exposed in their direct operations or through their supply chains. The Council on Ethics opposes labour exploitation and works both by exerting influence on individual companies with significant negative impact and proactively at sector level. Project: Child labour in the cocoa industry.

Climate

Climate change is deemed to constitute a serious systemic risk with a significant impact on the AP Funds' assets and a negative impact on current and future generations. The work of the Council on Ethics is intended to complement and reinforce the climate-related work carried out by each AP Fund. The Council on Ethics has decided to prioritise two areas: the transition of emission-intensive sectors and mining. Project: Steel and mining industries.

Tech companies and human rights

Online platforms and big tech companies are playing an increasingly important role in society. This presents many opportunities but also

several human rights challenges. The Council on Ethics is leading an international collaboration project aimed at holding advocacy dialogues with a number of large tech companies with the aim of strengthening their work on human rights. Project: Big Tech & Human Rights

Water

There is a serious shortage of water resources globally. Good quality water in sufficient volumes is essential for everything from health and sanitation to food production, power generation and many other industrial processes. Water is also closely linked to and affected by other global challenges, including climate change, biodiversity loss and involuntary migration. Project: Harmful substances and Valuing Water Finance initiative.

Reactive work will encourage companies to take action

Out of just over 3,000 holdings screened in 2025, a total of 55 companies were identified with a confirmed violation or risk of violation of international conventions. 2,952 companies passed the screening without criticism.

The Council on Ethics secures documentation and then engages in dialogue with the companies and follows up. In total, 30 interim targets were met in the dialogues in 2025.

Long-term impact delivers results

Stewardship work is at the heart of influencing companies on key issues. Contributing to real change requires persistent, long-term, structured engagement, which is what is being done on some of the world's most complex systemic issues. The engagement in which the AP Funds have been involved with the mining industry for many years is a very good example of how engagement dialogues can deliver clear results for the world.

Mining is one of the world's most challenging industries from a sustainability perspective. At the same time, it is crucial for the global transition. Metals and minerals are needed for electrification, digitisation and the climate transition – but they must not be extracted at the expense of people's lives, the environment or long-term trust.

Long-term engagement is key

Influencing mining companies and the mining sector requires patience. Change rarely happens quickly and never without resistance. Therefore, the joint work of the AP Funds via the Council on Ethics plays a central role. By means of sustained dialogue, shared expectations and coordinated investor influence, capital can



By means of dialogue, shared expectations and coordinated engagement, capital can become a force for improvement.

become a force for improvement – not just in individual companies, but in entire sectors.

In November, this work took an important step forward when Fredric Nyström, Chair of the Council on Ethics of the Swedish AP Funds in 2025 and Head of Sustainability and Stewardship at AP3, travelled to Brazil with Alexander Elving, Engagement Director of the Council on Ethics, as part of Global Investor Commission on Mining 2030. The trip was not a departure from the engagement work – it was part of it.

Meetings that make an impact

The meeting with Brazil's President Lula and several representatives of his government was the highlight of the trip and focused on how long-term investors, in partnership with legislators, can help shape a more responsible mining sector. The President's announcement shortly afterwards of a decree establishing a National Commission on Critical Minerals was a clear example of how persistent engagement can be translated into concrete political action.

Mining2030 – a vision backed by USD 18 billion

The Mining2030 vision was presented at PRI in



Investors, mining companies and stakeholders met Brazil's President Lula to discuss how the mining industry can contribute to sustainable development.

Person in São Paulo a few days later. This was the result of two years of dialogue between investors, companies, governments and civil society. The vision, backed by investors with USD 18 billion in assets, shows a possible pathway for a sustainable mining industry: global standards, responsibility across the value chain and strong institutions. Proposals for an International Minerals Agency and a Global Legacy Fund reflect the need for structural solutions.

But the reality of mining was most evident in Mariana and Brumadinho – places strongly characterised by several tragic dam accidents. Meeting families who have lost loved ones put a human face on the responsibilities of investors. Their message was quiet but powerful: capital must never promote a short-term approach that jeopardises safety and lives. As we move forward into the implementation phase of Mining 2030, we are taking this experience with us.

Engagement is ultimately about persistence – being consistent, present and prepared to take responsibility over time. For AP3, this is not a temporary journey, but a long road towards a mining sector in which long-term value, safety and respect for people and the environment are self-evident.



Fredric Nyström of AP3 and Alexander Elving of the Council on Ethics with an investor delegation on a site visit to Brumadinho in Brazil.



The area destroyed in 2019 was the impetus for a project that has affected all mining companies worldwide.

Signatures of Board of Directors and auditors' opinion on the statutory sustainability report

The Third AP Fund (AP3) has prepared a Sustainability Report for the 2025 financial year. AP3 seeks to follow the Annual Accounts Act's guidelines on sustainability reporting. The reporting is in this report on pages 10-13 and 62-63.

Board of Directors

Stockholm, 25 February 2026

Christina Lindenius
Chair

Johan Bygge
Vice Chair

Maria Ferlin

Ylva Hedén Westerdahl

Torbjörn Hållö

Per Lindkvist

Christer Löfdahl

Annelie Söderberg

Carina Wutzler

Staffan Hansén
CEO

Auditor's opinion on the statutory sustainability report

To the Board of the Third Swedish National Pension Fund, corporate identity number 802014-4120

Duties and responsibility

The Board of Directors is responsible for the statutory sustainability report for 2025 and ensuring that it is prepared in accordance with AP3's policies for sustainability reporting.

substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our statement.

Scope of the examination

Our examination was conducted in accordance with FAR auditing standard RevR 12 'Auditor's opinion on the statutory sustainability report'. This means that our examination of the sustainability report is

Statement

A sustainability report has been prepared.

Stockholm, 25 February 2026

Peter Nilsson
Authorised public accountant
Appointed by the Government

Helena Kaiser de Carolis
Authorised public accountant
Appointed by the Government

AP3's social mission

– to create value

The National Pension Funds Act and its preparatory works emphasise that buffer funds should act for the long-term creation of value for the state income pension system and the development of society by means of responsible investment and ownership. In this way, the Fund will perform its mission to manage its capital in an exemplary manner.

National Pension Funds Act 2000:192

The National Pension Funds Act governs the activities of the AP Funds and was passed by Parliament in 2000 as part of a five-party agreement to introduce a state income pension system.



The First-Fourth AP Funds must manage their assets in such a way that they are of maximum benefit to the insurance for income-based old-age pension.

Extract from Government Bill 2017/18:271

- The First-Fourth AP Funds must manage their assets in an exemplary way through responsible investments and practices. In asset management, there should be particular emphasis on how to promote sustainable development without compromising on the overall asset management mission of strengthening the state income pension system in the long term.
- The objective of exemplary fund management should be monitored and evaluated on an ongoing basis. In addition, this objective should be evaluated in greater depth on a regular basis. The ongoing evaluations and, where appropriate, the in-depth evaluations should be reported in the Government's annual evaluation letters on the activities of the AP Funds.





Commitment to the mission

Our ability to deliver long-term value for current and future pensioners is based on the expertise, curiosity and drive that our employees demonstrate every day. Every contribution is a result of the people behind it. It is through the combined efforts of our employees that we can manage pension assets in a long-term, responsible, sustainable manner.



The social mission that characterises the AP Funds' activities is a powerful driving force both for AP3 as an organisation and for the employees it attracts. It creates an environment in which committed specialists want to contribute, develop and stay. By continuously strengthening collaboration, encouraging learning and simplifying our working methods, we are building an organisation equipped for both the requirements of today and the opportunities of the future.

At year-end, AP3 had 80* (73*) employees, of whom 30 (30) were women. Staff turnover was 9.2 per cent (9.9). During the year, 14 (10) people were recruited to AP3 and 7 (7) people left the Fund. The employees of the Council on Ethics are formally employed by AP3 but work for the four AP Funds.

AP3's strategic framework

AP3's strategic framework, with its focus on value-creating asset management, engagement, expertise, operational efficiency and responsible investment, continued to form the basis of our work to achieve our goals through selected activities during the year.

Major projects characterised 2025

Two major change projects characterised our activities in particular. The first was the launch of the Fund's new system platform, which involved large parts of the organisation and demanded major employee input. After a successful go-live in October, the focus is now on fine-tuning the system to realise the long-term efficiency gains. The project has also

* Including three employees of the joint Council on Ethics of the Swedish AP Funds.

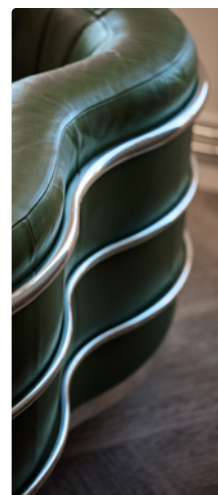
contributed to a review and development of working methods and processes.

The second project concerned preparations for the consolidation of the AP Funds in Stockholm, with AP3 receiving half of AP1's financial assets from 2026. This work included a review of staffing and skills needs, and during the year the Fund boosted the organisation where needs were identified and filled the majority of the new posts. The Fund received many qualified and relevant applications for the posts.

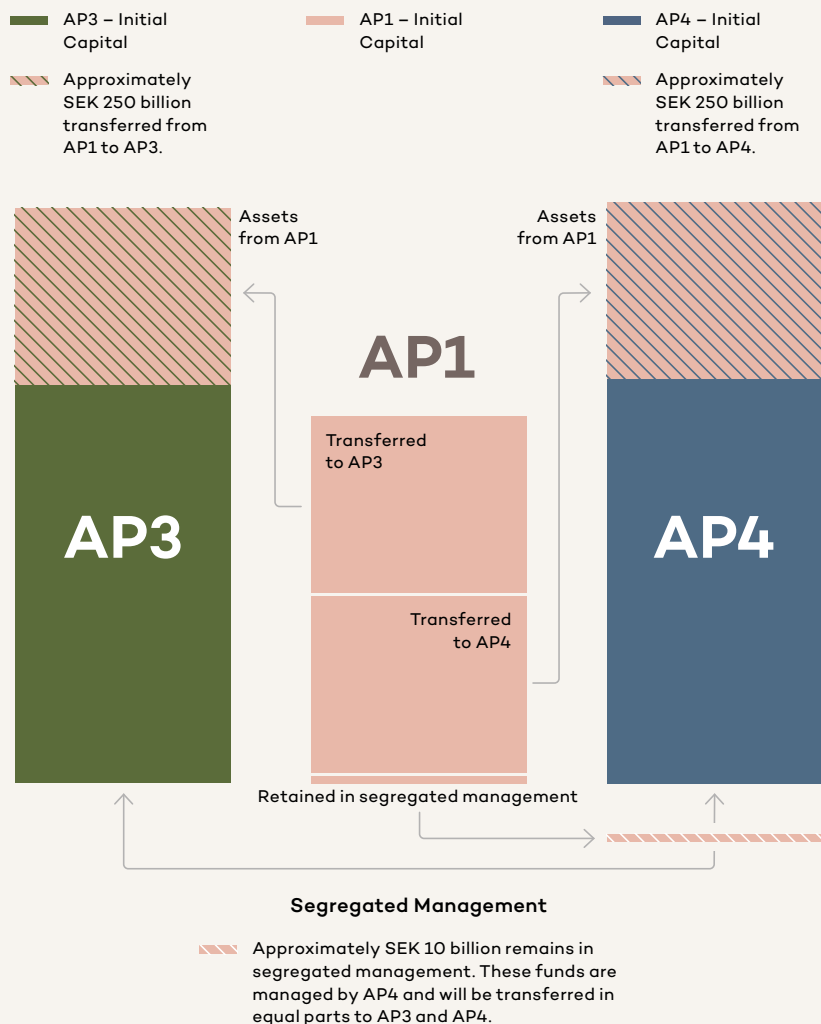
Despite the high pace of change and many parallel initiatives, AP3 managed to maintain a good net result and strong employee engagement, as evidenced by our monthly pulse surveys.

Remuneration and a competitive employer

AP3 follows the Government's guidelines on remuneration levels, which stipulate that remuneration should be market-based and competitive but not market leading. Employee remuneration comprises fixed monthly salary, pension benefits and benefits in the form of health insurance, group insurance and a fitness allowance. Having market-based salaries is a prerequisite for attracting, retaining and developing employees with the relevant skills to maintain the Fund's competitiveness as an employer.



Transfer of Assets at the Start of 2026



Consolidation and new system infrastructure

The most significant changes in 2025 were the Government's decision to consolidate the three Stockholm funds (AP1, AP3, AP4) into two. The focus was on how to implement the change responsibly and effectively. During the year, the final implementation of AP3's new system infrastructure was also completed.

Consolidation of the Stockholm funds

In 2025, the Riksdag decided on changes to the management of the buffer funds in the national pension funds (AP Funds). The decision meant that the three Stockholm-based buffer funds were consolidated into two. This was achieved by transferring AP1's assets and liabilities in equal shares to AP3 and AP4, respectively. The legislative amendment entered into force on 1 January 2026.

The year was largely characterised by the consolidation process, in which focus was on ensuring an orderly and responsible handover from AP1 to AP3 and AP4. The work was extensive and was carried out in close cooperation between the three AP Funds and the special investigator appointed by the Government.

At the beginning of 2026, AP1's assets and liabilities were transferred to AP3 and AP4.

Of AP1's closing Assets under Management (AUM) in 2025 of approximately SEK 500 billion, listed equities, fixed income assets and unlisted investments totalling approximately SEK 500 billion were transferred in equal parts to AP3 and AP4.

The Government has decided that certain assets may be managed separately during a transitional period. The legislation governing AP1 continues to apply to the segregated asset management in certain respects, however the responsibilities that would otherwise have been performed by AP1's Board of Directors will instead be assumed by AP4's Board of Directors. Since the year-end and up to the adoption of this annual report, additional assets totalling SEK 10 billion have been transferred to AP3 and AP4.



Good cooperation is key to successful implementation

Since 2016, there has been explicit cooperation between the AP Funds with the aim of creating added value and efficiency in administrative matters. Knowledge sharing, administrative issues and procurement are examples of the results of this cooperation. Cooperation takes place in various forums in the form of coordination groups with representatives from the different AP Funds. What these forms of cooperation have in common is that they are driven by the added value that the cooperation creates, both for each individual fund and for the funds collectively.

The Collaboration Council, with one representative per fund, made a study trip to London in the spring to meet UK asset managers to deepen their knowledge of technology and data, operating models and the introduction of artificial intelligence. Once again, it was confirmed that the AP Funds are well ahead in many areas.

Day-to-day collaboration takes place in the following areas: Business Support, HR, Sustainability, Information Security, IT, Legal, Communications, Accounting, Compliance, Risk and Performance, Systems Management, CEO Assistants and Office. In addition to these functional groups, the Funds also collaborate via the Council on Ethics of the Swedish AP Funds.

AP3 and AP4 on target with future-proof system infrastructure

During the year, AP3 and AP4 carried out a comprehensive modernisation of the system infrastructure through the implementation of an integrated new operational system solution. This solution replaces several systems and supports the entire business flow from analysis and order placement to portfolio management, risk control, compliance and financial reporting. The new system provides future-proof support for the Funds' operations and processes.

Staffan Hansén and Niklas Ekvall, CEOs of AP3 and AP4, comment: "A great deal of work went into the preparation and implementation of this modernisation. Cooperation between the Funds has enabled us to create important synergies and we are now well equipped for future needs."

By replacing the previous systems with a modern, cloud-based and integrated solution,

the Funds now benefit from flexible and fit-for-purpose support that strengthens business processes and increases operational efficiency. The platform enables the entire investment process to be managed in an integrated manner. It also creates favourable conditions for continued close cooperation and joint development between the Funds.

Eva Boric, CFO/CRO of AP3, and Nicklas Wikström, Head of Risk and Business Support at AP4, say:

"By being able to draw each on each other's experience and expertise, AP3 and AP4 have strengthened our ability to meet future requirements and challenges."

The transition to the new system platform was carried out in cooperation with the system provider SimCorp, Clara Consulting, Northern Trust and JP Morgan.



By being able to draw on each other's experience and expertise, AP3 and AP4 have strengthened our ability to meet future requirements and challenges.

Eva Boric, CFO/CRO and AP3's representative in the project steering group

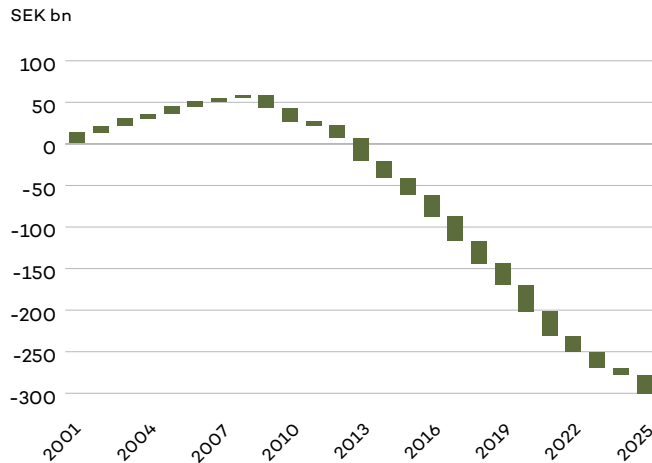
The buffer funds' role in the income pension system

The AP Funds have two long-term functions: to strengthen the pension system through high returns, and to bridge surpluses and deficits over time. The buffer capital is used as a buffer when there is a deficit between paid-in pension contributions and outgoing pensions. Age cohort neutrality requires that the buffer can also be used for future pensioners.

The buffer funds smooth generational differences

The current national pension system was developed in the 1990s to confront future demographic challenges. In 2001–2008, there was a surplus in the state income pension system between paid-in pension contributions and paid-out pensions. During that period, capital was injected into the buffer funds. Since 2009, increasing retirements have instead led to a deficit, and the buffer capital has started to be used. Deficits are expected to persist in the years to come. However, the increase in the target age for the state pension suggests that the gap between pension contributions and pension commitments could become positive again within a decade.

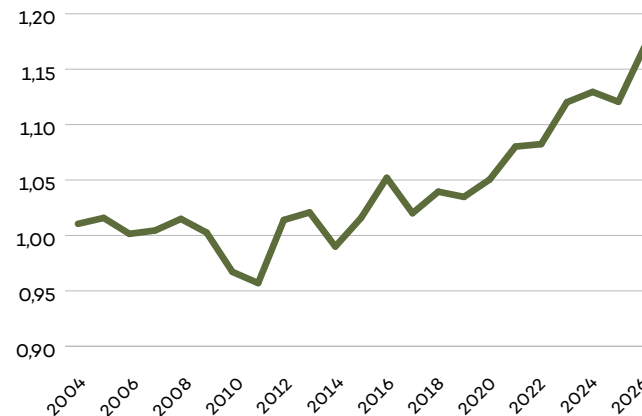
The AP funds finance the state income pension system deficit. The AP Funds have made a net contribution of SEK 298 billion since 2001.



Financial strength vital to keep pensions in line with income development

The state income pension system is a self-financing distribution system and falls outside the Government budget. Its financial health is measured annually by comparing assets to liabilities. If the ratio between them (the balance sheet ratio) falls below 1.0, the system enters a phase of rebalancing to regain financial equilibrium. This occurred for the first time after 2008, prompting the start of a rebalancing period in 2010 that continued until 2018. The AP Funds' high returns have strengthened the pension system financially. In the 2024 financial year, the balance sheet ratio was 1.1695 for the balancing year 2026.

The balance sheet ratio (the ratio of total assets to pension commitments) was strong in 2018–2026

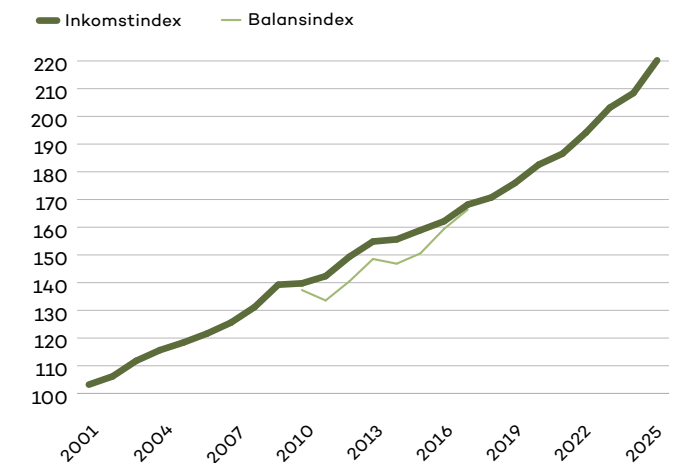


Impact of wage growth on pensions

The income index has risen by an annual average of 3.1 per cent since 2001. The fact that pension system assets exceed pension commitments and the system is not in a balancing phase means that pension capital can increase in line with the income index.

When an individual retires, he or she receives an advance on their saved pension capital in the form of a pension that exceeds the value of the capital. This sum must be repaid by paying out pensions with a value 1.6 per cent below the increase in the income index. For 2025, the income index increased by 5.7 per cent.

Pensions and pension credits indexed by the income index, or the balance index, 2001–2025





Fund governance

The Fund Governance Report provides information on the governance of the AP Funds under the National Pension Funds Act 2000:192. The report also describes AP3's Board of Directors, committees and executive management, the internal and external control environment and how AP3 is evaluated.

Governance, board of directors, executive management and control functions

The Fund Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance. It includes information on AP3’s governance, the Board’s tasks, work and remuneration, and a summary of focus issues for the Board’s work during the year.

Government agency governed by the National Pension Funds Act

AP3 is a Government agency, the activities of which are mainly governed by the National Pension Funds Act 2000:192. The Government has relinquished regulatory power over the AP Funds, which is different from other Government agencies. However, the Government appoints the Fund’s Board of Directors which, in turn, appoints the CEO. The Government evaluates the activities of the AP Funds annually, after the activities have been audited by external auditors appointed by the Government.

Board of Directors

AP3’s Board of Directors has nine members. Two members are nominated by employer organisations and two members are nominated by employee organisations. The Government appoints the Chair and Vice Chair from the members not proposed by the social partners. The Policy for Governance and Evaluation of the AP Funds stipulates that no director may hold Board membership for more than eight years.

Duties of the Board of Directors

The National Pension Funds Act gives the Board of Directors full and collective responsibility for AP3’s operations, within the parameters set by Parliament for AP3’s organisation

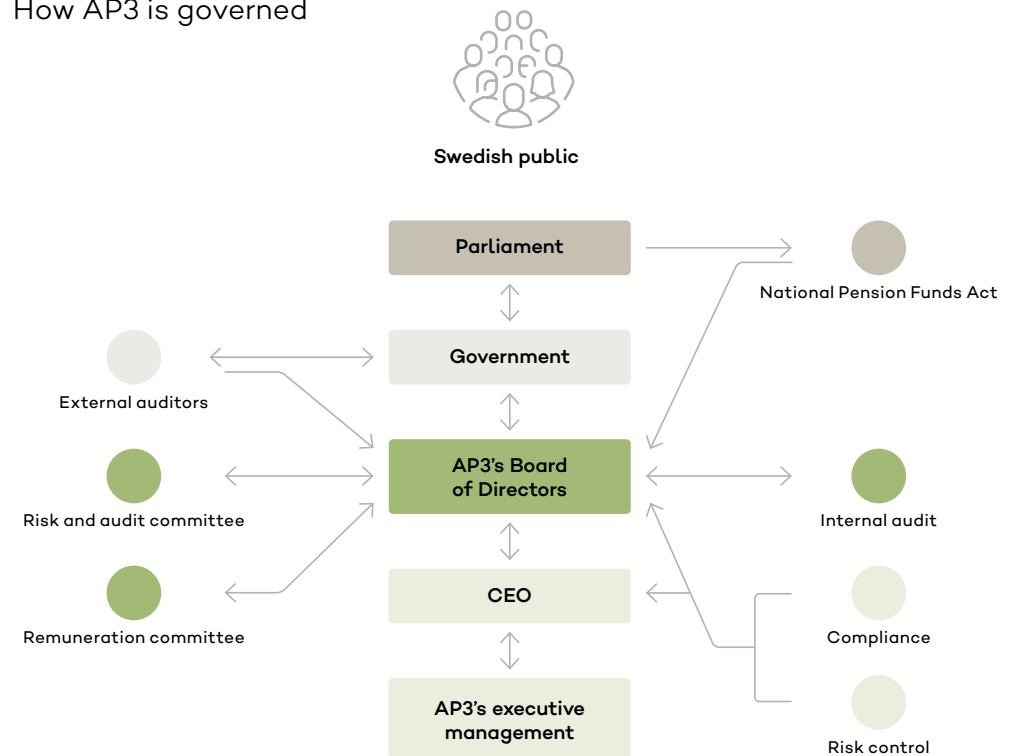
and asset management. Where the work of the Board is not governed by the National Pension Funds Act, it is primarily governed by the Board’s work plan, which is approved annually.

The National Pension Funds Act requires the Board to establish an annual operating plan. The operating plan must contain guidelines for investing activities and for the Fund’s sustainability work, including exercising voting rights, and a risk management plan. AP3’s Board of Directors also considers its most important tasks to be setting operational goals, appointing and evaluating the CEO and deciding on overall policy documents and general strategic issues. Examples of strategic issues include risk appetite and risk tolerance, budget approval and monitoring, monitoring asset management results and the overall focus on sustainability issues.

At every Board meeting the directors discuss current asset allocations and any potential changes to allocation. The operational management of the assets is delegated to the CEO. Effective internal control and monitoring are necessary to ensure that the Board’s risk appetite is maintained, that risk management is effectual and that the Fund operates in an appropriate manner. This is ensured by regular reporting to the Board by the independent control functions.

The CEO, the Head of the Legal Department

How AP3 is governed



as secretary to the Board and relevant AP3 employees also attend Board meetings as experts or in a reporting capacity.

Review of the Board of Directors

The Board conducts an annual review of its own performance. The review for 2025 was carried out internally by the Board based on a number of discussion questions.

Remuneration of directors

The Government sets the fees and other remuneration payable to directors. Board fees are SEK 200,000 per annum for the Chair, SEK 150,000 for the Vice Chair and SEK 100,000 for other directors. The Government has an annual fund of SEK 100,000 to remunerate directors for committee work and other assignments. The Board used this fund to pay fees of SEK 26,520 to the chair of the risk and audit committee and SEK 21,220 to other members, and fees of SEK 10,300 to each remuneration committee member (including the chair).



The National Pension Funds Act 2000:192 is also known as the AP Funds Act.

Board committees

The Board has two committees: the risk and audit committee and the remuneration committee.

The risk and audit committee has a financial reporting advisory and oversight role on behalf of the Board. It supervises financial reporting and monitors risk and the audit process. The external auditors attend the risk and audit committee meetings at which the final audit, the management audit and the audit plan are discussed.

The committee also oversees the effectiveness of AP3's internal control and risk management, prepares for Board decisions on risk management and risk tolerance, receives reports on financial control and follows up the Fund's annual analysis of operational risks. It also prepares the internal audit plan for Board approval and receives reports from the internal auditors on their work.

Where necessary, the internal auditors also report to the Board of Directors. The committee ensures that any observations or deficiencies arising in the audits carried out by the external and internal auditors are addressed. In addition, the impartiality and independence of the auditors are examined. The committee members in 2025 were Johan Bygge (chair), Carina Wutzler and Christer Löfdahl, who replaced Annelie Söderberg as of 13 June 2025.

The remuneration committee is tasked with ensuring that salaries and other remuneration at AP3 are market-based, competitive, appropriate and reasonable. It also oversees and monitors the implementation of Government guidelines for employment terms for senior officers in the AP Funds. The committee also prepares issues relating to the salary and other benefits for the CEO. Finally, the committee prepares the remuneration framework for other employees on behalf of the Board and evaluates and prepares issues relating to the Fund's performance-based remuneration system. In 2025, the committee members were Christina Lindenius (chair), Torbjörn Hällö and Ylva Hedén Westerdahl.



Board administration in 2025

The Board’s calendar is governed partly by the fact that the Government appoints the members of the Board at the end of May every year, and partly by the fact AP3’s financial year is the calendar year. The annual report must be submitted to the Government by the end of February at the latest.

The Board held six ordinary meetings in 2025. A longer strategy meeting was held in conjunction with one of the Board meetings. One meeting was held by correspondence.

The Board’s committees, the risk and audit committee and the remuneration committee, provide information at each Board meeting on the issues prepared by their respective committees since the previous meeting. Market trends and sustainability progress are reviewed at each Board meeting.

Other matters discussed during the Board year are shown in the annual wheel.

Focus in 2025

During the year, the Board focused on issues relating to:

- Holdings in the asset class Alternative Investments.
- Major new holdings owing to consolidation.
- Implementation of the new system platform for AP3’s system infrastructure.

Strategy work

The strategy meeting in August focused mainly on the following issues:

- Implementation of the new platform for AP3’s system infrastructure.
- Decisions and delegation of mandates within AP3.
- The consolidation of the buffer funds in Stockholm.
- The future of AP3’s asset management after receipt of AP1’s assets.

December
Budget, annual review of critical suppliers and operational risks. Portfolio oversight and compliance report.

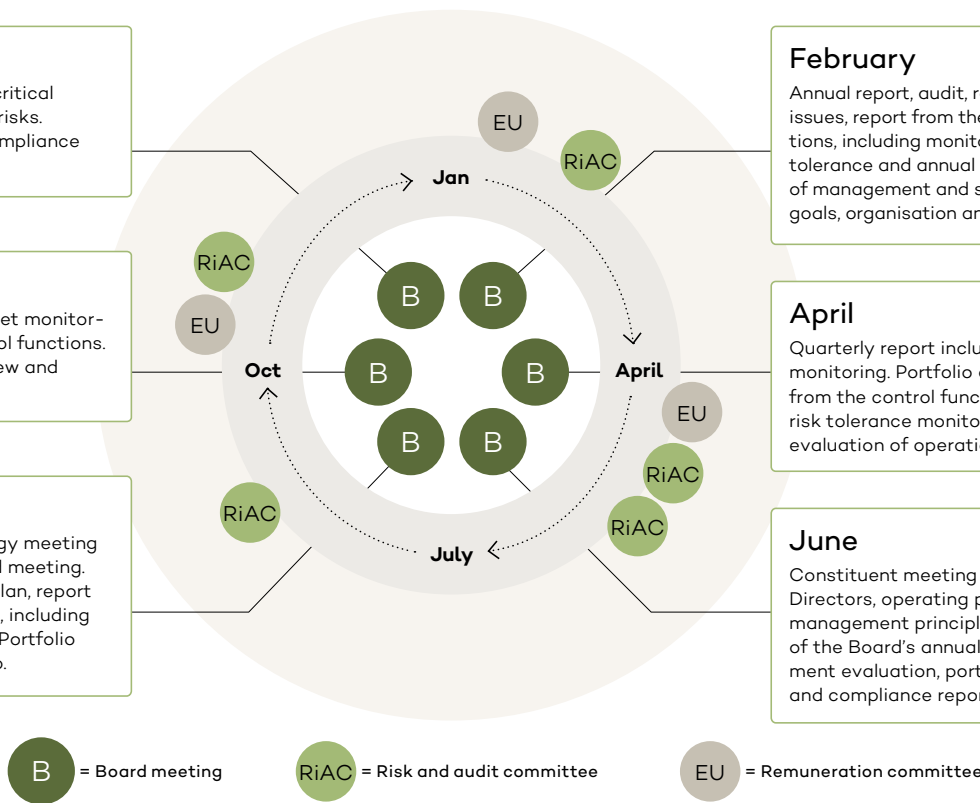
October
Quarterly report and budget monitoring. Report from the control functions. Risk tolerance, Board review and portfolio oversight.

August
The Board’s annual strategy meeting and the subsequent Board meeting. Interim report, operating plan, report from the control functions, including risk tolerance monitoring. Portfolio oversight and stewardship.

February
Annual report, audit, remuneration issues, report from the control functions, including monitoring of risk tolerance and annual plan. Evaluation of management and sustainability goals, organisation and talent pipeline.

April
Quarterly report including budget monitoring. Portfolio oversight, report from the control functions, including risk tolerance monitoring, and annual evaluation of operational risks.

June
Constituent meeting of the Board of Directors, operating plan, targets and management principles and adoption of the Board’s annual plan. Government evaluation, portfolio oversight and compliance report.



B = Board meeting **RiAC** = Risk and audit committee **EU** = Remuneration committee

Board meetings in 2025

AP3’s Board of Directors held seven meetings, including six ordinary meetings and one by correspondence.

	Board meeting attendance (no. held)	Remuneration committee	Risk and audit committee
Christina Lindenius, Chair	7 of 7	Chair (3 of 3)	
Johan Bygge, Vice Chair	7 of 7		Chair (6 of 6)
Per Lindqvist	7 of 7		
Ylva Hedén Westerdahl	7 of 7	Member (3 of 3)	
Torbjörn Hällö	7 of 7	Member (3 of 3)	
Annelie Söderberg	6 of 7		Member (3 of 3)
Carina Wutzler	6 of 7		Member (6 of 6)
Maria Ferlin	7 of 7		
Christer Löfdahl	7 of 7		Member (3 of 3)

Three lines of defence for managing risk

1. **The first line of defence is the investment organisation**, which includes all asset management units and the business support functions. Responsibility for risk management and compliance thus exists where the risk arises. Controls are continuous and along the entire transaction flow. Each employee and head of department is responsible for identifying and managing risk within their own area of responsibility.

2. **The second line of defence comprises the risk control and compliance functions**. The control functions ensure that the organisation maintains the adopted risk appetite and risk tolerance and complies with the restrictions and internal instructions imposed on it. In addition, the Fund's control units aim to identify that risks are adequately managed by the first line of defence. The compliance function primarily oversees regulatory compliance while the risk control function supervises financial and operational risks. The risk control and compliance functions are both independent and organisationally separate from the parts of the organisation that make investment decisions. The Chief Risk Officer (CRO), who is responsible for the risk control function, and the Compliance Officer report to the CEO and directly to the Board of Directors. The Chief Information Security Officer (CISO) monitors information security risks.

3. **The third line of defence is internal audit**. The internal audit function is in charge of assuring the quality of the Fund's risk management by performing regular audits and evaluations of the relevant area. The aim is to ensure that the line of defence is effective and appropriate. The results of these evaluations are used to strengthen the processes of the other lines of defence. AP3 subcontracts internal audit to an external audit firm appointed by the Board. The firm reports to the Board and the risk and audit committee and is independent of AP3 and its operating activities. Annual internal audit reviews are carried out on behalf of the Board.



Internal and external control

Board responsibilities include ensuring that the Fund has effective internal governance and control. To ensure this, the Board adopts general policies that describe the framework of AP3's internal governance and control, on the basis of which it establishes the CEO's instructions.

Internal control

AP3 follows the three lines of defence principle, under which the Fund's asset management teams are responsible for identifying and managing the risks that arise in day-to-day operations. The second line of defence comprises the Fund's independent risk control and compliance functions, which monitor and check that this is done appropriately.

The control functions report regularly to the risk and audit committee and the Board at their scheduled meetings. When a significant

incident occurs or the need arises, the Board is informed immediately. Internal audit is the third line of defence. Its role is to supervise AP3's internal governance and control environment and ensure that processes are fit for purpose and effectual and that the Fund is aligned with the policies approved by the Board. Internal audit reports are reviewed by the risk and audit committee and reported to the Board.

The Fund has outsourced the internal audit function to the audit firm Advisense, which performed two audits in 2025. Any areas for improvement identified from the audits are addressed by the Fund in its day-to-day operations and followed up by management and reported to the Board.

External auditors

The AP Funds' auditors are appointed by the

Government and these procured auditors from PwC are Helena Kaiser de Carolis and Peter Nilsson. Peter Nilsson is also responsible for coordinating the audit process between the AP funds. The auditors' work includes reviewing AP3's operating activities, including internal control, asset management, annual financial statements and the annual report. The auditors express an opinion on the accounting records and the management based on their audit. Their mandate also includes verifying that AP3 follows the accounting and valuation policies agreed jointly by the AP Funds and that the accounting records provide a true and fair view of the Fund's operating activities.



Risk management

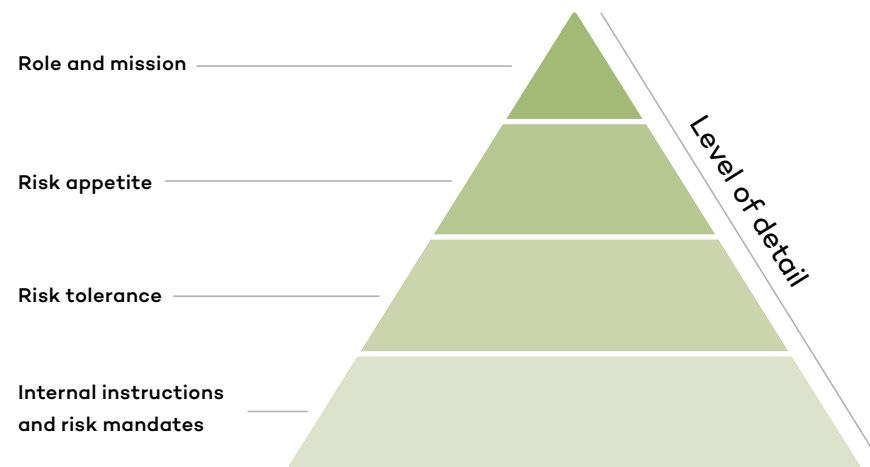
The Board of Directors sets the Fund's long-term target for the real return to be achieved over time.

The target is based on an overall assessment of the Fund's ability to maximise the benefits of its **role** as a buffer fund in the state income pension system without exposing the capital to risks that jeopardise age cohort neutrality. The long-term return target is expected to be achieved by the Fund investing its assets, which exposes it to a range of financial and non-financial risks. The ultimate limits on the Fund's financial risk exposure are set out in the National Pension Funds Act, as briefly described below.

Based on these limits and the level of the long-term return target, the Board formulates

an overall **risk appetite** that indicates which risks are accepted to achieve the target. The risk appetite is then specified through the Board's **risk tolerance**, which indicates the limits within which the various risks must be located. These are then monitored and reported back to the Board on a quarterly basis.

The Risk policy is approved by the Board and describes the main operational risks, the Board's risk appetite and how risks should be managed, monitored and controlled. The CEO is responsible for day-to-day management, delegation of **risk mandates** and for ensuring good internal governance and control including monitoring risks.



Limits for financial risks governed by the National Pension Funds Act

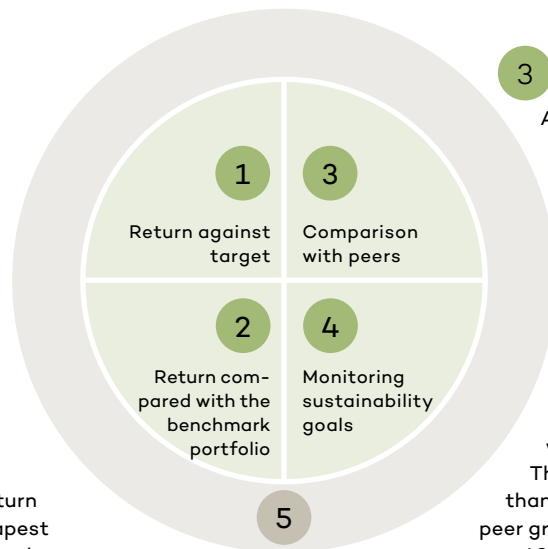
Liquidity risk	Total risk level	Currency exposure	Voting restriction	Ceiling of Swedish listed equities
No more than 40% of the Fund's assets may be invested in illiquid assets at the time of investment.	At least 20% of the Fund's assets must be invested in fixed income securities with low credit and liquidity risk.	Currency exposure may not exceed 40% of the Fund's assets.	The Fund may not hold more than 10% of the voting rights in a single listed company.	The Fund's investments in Swedish regulated markets may not exceed 2 per cent of the total market value.

How AP3's asset management is evaluated

AP3's asset management is evaluated both internally on behalf of AP3's Board and externally on behalf of the Government. The internal evaluation has four metrics that are based on financial and sustainability targets.

1 Return compared to long-term target
 AP3's return is evaluated against the long-term return target, 3.5% real return. The evaluation has been carried out both since its inception in 2001 and on a rolling basis over 10-year periods. Real value growth since inception stands at 4.6% per annum. Over the last ten-year period, real value growth amounts to 5.2% per annum (see the graph on the right).

2 Return compared to a benchmark portfolio
 AP3's earnings are compared to the return on a portfolio that represents the cheapest asset management alternative. The benchmark portfolio has a 55:45 mix of listed equities and bonds, is rebalanced monthly and has no transaction costs. The purpose of the comparison is to evaluate AP3's decision to use a more resource-intensive management model. In 2025, the AP3 portfolio generated a return of 6.0% after expenses, compared to 7.1% for the benchmark portfolio. However, since the introduction of the benchmarking in 2012, AP3's investment management has outperformed the benchmark portfolio by 73.3 percentage points. This means that AP3 delivered a total of SEK 134.0 billion more than the benchmark portfolio during the period 2012-2025.



3 Key metrics are evaluated against other international managers
 AP3 aims to meet a high international standard in asset management and benchmarks its costs and expenses against global peers. Consultancy firm CEM Benchmarking compares AP3's cost base with that of other funds which share a similar profile in terms of Assets under Management (AUM), target returns and overall mission. For the five most recent years analysed, 2020-2024, AP3's average return was 8.2% (compared with the peer group median of 6.4%). The expenses for 2024 were 48% lower than the average fund in the international peer group. Read more about AP3's expenses on page 42 and at ap3.se.

4 Monitoring sustainability targets
 AP3's sustainability targets are set based on the four focus areas adopted by the Board. Monitoring shows how the Fund is delivering on its short- and medium-term targets. Reported targets and results can be found on page 11 for these focus areas: biodiversity, human rights, climate and corporate governance. See also the table on pages 62-63.

5 Government review
 The AP Funds are reviewed annually by the Government. The 2024 review, carried out in spring 2025, included a review of the Funds' day-to-day management and an in-depth analysis of the Funds' investments in illiquid assets.

AP3 against target, indexed for 10 years, 2015-2025

AP3's performance against the real return target over the last ten years (target converted into nominal figures).



AP3's Board of Directors



Christina Lindenius
Chair, elected in 2017

Other current assignments: CEO of Swedish insurance industry and employers' association FAO, and head of Svensk Försäkring i Samverkan (SFIS). Chair of Min Pension i Sverige, Swedish Motor Insurers (TFF), Svensk Försäkring Administration, SFIS Hyresbolag AB and National Government Service Centre. Vice Chair of Centrum för AMP, Director of Försäkringsbranschens Pensionskassa (FPK) and member of Swedish International Olympic Committee Supervisory Board.

Previous assignments: Director-General of Premium Pension Authority, Deputy Director at the Ministry of Finance and Head of Department at Swedish Central Bank.

BSc Uppsala University, studies on the Masters of International Economics Programme, SAIS, John Hopkins University, Washington DC. Year of birth 1964.



Johan Bygge
Vice Chair, elected in 2019

Other current assignments: Directorships: Chair of Scandi Standard AB, Regin AB, Guard Therapeutics International AB, Arevo AB and Q-linea AB. Director of Getinge AB, Capman OYj, Lantmännen Ekonomisk förening and Riksbankens Jubileumsfond.

Previous assignments: Deputy Group Controller at Ericsson. Senior positions at Electrolux including CFO and Deputy Managing Director, CFO of Investor, COO of EQT. Director of AP1, I-Med Australia, 3 Scandinavia, Anticimex, ILA Vietnam, Swissmile AG, Nobina AB, Praktikertjänst and Sanitec OY, among others. Member of the Association for Generally Accepted Principles in the Securities Market and the Board of Trustees of SNS, Center for Business and Policy Studies.

BSc, Stockholm School of Economics. Year of birth 1956.



Maria Ferlin
Elected in 2023

Other current assignments: Senior Adviser at the Swedish Bankers' Association, specialising in sustainability, liquidity and crisis management.

Previous assignments: Advisor in the Financial Stability Department at the Swedish Central Bank, subject expert at the Ministry of Finance and portfolio manager at Länsförsäkringar Asset Management.

Master's degree in economics, Linköping University, Bachelor's degree in art history, Stockholm University. Year of birth 1972.



Ylva Hedén Westerdahl
Elected in 2019

Other current assignments: Director of Forecasting and Acting Director-General of National Institute of Economic Research. Member of the Board of the Swedish National Debt Office.

Previous assignments: Director of National Accounts at Statistics Sweden, Director of Macroeconomic Affairs Unit of Ministry of Finance, Director of Monetary Policy Research Unit at Swedish Central Bank and the European Commission's representative on Eurostat's European Statistical Advisory Committee (ESAC-ESTAT).

Ph.D. (Econ), University of London. Year of birth 1965.



Torbjörn Hällö
Elected in 2018

Other current assignments: Chief Economist, LO (Swedish Trade Union Confederation).

BSc Gothenburg School of Business, Economics and Law, BA Lund University. Year of birth 1976.



Per Lindqvist
Elected in 2024

Other current assignments: Head of Group Treasury, Alleima, Director of Alleima Pensionsstiftelse.

Previous assignments: Head of LKAB Treasury Centre, Director of LKAB's Swedish pension fund, acting Head of Danske Markets Sweden, acting Head of Consensus Fondkommission. Director of the Swedish Securities Markets Association, Chair of the Money Market Council of the Swedish Securities Markets Association.

BSc, Stockholm School of Economics. Year of birth 1963.



Christer Löfdahl
Elected in 2023

Other current assignments: Chair of Infranode, director of Hasko Invest AB and deputy director of TTL Konsult.

Previous assignments: Director of Livförsäkringsbolaget Skandia ömsesidigt, Praktikertjänst and Nordisk Renting AB. Former CEO of Catella-gruppen Stockholm, Max Matthiessen Liv- och Finansmäklare AB and Volvo Group Finance AB, and CFO of SBAB Bank AB.

Studied economics at Stockholms University. Year of birth 1959.

AP3's executive management



Annelie Söderberg
Elected in 2021

Other current assignments: Head of negotiations for the Swedish Association of Health Professionals (until January 2025), member of the arbitration board for AFA Försäkring and member of the Swedish Labour Court.

Previous assignments: Head of negotiations for the Swedish Association of Health Professionals, member of Alecta's general council, Vice Chair of PP Pension, director of Monyx, CEO of Bankanställdas Pensionstjänst and CEO of Svenska Lärarfonder.

University courses in business administration, marketing and labour law. Year of birth 1959.



Carina Wutzler
Elected in 2020

Other current assignments: Second Vice Chair of SKR (from 1 Nov 2025), member of Vellinge Municipal Council. Chair of the Board of Vellinge koncern AB. Vice Chair of Region Skåne's Committee for Strategic Property Development.

Previous assignments: Mayor, Commissioner and City Councillor of Vellinge Municipality. Director of Vellinge koncern AB, director of Skånes Kommuner, member of SKR's Negotiation Delegation and of Sobona's Association Board (until 31 Oct 2025).

University studies in public and municipal administration in Lund. Year of birth 1970.



Staffan Hansén, CEO.
Joined AP3 in November 2022

Other current assignments: Director of Vasakronan Holding AB, Vasakronan AB, Hemsö Fastighets AB, Hemsö Intressenter AB and Nordnet Pensionsförsäkring AB.

Previous assignments: CEO of SPP Pension & Försäkring and member of the Group management of the Norwegian parent company, Storebrand. Previously CEO of Storebrand Asset Management and positions at Handelsbanken Asset Management and Alfred Berg.

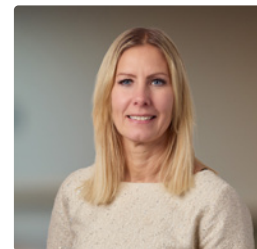
Pol. Degree in politics. Year of birth 1965.



Jonas Thulin, Chief Investment Officer.
Joined AP3 in January 2024

Previous assignments: CIO, Head of Asset Management at Erik Penser Bank, Head of Asset Allocation at Nordea Wealth Management, Head of Global Alpha Strategy at Nordea Markets, Head of Strategy and Research at Nordea Markets, Manager and Strategist at Calyon in New York and before that in London, Lecturer in Economics at Stockholm University and University of Queensland.

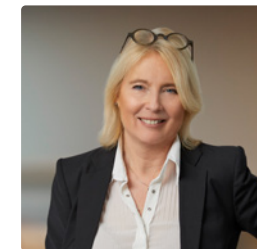
Master's degree in Economics, Pol Mag, Postgraduate Honours in Economics and Political Science. Year of birth 1973.



Eva Boric, Chief Financial Officer and Chief Risk Officer.
Joined AP3 in August 2018

Previous assignments: Head of Risk positions at SEB. Development specialist Nasdaq OMX.

MSc. in Economics from Umeå University. Year of birth 1976.



Lil Larås Lindgren, Head of Communications.
Joined AP3 in February 2014

Previous assignments: Director of Urban Design arkitektbyrå, Swesif (Sweden's Sustainable Investment Forum) and member of the Council on Ethics of the Swedish AP Funds, senior communications positions at Ericsson, Attendo, Tetra Pak, Hemfrid, Swedish Travel and Tourism Council, Philipson Bil and several years as a communications consultant, mentor and trainer.

Degrees from RMI Berghs and Uppsala University. Year of birth 1962.



Zorica Bodiroza, Head of Human Resources.
Joined AP3 in January 2016

Other current assignments: Small assignments for Bodiroza HR Performance.

Previous assignments: Senior human resources positions at Ericsson, AstraZeneca, Coca-Cola, Hi3G Access and Carlson Rezidor and consulting in business transformation and human resources.

BA Stockholm University and Executive MBA. Year of birth 1967.



Administration report

The return for 2025 was 6.0% after expenses, and at year-end Assets under Management (AUM) stood at SEK 577.1 billion. In the last 10 years, AP3 has generated an average annual return of 8.3% after expenses. Expenses in relation to Assets under Management (AUM) amounted to 0.08% in 2025.

Net result

Net income was SEK 32,571 million (51,306), representing a return of 6.1% (10.4) before expenses and 6.0% (10.3) after expenses.

The real return (adjusted for inflation) was 5.7% (9.4). The inflation rate for the full year was 0.3% (0.8) measured as the consumer price index. The Fund's long-term target since 2020 has been an average annual real return of 3.5%. Prior to that, the long-term return target was 4.0% in real terms. The new target is considered to be better adapted to the needs and risks of the Swedish pension system. In the last 10 years, the Fund has achieved an average annual real return of 5.2% (5.3).

The average annual nominal return for this 10-year period stands at 8.3% (8.4), compared with the 3.1% (3.0) average increase in the income index over the same period. By outperforming the income index AP3 has made a positive contribution to the pension system during this period.

Assets under Management (AUM) stood at SEK 577,060 million (549,054) at year-end, an increase of SEK 28,006 million on the previous year.

The Fund made a net payment of SEK 4,565 million (2,024) to the pension system during the year. Since 2009, AP3 has paid SEK 88,763 million to the Swedish Pensions Agency to help finance the deficit between pension contributions and disbursements and the agency's administrative costs.

Income

Income after commission expenses was SEK 32,960 million (51,627). Income consisted primarily of realised and unrealised changes in the value of financial assets, which are measured at fair value at the reporting date. Other income consisted of net interest income, dividends received and foreign exchange movements. Foreign exchange movements had a negative impact of SEK -20,827 million (5,244) on the net result. Net currency income consists of changes in exposure to different currencies, primarily through the Fund's foreign investments.

Commission expenses totalled SEK 49 million (49) for the year, and are recognised as a deduction from income because they are directly attributable to the cost of acquiring income. These expenses comprise management fees for external mandates, fund management fees, custody fees and costs of holding collateral during clearing. Commission expenses totalled 0.01% (0.01) of average Assets under Management (AUM).

Operating expenses

Operating expenses were SEK 389 million (320). SEK 189 million (175) of operating expenses consisted of staff costs. There were non-recurring expenses of SEK 80 million during the year. See page 39. Operating expenses were 0.07% (0.06) of average Assets under Management (AUM) for the year.

Risk exposure

AP3 follows up on market risk exposure daily using a variety of methods and metrics. One metric is value at risk (VaR). A VaR with a 95% confidence level indicates a 95% probability that the daily negative change in portfolio value will not exceed the measured amount. At 31 December 2025, VaR for the total portfolio stood at SEK 5,667 million (5,741). Listed equities has the largest exposure and is also the portfolio's largest source of market risk. Diversification between asset classes and geographical markets reduces overall market risk.

Significant events after the reporting date

On 31 January 2025, the Government announced that all eight parliamentary parties in the Pensions Group had agreed that the current three buffer funds in Stockholm would become two by the assets of the First AP Fund being transferred to the Third and Fourth AP Funds. In addition, the Sixth AP Fund will be incorporated in the Second AP Fund. See Note 23 for more information on events after the balance sheet date.

Change in Assets under Management (AUM)

SEK m	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Assets under Management (AUM) at 1 Jan	549,054	499,772	468,410	502,287	422,974	393,696	340,668	345,239	324,375	303,031
Pension contributions	91,695	89,186	85,004	81,822	75,597	73,872	72,344	69,552	66,850	64,174
Pension disbursements	-95,959	-90,925	-89,567	-86,259	-82,889	-81,564	-78,678	-76,109	-73,999	-70,595
Administration fee to the Swedish Pensions Agency	-301	-284	-269	-252	-236	-210	-185	-216	-226	-216
Net result	32,571	51,306	36,195	-29,188	86,841	37,179	59,549	2,202	28,239	27,981
Total Assets under Management (AUM) 31/12	577,060	549,054	499,772	468,410	502,287	422,974	393,696	340,668	345,239	324,375

Expenses in last 10 years

SEK m	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commission expenses, SEK m	49	49	76	119	142	126	122	117	152	180
Operating expenses, SEK m	389	320	285	252	234	222	212	202	195	186
Asset management expenses, SEK m	438	370	361	371	377	348	334	320	347	366
Commission cost ratio, %	0.01	0.01	0.02	0.02	0.03	0.03	0.03	0.03	0.05	0.06
Operating cost ratio, %	0.07	0.06	0.06	0.05	0.05	0.06	0.06	0.06	0.06	0.06
Asset management expense ratio, %	0.08	0.07	0.07	0.08	0.08	0.09	0.09	0.09	0.1	0.12

AP3's portfolio

Long-term return target of 3.5%

In 2025, a new ALM analysis was carried out, confirming the Fund's 2020 long-term return target of 3.5% real return.

Previously, the return target was 4.0% in real terms. In December 2025, the Board of Directors set the target at 3.5% in real terms, based on the new ALM analysis. A 2022 ALM analysis also confirmed that taking risks that allow for a long-term return at this level corresponds to balanced risk-taking. The target is a reasonable balance of expected return and risk, given the Fund's

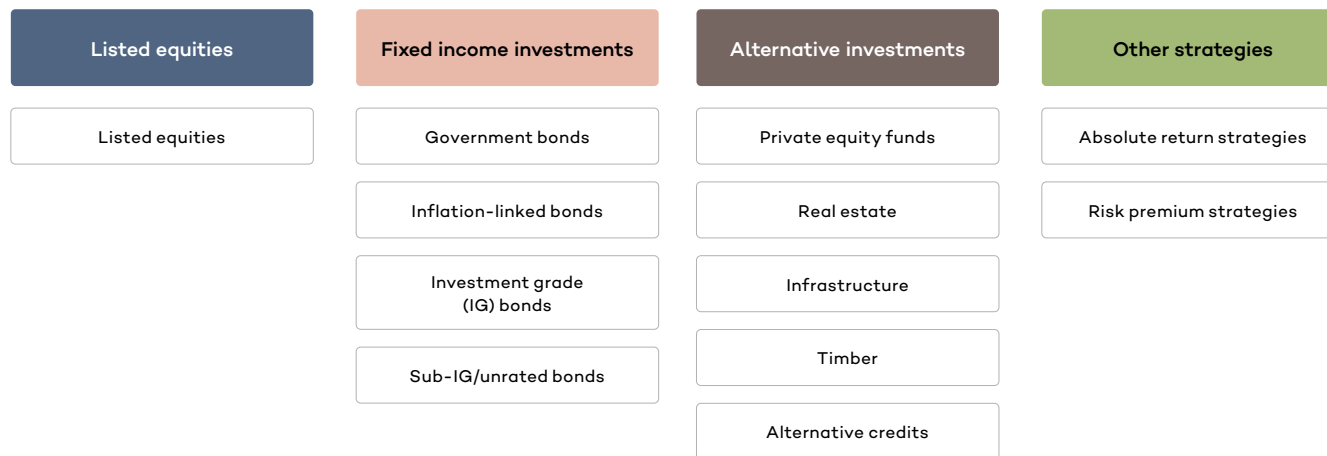
remit for the income pension system to generate a high return, while neutrality across generations/age cohorts is expected to be achieved.

The portfolio's asset classes

AP3 invests mainly in risk assets in order to achieve its return target over time. The Fund's asset classes are listed equities, fixed income and alternative investments. Fixed income investments consist of bonds, other fixed income securities and cash.

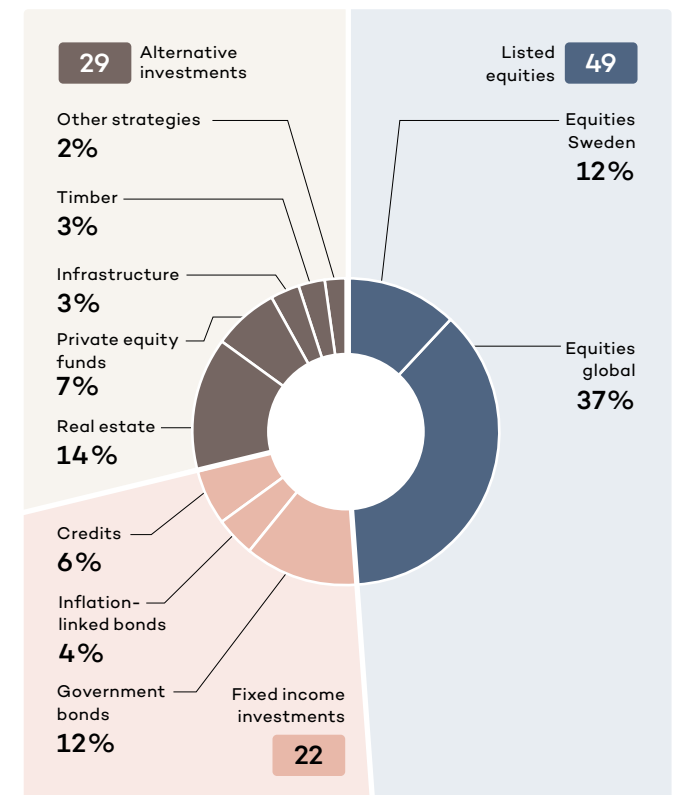
Alternative investments consist of private equity funds, real estate, infrastructure assets, timberland and insurance risk. In addition, the Fund's absolute return strategies, which consist of both internal risk mandates to which no capital is allocated and investments in hedge funds are classed as 'other strategies'. Currency risk management is a specific area that is managed and reported separately.

AP3's total portfolio structure showing asset classes and sub-groups



» The share of alternative investments decreased slightly during the year mainly due to the strong performance of equities.

Exposure by asset class in %



Returns by asset class

AP3's portfolio generated a return of 6.1% before expenses and 6.0% after expenses. The equity portfolio accounted for most of the return. Fixed income also had a good year with a positive contribution. Alternative investments, which had a negative result in the previous year, generated a slight positive return in 2025.

The global economy in 2025 was much stronger than many, especially economists, expected. There were significant differences in performance between regions, which also affected management. The year started with a strong focus on Europe, but after Liberation Day, the focus shifted to the United States and its progress in AI and its strong corporate profits. In Europe, developments continued to be affected by political turmoil and the wars in Ukraine and the Middle East, and the debate about the causes of weak growth continued. Regulation and national interests rather than a united Europe were put forward as the likely cause.

Thanks to the strong momentum in the global economy, the stock market and other markets were able to weather the storm clouds. Several stock market indices reached record new highs during the year. Central bank rate cuts enabled by falling inflation and a strong belief in AI as a productivity booster, combined with strong global growth, drove this development.

AP3 remained active in model-driven tactical allocation during the year. The models performed well during the year and for most of the year indicated a favourable environment for risk. AP3 therefore utilised the scope available to have a large allocation to the equity market. After having been led by the European stock markets at the beginning of the year, the market trend reversed in April and was dominated by US and other non-European markets. By means of tactical asset allocation and a change in strategic asset allocation, the Fund's risk-taking has produced good returns.

Listed equities

World stock markets performed strongly in 2025 and, as AP3 increased the weight of equities in the portfolio during the year, stock market performance became an important pillar of the Fund's returns. The equity portfolio returned 16.0% and contributed 7.7 percentage points to the Fund's total return (including currency hedging).

The world stock market in 2025 was a combination of strong underlying markets and sharp currency movements, as the dollar depreciated significantly. Measured in common unhedged currency, North America lost ground relative to the world after several years of dominance. Europe, including Sweden, and emerging markets were the strongest performers.

The active performance of the Fund's listed equity portfolio was negatively affected by underexposure to emerging markets and company selection outside Sweden.

+6.1
per cent

AP3's return before expenses

+16.0
per cent

Return on listed equities

+3.4
per cent

Return on fixed income investments.

Portfolio structure

	Market value (SEK m)	Exposure (%)	Return (%)	Contribution (%)
Listed equities	284,504	49.1	16.0	7.7
Sweden	74,181	12.3	13.5	1.6
Global	210,323	36.8	16.9	6.1
Fixed income investments	130,728	22.0	3.4	0.8
Government bonds	74,148	12.0	3.0	0.4
Inflation-linked bonds	23,488	4.1	3.1	0.1
Credits	33,093	6.0	4.3	0.3
Alternative investments	152,566	26.4	3.2	0.9
Real estate	80,152	13.9	4.6	0.7
Private equity funds	39,762	6.9	3.8	0.3
Infrastructure	18,707	3.2	-3.1	-0.1
Timber	13,946	2.4	1.9	0.0
Insurance risk	0	0.0	23.6	0.0
Other strategies	9,262	1.6	0.0	0.0
Currency				-3.4
Total	577,060	99.2	6.1	6.1



The Fund increased its exposure to emerging markets during the year, with a favourable result at the end of the year owing to the Fund's overweight in South Korea.

In North America, AP3 continued to hold strong positions in technology and communications. As the market became more sceptical about software and the largest investors in AI in the second half of the year, the Fund lost active returns through overweights in Microsoft and Meta, among others. Overweight in the health sector also made a negative contribution. These positions in the 'quality factor' (companies with high, stable margins) did not follow a more cyclically orientated stock market. Towards the end of the year, the Fund saw positive effects from increased exposure to the parts of the AI chain characterised by the greatest bottlenecks.

In Europe, the Fund benefited from positions in defence companies such as Rheinmetall and SAAB. In the latter part of the year, overexposure to quality companies had a negative impact and the active return was negative for the full year.

In Sweden, a neutral active result was recorded. The company selections made by the Fund which had a positive impact on performance

were counterbalanced by the Fund's allocation between large and small companies.

Fixed income investments

Fixed income investments returned 3.4% (2.2), representing a contribution of 0.8 percentage points (0.5) to the entire portfolio. This asset class accounted for 22.0% (24.3) of the portfolio's exposure. Fixed income exposure varied from 21.9% to 25.4% during the year. At year-end, AP3's total portfolio was structured as follows: 12.0% government and government-backed bonds, 6.0% credit bonds, and 4.1% inflation-linked bonds. The National Pension Funds Act requires a minimum 20% of Assets under Management (AUM) to be invested in fixed income investments with a high credit rating and good liquidity. AP3's holdings in this category averaged 22.8% (24.3) of Assets under Management (AUM) in 2025.

At the end of 2025, the proportion of green bonds or other bonds with measurable environmental or social benefits was 22.3% (24.8) of the fixed income portfolio.

The clearest interest rate trend in 2025 was steeper yield curves. Some of our main markets (the US and the UK) enjoyed falling interest rates, but other main markets (the EU, Japan

& Sweden) saw rising long-term interest rates. The year also saw a heavy dose of political posturing and subsequent market movements. The biggest interest rate movements were in Japan (promises of increased stimulus) and the United States, where new tariffs were introduced at a rapid pace.

Currency

Currency contributed -3.4 percentage points (1.8) to overall return. AP3's currency exposure was 22.2% (23.1) at year-end.

Currency exposure varied from 20.7% to 24.4% during the year. The currency asset class relates to AP3's net income from currency exposure after hedging against changes in exchange rates relative to the Swedish krona and from active currency strategies. Currency positions are taken to increase returns and to reduce risk in the overall portfolio. During the year, the Swedish krona appreciated sharply, particularly against the US dollar. This means that the currency hedges applied by the Fund served their purpose and protected the portfolio. Investments located in Sweden are naturally not affected by currency movements. On the other hand, the part of international investment that lacks protective positions is

affected. A year in which the Swedish krona appreciates results in a negative currency result from the parts of the portfolio that are not hedged. For more information about the Fund's currency exposure, see Note 18 on page 50.

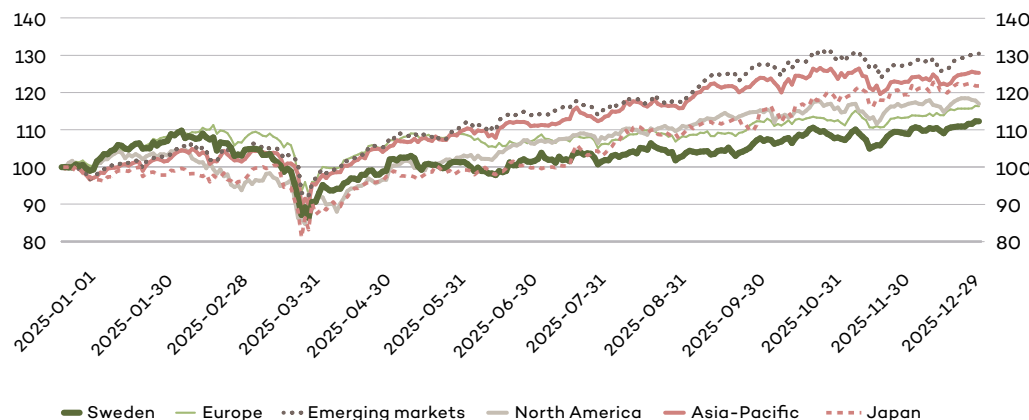
Alternative investments

During the year, unlisted investments decreased as a share of the total portfolio. The positive trend in public markets was not reflected in the valuations of the Fund's unlisted companies or its private equity funds, although a slight positive trend was discernible towards the end of the year. Transaction activity in some sectors increased slightly, albeit from a low level. New investments in unlisted funds were paused during the second half of the year to prepare for the incorporation of half of AP1's portfolio into asset management.

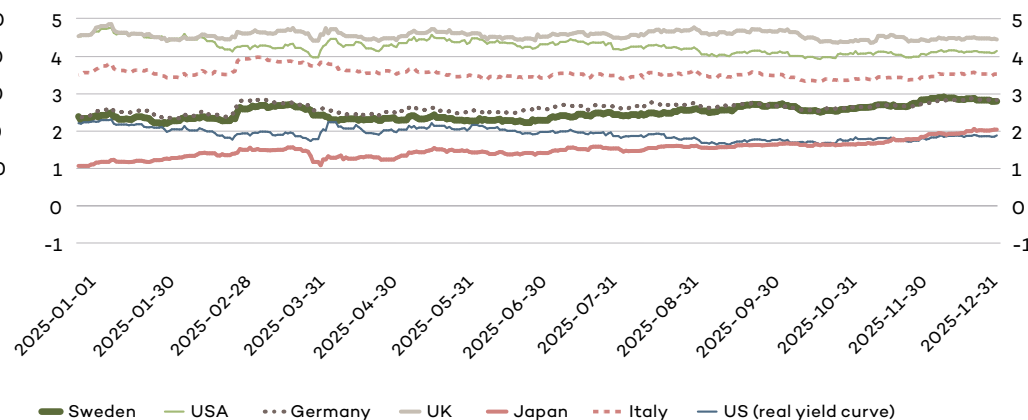
Alternative investments generated a return of 3.2% (0.8), corresponding to a contribution of 0.9 percentage points (0.2) to total return. Of the 26.4% (28.7) of the AP3 portfolio that is held in alternative investments, 26.3 percentage points (28.3) relates to unlisted investments. Exposure to alternative investments varied from 26.2% to 30.2% during the year.

Real estate accounts for just over half the

Equity market 2025 (indexed performance, local currency)



Yield curves in 2025 (10-year government bonds, in per cent)





Fund's alternative investments, with this exposure accounting for 13.9% (14.5) of the total portfolio. Real estate investments consist of direct investments in the real estate companies Vasakronan, Hemsö, Trophi, Regio and Trenum, and the strategic holding in the listed real estate company Sagax, which is in the alternative real estate portfolio.

The year was characterised by increasing activity in the transaction market, with higher transaction volumes and more buyers. Vacancy levels remain challenging in the office segment in big cities including Stockholm, but remain at a stable low level in public-services properties and food and discount retail. In housing, vacancy rates have increased in some local markets where new construction has been high in recent years.

Vasakronan was owned jointly by AP1, AP2, AP3 and AP4 during the year. It invests chiefly in office and retail premises in central locations in large Swedish cities. During the year, Vasakronan's return was 4.2% (2.6). Hemsö, which focuses on public-services properties, generated a return of 4.9% (6.8). AP3 is the majority

shareholder in Hemsö, which is jointly owned with Sagax. The other real estate companies, Trophi, Regio and Trenum, recorded returns of 9.0% (4.3), 2.6% (2.7) and 3.7% (-0.8) respectively for the year. Sagax generated a return of -11.1% (-17.6). Overall, the return on the real estate portfolio was 4.6% (3.4).

AP3's investments in private equity funds totalled SEK 39.8 billion (44.1) at year-end and generated a return of 3.8% (3.5). Overall, the funds performed weakly, and they continue to be weighed down by the highly valued investments made in 2021, especially in the venture capital and growth segments.

AP3's infrastructure investments totalled SEK 18.7 billion (19.6) and generated a return of -3.1%. Infrastructure consists of the companies Ellevio and Polhem Infra, and funds. Ellevio owns and manages local and regional electricity networks. The company is co-owned by AP3 with Omers Infrastructure, Folksam and AMF. Ellevio currently has just over 800 employees and employs a few thousand more people around the country by operating electricity network projects with the help of contractors. Polhem Infra

is an unlisted company owned by AP1, AP3 and AP4. It was founded in 2019 to invest in sustainable infrastructure. In 2025, Polhem Infra completed the acquisition of 49% of the shares in the Finnish energy company Pori Energi Oy.

AP3's timberland investments consist of the directly owned companies ThreeTree and Gysinge Skog and of funds. During the year, interest in investing in timberland remained high, partly driven by the asset class's diversifying properties and link to nature-related solutions to climate change. AP3's investments totalled SEK 13.9 billion (14.7) at year-end and generated a return of 1.9% (-0.4) during the year. In addition to its financial return, timberland is an important carbon sink as trees sequester carbon dioxide as they grow. In 2024, for which the latest statistics are available, 3.8 million trees were planted, which are estimated to sequester a total of 1.65 million tonnes of CO_{2e} over their lifetime.

Insurance risks refer to systematic exposure to natural disasters and weather risks. During the year, the Fund's investments generated a return of 23.6% (29.5). At year-end, the portfolio was fully liquidated.

+3.2
per cent

Return on alternative investments.

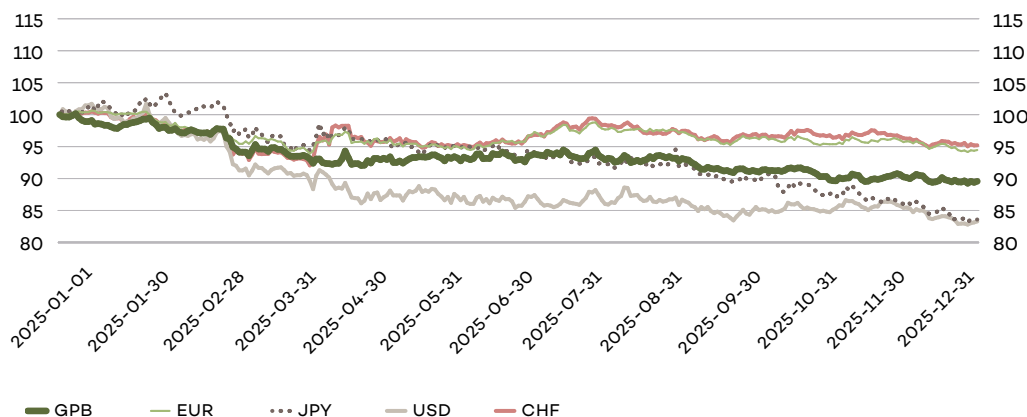
+0.9
percentage points

Contribution by alternative investments to the Fund's total return.

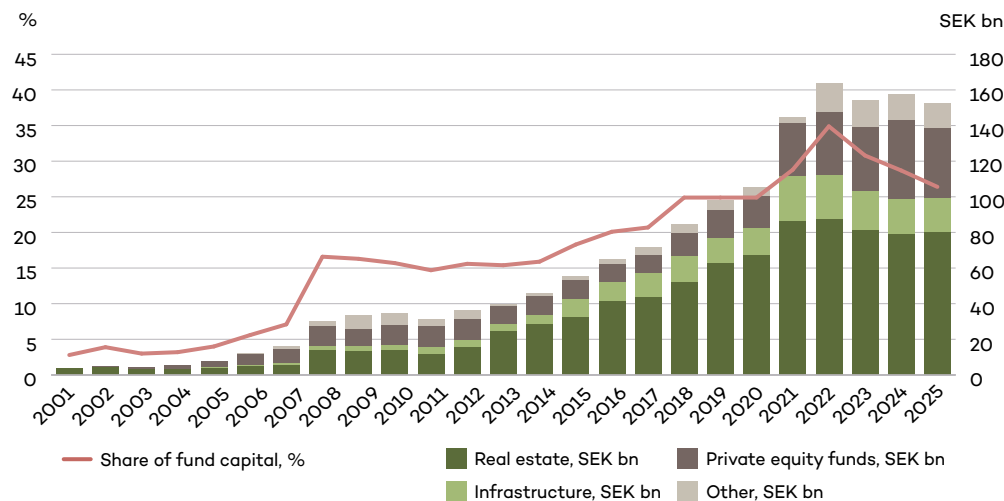
+4.6
per cent

Return on the real estate portfolio.

Currency performance in 2025 (indexed)



Performance of alternative investments





Asset classes

Exposure by asset class

31 Dec 2025	Listed equities	Fixed income	Alternative investments	Other strategies	Currency	Total AP3
Exposure, SEK m	283,211	127,256	152,566	9,440		572,472
Exposure, %	49.1	22.0	26.4	1.6	22.2	99.2

31 Dec 2024	Listed equities	Fixed income	Alternative investments	Other strategies	Currency ¹	Total AP3
Exposure, SEK m	264,752	133,626	157,602	892		556,871
Exposure, %	48.2	24.3	28.7	0.2	23.1	101.4

Returns by asset class

31 Dec 2025	Listed equities	Fixed income	Alternative investments	Other strategies	Currency	Total AP3
Return, %	16.0	3.4	3.2	0.0	-3.4	6.1
Contribution to total return, percentage points	7.7	0.8	0.9	0.0	-3.4	6.1
Share of total return, %	127.0	13.2	14.5	0.5	-55.3	100.0

31 Dec 2024	Listed equities	Fixed income	Alternative investments	Other strategies	Currency ¹	Total AP3
Return, %	17.4	2.2	0.8	–	–	10.4
Contribution to total return, percentage points	7.6	0.5	0.2	0.2	1.8	10.4
Share of total return, %	73.5	5.0	2.1	1.7	17.7	100.0

1 Currency exposure shows the ratio of assets held in foreign currency and cannot be added to total exposure.



10-year summary, portfolio

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Income and flows										
SEK bn										
Net result	32.6	51.3	36.2	-29.2	86.8	37.2	59.5	2.2	28.2	28
Net flow to pension system	-4.6	-2.0	-4.8	-4.7	-7.5	-7.9	-6.5	-6.8	-7.4	-6.6
Assets under Management (AUM) at 31 Dec	577.1	549.1	499.8	468.4	502.3	423	393.7	340.7	345.2	324.4
Return and expenses, total portfolio										
%										
Return before expenses	6.1	10.4	7.8	-5.7	20.8	9.8	17.7	0.7	8.9	9.5
Operating expenses	0.07	0.06	0.06	0.05	0.05	0.06	0.06	0.06	0.06	0.06
Commission expenses	0.01	0.01	0.02	0.02	0.03	0.03	0.03	0.03	0.05	0.06
Total operating and commission expenses	0.08	0.07	0.07	0.08	0.08	0.09	0.09	0.09	0.1	0.12
Return after expenses	6.0	10.3	7.8	-5.8	20.7	9.7	17.6	0.6	8.8	9.4
Inflation	0.3	0.8	4.4	12.3	3.9	0.5	1.8	2	1.7	1.7
Real return after expenses	5.7	9.4	3.2	-16.1	16.2	9.1	15.6	-1.4	6.9	7.6
SEK bn										
Income (incl. commission expenses)	33.0	51.6	36.5	-28.9	87.1	37.4	59.8	2.4	28.4	28.2
Operating expenses	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Result after expenses	32.6	51.3	36.2	-29.2	86.8	37.2	59.5	2.2	28.2	28
Annualised nominal return after expenses										
%										
Five years (2021–2025)	7.5	8.2	9.6	8.1	11.3	9.1	8.5	7.8	10.5	10.9
Ten years (2016–2025)	8.3	8.4	8.7	9.3	11.1	8.7	8.7	8.5	6.1	5.7
Risk										
Risk (1-yr standard deviation) for total portfolio, %	6.8	6.0	5.0	8.4	5.2	10.8	4.2	5.4	3.5	6.2
Sharpe ratio	0.9	1.1	0.8	neg	4	0.9	4.3	0.3	2.8	1.6
Risk (10-yr standard deviation), %	6.7	7.0	7.0	6.9	6.3	7	6	6.3	7.6	8
Currency exposure										
% of total portfolio ¹	22.2	23.1	17.9	19.0	21.1	17.5	19.5	17.7	15	17.5
External management										
% of total portfolio	19	18	22	22	31	29	31	26	25	29
Employees										
No. of employees at 31 Dec	80 ²	72 ²	70 ²	66	61	60	58	59	57	57

¹ Excluding exposure to SEK-listed companies with foreign domicile.

² Including employees of the Council on Ethics of the Swedish AP Funds. See Note 6 for more information.

Expenses

AP3's objective is to conduct resource-efficient asset management with the potential to generate the best possible long-term returns, and to have sufficient resources to manage commitments and external and internal requirements in areas such as compliance, sustainability and internal control.

AP3 is focused on running its organisation cost-effectively and with good cost monitoring. Each year, the Fund establishes a budget for the coming year's expenditure, which is approved by the Board of Directors and then monitored and analysed on an ongoing basis to ensure good cost control. Asset management expenses comprise operating expenses, which are the Fund's internal costs, and commission expenses, which are the costs of external management and for managing securities and collateral. Changes in costs over the year may relate to external factors such as exchange rates and inflation, over which the Fund has no control. Changes may also result from the need to invest in IT, processes or staff for the Fund to conduct effective asset management and manage the requirements placed on the organisation. The Fund's expenses are set in relation to Assets under Management (AUM) using a metric known as the asset management expense ratio. This also facilitates benchmarking against other funds.

Lower costs than international peers

As part of efforts to ensure that AP3's asset management is cost-effective by international standards, since 2005 AP3 has participated in an annual survey performed by Canadian consultancy CEM Benchmarking. A large number of funds from all over the world participate in the survey, which benchmarks AP3 against funds of a similar size and profile, as well as against European funds. The study also compares returns, portfolio structure, management style, risk and other parameters. CEM's analysis shows that AP3 generates high returns at a low

Internally and externally managed Assets under Management (AUM)

SEK bn



External
112.7

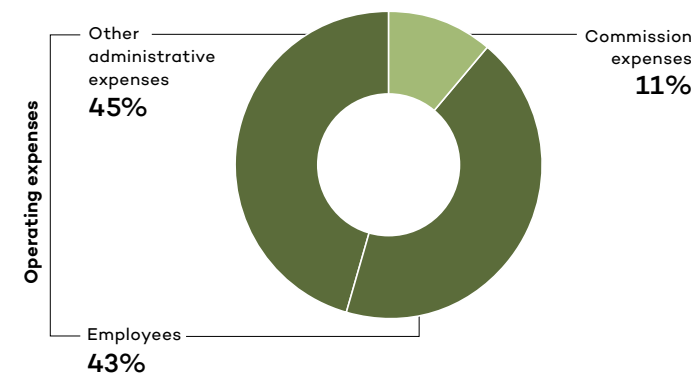
Internal
464.3

577
SEK bn

Assets under Management (AUM) stood at SEK 577.1 billion as at 31 December.

Total fund capital	0.388	0.049
Operating expenses		
Commission costs		

Breakdown of expenses



cost. The most recent CEM study, from 2024, showed AP3's expenses to be 39% lower than the benchmark group average over the previous five years and 48% lower expenses in 2024 in isolation.

Operating expenses

Operating expenses, comprising the internal costs of running the Fund, totalled SEK 389 million (320). This is 0.07% (0.06) in relation to Assets under Management (AUM). Operating expenses arise from asset management, administration and operational management and are divided into staff costs and other administrative expenses. Staff costs include employee salaries, social insurance fees and pension contributions, along with other expenses such as training and recruitment of staff. Staff costs accounted for a large share of operating expenses and totalled SEK 189 million (175). The average number of employees in 2025 was 75 (72), of whom 3 worked for the joint Council on Ethics of the Swedish AP Funds. Other administrative expenses consist of expenses for office space, IT and market data services. There were also non-recurring expenses in the year for the implementation of a new portfolio system and expenses for the transfer of securities from AP1, in which operations ceased at the year-

end. Non-recurring expenses totalled SEK 80 million. See Notes 6 and 7 for further information on operating expenses.

Commission expenses

Commission expenses totalled SEK 49 million (49) and relate to costs directly attributable to the external management of assets. They are recognised separately in income. Commission expenses stood at 0.01% (0.01) of Assets under Management (AUM). AP3 uses external management when it is more cost-effective than internal management or when, for various reasons, internal management is difficult. External management fees are charged as a percentage of each portfolio's value, meaning that they are directly related to the size of the underlying capital. At year-end, 19.5% (18.3) of total Assets under Management (AUM) was externally managed. Commission expenses also include custody account bank fees and charges for managing collateral, which together amounted to SEK 18 million (16). These are costs for managing and maintaining custody of the Fund's securities, derivatives and associated collateral. See Notes 4 and 5 for further information on commission expenses.

Other costs, fees and remuneration

Transaction costs relate to purchases and sales of securities and are the difference between the buying and selling rates. These types of costs are recognised as part of an asset's cost or as a deduction from sales income. Equity trading also results in brokerage fees. These totalled SEK 128 million (110) in 2025. Transaction costs have an impact on the net income of all asset classes.

Performance-based remuneration is a type of profit sharing paid to external managers in return for good investment returns that exceed agreed targets. These fees are expensed directly against investment returns and are recognised under net income from

financial transactions in the income statement. Performance-based fees totalled SEK 111 million (96). See Note 5 for further information on performance-based fees. Tax costs that the Fund is entitled to reclaim under double taxation treaties are recognised in the balance sheet as a receivable and therefore have no effect on the income statement.

0.08
per cent

the Fund's costs in relation to average Assets under Management (AUM) in 2025.

48
per cent

lower costs than international peers in 2024.

Cost control

- Continuous budget oversight
- Analysis of changes in absolute figures
- Costs in relation to Assets under Management (AUM)
- Benchmarking against international peers

Asset management expenses 2016–2025



Risk management

The Board sets the Fund's long-term return targets and is ultimately responsible for its internal governance and control. The long-term return target is to achieve a real return of 3.5% on Assets under Management (AUM) over time. The target return is set on the basis of an overall assessment of the Fund's ability to maximise the benefits of its role as a buffer fund in the income pension system without exposing the capital to risks that jeopardise its neutrality across generations/age cohorts. A key part of this assessment is the ALM analysis that the Fund carries out every three years (see page 9), most recently in autumn 2025.

The long-term return target is expected to be achieved by the Fund investing its assets, which exposes it to a range of financial risks. AP3's operations also involve non-financial risk.

The Board establishes a risk framework under the auspices of the National Pension Funds Act that further specifies the financial risk that the Board accepts in order to achieve the long-term return target. The CEO is responsible for day-to-day management and compliance with Board guidelines, and for ensuring good internal governance and control, and risk reporting. The Chief Investment Officer (CIO) manages risk in the overall portfolio structure and is responsible for delegating day-to-day portfolio management within the framework set by the Board and the CEO. Each asset head and portfolio manager is responsible for managing the risk within his or her mandate to achieve targets within set limits.

The risk management committee (RMC) is the Fund's decision-making body for handling issues relating to risks in operating activities. The RMC consists of the CEO, CIO, CRO (chair), Compliance Officer, Head of Risk Control and Operational Risk Manager. The committee considers matters relating to the Fund's overall risk management and control in advance of Board decisions. The CEO makes decisions after consultation with the RMC.

AP3's risks

The risks to which the Fund is exposed in its operations have been classified under three main areas: enterprise risk relates to the Fund's mission, objectives and governance. Financial risk arises in relation to investing activities. Non-financial risk relates to processes, systems, human resources, reputation and legal and regulatory compliance. Sustainability risks are part of financial risk.

Financial risk

Financial risk arises in the Fund's core business, which is the management of investments in different asset classes. These risks are taken consciously to generate returns and are managed through different types of risk limit. The most significant risks are market risk (market volatility), counterparty risk, liquidity risk and sustainability risk. Market risk consists mainly of equity price risk, interest rate risk, foreign exchange risk and inflation risk.

Counterparty risk is the risk that a counterparty cannot meet its obligations in a bilateral financial contract or in the settlement of financial contracts unless the parties' obligations can be performed simultaneously. Liquidity risk is the risk that the Fund will not be able to meet its obligations as a buffer fund or have sufficient liquidity in its portfolio to maintain room for manoeuvre. It also includes consideration of the risk of AP3 being forced to divest illiquid assets.

AP3's sustainability risk is primarily associated with the investments the Fund makes, as this risk can destroy value in the portfolio. The risks can be classified within the Fund's focus areas, which bring together the sustainability risks deemed to have the greatest material impact on portfolio performance and in which AP3 also has the greatest opportunity to influence performance in a sustainable direction. AP3's focus areas are currently corporate governance, climate, human rights and biodiversity.



The long-term return target is expected to be achieved by the Fund investing its assets, which exposes it to a range of financial risks. AP3's operations also involve non-financial risk.

Read more about their implications on pages 10-11.

Non-financial risk

Non-financial risks exist in all parts of the Fund's operations and are the risk of non-compliance with external and internal regulations to which operations are subject, the risk of losses arising from inadequate or deficient processes, systems, staff or external events such as fraud.

Such loss may consist of a financial loss or loss of earnings, additional work, loss of reputation and/or damage to trust in operations.

AP3 conducts an annual evaluation to identify and evaluate all non-financial risks. The results of this annual self-evaluation and any planned measures are presented to the Board.



Enterprise risk

Enterprise risks are operational-level risks relating to AP3's mission, objectives and governance. These are managed, among other things, through the Fund's ALM (Asset Liability Management) process, which analyses the risk of changing conditions in the

pension system, among others. Based on the ALM analysis, the Board sets the Fund's long-term operating goals.

Financial risk

Non-financial risk

Market risk

Counterparty risk

Liquidity risk

Sustainability risk

Operational risk

Compliance risk

Type of risk	Board's risk appetite	Metrics	Results in 2025
Market risk	The Fund has an appetite for exposure to market risk to generate returns that help achieve the Fund's objective. This is done through a diversified portfolio that generates high returns over the long term and whose losses are manageable in normal circumstances.	<ul style="list-style-type: none"> Percentage per asset class Value at Risk Tracking Error Sensitivity analysis Stress tests Stop Loss 	Market risk is the dominant risk in the AP3 portfolio. It is monitored on a daily basis for the entire portfolio and for individual mandates. The stock exchange year ended on a high note, with AP3's varied equity exposure ending higher than at the start of the year.
Counterparty risk	The Fund has some appetite for exposure as these risks arise in the activities carried out to enable the Fund to achieve its objectives.	<ul style="list-style-type: none"> Restrictions at global level Restrictions at counterparty level 	AP3 only enters into commitments with counterparties that meet the Fund's quality and rating requirements. Counterparty risk during the year was limited.
Liquidity risk	AP3 must always have available liquidity to settle its commitments as a capital buffer for the pension system and to have investment flexibility in the portfolio.	<ul style="list-style-type: none"> Payment readiness Percentage of liquid/illiquid assets Securities lending limits 	A good liquidity position during the year has created flexibility in the portfolio and ensured healthy payment readiness to meet the Fund's commitments.
Sustainability risk	AP3 may invest in companies and sectors with significant sustainability challenges. However, this does not mean that AP3 can or wishes to invest in all companies, especially those with operations that are not sustainable or are not developing in a sustainable direction at all.	<ul style="list-style-type: none"> Companies in the equities portfolio in line with the 1.5 degree target Advocacy dialogues with companies with the highest emissions Share of fixed income portfolio invested in sustainable bonds 	In 2025, the Fund continued its engagement and stewardship dialogues with the most relevant companies. The share of sustainable bonds at year-end was 26%.
Operational risk and compliance risk	The Fund has some appetite for operational risks as these risks arise in the activities carried out to enable the Fund to achieve its objectives. The Fund's tolerance for operational risks is generally low but should be assessed relative to the nature and materiality of the underlying risk. The Fund has no appetite for compliance risk. The Fund's tolerance for compliance risk is low.	<ul style="list-style-type: none"> Number of incidents Limit breaches Staff turnover 	In a year of major change projects, the Fund continued to maintain a strong focus on operational risks and their management. During the year, operational risk metrics remained well within the Board's risk appetite.





Income statement

SEK m	Note	2025	2024
Income			
Net interest income	2	4,576	3,570
Dividends received		7,846	5,951
Net income from listed equities and participations	3	36,152	35,986
Net income from unlisted equities and participations	4	3,158	1,538
Net income from fixed income assets		1,527	305
Net income from derivatives		578	-918
Net income from foreign exchange movements		-20,827	5,244
Net commission expenses	5	-49	-49
Total operating income		32,960	51,627
Operating expenses			
Staff costs	6	-189	-175
Other administrative expenses	7	-199	-145
Total operating expenses		-389	-320
Net result		32,571	51,306

Balance sheet

SEK m	Note	31 Dec 2025	31 Dec 2024
Assets			
Equities and participations			
Listed	8, 19	288,834	271,761
Unlisted	9, 19	144,322	146,884
Bonds and other fixed income assets	10, 19	138,215	139,715
Derivatives	11, 19, 21	5,554	1,548
Cash and bank balances		5,025	1,433
Other assets	12, 21	11,434	4,057
Prepaid expenses and accrued income	13	1,695	1,655
Total assets		595,080	567,053
Assets under Management (AUM) and liabilities			
Liabilities			
Derivatives	11, 19, 21	1,045	10,667
Other liabilities	14, 21	16,834	7,206
Deferred income and accrued expenses	15	140	126
Total liabilities		18,019	17,999
Assets under Management (AUM)			
Assets under Management (AUM), 1 January		549,054	499,772
Net payments to pension system	16	-4,565	-2,024
Net result		32,571	51,306
Total Assets under Management (AUM)		577,060	549,054
Total Assets under Management (AUM) and liabilities		595,080	567,053
Memorandum items	17, 22	76,290	83,261

Notes

The Third Swedish National Pension Fund (AP3), corporate identity number 802014-4120, is one of the funds that manage the capital buffer of the Swedish pension system. AP3 is headquartered in Stockholm. The Board of Directors approved the annual report for 2025 on 25 February 2026. The income statement and balance sheet are subject to Government approval.

1 Accounting and valuation policies

The National Pension Funds Act 2000:192 requires the annual accounts to be prepared in conformity with generally accepted accounting principles, which involves recognition of fund assets at market value. On this basis, AP1, AP2, AP3 and AP4 have prepared shared accounting and valuation policies, which have been applied and summarised below.

The Funds' accounting and valuation policies are gradually being adapted to International Financial Reporting Standards (IFRS). Complete adaptation to IFRS would not materially affect the recognised results and capital. AP3 meets the qualification requirements for designation as an investment company as per IFRS 10. The only difference from currently applicable IFRS is that AP3 does not prepare a statement of cash flows or apply IFRS 16.

As amendments to the Swedish National Pension Funds Act 2000:192 entered into force on 1 January 2026, the amendments have no impact on the annual report for 2025. A description of the impact on the financial statements going forward is provided in Note 23.

Transaction date accounting

Purchases and sales of securities and derivatives on the money, bond, equity and currency markets and of unlisted equities are recognised in the balance sheet at the transaction date, that is the point when material rights, and therefore risks, are transacted between the parties. Receivables and liabilities that fall between the transaction and settlement dates are recognised under other assets and other liabilities respectively. Other transactions, especially relating to borrowing and lending, are recognised in the balance sheet at the settlement date, in conformity with market norms.

Net accounting

AP3 recognises assets and liabilities net in the balance sheet where there is a legal right to offset transactions and an intention exists to provide net cash consideration or to realise the asset and receive consideration for the liability simultaneously.

Foreign currency translation

Foreign currency transactions are shown in Swedish kronor at the exchange rate on the transaction date. Assets and liabilities denom-

inated in foreign currency are recognised in Swedish kronor at the exchange rate on the reporting date.

Changes in the values of foreign currency-denominated assets are divided into the change attributable to the change in the value of the asset or liability and the change caused by foreign exchange movements. Exchange rate gains or losses arising due to foreign exchange movements are recognised in the income statement under net income from foreign exchange movements.

Shareholdings in subsidiaries and associates

Shareholdings in, and loans to, subsidiaries and associates are recognised at fair value, in conformity with the National Pension Funds Act. Fair value is measured using the same methods as for unlisted equities and participations. There is no requirement to prepare consolidated financial statements. Loans to subsidiaries and associates that are intended to be held to maturity are measured at fair value under the fair value option in IFRS 9. However, the entire change in value is recognised as part of the equity holding under net income from unlisted equities and participations.

Measurement of financial instruments

All AP3's investments are measured at fair value. Realised and unrealised changes in value are recognised in the income statement. Hence, items presented under net income per asset class include realised and unrealised income. Equity instruments are held for trading and are therefore measured at fair in the income statement. Debt instruments are held for trading and are therefore measured at fair value in the income statement. Loans to subsidiaries and associates are intended to be held to maturity, but the fair value option is used to comply with the requirement of the National Pension Funds Act that these instruments are measured at fair value. Where the financial statements make reference to benchmark indices, please consult the AP3 website for information on the specific index. The AP funds track all their assets on a fair value basis. The methods for measuring the fair value of the Fund's investments is described below.

Listed equities and participations

The fair value of equities and participations traded on a regulated market or trading platform is measured using the official market price, at the reporting date, quoted by the relevant index vendor. This price is usually the mid-rate. Holdings not included in an index are valued at listed prices observable in an active market. Brokerage fees are recognised under net income from listed equities.

Unlisted equities and participations

Equities and participations not traded on a regulated market or trading platform are measured at fair value based on the valuation received from the counterparty or other external party. Valuations

are updated when new valuations are received and are adjusted for cash flows up to the reporting date. AP3 may revise a valuation where strong grounds exist for believing that the valuation is wrong. Fair value measurement of unlisted equities and participations follows the International Private Equity and Venture Capital Valuation (IPEV) guidelines or equivalent valuation principles and, in the first instance, is based on transactions with third parties. However, other valuation methods can be applied.

Unlisted real estate shares are measured on the basis of their net asset value, provided they have not been transacted on a secondary market. Holdings in unlisted real estate companies are measured to reflect deferred tax liability and at the value applied in property transactions. This differs from the value that real estate companies apply in their financial statements.

Bonds and other fixed income assets

The fair value of bonds and other fixed income assets is measured using the official market price at the reporting date (usually the bid rate) quoted by the Fund's index supplier. Holdings not included in an index are valued at listed prices observable in an active market. Where an instrument is not traded on an active market and reliable market prices are unavailable, the instrument is measured using generally accepted valuation models, whereby cash flow is discounted to the relevant valuation curve.

Interest income is recognised using the effective interest method, based on amortised cost. Amortised cost is the discounted present value of future payments, where the discount rate corresponds to the effective interest rate at the time of purchase. Acquired premiums and discounts are therefore accrued as interest income until the instrument matures or until the coupon rate changes. Changes in value arising due to movements in interest rates are recognised under net income from fixed income assets, while changes in value arising from foreign exchange movements are recognised under net income from foreign exchange movements.

Derivatives

The fair value of derivatives is measured using rates at the reporting date. In cases where instruments are not traded in an active market and no reliable market prices are available, valuations are made using generally accepted theoretical models whose inputs consist exclusively of observable market data.

Derivative contracts with a positive fair value at the reporting date are recognised as assets, while contracts with a negative market value are recognised as liabilities. Changes in value arising from exchange rate movements are recognised in the income statement under net income from currencies, while other changes in value are recognised under net income from derivatives.

Cont. Note 1

Buybacks

In a true buyback (repurchase), the asset remains on the balance sheet and cash received is recognised as a liability. The divested security is recognised under pledged assets in the balance sheet. The cash value difference between spot and forward legs accrues during the maturity period and is recognised as interest.

Securities lending

Loaned securities are recognised in the balance sheet at fair value and consideration received is recognised as interest income in the income statement. Collateral received for loaned securities may consist of securities and/or cash. Where AP3 has the right of disposal over cash collateral received, this is recognised in the balance sheet as an asset and a corresponding liability. In cases where AP3 does not have the right of disposal over the asset, the loaned security is recognised not in the balance sheet but separately under pledged assets, contingent liabilities and commitments. The value of loaned securities and the collateral paid to secure them is also recognised under this item.

Items recognised directly in Assets under Management (AUM)

Payments to and from the pension system are recognised directly in Assets under Management (AUM).

Commission expenses

Commission expenses are recognised as a deduction from operating income in the income statement. They consist of external costs for asset management services, such as custody account fees and fixed commission to external managers, and fixed commission for exchange-traded funds. Performance-based fees, which are payable if the asset manager achieves a return over a predetermined level at which profit-sharing applies, are recognised as a deductible item from net income for the relevant asset class in the income statement.

Management fees for unlisted equities and participations are recognised at cost and included in unrealised income.

Operating expenses

All asset management expenses, excluding brokerage fees, fees to external managers and custodian fees, are recognised as operating expenses. Investments in equipment including internally developed and purchased software are normally expensed as they are incurred.

Taxes

AP3 is exempt from all income tax on investments in Sweden.

Dividend and coupon taxes payable in some countries are recognised on a net basis in the relevant income category in the income statement.

As of 2012, AP3 is VAT-registered and liable to pay value added tax on purchases outside Sweden. The Fund is not entitled to recover paid VAT. Expensed VAT is included in the expense item to which it belongs.

Rounding off

Minor discrepancies may occur in the tables in this report due to the rounding up or down of individual figures. Figures are shown in millions of kronor (SEK m) unless otherwise stated.

2 Net interest income

SEK m	2025	2024
Interest income		
Bonds and other fixed income	4,448	3,400
Securities lending, equities	33	32
Securities lending, bonds	46	67
Other interest income	71	80
Total interest income	4,598	3,580
Interest expense		
Other interest expenses	23	9
Total interest expense	23	9
Net interest income	4,576	3,570

3 Net income, listed equities and participations

SEK m	2025	2024
Income from listed equities and participations	36,280	36,096
Brokerage fees	-128	-110
Net income from listed equities and participations	36,152	35,986

4 Net income, unlisted equities and participations

SEK m	2025	2024
Net capital gain	2,125	1,353
Unrealised changes in value	1,033	185
Net income from unlisted equities and participations	3,158	1,538

External management fees for unlisted assets are recognised in the cost of the asset and, therefore, under unrealised net income from unlisted assets. Thus, repaid management fees have a positive impact on unrealised income.

During the year, SEK 422 million (942) was paid in management fees for unlisted assets, of which SEK 418 million (937) allowed for repayment. During the year, SEK 237 million (161) was also repaid. The net charge to income from unlisted equities and participations was SEK 185 million (780).

5 Commission expenses

SEK m	2025	2024
External commission, listed assets	27	29
External commission, unlisted assets	4	4
Other commission expenses incl. custodian expenses	18	16
Total commission expenses	49	49

Performance-based fees of SEK 111 million (96) relating to listed equities are not recognised in commission expenses. Performance-based fees reduce net income for each asset class.



6 Employees

	2025		2024	
	Total	of whom women	Total	of whom women
Average number of employees	75 ¹	30 ²	72 ¹	29 ²
No. of employees at 31 Dec	80 ¹	30 ²	73 ¹	30 ²
No. in executive management at 31 Dec	5	3	5	3

1 Of whom 3 employees of the Council on Ethics of the Swedish AP Funds.

2 Of whom 2 employees of the Council on Ethics of the Swedish AP Funds.

Staff costs in SEK thousand, 2025	Salaries and fees	Pension expenses	of which salary sacrifice	Social security expenses incl. special payroll tax	Total
Chair of the Board Christina Lindenius	210			66	276
Other directors	940			260	1,199
Total	1,150			326	1,476
CEO Staffan Hansén	5,438	1,636		2,106	9,180
Executive management excl. CEO					
Zorica Bodiroza	1,630	745	102	693	3,068
Eva Boric	2,674	872		1,052	4,597
Lil Larås Lindgren	1,355	842	222	630	2,827
Jonas Thulin	3,500	901	254	1,318	5,719
Total executive management excl. CEO	9,159	3,361	578	3,693	16,212
Other employees	91,647	42,021	3,774	27,528	161,196
Total employees	106,244	47,018	4,352	33,327	186,589
Other staff costs					1,397
Total staff costs	107,394	47,018	4,352	33,653	189,461

Staff costs in SEK thousand, 2024	Salaries and fees	Pension expenses	of which salary sacrifice	Social security expenses incl. special payroll tax	Total
Chair of the Board Christina Lindenius	210			66	276
Other directors	906			251	1,157
Total	1,117			317	1,433
CEO Staffan Hansén	5,251	1,574		2,032	8,857
Executive management excl. CEO					
Zorica Bodiroza	1,559	730	107	667	2,956
Eva Boric	2,484	825		980	4,289
Lil Larås Lindgren	1,483	791	190	658	2,931
Jonas Thulin	3,268	829	190	1,228	5,324
Total executive management excl. CEO	8,793	3,175	488	3,533	15,501
Other employees	83,614	38,800	2,788	24,893	147,307
Total employees	97,658	43,549	3,275	30,458	171,665
Other staff costs					2,095
Total staff costs	98,774	43,549	3,275	30,775	175,193

Cont. Note 6

Board of directors

The Government sets the remuneration of directors. As of 2020, annual fees of SEK 200 thousand are paid to the Chair, SEK 150 thousand to the Vice Chair and SEK 100 thousand to other directors. The Government has approved additional remuneration of up to SEK 100 thousand for directors who sit on the remuneration committee and audit committee. Remuneration of SEK 100 thousand (100) was paid for committee engagements in 2025.

Committees

The remuneration committee had three members in 2024. It makes recommendations to the Board on the CEO's salary and benefits, and AP3's salary structure prior to salary reviews. Decisions on these matters are taken by the Board. The risk and audit committee comprises three members. The role of the risk and audit committee is to monitor and issue recommendations to the board on financial reporting, accounting, internal control, risk management and external audit.

CEO's remuneration

The Board of Directors sets the salary and benefits of the CEO. Under the terms of the CEO's employment contract, AP3 pays retirement pension and sickness insurance premiums totalling 30% of gross salary. In the event of termination of contract, the notice period is six months for both AP3 and the CEO. If AP3 terminates the CEO's contract, 12 months' severance pay may be payable. Severance salary and pay are to be offset against any income from new employment or business activity. No contract provisions exist for early retirement. The CEO received taxable benefits of SEK 5 thousand (4).

Executive management committee excl. CEO

The executive management committee consists of the CEO, CIO, Head of Business Support & Control and GRO, the Head of Communications and the Head of Human Resources.

The employment terms and conditions of executive management reflect collective wage agreements with Finansarbetsgivarna and three trade union members of the SACO confederation: JUSEK, the Swedish Association of Graduates in Business Administration and Economics, and the Swedish Association of Graduate Engineers. Hence, there are no special agreements on termination, severance pay or early retirement for any members of executive management. Executive management committee members received taxable benefits ranging from SEK 6 thousand (4) to SEK 11 thousand (22).

Remuneration

AP3 follows the Government's guidelines for employment conditions for AP fund employees, which state that remuneration should be competitive without being market-leading. The remuneration committee handles remuneration issues on behalf of the Board. Remuneration and other terms of employment for AP3's Chief Executive Officer (CEO) are set by the Board of Directors. The remuneration committee approves the remuneration and benefits of other senior executives, based on the CEO's recommendations. The Board also sets the remuneration framework for other employees.

AP3 received market salary data from Allshares to benchmark staff salaries against other financial market staff. The results of the market salary analysis show that AP3's remuneration levels are in line with the market and competitive, without being market-leading for the CEO, senior executives and other employees. The Board's conclusion is that the Fund complies with Government pay guidelines and that no exceptions exist which require separate reporting.

Performance-based remuneration programme

In 2023, the Fund's Board of Directors decided to abolish the Fund's variable remuneration programme as of 1 January 2024. Remuneration earned from previous years will be paid according to plan, with the last payment in March 2026.

Sickness absence

Total sickness absence in 2025 was 1.2% (1.7). The figures were 0.6% (0.3) for male employees and 2.1% (3.8) for female employees.

7 Other administrative expenses

SEK m	2025	2024
Costs for premises	19	16
Market information and data costs	135	113
Services purchased	39	13
Other	7	3
Total other administrative expenses	199	145

The above purchased services include fees to audit firms. Services purchased include fees of SEK 0.5 million (0.5) for Government Offices of Sweden consulting services.

SEK thousand	2025	2024
Audit assignments		
PwC	875	668
Other services by audit firms		
PwC	298	–
Total fees to audit firms	1,173	668

8 Listed equities and participations

SEK m, fair value	31 Dec 2025	31 Dec 2024
Swedish equities	69,728	69,444
Investments in Swedish funds	–	–
Foreign equities	204,789	193,060
Investments in foreign funds	14,317	9,257
Total listed equities and participations	288,834	271,761

A list of the five largest Swedish and foreign equity holdings is shown on page 65. A list of all AP3's equity holdings is available at ap3.se. See Notes 1 and 17 for information on securities lending. Collateral received in relation to securities lending totalled an average of 103% of the market value of the assets loaned.

9 Unlisted equities and participations

As of 31 December 2025, AP3's investments in unlisted securities, directly and via private equity firms and funds, were as follows. The breakdown below shows the five largest holdings in terms of invested capital.

SEK m, fair value	31 Dec 2025	31 Dec 2024
Equities and participations in Swedish subsidiaries and associates	86,690	84,180
Equities and participations in foreign subsidiaries and associates	9,204	9,731
Other unlisted Swedish equities and participations	4,399	3,814
Other unlisted foreign equities and participations	44,028	49,159
Total unlisted equities and participations	144,322	146,884

Equities and participations in Swedish subsidiaries and associates

	Corporate identity number	Registered office	Number of shares	Share of equity/ voting rights	Fair value	100% equity 2025	100% profit 2025
Vasakronan Holding AB	556650-4196	Stockholm	1,000,000	25%	25,613	83,692	2,991
Hemsö Fastighets AB	556779-8169	Stockholm	70,000,700	70%	24,877	31,347	1,896
Hemsö Intressenter AB	556917-4336	Stockholm	25,000	50%	4,563		
Hemsö Norden KB	969769-2961	Stockholm		50%	1,345	2,690	177
Trophil Fastighets AB	556914-7647	Stockholm	1,000,000	100%	10,790		
Fastighets AB Regio	559013-4911	Stockholm	5,000,018	100%	6,725		
Polhem Infra KB	969789-2413	Stockholm		33%	4,059	12,179	-128
Polhem Infra AB	559183-3917	Stockholm	20,000	33%	0	1	0
Ellevio Holding 1 AB	559005-2444	Stockholm	10,000	20%	4,530		
Trenum AB	556978-8291	Gothenburg	500	50%	2,030		
Gysinge Skog AB	559164-0817	Stockholm	25,000	50%	2,157		
4 to 1 Investments AB	559313-2490	Stockholm	6,250	25%	0	1	-2
4 to 1 Investments KB	969795-3033	Stockholm		25%	0	0	-2

Total equities and participations in Swedish subsidiaries and associates

86,690

Equities and participations in foreign subsidiaries and associates

	Registered office	Number of shares	Share of equity/ voting rights	Fair value
ThreeTree Holding LLC	USA	10,000	100%	9,204
OMERS Farmoor 2 Holdings B.V.	The Netherlands	149	100%/49%	0

Total equities and participations in foreign subsidiaries and associates

Five largest holdings in other Swedish unlisted equities and participations

	Registered office	Share capital	Cost, 2025
Altor Fund V (No. 2) AB	Stockholm	2%	362
Verdane Capital X (E) AB	Stockholm	7%	345
Verdane Idun I (E) AB	Stockholm	9%	336
Verdane Freya XI (E) AB	Stockholm	4%	310
Standout Capital II AB	Stockholm	18%	238

Five largest holdings in other foreign unlisted equities and participations

	Registered office	Share capital	Cost, 2025
Covalent Investments L.P.	Delaware	48%	1,297
Core Infrastructure Fund III SCS SICAV-SIF (Vauban)	Luxembourg	4%	988
Core Infrastructure Fund II SCS SICAV-SIF (Vauban)	Luxembourg	8%	947
Constellation Generation III Feeder, L.P.	Bermuda	34%	942
Hermes Infrastructure Spring II LP	Guernsey	26.5%	679

A breakdown of all holdings, including the initial year of investment and the size of investment commitment, is available at ap3.se.

10 Bonds and other fixed income assets

Bonds and other fixed income securities by issuer category

SEK m, fair value	31 Dec 2025	31 Dec 2024
Government of Sweden	12,350	5,450
Swedish municipalities and regions	2,671	–
Swedish mortgage lenders	7,322	7,477
Other Swedish issuers		
Financial institutions	2,713	2,327
Non-financial institutions	12,092	14,455
Foreign governments	80,527	67,767
Other foreign issuers	20,061	41,682
Total	137,736	139,158
Fixed income funds	479	557
Total	138,215	139,715

Bonds and other fixed income securities by class of instrument

SEK m, fair value	31 Dec 2025	31 Dec 2024
Inflation-linked bonds	23,356	26,715
Other bonds	99,455	103,785
Commercial paper	7,297	299
Unlisted promissory notes	7,628	8,358
Unlisted convertible debentures	–	3
Total	137,736	139,158
Fixed income funds	479	557
Total	138,215	139,715

SEK 4,158 million (3,157) of bonds and other fixed income securities relates to reinvested cash collateral received for securities lending. See also notes 1 and 17 for securities lending. Collateral received for securities lending totalled an average of 103% of the market value of the assets loaned.

11 Derivatives, gross

SEK m	31 Dec 2025		31 Dec 2024	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Equity-related instruments				
Options, cleared	–	–	22	–
Options, OTC	–	-301	–	-297
Futures	–	–	1	-1
Swaps	2	–	2	–
Total	2	-301	25	-297
Of which cleared	–	–	23	-1
Fixed income and credit-related instruments				
Options, cleared	–	–	–	–
FRA/Futures	–	–	0	0
CDS	–	–	–	–
Swaps	314	-2	74	-444
Total	314	-2	75	-444
Of which cleared	–	–	0	0
Currency-related instruments				
Options, OTC	498	-399	179	-107
Futures	4,739	-344	1,269	-9,818
Swaps	–	–	–	–
Total	5,238	-743	1,448	-9,926
Effect of netting	–	–	–	–
Total derivatives	5,554	-1,045	1,548	-10,667

AP3 is mandated to use derivative securities to improve the efficacy of asset management or to manage risk.

Equity and interest rate derivatives are preferably traded on standardised markets through cleared products, which limits counterparty risk to the clearing house. Currency and credit derivative markets are over-the-counter markets, which means that trades executed there are not standardised or subject to clearing. Thus, counterparty or settlement risk generally arises. Counterparties for non-cleared transactions are limited and sanctioned by the Board of Directors and all exposure to such limits is continuously monitored. AP3 uses standardised market contracts, including ISDA agreements, for OTC trading.

Issued put options are positions in different options strategies taken to manage portfolio risk. Where a put option requires AP3 to deliver an underlying security, AP3 always holds enough of that security to meet its delivery obligation.

More information on AP3's risk management in relation to derivatives can be found in the risk management plan at ap3.se.

12 Other assets

SEK m	31 Dec 2025	31 Dec 2024
Securities settlements	9,206	160
Buybacks	–	–
Reinvested cash collateral	2,223	3,891
Other current receivables	5	6
Total other assets	11,434	4,057

13 Prepaid expenses and accrued income

SEK m	31 Dec 2025	31 Dec 2024
Accrued interest income	983	975
Accrued dividends	131	161
Reimbursements	545	479
Prepaid expenses	29	33
Accrued premiums on equity loans	7	7
Total prepaid expenses and accrued income	1,695	1,655

14 Other liabilities

SEK m	31 Dec 2025	31 Dec 2024
Accounts payable	39	26
Securities settlements	9,323	123
Payroll taxes	1	1
Staff PAYE taxes	4	4
Buybacks	–	–
Cash collateral received	6,380	7,048
Other liabilities	1,087	4
Total other liabilities	16,834	7,206

15 Deferred income and accrued expenses

SEK m	31 Dec 2025	31 Dec 2024
Accrued external asset management expenses	120	98
Other accrued expenses	18	26
Variable remuneration incl. social security expenses	2	2
Total deferred income and accrued expenses	140	126

40% of a payment of variable remuneration earned in 2023 was made in 2024. The outstanding balance will be paid in 2026. As of 1 January 2024, AP3's variable remuneration programme was abolished.

16 Assets under Management (AUM)

Net payments to pension system

SEK m	31 Dec 2025	31 Dec 2024
Assets under Management (AUM), 1 January	549,054	499,772
Pension contributions	91,695	89,186
Paid-out pensions in 2024	-95,959	-90,923
Transfer of pension rights to the EU	0	-1
Settlement of pension rights	1	-2
Administration fee to the Swedish Pensions Agency	-301	-284
Total net payments to the pension system	-4,565	-2,024
Net result	32,571	51,306
Assets under Management (AUM) at 31 Dec	577,060	549,054

17 Pledged assets, contingent liabilities and commitments

Pledged assets, contingent liabilities and equivalent collateral

SEK m	31 Dec 2025	31 Dec 2024
Pledged assets for buybacks		
Collateral received	–	3,891
Collateral pledged	–	–
Pledged assets for derivatives trading		
Cash collateral received	3,864	–
Cash collateral pledged	–	2,034
Loaned securities for which cash collateral received		
Loaned securities	6,405	7,053
Cash collateral received	6,398	7,049
Securities loaned against collateral received in securities		
Loaned securities	42,455	45,003
Collateral received in securities	42,508	45,047
Total issued collateral and securities	48,860	54,090

Outstanding commitments

SEK m	31 Dec 2025	31 Dec 2024
Unlisted equities	10,341	11,794
Real estate, infrastructure and timberland funds	903	959
Subscription commitments	16,185	16,418
Total commitments	27,429	29,171
Total memorandum items	76,290	83,261

The collateral shown above is presented in Notes 10, 12 and 14.



18 Currency exposure

Assets subject to currency exposure by currency at 31 Dec 2025

SEK m	USD	EUR	GBP	JPY	Other	Total
Equities and participations	180,896	33,782	8,157	11,068	25,419	259,321
Exposure to SEK-listed companies with foreign domicile	-	2,061	-	-	-	2,061
Bonds and other fixed income securities	56,935	16,324	7,961	9,788	479	91,487
Derivatives	-4,800	82	3	0	31	-4,683
Other investment assets	6,745	370	97	67	5,261	12,541
Foreign currency exposure, gross	239,776	52,619	16,218	20,923	31,190	360,727
Currency hedges	-159,889	-45,992	-12,271	-12,805	-7	-230,965
Total currency exposure	79,887	6,627	3,947	8,118	31,183	129,762

Assets subject to currency exposure at 31 Dec 2024

SEK m	USD	EUR	GBP	JPY	Other	Total
Equities and participations	182,891	29,579	8,332	10,398	22,653	253,852
Exposure to SEK-listed companies with foreign domicile	-	1,355	1,489	-	1,348	4,193
Bonds and other fixed income securities	65,157	12,781	7,608	13,876	168	99,590
Derivatives	-97	35	0	0	0	-62
Other investment assets	10,278	1,186	20	43	610	12,137
Foreign currency exposure, gross	258,229	44,936	17,449	24,316	24,779	369,710
Currency hedges	-173,079	-41,660	-12,356	-13,409	1,771	-238,733
Total currency exposure	85,150	3,276	5,093	10,907	26,550	130,976

19 Financial instruments, price and valuation hierarchy

Investment assets per valuation category at 31 Dec 2025

SEK m	Level 1	Level 2	Level 3	Total
Listed equities and participations	288,834	-	-	288,834
Unlisted equities and participations	43	12	144,267	144,322
Bonds and other fixed income assets	123,289	7,297	7,628	138,215
Derivatives, positive market value	0	5,554	-	5,554
Total investment assets	412,167	12,863	151,895	576,925
Derivatives, negative market value	0	-744	-301	-1,045
Total	412,167	12,119	151,594	575,880

Investment assets per valuation category at 31 Dec 2024

SEK m	Level 1	Level 2	Level 3	Total
Listed equities and participations	271,761	-	-	271,761
Unlisted equities and participations	-	-	146,884	146,884
Bonds and other fixed income assets	131,355	-	8,360	139,715
Derivatives, positive market value	23	1,525	-	1,548
Total investment assets	403,139	1,525	155,244	559,907
Derivatives, negative market value	-297	-10,369	-	-10,667
Total	402,841	-8,845	155,244	549,241

Cont. Note 19

Change in Level 3 assets, 2024-2025

SEK m	Listed equities and participations	Unlisted equities and participations	Bonds and other fixed income assets	Derivatives	Total
Carrying amount at 1 Jan	–	146,884	8,360	–	155,244
Invested	–	8,854	270	–	9,125
Sold/repaid during year	–	-3,195	-1,000	–	-4,195
Realised change in value	–	-366	–	–	-366
Unrealised change in value	–	-7,910	-2	-8	-7,920
Transfer from Level 1 or 2	–	–	–	-293	-293
Transfer to Level 1 or 2	–	–	–	–	–
Carrying amount at 31 Dec	–	144,267	7,628	-301	151,594

Change in Level 3 assets, 2023-2024

SEK m	Listed equities and participations	Unlisted equities and participations	Bonds and other fixed income assets	Derivatives	Total
Carrying amount at 1 Jan	–	137,343	9,255	–	146,598
Invested	–	8,098	412	–	8,510
Sold/repaid during year	–	-2,451	-563	–	-3,015
Realised change in value	–	546	–	–	546
Unrealised change in value	–	3,348	-744	–	2,605
Transfer from Level 1 or 2	–	–	–	–	–
Transfer to Level 1 or 2	–	–	–	–	–
Carrying amount at 31 Dec	–	146,884	8,360	–	155,244

AP3 measures all holdings at fair value using a three-level hierarchy of price sources and measurement methods. Fair value is defined as the amount for which an asset could be exchanged or a liability settled in a normal transaction between market participants at the time the valuation is made.

Level 1: Holdings shown in the benchmark indices that AP3 uses for liquid instruments in equities and fixed income securities are measured initially at the prices stated by index vendors. Where such holdings are not included in an index or the index vendor's price is not deemed to be reliable, measurement is at list prices observable in an active market. An active market relates to a market where prices are set more than once a week. Observable prices are always the preferred measurement option and apply to the majority of AP3's assets. However, when such prices are not available, the next step in the valuation hierarchy is used for measurement.

Level 2: Reliable listed prices are unavailable for some holdings, notably some fixed income securities and most derivatives not traded over an exchange or handled by a clearing house. Measurements are based on generally accepted models that use observable market data to establish fair value. Valuation risk for this group is deemed to be limited. This group also includes certain types of transaction in which AP3 relies on price information from one or more external counterparties to establish fair value. In the case of assets whose price is deemed less reliable, for instance due to low market activity, AP3 obtains a third-party valuation to test the reasonableness of its own valuation.

Level 3: Some holdings must be valued using models based on non-observable market data.

These are subject to a higher degree of assessment and hence higher uncertainty. In AP3's case, they relate mostly to holdings in private equity funds and of unlisted shares in property companies.

AP3 measures private equity fund holdings using valuations received from external managers. AP3 requires that fund managers comply with IPEV valuation principles and that their funds are reviewed by an established audit firm. Valuations from fund managers are usually received within 90 days after the end of the quarter, which means that the declared values of AP3's holdings as of 31 December are based on fund managers' reports dated 30 September and adjusted for cash flow during the fourth quarter. AP3 assesses the reliability of these valuations to determine whether any adjustments are necessary to achieve a more accurate fair value. No adjustments were deemed necessary as of 31 December 2025. Valuations primarily reflect the underlying profitability of the companies, as well as how the equity market values comparable companies. Projected discounted future cash flow is of less importance from a valuation perspective because the AP3 private equity portfolio largely consists of buyouts.

The table provides a breakdown of all AP3's investment assets by valuation category. 72% (73) of these assets can be valued at observable prices in an active market. A 10% write-down of the hardest-to-value assets, that is those at Level 3, would reduce AP3's Assets under Management (AUM) by -2.6% (-2.8). AP3's valuation risk is deemed to be limited.



20 Financial risk

Risk measured as value at risk for the AP3 portfolio

SEK m	Min. level	Max. level	Average	31 Dec	31 Dec ¹
2025	5,100	6,588	6,115	5,667	5,253
2024	5,705	6,671	6,244	5,741	4,107

1 This column shows VaR for equally weighted historical data.

AP3's holdings are exposed to market and credit risks that can result in changes in value when equity prices, fixed income yields, credit spreads and foreign exchange rates change. AP3 uses the value at risk (VaR) metric to aggregate risk across all risk categories. At year-end, risk measured as VaR totalled SEK 5,667 million (5,741) for the total portfolio. AP3 calculates VaR using a factor model in which observations are exponentially weighted with a half-life of one year, which means the calculations are dominated by the past year's market events. The Fund uses a 'parametric VaR model'. The choice of calculation model is based on the composition of the total portfolio. The table above shows maximum and minimum VaR and both average risk and year-end risk for the AP3 portfolio. The table also shows VaR at 31 December, where historical data is equally weighted. This means that every day of the period has equal significance.

AP3's risk measured as VaR varied from SEK 5,100 million (5,705) to SEK 6,588 million (6,671) during the year. Differences in the level of risk were due primarily to changes in market volatility, and to a lesser extent to changes in portfolio structure.

Risk exposure by asset class is shown on page 36.

AP3's liquidity risk is limited by the National Pension Funds Act, which requires the AP Funds to hold at least 20% of their Assets under Management (AUM) in fixed income securities with low credit and liquidity risk. AP3's holdings in this category averaged 22.8% (23.0) of assets in 2025.

VaR by asset class

31 Dec 2025	Contribution volatility ex-ante 1 day (%)	VaR ex-ante 1 day 95% (SEK m)	VaR ex-ante 1 day 95% contribution (SEK m)	VaR ex-ante 10 days 95% (SEK m)
Equities	0.4	4,578	3,906	14,477
Alternative investments	0.1	2,785	1,412	8,805
Other strategies	0.0	61	31	193
Fixed income	0.0	268	28	846
Total AP3	0.5	5,378	5,378	17,007

31 Dec 2024	Contribution volatility ex-ante 1 day (%)	VaR ex-ante 1 day 95% (SEK m)	VaR ex-ante 1 day 95% contribution (SEK m)	VaR ex-ante 10 days 95% (SEK m)
Equities	0.3	3,106	3,028	9,821
Alternative investments	0.1	777	642	2,457
Other strategies	0.0	72	37	227
Fixed income	0.0	786	399	2,485
Total AP3	0.4	4,107	4,107	12,986

Exposure to credit risk at 31 Dec 2025¹

SEK m	Credit rating				
	AAA	AA	A	BBB	'BBB- ²
Government bonds	25,702	49,232	13,325		
Mortgage bonds	3,107	5,738	328		
Corporate bonds	942	3,448	9,803	7,787	1,001
Deposits and buybacks		157	2,072		
Derivatives, net		2,364	2,436		
Gross exposure	29,751	60,938	27,964	7,787	1,001
Collateral received		1,869	1,995		
Net exposure	29,751	59,070	25,969	7,787	1,001

Exposure to credit risk at 31 Dec 2024¹

SEK m	Credit rating				
	AAA	AA	A	BBB	'BBB- ²
Government bonds	25,764	53,997	13,876	690	
Mortgage bonds	7,715			157	
Corporate bonds	1,129	1,516	8,016	12,714	3,665
Deposits and buybacks			3,891		
Derivatives, net	43		7		
Gross exposure	34,651	55,513	25,790	13,562	3,665
Collateral received					
Net exposure	34,651	55,513	25,790	13,562	3,665

1 Includes investments in listed fixed income securities; deposits and buybacks; non-cleared derivatives where AP3 has a claim on the counterparty; and repayments of cash collateral received for securities lending. The table only shows exposure versus credit risk and cannot be read against the balance sheet.



21 Financial assets and liabilities offset in the balance sheet or subject to netting agreements

31 Dec 2025

Assets, SEK m	Gross amount	Amount offset in balance sheet	Net balance in balance sheet	Netting of financial instruments by agreement	Collateral received	Net amount after netting	Other ¹	Total in balance sheet
Derivatives	5,554		5,554	542	3,864	1,148	0	5,554
Asset repurchases								
Total	5,554	0	5,554	542	3,864	1,148	0	5,554

31 Dec 2025

Liabilities, SEK m	Gross amount	Amount offset in balance sheet	Net balance in balance sheet	Netting of financial instruments by agreement	Collateral pledged	Net amount after netting	Other ¹	Total in balance sheet
Derivatives	1,045		1,045	542		503	0	1,045
Debt repurchases								
Total	1,045	0	1,045	542	0	503	0	1,045

1 Other instruments in the balance sheet not subject to agreements that allow netting.

31 Dec 2024

Assets, SEK m	Gross amount	Amount offset in balance sheet	Net balance in balance sheet	Netting of financial instruments by agreement	Collateral received	Net amount after netting	Other ¹	Total in balance sheet
Derivatives	1,525		1,525	1,471		54	23	1,548
Asset repurchases								0
Total	1,525	0	1,525	1,471	0	54	23	1,548

31 Dec 2024

Liabilities, SEK m	Gross amount	Amount offset in balance sheet	Net balance in balance sheet	Netting of financial instruments by agreement	Collateral pledged	Net amount after netting	Other ¹	Total in balance sheet
Derivatives	10,369		10,369	1,471	2,034	6,864	297	10,667
Debt repurchases								0
Total	10,369	0	10,369	1,471	2,034	6,864	297	10,667

1 Other instruments in the balance sheet not subject to agreements that allow netting.



22 Related party transactions

This note describes how AP3's results and financial position are impacted by transactions and outstanding dealings, including commitments, with related parties as defined in IAS 24. Parties related to AP3 are companies in which AP3 has a shareholding that gives it significant

or decisive influence or in which AP3 employees hold senior positions. AP3 rents its premises from Vasakronan AB at market rates. See Note 6 for salaries and remuneration to AP3's Board of Directors and executive management.

Counterparty, SEK m	31 Dec 2025	31 Dec 2024
Vasakronan Holding AB		
Interest income	9	9
Rent of premises	-14	-14
Commitment to purchase, at Vasakronan's request, commercial paper issued by the company for a maximum total amount of:	4,500	4,500
Hemsö Fastighets AB		
Interest income	12	
Commitment to purchase, at Hemsö Fastighet AB's request, commercial paper issued by the company for a maximum amount of	6,000	6,000
Capital increases during the year	1,050	350
Hemsö Intressenter AB		
Interest income	170	121
Shareholder loans	1,470	1,470
Capital increases during the year	225	75
Trophil Fastighets AB		
Interest income	7	21
Shareholder loans	-	-
Commitment to purchase, at Trophil Fastighets AB's request, commercial paper issued by the company for a maximum total amount of:	3,000	2,000

Counterparty, SEK m	31 Dec 2025	31 Dec 2024
Fastighets AB Regio		
Capital increases during the year	-	40
Ellevio AB		
Interest income	270	360
Shareholder loans	4,175	4,904
Trenum AB		
Interest income	63	96
Shareholder loans	1,983	1,983
Commitment to purchase, at Trenum AB's request, commercial paper issued by the company for a maximum total amount of:	700	700
Polhem Infra KB		
Capital increases during the year	1,241	255
Investment commitments	1,985	3,218
ThreeTree Holding LLC		
Capital increases during the year	936	-
4 to 1 Investments AB		
Capital increases during the year	0	0
4 to 1 Investments KB		
Capital increases during the year	0	0

23 Events after the balance sheet date

As a result of an amendment to the Swedish National Pension Funds Act 2000:192, the activities of the First National Pension Fund (AP1) will cease, and the assets and liabilities of the First National Pension Fund will be transferred free of charge to the Third and Fourth National Pension Funds. As far as possible, assets will be divided equally between the Third and Fourth AP Funds (AP3 and AP4).

AP3 assessed that the economic substance of the asset transfers should be seen as a contribution, which means that the transferred assets will be recognised as an increase in Assets under Management (AUM), with a corresponding increase in recognised assets. Carrying amounts will be based on the fair value (market value) at the transfer date. The guiding principle for determining the transfer date is the point in time when the return on the transferred assets accrues to AP3, i.e. no gain or loss will be recognised in connection with the transfer. This principle applies both to transfers immediately after year-end and to future transfers of segregated assets or cash and cash equivalents from the segregated asset management to AP3 and AP4. This means that the assets transferred to AP3 during the first working days of 2026 owing to technical and administrative constraints are nevertheless deemed to have been transferred at the beginning of the 2026 financial year.

The table below shows the assets transferred to AP3, both at the beginning of the 2026 financial year and for the period thereafter up to the date of publication of this annual report:

The assets transferred at the beginning of the 2026 financial year relate primarily to listed equities, fixed income securities, unlisted investments, derivatives and cash and cash equivalents. Transferred assets for the period thereafter up to the date of publication of this annual report relate primarily to unlisted assets for which at year-end there were still outstanding contractual issues or where the AP Funds were awaiting approvals from authorities or other investors.

The remaining assets of AP1 totalled SEK 8,680 million at the time of publication of this annual report. These remaining assets will gradually be transferred free of charge to AP3 and AP4 in accordance with the established distribution principle, meaning that 50 per cent will accrue to each of AP3 and AP4, or will be liquidated/divested within

Item	Carrying amounts, 31 December 2025	Adjustments for assets transferred at year-end 25/26	Adjustments, opening balance 2026 (including transferred assets)	Adjustment for assets transferred subsequently up to and including publication of the AR	Adjusted balance sheet including assets transferred up to and including publication of the AR
Assets					
Listed equities and participations	288,834	146,562	435,396	–	435,396
Unlisted equities and participations	144,322	47,092	191,414	–	191,414
Bonds and other fixed income assets	138,215	55,805	194,020	–	194,020
Derivatives	5,554	1,904	7,458	–	7,458
Cash and bank balances	5,025	4,003	9,028	–	9,028
Other assets	11,434	–	11,434	–	11,434
Prepaid expenses and accrued income	1,695	399	2,094	–	2,094
Total assets	595,080	255,765	850,844	–	850,844
Liabilities					
Derivatives	1,045	–	1,045	–	1,045
Other liabilities	16,834	–	16,834	–	16,834
Deferred income and accrued expenses	140	–	140	–	140
Total liabilities	18,019	–	18,019	–	18,019
Assets under Management (AUM)	577,060	255,765	832,825	–	832,825
Total Assets under Management (AUM)	577,060	255,765	832,825	–	832,825
Total Assets under Management (AUM) and liabilities	595,080	255,765	850,844	–	850,844

the framework of the segregated management, whereby any surpluses will be transferred in the form of cash and cash equivalents. Consequently, the value of these remaining assets will be affected by future changes in market value and the amounts indicated above should therefore not be seen as an estimate of the size of future transfers to AP3 and AP4. Moreover, the timing of the transfer of these assets is difficult to assess owing to contractual, legal restrictions or other market conditions.

AP4 has been tasked with managing the remaining segregated assets of AP1 that cannot, should not or will not be transferred to AP3 and AP4 at the year-end. Assets and funds received from assets managed in segregation must, after deduction of

the costs of management, be distributed equally between AP3 and AP4. AP4 is responsible for management and decides, based on what is deemed to be of greatest benefit to the income pension system, whether assets should be transferred to AP3 and AP4 or whether assets should be realised and cash and cash equivalents transferred to AP3 and AP4.

Any surplus after all assets of AP1 have either been transferred to AP3 and AP4 or liquidated will, after deduction of management expenses, be divided equally between AP3 and AP4. AP4 will be responsible for expenses attributable to AP1 if the funds received from the assets managed in segregation are not sufficient to cover the expenses.

Signatures of Board of Directors and CEO

Stockholm, 25 February 2026

Christina Lindenius
Chair

Johan Bygge
Vice Chair

Maria Ferlin

Ylva Hedén Westerdahl

Torbjörn Hållö

Per Lindqvist

Christer Löfdahl

Annelie Söderberg

Carina Wutzler

Staffan Hansén
CEO

Our auditor's report was submitted on 25 February 2026

Peter Nilsson
Authorised public accountant
Appointed by the Government

Helena Kaiser de Carolis
Authorised public accountant
Appointed by the Government



Auditor's report

for the Third Swedish National Pension Fund (AP3),
corporate identity number 802014-4120

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Third Swedish National Pension Fund for the 2025 financial year. The Fund's financial statements are included on pages 30-56 of this document.

In our opinion, the financial statements have been prepared in accordance with the National Pension Funds Act 2000:192 and present fairly, in all material respects, the financial position of the Third Swedish National Pension Fund as at 31 December 2025 and of its financial performance for the year then ended, according to the National Pension Funds Act. The statutory administration report is consistent with the other parts of the financial statements.

We, therefore, recommend that the income statement and balance sheet be adopted.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities according to those standards are described in more detail in the Auditor's Responsibilities section below. We are independent of the Third Swedish National Pension Fund in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements

This document also contains information other than the financial statements and this can be found on pages 1-29 and 59-67.

The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the financial statements does not cover this other information and we do not express any form of assurance opinion regarding this other information.

In connection with our audit of the financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and that they give a fair presentation in accordance with the National Pension Funds Act. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are required to assess the Fund's capacity to continue its operations. They disclose, as applicable, matters related to such assessments and using the going concern basis of accounting.

The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intend to liquidate the Fund or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always identify a material misstatement when it exists. Misstatements can arise from fraud or error and are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of the audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Fund's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors and the CEO.

- Conclude on the appropriateness of the Board of Directors' and the CEO's application of the going concern basis of accounting in preparing the financial statements. We also draw a conclusion, based on the evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion about the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also communicate significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinion

In addition to our audit of the financial statements, we have also audited the inventory of the assets managed by the Third Swedish National Pension Fund. We have also examined whether there are any qualifications regarding the Board of Directors' and the CEO's administration of the Third Swedish National Pension Fund for the 2025 financial year.

The audit has resulted in no grounds for qualification regarding the inventory of the assets or the administration of the Fund.

Basis for opinions

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section below. We are independent of the Third Swedish National Pension Fund in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with those requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the financial statements and for the administration of the Fund's assets according to the National Pension Funds Act.

The Board of Directors is responsible for the Fund's organisation and the administration of the Fund's affairs. This includes continuous assessment of the Fund's financial situation and ensuring that the Fund's organisation is designed so that the accounting, management of assets and the Fund's financial affairs otherwise are controlled in a reassuring manner. The CEO is responsible for the ongoing administration according to the Board of Directors' guidelines and instructions and must among other matters take measures that are necessary to fulfil the Fund's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibilities

Our responsibility concerning the audit of the administration and, thereby, our opinion on the administration of the company, is to obtain audit evidence to assess with a reasonable degree

of assurance whether there is any reason for qualification in respect any member of the Board of Directors or the CEO of the Third Swedish National Pension Fund for the 2025 financial year.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always identify actions or omissions that can give rise to qualification.

As a part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration is based primarily on the audit of the financial statements.

Additional audit procedures performed are based on our professional judgment, with the starting point being risks and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular significance to the Fund's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion on the administration.

Stockholm, 25 February 2026

Peter Nilsson
Authorised public accountant
 Appointed by the Government

Helena Kaiser de Carolis
Authorised public accountant
 Appointed by the Government



Key metrics

On the following pages you will find AP3's key metrics and a glossary to help you interpret various expressions and acronyms.



Key metrics

Change in Assets under Management (AUM)

SEK m	2025	2024	2023	2022	2021
Assets under Management (AUM), 1 January ¹	549,054	499,772	468,410	502,287	422,974
Net flow to pension system	-4,565	-2,024	-4,833	-4,689	-7,528
Net result	32,571	51,306	36,195	-29,188	86,841
Assets under Management (AUM) at 31 Dec	577,060	549,054	499,772	468,410	502,287

1 Assets under Management (AUM) at inception in 2001 were SEK 133,975 million.

Market value per asset class

SEK bn		31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Listed equities¹						
	Sweden	74.2	65.7	63.8	54.0	62.9
	Europe	33.0	30.4	30.5	31.7	32.6
	North America	143.0	146.0	103.8	84.1	98.5
	Asia	15.8	16.7	15.7	15.9	16.4
	Emerging markets	18.4	5.4	-	-	22.2
	Global	0.0	1.0	0.9	1.6	1.4
Total listed equities		284.5	265.2	214.6	187.3	234.0
Fixed income¹						
Nominal	Sweden	33.3	18.6	37.5	35.8	27.3
	Eurozone	18.4	10.8	7.2	6.7	7.1
	UK	3.9	3.1	-	0.6	3.7
	USA	41.3	47.0	47.3	47.0	53.9
	Japan	9.8	13.9	-	-	2.1
	Emerging markets	0.5	0.6	0.5	0.5	0.4
Inflation-linked bonds	Sweden	3.6	3.6	3.5	3.4	4.0
	UK	4.2	4.6	-	-	-
	USA	15.7	18.6	25.8	23.7	24.7
Total fixed income		130.6	120.8	121.8	117.7	123.3

SEK bn		31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Alternative investments¹						
Real estate and infrastructure	Vasakronan	25.6	25.1	24.4	28.1	25.3
	Hemsö	32.0	30.4	29.0	30.8	28.6
	Farmoor	0.0	0.0	1.9	2.4	2.9
	Regio	6.7	7.2	7.0	7.1	5.4
	Sagax	0.9	2.1	6.3	5.6	7.3
	Trenum	4.0	3.9	4.1	4.3	3.9
	Trophi	10.8	10.3	10.3	11.0	9.5
	Ellevio	8.7	10.6	10.8	10.8	6.8
	Polhem Infra	4.1	2.8	2.4	2.8	2.9
	4 to 1 Investment	0.0	0.0	1.5	1.4	0.8
	Timberland and farmland	13.9	14.7	13.8	14.5	11.7
	International real estate funds ²	0.1	6.3	5.2	8.0	6.3
Total real estate and infrastructure		106.9	113.4	116.8	126.7	111.5
Unlisted equities		45.7	44.1	36.3	34.9	29.8
Other assets ³		0.0	0.2	0.7	2.2	3.6
Total alternative investments		152.6	157.7	153.8	163.7	144.8
Other strategies		9.4	5.3	9.6	-0.4	0.2
Total		577,060	549,054	499,772	468.4	502.3

1 Cash used for position-taking in forwards has been divided among the relevant asset classes in the table. This means the figures in the table are not fully comparable with those in the balance sheet.

2 Includes infrastructure funds.

3 Other assets include investments in convertible debentures and insurance-related risk.



Five largest shareholdings in Swedish listed companies

Name	Number of shares	Share of equity in %	Share of voting rights in %	Market value, SEK m
Investor AB	21,216,970	0.69%	0.59%	6,998
Atlas Copco AB	38,133,946	0.78%	0.17%	5,726
AstraZeneca PLC	2,440,718	0.16%	0.16%	4,161
Volvo AB	10,679,748	0.53%	0.23%	3,160
EQT AB	7,541,049	0.61%	0.61%	2,743

Five largest shareholdings of foreign listed companies

Name	Number of shares	Market value, SEK m
Nvidia Corp	6,413,139	10,997
Apple Inc	4,288,365	10,719
Microsoft Corp	2,177,156	9,681
Alphabet Inc	3,329,568	9,589
Amazon.com Inc	3,529,405	7,490

Ten largest recipients of brokerage fees in 2025 (alphabetical order)

- Bank of America
- BNP
- Carnegie
- Citi
- Danske Bank
- Goldman Sachs
- Handelsbanken
- JP Morgan
- Morgan Stanley
- UBS

Five counterparties that handled the largest volumes of AP3's fixed income trading in 2025 (alphabetical order)

- BNP Paribas
- Danske Bank
- JP Morgan
- RBC
- SEB

Five counterparties that handled the largest volumes of AP3's foreign exchange trading in 2025 (alphabetical order)

- Barclays
- Citi
- Danske Bank
- Goldman Sachs
- SEB

Allocation of Assets under Management (AUM) between internal and external management mandates at 31 Dec 2025

Mandate	Market value, SEK m	Share of Assets under Management (AUM), %
External discretionary mandates		
<i>Equity mandates</i>		
<i>Enhanced mandates</i>		
BlackRock Investment Management	Asia-Pacific	2,183
BlackRock Investment Management	Japan	6,741
BlackRock Investment Management	North America – Large cap	29,138
	38,063	7%
Fund investments		
<i>Listed assets</i>		
Equity funds	5,524	
Fixed income funds	479	
Absolute return strategies and hedge funds	8,964	
<i>Unlisted assets</i>		
Private equity funds	39,762	
Infrastructure funds	5,942	
Real estate funds	57	
Timberland funds	13,946	
	74,674	13%
Internal management mandates		
Listed equities and participations	241,668	
Fixed income and credits	125,380	
Insurance-related risk	–	
Unlisted holdings in real estate companies	92,249	
Absolute return strategies	-4	
	459,293	79%
Other assets and liabilities¹	5,031	1%
Total Assets under Management (AUM)	577,060	100%

1 Consist primarily of cash and currency hedges.

Key climate metrics

AP3 reports emissions data for several of its assets: listed equities, externally managed equity funds, credits, timberland holdings, directly owned real estate companies, private equity funds and unlisted infrastructure holdings.

AP3's portfolio carbon footprint 2025

AP3's carbon footprint for listed equities	2025	2024	2023	2022	2021
Carbon emissions, Scopes 1 & 2 (million tCO₂e)¹	0.69	0.43	0.58	0.44	0.54
Change in portfolio carbon emissions in Scopes 1 & 2 compared to previous year, %	59	-25	31	-18	-13
- of which change due to changes in portfolio holdings, percentage points	36	-31	30	-27	-18
- of which change due to changes in company emissions, percentage points	23	6	1	9	5
Carbon emissions, Scope 3 (million tCO₂e)²	13.4	10.3	10.0		
Relative carbon emissions, Scopes 1 & 2 (tCO₂e/SEK million)²	2.5	1.7	2.7	2.4	2.6
Portfolio-weighted carbon intensity, Scopes 1 & 2 (tCO₂e/SEK million)³	5.4	4.1	5.5	6.8	7.5
Change in portfolio carbon intensity compared to previous year, %	32	-26	-19	-9	-6
- of which change due to changes in portfolio holdings, percentage points	12	-10	-12	16	6
- of which change due to changes in companies' carbon intensity, percentage points	20	-16	-7	-25	-12
Mapped market value of directly held equities as a share of total Assets under Management (AUM)	48	48	43	39	41

Greenhouse gas emissions from AP3's directly owned equities portfolio are reported according to a methodology jointly agreed by the AP Funds. [Read more here](#). Since 2023, the calculations have been based on EVIC (Enterprise Value Including Cash), which means that companies' emissions are allocated to both shareholders and lenders. The carbon dioxide figures in the table for previous years have therefore been recalculated. Scope 3 emissions for the equity portfolio are recognised since 2023. The calculations use Scope 3 data reported by the companies where such data is available, otherwise estimates from the data provider. For 2025, 95% of the emissions data for Scopes 1 and 2 and 24% for Scope 3 was reported. The remainder is based on estimates.

Sources: MSCI and AP3

- 1 Total of equity share of investees' respective carbon emissions based on EVIC.
- 2 Total of equity share of investees' respective carbon emissions based on EVIC in relation to the market value of the portfolio.
- 3 Total of investees' respective carbon intensity, i.e. emissions relative to sales, weighted by each investee's share of portfolio.



Externally managed equity funds	2025	2024
Carbon emissions, Scopes 1 & 2 (million tCO _{2e})	0.018	0.014
Carbon emissions, Scope 3 (million tCO _{2e})	0.095	0.087
Relative carbon emissions, Scopes 1 & 2 (tCO _{2e} /SEK million)	3.5	3.9
Portfolio-weighted carbon intensity, Scopes 1 & 2 (tCO _{2e} /SEK million)	11.2	12.5
Mapped market value of externally managed equity funds as a share of total Assets under Management (AUM), %	1	1

Greenhouse gas emissions from AP3's externally managed listed equity funds are calculated using the same methodology as for the directly owned equities portfolio. [Link to document](#). The data provider AP3 uses has emissions data coverage for 85% of the holdings in funds. Scope 3 data is based on the data provider's estimates.

AP3's credit portfolio	2025	2024
Carbon emissions, Scopes 1 & 2 (million tCO _{2e})	0.10	0.16
Carbon emissions, Scope 3 (million tCO _{2e})	1.28	1.26
Relative carbon emissions, Scopes 1 & 2 (million tCO _{2e} /SEK million)	3.2	4.6
Portfolio-weighted carbon intensity, Scopes 1 & 2 (tCO _{2e} /SEK million)	6.2	8.0
Mapped market value of credits as a share of total Assets under Management (AUM), %	5.5	6
Proportion of the credits portfolio that is green or sustainable, %	36	32

Greenhouse gas emissions from AP3's credits portfolio are calculated using the same methodology as for the equities portfolio. [Link to document](#). For 2025, AP3 had access to Scopes 1 & 2 emissions data for 96% of the companies in the credit portfolio via the data provider and from the companies' reports. Scope 3 emissions are based on estimates from the data provider.

AP3's portfolio of directly owned real estate companies	2025	2024
Carbon emissions, Scopes 1 & 2 (million tCO _{2e})	0.010	0.010
Relative carbon emissions, Scopes 1 & 2 (tCO _{2e} /SEK million)	0.14	0.16
Portfolio-weighted carbon intensity, Scopes 1 & 2 (tCO _{2e} /SEK million)	1.86	2.24

Greenhouse gas emissions from AP3's directly owned real estate companies are based on reported data from the real estate companies. The calculations are based on the Partnership for Carbon Accounting Financials (PCAF) methodology for business loans and unlisted equity.

AP3's unlisted infrastructure portfolio	2025	2024
Carbon emissions, Scopes 1 & 2 (million tCO _{2e})	0.060	0.077
Relative carbon emissions, Scopes 1 & 2 (tCO _{2e} /SEK million)	3.1	3.6
Portfolio-weighted carbon intensity, Scopes 1 & 2 (tCO _{2e} /SEK million)	2.1	1.6

Greenhouse gas emissions from AP3's infrastructure portfolio are based partly on climate data reported by the funds and partly on data reported by the directly owned companies in the infrastructure portfolio. AP3 had access to emissions data for 99% of its holdings. The portfolio-weighted carbon intensity is based on data from 69% of the holdings.

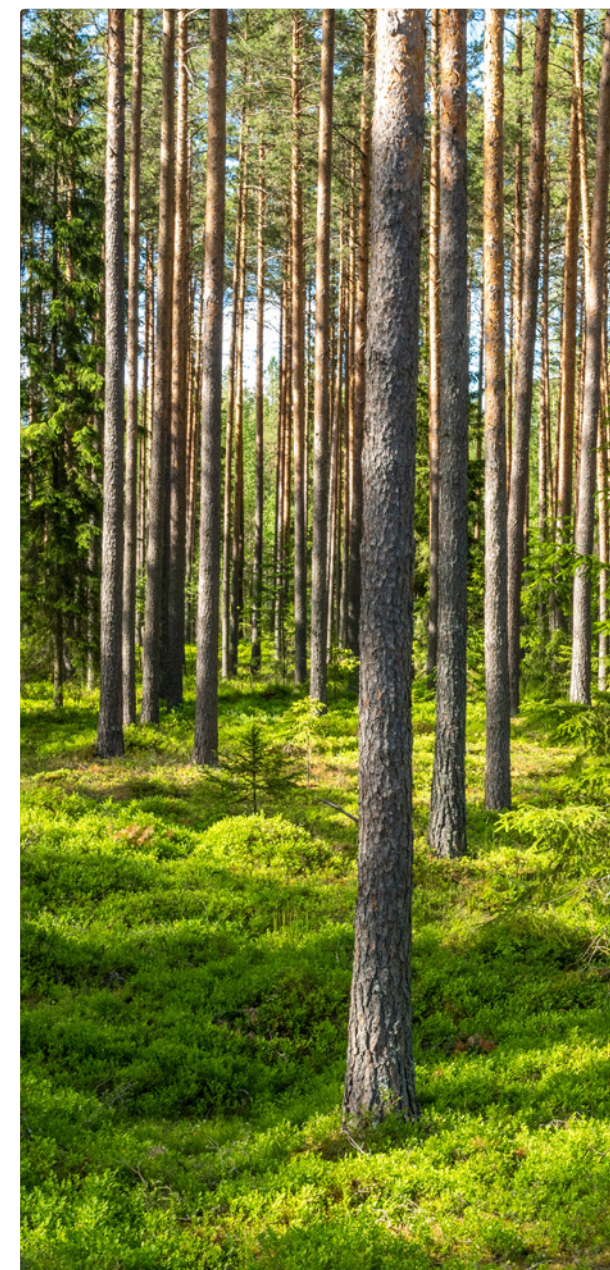
Private Equity	2025
Carbon emissions, Scopes 1 & 2 (million tCO _{2e})	0.014
Relative carbon emissions, Scopes 1 & 2 (tCO _{2e} /SEK million)	1.21
Portfolio-weighted carbon intensity, Scopes 1 & 2 (tCO _{2e} /SEK million)	6.05

Greenhouse gas emissions from AP3's private equity portfolio are based on climate data reported by portfolio companies via external fund managers. The emissions calculations are based on data for around 26% of the total value of the PE portfolio. The portfolio-weighted carbon intensity is based on data representing approximately 24% of the total value of the PE portfolio.

AP3's timberland holdings	2025	2024
Capture through forest growth (million tonnes of CO _{2e}) ¹	2.28	2.30
Emissions from forestry (million tonnes of CO _{2e}) ²	0.23	0.14
Net capture (million tonnes of CO _{2e}) ³	2.06	2.16
Harvest (million tonnes of CO _{2e}) ⁴	1.59	1.57
Long-term carbon sequestration in products (million tonnes of CO _{2e}) ⁵	0.45	0.33
Total forest area (hectares) ⁶	223,000	207,000

Key data for greenhouse gas emissions for AP3's timberland portfolio is estimated and reported according to the GHG Protocol's draft 'Guidance on Land Sector and Removals' and specifically the 'Gain-and-loss' methodology and is in line with the IPCC methodology. The guide is a draft. Key metrics and methodology may change in the final version of the GHG Protocol. Full alignment with the Guide's draft cannot be guaranteed as some key metrics are based on an aggregation of different data points.

- 1 Million tonnes of CO_{2e} captured during the year as a result of forest growth above and below ground. Corresponding indicator in the GHG Protocol – Scope 1 Gross CO_{2e} land management removals.
- 2 Emissions during the year from forestry based on fuel consumption and fertiliser use. Corresponding key metric in the GHG Protocol – Scope 1 CO_{2e} emissions.
- 3 Net capture: capture from forest growth less emissions from forestry.
- 4 Million tonnes of CO_{2e} sequestered in the year's harvest. Corresponding indicator in the GHG Protocol – Scope 1 Gross CO_{2e} land management emissions.
- 5 Million tonnes of CO_{2e} sequestered in products with an expected lifetime of at least 100 years. Scope 3 CO_{2e} Product removals.
- 6 Total forest area owned by AP3.



AP3's stakeholders influence and are influenced

AP3's mission in the state pension system involves contact with many stakeholders who influence and are influenced by AP3 and the AP Funds. It is important to meet and have a dialogue about the AP Funds' mission and how the Fund approaches various issues.

Stakeholder group/Actors	Influenced by/Influences	Examples of AP3 dialogues in 2025	Key issues and topics
Client: Parliament, the Government and the Parliamentary Pensions Group	<ul style="list-style-type: none"> Influence AP3 through legislation, Board appointments, evaluation and inquiries AP3 influences through dialogues and feedback on questions 	Meetings with the Government's evaluation consultant Arkwright for evaluation of the activities of the AP Funds. Consultation body for questions on the review of the AP Fund system, the introduction of an accelerator in the income pension system and dialogue with the National Audit Office	Asset management, net result, expenses, sustainability matters, reporting and the pension system.
The pensioners of today and tomorrow: Swedish Pensions Agency, pensioners' organisations, employers' and employees' organisations	<ul style="list-style-type: none"> Influences AP3 through expectations related to high returns and sustainable management AP3 exerts influence by contributing to a robust pension system 	Exchange of information and knowledge with young investors, students of higher education institutions/universities with an interest in the AP Funds and a special partnership with students of the Royal Institute of Technology.	Asset management, net result and return, sustainability matters, reporting and the pension system.
Employees - current and future: AP3 employees, higher education institutions/universities and potential employees	<ul style="list-style-type: none"> Influence AP3 by being involved in the mission, creating commitment and working together towards set targets. AP3 exerts influence by its existence and presenting AP3 as an attractive, professional employer 	Employee survey (pulse measurements), performance review, Health and Safety Committee. Regular training programmes on key issues for AP3. Meeting with young investors and students from the Royal Institute of Technology and the Stockholm School of Economics.	Remuneration, working conditions, health and safety, development opportunities, responsible investor.
Portfolio companies and external managers: Majority-owned companies, unlisted/listed directly owned companies, indirectly owned companies under external management, external managers	<ul style="list-style-type: none"> Influence AP3 through services and partnerships AP3 exerts influence by setting requirements AP3 exerts influence by means of engagement AP3 is influenced by returns/change in value and behaviour 	Regular dialogues with portfolio companies. Company visits in Sweden and abroad. Participates in nomination committees and boards. Attends and votes at general meetings and asks questions. Regular meetings with external managers.	Returns, sustainability goals, strategies, corporate governance.
The financial sector: Financial service providers, counterparties, partnerships	<ul style="list-style-type: none"> Influence AP3 through services and partnerships AP3 exerts influence by setting requirements AP3 exerts influence by means of engagement 	Regular dialogues with investors worldwide. Involvement in networks of Swedish and international industry colleagues to pursue common issues (in relation to companies and legislators) and exchange expertise, for example Mining 2030 and IAHR. AP3 is an active member of Swesif, IÄF, etc.	Common sustainability challenges, reporting, research. ESG data development and data collection.
Civil society and nature: Stakeholder organisations, portfolio company employees, local community, media, academia	<ul style="list-style-type: none"> Influence AP3 by drawing its attention to challenges and opportunities AP3 exerts influence through investments in companies and through thematic advocacy work with companies and dialogue with organisations and experts. 	Dialogue with organisations and experts in the scientific community on key issues. WWF, PMU, SEI. The Council on Ethics organises a presentation and discussion once a year. Partnership with Oxford University.	Sustainability work, reporting, positions, research, new insights.
Suppliers: Office, administration, IT systems development, communications services, HR services	<ul style="list-style-type: none"> Influence AP3 through quality of partnership and price of goods and services AP3 exerts influence by setting requirements in procurements and ongoing work 	Meetings, agreements and follow-up with the Fund's suppliers, including a high level of activity around AP3's transition to new system infrastructure.	Contract terms, quality, sustainability.
The media: Swedish and foreign media	<ul style="list-style-type: none"> Influence AP3 by scrutinising its operations and the business environment. AP3 exerts influence through interviews, dialogues, regular information, press releases, financial reports, its website and meetings. 	Press releases, news articles, interviews, social media posts, financial reports and stewardship reports on the Fund's stewardship work.	AP3's management, net result and stewardship and sustainability work and on the mission and role of the AP Funds in the pension system.



Glossary

(definitions of financial terms and risk and return metrics)

ALM

Asset liability management analysis undertaken to establish an optimal strategic portfolio structure that best corresponds to the Fund's role in the pension system.

Alternative investments

In AP3's case, alternative investments consist of private equity funds, property, infrastructure assets, timberland and insurance-related risk. AP3's alternative investments include both listed and unlisted assets.

National Pension Funds Act

The National Pension Funds Act 2000:192 that established and regulates the AP Funds AP1, AP2, AP3 and AP4. The Act was passed by Parliament in 2000 as part of a five-party agreement to introduce a new state income pension system.

Contribution to return

Describes the proportion of total return generated by a specific portfolio or investment decision. It is usually measured in percentage points. The sum of all contributions to return corresponds to total return in per cent.

Automatic balancing

When the assets of the income pension system are insufficient to cover pension commitments, pensions indexing is reduced until the assets once again exceed pension commitments.

Buffer funds

Consists of AP1–AP4 and AP6. The funds' role is to even out temporary variations between pension contributions and disbursements and to assist in the long-term financing of the pension system.

Buyout

Acquisition of a majority of the shares in a mature company.

CDS

Credit Default Swap. See credit swap.

Clearing

All activities that take place after a transaction is completed in a market place and prior to settlement. Includes reporting, risk measurement and netting.

CO₂e

Carbon equivalents (CO₂e) are the amount of greenhouse gases corresponding to the climate impact of carbon. It is a way of translating the contribution of different gases to global warming into a uniform scale. This is because greenhouse gases increase the greenhouse effect by different amounts.

Compliance

The role of checking and monitoring that a company and its employees comply with applicable laws and regulations.

Derivatives

Financial instrument whose price is determined by underlying value. Options, forwards and swaps are generally classed as derivatives. The value of a derivative depends partly on changes in the underlying value of the instrument.

Asset management expense ratio

Asset management expenses in relation to average Assets under Management (AUM).

Age cohort neutrality

The management of pension capital may not benefit any single generation or age cohort at the expense of another. All age cohorts must be treated equally.

Illiquid assets

Assets that are not listed on a market with continuous pricing and are the opposite of liquid assets.

Income index

Key metric that measures average annual income growth in Sweden. Is used as a benchmark for indexing pensions provided that automatic balancing has not been activated.

Investment grade

Bonds which have a credit rating of BBB or higher. They usually carry a low credit risk.

IPEV

The International Private Equity and Venture Capital Valuation Board is an international organisation for private equity and venture capital firms. It issues valuation guidelines based on IFRS and US GAAP, which are regarded as industry standards.

ISDA agreement

Bilateral agreement between two over-the-counter counterparties that regulates the events that could be expected to occur between them.

Benchmark index

Used to evaluate the return on a portfolio. Usually takes the form of a standardised market index. Is also known as the reference index.

Credit swap

Derivative contract between two parties, A and B, in which A pays B an interest premium for a specific period of time. B only pays a premium to A in the event that a predefined asset-related event occurs. The size of this premium is the difference between the nominal underlying value of the derivative contract and the market value of the asset in question (credit default swap, CDS).

Liquid assets

See illiquid assets.

Option

Entitles the holder to buy or sell an underlying asset at a predefined price and moment in time. The option issuer has equivalent obligations. Options may include currency options, interest rate options and share options.

OTC

Short for 'over the counter'. Refers to contracts agreed and settled between two counterparties without the involvement of a clearing house.

Private equity

Collective term for equities that are not listed on an official or public market.

Credit rating

Measure of creditworthiness that reflects the probability of a counterparty being able to honour its commitments. The credit rating may relate to the counterparty itself or to a series of securities issued by the counterparty.

Real return

Nominal return adjusted for inflation.

Real

Term denoting 'less inflation' as measured by the consumer price index.

Inflation-linked bonds

Fixed income securities that give protection against inflation. They yield a fixed rate of interest and also include a payment to compensate for inflation over the course of their maturity.

Risk capital

Generally refers to investments in a company's equity. Relates in practice to investments in entities that are not listed on a market, that is, private equity.



Sharpe ratio

Measurement of a portfolio's risk-adjusted return, that is, the efficiency of its asset management. It equates to portfolio return less risk-free interest divided by the standard deviation of portfolio return.

Government bonds

Bonds issued by the government of a sovereign state. Are used to finance medium- and long term borrowing.

Stop loss

A predetermined level of cumulative losses over a specific period of time resulting in either reduction in the risk or the immediate closure of positions.

Swap

Contract in which counterparties agree to exchange flows based on an underlying asset and under prearranged terms and conditions. Often runs for periods of more than 12 months. Examples include interest rate swaps, currency swaps and total return swaps.

TNFD

The Taskforce on Nature-related Financial Disclosures (TNFD) was launched on 4 June 2021. The TNFD is based on the TCFD framework, which focuses on the disclosure of climate-related financial risks and opportunities.

Forward

A contract in which counterparties undertake to buy or sell an underlying asset at a predetermined price and at a prearranged moment in time. Examples include currency forwards, interest rate forwards, forward rate agreements (FRAs) and equity index forwards. These contracts are also known as futures.

Tracking error

Measures the variation in active return. Is measured as the standard deviation of active return. Historical (ex post) tracking error describes the variation in realised active return and thus measures risk levels retroactively. Expected (ex ante) tracking error is a forecast.

Value at Risk (VaR)

A common measurement of the maximum loss that a portfolio can sustain for a given period and with a certain level of confidence. VaR is usually calculated for a period of one day and with a confidence level of 95%. Portfolio management often requires changes to the portfolio structure to keep this risk of loss at an acceptable level.

Currency exposure

Describes the proportion of the portfolio that consists of assets denominated in currencies other than the Swedish krona and for which currency risk has not been neutralised by hedging.

Currency hedging

Neutralisation of currency risk, that is, the risk of investing in currencies other than the Swedish krona.

Volatility

A risk measure of the variation in return. Is measured as the standard deviation of return.

Return and risk metrics

Absolute return (r_p)

Portfolio return.

Absolute risk or volatility (σ_p)

Standard deviation of portfolio divided by active risk.

Information ratio (risk-adjusted active return)

Active return divided by active risk = $\frac{r_p - r_f}{\sigma_{p-i}}$

Sharpe ratio (risk-adjusted return)

Portfolio return less risk-free return divided by absolute risk = $\frac{r_p - r_f}{\sigma_p}$

AP3 TREDJE
AP-FONDEN

Third Swedish National Pension Fund (AP3),
Box 1176, 111 91 Stockholm, Sweden.
info@ap3.se
+46 (0)8-555 17 100
www.ap3.se