

Laying the foundations



As the pre-choice for many in Sweden's private sector, Natalie Tuck speaks to AMF press manager Jens Söderblom about its pensions, investments and how it is incorporating ESG

Please can you begin by telling us about AMF, the pensions it offers, and how much it has in assets under management?

AMF is a life assurance company, which is owned jointly by the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise, and is managed according to mutual principles. AMF manages the occupational pensions of over four million customers, and is the so-called pre-choice for privately employed workers. We manage approximately SEK 600 billion, and offer both a traditional insurance – designed to suit customers that save over many years and don't want to actively get involved in their own occupational pension – and a unit-linked assurance, that suits customers that want to be more active, influencing how their pension capital is invested themselves.

What are the AMF's asset allocations, and how have they changed to keep up with the changes in the markets over recent years?

Our traditional life insurance portfolio was at the beginning of the year roughly divided into 45 per cent equities, 22 per cent real estate and infrastructure and 33 per cent shares. We have increased our investments in real estate and infrastructure in recent years, to lay

a better foundation for long-term stable returns even in adverse market conditions.

What different funds does AMF offer to savers? What are the most popular?

The majority of our assets are managed in our traditional life insurance portfolio (approximately SEK 470 billion). Our focus within unit-linked assurance is on providing low charges and offering a range produced for long-term savings. The core of our offering are funds from our wholly-owned subsidiary AMF Fonder, which currently offers 12 funds.

AMF appears to take its work on sustainability very seriously, can you give examples of how this is reflected? Why is a focus on sustainability so important when it comes to pension fund management?

We work according to the principle that sustainability aspects should be part of all our investment decisions. We believe that companies that work actively with sustainability issues integrated in their business are in a better position to create long-term good returns. Like most companies in our sector, for us, sustainability means environmental issues, social aspects such as labour rights and issues surrounding a company's governance, control and quality

systems. It's also important for us that the companies we invest in comply with fundamental principles on human rights, labour rights, environment and anti-corruption.

How are you developing the way you communicate to savers in the increasingly digital world?

We're working to improve our communication when interacting with our customers by increasing our digitalisation and by simplifying things for our customers. Higher digitalisation also helps us keep our administrative costs down. At year-end 2017, 76 per cent (69 per cent in 2016) of all customer changes were digital. We joined the digital mailbox Kivra and around 17 per cent of our customer letters were distributed digitally. The total volume of paper we sent was 90 tons (83 tons in 2016), mostly account statements, welcome letters and statements of earnings and tax deductions. The main reason for the increase was a one-off letter addition effort relating to adjustment of the terms in the SAF-LO occupational pension plan.

What are the fund's goals over the next year?

As a pre-choice company, we have a special responsibility for structuring our offering on a long-term sustainable footing. This means our products need to be adapted to long-term savings and provide secure and predictable pensions. We constantly work to ensure that our products in traditional insurance and unit-linked insurance assurance live up to the mission our owners have assigned us: the opportunity of a good and secure pension for a low cost. ■