

AP4:s Fund capital reaches a record level of SEK 276 billion

The Fourth Swedish National Pension Fund's (AP4) positive result provided a contribution of close to SEK 19 billion to the pension system. AP4's active management outperformed the index for the eleventh consecutive six-month period. Fund capital increased to SEK 276 billion.

- **SEK 276 billion in Fund capital**

Fund capital increased to SEK 276.0 billion (259.7 at year-end 2013). AP4 paid out 2.5 billion (3.1) during the first half of 2014, net of the fund's assets, as contribution to cover the deficit between payments and receipts in the pension system. Since the start 2009, when net flows were negative for the first time, AP4 has paid out more than SEK 22 billion to the pension system.

SEK **276**
billion in Fund capital

- **More than 7 % in total returns**

Total return, after expenses, was 7.2 percent (6.3). Total return before expenses amounted to 7.3 percent (6.3). AP4 benefited from its high proportion of equities.

7.2 %
in total returns after expenses

- **Over 6 % average real return over ten years**

AP4 has generated an annual nominal return, after expenses, of 7.3 percent on average over 10 years, which in real terms (inflation adjusted) equals 6.1 percent. Since the start in 2001, real returns have amounted to a yearly average of 3.7 percent, outperforming the income index. AP4 has thereby contributed positively to the pension system's stability.

- **Outperformed the index for 11 consecutive six-month interim periods**

AP4's active Tactical management outperformed the benchmark by more than 0.3 percentage points (0.1) before expenses, equalling SEK 0.7 billion (0.3) in earnings contribution. The investment horizon is 0-3 years.

Outperformed the
index for **11**
consecutive six-month
interim periods

- **Strategic management delivered SEK 0.5 billion in earnings contribution**

AP4's active Strategic management outperformed the benchmark by 0.3 percentage point before expenses (0.3), equalling SEK 0.5 billion (0.7). The investment horizon is 3-15 years.

- **Close to SEK 19 billion in net profit**

Net profit for the first six-month period amounted to SEK 18.7 billion (14.4).

SEK **19**
billion in net profit

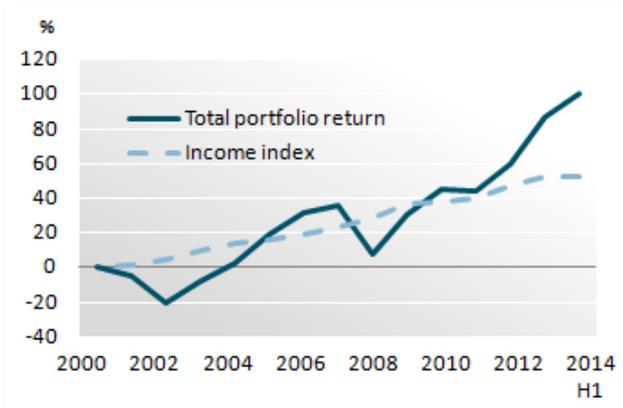
- **Low costs of 0.1%**

AP4's management cost is low in domestic as well as international comparisons with other pension managers. The operating expense ratio, including commission expenses, was 0.11% (0.11) on an annualised basis, corresponding to SEK 147 million (127). Excluding commission expenses, the ratio was 0.07% (0.07).

- **Foreign exchange exposure was 29.2% (28.6) at the end of June**

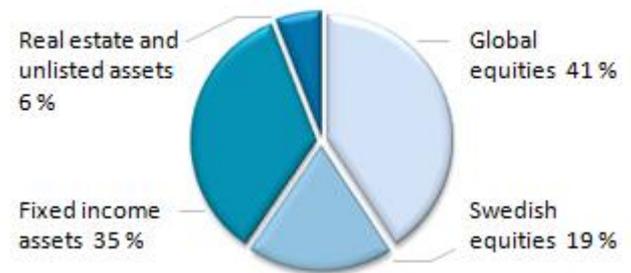
The positive trend continues

Total return since start



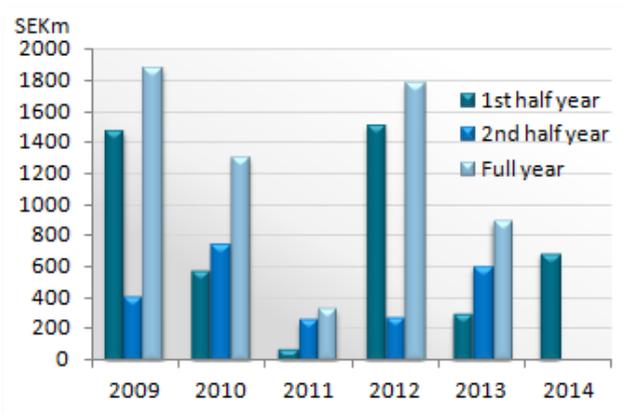
Since the start AP4's return (dark blue line) surpasses the income index ¹. This means AP4 has contributed positively to the stability of the pension system.

Asset allocation, June 30, 2014



More than half of the funds assets consists of both global as well as Swedish listed shares. The assets are found in both the Tactical and Strategic management.

Positive active return for 11 consecutive six-month interim periods



AP4's Tactical management, since the formation of the new organization 2009, delivered a positive, actively managed, return.

Nominated for an international award

During the first half of 2014, AP4 was positively acknowledged on several fronts, including a nomination for an international award.



aiCIO European Innovation Awards 2014 – Governance

AP4 was nominated by aiCIO (Asset International's Chief Investment Officer) within the category Governance. Read more on www.ap4.se.

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¹ Assumes that the income index's performance over a year can be distributed equally over each six-month period. This is a simplification as the income index is based on the average real income performance over the last three years, combined with the change in the consumer price index over the past year, calculated between June of the previous year compared with June two years previously.

AP4's management, objectives and outcomes

	Normal portfolio	Strategic management	Tactical management
Investment horizon	40 years	3-15 years	0-3 years
Mandated by	Board of Directors	CEO	CEO or person appointed by CEO
Evaluated in relation to	-	Normal portfolio	Strategic portfolio
Consists of	A reference portfolio consisting of different indices	Indices, active investments and strategic macro and factor positions	Active and passive investments
Decision basis	Liability and asset analyses (ALM analyses)	Long-term market and portfolio analysis	Market analysis for equities, bonds and currencies
Target for active return /evaluation period	-	0,75 percentage points for 2014 and 0,5 percentage points for previous years. Calculated on a rolling five-year average.	0.5 percentage points on average over rolling 3-year period
Long-term goal	4.5% real (inflation-adjusted) return on average for the total portfolio. Read more on page 7.		
Active return, Jan-Jun 2014	-	0.3 percentage points	0.3 percentage points
Average active return over evaluation period	-	Launched Jan 1, 2013. Not yet active an entire evaluation period. Contribution to date positive.	0.6 percentage points
Return contribution, Jan-Jun 2014	6.7%	0.3 percentage points	0.3 percentage points
Risk contribution ¹, Jan-Jun 2014	5.3%	-0.2%	-0.0%
Result contribution, Jan-Jun 2014	SEK 17.5 bn	SEK 0.5 bn	SEK 0.7 bn
Operating expense ratio, Jan-Jun 2014	0.04%	0.04%	0.03%

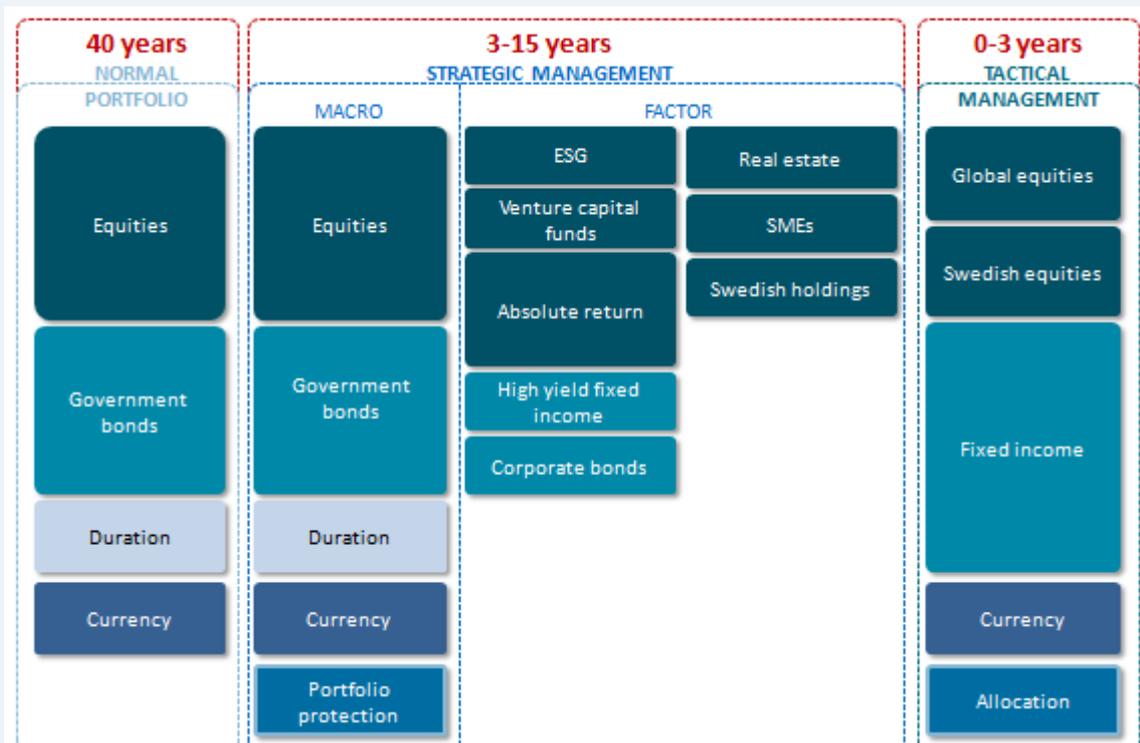
1) Calculated using a six-month historical standard deviation.

Return contribution Jan-Jun 2014

+ SEK 17.5 bn

+ SEK 0.5 bn

+ SEK 0.7 bn



Letter from the CEO

Continued positive development

The Fourth Swedish National Pension Fund has had yet another six months with a satisfactory result measured in both absolute as well as relative terms. Even in the longer term the trend appears to be good.

AP4's contribution to the Swedish income pension system amounted close to SEK 19 billion in the first half of 2014. This equates to a return of over 7 percent, and since inflation in Sweden is at present almost negligible means that AP4's nominal yield is essentially the same in real terms. In effect, the return far exceeds the long-term target of 4.5 percent real rate of return on average per year.

Success in the short term may be due to chance. As such, asset managers should be measured over the long term. I continue to pursue my thesis that a pension fund should be evaluated over at least a decade. Currently, such a perspective fortunately also provides us a good, or even very good, rating. For the past ten years AP4's nominal yield has averaged 7.3 percent per annum, which in real terms, when adjusted for inflation, is equivalent to 6.1 percent per year.

At the end of June 2014 AP4's capital was SEK 276 billion. In fact, the allocated capital received at the fund's re-launch in 2001, as well as other buffer funds, has more than doubled. In this year's evaluation of the AP funds the Government notes: "The funds have thus since its inception in 2001 contributed to the long-term financing of the pension system."

In this regard, it is with pride that I find that AP4's managers have delivered a positive active contribution for the eleventh consecutive half-year. In other words, the outcome has once again surpassed the results that would otherwise have been achieved through passive index management.

Favorable conditions for active management

As is well known, passive index management is a popular and common recommendation by many, including academics and investor consultants. Active management of large amounts of capital is considered either too costly or, alternatively, that it will fail the objective to outperform the index. I would again like to state that as more and more follow these recommendations that there is an increased opportunity for active management provided there is knowledge and skill.



” AP-funds' returns and costs over the past five years stand up well by international comparison.”

Excess returns reach SEK 7 billion

AP4's outcome during the first six months of 2014 by our active management is a contribution of almost SEK 700 million. The long-term results are even more impressive. For all eleven six-month periods, the total excess return amounts to roughly SEK 7 billion. It can be noted that AP4's operation expense ration amount to approximately 0.1 percent. Somewhat simplified, one can then say that the Tactical management's performance, since 2009, covers AP4's future costs until 2038!

Promising start

Two years ago AP4's Board formulated a new so-called strategic mandate with a long-term investment horizon of 3-15 years. The new management structure is described on page 3 of this interim report.

The idea behind the strategic mandate is that AP4, compared to many other financial institutions, can utilize the almost unique opportunity that the AP-funds have to work as a long-term investor in a much better way than previously. The management of AP4 deems that both the need and the demand for long-term investors have never been greater.

The prologue to this new strategic mandate has been promising. Since the start nearly two years ago, investments within this mandate have provided an additional contribution of more than SEK 3 billion, which exceeds the board's initial expectations. Of course these investments should - like other activities within the management - be evaluated over a longer period of time before any definitive conclusions can be drawn. But the results so far seem undeniably promising and as such gives us at AP4 the energy to continue along this path.

Sustainability in focus

The importance of sustainability within the framework of investment decisions becomes of greater significance and naturally becomes a priority when explicitly extending AP4's investment horizon. No company and no organization can remain successful if sustainability is not given prominence on the management's and the Board's agenda.

AP4 has chosen to focus on two areas within the broad concept of sustainability: corporate governance and climate change. During last year, intense work was undertaken in both of these areas.

It is our belief that a well-functioning governance model is the basis for a company to be able to deliver positive and sustainable returns. An important consequence of this belief is that owners should be held accountable for the company's development. This goes without saying for Swedish investors, but is far from given in other countries. In the U.S., for example, one can argue that in many respects listed companies are "kidnapped" by the company's management. Shareholders have very limited opportunity for exerting influence regarding the election of directors at a general meeting.

Scania

In comparison to the world index the main reason why the Swedish stock market has developed significantly better over a long period of time is, in my view, the Swedish corporate governance model in combination with Sweden's great quantity of shareholders with a controlling interest. When the Swedish corporate governance model is challenged, it is therefore important to try to explain and defend it. That is why AP4 chose to explicitly engage in the Scania takeover.

Truck manufacturer Scania has long been one of Sweden's best-managed and most profitable companies. However, for some years approximately 60 percent of the share capital has been controlled by the German car giant Volkswagen. Minority shareholders, who then owned 40 percent of the share capital, were stripped of the opportunity of affecting the election of the Scania directors through traditional nominating committee work at the General Meeting. This, thereby, hampered the minority interest's possibility to monitor their financial interests ahead of the special challenges that Scania was facing on account of the main shareholder's aims to generate synergies between Scania and its rival truck maker MAN, who consequently is also a listed company controlled by Volkswagen.

The group of Swedish institutional shareholders that over the last year collaborated to assert minority rights in Scania never questioned Volkswagen as a long-term industrial owner. Our commitment was based on the hope that in a constructive way "hook up" with a competent principal shareholder who would be willing to respect the rights of the minority shareholders.

However, Volkswagen finally acquired full control over Scania after an all cash bid last spring, and thereafter Scania was de-listed from the stock exchange. Given the price Volkswagen offered, it is my opinion that for our end clients, the Swedish pensioners, it would

have been better to have left Scania as an independent public company.

Therefore, it was only natural for us at AP4 to get involved based on a long term view of ownership. Not all managers have this privilege nor do they have this mandate.

Creating added value as a foreign owners

The opportunities for a Swedish institution to exert influence over corporate governance issues abroad are limited. As mentioned earlier, it is not even clear whether we as the owner

has the right to influence the election of directors. In recent years, AP4 has instead started to invest in funds that are based on local presence and local knowledge that can, and will, act as knowledgeable and active owners, all in order to achieve better corporate governance and profitability. To date, this strategy has been tested principally via two mandates, one in Japan and one in Europe. Short-term, the outcome has been very satisfactory, both in terms of financial outcomes and ambition of a strengthened ownership influence. We will continue to look for partners who share AP4's view on the ownership role. The aim is to increase long-term returns on our investments abroad.

Notable initiatives to reduce CO2 emissions

AP4's work in trying to find ways to reduce the equity portfolio's exposure to carbon dioxide emissions has continued. Currently, close to 10 percent of our global portfolio is invested through various long-term strategic mandates with a view to - under limited risk - opt out of those companies that have the greatest and most negative impact on the environment in terms of carbon dioxide. Over the long term, this is our ambition for AP4's entire stock portfolio. AP4's unconventional approach to the climate problem has even attracted international interest.

" AP4 works with its long-term CO2-efficient strategic investments with a view to exclude those companies that have the most negative impact on the environment. Over the long term, this is our ambition for AP4's entire stock portfolio."

Contradictory argument

In many regards the AP-funds have a unique mandate. This mandate gives the AP-funds, especially in comparison to other financial institutions, a good and, unfortunately still, relatively rare opportunity to act as responsible and long-term investor.

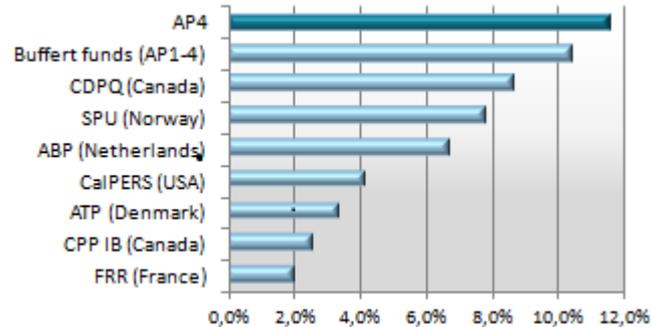
The investment mandates for AP-funds have been in use for a little over ten years. Of course, this framework should be reviewed from time to time to identify areas that should be changed, improved or further developed. About three years ago, an investigation with just this purpose was initiated. After a round of consultations resulting in numerous and conflicting viewpoints, many observers expected that the commission's proposals would be abandoned. But that was not the case. To many people's surprise, the Pension Group announced in the spring of 2014 that it would change the whole structure of the AP-funds, to a large extent in accordance with the ideas of the group's controversial proposal.

The main reason for the changes to the structure of the AP-funds', according to the Pension Group, is to achieve better cost-efficiency. In the latest version of the government's own evaluation of the AP-funds, the Funds' returns, after costs, are compared with a handful of international pension funds with similar mandates. As shown in the chart herein, the AP-funds' returns over the past five years perform well in this comparison. If there are alternative structures that can deliver an even better result, then we should congratulate the Swedish pensioner for the anticipated results.



Mats Andersson, CEO

International pension funds
average return, 2009-2013



The graph shows the average nominal return, after expenses, in SEK at an annual rate, 2009-2013. AP4's performance is competitive in comparison with other international pension.

Source: Annual reports and McKinsey & Company's report; Evaluation of the AP funds in 2013, where the sample of funds has also been taken.

Positive contribution from three investment horizons

AP4 surpasses the income index

Over the last ten years AP4 has returned more than 100 percent after expenses, which equates to an average return of 7.3 percent per year. This is equivalent to an annual average real return of 6.1 percent, net of inflation, over the same period. Since the start 2001, the average real return is 3.7 percent annually, which is better than the income index since start (see chart on page 2) that amounted to 3.2 percent. AP4 has thus contributed positively to the pension system's stability.

The long term goal in real return is 4.5 percent (inflation-adjusted) on average per year. AP4 thereby surpasses the long-term real target when measured over 10 years, but not from the start. The main reason for this is that the fund launched at the top of a stock market boom and therefore suffered the severe and global stock market declines that occurred primarily during the financial crisis of 2000-2002.

Market developments remain positive

Stock markets developed positively during the first half of the year, both globally and in Sweden. Interest rates fell driving up bond values. The Swedish crown weakened against all major currencies during the period, which had a positive effect on evaluations of foreign assets.

Total return of 7.2%, equivalent to SEK 19 billion

Investment assets, return and contribution Jan 1- Jun 30, 2014

Management unit	Portfolio return, %	Contribution to total return %	Contribution to profit/loss for the year SEK bn
Global equities	6.2	2.1	5.6
Swedish equities	8.0	1.0	2.5
Fixed income	3.9	1.3	3.3
Equities index ¹	-0.0	-0.0	-0.1
Active foreign exchange mgt ¹	-0.0	-0.0	-0.1
Total Tactically managed assets	5.5	4.3	11.3
Strategically managed assets			
Real estate	5.6	0.3	0.8
Sustainability	6.6	0.3	0.7
Swedish strategic equities	12.1	0.8	2.1
Other strategic positions	5.3	0.3	0.8
Implementation of the strategic portfolio ²	1.2	1.2	3.0
Total Strategically managed assets	13.3	2.9	7.5
Total investment assets ³	7.3	7.3	18.8

1) Portfolio return based on total investment assets.

2) Strategic asset allocation, strategic foreign exchange exposure and cash.

3) Profit before expenses. (Profit after expenses was SEK 18.7 billion).

Long-term portfolio contributes SEK 17.5 billion

Equities account for approximately 65 percent of AP4's Normal portfolio, which is a reference portfolio with a long-term investment horizon of 40 years and which is mandated by the Board. The high percentage of equities is key to the Fund's total return and risk. During the first half of the year the Normal portfolio had a return of 6.7 percent (5.9).

Contribution of AP4's three management horizons to return, net profit, risk and costs, Jan 1, 2014—Jun 30, 2014

Management time horizon	Contribution to return, %	Contribution to net profit, SEK mn	Contribution to risk, %	Operating expense ratio, %
Normal portfolio, (40 Years)	6.7	17 477	5.3	0.04
Strategic mgt (3-15 Years)	0.3	548	-0.2	0.04
Tactical mgt (0-3 Years)	0.3	685	-0.0	0.03
Total investment assets ¹	7.3	18 757	5.1	0.11

1) Includes return contribution from passive management of 0.0 percentage points, which corresponds to a profit contribution of SEK 48 million.

Strategic management contributes positively

In all, AP4's Strategic management made an active contribution of 0.3 (0.3) percentage points in the first half of 2014. This corresponds to an active contribution to earnings of SEK 0.5 billion (0.7).

Since the Fund's start January 1, 2013, Strategic management contributed positively with an active return contribution of 1.6 percentage points, which is equivalent to SEK 3.2 billion.

The Board resolved on a time horizon of a rolling five year period. Interpretation of results from individual years should be made with caution as positions in Strategic management are made in the medium term, 3-15 years.

Strategic management, active return and contribution, Jan 1 - Jun 30, 2014

Strategic position	Contribution to active return, %	Contribution to active earnings, SEK mn
Macro		
Asset class	0.0	49
Currency	-0.1	-323
Duration	-0.1	-306
Total macro positions	-0.2	-580
Factor		
Real estate	-0.0	-14
Sustainability	0.0	46
Swedish strategic equities	0.8	1 854
Corporate bonds	-0.4	-890
Other strategic positions	0.1	132
Total factor positions	0.5	1 127
Total Strategically managed positions	0.3	548

Hemfosa lists on the Stockholm Stock Exchange

AP4 is one of the founders of Hemfosa Fastigheter, which was founded in 2009. During the reporting period, Hemfosa Fastigheter listed on Nasdaq OMX Stockholm. The listing was positively received by the market and the value of the Initial Public Offering (IPO) amounted to SEK 3.6 billion. AP4 reduced its stake in the company to 9.2 percent of the votes and capital, and at year end was Hemfosa's largest shareholder. Holdings are managed within the Strategic management.

Tactical active management - better than index

Active Tactical management contributed positively with an active return of 0.3 (0.1) percentage points during the first half of the year. This equates to a contribution of SEK 0.7 billion (0.3).

AP4's Tactical management has delivered an average positive active return of 0.6 percentage points over the past three years. This corresponds to SEK 3.6 billion in positive contributions over the same period.

The Board resolved that AP4's goal for active results from Tactical management shall be at least 0.5 percentage points on average over a three year period. Management has thus exceeded the set target.

Since the start in 2009, AP4's Tactical management has delivered positive active returns. This equates to 11 consecutive six-month periods with a better return than the benchmark index.

Tactical management, active returns and active earnings, Jan 1, 2014-June 30, 2014

Tactical management, unit	Active return, %	Active return-contribution, %	Active earnings-contribution, SEK mn
Global equities	0.4	0.1	340
Swedish equities	0.1	0.0	45
Fixed Income	0.6	0.2	464
Equity index ¹	-0.0	-0.0	-53
Active foreign exchange management ¹	-0.0	-0.0	-110
Total Tactical management	0.3	0.3	685

1) Active return based on total investment assets.

2) Active return contribution based on total investment assets.

Fund capital increased to SEK 276 billion

Fund capital amounted to SEK 276 billion on June 30, 2014, increasing during the first half of the year by more than SEK 16 billion after payments of SEK 2.5 billion to the national pension system.

Change in Fund capital

SEK bn	Jan–Jun 2014	Jan–Jun 2013
Fund capital, opening balance	259.7	229.6
Net payments to the pension system	-2.5	-3.1
Profit/Loss for the period	18.7	14.4
Fund capital, closing balance	276.0	240.9

Fund capital consists of investment assets and balance sheet items from the Fund's asset management activities, including accounts payable.

Listed shares - more than half of the assets

Investment assets, market value, June 30, 2014

Management unit	Market value, SEK bn	Exposure, % ¹
Global equities	93.1	34.3
Swedish equities	30.4	11.4
Fixed income	94.1	34.7
Total tactically managed assets	217.5	80.4
Real estate	14.8	5.4
Sustainability	10.8	3.9
Swedish strategic equities	19.4	7.0
Other strategic investments	15.6	5.7
Implementation of the strategic portfolio ²	-2.1	-2.4
Total strategically managed assets	58.5	19.6
Total investment assets	276.0	100.0

1) Exposure includes the underlying value of derivatives in tactical asset allocations for each asset class.

2) Strategic asset allocations, strategic foreign exchange exposure and cash, which as per the closing date primarily consisted of an unrealized foreign exchange loss.

Sustainability - ESG

AP4 drives the integration of ESG issues in both its Tactical and Strategic management.

The following summarizes elements of the sustainability and corporate governance work that AP4 pursued during the first six months of 2014.

- AP4 has participated in 55 **Swedish Annual General Meetings (AGM)**.
- AP4 has exercised its voting right at 436 **international AGMs**.
- AP4 have been invited to, and participated in, 11 **nominating committees** of Swedish public companies, including chairing one of the committees.
- AP4 has been a driver of **increased board diversity** for many years. In companies where AP4 participated in the nominating process and which have had AGMs during the spring, the number of newly elected female board members amounted to 6 persons out of a total of 11 newly elected board members, which corresponds to 54 percent. This was a higher proportion of newly elected female board members than the market in general, where the corresponding share was approximately 42 percent.
- More than 20 **shareholder discussions** with companies prior to their AGMs yielded positive effects, where in several cases it better motivated both the terms of the AGMs proposals as well as improved information disclosure by the companies.
- **Dialogue** with companies occurs on an ongoing basis, especially dialogues with Swedish companies, partly as in-depth dialogues where specific issues are addressed and partly as recurring continuous dialogues as part of the ongoing asset management. AP4 has had one or more contacts with approximately 150 Swedish companies during the period.
- Influencing positive change in foreign companies in terms of ESG issues is carried out, in part, by the **Ethical Council**, a collaboration between First - Fourth AP Funds. During 2013, approximately 230 dialogues, prevention dialogues and so-called incident dialogues were conducted with foreign companies by the Ethics Council. The Ethical Council's Annual Report for 2013 was published during the period.



Read more on www.ap4.se.

- AP4's **CO2-efficient investments**, to reduce the Fund's exposure to companies with large emissions of carbon dioxide and fossil reserves, were at the end of the reporting period close to 10 percent of the global equity portfolio. During the period, these investments developed in line with the corresponding benchmark index. Efforts continue to further develop the mandate for CO2-efficient investments to the global equity portfolio.

- **Equity mandates** in Japan and Europe, with explicit **focus on corporate governance**, developed well during the period. AP4 supports the Japanese corporate governance code, Japan's Stewardship Code, which was adopted during the spring. Prior to the final proposal, AP4 was one of the foreign pension funds that had opportunity to give comments and suggestions on the Japanese code during the consultation period.
- The market for **green bonds** continues to grow rapidly. Green bonds aim to finance projects that support economically disadvantaged areas. Preferably, they have either a pronounced environmental consideration or dedicated projects in green technology. During the period, AP4 was active in this market and participated in several new issues.

Low costs

Compared both domestically and internationally with other pension managers, AP4's management expenses are low and competitive.

Management expenses

	Jan–Jun 2014	Jan–Jun 2013
Operating expenses, SEK mn	97	88
Commission expenses, SEK mn	50	39
Operating expense ratio, % ¹	0.07	0.07
Operating expense ratio, % ²	0.11	0.11

1) Operating expenses (annualised) as a percentage of the average Fund capital.

2) Operating expenses including commission expenses, annualised, as a percentage of the average Fund capital.

Personnel

The number of employees as of the end of June 2014 was 57, which is an increase of two by comparison to the number of employees at the beginning of the year.

Accounting and valuation policies

This interim report was prepared in accordance with the accounting and valuation policies jointly prepared by the AP Funds. These are presented in AP4's 2013 annual report, available at www.ap4.se.

Figures contained in the tables and charts have each been individually correctly rounded, and hence may not always sum to the totals shown in the interim report for January – June. Figures in parentheses refer to the interim report for the first half 2013 if not otherwise stated.

This interim report for January – June has not been audited by the Fund's auditors.

Next reporting date

The complete year-end accounts for the 2014 financial year will be released in February 2015.

Multi-year summary

Key ratios, as per closing date	30 June 2014	2013	2012	2011	2010	2009
Fund capital, flows and net profit/loss, SEK bn						
Fund capital	276.0	259.7	229.6	210.0	212.8	195.7
Net flows to the pension system and special asset management	-2.5	-6.9	-3.8	-1.2	-4.0	-3.9
Profit for the year	18.7	37.0	23.4	-1.6	21.2	34.9
Return, %						
Return on total portfolio before expenses	7.3	16.5	11.3	-0.7	11.0	21.6
Return on total portfolio after expenses	7.2	16.4	11.2	-0.7	10.9	21.5
Return on total portfolio after expenses, annualised 5 years	11.5	11.6	3.3	1.6	3.8	4.9
Return on total portfolio after expenses, annualised 10 years	7.3	7.2	7.2	4.1	3.6	-
Operating expense ratio as a % of assets under management (annualised)						
Operating expenses	0.07	0.08	0.08	0.08	0.09	0.10
Operating expenses and commission expenses	0.11	0.11	0.10	0.10	0.10	0.11
Risk, %						
Standard deviation, total portfolio ex post	5.1	5.6	5.6	9.2	7.5	11.0
Standard deviation, liquidity portfolio ex-post 1)	5.5	6.0	6.0	9.8	7.8	11.6
Standard deviation over 10 years, liquidity portfolio ex-post 2)	8.9	8.9	-	-	-	-
Sharpe ratio total portfolio ex post	2.8	2.8	1.8	neg	1.4	1.9
Sharpe ratio liquidity portfolio ex-post 1)	2.6	2.5	1.7	neg	1.3	1.8

1) Refers to liquid assets (investment assets excluding real estate, venture capital funds and high-yield fixed income).

2) Refers to quarterly data for liquid assets (investment assets excluding real estate, venture capital funds and high-yield fixed income).

Other key ratios, as per closing date	30 June 2014	2013	2012	2011	2010	2009
Active return, strategic management before expenses ¹	0.3	1.2	-0.4	-	-	-
Active return, tactical management before expenses ²	0.3	0.5	1.0	0.2	0.8	1.4
Inflation	-0.1	0.1	-0.1	2.0	2.3	0.9
Real total return after expenses	7.5	16.2	11.2	-2.7	8.6	20.6
Active risk ex post, tactical management	0.2	0.2	0.4	0.5	0.3	0.4
Foreign exchange exposure, %	29.2	28.6	27.7	25.7	19.8	14.6
Proportion under active management, including enhanced, %	59.5	58.2	50.2	63.6	61.2	57.7
Proportion under external management, including investments in venture capital firms, %	28.7	28.4	21.7	18.4	22.6	21.1
Number of employees at end of accounting period	57	55	49	52	51	53
Allocation of investment assets, % ³						
Global equity portfolio	34.3	34.3	37.2	37.9	41.0	42.4
Internally managed	20.8	20.7	23.6	26.5	24.3	25.8
Externally managed	13.6	13.6	13.6	11.4	16.7	16.6
Swedish equity portfolio	11.4	11.9	15.7	17.8	18.9	18.0
Fixed income portfolio	34.7	32.0	36.1	37.3	34.0	34.9
Real estate	5.4	5.7	5.2	4.5	3.9	3.2
Sustainability ⁴	3.9	3.2				
Swedish strategic equities ⁵	7.0	7.1	2.6			
Other strategic positions ⁶	5.7	5.6	3.1	2.5	2.0	1.3
Implementation of the strategic portfolio ⁷	-2.4	0.1	0.1	0.0	0.2	0.3
Total investment assets, %	100	100	100	100	100	100

1) Active return, strategic management evaluated in relation to the normal portfolio.

2) Tactical management corresponds to the part of the portfolio which, between 2008 and 2011, was called actively managed liquid assets. As of 2012, there are also actively management liquid assets within strategic management.

3) Refers to exposure; underlying values for derivatives have been distributed by asset class.

4) Refers to strategic sustainability investments in environment, ethics and corporate governance. Previous investments before 2013 were found under Other strategic investments.

5) Refers to Swedish small and mid-cap companies which before 2013 were a separate line item, as well as Swedish strategic companies, which represent a new mandate for 2013 and were previously managed under the Swedish equities portfolio.

6) Other strategic positions correspond to what was previously called alternative investments.

7) Implementation of the strategic portfolio corresponds to what was previously called foreign exchange/tactical allocation/cash.

Income statement and Balance sheet

Income statement

SEKm	Jan–Jun 2014	Jan–Jun 2013	Jan–Dec 2013
OPERATING INCOME			
Net interest income	1,432	1,502	2,967
Dividends received	3,531	2,654	3,717
Net income, listed shares and participations	7,843	9,670	29,520
Net income, unlisted shares and participations	-103	1,219	3,510
Net income, fixed income assets	2,492	-2,109	-2,389
Net income, derivatives	346	217	2,316
Net income, changes in exchange rates	3,292	1,352	-2,367
Commission expenses	-50	-39	-90
Total operating income	18,783	14,466	37,184
OPERATING EXPENSES			
Employee benefits expense	-61	-53	-116
Information and IT expenses	-19	-19	-40
Services purchased	-6	-6	-11
Costs of premises	-6	-6	-12
Other administrative expenses	-5	-4	-8
Total operating expenses	-97	-88	-187
PROFIT FOR THE PERIOD	18,686	14,378	36,997

Balance sheet

SEKm	30 June 2014	30 June 2013	31 Dec 2013
ASSETS			
Shares and participations, listed	163,676	136,836	150,173
Shares and participations, unlisted	13,095	11,398	13,782
Bonds and other fixed income securities	98,195	84,117	87,254
Derivatives	626	9,435	6,185
Cash and bank balances	2,346	1,820	2,342
Other assets	232	288	167
Prepaid expenses and accrued income	1,413	1,414	1,719
Total assets	279,583	245,308	261,622
LIABILITIES AND FUND CAPITAL			
Liabilities			
Derivatives	3,157	3,952	1,755
Other liabilities	408	394	38
Deferred income and accrued expenses	52	83	81
Total Liabilities	3,617	4,429	1,874
Fund capital			
Fund capital, opening balance	259,748	229,631	229,631
Net payments to the pension system	-2,468	-3,130	-6,880
Profit for the period	18,686	14,378	36,997
Total fund capital	275,966	240,879	259,748
TOTAL LIABILITIES AND FUND CAPITAL	279,583	245,308	261,622

Further information and to contact AP4

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