

Press release 23 August 2016

The Second AP Fund's well diversified portfolio generates stable results

The Second AP Fund (AP2) posted a net result of SEK 10.6 billion for the first half of 2016 and the Fund's asset under management totalled SEK 308 billion. The Fund posted a total return of 3.7 percent, excluding costs. Relative to benchmark index, return was -0.7 percent, excluding alternative investments and costs.

"Despite turbulence on the financial markets, AP2 achieved a net return of 3.7 percent for the half year, and our total portfolio actually rose in value even during the final turbulent week in June. The ability to generate a stable return even during uncertain times is mainly attributable to the well diversified nature of our portfolio, both in terms of asset class and markets. Our long-term and well diversified approach is a key factor in the Fund's success and an important contributor to its strong growth. Over the past ten years, the Fund has generated a return on invested assets of 80.7 percent, excluding costs, corresponding to an average annual return of 6.1 percent." states Eva Halvarsson, CEO of the Second Swedish National Pension Fund.

- The Second AP Fund's assets under management totalled SEK 308.0 (306.5) billion on June 30 2016, against which net outflows to the national pension system were charged in an amount of SEK -3.2 (-2.4) billion.
- The Fund posted a first-half net result of SEK 10.6 (15.0) billion.
- The Fund's return on the total portfolio was 3.7 (5.2) percent, excluding commission and operating expenses. Including these costs, the portfolio generated a return of 3.6 (5.1) percent.
- The relative return on the portfolio of quoted assets, excluding alternative investments and costs, amounted to -0.7 (0.2) percent.
- Operating expenses in terms of asset management costs continued to be low, remaining unchanged at 0.07 (0.07) percent for the period.
- Over the past ten years, the Fund has generated a return on invested assets of 80.7 percent, excluding costs, corresponding to an average annual return of 6.1 percent. Less inflation, this is equivalent to an annual real return of 5.0 percent.
- During the first half of 2016, the Fund implemented one of the largest real-estate transactions ever carried out in Sweden when, together with the Sixth AP Fund, all joint holdings in Norrporten were sold to Castellum for SEK 14 billion.

Key ratios	Jan-June 2016	Jan-June 2015	Jan-Dec 2015
Fund capital carried forward, SEK m	308 010	306 510	300 624
Net result for the period, SEK m	10 602	15 020	11 661
Net payments to the national pension system, SEK m	-3 216	-2 417	-4 944
Fund capital brought forward, SEK m	300 624	293 907	293 907
Asset management costs, operating expenses, %	0.07	0.07	0.07
Asset management costs, incl. commission expenses, %	0.16	0.18	0.18
Return on total portfolio after costs, %	3.6	5.1	4.0
Annualized return after commission and operating expenses, 5.0 years, %	8.3	10.3	8.0
Annualized return after commission and operating expenses, 10.0 years, %	5.9	6.8	5.7

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