

Press release 22 August 2017

The Second AP Fund generates stable return despite turbulent market

The Second AP Fund (AP2) posted a net result of SEK 15.5 billion for the first half of 2017 and the Fund's assets under management totalled SEK 336.3 billion. The Fund posted a total return of 4.8 percent, including costs. Relative to benchmark index, return was 0.1 percent, excluding alternative investments and costs.

“Despite a turbulent market, the Second AP Fund posted a total return of 4.8 percent for the first half of 2017. Our long-term strategy of greater exposure to emerging markets and other sectors – combined with a determination to manage as much of the Fund’s capital in-house as possible – have both contributed to a solid net result and to continuing low costs in relation to the volume of assets under management,” says Eva Halvarsson CEO of the Second Swedish National Pension Fund.

- The Second AP Fund’s assets under management totalled SEK 336.3 (308.0) billion on June 30 2017, against which net outflows to the national pension system were charged in an amount of SEK -3.7 (-3.2) billion.
- The Fund posted a first-half net result of SEK 15.5 (10.6) billion.
- The Fund’s return on the total portfolio was 4.9 (3.7) percent, excluding commission and operating expenses. Including these costs, the portfolio generated a return of 4.8 (3.6) percent.
- The relative return on the portfolio of quoted assets, excluding alternative investments and costs, amounted to 0.1 (-0.7) percent.
- Operating expenses in terms of asset management costs continued to be low, amounting to 0.06 (0.07) percent for the period.
- Over the past ten years, the Fund has generated a return on invested assets of 70.4 percent, excluding costs, corresponding to an average annual return of 5.5 percent. Less inflation, this is equivalent to an annual real return of 4.4 percent.
- Since its inception in 2001, the Fund has generated an overall return of SEK 221.3 billion, corresponding to an average annual return of 5.9 percent, including costs.

Key ratios	Jan-June 2017	Jan-June 2016	Jan-Dec 2016
Fund capital carried forward, SEK billion	336.3	308.0	324.5
Net result for the period, SEK billion	15.5	10.6	30.5
Net payments to the national pension system, SEK billion	-3.7	-3.2	-6.6
Fund capital brought forward, SEK billion	324.5	300.6	300.6
Asset management costs, operating expenses, %	0.06	0.07	0.07
Asset management costs, commission expenses, %	0.08	0.09	0.08
<i>Total asset management costs, %</i>	<i>0.15</i>	<i>0.16</i>	<i>0.15</i>
Return on total portfolio after costs, %	4.8	3.6	10.3
Real return on total portfolio after costs, %	4.0	2.8	8.5
Annualized return after commission and operating expenses, 5.0 years, %	10.4		
Annualized return after commission and operating expenses, 10.0 years, %	5.3		
Real annualized return after commission and operating expenses, 10.0 years, %	4.2		

The complete half-year report (pdf) is published on the Fund’s website at www.ap2.se

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