



Andra AP-fonden
Second Swedish National Pension Fund - AP2

Second Swedish National Pension Fund/AP2 Annual Report 2009



Cover photo: Carl Milles' sculpture of Poseidon, god of the sea, at Götaplatsen in Gothenburg. Poseidon is an appropriate symbol for the city of Gothenburg – home to the Second Swedish National Pension Fund/AP2. Gothenburg is the most important port in the Nordic countries and has always been involved in trade with the rest of the world. Its business community has long been dominated by major export companies in the industrial and transport sectors. In recent years, however, the knowledge-intensive service sector has grown in importance. Common to both the established and newer business community is an openness to and dependence on the wider world.

Unless otherwise stated, the portfolio assets referred to in this report are "allocated exposures". In addition to booked fair values, these also refer to allocated (but not yet invested) liquidity for the specific class of asset, and the liquid funds held as collateral for positions already taken in derivative instruments. Classes of asset, derivative instruments and liquid funds are reported individually in the balance sheet at their fair values.

All monetary amounts are expressed in Swedish kronor and abbreviated as SEK k (thousand), SEK million or SEK m (million) and SEK billion or SEK bn (thousand million).



Project management/copy: Grayling
Design: Harald Hellichius/colleen
Photography: Magnus Eklöf
Translation: Translingua AB

Contents



This is the Second AP Fund*

- 2009 in brief **p. 4**
- A major global investor **p. 5**
- Chief Executive's review **p. 6**
- Chairman's review **p. 8**



Our mission and the broader picture

- A robust system is being tested **p. 10**
- From depression to traditional recession **p. 13**
- Strategy for long-term value growth **p. 15**



Operations – Financial Review

Value-generating investments p. 17

A diversified strategic portfolio p. 17

- Positive contribution from active management **p. 21**
- Controlled risk-taking **p. 24**
- Cost-efficient asset management **p. 26**

Result and performance p. 29

- Net result for the year **p. 30**
- Portfolio return **p. 32**
- Portfolio risk **p. 34**
- Market worth of assets **p. 37**
- FX exposure **p. 38**
- Portfolio of quoted assets, 2009 **p. 39**
- Alternative investments, 2009 **p. 41**

An active investor p. 44



Organization – Financial Review

- Competitive staff **p. 46**



Accounts

- Income statement **p. 48**
- Balance sheet **p. 49**
- Accounting and valuation principles **p. 50**
- Notes to the income statement and balance sheet **p. 52**
- Auditors' report **p. 59**



Second AP Fund's holdings

- Shares **p. 60**
- Participations and fixed-income securities **p. 61**

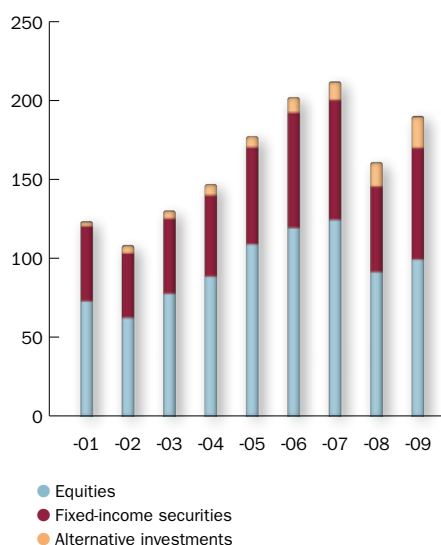


Fund governance

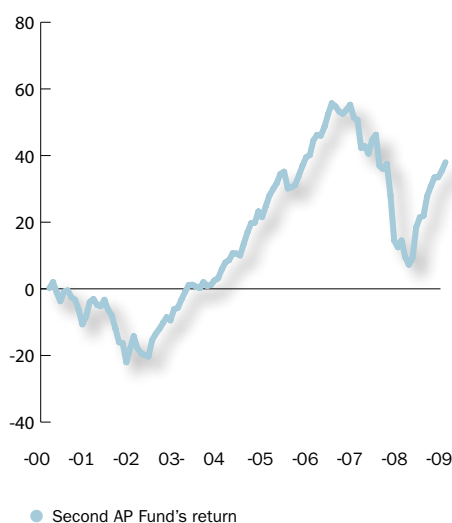
- Fund governance report **p. 62**
- Board of Directors **p. 64**
- Executive Management **p. 65**
- Definitions **p. 66**

*The Second AP Fund is officially translated as the Second Swedish National Pension Fund/AP2. In body text, for convenience, this is shortened to the Second AP Fund and, in some cases, AP2.

Fund's capital performance 2001-2009, SEK billion
(including a net inflow of SEK 17.3 billion to the Fund)



Accumulated return, %

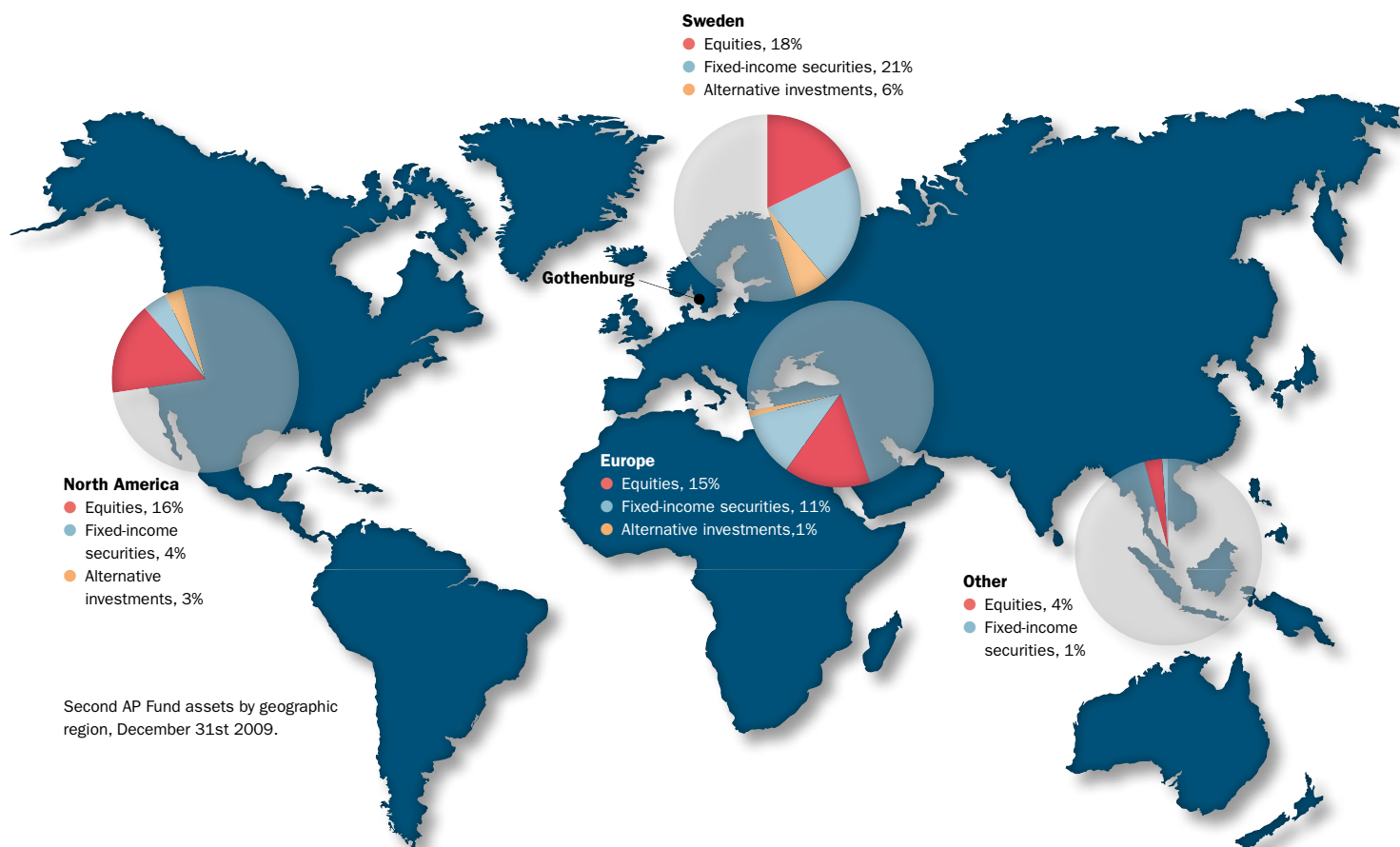


2009 in brief

- The Second AP Fund's assets under management totalled SEK 204.3 (173.3) billion as per December 31st 2009, an increase of SEK 31 billion compared with the preceding year.
- The net result for the year was SEK 34.9 (-55.1) billion. The increase in assets under management was mainly attributable to the sharp recovery noted by global stock markets in 2009. During the year, for the first time, the Fund reported a net outflow from the national pension system amounting to SEK -3.9 billion.
- The Fund posted a return of 20.6 (-24.0) percent on the total portfolio, before commission fees and operating expenses. Including expenses, the portfolio noted a return of 20.3 (-24.1) percent.
- The Fund's active management generated an active return of 1.2 percent, corresponding to SEK 1.8 billion for market-quoted assets, excluding alternative investments.
- The Fund's relative return was 0.7 (-1.8) percent, including implementation effects for the strategic portfolio but excluding alternative investments, commission fees and operating expenses.
- The adjustments made to the strategic portfolio during the year have primarily involved a reallocation from global government bonds and global equities to credits and convertibles.
- The Fund's low exposure in foreign exchange, 10 percent, has had a favourable impact and contributed positively to the net result.

Five-year review

	2009	2008	2007	2006	2005
Fund capital, SEK m	204 290	173 338	227 512	216 775	190 593
Net result for the year, SEK m	34 858	-55 058	8 718	24 506	29 568
Return on total portfolio, excl. commission fees and operating expenses, %	20.6	-24.0	4.2	13.0	18.7
Relative return on quoted assets, excl. alternative investments, commission fees and operating expenses, %	0.7	-1.8	-0.4	0.2	0.2
Active risk, ex post, %	0.6	1.0	0.7	0.7	0.5
FX exposure, %	10	12	11	12	11



A major global investor

The Second AP Fund is a global investor. More than 50 percent of the Fund's assets under management are invested in foreign equities and bonds. In all, the Second AP Fund's assets under management total SEK 204 billion, invested across a range of asset classes. The Second AP Fund numbers 53 people; portfolio managers, analysts and other specialists in different areas.

Long-term management

The Second AP Fund's objective is to maximize the long-term return in order to achieve the best possible outcome for pensioners in relation to the level of risk exposure accepted by the Fund. The long investment horizon and nature of the buffer fund mission means that the Second AP Fund can bear a greater degree of financial market risk than, for example, a life insurance company. This allows the Fund to invest a large part of its assets in equities.

Proud of the mission

The Second AP Fund, together with the other buffer funds, is tasked with maintain-

ing consistent pension levels even during periods affected by a retirement peak or economic downturn. Combined, the buffer funds account for approximately ten percent of total assets in the national pension system.

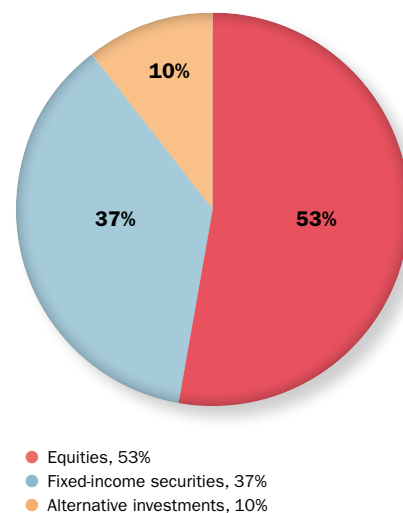
Ethics and the environment – a way to stay one step ahead

The Second AP Fund is actively engaged in its holdings with a view to creating long-term value. By its active engagement in issues such as ethics and the environment, the Second AP Fund can help its portfolio companies identify opportunities and risks at an early stage, thereby contributing to their improved performance.

An international player in Gothenburg

The Second AP Fund is headquartered in Gothenburg, Sweden's second largest city, which boasts a venerable trading tradition and many successful export companies. This encourages an international approach at the Second AP Fund, an independent player with innovative thinking and global reach.

Second AP Fund portfolio, December 31st 2009, by asset class



Chief Executive's review



A year of recovery – the best absolute return since we began

Now the time has come to review 2009, it's good to see how strongly the portfolio has recovered, especially in the past six months. We can report a net result of SEK 35 billion for the twelve months ending December 31st 2009, of which SEK 24 billion from the second half.

Our mission as a national pension fund is to maximize the return on pension assets under management over the long term. To this end, we pursue a fixed long-term investment strategy while working consistently to develop and refine the relative allocation of asset classes in the portfolio. The extraordinary events of 2008, when the global economy really found itself on the ropes, were followed in 2009 by a stock market recovery that also defied comparison. In such extreme situations, while observing the agreed strategic parameters, it is nevertheless important to be able to make rapid decisions concerning change – and to implement them.

Successful active management

The change we implemented in our asset management organization towards the end of 2008, which gained full effect in 2009, involved the launch of a new management strategy based on clarity of focus, simplicity and flexibility. We also simplified the organization, by terminating the active in-house management of global equities and reducing the overall number of in-house mandates. Today, some 75 percent of the Fund's assets are managed in-house. These changes have proved a success, especially with respect to active in-house management. In all, active management contributed SEK 1.8 billion over the year.



Highest return since start

We achieved an absolute return of 20.6 percent, or SEK 34.9 billion, the highest net result since the Fund's inception in 2001.

During the year, we have introduced changes in the strategic portfolio to increase diversification and to benefit from new business opportunities. These changes have included an increased allocation in international corporate bonds as well as a reweighting, involving a reduction in our portfolio of global equities, to invest in convertibles. Concerning our overall FX exposure, we have raised our euro hedge, in anticipation of a gradually strengthening Swedish krona. Seen broadly, these changes appear to have been successful.

Asset allocation in our portfolio is a consequence of our long-term investment strategy for achieving a targeted real return of five percent per annum over time.

Until we have achieved our target of a five percent real return, we cannot claim to have fulfilled our function within the national pension system. I am therefore pleased to note that our strong recovery has generated a real return of 19.6 percent for 2009.

Focus on costs

From time to time, the issue of AP funds' costs becomes a focus for public debate. We are not averse to scrutiny, of course. Quite the reverse, in fact. Given the nature of our task, we must ensure that Sweden's pension assets are invested as effectively as possible for the long term. For this reason, we are dedicated to continual comparison with other similar investors, in our determination to develop new and smarter modes of operation. This said, it is worth remembering that management costs depend on asset class and investment strategy. These vary between the AP funds, depending on the relative amount of capital managed in-house as opposed to externally, and on whether this capital is under active or passive management. We believe we have achieved a competitive costs level, a belief supported by the independent survey that is conducted annually. We are not content to rest on our laurels, however: cost efficiency remains a key priority.

Net outflows

2009 was the first year in which payouts to the national pension system were greater than inflows from it. These net outflows will increase over the next few years, a fact that will highlight the AP funds' buffering role within the national pension system, and the need for maintaining a sufficient degree of readiness to make payouts.

The current application of the 'brake' demonstrates the crucial relationship between overall economic development and pensions. As a buffer fund, our role is to balance the good and bad periods in the economy.

Active shareholder

As a large and long-term investor, we also have the opportunity

to shoulder responsibility as a shareholder. In Sweden, where more than half the stock in publicly-quoted companies is held by institutional investors, there is a lack of and need for active shareholders.

The Second AP Fund considers it entirely natural to adopt an active role in the companies in which we invest. Furthermore, part of our brief is to pay special attention to ethics and the environment. This in itself requires an active commitment.

During 2009, we therefore continued our long-term project concerning sustainability issues. Among other things, we conducted a thorough analysis of our portfolio's combined carbon footprint. We know that the cost of emitting greenhouse gases is on the rise. In the longer term, the carbon footprint will become an increasingly important factor when analyzing companies. Generally speaking, sustainability issues are becoming increasingly integral to investment strategies and analyses. Companies that are quick to see the potential stand to make some serious profits.

One area that attracted discussion last year – and that continues to do so – is the issue of remuneration and the size of bonuses to leading executives. It is important that this debate is based on facts and takes the long-term view. As a major investor, the Second AP Fund considers it important that the forms of remuneration adopted by its portfolio companies should promote the long-term and sustainable growth of these companies, and that they should be able to recruit and retain the best qualified people. Based on this approach, the Fund will continue to participate in discussions aimed at formulating remuneration systems that we consider most appropriate for the individual portfolio companies.

Confidence in the future

There are several indications that the economy will continue to recover. This said, it remains uncertain how the economies will react when national governments and central banks start to withdraw their support measures.

Whether the challenges to be faced are external or are part of the national pension system, I believe the Second AP Fund is well equipped to face the coming year. We have a diversified portfolio and a professional organization, capable of dealing with changes in the world around us.

Finally, I should like to thank my fellow employees and external partners for the past year, and look forward to jointly addressing the challenges that await us.

Eva Halvarsson
CEO

Chairman's review

Ten successful and interesting years

This summer, it will be ten years since I was asked to become chairman of the then newly established Second AP Fund. They have proved to be interesting and successful years. Given recent developments, and the nature of the debate conducted during 2009, it might be worth glancing back in time.

Initially, each of the four large 'buffer funds' were assigned SEK 134 billion in pension assets. By year-end 2009, the Second AP Fund's combined capital amounted to slightly more than SEK 204 billion. This means that, in the almost ten years that have passed, we have achieved the next best return on investment of these four large buffer funds. And we have achieved this in spite of the fact that, unlike the First, Third and Fourth AP funds, we started from zero in terms of premises and staff. I must confess some pride in the fact that we have done so well, especially in light of the fact that it was originally far from clear that one of the funds should be located in Gothenburg.

Two deep crises in ten years

It is nevertheless difficult to say precisely how we should rate ourselves in comparison with other AP funds and other players. Differences in investment strategy mean that the outcome varies depending on what stage of the business cycle is measured.

During the ten years that the AP funds have existed in their present form, we have undergone two profound crises. Immediately after we were established, we were faced with the bursting of the IT bubble and, in autumn 2008, we found ourselves in the deepest financial crisis since the 1930s.

When we summed up 2008, it therefore seemed that we had incurred enormous losses. Now, a year later, in the same way, it appears that we have transformed these losses into huge gains. Both interpretations risk giving an inaccurate impression, however. To determine how successful we really have been, we must adopt a longer perspective.

Why do we have four large buffer funds?

Given the nature of the debate conducted in 2009, it might be appropriate to recall what was being said some ten years ago. Now, when an ESO study (ESO = an independent committee under the Ministry of Finance) proposes a merger of the four large buffer funds into a single fund, it may be worth remembering why the politicians of the time selected the solution that we have today.

Anxiety was expressed in several quarters that a joint buffer fund would be able to wield far too much influence in Swedish business life. Another of the key reasons was that several funds were thought likely to reduce both the administrative and management risks. Furthermore, it was considered that distributing fund capital across a number of equally large funds would have a favourable impact on the way the Swedish capital market functions.

Fulfilling the long-term mission

With the benefit of a ten-year perspective, we can also see that the Swedish national pension system has demonstrated that it can handle many of the challenges with which it was originally confronted when introduced. Today, we have a system that is adapted to economic development.

Over the past ten years, growth in the value of the buffer funds' assets has on several occasions made it unnecessary to activate the brake. It was not until after the exceptional decline noted by global stock markets in 2008 and the consequent reduction in assets under management that the upward adjustment in pensions was actually affected. The positive 2009 result will yet again help to ameliorate the effects of an otherwise dramatic recession, where first and fore-



most the increase in the level of unemployment negatively affects the balance of the pension system.

The Swedish national pension system also performs well in an international comparison. As recently as autumn 2009, the Swedish pension system was rated third best in a study of eleven national pension systems the world over. And concerning its ability to tackle the needs of an aging population and adjust to fluctuations in the economy, the Swedish system is actually considered the best of all.

Power involves a responsibility

Another issue that was the subject of debate in 2009 was how active the AP funds should be in their governance roles, and to what extent they should be responsible for the companies in which they invest. Here again, this debate benefits from a certain perspective.

In spite of the division into four similar funds, their size means that they are still significant shareholders in several major Swedish publicly-quoted companies. This places demands on exerting a responsible approach to governance. The AP funds have also received clear directives, requiring them to pay special attention to ethical and environmental issues in exercising their shareholder rights.

As a major investor, it is of course entirely natural to accept a certain responsibility with respect to governance issues. There is always a need for committed and responsible investors. This is something that has become ever more apparent in recent years, not least in connection with the general concern about levels and forms of remuneration to senior executives. Although achieving the right balance is difficult when it comes to just how involved the Second AP Fund can be, in its role as a national pension fund, I fail to see how we could maintain a passive stance.

As noted above, the past ten years with the Second AP Fund and the new national pension system have been both interesting and successful. The Fund's staff, senior management and partners have done a fantastic job, and we have



jointly demonstrated that it was the right decision to place one of the funds in Gothenburg. We can all take pride in this.

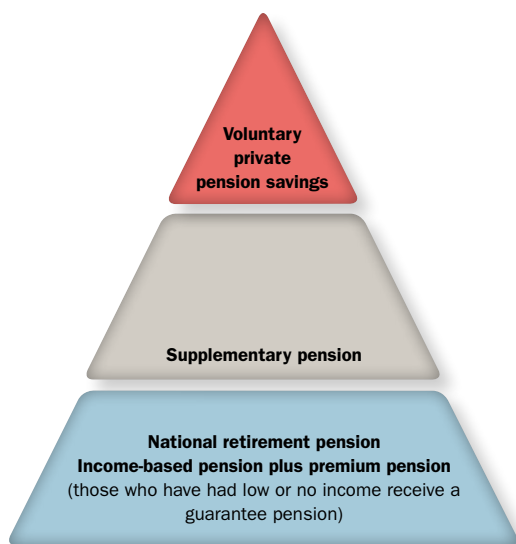
I should therefore like to conclude by expressing my thanks to all those who have contributed to the Second AP Fund's success over the years. In light of the competence and expertise possessed by the Fund itself, and on which it can draw, I am convinced that we shall meet future challenges with success.

Gunnar Larsson,
Chairman of the Board of AP2



A robust system is being tested

The Second AP Fund is one of five buffer funds within the Swedish national pension system. During times of favourable economic and demographic development, the fund shall build up a buffer, to cope with demand when pension withdrawals peak. The Second AP Fund's objective is to maximize the long-term return on the pension assets under management. In 2009, for the first time since their inception, Sweden's buffer funds noted a net outflow to the national pension system.



The Swedish pension system may be compared to a pyramid comprising three levels. The national retirement pension forms the base of the pyramid and the primary source of income for the majority of future retirees. The next level consists of the supplementary pension, which covers almost all those who have been gainfully employed in Sweden. The top of the pyramid consists of voluntary, private pension savings.

There are basically two ways to achieve an effective pension system. The first requires that those currently in gainful employment provide for the pensions of those no longer employed. The alternative is for each generation or individual to set aside funds for their own future pensions.

What is challenging with a system where those who are currently employed pay for today's pensioners is that the system is vulnerable to demographic change. The burden simply becomes too great when generations featuring a limited birth rate find themselves supporting the baby-boom generations. This is what was about to happen with the earnings-related ATP supplementary pension system, as the baby-boomers of the '40s neared retirement age.

Five-party agreement

At the close of the '90s, in response to this challenge, five Swedish parliamentary parties decided to introduce the pension system that we have today. The reformed pension system means

that future pensions are more clearly determined by the level of each and everyone's individual income, based on income received over an entire working life. One important component of the new pension system is the automatic balancing mechanism, or 'brake'. This ensures that pensions are adjusted upwards more gradually at times when liabilities exceed assets.

The design of this pension system is unique and, from a financial perspective, is judged to be robust. In view of the fact that the demographic challenge appears to be fairly similar throughout the western world, other countries have studied the Swedish solution with keen interest.

The buffer-funds' mission

The AP funds are tasked with maximizing long-term return on the pension assets under management.

The national retirement pension comprises an income-based pension, a premium pension and/or a guarantee pension. Income-based pension contributions are transferred to the system's



buffer funds: the First, Second, Third and Fourth AP funds. Each fund receives a quarter of these pension contributions and finances a quarter of pension disbursements. The Sixth AP Fund is also considered a buffer fund, but differs from the others in certain respects, different investment regulations being one.

When the new pension system was introduced in 2001, each of the First, Second, Third and Fourth AP funds was allocated SEK 134 billion in pension assets. The AP funds' assets under management constitute a financial buffer that can be used to even out extended periods of surplus or deficit within the system.

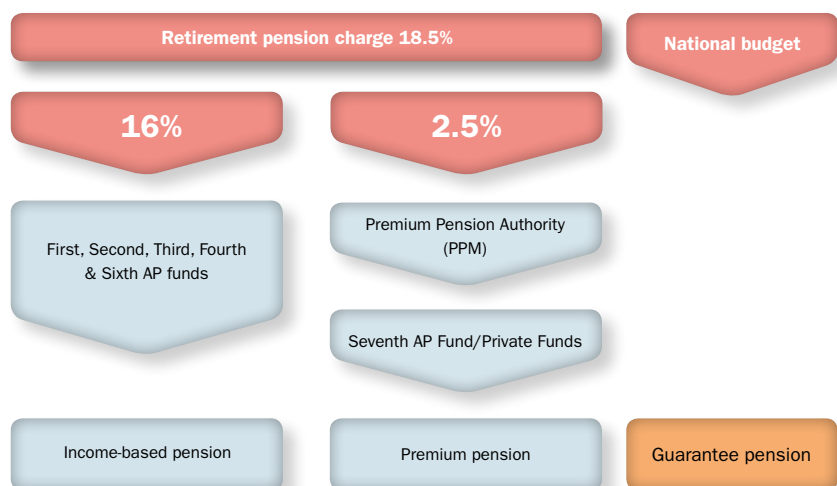
Demography rules

The Fund's assets under management have grown since 2001, a joint consequence of the positive impact of its portfolio management activities and the fact that pension contributions have exceeded disbursements. Over the next few years, disbursements will exceed contributions and, given certain conditions, the buffer funds could shrink up to the year 2030. After this, they should start to build up again.

In all, the buffer funds account for about 10 percent of total pension assets. The other 90 percent derives from the combined value of contribution assets. These mirror the value of future pension contributions. The size of these contribution assets is determined primarily by salary and wage levels, levels of employment and retirement age.

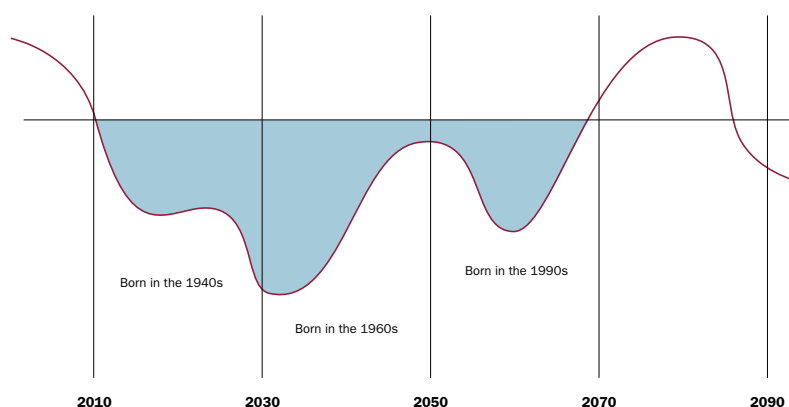
Calculating pensions

The size of pension is determined by length of time worked and level of income. Furthermore, an upward adjustment is made to account for the mean



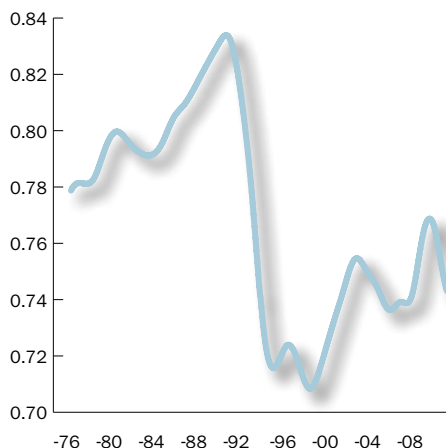
The national retirement pension comprises the following: an income-based pension, a premium pension and/or a guarantee pension. The pension is financed in the form of a levy of 18.5 percent on total income earned. Of this amount, 16 percent is used to finance pension disbursements for the year (income-based pension), while 2.5 percent is invested, to generate interest in an individual premium pension account. There is also a guarantee pension, funded by the State.

Impact of retirement peaks on pension system



When baby-boomers retire, they create a demand for a buffer in the pension system. The system's disbursements are likely to exceed contributions after 2010, when the large post-war generation of baby-boomers retire.

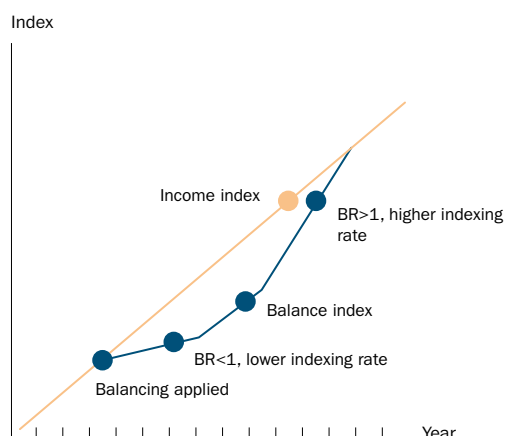
Employment trends in Sweden 1975-2009, %



A consistent and high level of employment is essential in maintaining the stability of the Swedish pension system. A lower level of employment impacts negatively on the size of pension payouts. Employment growth has a more dramatic impact in terms of balancing the national pension system and size of pensions than inflation, real growth and the return on the AP funds' invested assets.

Source: Statistics Sweden

The way balancing works



The balance ratio (BR) represents the system's assets divided by combined pension liability. If the balance ratio is less than 1.0, balancing is applied. This means that pension liability and pensions are adjusted upwards only by wage growth multiplied by the balance ratio. This process continues until parity is re-established.

Source: Swedish Social Insurance Administration

rise in income. However, for pensions to be optimally adjusted upwards, the system must be in balance, with pension assets equal to or in excess of pension liabilities. Contribution assets and the AP funds' combined capital assets shall at least equal accumulated pension liability.

The relationship between assets and liabilities is defined in terms of a balance ratio (BR). Where liabilities are greater than assets, the balance ratio is less than 1.0. Where assets are greater than liabilities, the balance ratio is more than 1.0.

If the balance ratio falls below 1.0, automatic balancing is applied (commonly referred to as 'the brake'). This slows the upward adjustment of pensions. This slower rate of adjustment is maintained until parity is re-established within the pension system.

The brake is applied

Automatic balancing has been about to be applied on some occasions. This has been avoided, however, thanks to the growth of the AP funds' assets, bringing the system back into balance. After the events of 2008, the 'brake' was activated for the first time, which will have an impact on pensions in 2010. The main reason the brake had to be activated was the sharp decline noted by global stock markets, which reduced the worth of the

AP funds' portfolio assets, as well as the significant upward adjustment of pensions and pension entitlements over the preceding years.

At the close of 2008, the balance ratio was 0.98. In 2009, the Swedish Parliament decided that the impact of the AP funds on the balancing process should be smoothed out over a period of three years instead of just one, as before.

A first year of outflows

It is highly likely that the brake will also be activated for 2009, which will have a subsequent impact on pensions in 2011. This time, however, it is the general economic trend that, in the event, will trigger the mechanism. Rising unemployment, leading to reduced contributions, will coincide with a high level of new retirees.

The effects of the decline were nevertheless partly compensated by the sharp recovery of global stock markets, producing a marked rise in the value of the AP funds' assets.

Even so, the combination of the downturn in the economy and the high level of retirees also meant that the AP funds reported a net outflow for pension disbursements for the very first time. Outflows totalled SEK -3.9 billion in 2009.



From depression to traditional recession

At the end of 2008 and the beginning of 2009, the economic prospects were gloomy. The financial crisis threatened to push the world into an economic depression, many drawing scary comparisons with the Great Depression of the 1930s. The comprehensive package of financial stimuli and extremely low interest rates seemed to be having no effect. Some economists went so far as to predict the end of the western world's economic system.

Today, the situation is different. The measures introduced to stimulate the economy appear to have worked and the economic system seems to have survived the crisis. The banks feel able to start lending money again. The Swedish stock market rose by more than 55 percent between March and December 2009. Optimism has been restored and industrial production is starting to recover. So what actually went wrong?

A matter of confidence

The financial market is largely about confidence. In the USA, this confidence started to disintegrate as early as the summer of 2007. When Lehman Brothers went into receivership in the autumn of 2008, confidence was completely destroyed. Nothing could be considered secure anymore and the credit market essentially ceased to function. This sent a shock wave through the entire system, which was further enhanced by a general economic decline.

In such a situation, nobody wants to take risks. Consequently, the asset classes most closely associated with risk fare worst – which is why it was not only credit markets that suffered, but stock markets the world over.

Signs of a turnaround

A few months into 2009, the financial stimulus package started to take effect. Several months with no bad news from the financial system also led to a recovery in confidence.

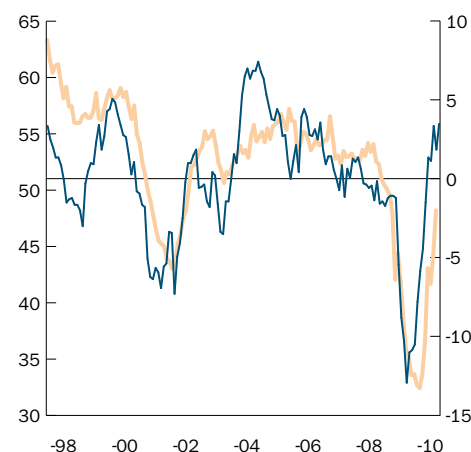
One of the earliest indicators that the recession had bottomed out was the US ISM (Institute of Supply Management) index. In March, the predominance of those with a negative view of the future decreased slightly. Even though a majority still subscribed to a negative rather than positive view of the future, this decrease was enough to put new heart into the economy and the financial markets.

The first to pick up on the less negative attitudes of US purchasing managers were the stock markets, which started to recover. Later on, the downward curve of US consumption started to level out.

These positive tendencies were encouraged during the autumn, when industrial production noted a clear recovery. During the fourth quarter, most of the major economies noted slightly positive economic growth. By the autumn, a number of other indicators had started to show a clearly positive trend – not only that the decline was beginning to slow.



ISM index and industrial production in the USA, %

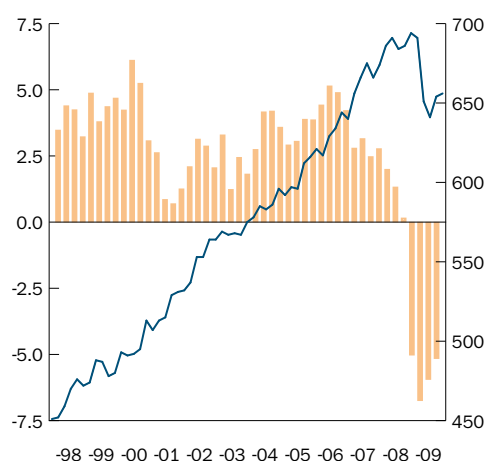


● ISM index, left axis (advanced 2 months)
● Industrial production, right axis (annually adjusted), %

Purchasing managers are involved at an early stage in economic flows and can indicate turnarounds in the economy.

Source: Institute of Supply Management, Federal Reserve

GDP growth in Sweden, %

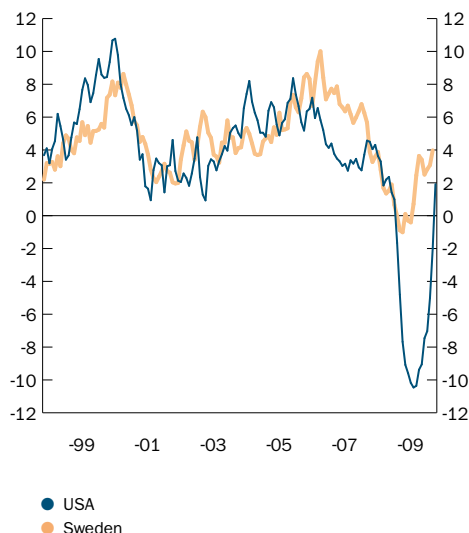


● GDP growth, annually adjusted, left axis, %
● GDP, right axis, SEK bn

The financial crisis had a drastic impact on Swedish GDP growth in 2009.

Source: Statistics Sweden

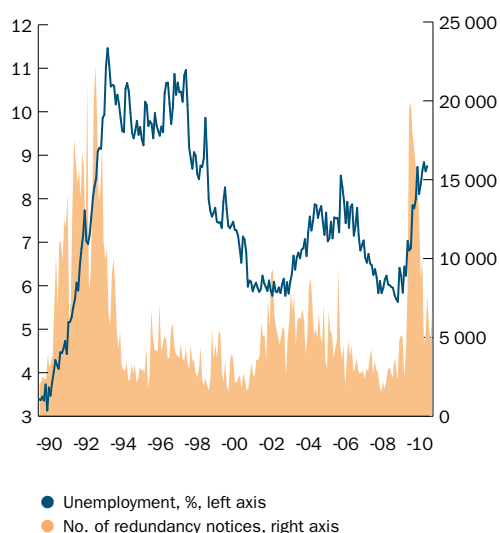
Retail business performance, Sweden and USA, %



The above graph illustrates how US households have been far more severely affected by the financial crisis than their counterparts in Sweden.

Source: US Census Bureau, Statistics Sweden

Labour market in Sweden



The number of redundancy notices indicates the pace at which unemployment may be expected to rise.

Source: Statistics Sweden

Recovery from low levels

Even if the world economy appears to have bottomed out and economic activity is on the way up again, it is still too early to sound the 'all clear'. The recovery is being staged from very low levels. For example, the sharp rise on global stock markets means that the equity market has returned to the levels it was at just before the Lehman Brothers crash. Prior to this, however, the decline had been ongoing for almost a year. In spite of the recovery, there is still a good bit left before we reach the levels that applied in 2007.

The negative trend in Sweden's GDP growth was halted during the fourth quarter of 2009, even showing a slight increase. It will take some time to repair the damage caused by several quarters with negative growth of around five percent.

Generally speaking, the situation the economy finds itself in now, at the start of 2010, may be considered a more normal slowdown in economic activity. This means that plenty of challenges remain, but that the situation is much better than it was a year ago.

Impact of the financial stimulus package

One of the factors that made it possible to resolve the most critical situation was the combined efforts made by the world's governments and central banks. The crisis was unique in the speed at which it accelerated and its global impact. Even the political measures implemented lacked any historical parallel. The economy was stimulated through

the introduction of a whole range of financial and monetary measures.

The big question now is how effective this stimulus package has been and what will happen when governments and central banks start to withdraw these support measures.

Where is the economy headed now?

Positive economic indicators include a rise in industrial production, GDP and corporate profits, combined with rising confidence in the financial systems. Private consumption trends, however, especially in the USA, remain weak. Furthermore, the level of investment is low and industrial sales growth is weak.

It also seems likely that the labour market will remain subdued for some time to come. Even so, there are signs of a recovery in the USA and the number of redundancy notices is down, internationally as well as in Sweden.

The housing market is another key factor. In countries such as the USA, Great Britain and Spain, home prices have fallen sharply, which could have an extended impact on household consumption. Sweden has managed better, a fact that is mirrored by the relatively positive attitude Swedish households and consumers have to the future.

On a global level, growth over the next few years will be fuelled mainly by the emerging Asian economies, especially India and China.

Taken as a whole, most indicators suggest that the recovery will continue through 2010 and 2011, but that it will be two to three years before the global economy is back to the previous trend level.



Strategy for long-term value growth

As a buffer fund, the Second AP Fund's long-term mission is to maximize the return on pension assets under management, thereby maintaining parity in the pension system in spite of economic and demographic fluctuations.

Within the Swedish pension system, 'contribution assets' account for almost 90 percent of pension assets. Contribution assets are not subject to financial market risk and are similar to government securities as regards return and risk. This means that the buffer funds' share is roughly equivalent to 10 percent of total pension assets, and represents that part of the system that is designed to take and bear long-term financial market risk. The AP funds, unlike life insurance companies, for example, are better equipped to maintain their positions, even in volatile market conditions. A crucial aspect of the Second AP Fund's commitment to developing its investment strategy is an ongoing diversification of the portfolio.

Fundamental principles

The Second AP Fund's choice of strategies and the models it uses to control and monitor the investment process are based on a set of principles, or Investment Beliefs. These describe the Fund's view of the way capital markets function and the opportunities presented for generating a return on investment. These principles may be grouped under three main headings.

1. The way the capital market functions
In principle, asset management offers

two main ways of generating value. The first is to establish an effective portfolio of asset classes that over time capture the risk premiums available on the financial markets. The second is to practice active management. The latter assumes an ability to locate temporary price inefficiencies, based on the recognition that no market is entirely effective.

There is also fundamental consensus that share values, over time, tend to revert to their mean value and that long-term risk cannot be compared to short-term risk. Trends in the equity market in recent years are a case in point.

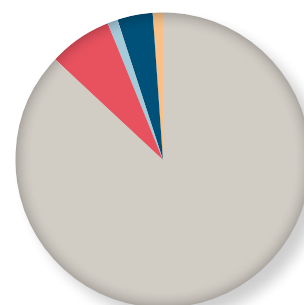
Portfolio diversification by mixing assets and management strategies is thought to increase overall returns without raising the total level of risk in the Fund's portfolio.

2. Long-term thinking yields advantages
As a long-term investor, the Second AP Fund is better able to bear the risk arising from short-term market fluctuations. The Fund's brief also enables investment in a broader range of asset classes compared to other market players. As investor, the Second AP Fund is allowed to acquire illiquid assets, diversifying risk while simultaneously offering expectations of a higher return.



Asset allocation, Second AP Fund and pension system as a whole

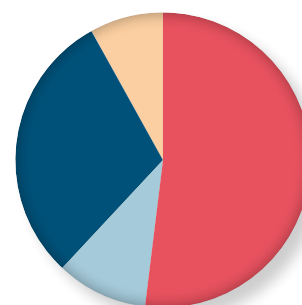
Asset allocation, Swedish national pension system
(% of the Fund's share of pension system assets)



- Contribution assets, 87%
- Equities 7%
- Credit bonds, 1%
- Government bonds, 4%
- Alternative investment, 1%

Second AP Fund's asset allocation in the strategic portfolio

(% of Fund's capital assets)



- Equities, 52%
- Credit bonds, 7%
- Government bonds, 30%
- Alternative investment, 11%

The lower chart shows the allocation of assets in the Second AP Fund's strategic portfolio. The chart above shows the allocation of assets for the pension system as a whole, taking into account that the AP funds answer for just over 10 percent of the Swedish national pension system's combined assets. In other words, about 90 percent of pension system assets are in no way exposed to the financial markets.

Source: Swedish Social Insurance Administration and own calculations

50%

Furthermore, long-term investment enables investors to practice active governance, to add value to the portfolio.

3. Conditions for success

The Fund must consistently attract, develop and retain competent staff. Exceptional financial competence and investment insight are crucial in enabling active management and in creating value that outperforms passive market returns. Structured and efficient processes are decisive in ensuring that we benefit fully from the specialist competence represented by our staff. A structured approach makes it possible to speedily identify – and act on – new information.

Goals and priorities

The Fund's mission is to maximize the return on pension assets, thereby minimizing the risk for lower pensions posed by economic and demographic fluctuations.

The Second AP Fund acts within and beyond Sweden's borders, on a global market, based on a long investment horizon. This contributes to the stability and growth of the pension system.

The recognition of a social and ethical responsibility is integral to the Fund's investment decisions.

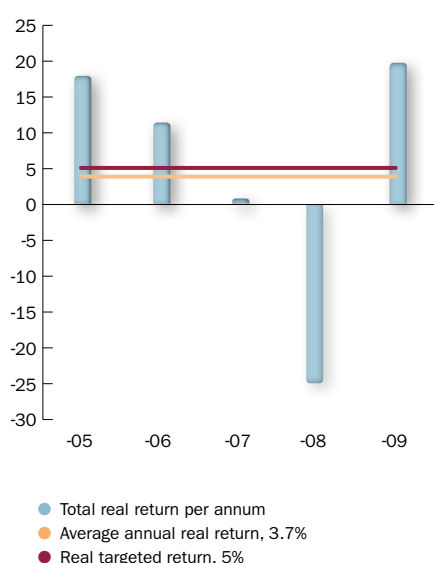
The Second AP Fund's long-term goal is to generate a total real return of five percent per annum.

In 2010, the Second AP Fund's main priority will be to continue the process of fine-tuning the composition of the different asset classes in the strategic portfolio. Among other things, this will involve seeking investment opportunities in new asset classes.

When it comes to active management, efforts will focus on developing the investment processes and methodologies. Another priority will be the selection of and collaboration with external managers for equities, fixed-income securities and alternative investment.

Managing the strategic portfolio as well as active strategies is dependent on efficient processes. The Fund's strategy involves both cost and operational efficiency. These processes are in their turn based on the Fund's defined result-oriented culture and its ability to attract and develop its staff.

Real and targeted return, 2005-2009 %





Value-generating investments

The return on the Second AP Fund's investments derives from two primary sources. Over time, the Second AP Fund deems that some 90 percent of its return derives entirely from market exposure of its strategic portfolio, the remaining 10 percent being generated through active management.

In the long term, this direct market exposure of the strategic portfolio will be decisive to the size of portfolio returns. This is determined by the risk premiums different markets offer investors.

The level of these premiums varies over time. Over and above this, the Fund is determined to generate an additional return on invested assets through active management. This active management shall utilize

more or less temporary inefficiencies in the markets. Active management can also promote a higher return through a more efficient exposure of capital as per the strategic portfolio.

A diversified strategic portfolio

Maximizing return on assets while maintaining a low level of risk is central to the AP funds' mission. Investment strategy shall take into account the impact of pension disbursements and the payment reserve necessary to cover outflows from the funds. The Second AP Fund's strategic portfolio represents the mix of different asset classes that is thought to generate the best long-term result in terms of future pensions.

The combined assets of the AP funds are integral to the pension system and to maintaining its balance. With this model, the development of the AP funds' portfolios will have a direct impact on long-term pension growth.

ALM – a tool for the strategic portfolio

The Second AP Fund uses an Asset-Liability-Model (ALM), developed in-house, to forecast how the pension system is likely to develop for many years to come and the extent to which the Fund's portfolio selection is expected to affect the balancing of the national pension system. In concrete terms, this means that the Fund's long-term

investment focus is determined with a view to avoiding, as far as possible, activating the brake. Practically speaking, this is the only way in which the AP funds can influence pension growth. The assumptions made concerning demographic and general economic development are thereby decisive in determining the Fund's long-term investment focus. The performance profiles of the investment assets the Fund considers when composing its strategic portfolio are also significant.

A small part of the pension system

The fact that the AP funds represent a relatively small part of the national pension system's consolidated balance-

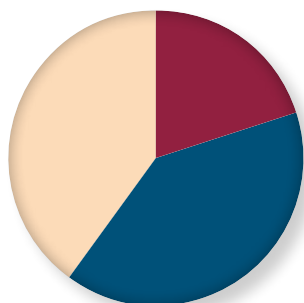
sheet is also central to the ALM analysis and the choice of strategic portfolio. Since the national pension system is basically a 'Pay-As-You-Go' system, pension disbursements are primarily financed from ongoing contribution payments.

This has two main consequences when choosing the strategic portfolio. First, it limits the AP funds' ability to fully compensate for the impact of demographic and labour-market factors on future pensions. Second, it means that a relatively small part of the pension system's combined assets is exposed to financial market risk.

The relatively high proportion of



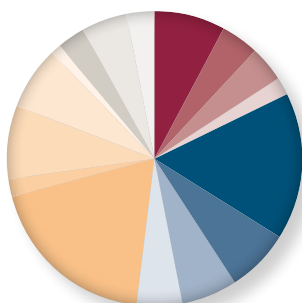
The Fund's first strategic portfolio



- Swedish equities 20%
- Foreign equities, 40%
- Swedish fixed-income securities, 40%

The composition of the Fund's first strategic portfolio was relatively simple. The various asset classes were limited to Swedish equities, foreign equities and Swedish fixed-income securities.

Current strategic portfolio



- | | |
|---|--|
| Swedish equities, 18% <ul style="list-style-type: none"> ● Cap-weighted 8% ● Fundamental index 4% ● Equal weighted 4% ● Small cap 2% | Fixed-income securities, 37% <ul style="list-style-type: none"> ● Swedish fixed-income securities 19% ● Swedish index-linked 2% ● Global government bonds 8% ● Global credits 7% ● Government bonds in emerging markets 1% |
| Foreign equities, 34% <ul style="list-style-type: none"> ● GDP weighted 16% ● Fundamental index 7% ● Cap-weighted 6% ● Emerging markets 5% | Alternative investment, 11% <ul style="list-style-type: none"> ● Convertible debentures 3% ● Real Estate 5% ● Private Equity 3% |

Today's strategic portfolio features much greater spread, with more asset classes and alternative indices. This change exposes the Fund to a greater number of yield sources than previously, adding considerable value.

equities in the AP funds' portfolios nevertheless corresponds to only a very small part of the national pension system's consolidated assets.

High return necessary to achieve goal

The Second AP Fund's ALM analysis reveals that a relatively high long-term return is necessary if the goals established for the Fund's asset management are to be attained. In practice, therefore, this means that a large part of the Fund's assets under management will be invested in high-risk assets, such as equities and credit bonds, when these types of assets are considered to yield a reasonable long-term return compared to the level of risk. Given the present low interest rates, the return on low-risk assets – such as government securities – will not be adequate to attain the goals established for the Fund's investment activities.

Recent years have typified the episodic progress that marks financial markets in the long term. If there is a long-term risk premium, as on equity markets, the investment prospects for the long-term investor change too. The level of risk accepted must therefore be determined in relation to whether the various financial markets are deemed to yield a sufficiently adequate return or not. The Second AP Fund will therefore increase the dynamic element in the strategic portfolio, to adjust the level of risk adopted in an appropriate manner, based on how favourable or unfavourable the long-term market prospects are deemed to be.

During 2009, exposure in credit instruments increased at the same time that hedging against the euro decreased, as prospects of a good return on credit markets improved and the rate for the Swedish krona declined.

Portfolio diversification still crucial

The events of recent years have also reminded investors of how difficult it can be to achieve an appropriate diversification of the portfolio. A diversified portfolio comprises a number of different asset classes, designed to avoid concentrating 'all one's eggs in the same basket'. The goal is to develop strategies to attain established yield targets, while at the same time lowering the total portfolio risk. Portfolio diversification declines during a market downturn, while the correlation between the diverse elements of the portfolio increases. This was especially notable during the 2007/2008 downturn. Weak liquidity and an abrupt halt in credit market activity had a negative impact on virtually every asset class.

Portfolio diversification continues to be a crucial factor in composing a strategic portfolio. Nevertheless, a globalised economy and the closer integration of international financial markets make traditional diversification more problematic. New sources of return may instead be found in investment areas that lie outside traditional quoted asset classes. The Second AP Fund is engaged in an ongoing evaluation of opportunities for investing parts of the portfolio in such alternative areas.



Choice of index a form of diversification

The choice of strategic portfolio, i.e. the exposure to the equity and fixed-income markets and other investment areas, mainly contributes to the Fund's value generation and capital growth. Similarly, the choice of benchmark index is also significant. The Second AP Fund considers the choice of index to be part of the investment process, where the index determines the investments selected, both in-house and external. It has selected specialised indices that differ from the broad and more traditional cap-weighted indices. Over time, a cap-weighted port-

folio tends to award a higher weighting to the individual securities with the highest valuation and a lower weighting to those with the lowest valuation.

Since a high valuation can sometimes be synonymous with overvaluation and a low valuation with undervaluation, a cap-weighted portfolio can be subject to a 'return drag' over time. The Second AP Fund has therefore chosen to partially weight the portfolios using other methods, breaking the link between the price of an asset and its allocated weight in the portfolio.

Examples of such alternative weighting methods include the equal weighting

of major Swedish companies in the portfolio of Swedish equities, GDP weighting of markets in the global equity portfolio and weighting based on fundamental corporate factors in the Swedish and global equity portfolio. This serves to narrow the concentration on certain asset classes and markets in the equity portfolios, which over time is expected to lead to better diversification and a higher return.

For 2009, the contribution from the choice of benchmark index amounts to 1.5 percent.

According to the McKinsey study of



Benchmark index for strategic portfolio 2009

		Index
Equities	Sweden	SBX 'Stockholm Stock Exchange Benchmark Index', RAFI Sweden OSX: 'Unweighted Sweden Index' CSRX: 'Carnegie Small Cap Return Index'
	Foreign equities	MSCI GDP, FTSE RAFI Global, MSCI World
	Emerging markets	MSCI Emerging Markets
Fixed-income securities	Swedish nominal fixed-income	SHB Swedish All Bond
	Index-linked bonds	SHB Index Linked
	Global government bonds	Barclays GA Govt 1000, excluding Japan
	Global credit bonds	Barclays GA Govt 1000, excluding Japan
	Government bonds in emerging markets	JP Morgan EMBIGD
Alternative investment	Real Estate	SFIX Svenskt Fastighetsindex
	Private Equity	11% per annum
	Convertibles	7% per annum



the AP funds, the changes introduced in the Second AP Fund's strategic portfolio generated added value of SEK 12 billion between July 2001 and December 2008.

New investment opportunities on the credit market

During the past two years' turbulence on the financial markets, the valuation and pricing of many asset classes has changed dramatically. The interest offered on risk-free government bonds has fallen, at the same time that the risk premiums on credit and equity markets have, generally speaking, risen. Scarce liquidity in the wake of the global credit crisis has also affected the pricing of many financial assets, which has depressed valuations still more. This opened up new opportunities for the Second AP Fund's strategic portfolio.

During 2009, the allocation in global credits in the Fund's strategic portfolio increased from three to ten percent. This new allocation comprises convertibles as well as traditional credit bonds. Common to both asset classes is the sharp increase in risk premium during 2008, after many years during which credit risk offered almost no return at all.

At year-end 2008, the Fund's reallocation from global government bonds to traditional credit bonds (four percentage units) was implemented to increase the potential to secure a higher return over the next few years. Credit risk premiums were forced down unexpectedly rapidly during 2009. Consequently, the reallocation of asset classes contributed to a

significantly higher return last year. During the summer, the Fund conducted a reallocation to convertibles (three percentage units), which was balanced by reducing the allocation in global equities. Convertibles create an interesting diversification of the Fund's portfolio.

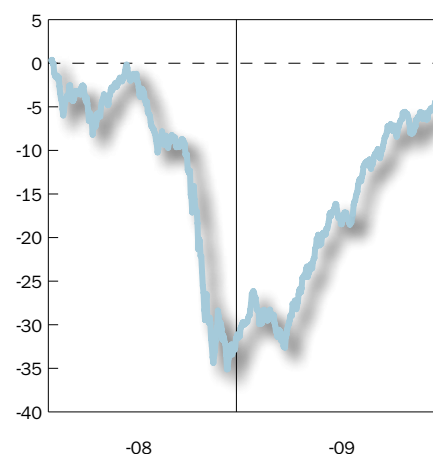
Should equity markets post weak or negative growth in the medium term, these convertibles are expected to reflect growth on credit markets. After the downturn in the autumn of 2008, convertibles were valued at a historically high credit risk premium. As stock prices rise, the yield profile for convertibles is expected to more or less mirror development on the equity market.

In view of the uncertainty that dominated equity markets in connection with the financial crisis, convertibles were therefore considered to spread risk usefully while offering basically high exposure in equities in the Fund's strategic portfolio.

Depreciation of the krona warrants reduced currency exposure

In the Fund's view, the sharp depreciation in the value of the Swedish krona since autumn 2008 led to a clear undervaluation of the Swedish krona relative to the euro in the medium term. The strategic currency exposure of equities quoted in euro was therefore gradually lowered from 50 to 25 percent in the late spring. When the krona subsequently strengthened, this generated a positive contribution.

Price performance, convertibles 2008–2009, %



As of summer 2009, convertibles are included in the strategic portfolio.

Source: Merrill Lynch Global 300 Convertible Index



Positive contribution from active management

The Second AP Fund's portfolio managers ensure that the Fund's assets are effectively exposed in line with its strategic allocation. Furthermore, the Fund utilizes active strategies to outperform the strategic benchmark. In 2009, the Fund's active management generated an active return of 1.2 percent, corresponding to SEK 1.8 billion.

At year-end 2008, to ensure more effective exposure of its assets under management and to improve its chances of generating a positive relative return, the Second AP Fund adjusted its asset management organization. This involved the development of a new investment strategy, based on a more focused, simple and flexible approach. The organization was simplified by reducing the number of in-house mandates and terminating the active in-house management of global equities.

A new department was established: Strategic Exposure & Trading. It is responsible for a number of active mandates, exposure and rebalancing of the Fund's strategic portfolio and FX hedge.

Risk budgeting

The targets established for the respective investment teams regarding the Second AP Fund's active return and risk are confirmed in the Fund's risk budget for active risk.

The risk budget process aims to optimize the utilization of active risk in rela-

tion to anticipated active return, taking into account the costs of active management. The head of each team is responsible for risk allocation between the team's various mandates, within the framework of the investment team's total risk budget. The process is dynamic and the CIO (Chief Investment Officer), when required, is responsible for reallocating risk during the year. Risk and return are intimately related. It is important that most risk is allocated to those areas judged to offer the greatest potential for generating a higher return.

Significant added value from active management

In total, the Second AP Fund succeeded in creating an active return of 1.2 percent. The majority of this return was generated by the highly positive result of in-house management, though the external mandates also made a significant contribution.

The Fund consistently strives to attain the best possible mix of portfolio mandates. This



means that some mandates in emerging markets and global equities were replaced or terminated during the year. The Fund is also in the final phase of fairly extensive negotiations concerning mandates for the management of global credit bonds.

In-house asset management

Following a turbulent and in many respects troublesome 2008, the Second AP Fund was pleased to note that its active in-house portfolio management activities were especially successful in 2009. Particularly worthy of note was the excellent relative return generated from the management of Swedish equities and the foreign fixed-income portfolio.

Active management of Swedish equities

The Fund conducts active in-house portfolio management of Swedish equities under two mandates. The first focuses on the small cap market while the second, totally dominant both in terms of size and risk, concentrates on a broad equity index. Several of the positions in Swedish equities that burdened last year's result noted highly positive growth in 2009. Clas Ohlson, Hemtex och Lindab are just some of the companies that saw their stock perform strongly. Limited exposure to Ericsson, forest products and investment companies contributed further to this positive result.

Outperforming the Fund's benchmark index by more than 6 percent in 2009, the large, broad portfolio of Swedish equities handsomely recouped the losses of the previous year. Furthermore, the

absolute return on the Swedish equity market was extremely high, at more than 50 percent, contributing sharply to the Fund's total return on investment.

Active management of fixed-income securities

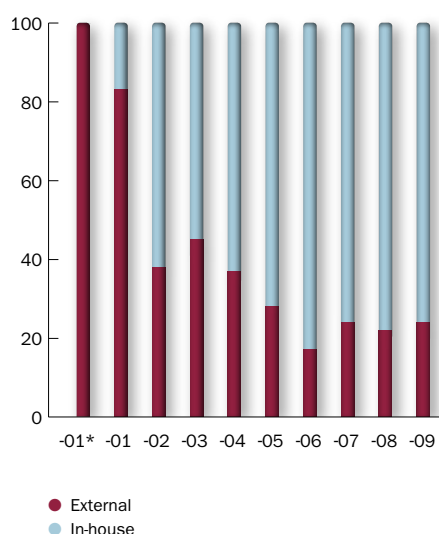
The portfolio of global government bonds produced a strong relative result, outperforming its index by more than 2 percent. The return on the actively managed portfolio of Swedish bonds also outperformed index.

The positive result derived mainly from two positions. For one thing, the Second AP Fund was positioned for a steeper yield curve during the early part of the summer. The other was that the Fund expected credit spreads between housing bonds and corporate bonds to contract, relative to government bonds. The stock market started to recover in late February/early March. In contrast, however, the credit market improved only slowly in the beginning, while the steadily strengthening equity market increased the general willingness to adopt a higher level of risk, generating sharper demand for credit bonds.

Quantitative strategies

A large part of the Second AP Fund's capital is managed with the aid of quantitative investment strategies. In-house, quantitative investment activities focus on Swedish and global equities, as well as Swedish fixed-income securities. During the year, these assets were managed at low level of active risk, the combined result from the quantitative managed portfolios lying just below the corre-

Allocation, in-house and external asset management, %



* January 1st, 2001



sponding index. The fixed-income portfolio delivered a positive result, while equities performed somewhat below index.

Strategic Exposure & Trading

The department for Strategic Exposure & Trading is responsible for a broad range of activities. These include a number of active mandates in the FX and equity market, as well as responsibility for implementing the strategic portfolio.

These active mandates have contributed positively to the Fund's active return in an amount of more than SEK 400 million.

The result of implementing the strategic portfolio, also termed 'implementation effects', was negative for the year. These effects derive mainly from high exchange-rate volatility and deviations within the Fund's semi-index.

Tactical Asset Allocation (TAA)

A new function for tactical asset allocation was initiated at the start of the year. The idea is to utilize investment opportunities that arise on the market, through a combination of flexibility and a relatively short investment horizon. Positions are taken in FX, equities and fixed-income investments. FX positions yielded a positive result during the year, although the overall result was negative, mainly due to the poorer performance of equities.

External management

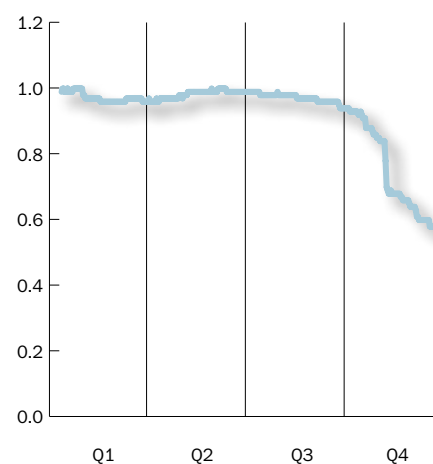
External managers are used for asset classes, markets and strategies where the Fund anticipates the possibility of solid returns, yet lacks the necessary resources. The assets under external management involve a whole range of mandates,

most featuring relatively high active risk. Taken as whole, assets under external management generated a positive relative return over the year. The best results were generated by the Second AP Fund's bond funds (which invest in emerging markets), global credit mandates and the Fund's GTAA mandates. The equity mandates noted mixed growth. Emerging markets performed below index in overall terms. The variation between global mandates was considerable, two outperforming index, the other two underperforming. Generally speaking, however, it can be noted that most of the equity portfolios under external management performed strongly during the last quarter.

Procurement and selection criteria

The Fund's selection process for external fund managers includes a number of criteria, such as investment style, quality and analytical methods, organization, staffing and historical return on assets managed. Extensive analyses are conducted of both qualitative and quantitative variables, both during the procurement phase and as well as on an ongoing basis over the year. At the close of the year, the Fund was in the final phase of a procurement process concerning the management of international corporate bond mandates, as well as being engaged in a major review of its exposure in equities on emerging markets.

Performance active risk, ex post, in 2009, %



Controlled risk-taking

Three collaborative functions



The Second AP Fund's risk management consists of three independent and collaborative functions: Risk Budgeting, Compliance and Risk Management.

A certain amount of risk must be accepted if return targets are to be attained. The Second AP Fund therefore strives consistently to ensure that the risk taken is calculated in advance – and can subsequently be controlled.

The key to good risk management is to maintain a high level of risk awareness within the organization. This applies both to operative risks and other financial risks in the form of market, credit and liquidity risk.

Parameters for risk management

The broad parameters governing the four buffer funds exposure to risk are determined by the Swedish Parliament. These regulations have subsequently been developed and adapted for the Second AP Fund and are described in the Fund's Risk Policy, contained in the Business Plan determined by the board of directors. This Risk Policy sets out the rules governing the Fund's management of risk. The CEO's document 'Guidelines for Investment' contains more detailed instructions for the management and monitoring of financial risks. The parameters defined concerning acceptable levels of exposure to risk for individual mandates are specified in Investment Guidelines.

Risk process

The Fund's risk process is based on the annual ALM study, which in its turn is based on a number of assumptions concerning market growth and risk levels. The result of this study forms the foundation for the Fund's strategic portfolio, determined by the board of directors.

For assets under active management,

a risk and alpha budget is drafted that allocates the active risk by department and mandate. Risk Management is responsible for monitoring and analysis of risk in a broad range of areas.

In the case of the portfolio of quoted assets, both absolute and relative risk is analysed. Risk attribution is employed to describe which asset classes, mandates and securities contribute most to the relative risk. Stress tests and scenario analyses provide a complementary risk analysis that contributes a greater understanding of how the disparate elements of the Fund's investment portfolio are affected by significant changes in the underlying market assumptions. These stress tests and scenarios are based on both historical and hypothetical events and assumptions. Ad hoc analyses are conducted on an ongoing basis to illuminate the degree of risk exposure in different parts of the Fund's portfolio.

Three collaborative risk functions

The Second AP Fund's risk management is conducted by three independent but collaborative functions: Risk Budgeting, Compliance (legal and ethical compliance) and Risk Management.

Risk budgeting

Risk budgeting is an integral element of the asset management organization. The function is tasked with calculating and allocating the Fund's total active risk



exposure, as well as being responsible for the degree of risk to which the asset management teams and specific management mandates are exposed. Mathematical models are used to determine the optimal risk profiles for absolute and relative risk. These risk profiles provide support for decisions concerning the Fund's overall strategic allocations as well as the active risk mandates in each portfolio.

Compliance

Compliance is responsible for ensuring that the legal and ethical risk aspects are managed correctly, in compliance with external and in-house rules and regulations. The job includes the establishment of guidelines describing how the various responses are to be implemented, as well as ensuring compliance with all rules and guidelines. External regulations include legislation and regulations that apply specifically to the AP funds, as well as other regulations affecting the capital market, such as those applied to flagging. In-house codes of conduct address areas such as employees' private securities transactions and ensuring that external fund managers observe the terms of their contracts.

Risk Management

Risk Management is responsible for the monitoring and analysis of financial risks such as market, credit and liquidity risk. This department also has overall responsibility for managing the Fund's operative risks. This function forms part of Business Services and is operationally separate from the asset management organization, ensuring complete independence. The active and preventive risk analysis includes a stress test, back testing of risk models and an assessment and review of limit structure. In the case of market risk, the monitoring

process is managed at Fund level, by asset class and mandate. Development of guidelines and risk models is ongoing, as well as in connection with major annual audits, with a view to improving the management and monitoring of risk. Risk Management has a consultative function, providing support to the Fund's executive and the portfolio managers on risk issues, using analytical methods and tools to calculate risk when optimizing the portfolio mix and subsequently checking the degree of risk to which it was exposed.

Risk Management conducts an annual review of the Fund's operative risks. A range of methods and tools are used to identify operative risks, including self-assessment, process analysis, risk indicators and workshops.

The assessment of identified operative risks is then based on determining the likelihood of something happening and its consequences. The results are compiled and allocated a priority. The prioritized risks are verified and an action plan drafted. The results from each phase are reported to an Operative Risk Committee (ORC), led by the CEO. A report is also submitted to the board of directors.

Use of derivative instruments

In compliance with the guidelines featured in the Fund's 2009 business plan, derivative instruments can be employed as a means of achieving more effective asset management, creating added value, reducing risk and of hedging the Fund's portfolios. Call options and forward contracts may only be issued if adequate collateral is available in the form of holdings in underlying assets. During 2009, derivative instruments have principally been utilized in the following areas:

- Foreign exchange derivatives for managing the Fund's FX exposure, forward contracts and options.
- Equity derivatives – mainly standardized equity-index forward contracts – for efficient rebalancing of the portfolio and when adopting positions in the tactical asset allocation.
- Interest derivatives – mostly standardized interest forwards and interest-rate swaps – for rebalancing, tactical asset allocation and managing the Fund's interest risk. Limited utilization of interest options to position the Fund in respect of interest risk.
- Structured derivatives – not strictly exposed to a single asset class – such as dividend forwards. These derivatives are utilized to generate relative return.
- The adopting of positions within the framework of the Fund's GTAA mandates is handled with the help of derivatives. These mandates are able to act freely with the help of short and long positions in the permitted asset classes. This said, these mandates are not allowed a net long position.

Exposure in derivative instruments is subject to ongoing monitoring and analysis in line with other types of instrument. Equity and interest derivatives are traded mainly on standardized markets in cleared products, which is why counterparty risks are limited to the clearing institute. Trading in currency and credit market derivative instruments is not standardized. Consequently, both counterparty and delivery risks exist with respect to the Fund's counterparties. The board approves and determines limits for those counterparties the Fund utilizes for non-standardized products and the exposure is subject to ongoing monitoring. For OTC trading, the Fund requires standardized contracts, such as ISDA contracts.



Cost-efficient asset management

The Second AP Fund strives to achieve full understanding of and control over the entire business flow and its processes. This enables an efficient use of resources, while ensuring reliability, quality and flexibility, all of which are essential if the Fund is to achieve its targeted return.

The way in which the Fund has formulated its systems solutions and methods for monitoring and analysis directly reflects its portfolio strategy. The fact that the capital market is time and again affected by high volatility places special demands on the need for flexibility, to be able to adjust mandates and focus. Thanks to the organization's know-how and efficient monitoring routines, the Second AP Fund has been able to implement such changes in a speedy and cost-efficient manner. This flexibility has also been essential in enabling the Fund to counteract market movements and adjust the focus of its activities.

Cost awareness

The Fund has a well-developed efficiency strategy that focuses on efficiency in resource allocation as well as internal processes. The process of establishing an efficient organisation based on a results-oriented culture combined with high cost awareness is a long-term process. The Second AP Fund's approach is to consistently challenge its own organization by finding relevant and objective external means of comparison in as many areas as possible, thus creating a culture of 'best practice'.

Key elements of the Fund's efficiency programme include the need to main-

tain quality in combination with controlled operative risks.

Processes

For the Fund, process efficiency means concentrating on security and flexibility.

Secure processes mean not only clear and respected processes, but also that the risks that exist are identified and assessed. Operative risks are minimized by adopting a proactive approach that is designed to identify potential areas of risk and trigger preventive measures.

The job of minimizing operative risks continued in 2009, involving all Fund personnel.

The business flow, from investment decision to financial reporting, is backed by integrated IT systems, where in-house and external investment decisions are managed at the same level of detail. From the very start, when the Fund was established, the need to build flexibility into business processes constituted a fundamental principle. This has enabled the rapid implementation of changes in its asset management strategy, as well as efficient switching between in-house and external management.

Efficient decision-support systems

Since 2007, as part of its efficiency programme, the Second AP Fund has



successively established a new system design based on a Data Warehouse and joint analytical platform. The Data Warehouse functions as an umbrella for all underlying systems, offering in particular two key benefits – enhanced operational reliability and better information logic. The Data Warehouse enables information from the Fund's different systems to be linked and utilized for both in-house and externally managed mandates.

Rebalancing

The Second AP Fund's assets are invested in a range of geographic markets and a variety of asset classes, resulting in a portfolio that is complex to manage. This said, the very complexity and breadth represented by this mix of assets is what enables the Fund to deliver a solid long-term return. Efficient exposure of the capital as specified in the Fund's strategic portfolio and its rebalancing when affected by major movements in the market demand special competence, given the fact that asset classes constantly interact in ways that are seldom predictable.

The Second AP Fund defines costs and revenues attributable to the implementation and rebalancing of the strategic portfolio as implementation effects. These effects can derive from forward positions, the management of foreign exchange and weight deviations between indices. In 2009, the effect was negative, amounting to -0.5 percent.

To refine rebalancing processes, the Second AP Fund has initiated collaboration with an external party. Analyses of transaction costs have already started in conjunction with the rebalancing process, as well as of the rebalancing approach.

Resource allocation

The Fund strives for cost-efficient asset management, with respect to both transaction and management costs.

Transaction costs

One key area to monitor is transaction costs, direct as well as indirect. Direct costs refer to commissions, clearing costs and any taxation due. Indirect costs, such as market impact, provide a means to measure and gain an idea of trading efficiency. This monitoring process, which is ongoing and conducted at regular intervals, involves what is known as a TCA analysis (Trade Cost Analysis). This benchmarks the Fund's direct and indirect transaction costs against a large global group of comparable funds.

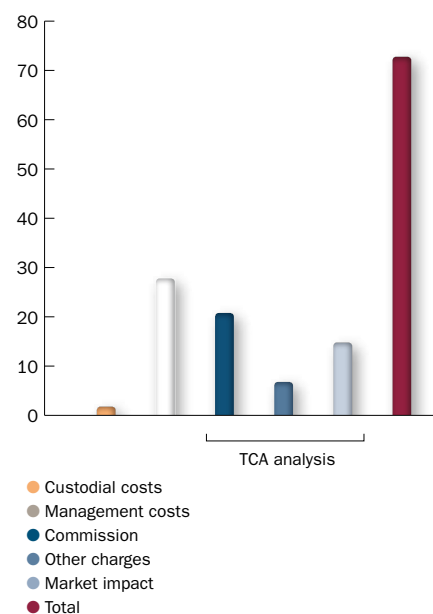
Commission (brokerage commission) is paid on the purchase and sale of equities and participations. When buying and selling other asset categories, the transaction cost is limited strictly to the difference between the buy and sell rate, known as the 'spread'. To establish comparability between different asset classes, commission is reported as a deductible item under 'Net result, quoted equities and participations'.

Commission fees paid in 2009 totalled SEK 55 million. Of these costs, 12 percent derives from commission paid to the Fund's external managers, the remainder to the Fund's in-house asset management organisation. Costs amounted to 0.06 percent of the total trading volume.

The following five counterparts (listed in alphabetical order) received commissions corresponding to approximately 55 percent of total commission payments: ABG Sundal Collier, Citigroup, Deutsche Bank, Goldman Sachs and Svenska Handelsbanken.

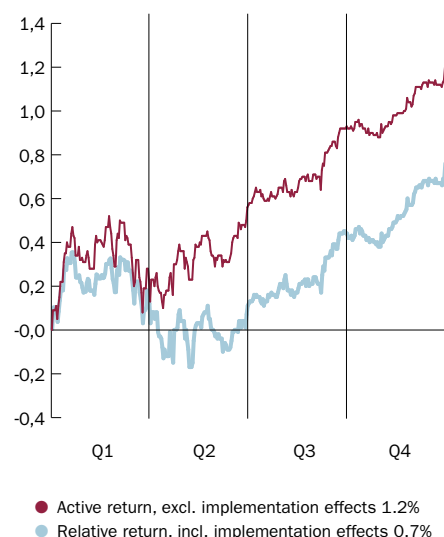


A sample of TCA analysis, basis points ‰



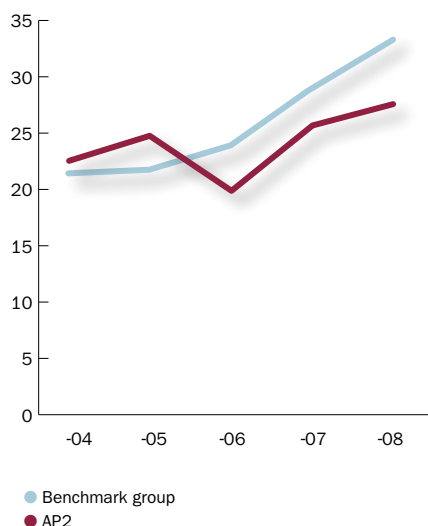
One key area to monitor is transaction costs, direct as well as indirect. This monitoring process, which is ongoing and conducted at regular intervals, involves what is known as a TCA analysis (Trade Cost Analysis).

Result of active management
– including and excluding implementation effects, %



An implementation effect arises when Fund assets are exposed as per strategic allocation. This includes FX and liquidity trading, for example, as well as effects associated with index switches and rebalancing.

Comparable cost level, basis points %



The graph shows the Fund's cost level in relation to its benchmark group during the period 2004–2008.

Source: CEM

Fund management costs

The Second AP Fund's fund management costs are subjected to annual analysis by an internationally respected firm of analysts – Cost Effectiveness Measurement Inc. (CEM).

CEM is a Canadian company with many years experience of analysing pension funds similar to the Second AP Fund, both in terms of character and function. This cooperation is intended to provide solid comparative data to enable an ongoing comparison and analysis of the Fund's efficiency, with respect both to management focus and resource utilization. CEM analyses the cost of the Fund's combined management of its assets, based on the volume of assets under management and their allocation by asset class, as well as the degree of active management applied.

The 2008 analysis reveals that the Fund's costs are below the average for comparable global pension funds, deriving mainly from the Fund's decision to manage the greater part of its capital assets in-house, as well as from the relatively low level of costs noted by several of the externally managed mandates. Further efficiency measures and cost analyses nevertheless remain a consistent priority.

Collaboration between the AP funds

As part of a joint commitment to effective fund management, the First, Second, Third and Fourth AP funds collaborate closely on a number of issues, without compromising their independent and competitive status. Areas of collaboration include

- joint involvement in environmental and ethical issues via the joint Ethical Council
- tax issues
- accounting and valuation issues
- joint legal issues
- a joint voting platform.

The funds also benefit from the ongoing exchange of know-how and expertise between their legal and administrative functions.

The First, Second, Third and Fourth AP funds are engaged in a joint project to determine additional areas of potential collaboration, with a view to possible cost efficiencies. Independent external parties are assisting in evaluating the potential.

Securities lending

In common with other players involved in long-term asset management, the Second AP Fund conducts securities lending. This is mainly in the form of global equities, issued to counterparties with a high credit rating that pledge collateral equivalent to approximately 105 percent of the market value of the securities. Loans and collateral are both administered by the Fund's custodial bank.

In 2009, total income from securities loans amounted to SEK 68 million. This income made a positive contribution to the Fund's relative return and is reported in the income statement as interest income.



Result and performance 2009

As of December 31st 2009, Fund capital totalled SEK 204.3 billion. This increase over the year, amounting to a solid net gain of SEK 34.9 billion, was largely attributable to the upswing on the world's stock markets. Assets under management have nevertheless been negatively affected by the net outflows to the national pension system.

Thanks to the strong performance noted by global equity markets during the last three quarters of the year, the market worth of Fund assets grew by SEK 31 billion.

Capital flows consisted partly of contribution payments to the system and pension disbursements from it, amounting to SEK -3 675 million, and partly of the cost of administering the national pension system, which

is charged against Fund capital in an amount of SEK -231 million. For the first time since the pension system was launched, the net of inflows and outflows was negative, at SEK -3.9 billion.

The adjustments made to the Fund's strategic portfolio during the year have involved a reallocation from, in particular, foreign equities to credits and alternative investments, in the form of convertibles.

Fund capital performance, 2009

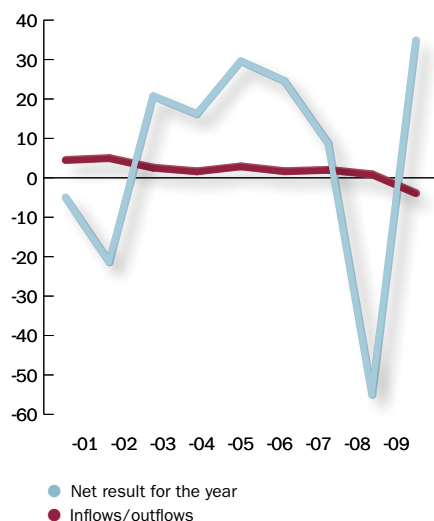
	SEK million
Fund capital brought forward	173 338
Pension contributions received	50 678
Pension disbursements	-54 353
Administration contribution	-231
Special Management Fund	0
Net result for the year	34 858
Fund capital carried forward	204 290

Composition of strategic portfolio, exposure and return as per December 31st 2009

Asset class	Strategic portfolio, %	Exposure, %	Exposed value, billion	Absolute return, %	Relative return, %	Active risk ex post*, %
Swedish equities	18.0	18.3	37.4	52.8	1.4	1.1
Foreign equities	34.0	34.8	71.1	25.0	-0.2	1.1
Fixed-income securities, including liquidity and accrued interest	37.0	36.5	74.5	2.5	0.7	0.6
Total quoted assets, excluding alternative investments and costs				23.1	0.7	0.6
Alternative investments	11.0	10.4	21.3	-1.1		
Total Fund capital, excluding commission costs and operating expenses	100.0	100.0	204.3	20.6		

* Historical outcome, 12 months rolling.

**Fund performance and flows,
2001-2009, SEK billion**



Since the Fund was established, the market has experienced two profound crises. First came the 'IT bubble', coinciding with the launch of the Fund, and then came the financial crisis, which peaked in 2008. These crises are mirrored by the sharp swings in the Fund's net result and capital.

Net result for the year

The Fund has reported its best result since its inception in 2001. The net result was SEK 34.9 billion, generated first and foremost by investments in equities, Swedish equities performing best during the year.

Operating income

Operating income comprises direct return as well as net result per asset class, foreign exchange gains/losses and net commission costs.

Direct return, in the form of net interest income and dividends received, totalled SEK 5 017 million for the year. Net interest income includes income from securities loans in an amount of SEK 68 million. Since autumn 2008, the Fund has reduced the volume of equity loans to lower the risk of losses in underlying securities.

The net result for quoted equities comprises both unrealized and realized gains/losses, and totalled SEK 27 288 million, including expenses for performance-based fees. The Fund's portfolios of Swedish equities, featuring vigorous market growth of more than 50 percent, in combination with the Fund's holdings in emerging markets (which have yielded a return of more than 60 percent) made a particularly important contribution to this solid result.

The net result on unquoted equities, which totalled SEK -803 million, is largely attributable to unrealized changes in the value of real estate and private-equity funds. The net result for fixed-income securities totalled SEK 2 022 million, being very positively affected by the Fund's holdings in credit bonds, convertibles and fixed-income securities, exposed to emerging markets.

The Fund's trade in derivatives posted a positive net result of SEK 3 322 million, where an investment in derivatives exposed to emerging markets had the greatest impact.

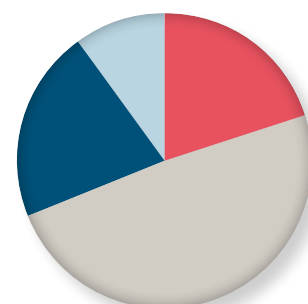
Fund expenses, SEK million

	2009	2008
Commission expenses	182	171
of which		
– external management fees	171	156
– custodial fees	11	15
Operating expenses	150	159



Externally managed capital by management style

Total average capital under management, SEK 50 billion

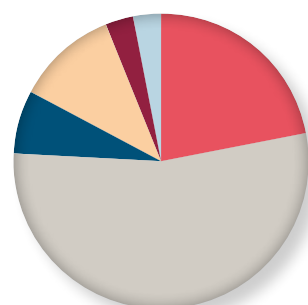


- Active discretionary equities, 20%
- Active fund mandates, 49%
- Active discretionary fixed-income securities, 21%
- Private equity funds, 10%
- Fundamental index, 0%
- GTAA discretionary, 0%

The fundamental index mandates, managed in-house, are based on an external model portfolio. The GTAA mandates have no allocated capital, as their exposure is in the form of derivatives.

Management fees by management style

Total management fees, SEK 171 million



- Active discretionary equities, 16%
- Active fund mandates, 60%
- Active discretionary fixed-income securities, 10%
- Fundamental index, 7%
- GTAA discretionary, 3%
- Private-equity funds, 4%

Management charges in the form of performance-based fees, totalling SEK 60 million for 2009, have been charged against the net result for externally managed assets. This cost arises when an external portfolio manager generates a return over and above the agreed target, having a direct impact on the net result reported for each asset class, as per current accounting principles.

Commission costs pertaining to fixed external management fees of SEK 171 million, as well as custodial fees of SEK 11 million, were charged against operating income.

Fund expenses

The Fund's total expenses include in-house expenses in the form of operating expenses, fixed external portfolio management and custodial fees. Variable expenses related to performance-based contracts and management fees reported as part of the acquisition value are charged against the net result for each asset class, as described in Note 4. The Fund's operating expenses and commission costs, expressed as an expense ratio, amounted to 0.18 (0.16) percent for 2009.

A global cost-efficiency comparison with other pension funds demonstrates that the Fund is highly cost efficient, which is commented on in greater detail in the section entitled 'Cost-efficient asset management', on page 26.

Operating expenses

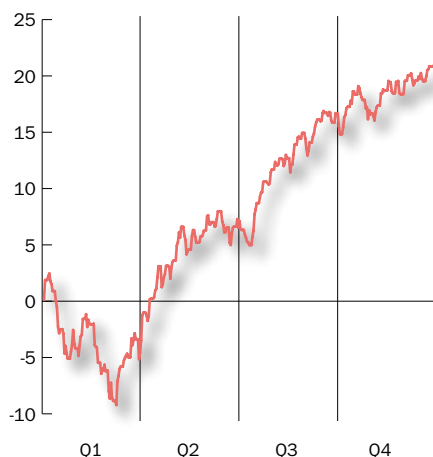
Operating expenses totalled SEK 150 (159) million. Reported as a ratio of average Fund capital over the twelve months, this corresponds to a cost level (expense ratio excluding commission costs) of 0.08 (0.08) percent.

External management expenses

The degree of active risk adopted and the market selected have a major impact on the cost of managing the Fund's capital. During 2009, an active focus was adopted for the capital assets under external management and, by year-end, SEK 50 billion was being managed under external mandates, including unquoted assets. This corresponds to 24 percent of the Fund's entire capital.

The cost for the external management of market-quoted assets partly comprises a fixed element and, for certain assignments, a performance-based element. In 2009, the fixed cost amounted to SEK 165 million and the variable performance-based element to SEK 60 million. If the management fees for private equity funds are included, the combined fixed cost for external management of the Fund's assets was SEK 171 million. This cost corresponds to 0.34 percent of the average total capital under external management in 2009.

The Second AP Fund's absolute return in 2009, %



The return for the total portfolio, excluding expenses, amounted to 20.6 percent in 2009, the highest annual return since the Fund was launched.

Portfolio return

The Fund posted a return of 20.6 percent on its total portfolio in 2009, excluding commission costs and operating expenses. The performance-based element of the fees paid for the discretionary external management of quoted assets has been charged against this return. The recovery staged by the world's equity markets was the main factor behind the solid return, although the Fund's active management made a significant contribution in the form of a positive active return of 1.2 percent. Implementation effects negatively affected the active return by 0.5 percent, resulting in a relative return of 0.7 percent.

The market-quoted element of the portfolio, excluding alternative investments, generated a return of 23.1 percent, excluding expenses. The strong performance of the Swedish stock market has been the main contributor, although foreign stock markets also recovered strongly during the year. The Fund's high degree of hedging in 2009 also made a favourable contribution to absolute return.

Alternative investments include unquoted real-estate equities, participation in private equity funds and the absolute return generated by convertibles. The return amounted to -1.1 percent over the year. This negative contribution derives from a combination of a negative result from private equity and unrealized negative changes in value within real estate, complemented by an increase in the value of convertibles.

Over the past five years, the Fund has generated a return on investment of 28 percent, which translates into an average return of 5.1 percent per annum. Less a deduction for inflation, this corresponds to an annual real return of 3.7 percent. This fails to meet the targeted real return of 5 percent per annum originally determined by the Fund. The main reason is that the average return achieved by global equities over these past five years has been no more than 2.1 percent.

Contribution to absolute and relative return, %

	Contribution to absolute return, %	Contribution to relative return, %
Swedish equities	9.5	0.3
Foreign equities	9.2	0.1
Fixed-income assets, including liquidity and accrued interest	1.1	0.4
GTAA	0.4	0.4
Overlay	0.7	
FX Hedge	2.2	
Total market-quoted assets excl. alternative investments and implementation effects	23.1	1.2
Implementation effects*		-0.5
Total market-quoted assets excl. alternative investments and incl. implementation effects	23.1	0.7
Alternative investments	-2.5	
Total assets. excl. commission costs and operating expenses	20.6	

* Result effects to maintain exposure to the strategic portfolio.



Calculating return

To ensure that the ongoing monitoring and analysis of return and risk is true and correct, the various assets should be valued on the same occasion and employing the same periodicity. The Fund's holdings in both market and non-market-quoted assets involve different periodicity and frequency in terms of valuation data. Consequently, the reported return consists partly of market-quoted assets, which are valued with reference to quoted prices on a daily basis, partly of non-market-quoted assets, that are valued according to the accepted valuation models employed for the respective instruments/assets.

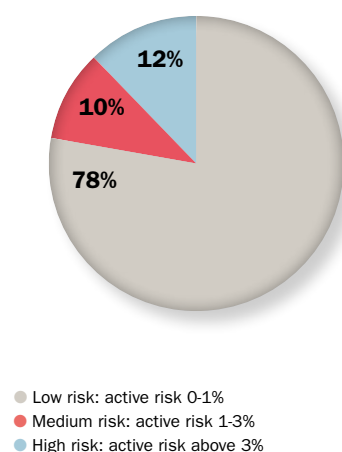
The relative return, however, is calculated by comparing it with the growth of the market-quoted portfolio. In both cases, the variable expenses for the external management of Fund assets, referred to as performance-based fees, are included. The Fund's commission costs and operating expenses are excluded, in compliance with the valuation model employed by the Swedish Ministry of Finance.

The Fund's active return is calculated as the sum of the return on all market-quoted assets, excluding alternative investments. In calculating the relative return, implementation effects (expenses incurred in maintaining the strategic portfolio) are also included.

Five-year review

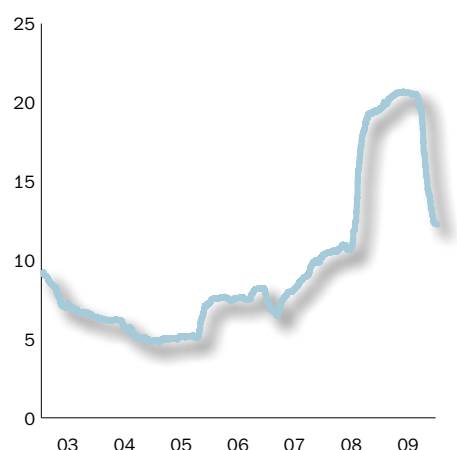
	2009	2008	2007	2006	2005
Fund capital, flows and net result, SEK m					
Fund capital, SEK m	204 290	173 338	227 512	216 775	190 593
Net inflows from Swedish Social Insurance Administration and Liquidation/Special Management funds	-3 906	884	2 019	1 676	2 905
Net result for the year	34 858	-55 058	8 718	24 506	29 568
Return, %					
Return on total portfolio, excl. commission costs and operating expenses	20.6	-24.0	4.2	13.0	18.7
Return on total portfolio, incl. commission costs and operating expenses	20.3	-24.1	4.0	12.8	18.5
Relative return on quoted assets excl. alternative investments, commission costs and operating expenses	0.7	-1.8	-0.4	0.2	0.2
Risk, %					
Active risk ex post	0.6	1.0	0.7	0.7	0.5
Expense ratio as percentage of capital under management					
Expense ratio, incl. commission costs, %	0.18	0.16	0.13	0.15	0.16
Expense ratio, excl. commission costs, %	0.08	0.08	0.06	0.06	0.07
FX exposure, %					
	10	12	11	12	11
Under external management (incl. investments in private equity companies), %					
	24	22	24	17	28

Allocation of active risk, %



The Fund's active risk, by risk utilization.

Volatility in the portfolio of quoted assets, 2003-2009, % (12 months)



As a consequence of the financial crisis in 2008, volatility has been at historically high levels throughout most of 2009.

Portfolio risk

The Second AP Fund posted a low level of active risk for the overall portfolio. Individual portfolios in which the Fund had allocated a high level of active risk generated a high return.

Risk analysis 2009

Market risk

The Fund's active risk utilization has decreased during 2009 due to the reduced volatility of the markets compared to the preceding year. VIX (implicit volatility for S&P 500 index options), after the historically high levels of almost 80 percent in 2008, has reverted to a more normal level of around 20 percent. At year-end, based on 12 months' statistics, the active level of risk for the Fund's market-quoted assets amounted to 0.6 percent, excluding alternative investments (excluding commission costs and operating expenses). Active risk was concentrated to a number of mandates, including the externally managed global equity mandates, the Swedish mandate focused on a broad equity index and the equity mandates focused on emerging markets. Risk utilization was most pronounced in Swedish and foreign equities. The level of active risk for both Swedish and foreign equities was 1.1 percent.

The correlation between equities and interest increased during the year, calculated over twelve months. At the same time, the correlation between Swedish and foreign equities declined somewhat.

The Fund's total portfolio noted a decline in volatility during the year, from 19.1 to 12.0 percent. The strategic portfolio also noted a decline in volatility during the same period, from 19.2 to 12.2 percent. This reduced volatility was mainly attributable to a calmer equity market in 2009. The Fund posted a positive Sharpe ratio of 1.9 and a positive information ratio of 1.3 for the year. Refer to Definitions on page 66.



Credit risk

Credit risk refers to the risk of loss arising from a creditor's failure to fulfil a credit commitment. In light of last autumn's financial crisis, the issue of credit risk has risen to the top of fund managers' agendas too.

The credit risk consists of issuer risk, counterparty risk, liquidation risk and concentration risk. Credit risk is limited by a requirement for rating categories as well as exposure and liquidation limits.

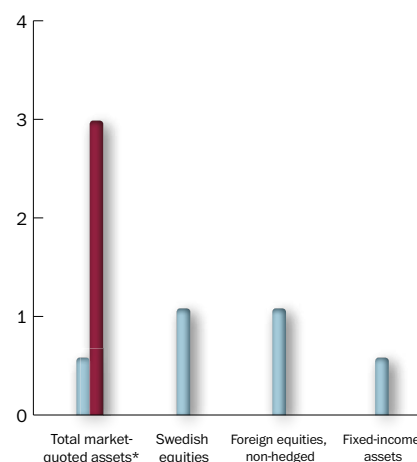
A large part of the Second AP Fund's credit risk is defined as counterparty risk. The Fund's counterparty risk is monitored and analysed on a daily basis. Approval as a counterparty to the Second AP Fund requires a credit check, based partly on officially available data and partly on subjective assessments. The starting point for such an assessment is the purpose and nature of the business relationship and, consequently, the extent and possible impact of the corresponding exposure. This type of check is used when approving a new counterparty, as well as part of the ongoing monitoring of current business relationships. The idea is to complement credit ratings with a number of other factors, to provide as comprehensive a picture of the counterparty as possible.

Issuer risk is defined as the risk that an issuer may become insolvent and therefore unable to honour its commitments. The creditworthiness of issuers may even cause losses long before a declaration of bankruptcy. A decline in an issuer's creditworthiness normally leads to a decline in the market worth of the fixed-income instruments and other securities associated with the issuer. The Second AP Fund limits issuer risk by establishing credit-risk limits, for individual issuers and groups of issuers, classified by rating.

Last autumn's financial crisis has led to increased focus on the monitoring and analysis of the Fund's main market exposure and its exposure in specific sectors. The joint exposure in equities and fixed-income securities is monitored. The analysis is then complemented with data on changed credit ratings and market development of holdings. The starting point for credit risk in the Fund's portfolio is the interest rate index determined



Active risk by asset class, 2009, %
(tracking error, ex post)

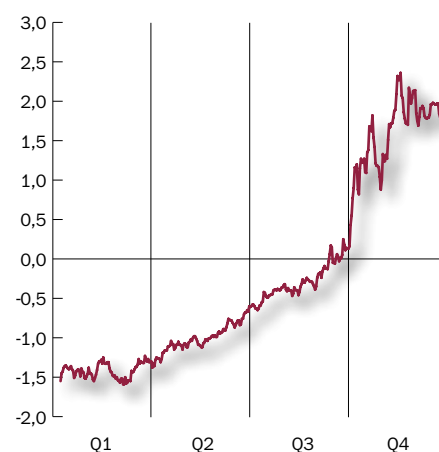


● Active risk, ex post
● Limit, active risk

* excl. alternative investments

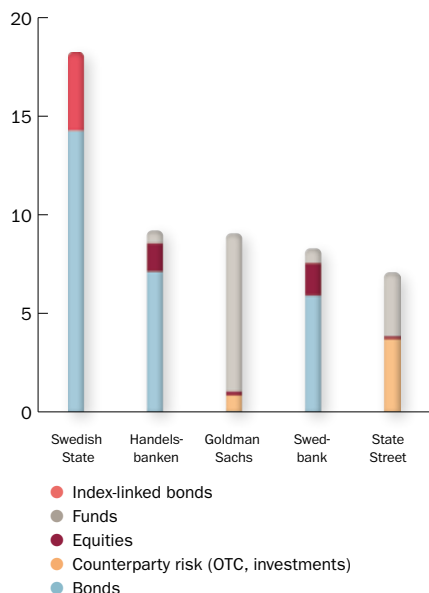
In 2009, risk utilization was highest in Swedish and foreign equities, generating a high return for these asset classes.

Sharpe ratio in 2009, %



Reflecting strong growth in the Fund's absolute return, the Sharpe ratio noted a positive rise for 2009.

Exposure to issuer, SEK bn

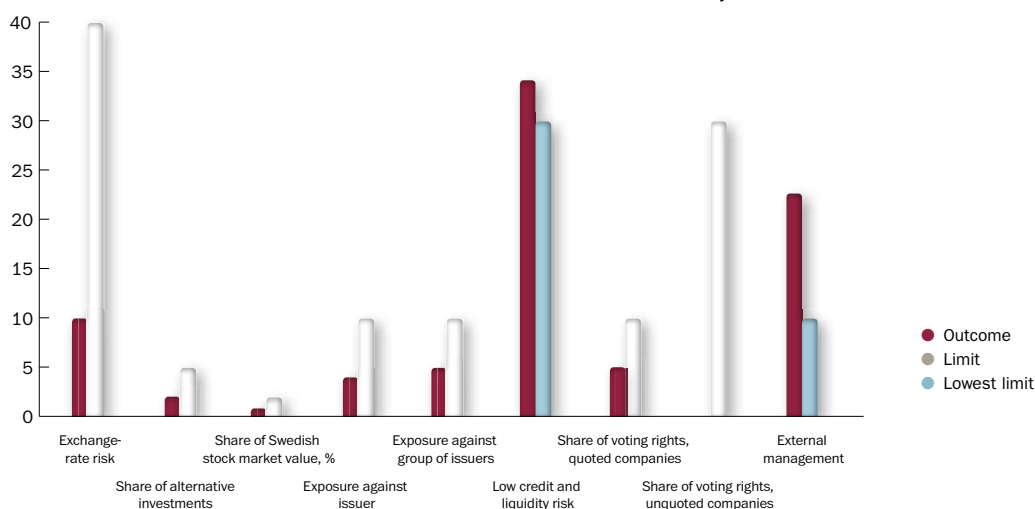


Fund's combined exposure to five largest issuer groups.

for the strategic portfolio. This comparative index is used to determine the parameters for permitted deviations, in the form of credit risk limits per rating category. Limits and other restrictions are also established to determine the permitted level of exposure.

During 2009, the Second AP Fund intensified its work concerning the management of credit risks. With the Swedish Financial Supervisory Authority's definition of credit-risk-related concentration risk for financial institutions as its starting point, the Fund is analysing the distribution of credit risk, based on geographical and industrial segment, as well as its allocation by issuer/group of issuers. From the Fund's perspective, a concentration risk arises when too great a portion of the total portfolio is exposed to one or several of these segments. The choice of benchmark index is the single factor having the greatest impact on concentration risk. Active deviations from the selected index can also affect the concentration risk, although to a lesser extent, in view of the fact that deviations are restricted by in-house limits.

Limit as per investment regulations, %



Risk-adjusted return for total portfolio, valued by year

	2009		2008		2007		2006		2005	
	AP2	Strategic portfolio	AP2	Strategic portfolio	AP2	Strategic portfolio	AP2	Strategic portfolio	AP2	Strategic portfolio
Return, %	20.6	20.7	-24.0	-22.2	4.2	4.2	13.0	11.8	18.7	17.8
Standard deviation, %	12.0	12.2	19.1	19.2	8.7	8.7	7.4	7.7	4.8	4.7
Active risk ex post, %	0.6	-	1.0	-	0.7	-	0.7	-	0.5	-
Information ratio	1.3	-	neg	-	neg	-	0.3	-	0.3	-
Sharpe ratio	1.9	-	neg	-	neg	-	1.2	-	3.4	-

* Total quoted portfolio, excluding commission costs and operating expenses.



Market worth of assets

Market-quoted assets

– principles

Most of the Fund's assets under management (92 percent) are quoted assets. This means that they are traded on an active market, at rates that represent actual and frequent market transactions. The Fund's quoted assets are considered to be liquid assets, and are appraised and quoted daily. These liquid assets comprise equities, bonds, derivative instruments and foreign exchange.

During periods when the market lacks the liquidity for quoted securities, an appraisal involves an increased element of subjectivity. Such market conditions can lead to dramatic differences in bid and offer rates, which may even vary considerably from one market player to another. In such situations, the Second AP Fund is conservative in its bidding approach.

If an issuer goes into liquidation, resulting in deregistration of the security, attention is paid to the market rate quoted on alternative markets. Each individual security must be appraised separately. The term 'issuer' refers to market players that issue securities on a quoted or unquoted market.

– in 2009

The portfolio of assets in which the Fund had gathered fixed-income securities during autumn 2008, featuring notably limited liquidity or rating levels below

investment grade, was gradually divested during 2009, having a positive impact on the net result.

Unquoted assets

– principles

For assets which lack an active market, several valuation techniques may be adopted to determine true worth at a specific valuation date. This value is deemed to correspond to the market rate at which a trade between knowledgeable and mutually independent parties can be conducted. In the case of the Second AP Fund, these unquoted assets consist of real estate (five percent of the total portfolio), private-equity funds (three percent of the total portfolio) and OTC derivative instruments.

The appraisal technique chosen means that real estate and private-equity funds are appraised at a lower periodicity than quoted assets, and based on generally accepted principles for valuing true worth. Private-equity funds are appraised in compliance with the principles established by IPEV (International Private Equity and Venture Capital Valuation Guidelines) or comparable valuation principles, that are common to the entire industry and based on recognized methods. The valuation of holdings is based on the latest interim reports from the respective private-equity funds. The interim reports are normally received within 90 days from the close of the

quarter. This means that a valuation of the Fund's holdings at year-end derives from a valuation of the private-equity funds as per September 30th, adjusted for inflows/outflows during the fourth quarter. The Second AP Fund has applied this valuation method consistently, ever since the Fund's formation.

For unquoted derivatives, known as OTC derivatives, valuation is based either on theoretical modelling or on a valuation provided by an external party. Where the Fund's holdings in foreign exchange contracts and interest swaps are concerned, the valuation is based on theoretical modelling, where at present the only subjective elements are the interest curves selected and the method used to calculate and estimate future values (interpolation and extrapolation). For other OTC derivatives, valuations are determined exclusively by external parties, with no subjective input from the Fund.

– in 2009

At the close of 2009, the Fund's portfolios contained a few outstanding structured OTC derivatives.

In compliance with the Second AP Fund's established principles for the appraisal of private-equity funds, the valuation of these assets is based on the latest interim reports, resulting in a three-month time-lag in the end-of-year figures.

FX exposure

The Fund's total exposure in foreign exchange (FX) is low, which has proved beneficial, especially during the last three quarters of the year.

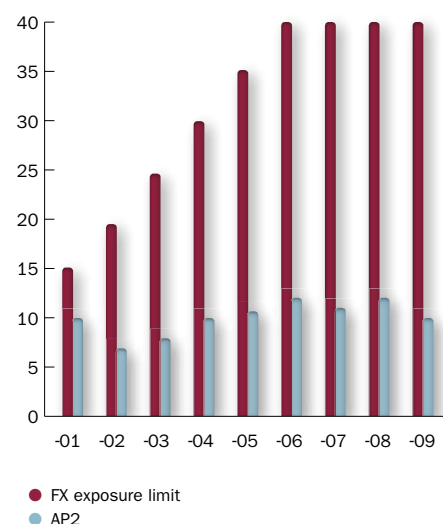
Totalling 12 percent at the start of 2009, the Fund's FX exposure was gradually reduced over the rest of the year. The euro hedge increased during the year.

By year-end, 10 percent of the Fund's portfolio was exposed in foreign currency. The largest part was the Fund's exposure in USD and euros.

This change in FX exposure has contributed positively to the Fund's net return, due to strengthening of the Swedish krona against the major currencies.

The Fund reported a negative result on FX transactions for its total portfolio (including currency hedge), amounting to a foreign-exchange loss of SEK -1 656 million. Combined FX losses, including interest gains/losses on FX contracts, totalled SEK -2 001 million.

Statutory exposure limit, compared with the Second AP Fund's FX exposure, 2001-2009



Currency exposure, equivalent in SEK million

Dec. 31st, 2009	USD	GBP	EUR	JPY	CHF	Övr	Total
Equities and participations	32 291	4 734	19 989	4 695	2 213	4 735	68 657
Bonds and other fixed-income securities	20 278	1 024	11 660	0	0	1 080	34 042
Other assets and liabilities, net	634	290	988	96	-1 187	1 770	2 591
Derivative instruments excl. FX derivatives	7 965	18	-208	2	-3	12	7 786
FX derivatives	-46 216	-6 005	-28 288	-5 189	84	-7 338	-92 952
Currency exposure, net	14 952	61	4 141	-396	1 107	259	20 124

Currency exposure is reported as per the Fund's true management of FX risk, which means that it is based on local currency at the trading location, and not the currency pertaining at the company's registered office.



Portfolio of quoted assets, 2009

The following section reviews return per asset class for the Fund's market-quoted assets excluding alternative investments. For a more detailed description of each investment team's result, turn to 'Positive contribution from active management' on page 21.

Swedish equities

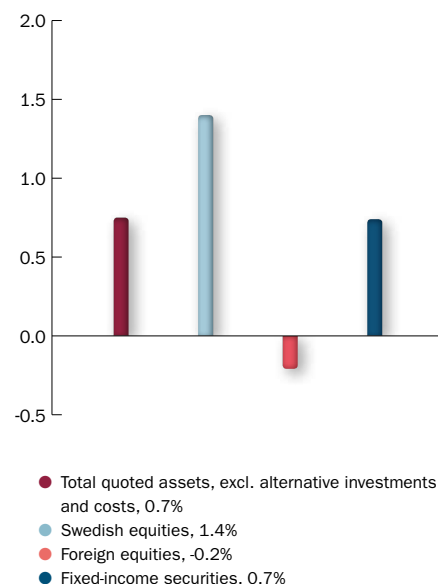
The Swedish equity portfolio is subject to long-term appraisal based on a combination of four separate elements, each assigned its own benchmark index. The total index at year-end consisted of a cap-weighted element with the SBX index (44 percent); an equally-weighted element with the OSX index (22 percent); a cap-weighted small cap element with the CSRX index (12 percent) and a fundamental index (22 percent). In all, the management of Swedish equities generated an absolute return of 52.8 percent against a benchmark index of 51.4 percent.

Swedish equities, amounting to a combined market value of SEK 37.4 billion as per December 31st 2009, were managed both in-house as well as by external small cap funds.

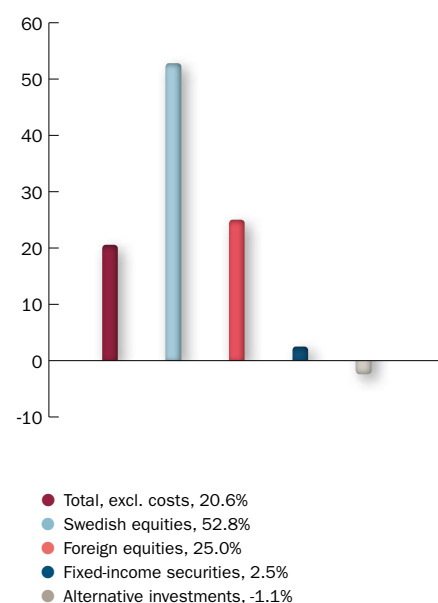
The majority of the portfolio was under active/enhanced management throughout the year. The active level of risk assigned to these Swedish mandates, measured as tracking-error, amounted to 1.1 percent. The majority of this active risk relates to the portfolio where the Fund's response is based on a broad equity index. These are also the holdings that have contributed most to the positive active return.

Swedish equities	2009	2008	2007	2006	2005
Exposed value, SEK billion	37.4	30.8	45.0	43.5	40.8
Absolute return, %	52.8	-42.0	-3.1	29.5	36.6
Relative return, %	1.4	-1.7	-0.5	0.6	-2.9
SIXRX, %	52.5	-39.1	-2.6	28.1	36.3
Share of ext. management, %	7	7	6	10	18
Active risk ex post, %	1.1	1.9	1.9	2.9	1.6

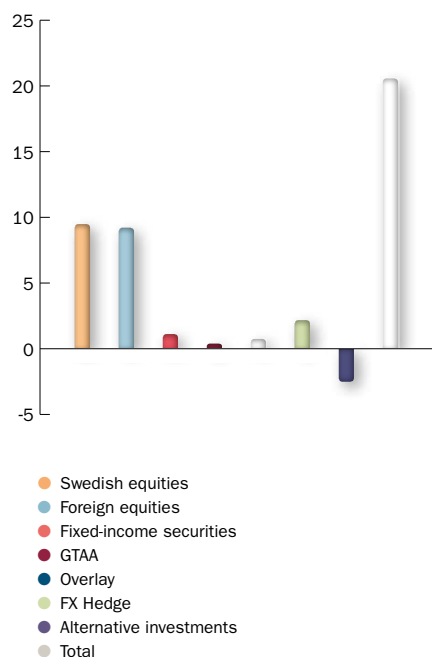
Relative return per asset class 2009, %



Absolute return per asset class 2009, %



Attribution, total portfolio 2009, absolute return %



Foreign equities

The Fund's holdings in foreign equities are matched against a cap-weighted share with the MSCI World benchmark index (19 percent), a BNP-weighted share with the MSCI GDP benchmark index (45 percent), a benchmark for emerging markets (16 percent) and a fundamental index (20 percent).

In line with the Fund's strategic asset allocation policy, investment has focused on European, Japanese and Pacific stocks and emerging markets, although its market exposure in the US might seem less than justified, given the North American equity market's cap weighting.

Management of foreign equities generated a combined absolute return of 25.0 percent during the year, compared with the benchmark index, which generated 25.2 percent. During the same period, the broad-based MSCI AC World index generated a return of 22.3 percent.

Foreign equities were managed in-house during the year, as well as under a number of external mandates, focused on global management and the management of equities in emerging markets.

As per December 31st 2009, the combined market worth of the Fund's holdings in foreign equities totalled SEK 71.1 billion. The level of active risk assigned to foreign holdings amounted to 1.1 percent.

Foreign equities	2009	2008	2007	2006	2005
Exposed value, SEK billion	71.1	68.9	89.6	85.7	77.5
Absolute return, %	25.0	-29.5	8.3	16.4	22.9
Relative return, %	-0.2	-1.2	0.3	2.5	2.0
MSCI AC World, %	22.3	-27.1	7.2	13.0	20.0
Share of ext. management, %	26	28	39	27	53
Active risk ex post, %	1.1	2.0	1.7	1.0	0.7

Swedish and foreign fixed-income securities

Management of the Fund's fixed-income securities, most of which (76 percent) is conducted in-house, is based on broad management of Swedish and global bonds. The fixed-income securities that the Fund has chosen to place under external management involve credits and emerging-market bonds.

The fixed-income portfolio primarily consists of Swedish nominal and inflation-linked bonds, benchmarked against the SHB index, as well as internationally traded government securities and credit bonds, benchmarked against the Barclays index, and credit bonds benchmarked against the JP Morgan index. The market worth of the Fund's fixed income holdings, including liquidity, totalled SEK 74.5 billion as per December 31st 2009.

The management of fixed-income securities in 2009 generated a return of 2.5 percent, thereby outperforming the return posted by the benchmark index by 0.7 percent. The relative result has been positively affected primarily by the successful management of global government bonds under in-house mandates. As per December 31st 2009, the duration of the portfolio was 5.1 years, a marginal



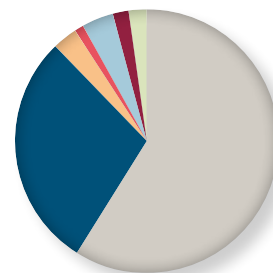
increase on the preceding year. National issuers accounted for 35 percent of the fixed-income portfolio. 59 percent of the portfolio was placed in fixed-income securities, rated from triple A (AAA) to AA-. Swedish housing bonds accounted for 31 percent of the portfolio's total market worth.

	2009	2008	2007	2006	2005
Exposed value including liquidity, SEK billion	74.5	57.3	80.6	77.4	65.1
Absolute return, %	2.5	16.6	2.5	0.8	4.3
Relative return, %	0.7	-1.3	-0.2	0.0	0.0
Share of external management, %	24	20	15	10	8
Active risk ex post, %	0.6	0.5	0.2	0.3	0.4

FX trading

The Fund's FX trading team is responsible for maintaining the selected level of FX exposure, but is also tasked with active management mandates, which generated a positive result during the year.

Issuers, %



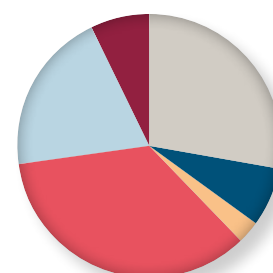
- AAA to AA-, 59%
- A+ to A-, 29%
- BBB+ to BBB-, 3%
- A1, 1%
- Credit Vanguard fund, 4%
- EMD Stone Harbor fund, 2%
- EMD Wellington fund, 2%
- A2, 0%

Alternative investments, 2009

The Second AP Fund has gathered investments in unquoted real-estate equities and private-equity funds, together with convertible promissory notes featuring targeted absolute returns, under asset class alternative investments. These assets jointly account for 10.4 percent of total Fund assets under management. Real estate represents the largest share, amounting to 5 percent of total Fund assets. Convertibles account for just below 3 percent, as do investments in private-equity funds. Alternative investments noted a return of -1.1 percent.

Private-equity funds

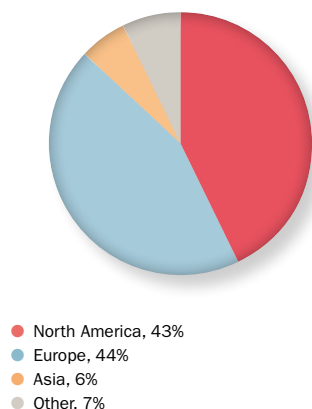
Up to the end of the first half of 2009, the investment pace for private-equity funds was very low, although this sector staged a marked recovery during the second half. The slow pace of investment derived from the excessive price differential between buyer and seller. The funds that made acquisitions were those that normally maintain a low debt-equity ratio. The marked increase in the level of activity towards the end of the year involved the acquisition of portfolio companies as well as preparations for sale and stock market floatation.



- States: Sweden and G5 countries, 28%
- Other states, 7%
- Supranationals, 3%
- Other Swedish issuers, 35%
- Other foreign issuers, 20%
- Funds, 7%

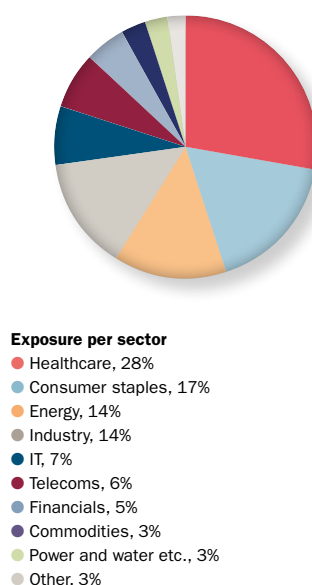


Investments in private-equity funds, by geographical market, %



The Second AP Fund's investments in private-equity funds feature a good geographic spread.

Investments in private-equity funds, by sectors, %



The portfolio of companies held by private-equity funds is over-weighted against defensive sectors such as healthcare.

The Second AP Fund's holdings feature a limited number of portfolio companies with profitability and financing problems. The Fund's portfolio companies have generally been successful in balancing substantial declines in volume by reducing costs. The fact is that the Second AP Fund's portfolio contains funds whose portfolio companies have the same or higher combined operating profits than they did prior to the financial crisis.

Although a problem, the reduced availability of market credit also presents opportunities to make attractive investments, especially for investors with a long investment horizon.

During the year, three new commitments have been given to external fund managers with which the Fund already has an established relationship. These new investment commitments, totalling SEK 1.0 billion, have been made to Ares Opportunities Fund III, Khosla Ventures III and Carlyle Asia Growth Partners IV, providing a suitable complement to the Second AP Fund's current investments.

As of December 31st 2009, the Fund's total investment commitment was SEK 14.4 billion. Of this, SEK 5.8 billion (including management fees) has already been invested, of which SEK 1.2 billion in 2009. The market worth of these investments was SEK 5.4 billion, excluding the FX hedge. The return on investment in private equity funds for 2009 was -9.1 percent.

Income and expenses for external management of unquoted assets (excluding real estate) 2009, SEK m

Gross loss; dividends, realised and unrealised result	-710
Management fees paid and booked	-135
Management fees paid and reported as commission expenses	-6
Net contribution	-851
Assets under management, market worth December 31st, 2009	5 404
Invested capital, December 31st, 2009	5 804
Investment commitments, December 31st, 2009	14 436

Private-equity funds are appraised in compliance with the principles established by IPEV or comparable valuation principles, that are common to the entire industry and based on recognized methods. The valuation of holdings is based on the latest interim reports from the respective private-equity funds. Interim reports are normally received within 90 days from the close of the quarter. This means that a valuation of the Fund's holdings at year-end derives from a valuation of the private-equity funds as per September 30th, adjusted for inflows/outflows during the fourth quarter.

Fees paid for the management of unquoted assets, where reimbursement is permitted prior to profit sharing and is deemed likely, are reported as part of the acquisition value of such assets. See also the Fund's accounting and valuation principles, page 50.



Convertibles

During the year, the Second AP Fund reallocated elements of the strategic portfolio, including an adjustment to convertible assets in an amount equivalent to 3 percent of total assets under management. This exposure to convertibles improves the spread of the Fund's overall portfolio and is an investment that generates an absolute return.

Four external asset managers were selected following an extensive analytical and due-diligence process, and the Fund's new global portfolio of convertibles was largely implemented during the summer of 2009.

During 2009, this investment in convertibles generated a return of 9.5 percent, a consequence of the fact that the investment was made during a favourable period featuring low initial values.

Real estate

Unquoted real-estate holdings consist of a 25-percent interest in Vasakronan Holding AB (formerly AP Fastigheter Holding AB) and a 50-percent interest in NS Holding AB (Norrporten).

The Second AP Fund's investments in real estate generate a solid long-term direct return on investment and contribute to a satisfactory spread of risk in the total portfolio.

Vasakronan, which is owned jointly by the First, Second, Third and Fourth Swedish National Pension (AP) funds, has a concentrated and attractively located portfolio of real-estate holdings in the Stockholm, Gothenburg, Öresund and Uppsala areas. The company owns and manages almost 300 properties, totalling some 3.2 million square metres of floor space. The Fund's holding in Vasakronan noted a decline in market value of SEK -511 million, as well as interest gains on promissory note loans of SEK 414 million.

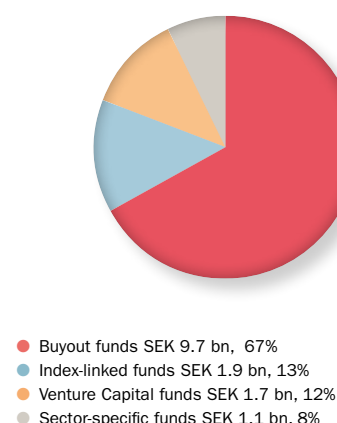
Norrporten is owned jointly (50/50) by the Second AP Fund and the Sixth AP Fund. The company continued its strategic expansion during the year and developed its portfolio of real estate, mainly in Copenhagen and Hamburg. Norrporten owns and manages some 140 properties, totalling approximately 1.1 million square metres of floor space.

The Norrporten holdings have developed favourably, with a SEK 67 million gain in market value and interest income on debenture loans amounting to SEK 188 million.

The market values of the Fund's real-estate portfolios in Vasakronan and Norrporten, including promissory notes and debenture loans, amounted to SEK 6 636 million and SEK 4 388 million respectively.

The combined return on the Fund's unquoted real-estate holdings was 1.4 percent, of which Vasakronan accounted for -1.4 percent and Norrporten 6.1 percent.

Original investment commitments
in private-equity funds



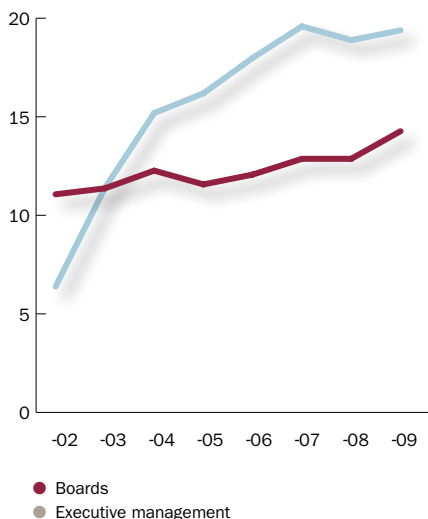
The greater part of the private-equity funds in which the Second AP Fund has invested invest in mature and large companies.

Unquoted real-estate holdings, Dec 31st 2009

Vasakronan Holding AB, amounts in SEK m	
Equities	
Acquisition value	1 221
Valuation	751
(of which affecting operating result 2009: -511)	
Fair value as per Dec 31st 2009	1 972
Total dividend 2001-2009	1 674
(of which in 2009: 0)	
Debt and promissory note loans, incl. accrued interest	
Debt and promissory note loans, incl. accrued interest per Dec 31st 2009	
	4 664
Total interest income 2001-2009	1 384
(of which in 2009: 414)	
NS Holding AB, amounts in SEK m	
Equities	
Acquisition value	811
Valuation	1 464
(of which affecting operating result in 2009: 67)	
Fair value as per Dec 31st 2009	2 275
Subordinated debenture loans incl. accrued interest	
Subordinated debenture loans incl. accrued interest as per Dec 31st 2009	
	2 113
Total interest income 2001-2009	1 156
(of which in 2009: 188)	
Andra & Sjötte Fastigheter AB, amounts in SEK m	
Equities	
Acquisition value	2
Fair value as per Dec 31st 2009	0



Women in executive positions and on boards, %



The percentage of women in executive positions at publicly-quoted companies remains low, despite having increased from 12.9 to 14.3 percent since 2008. At board level, the increase has also been modest, from 18.6 to 19.1 percent.

An active investor

The Second AP Fund's mission is to maximize long-term return on the pension assets under management. Attention shall be paid to environmental and ethical issues, without compromising the overall target of a high return on investment.

A large part of the Fund's assets are placed in equities in Swedish and foreign companies, making it a significant shareholder. Active shareholder involvement and commitment is essential to a company's long-term development. The Second AP Fund therefore adopts an active role to ensure good corporate governance and thereby contribute to value growth. The Second AP Fund's shareholder activities involve active participation in Swedish and foreign annual general meetings (AGMs), as well as engagement in dialogue with the boards of directors and executive managements of the Fund's portfolio companies. During 2009, issues on which the Second AP Fund adopted an active stance included remuneration to senior executives and, together with the other three large buffer funds, establishing guidelines on how to act at foreign AGMs.

The Second AP Fund's operative involvement in corporate governance issues is based on its nine principles of corporate governance. These principles comprise structural, corporate governance, environmental and ethical issues.

Exercising voting rights at AGMs

The Second AP Fund exercised its voting rights at the AGMs of more than 50 Swedish publicly-quoted companies in 2009. In three cases, the Fund voted against discharging a board from responsibility or against its proposals at the AGM. One such was Lundin Petroleum, where the Fund voted against an incentive system that lacked any performance requirement. The Second AP Fund exercised its voting rights at more than 250 of the

AGMs held by foreign companies in 2009. To also improve corporate governance in foreign holdings, the four large buffer funds participated in a joint pilot project in 2008/2009, focused on designing a neutral voting centre. After analyzing the results, the First, Second, Third and Fourth AP funds decided to tender for the creation of a joint voting platform. The process was completed in December 2009.

Remuneration issues

In April 2009, the Swedish Government published its new guidelines, 'Terms of employment for senior executives in the AP funds'. Among other things, these guidelines express the Government's wish that AP funds should, in collaboration with other major investors, strive to ensure that the terms of remuneration applying to senior executives in portfolio companies are reasonable and to limit variable remuneration. Pending the response of its board, the Second AP Fund chose to abstain from voting on remuneration at AGMs where this was an issue.

The Fund's corporate governance policy has subsequently been adjusted and, among other things, notes that responsibility for the formulation of appropriate remuneration systems shall devolve upon the boards of the individual companies. These remuneration systems shall promote the sustainable development of these portfolio companies. It is important that each remuneration programme continues to be judged individually, based on what is considered most appropriate for the company in question.

In autumn 2009, the Second AP Fund



Every year, the Second AP Fund presents a separate Corporate Governance Report, in conjunction with the six-month interim report.



circulated two statements for comment. The first concerned the Swedish Code of Corporate Governance proposal regarding the remuneration of senior executives. The second concerned a proposal by the Swedish Financial Supervisory Board about remuneration systems within the financial industry.

New share issues

During the year, the Second AP Fund participated in several new share issues on the Swedish stock market, contributing some SEK 1 billion to Swedish companies.

Nomination committees

In the run-up to the 2009 AGM season, the Fund was represented on the nomination committees of thirteen companies: Carnegie, Kungsleden (chairman), Biotage, Castellum, Elekta, Haldex, Hexagon, Intrum Justitia, JM, Lundin Petroleum, Meda, Oriflame and Vostok Gas. Prior to the 2010 AGM season, the Fund is represented on the nomination committees of seven companies: Boliden, Meda, Hexagon, Haldex, Kungsleden, Lundin Petroleum and Opus Prodox.

Board composition

For the fifth year running, the Second AP Fund conducted a survey to determine the percentage of women on the boards and executive management of publicly-quoted companies. Only minor changes were noted. The proportion of women on corporate boards is just under 20 percent, but increased slightly on executive managements, to around 14 percent. The Fund is engaged in dialogue with a number of companies (nomination committees and managements) that have low levels of female representation, to influence selection processes for executive posts and seats on the board.

Protecting shareholders' rights

For a number of years, the Second AP Fund has also pursued the issue of shareholders' rights. The Fund has fo-

cused mainly on two issues: a review of Swedish takeover regulations and the possibility to nominate board members in the USA.

Näringslivets Börskommitté (NBK), which administers and develops the takeover regulations that are subject to Swedish self-regulation, has reviewed these regulations. The Second AP Fund has participated in an NBK reference group on this issue. A proposal for revised regulations was published in March 2009. The revised regulations, concerning takeover bids for companies whose shares are traded on the regulated markets operated by Nasdaq OMX Stockholm and Nordic Growth Market (NGM), came into effect on October 1st 2009. As for nominating board members in American companies, the US administration drafted a June 2009 proposal designed to simplify such nominations.

Ethics and the environment

The joint Ethical Council of the National Swedish Pension Funds was established in 2007 and published its second annual report in the spring of 2009. It focuses on monitoring and analysing the foreign portfolio holdings of the AP funds', to ensure that portfolio companies do not contravene international conventions to which Sweden is a signatory. The Council has established a process for monitoring all foreign portfolio investments. The AP funds select some 10-15 companies, which are placed on a 'dialogue list', in the hope that they can be persuaded to adopt routines to prevent new incidents or crimes that contravene international conventions.

See www.etikradetapfonderna.se

For a sustainable future

During the year, the Second AP Fund joined up with fourteen other Swedish institutional investors to persuade publicly-quoted Swedish companies to adopt a responsible and sustainable approach to value creation. These

institutional investors are the Second AP Fund, DnB NOR, the Fourth AP Fund, Folksam, the First AP Fund, Handelsbanken, KK-stiftelsen (The Knowledge Foundation), Nordea, Meta Asset Management, SEB, Skandia Liv, SPP, Swedbank Robur, Svenska Kyrkan (The Church of Sweden) and the Third AP Fund.

The Fund's participation in the 'Hållbart Värdeskapande' (Sustainable Value Creation) project derives from a conviction that publicly-quoted Swedish companies must be encouraged to actively manage the environmental and social consequences of their business activities – to reduce risks and costs, as well as cultivate business opportunities.

See www.hallbartvardeskapande.se

Memberships and initiatives

The Second AP Fund is both a member and supporter of numerous Swedish and international initiatives. It was one of the founding signatories of the UN's Principles for Responsible Investment (PRI). Within the PRI framework, the Second AP Fund has participated with several private-equity companies in jointly developing better principles for addressing the ethical and environmental issues associated with investment in and ownership of portfolio companies. See www.unpri.org

The Second AP Fund is a member of the Carbon Disclosure Project. This is an initiative supported by some hundred major investors who demand that the world's largest publicly-quoted companies report their emission of greenhouse gases, as well as other data pertaining to their management of the climate challenge, and that this data be stored in a joint database.

The Second AP Fund is also a member of the International Corporate Governance Network (ICGN), GIGN, the European Corporate Governance Institute and Sweden's SNS Corporate Governance Network.

Competitive staff

The Second AP Fund's ability to attract new staff, to retain them and to contribute to their development is a prerequisite for achieving the established long-term goals. The Fund strives to offer an innovative and stimulating work environment, in which staff are awarded a high degree of individual responsibility and personal involvement.

The Second AP Fund strives consistently to offer its staff opportunities for personal development, to recruit the right people and develop their leadership qualities. In an organization that comprises a large number of employees with highly specific abilities, it is important to cater for individual skills requirements and development potential, while simultaneously promoting the development of teamwork. Members of staff are offered ongoing skills development within their individual fields of competence.

Fundamental values

The Second AP Fund's corporate culture shall be defined by personal responsibility and individuality within the broader framework of a vigorous team spirit. Operations rely on teamwork, based on joint goals. This said, there is also considerable room for individuality and personal responsibility.

Leadership training a competitive tool

Good leadership is a key competitive tool in promoting the development and motivation of members of staff. The Second AP Fund embraces a leadership strategy that defines the skills, attitudes and responsibilities that managers within the organization are expected to possess. This leadership strategy is assessed annually, involving the identification and measurement of four roles. This assessment then provides the basis for the drafting of an individual development plan for each manager.

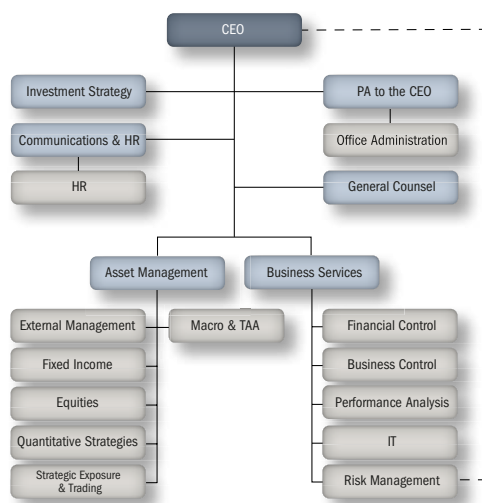
Since 2007, other employees have also undergone a similar assessment process with a view to promoting self-awareness and a common vision about their role within the organization. In this way, the Second AP Fund is also able to ensure that the correct operational and behavioural goals are established throughout the organization.

Internal mobility

The Second AP Fund strives first and foremost to recruit from within the organization and to encourage internal mobility. In this way, specialist skills and expertise can be better utilized.

Remuneration issues

Competitive levels of remuneration are an important element in the ability to attract and retain staff. In 2009, the Second AP Fund's incentive programme comprised all members of staff, apart from the CEO and the other members of the Fund's executive management.



At year-end 2009, the Fund had 53 full-time employees, 31 men and 22 women. Of these, 25 are engaged in asset management and 17 in business services, the remaining 11 being members of the executive management and senior staff.



This incentive programme meant that all members of staff were entitled to two weeks' salary if the Fund had achieved its targeted 0.5 percent active return, as well as two weeks' salary for individual employees who attained their personal targets. Those employed in asset management were entitled to a maximum of two months' salary in variable remuneration. This variable remuneration could only be paid out when the Fund reported a positive return. This system is presented on www.ap2.se.

The Swedish Government's 'Guidelines on terms of employment for senior executives in the AP Funds' were published in April 2009. Based on these guidelines, the Second AP Fund decided on new guidelines to be applied to the remuneration of senior executives in the Fund, which means that the CEO and other senior executives are not entitled to receive variable remuneration.

As a consequence of developments on the financial markets in 2008, the Second AP Fund introduced a pay freeze during 2009.

Healthcare

The Second AP Fund prioritizes employee health. All members of staff are therefore offered a fitness-activity subsidy and regular medical check-ups.

Gender equality

The Second AP Fund enables men and women to combine work with family responsibilities by offering flexible working hours and working under one's own responsibility. In this manner, the Fund enables staff to take out parental leave.

In 2009, three men and two women took parental leave during different parts of the year.

Staff total

At year-end 2009, the Fund had 53 full-time employees: 31 men, 22 women. The average and median age was the same, at 41 years old. The Fund noted limited turnover in personnel during the year, with four leaving and one new recruit. Absence due to illness was low during the year, at 0.8 percent.

In-house environmental programme

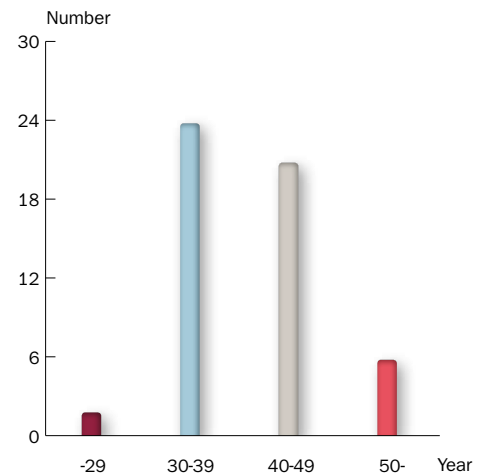


The Fund works in a number of ways to highlight and minimize the environmental impact of its own activities. The introduction of an in-house environmental management system therefore seemed entirely logical. Based on the Gothenburg City environmental certification programme, the Fund gained certification in January 2009. The system applies the same fundamental concepts as implemented by the major ISO 14001 and EMAS standards systems, but is better suited to smaller organizations.

The in-house environmental audit shows that the greatest environmental impact caused by the Second AP Fund's own business activities derives from the consumption of electrical energy (lighting, office equipment and white goods), from computer-and-screen related manufacturing and waste issues, from carbon dioxide emissions in conjunction with travel and from the consumption of natural resources in the form of paper and printouts.

In-house goals have been established with the introduction of an updated environmental policy. The Fund's in-house environmental programme is managed by a specially appointed environmental group, and all members of staff have participated in an environmental training programme.

Age distribution



Income statement

Amounts in SEK million	Note	January-December 2009	January-December 2008
Operating income			
Net interest income	1	2 491	4 497
Dividends received		2 526	4 230
Net result, quoted equities and participations	2	27 288	-61 367
Net result, unquoted equities and participations	3	-803	-1 180
Net result, fixed-income assets		2 022	1 722
Net result, derivative instruments		3 322	-4 674
Net result, exchange gain/loss		-1 656	2 044
Commission expenses, net	4	-182	-171
Total operating income		35 008	-54 899
Operating expenses			
Personnel expenses	5	-87	-89
Other administration expenses	6	-63	-70
Total operating expenses		-150	-159
NET RESULT FOR THE YEAR		34 858	-55 058

Balance sheet

Amounts in SEK million	Note	Dec. 31 2009	Dec. 31 2008
ASSETS			
Equities and participations			
Quoted	7	101 615	88 883
Unquoted	8	9 651	10 079
Bonds and other fixed-income assets	9	81 600	69 713
Derivative instruments	10	9 709	10 112
Cash and bank balances		2 400	2 362
Other assets	11	12	411
Prepaid expenses and accrued income	12	1 825	1 487
TOTAL ASSETS		206 812	183 047
FUND CAPITAL AND LIABILITIES			
Liabilities			
Derivative instruments	10	2 354	9 497
Other liabilities	13	52	90
Deferred income and accrued expenses	14	116	122
Total liabilities		2 522	9 709
Fund capital			
	15		
Fund capital at beginning of year		173 338	227 512
Net payments to the national pension system		-3 906	831
Transferred from the Fourth AP Fund's special management fund		0	53
Net profit for the year		34 858	-55 058
Total fund capital		204 290	173 338
TOTAL FUND CAPITAL AND LIABILITIES		206 812	183 047
Memorandum items			
	16		
Other assets pledged and comparable securities		1 984	4 390
Investment commitments		8 130	8 442

Accounting and valuation principles

The annual report shall be prepared in accordance with the 'Act concerning National Pension Funds (2000:192)' and implemented in line with generally accepted accounting principles, on the understanding that the assets in which the Fund's capital is invested shall be booked at market value. On this basis, the First, Second, Third and Fourth AP funds have drafted and implemented joint accounting and valuation principles, as applied and summarized below.

The accounting and valuation principles are unchanged from the preceding year.

Transaction-date accounting

Transactions in securities and derivative instruments on the money and bond market, equity market and currency market are reported in the balance sheet on the transaction date, which is to say the date on which the significant rights and thereby risks are transferred between parties. The claim on or debt to the other party, between transaction date and settlement day, is reported under 'Other assets' or 'Other liabilities'. Other transactions, especially transactions involving unquoted equities, are reported in the balance sheet as per settlement day, in line with generally accepted market practice.

Net accounting

Net accounting is applied to the Fund's liquid assets, buy-backs and derivative instruments, where there is a real right of set-off for assets and liabilities, and where the intention is simultaneous liquidation.

Valuation of financial instruments

All Fund investments are calculated at their true value, whereby realized and unrealized changes in value are reported in the income statement. For a description of how the true value of the Fund's numerous investments is determined, see below.

Foreign exchange

Transactions in foreign exchange are booked at the rate applied on the transaction date.

Assets and liabilities in foreign currency are reported at the closing day rate. Changes in the value of assets and liabilities in foreign currency are separated into that part attributable to the change in value of the asset or liability, and that part attributable to the change in the exchange rate.

Quoted equities and participations

Equities and participations quoted on a regulated market or trading platform, are calculated at true value. True value is based on the official market rate applied on the balance-sheet date, according to the Fund's selected index supplier.

Brokerage commissions paid are reported as part of the acquisition value.

Holdings in 'mixed funds', containing derivative instruments and/or exposed to several asset classes, where the distribution between asset classes varies over time, are reported under quoted equities and participations in the balance sheet.

Unquoted equities and participations

Equities and participations not quoted

on a regulated market or trading platform are calculated at true value, based on the valuation made by the fund administrator. This valuation is updated once the new valuation has been received and adjusted for eventual cash flows up to the end of the accounting period. In cases where the Fund has good reason to believe that the value assigned by the fund administrator is incorrect, the received value may be adjusted. This valuation shall follow IPEV (International Private Equity and Venture Capital Valuation) guidelines or similar valuation principles, first and foremost being based on transactions with third parties, although other valuation techniques may also be employed.

Bonds and other fixed-income securities

Bonds and other fixed-income assets are calculated at their true value. True value is based on the official market rate applied on the balance-sheet date, according to the Fund's selected index supplier. In cases where such instruments are not traded on an active market, and where no reliable quoted market rates are available, the instrument shall be valued with the support of generally accepted valuation models, whereby cash flows are discounted according to an appropriate valuation scale.

Net capital gains/losses derive from the difference between the average accrued acquisition value and the market/true value. The accrued acquisition value is the net present value of future payments, where the discount rate is the

compound interest at the time of acquisition. This means that acquired premiums or discounts are accrual accounted over the security's remaining term, or until the next adjustment in the interest rate. These premiums or discounts are reported as interest income.

Buy-backs

In a true buy-back transaction, also known as a repurchase agreement, the sold asset is still reported in the balance sheet and the payment received is reported as a liability. The sold security is reported as a pledged asset among memorandum items in the balance sheet. The difference between spot payment and forward rate is accrual accounted over the term and reported as interest.

Derivative instruments

Derivative instruments are calculated at their true value, based on their quoted rates at year-end. In cases where such instruments are not traded on an active market, and where no reliable quoted market rates are available, the instrument shall be valued with the support of generally accepted valuation models, where input data consists exclusively of observable market data.

Derivative contracts with a positive market value on the balance sheet date are reported as investment assets, while transactions with a negative market value are reported as liabilities. The difference arising between the forward rate and the spot rate on exchange forwards is straight-line accounted over

the term of the forward contract, and is reported as interest.

Securities lending

Securities lending is reported in the balance sheet at their true value. Collateral received for securities lent consists of securities and cash. In cases where the Second AP Fund has rights of disposal over the securities received as collateral, they are reported in the balance sheet as an asset and a corresponding liability is entered. The value of securities lending, together with collateral for this, is entered under 'Pledged assets, contingent liabilities and commitments', Note 16. Premiums received are reported as interest income.

Items entered directly against Fund capital

Contributions to and disbursements from the pension system, as well as transfers from the Special Funds owned jointly by the First, Second, Third and Fourth AP funds, are entered directly against Fund capital.

Commission costs

Commission costs are reported in the income statement as a deduction under operating income. These comprise direct transaction costs such as custodial fees and fixed fees to external portfolio managers. The fixed fees for external management of quoted assets, including market-quoted funds, are reported as commission costs. The performance-based fee, which is paid out if the portfolio manager attains a return on invest-

ment in excess of the agreed level, where profit-sharing is applied, is reported as a deductible item under net result per asset class in the income statement.

Fees paid for the external management of unquoted equities and participations, where reimbursement is permitted prior to profit sharing and is deemed likely, are reported as part of the acquisition value for respective asset classes in the balance sheet. In other cases, they are reported as commission costs.

Operating expenses

All expenses incurred, excluding brokerage commissions, performance-based fees to external portfolio managers and custodial fees, are reported under operating expenses.

Investments in equipment and in-house developed and externally purchased software are booked on current account.

Because the Second AP Fund is not considered to be a commercial operation, it is exempt from VAT, and therefore not entitled to recover VAT payments made. VAT paid and for which provision has been made in the accounts is reported together with the respective cost item.

Income tax

The AP Funds are exempt from all income tax on investments in Sweden. Tax liability on investments outside Sweden varies from country to country.

Notes to the income statement and balance sheet

NOTE 1 Net interest income/expense

Amounts in SEK million	January-December 2009	January-December 2008
Interest income		
Bonds and other fixed-income assets	2 774	3 757
Derivative instruments	888	2 779
Other interest income	103	156
Total interest income	3 765	6 692
Interest expenses		
Derivative instruments	-1 233	-2 028
Other interest expenses	-41	-167
Total interest expenses	-1 274	-2 195
Net interest income/expense	2 491	4 497

NOTE 2 Net result, quoted equities and participations

Amounts in SEK million	January-December 2009	January-December 2008
Net result, quoted equities and participations	27 343	-61 266
less brokerage commission	-55	-101*
Net result, quoted equities and participations	27 288	-61 367

* Adjusted for non-equities-related brokerage commission

NOTE 3 Net result, unquoted equities and participations

Amounts in SEK million	January-December 2009	January-December 2008
Capital gains, net	35	88
Unrealized changes in value	-838	-1 268
Net result, unquoted equities and participations	-803	-1 180

Unrealized changes in value include management fees of SEK 19 million, refunded in 2009.

NOTE 4 Commission expenses, net

Amounts in SEK million	January-December 2009	January-December 2008
External portfolio management fees, quoted assets	165	151
External portfolio management fees, unquoted assets	6	5
Other commission expenses, including custodial expenses	11	15
Total commission expenses	182	171

Commission expenses do not include performance-based expenses. During the year, performance-based expenses amounted to SEK 60 million (SEK 83 million) and reduce the net result for each asset class. External portfolio management fees for unquoted assets are reported under commission expenses in so far as the contracts do not permit repayment prior to profit sharing in conjunction with future profitable exits.

During 2009, a total of SEK 140 million (SEK 105 million) has been paid in management fees for unquoted assets. Of these, SEK 134 million (SEK 100 million) pertains to agreements concerning repayment of management fees paid prior to profit sharing on sale of assets. These are reported as part of the asset's acquisition value.

Distribution of Fund capital between external mandates and in-house portfolio management as per Dec. 31st 2009 (SEK million)

Mandate		Benchmark index	Average capital under management 2009	Market value as per Dec. 31st 2009*	% of Fund capital	External management expense
External discretionary mandates						
Equity mandates						
Active management						
Carnegie	Global equities	MSCI World	2 488	2 666		
Franklin Templeton, terminated	Global equities	MSCI World	2 549	0		
MFS	Global equities	MSCI World	4 869	5 258		
Fundamental index management	Sweden – Equities, model portfolio	FTSE RAFI Sweden	**	**		
Fundamental index management	Global – Equities, model portfolio	FTSE RAFI Global	**	**		
IPM/Research Affiliates	Global – Equities, model portfolio	FTSE RAFI Global	**	**		
Total			9 906	7 924	4	39
Fixed-income mandates						
Active management						
Rogge	Global credit mandate	Lehman Global, ex Asia	9 819	11 285		
Rogge SafeGuard, terminated	Global credit mandate	Lehman Global, ex Asia	291	0		
Total			10 110	11 285	5	17
GTAA mandates						
Active management						
IPM/First Quadrant						5
Total external discretionary mandates			20 016	19 209	9	61
Investments in quoted external funds						
Equity funds		as per respective fund	11 561	13 101		
Fixed-income funds		as per respective fund	11 077	10 441		
GTAA funds		as per respective fund	1 791	1 812		
Total investments in quoted external funds			24 429	25 354	12	104
TOTAL QUOTED ASSETS UNDER EXTERNAL MANAGEMENT					21	165
Investments in private-equity funds						
Unquoted equities and participations						
in private-equity funds	Private Equity		5 133	5 404		
Total investments in private-equity funds			5 133	5 404	3	6
TOTAL CAPITAL ASSETS UNDER EXTERNAL MANAGEMENT, AND MANAGEMENT EXPENSES			49 578	49 967	24	171
In-house mandates						
Quoted equities and participations	Equity	SBX, OSX, CSX, MSCI World		85 629		
Fixed-income mandates	Fixed income	SHB, Barclays		57 924		
Cash and bank balances				158		
Unquoted equities in associated companies, incl. subordinated debentures				10 611		
TOTAL CAPITAL ASSETS MANAGED IN-HOUSE				154 322	76	
Other assets and liabilities				1		
TOTAL FUND CAPITAL				204 290	100	

* Market value including allocated liquidity, derivative instruments and accrued interest.

** Assets under management of in-house organization based on external fundamental index (model portfolio).

NOTE 5 Personnel costs

Amounts in SEK k	January-December 2009		January-December 2008	
	Men	Women	Men	Women
Average no. of employees	31	21	35	20
No. of employees, Dec. 31*	31	22	34	21
No. of persons in Executive Management Group, Dec. 31	3	3	4	2
*At year-end 2009, the Fund had 53 full-time employees.				
Salaries and remuneration				
Chairman of the Board		100		100
CEO		2 689		2 734
Board of Directors, excl. Chairman		369		408
Executive Management Group, excl. CEO		9 100		9 480
Other employees ¹⁾		34 113		37 114
Salaries and remuneration, total		46 371		49 836
¹⁾ Of which costs incurred in connection with other personnel cutbacks		-		1 224
Variable remuneration				
CEO		-		-
Executive Management Group, excl. CEO		-		-
Other employees		3 719		-
Variable remuneration, total		3 719		-
Remuneration to Members of the Board, in addition to directors' fees		-		-
Pension costs (incl. special employer's contribution)				
CEO		1 282		1 206
Executive Management Group, excl. CEO		4 749		3 385
Other employees ²⁾		12 541		13 717
Pension cost, total		18 572		18 308
²⁾ Of which costs incurred in connection with other personnel cutbacks		-		397
Payroll overhead				
Chairman of the Board		10		11
CEO		863		914
Board of Directors, excl. Chairman		106		109
Executive Management Group, excl. CEO		2 970		3 211
Other employees ³⁾		12 001		12 190
Total payroll overhead		15 950		16 435
³⁾ Of which costs incurred in connection with other personnel cutbacks		-		397
Other personnel costs		2 758		4 009
Total personnel costs		87 370		88 588

CEO

In the CEO's contract of employment, the Fund undertakes to pay pension benefits and health insurance up to a pensionable age of 65 years, in the form of an annual premium corresponding to 25 percent of the gross salary. Where the contract of employment is terminated by the Fund, the CEO is entitled to a severance payment equivalent to eighteen months' salary, in addition to salary paid during the six-month period of notice, less income from an eventual new appointment. The severance payment is calculated according to the cash monthly salary received at the end of the notice period. Benefits received by the CEO amount to SEK 61 k.

Executive Management Group

Salaries, other remuneration and pension contributions (including special employer's contribution) for the Fund's executive management for 2009 totalled SEK 13 849 k. Salaries and other remuneration are disclosed as follows: Executive A, SEK 1 632 k; Executive B, SEK 1 799 k; Executive C, SEK 1 975 k; Executive D, SEK 1 855 k; Executive E, SEK 1 839 k. Pension contributions, including special employer's contribution, are disclosed as follows: Executive A, SEK 1 790 k; Executive B, SEK 921 k; Executive C, SEK 721 k; Executive D, SEK 585 k; Executive E, SEK 732 k. In addition to salary, other remuneration and pension contributions, the Fund's executive management has received the following benefits: Executive A, SEK 129 k; Executive B, SEK 68 k; Executive C, SEK 66 k; Executive D, SEK 69 k; Executive E, SEK 33 k.

Members of the Fund's executive management are not covered by the terms of the programme for performance-based variable remuneration. Senior executives come under the terms of the retirement benefit agreement between BAO (The Employers' Organization of the Swedish Banking Institutions) and JUSEK/CR/CF (SACO/The Swedish Confederation of Professional Associations). Swedish Government guidelines specify six months' notice and eighteen months' severance pay for senior executives.

Senior executives of the Second AP Fund, who were appointed before these Government guidelines came into force, are entitled to twelve months' notice without severance pay. These terms have not been renegotiated, as this would incur higher costs for the Fund.

Salary swap All employees are offered the opportunity to swap part of their salary for an additional pension benefit.

Variable remuneration

The Board of Directors has approved a programme for variable remuneration in line with the Swedish Government's guidelines. This incentive programme means that all members of staff are entitled to receive two weeks' salary if the Fund has achieved its targeted active return of 0.5 percent and two weeks' salary if the individual employee has attained his/her personal target. Those employed in asset management are entitled to a maximum of two months' salary in variable remuneration. This variable remuneration may only be paid out when the Fund reports a positive return (this system is presented on www.ap2.se).

Drafting and decision process

Directors' fees are determined by the Swedish Government. The Board determines the CEO's salary and the guidelines applied in remunerating the Fund's senior executives.

Other directorships held by Members of the Board See page 64.

Absence due to illness

In 2009, absence attributable to illness at the Second AP Fund, calculated as a percentage of total days lost to illness against total normal working days for all employees, was 0.80 percent. No Fund employee was off sick for more than 60 days. Absence due to illness was 0.74 percent for male employees and 0.89 percent for female employees.

NOTE 6 Other administrative expenses

Amounts in SEK million	January-December 2009	January-December 2008
Rental expenses	5	5
Information and IT expenses	38	38
Purchased services	6	11
Other expenses	14	16
Total other administrative expenses	63	70
'Purchased services' includes fees to auditors amounting to SEK 1.5 million (SEK 1.6 million).		
Audit assignments		
Ernst & Young	1.12	1.10
KPMG	-	0.15
PricewaterhouseCoopers	-	0.08
Other assignments		
Ernst & Young	0.40	0.24
KPMG	-	0.01
PricewaterhouseCoopers	-	-
Total	1.52	1.58

NOTE 7 Quoted equities and participations ¹⁾

Amounts in SEK million	Dec. 31st 2009		Dec. 31st 2008	
	Fair value	Acquisition value	Fair value	Acquisition value
Swedish equities	35 572	28 670	26 758	40 232
Foreign equities	51 130	51 278	52 524	65 842
Participations in Swedish funds	2 778	1 412	1 906	1 501
Participations in foreign funds*	12 135	8 312	7 695	7 381
Total quoted equities and participations	101 615	89 672	88 883	114 956
* of which mixed funds	1 808	1 652	1 772	1 652

¹⁾ The 20 largest Swedish and foreign shareholdings, by value, are listed on page 60.

A complete list of Swedish holdings may be found on the Fund's website at www.ap2.se

Note 7 continued
Five largest shareholdings on the OMX Stockholm Stock Exchange

Name	Number	Fair value	Capital, %	Voting rights, %
Nordea Bank	38 327 229	2 794	0.94	0.94
Ericsson B	30 423 906	2 005	0.92	0.53
Hennes & Mauritz B	4 855 508	1 930	0.57	0.28
Swedbank	23 148 716	1 642	1.98	1.98
Handelsbanken	6 976 357	1 425	1.12	1.12

Five largest foreign shareholdings

Name	Number	Fair value
ABB	16 098 764	2 221
AstraZeneca	5 466 125	1 832
Telefonica	3 561 246	712
Chevrontexaco	1 294 340	712
Exxon Mobil	1 164 114	567

NOTE 8 Unquoted equities and participations

Amounts in SEK million, Dec. 31st 2009

	Corp. reg.	No. of equities	Participation right, capital, %	Participation right, votes, %	Start year	Acquisition-value
Swedish equities and participations						
Andra & Sjötte Fastigheter AB	556694-3022	2 500	50	50		2
Vasakronan Holding AB	556650-4196	1 000 000	25	25		1 221
NS Holding AB	556594-3999	1 819 884	50	50		811
EQT Northern Europe KB (EQT III)	969670-3405		1		2001	71
Swedestart Life Science KB	969675-2337		5		2001	20
Swedestart Tech KB	969674-7725		3		2001	10
Foreign equities and participations						
Ares Corporate Opportunities Fund III			1		2008	119
Carlyle Asia Growth Partners IV			5		2008	24
Carlyle Europe Partners III			0.9		2006	156
Carlyle Riverstone Global Energy and Power Fund III			0.8		2005	179
Carlyle Riverstone Global Energy and Power Fund IV			0.9		2008	122
Carlyle Riverstone Renewable Energy Infrastructure Fund I			3		2005	135
Carlyle Riverstone Renewable and Alternative Energy Fund II			2		2008	126
Carnegie Fund II BiotechBridge			33		2002	0
Cevian Capital			22		2003	0
CVC European Equity Partners IV			0.6		2005	218
CVC European Equity Partners V			0.5		2008	96
EQT Expansion Capital I Fund			16		2003	107
Generation IM Climate Solutions Fund			5		2008	114
Khosla Ventures III			4		2009	50
Lyceum Capital Fund II			10		2008	48
Magenta			7		2006	0
Mid Europa Fund III			3		2007	218
New Mountain Partners III			1		2007	92
Nordic Capital V			3		2003	385
Nordic Capital VI			3		2006	455
Nordic Capital VII			1		2008	133
Pathway Private Equity Fund IX			99.5		2004	816
Pathway Private Equity Fund IXB			99.5		2005	922
Pathway Private Equity Fund IXC			99.5		2008	206
Resolute Fund II			1		2007	78
Sun Capital Partners V			0.4		2007	45
TCV VII			1		2007	27
Thomas H Lee Equity Fund VI			0.4		2006	127
TPG Asia V			1		2007	88
TPG Credit Strategies Fund			6		2007	206
TPG Partners V			0.3		2006	223
TPG Partners VI			0.3		2008	49
TPG Star			4		2007	139
Total unquoted equities and participations						7 838
Total fair value						9 651

NOTE 9 Bonds and other fixed-income securities

Amounts in SEK million	Dec. 31st 2009		Dec. 31st 2008	
	Fair value	Acquisition value	Fair value	Acquisition value
Swedish State	15 354	14 608	13 911	12 542
Swedish municipalities	225	218	83	78
Swedish mortgage institutions	20 295	19 827	18 175	17 526
Other Swedish issuers				
Financial companies	3 023	2 924	863	739
Non-finance companies	6 489	6 413	6 200	5 324
Foreign states	9 402	9 143	8 059	6 713
Other foreign issuers	24 712	23 707	16 666	15 419
Deposits	2 100	2 100	5 756	5 755
Total	81 600	78 940	69 713	64 096
Inflation-linked bonds	3 943	3 559	3 423	3 100
Other bonds	58 641	57 372	49 017	44 837
Unquoted promissory notes	4 250	4 250	4 250	4 250
Unquoted convertible debentures	2 089	2 016	1 942	1 067
Participations in foreign index-linked funds	10 577	9 643	5 324	5 087
Deposits	2 100	2 100	5 757	5 755
Total	81 600	78 940	69 713	64 096
of which valued according to theoretical modelling	0		0	

NOTE 10 Derivative instruments

Amounts in SEK million, Dec. 31st 2009		Face value*	Derivative instruments with positive fair value	Derivative instruments with negative fair value
Currency-related instruments				
Options	Held	1 008	17	
	Pledged	1 190		4
Forward contracts		155 826	1 722	2 158
Total		158 024	1 739	2 162
of which cleared		155 826		
Equities-related instruments				
Options	Held	0	6	-
	Pledged	1	3	7
Forward contracts		2	-	8
Total		3	9	15
of which cleared		2		
Fixed-income-related instruments				
Options	Held	20	6	-
	Pledged	31	-	-
Forward contracts		17 144	-	3
Total		17 195	6	3
of which cleared		17 144		
Other financial instruments				
Other instruments		3 575	7 955	174
Total		3 575	7 955	174
of which cleared		-		
Total derivative instruments			9 709	2 354
of which valued according to theoretical modelling			1 739	2 162

* Face value refers to the number of contracts multiplied by the contract amount for the derivative instruments' absolute amount.

The amount thereby includes both forward contracts purchased and sold, gross. Refer to page 25 for a description of the types of derivative instrument employed and the risks that can be managed with derivatives.

NOTE 11 Other assets

Amounts in SEK million	Dec. 31st 2009	Dec. 31st 2008
Incoming payments, unsettled transactions	10	409
Other receivables	2	2
Total	12	411

NOTE 12 Prepaid expenses and accrued income

Amounts in SEK million	Dec. 31st 2009	Dec. 31st 2008
Interest income accrued	1 695	1 336
Dividends accrued	56	89
Restitutions	47	33
Other prepaid expenses and accrued income	27	29
Total	1 825	1 487

NOTE 13 Other liabilities

Amounts in SEK million	Dec. 31st 2009	Dec. 31st 2008
Outgoing payments, unsettled transactions	41	83
Accounts payable	8	5
Other liabilities	3	2
Total	52	90

NOTE 14 Deferred income and accrued expenses

Amounts in SEK million	Dec. 31st 2009	Dec. 31st 2008
Accrued external management fees	54	48
Accrued interest expenses on currency forwards	39	51
Other accrued expenses	23	23
Total	116	122

NOTE 15 Fund capital

Amounts in SEK million	Dec. 31st 2009	Dec. 31st 2008
Opening Fund capital	173 338	227 512
Net inflows to the national pension system		
Pension contributions received	50 678	50 783
Pension disbursements to National Social Insurance Board	-54 348	-49 796
Transfer of pension entitlements to EC	-5	-6
Adjustment of pension entitlements re. previous years	0	2
Administration contribution to National Social Insurance Board	-231	-152
Total payments to the national pension system, net	-3 906	831
Transferred from the Fourth AP Fund's Special Management Fund	0	53
Net result for the year	34 858	-55 058
Closing Fund capital	204 290	173 338

Investment assets, Fourth AP Fund's Special Management Fund - 2
(The Fourth AP Fund's Special Management Fund was liquidated in 2009)

NOTE 16 Pledged assets, contingent liabilities and commitments

Amounts in SEK million	Dec. 31st 2009	Dec. 31st 2008
Other assets pledged and comparable securities		
Securities on loan for which guarantees have been secured*	1 703	3 226
Securities pledged in connection with exchange-cleared derivatives	281	1 164
Total	1 984	4 390
* Guarantees secured for pledged securities: SEK 1 764 (3 354) million.		
Commitments		
Commitments regarding future payments, unquoted holdings	7 552	8 442
Commitments regarding future investments, quoted fixed-income holdings	571	-
Outstanding promise of guarantee for new share issue	7	-
	8 130	8 442

The administration report, income statement, balance sheet and notes for 2009 have been approved by the Board of Directors.

Gothenburg, February 10th, 2010

Gunnar Larsson
Chairman

Sven Björkman
Vice Chairman

Anders Jansson

Roland Svensson

Märtha Josefsson

Clas Nykvist

Eva Persson

Lillemor Smedenvall

Ylva Thörn

Auditors' report for the Second AP Fund

(Corp. reg.: 857209-0606)

We have audited the annual accounts, the accounting records and the administration of the board of directors of the Second AP Fund for the financial year 2009. The Fund's Annual Report is included in the printed version of this document on pages 17-59. These accounts and the administration of the Fund and the application of the Swedish National Pensions Act are the responsibility of the board of directors. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and their application by the board of directors, an assessment of the significant judgement made by the board in preparing the annual accounts and an evaluation of the overall presentation of information in the annual accounts. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Swedish National Pensions Act and, thereby, give a true and fair view of the Fund's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

In performing this audit, we have found no reason for qualifications regarding the annual accounts, the income statements and balance sheets included therein, the accounting records or the inventory of assets, or otherwise regarding the Fund's management by the board of directors.

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

Gothenburg, February 18th 2010.

Anna Peyron
Authorised Public Accountant
Appointed by the
Swedish Government

Lars Bonnevier
Authorised Public Accountant
Appointed by the
Swedish Government

Shares, participations and fixed-income securities

The Second AP Fund's 20 largest Swedish shareholdings ¹⁾

Company name	Share of equity, %	No. of equities	Fair value, SEK m	Share of voting rights, %	Sector
Nordea Bank	0.94	38 327 229	2 794	0.94	Financials
Ericsson B	0.92	30 423 906	2 005	0.53	IT
Hennes & Mauritz B	0.57	4 855 508	1 930	0.28	Consumer Discretionary
Swedbank A	1.67	19 468 729	1 382	1.67	Financials
Swedbank Preferensaktie	0.31	3 679 987	259	0.31	Financials
Svenska Handelsbanken A	1.12	6 976 357	1 425	1.12	Financials
Volvo A	0.36	7 693 073	469	0.93	Industrials
Volvo B	0.7	15 007 915	922	0.17	Industrials
TeliaSonera	0.58	26 307 239	1 364	0.58	Telecoms
Sandvik	0.12	14 019 404	1 211	0.12	Industrials
SEB A	1.19	26 185 197	1 161	1.21	Financials
Atlas Copco A	0.64	7 891 835	831	0.89	Industrials
Atlas Copco B	0.28	3 511 610	328	0.03	Industrials
Investor A	0.02	152 980	20	0.04	Financials
Investor B	1	7 732 535	1 028	0.21	Financials
Skanska B	1.81	7 611 294	926	1.22	Industrials
SCA A	0.07	454 818	43	0.28	Commodities
SCA B	1.17	8 260 348	788	0.51	Commodities
SKF B	1.43	6 577 590	813	0.76	Industrials
Electrolux B	1.49	4 610 903	772	1.17	Consumer Discretionary
Assa Abloy B	1.52	5 575 357	768	1.04	Industrials
Tele2 B	1.46	6 409 442	706	0.97	Telecoms
Meda A	3.1	9 340 085	602	3.1	Healthcare
Scania B	0.69	5 595 380	516	0.13	Industrials
Boliden	2.01	5 490 268	506	2.01	Industrials

The Second AP Fund's 20 largest foreign shareholdings ¹⁾

Company name	No. of equities	Fair value, SEK m	Sector
ABB	16 098 764	2 221	Industrials
AstraZeneca	5 466 125	1 832	Healthcare
Telefonica	3 561 246	712	Telecoms
Chevron	1 294 340	712	Energy
Exxon Mobil	1 164 114	567	Energy
Nestlé	1 481 413	514	Consumer Staples
Bank of America	4 597 383	494	Financials
Banco Santander	3 905 945	462	Financials
E.On	1 428 646	428	Utilities
Total	889 153	410	Energy
ING Groep	5 354 477	378	Financials
Roche Holding	308 220	374	Healthcare
HSBC Holdings	4 559 049	373	Financials
Microsoft	1 689 116	368	IT
Cisco Systems	2 147 774	367	IT
Eni	1 974 656	360	Energy
BP	5 174 980	358	Energy
Allianz	399 296	356	Financials
Procter & Gamble	783 138	339	Consumer Staples
Citigroup	14 201 666	336	Financials

¹⁾ The above table of Second AP Fund shareholdings lists the 20 largest Swedish holdings and 20 largest foreign holdings, by worth.

The Fund's capital shares and voting rights in the foreign companies listed in the above table in no instance exceed 0.3 percent, and are therefore not reported.

A complete list of the Second AP Fund's Swedish holdings may be found on the Fund's website at www.ap2.se

A complete list of foreign holdings may be ordered from the Second AP Fund.



Second AP Fund holdings in unit trusts

Unit trusts, Swedish	No. of equities, participations	Fair value, SEK m
Robur Småbolagsfonder	18 649 311	688
Lannebo Småbolagsfonder	20 985 987	604
SHB Småbolag	1 351 214	603
Carlson Småbolag	472 202	555
SEB Sverige Småbolag Chans/Risk	4 163 596	327

Unit trusts, foreign	No. of equities, participations	Fair value, SEK m
Morgan Stanley Convertible Bond Fund	16 339 184	3 260
Vanguard Fixed Income Fund	2 732 251	2 813
Generation Global Equity Fund	2 513 758	2 746
Genesis Emerging Market	7 480 038	2 309
AIG Global Emerging Market	665 987	1 937
State Street Emerging Market Enhanced	24 216 388	1 629
State Street Emerging Market	257 925	1 609
Stone Harbor Emerging Market Debt	1 516 962	1 229
Wellington Opportunistic Emerging Market Debt	14 323 953	1 106
Barclays GTAA	98 695	1 026
Bridgewater GTAA	76 700	785
Advent Global Phoenix High Grade Convertible Fund	1 000 007	741
CQS Archipelago Convertible Bond Strategies Fund	100 000	724
AQR Convertible Opportunities Bond Fund	78 700	569
AllianceBernstein Legacy Securities	20 000 000	136
Carnegie World Wide Asia Equity fund	436 957	55
Carnegie East European Equity fund	126 858	38

Second AP Fund holdings in bonds and other fixed-income securities

Swedish nominal bonds, five largest holdings

Bond	Fair value, SEK m
Swedish Government 1052	2 433
Swedish Government 1047	1 964
Swedish Government 1041	1 963
Swedish Government 1051	1 631
Swedish Government 1049	1 204

Swedish inflation-linked bonds, five largest holdings

Bond	Fair value, SEK m
Swedish Government 3105	1 162
Swedish Government 3104	1 148
Swedish Government 3102	1 103
Swedish Government 3106	463
Swedish Government 3001	80

Global credits, five largest holdings

Bond	Fair value, SEK m
Allied Irish Banks PLC 2,125% 2010-09-20	257
Eksportfinans A/S 5.5% 2017-06-26	228
Danske Bank A/S 2.5% 2012-05-10	218
UBS AG London 3% 2014-10-06	206
Rabobank Nederland 3% 2012-09-18	184

Global government bonds, five largest holdings

Bond	Fair value, SEK m
Denmark International Bond 3.165% 2014-03-31	310
Germany 3.75% 2019-01-04	276
Germany 5.625% 2028-01-04	237
Denmark 2.25% 2012-05-14	220
Russia Foreign Bond 7.5% 2030-03-31	194

Detailed information about Second AP Fund holdings in fixed-income securities may be ordered from the Fund.

Second AP Fund governance report

To comply with the Swedish Code of Corporate Governance, Swedish quoted companies are required to submit a corporate governance report.

The Code is considered to set the tone for what shall be considered good practice for other players on the Swedish stock market. This Fund governance report has derived inspiration from the Code of Corporate Governance, while also taking into account the special characteristics that apply to the Second AP Fund.

Like the other AP Funds, AP2 is a State agency. Even so, the difference between the AP Funds and other State agencies is considerable. The greatest difference is that the AP Funds enjoy a high degree of independence from the Swedish Government, because their operations are almost exclusively governed by law and the Government thereby has no provision in law to exercise control over them.

The Board

The Board of Directors of the Second AP Fund, which is appointed by the Swedish Government, comprises nine members. Two are appointed in accordance with proposals submitted by organizations that represent employees' interests, two in accordance with proposals submitted by organizations that represent employers' interests. The Chairman and Vice Chairman are appointed by the Government, selected from the members of the Board not put forward by employer or

employee organizations. Each director shall be appointed on the basis of his/her individual ability to enhance the management of the Fund. In November, the Government appointed Sven Björkman to the post of Vice Chairman. No other changes were made in the composition of the Board during the year.

To date, the Government has chosen to implement twelve month mandate periods for Board Members, whereby current appointments remain in effect until the Fund's balance sheet and income statement for 2009 have been adopted.

The Board has full and undivided responsibility for the operations of the Fund, within the parameters established by the Swedish Parliament concerning the organization of the Fund and management of its assets. In instances where the work of the Board falls outside the terms of the Swedish National Pension Funds Act, it is governed by the rules of procedure annually adopted by the Board.

Fees and other remuneration paid to Board Members are determined by the Swedish Government. The remuneration paid per annum amounts to SEK 100 000 for the Chairman, SEK 75 000 for the Vice Chairman and SEK 50 000 for the other Members of the Board.

The work of the Board

The Board of the Second AP Fund considers its primary tasks to be the establishment of operational targets, the re-

cruitment and evaluation of the CEO and the taking of decisions concerning broad strategic issues, such as the composition of the Fund's strategic portfolio. To ensure that the Board's decisions are implemented, that intrinsic risks are managed and that the Fund's operations are in all other respects conducted in an appropriate manner, effective control and follow-up are essential.

During the year, the Board held six ordinary meetings, one being of greater duration, at which broad strategic issues were addressed, as well as one extraordinary meeting. As well as Board Members, Board meetings are attended by the Fund's CEO and executive management. Other Fund employees may also participate, in an advisory role as experts or to submit a report on a given issue. The CEO's performance is evaluated once a year. The CEO does not attend this meeting.

Fund targets

The Fund's overall target is a real return of at least 5 percent per annum, seen over time.

New strategic portfolio

A new strategic portfolio has been approved for 2010.

Discussion about performance, governance issues and costs

The Fund's management performance is reviewed at every Board meeting. The



Board regularly discusses fundamental governance issues, the strategic allocation of assets and investments in private-equity funds.

Cost trends are considered on a quarterly basis, and the Board regularly reverts to the issue of the Fund's cost efficiency. Its annual responsibilities include decisions concerning the adoption of the end-of-year accounts, the budget, business plan and strategic portfolio.

Attendance

Two of the Board meetings were attended by all nine members, one member was absent from one meeting, two from two meetings and three from one meeting.

Board Committee

The Board has established a Remuneration Committee. The Remuneration Committee consists of the Chairman, the Vice Chairman and the CEO. The CEO is not present when the Committee determines his/her remuneration.

The Remuneration Committee is a drafting committee for the Board, tasked with considering the level of remuneration for the CEO, establishing guidelines for the remuneration of the Fund's executive management and determining issues related to incentive programmes for Fund employees.

Decisions reached by the Remuneration Committee are submitted for consideration by the Board at its next meeting.

Audit

The Second AP Fund's auditors are appointed by the Government. Currently, responsibility for the audit is shared Anna Peyron and Lars Bonnevier from Ernst & Young, who were appointed on June 18th 2008. Ernst & Young is also tasked with conducting the audits of the other AP Funds, and Anna Peyron has furthermore been appointed to coordinate the audits of all AP Funds.

The appointment applies until adoption of the Fund's income statement and balance sheet for 2009.

The auditors submit an audit report, as well as making an oral report direct to the Board at least once a year. They also submit written reports concerning their audit of the annual accounts and the administration, and an oral report to the Ministry of Finance once a year.

The auditors' assignment includes inspection of current business operations, the administration, the annual accounts and the annual report. The auditors express their opinion of the annual accounts and administration, based on their audit. This assignment also includes an assessment to determine that the accounts of the Second AP Fund have been prepared in compliance with generally accepted accounting and valuation principles jointly determined by the AP funds, and that they provide a true and fair picture of the Fund's financial position.

The assignment has also involved au-

ditting the Fund's guidelines for remuneration as per Swedish Government guidelines for remuneration to senior executives and employees, and ensuring their compliance. A separate statement has been submitted in this respect (see the Fund's website at www.ap2.se).

Internal control

The Board has ultimate responsibility for the Fund's internal control. In the Fund's risk policy, the Board has established frameworks and guidelines for the overall allocation of responsibilities, risks, risk limits and routines to monitor and control that such guidelines are observed.

The Risk Management Department ensures that these risk parameters are respected. Implementing this risk control process ensures that the organization, as a whole and in its individual elements, keeps within the specified limits and observes the restrictions and instructions that apply.

Ongoing internal control of the Fund's financial and operational risks is also handled by the Risk Management Department. The Department is organizationally independent of functions that are engaged in active trading decisions.

This risk control process is based on the generation of effective and transparent risk reports and analyses. Reporting to the Fund's executive management is conducted on a daily basis, while regular updates are submitted to the Board at its meetings.



Board of Directors

The Board of Directors of the Second AP Fund, December 31st 2009. Members of the Board are appointed by the Swedish Government. They are appointed on the basis of their competence to promote the Fund's management of its portfolio.

From left:

Märtha Josefsson

Member of the Board since 2003. Independent investment consultant. Directorships on several boards, including Fabège, Luxonen, Opus Group, Skandia Funds, Ticket Travel Group and Öresund. B.A. Born 1947.

Roland Svensson

Member of the Board since 2000. Former President and CEO of Coop Norden AB and KF Ekonomisk förening. Industrial advisor, Accent Equity Partners. Forest owner. LL.B. Born 1941.

Lillemor Smedenval

Member of the Board since 2006. Chairman of Finansförbundet. Directorships on the boards of TCO (Confederation of Professional Employees) and Sparinstitutens Pensionskassa (SPK). Born 1950.

Anders Jansson

Member of the Board since 2005. President and CEO of Stena Metall AB. Formerly president of Volvo Car Finance, head of Global Trading at Handelsbanken Markets, and president of Volvo Group Finance. Born 1957.

Ylva Thörn

Member of the Board since 2000. President, Swedish Municipal Workers' Union. Chairman of The Public Services International. Directorships on several boards, including LO (The Swedish Trade Union Confederation) and Riksborgen. Assistant nurse. Born 1954.

Gunnar Larsson

Chairman since 2000. Chairman of the board of Tholin & Larsson-Gruppen AB. Directorship on the board of Norrporten AB. Former authorised public accountant and Municipal Commissioner for Gothenburg. Born 1940.

Eva Persson

Member of the Board since 2004. Member of Volvo's executive management, with responsibility for legal affairs, taxation and security, and Secretary to the board of AB Volvo. Directorship on the board of Handelsbanken Region Väst. Board member of the Industry and Commerce Stock Exchange Committee. LL.B. Born 1953.



Executive management

Clas Nykvist

Member of the Board since 2000. Controller, Swedish Building Workers' Union. Directorships on several boards, including Folksam Spar AB. Born 1948.

Sven Björkman

Vice Chairman since 2009. Previously head of SEB Region Väst. Born 1949.

From left:

Tomas Franzén

Chief Investment Strategist (CIS), born 1957.

Lena Smeby-Udesen

Chief Financial Officer (CFO), born 1961.

Martin Jonasson

General Counsel, born 1964.

Eva Halvarsson

CEO, born 1962. Directorships on the boards of Vasakronan AB, Andra & Sjätte Fastigheter AB, Gothenburg University, Börssällskapet and FinansKompetensCentrum.

Johan Held

Chief Investment Officer (CIO), born 1958. (Johan Held will be leaving the Fund in February 2010).

Ulrika Danielson

Head of Communications & HR, born 1965.

Revisorer

Anna Peyron,
Authorised Public Accountant,
Ernst & Young.

Lars Bonnevier,
Authorised Public Accountant,
Ernst & Young.

Definitions

Absolute return on investment

The return generated on a portfolio or portfolios of assets, measured in kronor or percent, of the original invested amount.

Active return

Asset management adopts deviations from the benchmark index to add value. The result is reported as active return.

Active/passive management

Active management: Asset management adopts deviations from the benchmark index to add value.

Passive management: Asset management strives for a return equal to the benchmark index.

Alpha and Beta

Alpha: A positive Alpha value is the additional return the investor gains as a reward for having taken a greater risk than merely following the market as a whole, via normal index. A positive Alpha return therefore means that the Fund has beaten its index.

Beta: Beta simply describes market exposure. Exposure to different markets is determined by the composition of the strategic portfolio.

ALM study

Asset Liability Modelling. An analytical model used to determine the Fund's strategic portfolio. The study, which is revised on a continual basis, is designed to determine the optimal composition for the different classes of asset under Fund management, to ensure that it satisfies the Fund's long-term commitment to the collective requirements of the Swedish national pension system. The judgements based on this analysis shall take into account demographic change as well general economic trends.

Benchmark index

The index that constitutes the Second AP Fund's strategic portfolio, against which the Fund's management performance is measured.

Credit risk and counterparty risk

Credit risk: refers to the risk that an issuer may become insolvent or be awarded a lower credit rating.

Counterparty risk: refers to the risk that the other party may be unable to meet its business obligations.

Credit spread

The yield difference arising from the difference in creditworthiness between two otherwise comparable bonds.

Discretionary mandate

A mandate that is limited and specific to a single investor. The alternative to discretionary management is traditional fund management.

Duration

A measure of interest risk that yields an asset-relative change in value with an interest adjustment of one percentage unit.

Enhanced mandate

Mandate managed at a low level of risk to reflect index, driven by quantitative models.

Fair value

Fair value is defined as the amount for which an asset may be transferred or a debt settled, between parties who are mutually independent and who have a vested interest in completing the transaction. Normally speaking, this means that listed assets are valued at the buying-rate (market value) and that the fair value of unlisted assets is estimated with the help of generally accepted valuation models.

FX forward

A derivative instrument involving a contract to purchase a currency at an agreed future date at a predetermined rate of exchange.

GTAA

Global Tactical Asset Allocation mandate. A mandate that applies a TAA strategy on a global basis.

Implementation effects

Contributions to the overall return that derive from implementation of the strategic portfolio and index switches.

Implicit volatility

The forecast volatility of an asset class.

Information ratio

A gauge of risk-adjusted relative return. Measured as relative return, divided by tracking error/active risk.

Interest swap

A contract between two counterparties, in which one interest flow is exchanged for another. Normally, the undertaking given by one party to pay a fixed rate of interest is exchanged for the other party's undertaking to pay a floating rate of interest.

IPEV

International Private Equity and Venture Capital

ISDA contract

International Swaps and Derivatives Association. An ISDA contract is a standard contract for the regulation of trading in derivatives between two counterparties.

Liquidity risk

Liquidity risk refers to the risk that securities cannot be converted into cash, because of reduced access to or demand from the market, which either precludes the purchase or sale of such securities, or would require their sale at a loss.

Market risk

The market risks most relevant to the Second AP Fund are share-price risk, interest-rate risk and currency risk.

MSCI index

International equity indices managed by Morgan Stanley Capital International.

Operative risk

Operative risk refers to the risk that an error or stoppage in operations could lead to economic loss or reduced credibility.

Quantitative management

Portfolio management that focuses on exposing incorrect market pricing with the help of a mathematical model.

Relative return

Portfolio return compared to return on Fund's strategic portfolio. The return is cleared of commission and operating costs.

S&P 500

Standard & Poor's 500 composite index. A cap-weighted index of 500 American companies, selected on the basis of a number of different factors, including size, liquidity and industrial sector.

Sharpe ratio

A gauge of risk-adjusted return. Measured as the portfolio's absolute return less risk-free interest, divided by the standard deviation on absolute return.

SIXRX

Six Return Index: a cap-weighted share index, reflecting average growth on the Stockholm Stock Exchange, including dividends.

Strategic portfolio

The Second AP Fund's strategic portfolio is determined by the Board of Directors and defines the Fund's strategic asset allocation.

TAA

Tactical Asset Allocation. An active management strategy focused on over-performance in diverse asset classes.

Tracking error/Active risk

The variation in relative return. Often measured as standard deviation on the relative return.

Value at Risk, VaR

A measure of risk that indicates the maximum loss, based on a given confidence level, that a portfolio may incur over a given period. VaR is normally calculated at a confidence level of 95 percent, and a ten-day interval.



Andra AP-fonden
Second Swedish National Pension Fund - AP2