

Half-year report

January 1 – June 30 2015

Over the past decade, the Second AP Fund has generated an average annual return of 7 percent

The Fund* posted a total return of 5.2 percent, excluding costs, for the first half of 2015. Relative to benchmark index, return was 0.2 percent, excluding alternative investments and costs. Fund capital increased by SEK 12.6 billion to SEK 306.5 billion by June 30 2015.

- The Second AP Fund's assets under management totalled SEK 306.5 (280.3) billion on June 30 2015, against which net outflows to the national pension system were charged in an amount of SEK -2.4 (-2.5) billion.
- The Fund posted a first-half net result of SEK 15.0 (18.1) billion.
- The Fund's return on the total portfolio was 5.2 (7.0) percent, excluding commission costs and operating expenses. Including these costs, the portfolio generated a return of 5.1 (6.9) percent.
- The relative return on the portfolio of quoted assets, excluding alternative investments and costs, amounted to 0.2 (0.1) percent, corresponding to a net contribution of SEK 0.5 billion.
- Operating expenses in terms of asset management costs continued to be low, remaining unchanged at 0.07 (0.07) percent for the period.
- Over the past ten years, the Fund has generated a return on invested assets of 96.6 percent (excluding costs), corresponding to an average annual return of 7.0 percent.

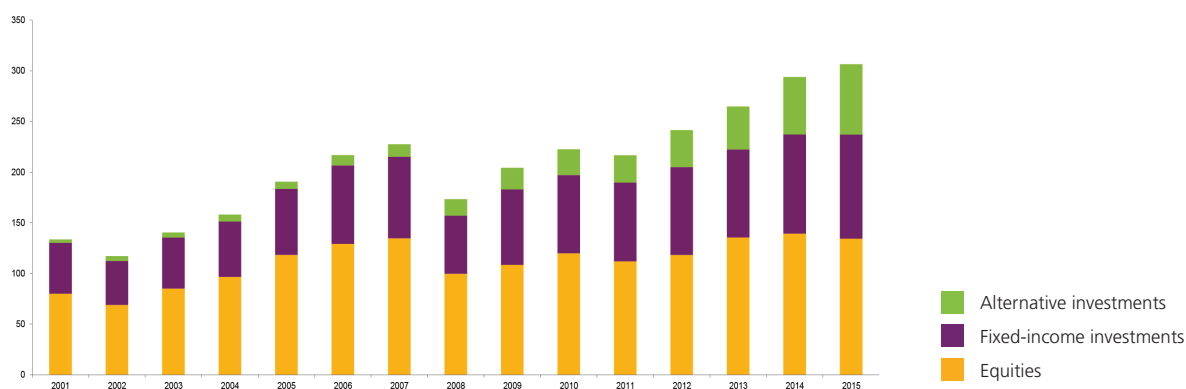
Less inflation, this is equivalent to an annual real return of 5.8 percent.

- Since its inception in 2001, the Fund has generated an overall return of SEK 178.7 billion, corresponding to an average annual return of 5.7 percent, including costs.
- The Fund's level of currency exposure was 30 (25) percent.

Events after close of report period

- Following the close of the report period, the financial markets experienced some turbulence. This derived mainly from anxiety over prospects for growth, especially in China, and the potential impact on the global economy. So far, these factors have occasioned no changes in the Fund's portfolios. The Fund's longterm strategy, based on a well-diversified portfolio, remains unchanged.
- Also subsequent to the report period, AP2 reached an agreement with American pension fund TIAA-CREF and AP1 concerning the formation of a new joint company. The company will act as a platform for investment in European office properties. The properties owned by Cityhold Property AB – a real-estate company which the First and Second AP funds formed in 2011 – and TIAA-CREF's European portfolio of commercial real estate in THRE will be combined to form the joint company, Cityhold Office Partnership. The joint market value of these two real-estate portfolios currently totals more than EUR 2 billion.

Fund capital growth, 2001 – June 30 2015, SEK bn



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

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). Figures in parentheses refer to the same period of time preceding year.

Chief Executive's review

At the beginning of the first half, the majority of the world's financial markets noted sharp gains. In contrast, the second half of the period was marked by considerable uncertainty, including the extreme volatility of fixed-income markets and marked anxiety about the situation in Greece.

The Second AP Fund's total return for the period amounted to 5.2 percent with an active return of 0.28 percent, contributing more than SEK 600 million to the net result. Swedish and foreign equities accounted for the most significant contribution.

Over the past decade, the Second AP Fund has generated an overall return of 96.6 percent, corresponding to an average annual return of 7.0 percent. Less inflation, this corresponds to an annual real return of 5.8 percent.

During the first half of the year, we have maintained our strategy of managing an ever greater share of Fund capital in-house, by taking responsibility for the management of global credits. Increasing the percentage of assets managed in-house is cost efficient, while also enabling more effective operational control. This in turn contributes to developing the operation, as well as the net result.

In 2012, the Fund was awarded a QFII licence and a permit to invest USD 200 million in Chinese Series A equities. During the report period, we have been permitted to invest an additional USD 200 million. Consequently, Chinese Series A equities now account for one percent of our assets under management. The Chinese stock market noted extremely sharp growth up to the close of the first half. Despite highly negative performance in June, the Shanghai stock exchange still saw a 32-percent rise compared with the start of year.

Sustainability

During the first six months of the year, we have further advanced our position in terms of sustainability, something that has also attracted international attention. For instance, the index published by the Asset Owners Disclosure Project – which rates the world's 500 largest investors according to the level of effort they put forwards mitigating climate change – ranked the Fund eleventh in the world. In-house efforts continue concerning the analysis, from a financial perspective, of the carbon-emission risks associated with our portfolio. This year's agenda features an analysis of power-generating companies. We are of course encouraged by the favourable attention our work has attracted.

The first time we measured our portfolio's carbon footprint was as early as 2009, something we repeated in 2014. During 2015, the Fund has actively lobbied investors to standardize the way the carbon footprint is measured. In connection with this concern, we have also participated in a number of seminars/workshops, at which this issue has been discussed.

During the year, we have finalized a long-term strategy for our sustainability programme. We have elected to focus primarily on a number of priority areas that we consider of key significance in generating a better long-term return. The intention is to further clarify our working approach in those areas we consider financially material. The broad area of focus is to ensure that sustainability becomes an integral part of the asset management process. Our vision is that sustainability shall be integral to all the Fund's analytical and decision processes. We have chosen to concentrate on the following specific areas: climate, corporate governance, diversity and transparency/reporting. We have extensive knowledge and expertise in these areas, given that we have worked with these issues over a considerable period of time.

Committed investor

The Female Index, produced by the Fund since 2003, shows that the proportion of women represented on the boards of companies quoted on the Stockholm Stock Exchange continues to rise and now amounts to 27.9 percent, compared to 24.7 percent in 2014. It is highly encouraging to now witness the greatest increase in female board members since 2004. It demonstrates that investors and nomination committees have shouldered greater responsibility. I am convinced that our work on the Second AP Fund's Female Index, as well as the data reported here, has helped promote progress in this area. There is still much to do, but I hope and believe that this issue has now acquired the consistent focus necessary to ensure more rapid development in future, and that the available competence and expertise is put to better use in the work of corporate boards.

During the annual general meeting (AGM) season, as well as being heavily engaged in the diversity issue as related to boards of directors, we have focused on a dialogue with nomination committees and their ability to motivate their proposals. Prior to companies' AGMs, we wrote to several nomination committees, later following up these letters at a number of AGMs during the spring.

Shareholders' proposals at the BP, Shell and Statoil AGMs

During the year, we will increase the number of foreign companies in which we exercise our voting rights, from 500 to some 750. We are also actively involved in raising various questions at these AGMs, including the climate issue. In the spring, in partnership with a large number of other investors, we presented a shareholder proposal at BP's and Shell's AGMs. Together with the Fourth AP Fund, we also tabled a similar proposal at Statoil's AGM. The proposal addressed the idea that companies should expand reporting on their greenhouse emissions, the assessment of project portfolios in terms of relevant post-2035 scenarios, their plans regarding research and development into low-carbon energy solutions and how they intend to integrate sustainability as part of their strategic key indicators and bonus systems.

The boards of all the above-mentioned companies recommended shareholders to support the proposal. At the Statoil AGM, it gained the support of 99.95 percent of participants, while the figures for the Shell and BP AGMs were 98.9 and 98.28 percent respectively. Here again, I feel able to claim that our and other long-term investors' consistent commitment and cooperation on these issues has made a real contribution.

New strategic partnership with TIAA-CREF

Over a considerable period, the Second AP Fund has built up a high degree of competence and expertise concerning investment in non-listed assets. We have signed many strategic partnership agreements with major international investors and are well respected in this context. This is further demonstrated by our new partnership with American pension fund TIAA-CREF, with which we originally initiated close cooperation in 2011, with the formation of a joint venture for agricultural investment.

In July, we have reached an agreement with TIAA-CREF and the First AP Fund concerning the formation of a new joint company, intended as a platform for investment in European office properties. The properties owned by Cityhold Property – a real-estate company which we formed with the First AP Fund in 2011 – and TIAA-CREF's European portfolio of commercial real estate in THRE will be combined under the joint company Cityhold Office Partnership. The current market value of these two real-estate portfolios totals more than EUR 2 billion.

New regulations to govern AP funds

The Swedish Government's annual evaluation of the AP funds, published in May, stated the following: "Since their establishment in 2001, the buffer funds have generated an annual average return of 5.3 percent. This more than compensates for the upward adjustment of liabilities within the national pension system, which means that the funds have made a positive contribution to the long-term funding of the system." In a press release published in conjunction with the submission of the evaluation to the Swedish Riksdag, Per Bolund, Sweden's Minister for Financial Markets, claimed considerable confidence in the work and expertise of the AP funds and expressed the Government's positive attitude to the Fund's sustainability efforts.

In light of this, I was therefore surprised by certain aspects contained in the memorandum entitled "New regulations for the AP funds", announced on Thursday afternoon, just before midsummer. The proposal features several elements that I feel are good and necessary to the positive future development of the Swedish pension system, especially the idea that the funds should be granted more relaxed investment regulations. It is also clearly positive that one of the funds should be located in Gothenburg. There is a considerable pool of competence and expertise here in terms of global institutional asset management. What worries me, however, is the proposed formation of a new AP Fund committee, raising the increased risk of political control over investment activities that this implies. Fundamental to the proposal to reform the system of AP funds, tabled at the start of the new millennium, was the principle that responsibility for the

management of this buffer capital was to be strictly separated from the Government.

The proposal not only means that the new committee will determine a joint targeted return for the funds, as well as a reference portfolio for their asset management activities, but will also decide the budget for the AP funds' management activities, by setting a cost ceiling. Furthermore, among other, there is even a suggestion that the Government should be able to decide how the administration will be coordinated between the funds. This means a considerable risk that management of the Funds' will be subject to political control.

The aim for the change proposed is that it will contribute to more cost-efficient management of the national pension system's buffer capital. Yet, on the subject of the AP funds' management costs, all comparative international surveys concur that the AP funds already achieve a high degree of cost efficiency. Even the Government's own assessment of the funds' performance confirms that they are clearly competitive. Since 2004, the Second AP Fund has participated in a study that compares pension funds from an international perspective. The most recent study shows that our costs level is some 30 percent lower than that cited for comparable pension funds. The need to work as cost-efficiently as possible is addressed consistently by the fund's board and executive management, being a key reason behind our determination to return large parts of our external mandates to in-house management. The AP funds' level of costs naturally also has an extremely important political dimension. The costs issue must be addressed with due seriousness and, as in any other enterprise, costs must be balanced against the resources available for generating a solid return and for ensuring that the operative risks are minimized.

The proposal has now been submitted for consideration and we shall naturally invest considerable effort and place great significance in responding to it. Given the considerable professional competence and expertise possessed by the Second AP Fund, I am already sceptical as to whether the extensive, costly and risky changes proposed are really necessary to creating the best possible conditions for the future development of the national pension system. I don't think so.

The Second AP Fund has a long-term strategy that we implement. We are stable and have created a portfolio that is designed to withstand even severe market turbulence. We are constantly on the lookout for new ways to develop, both with regard to our actual investment activities as well as to the way we operate. Modern asset management assumes well integrated asset management and administrative processes. This is precisely what we have at the Second AP Fund. A key element of our success, it is also essential to creating cost-efficient and world-class asset management. Despite some causes for concern on the markets, as well as other uncertainties currently affecting the AP funds, I am proud of the result that the Fund's employees continue to achieve on behalf of Sweden's pensioners!

Eva Halvarsson, CEO

Asset-class performance during first half

During the first half of 2015, the global macroeconomic situation showed continued improvement with regard to the industrialized economies, while the situation for the emerging economies was more mixed. The sharp fall in the price of oil during the autumn contributed positively to growth in most countries, apart from the oil exporting countries, but also ensured that the level of global inflation remained very low. The policies introduced by most central banks for stimulating national economies helped fuel a generally buoyant stock market. Even so, market growth through May and June was generally affected by the negative impact of worries concerning Greece's status as a member of the eurozone.

The US economy continued to perform well. However, in spite of a lower level of unemployment, wage increases have remained remarkably modest. Inflation has shown no obvious indications of accelerating. Consequently, the first increase in the American repo rate has been pushed further and further into the future. Nevertheless, at the start of the year, expectations of a less expansionary monetary policy led to a notable strengthening of the US dollar. Following extremely sharp growth in 2014, resulting in an increasingly challenging valuation of the market, the return on the US stock market was neutral.

European economy

The European economy has proved a positive surprise to most market analysts. Growth, consumption and credit building have all improved. A major bond-buying programme by the ECB also contributed to a robust stock market and to a notable weakening of the euro at the start of the year, which has boosted the demand for European exports. The European stock markets started the year very strongly. They subsequently fell back in response to market uncertainty arising from the negotiations concerning an extension of Greece's second bailout and its government's announcement at the end of June that it would hold a referendum on the conditions for the bailout. In spite of the ECB's bond-buying programme, eurozone interest rates noted an unexpected and distinct rise during the spring.

Robust Chinese stock market

As in the preceding year, development in China was notable for the high pace of reform, the introduction of measures to constrain excessive credit growth and the changeover from export-driven to consumer-driven economy. The Chinese authorities balanced these contradictory effects by implementing various forms of fiscal stimuli. The Chinese stock market noted extremely sharp growth up to the close of the first half. Despite highly negative performance in

June, the Shanghai stock exchange still saw a 32-percent rise compared with the start of the year.

Positive trend in Sweden

The Swedish economy saw an increase in domestic demand, improved demand for Swedish exports from the developed economies and notably weak price development. Focusing on its inflation target, the Riksbank introduced a negative repo rate and initiated a bond-buying programme. The Swedish stock market noted very buoyant development, while the longer bond rates reflected European growth and rose.

Half-year result

Total returns on the Fund's portfolios of Swedish and foreign equities were 11.5 and 9.5 percent respectively. Emerging-market equities saw an 8.6 percent increase in market worth. Swedish fixed-income securities generated a return of 0.2 percent, foreign government securities 0.7 percent, foreign credits 2.5 percent and emerging-market bonds 1.8 percent. The Fund's alternative investments, comprising domestic Chinese equities, unquoted real estate, private equity funds, alternative risk premiums and alternative credits, generated a return of 6.0 percent.

In-house asset management a success

The Fund's active management outperformed benchmark index by 0.28 percent, corresponding to SEK 634 million. The relative return (active return including implementation effects) was 0.23 percent. The Fund's in-house management of Swedish equities outperformed benchmark index, while the performance of foreign equities was slightly below benchmark. The Fund's tactical allocation of assets made a positive contribution to the overall return, as did its external asset managers, generally speaking. The in-house management of fixed-interest securities in Sweden was in line with index, while foreign government securities underperformed. Fixed-interest securities under external management noted mixed results.

During the first half, the Second AP Fund implemented changes in its asset management model. All management of global credits was transferred from external mandates to the Fund's in-house quantitative management team. Simultaneously, the Fund implemented an initial transfer of emerging-market bonds in local currency from external to in-house management. Since last year, the management of emerging-market bonds in hard currency has been handled passively, in-house. During the spring, parts of this portfolio have been managed actively.

Composition of strategic portfolio, share of portfolio and return, June 30 2015

Asset class	Strategic portfolio, %	Share of portfolio, %	Market value, SEK bn	Absolute return, %	Relative return, %	Activ risk ex post*, %
Equities, Swedish	10.0	9.7	29.7	11.5	1.7	1.1
Equities, foreign	24.0	23.2	71.1	9.5	0.1	0.4
Equities, emerging markets	11.0	11.0	33.5	8.6	- 0.5	0.8
Fixed-income, Swedish	16.0	16.0	49.1	0.2	0.0	0.2
Fixed-income, foreign government securities	5.0	4.8	14.8	0.7	- 0.9	0.9
Fixed-income, foreign credits	7.0	6.6	20.3	2.5	- 0.1	0.4
Fixed-income, emerging markets	6.0	6.0	18.5	1.8	- 0.1	2.0
Total quoted assets, excluding commission costs and operating expenses				4.7	0.2	0.3
Alternative investments	21.0	22.7	69.5	6.0		
Total Fund capital, excluding commission costs and operating expenses	100.0	100.0	306.5	5.2		

* Historical outcome, 12 months rolling.

Contributions to absolute return, first six months 2015

Equities	
Swedish equities	1.2
Foreign equities	2.8
Emerging markets	0.9
Fixed-income securities, including liquidity and accrued interest	
Swedish fixed-income securities	0.0
Foreign government securities	0.0
Foreign credits	0.2
Emerging markets	0.1
Absolute-return generating mandates	0.2
Overlay	- 0.2
FX Hedge	- 1.3
Alternative investments	1.3
Total assets, excluding commission costs and operating expenses	5.2

Contributions to relative return, first six months 2015

Equities	
Swedish equities	0.2
Foreign equities	0.0
Emerging markets	- 0.1
Fixed-income securities, including liquidity and accrued interest	
Swedish fixed-income securities	0.0
Foreign government securities	- 0.1
Foreign credits	0.0
Emerging markets	0.0
Absolute-return generating mandates	0.2
Market-quoted assets, excluding alternative investments and implementation effects	0.28
Implementation effects*	- 0.05
Market-quoted assets excluding alternative investments and including implementation effects	0.23

* Impact on result deriving from maintained exposure to strategic portfolio.

Financial review

The Fund's assets under management amounted to SEK 306.5 billion at the close of the first half of 2015, a net increase of SEK 12.6 billion since the end of 2014. This change derives partly from the Fund's positive net result of SEK 15 020 million and partly from a continued negative net outflow from the pension system of SEK -2 417 million. Costs incurred in administering the pension system, invoiced by the Swedish Pension Agency, have been charged against Fund capital in an amount of SEK -88 million.

For the seventh year in succession, since the launch of Sweden's current national pension scheme, the Second AP Fund has contributed funds to the pension system. Since the Fund's establishment in 2001, its net payments to the pension system have amounted to SEK -6 165 million. Excluding this net outflow, thanks to positive results on investment, the Fund's capital assets have increased by a total of SEK 178.7 billion since start.

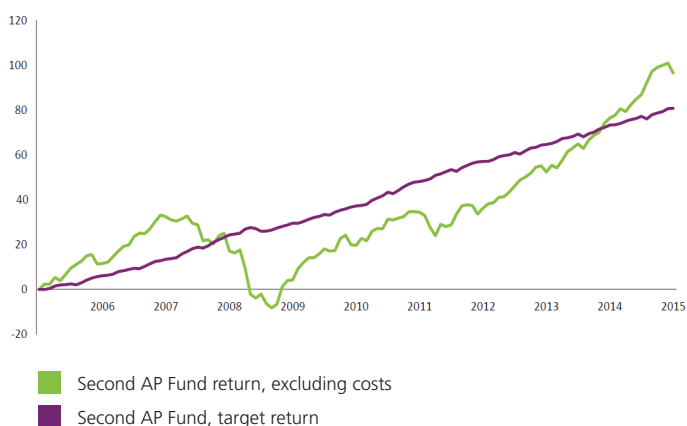
Fund capital performance first half 2015, SEK million

Fund capital brought forward		293 907
Pension contributions received	30 543	
Pension disbursements	- 32 872	
Administration contribution	- 88	- 2 417
Net result for the period		15 020
Fund capital carried forward		306 510

Exceeded the Fund's long-term commitment

The focus of the Fund's investment activities, as determined by the Fund's board of directors, is to minimize the negative impact that activation of the automatic balancing mechanism has on pensions. With this in mind, the Second AP Fund has composed a portfolio that is expected to generate a long-term average annual return of 4.5 percent. In the past ten years, the Fund has generated a return of 96.6 percent, excluding costs, equivalent to an average annual return of 7.0 percent. After deduction for inflation, this corresponds to an annual real return of 5.8 percent.

Accumulated return, ten years, %



Half-year result

The result for the first half of the year was SEK 15 020 (18 096) million, mainly attributable to the solid return generated on the Fund's holdings in Swedish and foreign equities. The Swedish and foreign portfolios of equities reported a joint net result of SEK 7.8 (5.8) billion, as well as a considerable direct return in the form of dividends amounting to SEK 4.0 (3.2) billion. The Fund's unquoted assets in real estate and private equity funds noted a positive result of SEK 1.6 billion.

The result reported for the Fund's portfolio of fixed-income securities was negative at SEK -1.5 billion. The direct return from the portfolio, in the form of net interest, totalled SEK 1.1 billion.

The active risk for the Fund's portfolio of quoted assets is in parity with the level reported at year-end 2014, and was 0.3 percent. In absolute terms, calculated on a rolling basis over 12 months, fixed-income securities on emerging markets is the asset class featuring the highest active risk. Calculated over 12 months, the information ratio for the total portfolio of quoted assets is high. Since year-end 2014, the figure has improved somewhat, amounting to 1.8 at the end of the first half.

To comply with the Swedish National Pension Funds' Act, no more than 40 percent of invested pension assets may be exposed to exchange risk. Exchange hedging of the Fund's portfolio and the degree to which it is hedged therefore has a considerable impact on the result. The net of exchange gains/losses on foreign assets is reported in the income statement, with the result of the Fund's exchange hedging, under Net result, exchange gains/losses.

During the greater part of the first half, exposure in foreign currency was about 30 percent, well within the Fund's 40-percent limit. The continued weakening of the Swedish krona during the period generated exchange gains on foreign assets, although this also meant that the Fund's exchange hedge had a correspondingly negative effect on the result. The combined result for the Fund's total portfolio of assets exposed in foreign currency, including the exchange hedge, was reported as positive, amounting to an exchange gain of SEK 2.6 billion.

Commission costs

Commission costs of SEK 165 (131) million were charged against operating income, comprising external asset management costs of SEK 153 (124) million and custodial costs of SEK 12 (7) million. Due to the fact that the management fee is linked directly to the volume of assets under management, the increased commission costs are a consequence of the Fund's growing capital assets, as well as an effect of the sharp decline of the Swedish krona against the US dollar and euro. The Fund's clearly stated strategy is to utilize external asset managers for more narrowly specialized and thereby more costly mandates in several

new asset classes. At the same time, an internalisation process is underway, involving the gradual transfer of a growing number of external mandates to in-house management, as the Fund's in-house competence grows and its business-support processes and systems develop.

Commission costs for the external management of market-quoted assets partly comprise a fixed element and partly, for certain assignments, a performance-linked element. For the first half of 2015, the fixed element, reported as a commission cost, totalled SEK 151 (121) million, while the variable performance-linked element amounted to SEK 72 (57) million.

Management fees for unquoted assets, for which repayment is approved prior to profit sharing, and deemed likely, are reported in the balance sheet together with investments in unquoted equities. During the period, management fees for unquoted assets totalled SEK 94 (85) million. Of this sum, SEK 92 (82) million has been reported together with the investment's market value at the close of the first half.

Operating expenses

Operating expenses for the first six months of the year amounted to SEK 105 (95) million, personnel costs accounting for SEK 63 (58) million and other administration expenses for SEK 42 (37) million. This increase is attributable to the costs of implementing the Fund's long-term strategy of building up a more business-and-cost-efficient in-house unit for managing assets that are currently handled under external mandates.

As of 2012, the AP funds are subject to VAT on the procurement of services from foreign companies. Since the funds are not entitled to reclaim VAT paid on foreign services supplied, VAT registration involves a direct increase in the Fund's costs for these types of service. During the first six months of 2015, these costs amounted to SEK 12 million.

Asset management costs are expressed on a yearly basis and are defined both including and excluding commission costs in relation to the Fund's average total assets. The Fund's asset management costs remained low during the first half of the year, amounting to 0.18 (0.17) percent of Fund capital, including commission costs. Excluding commission costs, this share remained unchanged at 0.07 (0.07) percent. The relative increase in commission costs is due in its entirety to a weakening of the Swedish krona against the currencies in which management fees are paid.

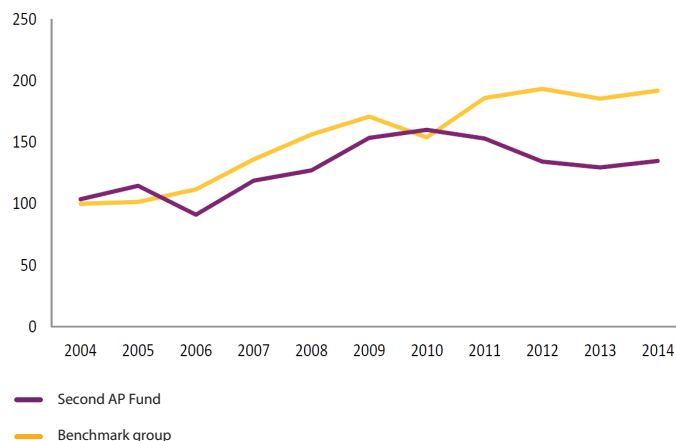
Cost-efficient fund management

An established method for measuring and comparing the cost efficiency of pension funds from an international perspective has been developed by CEM (Cost Effectiveness Measurement Inc.). The method permits a comparison that takes into account several factors that have a decisive impact on the overall cost of managing a fund: the volume of assets under management, the degree of active and external management and the relative allocations for each class of asset. The pension funds' management costs are compared with those of an international group

of fund managers of similar size and focus. The Second AP Fund has participated in CEM's annual benchmark study since 2004.

The Second AP Fund's costs for 2014 have been matched against those of 18 other pension funds. The analysis demonstrates that the Fund has a 30 percent lower average cost level compared to the benchmark group (see graph). This is mainly attributable to an efficient mix of management style and asset class.

Second AP Fund cost efficiency compared to international pension funds: 2004–2014, indexation



Source: CEM

Personnel

As per June 30 2015, the Fund had 65 employees. At year-end 2014, the Fund numbered 63 employees.

Accounting and valuation principles

This half-year report has been prepared in accordance with the accounting and valuation principles developed jointly by Sweden's buffer funds. These principles are described on page 54 of the Second AP Fund's annual report for 2014.

Board of directors

During the spring, the Swedish Government appointed a new member to the board of the Second AP Fund, Kristina Mårtensson, who heads the research unit and is Director of Social Politics at Kommunal (the Swedish Municipal Workers' Union). Lenita Granlund resigned her seat.

Next financial report

The annual report and result for the financial year 2015 will be published in February 2016. Furthermore, a separate Sustainability and Corporate Governance Report will be published in October 2015.

Gothenburg, August 28 2015

Eva Halvarsson
CEO

Income statement

SEK million	Jan–June 2015	Jan–June 2014	Jan–Dec 2014
Operating income			
Net interest income	1 089	1 633	2 948
Dividends received	3 991	3 244	4 747
Net result, quoted equities and participations	7 795	5 778	10 437
Net result, unquoted equities and participations	1 555	1 179	3 081
Net result, fixed-income securities	– 1 489	3 107	2 916
Net result, derivative instruments	– 249	499	577
Net result, exchange gains	2 598	2 882	10 090
Commission expenses, net	– 165	– 131	– 286
Total operating income	15 125	18 191	34 510
Operating expenses			
Personnel expenses	– 63	– 58	– 118
Other administration expenses	– 42	– 37	– 77
Total operating expenses	– 105	– 95	– 195
NET PROFIT FOR THE PERIOD	15 020	18 096	34 315

Balance sheet

SEK million	June 30 2015	June 30 2014	Dec 31 2014
Assets			
Equities and participations			
Quoted	141 345	134 731	147 040
Unquoted	43 520	33 070	39 782
Bonds and other fixed-income securities	113 696	102 023	109 451
Derivative instruments	4 459	9 396	2 360
Cash and bank balances	3 838	4 612	4 818
Other assets	838	432	97
Prepaid expenses and accrued income	1 348	1 413	1 540
TOTAL ASSETS	309 044	285 677	305 088
Fund capital and liabilities			
Liabilities			
Derivative instruments	1 480	3 636	9 728
Other liabilities	865	1 619	1 378
Deferred income and accrued expenses	189	82	75
Total liabilities	2 534	5 337	11 181
Fund capital			
Opening fund capital	293 907	264 712	264 712
Net payments to the national pension system	– 2 417	– 2 468	– 5 120
Net profit for the period	15 020	18 096	34 315
Total Fund capital	306 510	280 340	293 907
TOTAL FUND CAPITAL AND LIABILITIES	309 044	285 677	305 088

This report has not been subject to special examination by the Fund's auditors.

Five-year review

	June 30 2015	2014	2013	2012	2011
Fund capital, flows and net result, SEK m					
Fund capital	306 510	293 907	264 712	241 454	216 622
Net outflows to the Swedish Pension Agency	- 2 417	- 5 120	- 6 880	- 3 788	- 1 240
Net result for the period	15 020	34 315	30 138	28 620	- 4 645
Return, %					
Return on total portfolio before commission costs and operating expenses	5.2	13.3	12.8	13.5	- 1.9
Return on total portfolio after commission costs and operating expenses	5.1	13.1	12.7	13.3	- 2.1
Annualized return after commission costs and operating expenses, 5 years	10.3	9.4	10.8	2.4	0.6
Annualized return after commission costs and operating expenses, 10 years	6.8	7.1	7.0	7.4	4.3
Risk					
Standard deviation ex-post, daily market-listed portfolio, %	6.8	5.7	5.7	6.4	10.0
Standard deviation ex-post, total portfolio, %*	9.5	9.1	9.3	-	-
Sharpe ratio ex-post, daily market-listed portfolio	1.6	2.2	2.1	1.9	neg
Sharpe ratio ex-post, total portfolio	1.9	2.6	2.4	2.0	-
Asset management costs relative to Fund capital, %					
Asset management costs, excluding commission costs	0.07	0.07	0.07	0.07	0.07
Asset management costs, including commission costs	0.18	0.17	0.17	0.16	0.17

*Calculated on basis of quarterly return over ten years.



Andra AP-fonden
Second Swedish National Pension Fund - AP2