

Första AP-fonden's interim report January – June 2016

### Solid return with a well-diversified portfolio

*Stockholm, 22 July 2016* – Första AP-fonden's net investment income after expenses for January – June 2016 amounted to SEK 10.6 billion. Return after expenses was thus 3.5 per cent. The average annual return of the Fund after expenses for the past 10-year period is 5.9 per cent. Real return after expenses for the same 10-year period is 4.8 per cent, which is above the Fund's long-term target.

#### Highlights of the year (see also next page)

- Net investment income after expenses was SEK 10.6 billion (14.3 for January – June 2015).
- Net assets rose by SEK 7.3 billion to SEK 297.5 billion.
- During the period, Första AP-fonden paid a net amount of SEK 3.2 billion (2.4 for January – June 2015) to the pension system to cover the difference between pension contributions and disbursements.
- The Fund's administrative expenses were SEK 215 million (253 for January – June 2015), which is a reduction and equals 0.15 per cent (0.17 for January – June 2015) annualised of assets under management.

CEO Johan Magnusson comments on the outcome:

“The return of 3.5 per cent after expenses for January – June is solid. Real return for the past ten-year period is well above the Fund's target. We have contributed a return totalling SEK 139 billion to the pension system in the past ten-year period.”

For a long time, Första AP-fonden has consciously increased the share of alternative investments in order to create a more robust portfolio which correlates to a lower degree with equity markets over time.

“As a long-term investor, it is natural to incorporate non-financial sustainability aspects into the investment analysis, because they can affect both valuation and earnings capacity. The carbon footprint of our equity portfolio is already low, and we find it necessary to take a broader view beyond the climate issue alone. We have therefore chosen to focus on resource efficiency.

For example, we are carrying out dedicated sustainability investments with a focus on resource efficiency. One such investment was in Resonance Industrial Water Infrastructure Fund, which helps industries around the world to finance, modernise and run water purification facilities. There are tremendous needs around the world in this area,” comments Johan Magnusson.

Första AP-fonden endeavours, through its investments and shareholder activism, to be part of the solution to the world's global challenges.

“To us, it's important that the companies we own are run in a good way. This paves the way for higher profits and lower risk-taking. We are therefore engaged in corporate governance, both abroad and in Sweden, and have decided to increase our resources in this area,” says Johan Magnusson.

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	Jan–Jun 16	Jan–Jun 15	Jan–Dec 15
Closing net assets	<b>SEK 297.5 bn</b>	SEK 295.7 bn	SEK 290.2 bn
Net investment income for the period	<b>SEK 10.6 bn</b>	SEK 14.3 bn	SEK 11.3 bn
Net flow to the pension system	SEK -3.2 bn	SEK -2.4 bn	SEK -4.9 bn
Opening net assets	SEK 290.2 bn	SEK 283.8 bn	SEK 283.8 bn
Expense ratio Operating expenses	0.06 %	0.06 %	0.06 %
Expense ratio inc. Commission expenses	0.15 %	0.17 %	0.17 %
Return after expenses	3.5 %	5.0 %	4.0 %
Real return after expenses	2.8 %	4.9 %	3.9 %

Annualised return after expenses 5.0 years	8.1 %
Annualised return after expenses 10.0 years	5.9 %

Real annualised return after expenses 10.0 years	<b>4.8 %</b>
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Första AP-fonden is one of five AP funds in the Swedish national income pension system. The capital reserves in the AP funds ensure that pension benefits can be paid even when disbursements from the pension system exceed contributions into it. Första AP-fonden has assets under management of SEK 298 billion (30 June 2016) in a global portfolio comprising equities, fixed income securities, real estate, private equity funds and hedge funds. Första AP-fonden invests to achieve high and long-term sustainable return.

More information about the AP funds is available at [apfonderna.se](http://apfonderna.se) and about Första AP-fonden at [ap1.se](http://ap1.se)