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HIGHLIGHTS OF THE PERIOD

- Net investment income for the first half of 2014 was SEK 16.6 billion (9.5).
- Return after expenses was 6.5 percent (4.0).
- Over the past ten-year period the Fund has produced an annualized return of 6.7 percent, which exceeds the long-term target of 5.5 percent.
- During the period, the Fund paid a net amount of SEK 2.5 billion (3.1) to the Swedish Pensions Agency.
- Net assets under management thus increased by SEK 14.1 billion to SEK 267 billion.
- As of 1 January 2014, the Fund's return target has been changed to 5.5 percent after expenses measured over rolling ten-year periods.
- The Fund's operating expenses amounted to SEK 206 million (166), which is equal to an expense ratio of 0.16 percent (0.14).
- In the first half of the year the Fund continued its efforts to optimize its investment process. Investments were made among other things in private equity funds.

Första AP-fonden (AP1) is one of five funds that manage buffer capital in the Swedish national income pension system, and is regulated by the Swedish National Pension Funds Act (2000:192). For more information about Första AP-fonden visit the Fund's website, www.ap1.se.

All monetary amounts in this report are expressed in Swedish kronor. Millions of kronor are abbreviated as SEK m and billions as SEK bn. Figures in brackets refer to the first half of 2013 unless otherwise stated. Internal data is used in the tables and diagrams in cases where no other sources are stated.

ACCOUNTING AND VALUATION POLICIES

The semi-annual report has been prepared in compliance with the accounting and valuation policies developed jointly by the AP funds. These are described in summary in the annual report for 2013. The semi-annual report has not been reviewed by the Fund's independent auditors.



GOOD RETURN MAKES VALUABLE CONTRIBUTION TO THE PENSION SYSTEM

The Fund's net investment income of over SEK 16 billion for the first half of 2014 represents an important reinforcement of the pension system. Net assets under management rose from SEK 252 billion to SEK 267 billion. Over the past ten years the Fund has added SEK 125 billion to the pension system, which is a valuable contribution.

Our investment income is equal to a return after expenses of 6.5 percent, which exceeds the Fund's long-term target. Given the Fund's long-term mission, it is our value development over an extended period that is relevant. The target is an annualized return after expenses of at least 5.5 percent measured over rolling ten-year periods. For the past five- and ten-year periods we have delivered an annualized return after expenses of 9.8 and 6.7 percent, respectively.

“Given the Fund's long-term mission, it is our value development over an extended period that is relevant”

Based on experiences from the latest financial crisis, Första AP-fonden's strategic approach has been to build a portfolio that is robust to major changes in value. Following an in-depth strategy review, a decision has been made to utilize appropriate opportunities to raise the level of risk in the portfolio and thereby increase the probability of meeting the pension system's long-term needs. Our market assessment determines when and at what pace this change is carried out. Although the year so far has been characterized by continued stability in macroeconomic development, the strength of the market has varied between regions. In particular, the US economy has maintained a growth rate that is in line

with or higher than the long-term trend. As a result, in response to a gradual decrease in the unemployment rate there are indications that the Federal Reserve will soon end its quantitative easing and start a series of interest rate hikes. At the same time, many other parts of the developed world are experiencing a significantly lower level of activity with an ongoing drop in inflationary pressure, which will most likely keep key interest rates close to zero for some time to come. In light of this diverging monetary policy scenario, it seems reasonable to assume that the US dollar will continue its upward climb. As the economic recovery matures, and if the extended stock market rally gives rise to exaggerated optimism, there is a growing risk for a backlash in the stock market.

Transparency and clarity are central principles in the Fund's management of the pension assets. The way in which the Fund works to create the highest return possible is summarized in the Fund's investment philosophy, which is described on page 5 and at [ap1.se](#). We report on how we have voted at Swedish and foreign shareholder meetings, and for the first time we also provide more detailed information about the dialogues with and demands submitted to Swedish companies ahead of the shareholder meetings.

One important consequence of our investment philosophy is that we own relatively few companies, since our investments are based on active decisions about what the Fund should own and why. We also aim to increase the share of investments that are managed in-house and to make important investment decisions independently, even for the assets that are managed externally.

A long investment horizon and a concentrated portfolio are key factors for the Fund's sustainability work, since they create the conditions for our managers to stay better informed about the companies we invest in. The Fund has high ambitions when it comes to sustainable value creation. This applies not least to the climate threat, where we recently

launch a project together with researchers and other investors around the world. Together we will study the implications of climate change for the Fund's investments and what action we should take based on this knowledge.

"The way in which the Fund works to create the highest return possible is summarized in the Fund's investment philosophy"

Last spring the Pension Group presented its agreement for changes in the AP fund system. The proposal, which is based mainly on the inquiry report that was presented in 2012, has several positive aspects. Above all, it is good that it proposes improvements through less detailed restrictions in the regulations governing which investments the funds may undertake. The current rules prohibit us from making investments that could be of significant benefit to the pension system. Unfortunately, the proposal has also created greater ambiguity about the future organization of the AP funds, which makes it harder for us to recruit and retain employees. It is vital that this period of major uncertainty is as short as possible.

Another key question is how the AP funds' objective should be formulated. In the debate, it is sometimes asserted that there is a contradictory relationship between earning a high return and consideration to sustainability. I see no conflict of objectives between creating high returns and including sustainability factors in investment decisions. On the contrary, I believe that investors who can effectively address sustainability aspects such as the environment, the climate and human rights have better potential to achieve a high long-term return. Instead of assuming that there is a contradiction, the mission of the AP funds should be formulated based on a goal for the funds to produce such a high return that it is of the greatest benefit to the pension system. This includes a clear commitment to sustainability issues in our management.

"...investors who can effectively address sustainability aspects such as the environment, the climate and human rights have better potential to achieve a high long-term return"

In conclusion, I look forward – together with my competent employees – to the ongoing development of Första AP-fonden's investments so that we continue to generate high returns for the benefit of the pension system.

Stockholm, August 2014



Johan Magnusson
Chief Executive Officer

FÖRSTA AP-FONDEN'S INVESTMENT PHILOSOPHY

Första AP-fonden's investment philosophy forms the basis for the Fund's investments. The investment philosophy is founded on the Fund's investment convictions.

INVESTMENT PHILOSOPHY

Första AP-fonden's investment philosophy states that:

- The portfolio should have high and controlled risk in order to best realize the mission. The portfolio's short-term value fluctuations may be significant, but this should not affect the portfolio composition.
- The Fund should give consideration to sustainability issues in its investment analysis and its shareholder engagement. Here, the Fund benefits from a long analysis, investment and evaluation horizon.
- The investment process should be based on conscious choices, since the markets are not fully effective. High quality independent internal analysis is essential for this. Diversification is important in generating a good risk-adjusted return.
- The Fund's actions should ensure that public confidence is maintained. A well defined structure with a clear separation of duties, together with cost-efficiency, is imperative for the financial results and in building confidence.

INVESTMENT CONVICTIONS

Första AP-fonden's investment convictions provide a foundation for the investment philosophy. In short, the Fund's philosophy is based on the following convictions:

Diversification – Successful diversification between asset classes, risks, investment horizons and strategies increases the risk-adjusted return. This relies on allocation with good insight into the underlying drivers and risk factors for different assets.

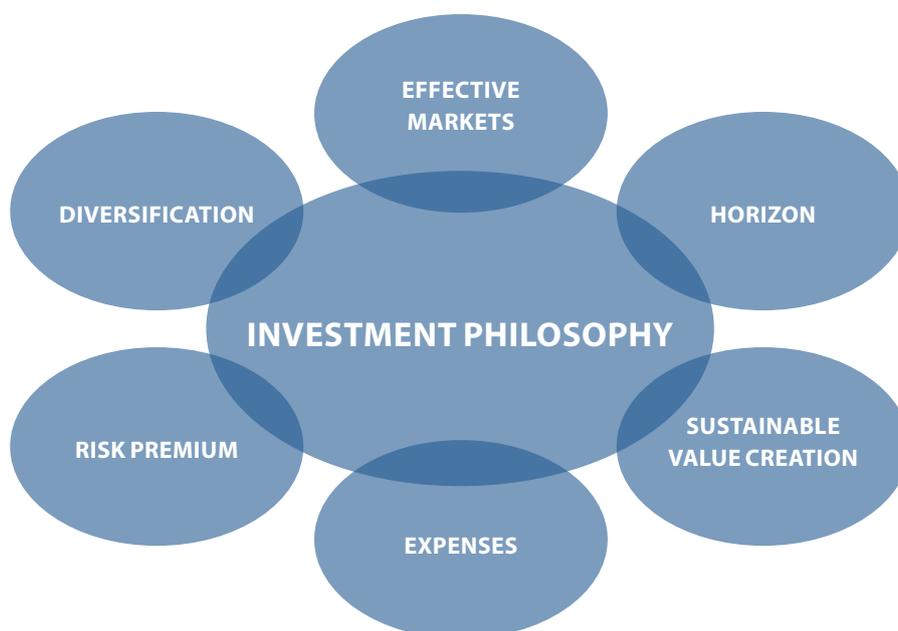
Horizon – A long-term approach opens opportunities to produce higher returns over time. When the price in the market is set with a short investment horizon, profitable investment strategies arise outside that horizon.

Effective markets – The financial markets are not fully effective. As a result, well reasoned asset management with active choices pays off.

Risk premium – Risk-taking in the financial markets generates a positive return over time. Risk premiums vary over time and are obtained by investing in specific asset classes or strategies, or in risks that others are not willing to or can't run.

Expenses – Cost-efficiency is central, since the Fund's target is based on return after expenses.

Sustainable value creation – A focus on sustainable value creation can provide opportunities to increase long-term returns and reduce financial risk, since the markets are not always effective.



SHAREHOLDER ACTIVISM AND SUSTAINABLE VALUE CREATION

One component of Första AP-fonden's investment philosophy is incorporate sustainability factors in its investment analyses and decisions – an approach that the Fund calls sustainable value creation. The Fund is also engaged as a shareholder in both Swedish and foreign companies.

Shareholder activism and sustainable value creation enable the Fund to increase its long-term returns and control financial risks. Our assessment is that companies with effective management of sustainability issues show generally higher profits and lower risks, and often have higher share returns than other companies. Furthermore, the markets are not always effective with regard to information about sustainability issues and shareholder activism. The risk for political decisions and regulations in this area is considerable, and is not always priced.

SHAREHOLDER ACTIVISM

Ahead of the 2014 annual general meeting season, Första AP-fonden held Swedish shares for more than SEK 30 billion. This places us among the stock market's 25 largest shareholders and gives us leverage to influence the decisions that are made at the AGMs. In 2014 the Fund participated in the general meetings of all its Swedish portfolio companies, which were 30 in number. We have the greatest potential to influence decisions by discussing key issues with the boards and managements of the companies prior to the meetings. By doing so, the Fund often gains a hearing for its standpoints. During the year, Första AP-fonden focused on three main issues: executive compensation, board fees and the companies' efforts to combat corruption. The table on the next page shows the actions taken by the Fund in a number of dialogues that have been pursued with companies in these three areas. In order to maintain trust and confidentiality, we have chosen to omit the names of the companies. In addition to this, the Fund has put forward its views to a number of nominating committees on how to increase equality and diversity on the Swedish boards.

The Fund has also voted at 231 foreign general meetings. How the Fund has voted at the meetings is reported in detail at www.ap1.se. In a few selected cases, the Fund has contacted the companies and presented its arguments for voting against the board's proposal.

The dialogues with foreign companies often take place in cooperation with the Second, Third and Fourth AP funds

(AP2, AP3 and AP4) through the AP funds' joint Ethical Council. In 2013 the Ethical Council conducted around 230 dialogues with foreign companies. The Ethical Council's report on its activities in 2013 can be viewed at www.apfonderna.se.

SUSTAINABLE VALUE CREATION

The companies' management of sustainability issues has a bearing on their potential to attract and retain customers. It also affects their ability to recruit and retain employees and their opportunities to obtain financing on good terms. All of this will have an impact on the companies' profitability. For a long-term investor like Första AP-fonden, it is therefore vital to include sustainability factors in the investment analysis. As a result, Fund must strive to continuously improve and develop this analysis.

One consequence of the Fund's investment philosophy is that its internal management has relatively concentrated portfolios. The Fund owns around 30 Swedish companies and some 90 companies in its equity portfolio for the remaining developed markets (Europe, the USA and parts of Asia).¹ This provides not only better scope to analyze each portfolio company, but also greater opportunity to influence the companies in cases where this is motivated. For these companies, an action plan is drawn up and constructive dialogues then take place either via the AP funds' Ethical Council or under the Fund's own direction.

As part of its focus on shareholder activism and sustainable value creation, a training initiative for the Fund's employees is being carried out in 2014. The aim of the training, in addition to increasing knowledge, is to intensify the discussions that are necessary in an area like this, where there are no given answers to complex questions.

Sustainable value creation is no less important for the Fund when assets are entrusted to external managers. In these cases, however, the work must be approached differently. The Fund's procurement of external managers includes sustainability criteria in both the tender documents and in assessment of the managers. This is an area that has moved to the fore in recent years. In 2014 the Fund has studied and mapped out how its key private equity managers give consideration to and work with sustainability issues. For some there is considerable development potential, while other private equity funds have made more progress. Första AP-fonden has initiated a follow-up of this mapping through dialogues with the managers.

¹⁾ Aside from these internally managed equity portfolios, there are also equity portfolios that have been delegated to external management and a few quantitatively managed equity portfolios. As a result, the list of holdings that is published on www.ap1.se contains significantly fewer companies than these.

OVERVIEW OF FÖRSTA AP-FONDEN'S DIALOGUES WITH SWEDISH COMPANIES

Company	Issue	The Fund's action	The company's response	Decision	Comment
Executive compensation					
A	Incentive scheme without sufficient performance requirements and with extensive subvention	Dialogue with demands for improvements and decreased subvention	Decreased subvention	Yes	Acceptable compromise, but the Fund should try to further improve the scheme next year
B	New proposal and history of not listening to minority shareholders	Dialogue with demands for stricter performance requirements	Improved performance requirements	Yes	Acceptable compromise, but the Fund should try to further improve the scheme next year
C	Minor changes in the weighting of performance requirements			Yes	AGM decision leads to improvement
D	Improvements in a long-term incentive scheme			Yes	AGM decision leads to improvement
E	Approval of maximum variable salary	Dialogue	Motivation	Yes	Matter for decision by board, not shareholders
F	Approval of maximum variable salary	Dialogue	Motivation	Yes	Matter for decision by board, not shareholders
G	Approval of maximum variable salary	Dialogue	Motivation	Yes	Matter for decision by board, not shareholders
H	Increased number of participants in long-term incentive scheme	Requested motivation	Motivation	Yes	Minor change. Acceptable change
I	Change principles for compensation to senior executives	Questions ahead of the AGM	Good motivations	Yes	Clear information ahead of the AGM. Acceptable change
J	Changed requirements on personal investment for new category of key persons	Dialogue with demand for motivation	Good motivation	Yes	Company with a history of good information and good evaluations
Board fees					
K	Major increase in board fees	Joint proposal at the AGM	None	Own proposal	The Fund gained no hearing for its views. The fees should not be raised for a few years
L	Major increase in board fees	Proposal at the AGM that was supported by many other institutional investors	None	Own proposal	The Fund gained no hearing for its views. The fees should not be raised for a few years
M	Major increase in board fees (from low level)	Discussions		Yes	Acceptable change. Now on par with the competitors
N	Major increase in board fees	Support for nominating committee member	Proposal not put forward by nominating committee	-	Most likely new proposal in 2015
Anti-corruption efforts					
O	Low points in the Fund's own assessment	Dialogue	Several improvements		Ongoing dialogue
P	Low points in the Fund's own assessment	Dialogue requested			Continued prompting to initiate dialogue
Q	Low points in the Fund's own assessment	Dialogue	Several improvements		Ongoing dialogue
R	Accused of corruption	Dialogue	Several improvements		Ongoing dialogue
S	Accused of corruption	Dialogue	Several improvements		Ongoing dialogue

THE FUND'S DEVELOPMENT IN THE FIRST HALF OF 2014

Första AP-fonden's net investment income for the first half of 2014 was SEK 16.6 billion (9.5), equal to a return after expenses of 6.5 percent (4.0). Measured over the past ten-year period the Fund has produced a return of 6.7 percent, which exceeds the long-term return target of 5.5 percent. In the first half of 2014 the Fund transferred SEK 2.5 billion (3.1) to the pension system, since incoming pension contributions are lower than pension disbursements.

ASSET ALLOCATION

In the first half of the year the Fund carried out a strategy review. The aim of the review was to improve the Fund's ability to meet the pension system's requirements and need for a long-term return. The main conclusion of the review was that the Fund shall normally have a high and controlled level of financial risk. The Fund will therefore increase its financial risk over time.

In the first half of the year, currency exposure was successively raised to 32 percent from the previous 28 percent. The Fund has continued to increase allocation to alternative assets and strategies in order to diversify the portfolio and make it less dependent on fluctuations in the stock market without thereby compromising the expected long-term return.

EQUITIES

Första AP-fonden's equity portfolio of SEK 126.0 billion is divided between 54 percent in developed markets, 22 per-

cent in emerging markets and 24 percent in Sweden. The Fund manages Swedish and foreign equities in developed markets internally, with a focus on large and mid caps. External managers are used for investments in emerging markets and small caps.

In the first half of 2014 the Fund continued adjusting its management model for equities and integration of sustainability aspects in the investment process. Management of equities showed positive development in the first half of the year. In particular, allocation to emerging markets and low volatility strategies made a strongly positive contribution.

The equity investments generated a return before expenses of 7.0 percent, equal to net investment income of SEK 8.6 billion.

FIXED INCOME AND FOREIGN EXCHANGE

Första AP-fonden manages a global fixed interest portfolio worth SEK 78.5 billion, of which the bulk is invested in foreign securities. According to the Fund's investment rules, fixed income securities must make up at least 30 percent of the total portfolio. At mid-year, the fixed income portfolio accounted for 29.4 percent. The Fund also owns fixed income securities in the risk parity portfolio. The total holding is thus 30.7 percent.

Net investment income for Jan – June 2014 before expenses in local currency

	Contribution		Portfolio return, %
	Contribution, SEK bn	Contribution, %	
Equities	8.6	3.4	7.0
Sweden	2.2	0.9	7.1
Developed markets	3.9	1.5	6.1
Emerging markets	2.5	1.0	10.6
Fixed income	2.2	0.9	3.0
Real estate	1.2	0.5	5.4
Hedge funds	0.2	0.1	1.7
Private equity funds	1.1	0.4	12.2
Risk parity portfolio	1.0	0.4	10.0
New investments	0.1	0.1	4.5
Allocation, cash and foreign exchange	2.4	1.0	1.0
Total	16.8	6.7	6.7

Annualized return after expenses, 2003 – June 2014

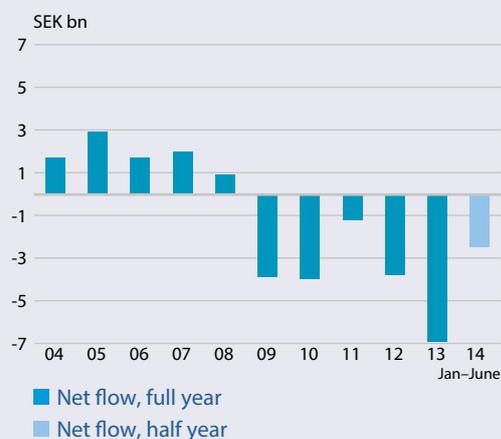


Return after expenses for the past ten-year period was 6.1 percent. The Fund's long-term target is a return of 5.5 percent after expenses over rolling five-year periods.

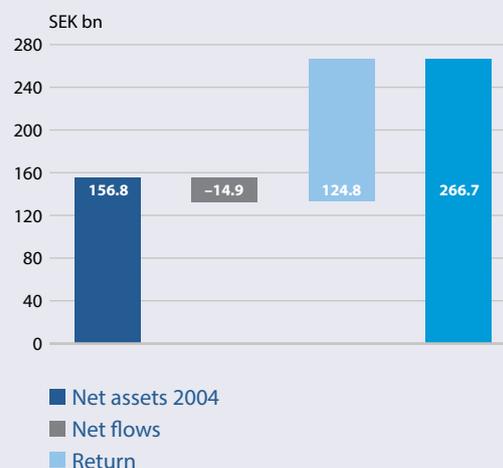
Return by asset class, Jan – June 2013



Net flow



Development of net assets



Development of net assets

SEK m	Jan – June 2014	2013
Opening net assets	252,507	233,700
Net investment income before expenses	16,822	26,037
The Fund's expenses	-206	-350
Net flow to/from the Swedish Pensions Agency	-2,356	-6,650
Administrative contribution to the Swedish Pensions Agency, etc.	-112	-230
Closing net assets	266,655	252,507

At mid-year 2014, Första AP-fonden's fixed income portfolio consisted of 22 percent corporate credits, 16 percent secured bonds, 8 percent credits from government guaranteed and supranational issuers and 54 percent government bonds. The share of nominal assets was 69 percent and the share of real assets was 31 percent.

Despite sizeable movements in both the fixed income and foreign exchange markets, the effects on the Fund's fixed income and foreign exchange portfolio were minor in the first half of the year since the portfolios were well balanced. For the first half of 2014 the Fund's fixed income investments delivered a return before expenses of 3.0 percent, equal to net investment income of SEK 2.2 billion.

REAL ESTATE

In its real estate investments, the Fund strives mainly for a continuous return from rents and invests only to a lesser degree in strategies where expected value appreciation is the key component.

At mid-year 2014 the Fund's real estate investments were valued at SEK 22.5 billion (19.0). The value of the portfolio increased through appreciation in the existing holdings and through a handful of investments within the framework of already wholly or partly owned companies and external managers. In the first half of 2014 the Fund's real estate portfolio returned 5.4 percent (5.9), equal to SEK 1.2 billion.

HEDGE FUNDS

Första AP-fonden's hedge fund portfolio amounts to SEK 13.1 billion, or close to 5 percent of net assets. The hedge fund investments are designed to dampen the impact of large price movements in the rest of the portfolio. Under normal circumstances and measured over a long period of time, the hedge fund portfolio is uncorrelated with the Fund's other assets. It is also expected to have a low correlation with the rest of the portfolio in the event of severe and prolonged downturns in the stock market. Total return for the first half of the year was 1.7 percent, equal to SEK 0.2 billion.

PRIVATE EQUITY FUNDS

Investments in private equity funds amount to SEK 10.3 billion. Within this asset class, investment activity was high

during the first half of the year. A total of seven new investments were made in US, German, Chinese and global funds. Första AP-fonden's private equity funds showed positive development in the first half of 2014 with a return of 12.2 percent, equal to SEK 1.1 billion.

NEW INVESTMENTS

The new investments asset class amounts to SEK 3.4 billion and consists mainly of investments in agricultural properties in Australia and New Zealand and a so-called alternative beta portfolio. The latter is a collection of exposures to specific risks in order to earn risk premiums. The return is expected to have been negatively correlated with the Fund's other holdings. The goal is to increase diversification in the Fund's total portfolio without sacrificing opportunities for return. Return on new investments for the first half of 2014 was 4.5 percent, equal to SEK 0.1 billion.

RISK PARITY PORTFOLIO

The risk parity portfolio of SEK 10.9 billion is managed so that the sizes of a number of macroeconomic risk factors are in parity with each other. The goal is to thereby neutralize the effects of the macroeconomic risks without suppressing returns. Return on the risk parity portfolio for the first half of 2014 was 10.0 percent, equal to SEK 1.0 billion.

EXPENSES

The Fund's expenses are divided between operating expenses and management fees. For the first half of 2014, operating expenses amounted to SEK 84 million (81). Commission costs, which include fixed external management fees and custodian bank fees, totalled SEK 122 million (85) for the period. The Fund's total expenses amounted to SEK 206 million (166). Measured in relation to the average value of net assets, the Fund's operating expenses are equal to an annual expense ratio of 0.16 percent (0.14). The increase in management fees is mainly due to the fact that the management focus in the external management mandates for equities in emerging markets has been both broadened and changed. The higher management fees are also attributable to an increase in net assets under management. The number of employees in Första AP-fonden was 48 (48) at 30 June 2014.

TEN-YEAR OVERVIEW

	Jan–June 2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net investment income and inflows, SEK bn										
Net assets	266.7	252.5	233.7	213.3	218.8	202.3	171.6	218.8	207.1	187.3
Net flow to/from the pension system	-2.5	-6.9	-3.8	-1.2	-4.0	-3.9	0.9	2.0	1.7	2.9
Net investment income	16.6	25.7	24.2	-4.2	20.5	34.6	-48.0	9.7	18.2	27.6
Return, expenses and risk, %										
Return before expenses	6.7	11.3	11.4	-1.7	10.3	20.4	-21.7	4.8	9.8	17.5
Operating expenses, annual, as a % of net assets	0.07	0.07	0.08	0.07	0.08	0.10	0.09	0.08	0.08	0.08
Commission costs, annual, as a % of net assets	0.09	0.08	0.07	0.05	0.05	0.06	0.07	0.07	0.07	0.07
Return after expenses	6.5	11.2	11.3	-1.9	10.2	20.2	-21.9	4.6	9.6	17.4
Return and expenses in the total portfolio, SEK bn										
Return before expenses	16.6	26.0	24.5	-4.0	20.8	34.9	-47.7	9.8	18.4	27.7
Operating expenses	-0.2	-0.4	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.1
Exposure, %										
Equities	50.4	49.2	47.4	49.2	60.3	58.6	54.6	59.2	59.8	58.6
Fixed income	29.4 ¹⁾	29.7 ¹⁾	36.4	40.9	32.5	34.7	40.1	39.2	37.8	34.3
Real estate	8.4	8.8	7.7	5.6	5.0	3.4	4.0	2.3	2.5	2.3
Hedge funds	4.9	4.9	4.3	0.2	0.3	0.0	0.0	0.0	0.0	0.0
Private equity funds	3.9	3.3	3.2	2.8	2.0	1.7	1.4	0.7	0.0	0.0
Risk parity portfolio	4.1	3.8	-	-	-	-	-	-	-	-
New investments	1.3	1.0	0.7	0.6	0.7	0.0	-	-	-	-
Cash	0.0	0.0	0.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange	32.1	29.2	27.4	21.3	24.0	21.6	22.2	18.2	16.0	20.5
Risk										
Standard deviation ²⁾	4.4	5.0	5.9	8.9	7.4	9.7	16.6	7.7	6.8	4.9
Sharpe ratio	1.4	2.1	1.9	neg.	1.1	2.0	neg.	0.1	1.0	3.0
Extern management, %										
Share of total portfolio	38.3	37.1	39.3	41.4	43.7	42.4	39.7	36.0	34.2	37.7

¹⁾ Total exposure including holdings in the risk parity portfolio is 30.7 percent (at 31 December 2013 the corresponding exposure was 31.7 percent)

²⁾ Annualized standard deviation, nominal return before expenses

PORTFOLIO COMPOSITION

Asset class	Portfolio value SEK m, 30 June 2014			Portfolio value SEK m, 30 June 2013		
		% of net assets	Exposure, %		% of net assets	Exposure, %
Equities	126,048	47.3	50.4	118,439	46.9	49.2
Sweden	31,805	11.9	11.9	30,144	11.9	12.0
Emerging markets	67,803	25.4	28.5	64,089	25.4	27.5
Developed countries	26,440	9.9	10.0	24,206	9.6	9.7
Fixed income	78,463	29.4	29.4	74,933	29.7	29.7
Nominal, government	20,367	7.6		17,862	7.1	
Nominal, credit	39,864	14.9		40,623	16.1	
Index-linked	18,232	6.8		16,448	6.5	
Cash	1,992	0.7	-2.3	4,076	1.6	-0.7
Total listed investments	206,503	77.4	79.8	193,372	78.2	78.9
Real estate	22,500	8.4	8.4	22,163	8.8	8.8
Hedge funds	13,112	4.9	4.9	12,398	4.9	4.9
Private equity funds	10,274	3.9	3.9	8,371	3.3	3.3
Risk parity portfolio	10,866	4.1	4.1	9,511	3.8	3.8
New investments	3,400	1.3	1.3	2,616	1.0	1.0
Total unlisted investments	60,152	22.6	22.6	55,059	18.0	21.8
Total portfolio	266,655	100.0	102.3	252,507	96.2	100.7
Currency exposure	85,605		32.1	73,776		29.2

CURRENCY EXPOSURE

Currency exposure, 30 June 2014, SEK m	USD	GBP	EUR	JPY	Other	Total
Net assets	99,650	16,483	31,306	1,909	29,484	178,832
Derivatives	-40,921	-11,909	-22,413	-4,090	-13,894	-93,227
Currency exposure, 30 June 2013	58,729	4,574	8,893	-2,181	15,590	85,605

INCOME STATEMENT

SEK m	Jan – June 2014	Jan – June 2013	2013
Operating income			
Net interest income	1,470	1,530	3,063
Dividends received	3,035	2,437	3,451
Net gains/losses, listed shares and participations	5,282	4,002	16,635
Net gains/losses, unlisted shares and participations	2,841	1,359	4,405
Net gains/losses fixed income assets	2,828	-2,534	-2,171
Net gains/losses, derivative instruments	-1,176	831	1,462
Net gains/losses, foreign exchange movements	2,542	2,009	-811
Other income		3	3
Commission costs	-122	-85	-189
Total operating income	16,700	9,552	25,848
Operating expenses			
Personnel costs	-56	-55	-110
Other administrative expenses	-28	-26	-51
Total operating expenses	-84	-81	-161
Net investment income	16,616	9,471	25,687

BALANCE SHEET

SEK m	Jan – June 2014	Jan – June 2013	2013
Assets			
Shares and participations, listed	128,422	114,147	119,599
Shares and participations, unlisted	48,943	37,952	45,007
Bonds and other fixed income assets	87,823	85,331	82,327
Derivatives	288	856	1,926
Cash and bank balances	1,595	1,411	2,921
Risk parity portfolio	1,165	4,976	984
Prepaid expenses and accrued income	1,144	1,272	891
Total assets	269,380	245,945	23,655
Liabilities			
Derivatives	1,430	2,770	241
Other liabilities	1,257	3,083	868
Accrued expenses and deferred income	38	51	39
Total liabilities	2,725	5,904	1,148
Net assets			
Opening net assets	252,507	233,700	233,700
Net flow to/from the pension system	-2,468	-3,130	-6,880
Net investment income for the year	16,616	9,471	25,687
Total net assets	266,655	240,041	252,507
Total net assets and liabilities	269,380	245,945	253,655