



Sjötte AP-fonden



# 2005

The Sixth Swedish National Pension Fund

Annual Report



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The Sixth Swedish National Pension Fund (the Sixth AP Fund) manages public pension funds in order to create high long-term returns and maintain satisfactory risk diversification by investing in Swedish small and medium-sized growth companies, thus contributing to the development of Swedish industry.

The Sixth AP Fund is an independent owner that invests in a selection of private equity funds and directly owns shares in a number of small and medium-sized unlisted companies.



## More information on our website

More details of the Sixth AP Fund's working practices, holdings and employees can be found on our website, [www.apfond6.se](http://www.apfond6.se). The website also includes more information about the Sixth AP Fund's new business model, effective as of 1 January 2006.

[www.apfond6.se](http://www.apfond6.se)

# The year in brief



## Total return 11.0%

The Sixth AP Fund reported a total return before costs of 11.0 per cent for 2005 (11.5%).

## Profit SEK 1,241 million

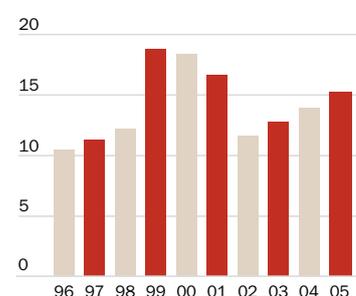
The Sixth AP Fund's profit for 2005 was SEK 1,241 million (1,110m). The return, calculated after costs, was 8.9 per cent (8.6%).

## Fund capital SEK 15.1 billion

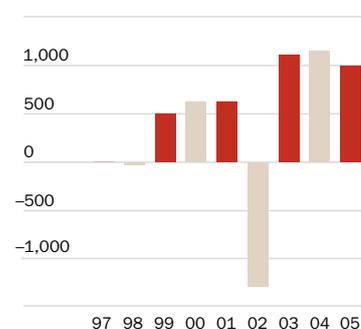
The Sixth AP Fund's fund capital at the year-end amounted to SEK 15.1 billion (13.9bn).

- The value of the fund capital increased by SEK 1.2 billion during the year.
- Since the Sixth AP Fund's inception in 1996, the value of the fund capital has risen by SEK 4.8 billion.
- Of the fund capital's SEK 15.1 billion, some SEK 14.1 billion is committed to investments in private equity funds or companies owned directly by the Sixth AP Fund.

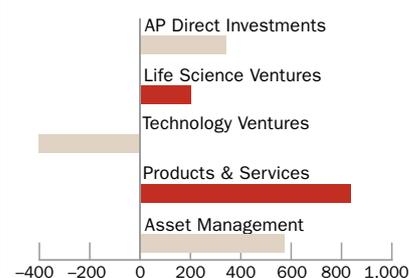
Fund capital growth, SEK bn



Profit growth for the Private Equity operation since the inception of the Sixth AP Fund, SEKm



Profits before costs in 2005, SEKm





## Managing Director's statement

# Good profits in 2005 – refined business model for 2006

The Sixth AP Fund's portfolio showed positive growth in 2005, with a total return on capital invested amounting to 11.0 per cent. The private equity market showed a high level of activity, characterised by the sale of many portfolio companies and a substantial degree of new investment in private equity funds.

The Sixth AP Fund reported a profit after costs of SEK 1,241 million for 2005, which corresponds to a net return of 8.9 per cent. This return exceeded the target set by the Board, which was 6.1 per cent (SEK 777 million). This is the third consecutive year the business has generated a profit in excess of SEK 1 billion.

The Sixth AP Fund's income statement and balance sheet reflect our cautious valuations. All management costs have been taken up in the income statement, even though, like many other companies that invest in private equity funds, we estimate that some of these management costs will be repaid through future profit distribution. In the balance sheet, companies are valued according to standard industry practice, even if we estimate that the value may be higher at a future sale.

The profit from the Private Equity operation amounted to SEK 755 million after management costs (907m). This corresponds to a return of 8.6 per cent (11.9%) and thus exceeds our target. The profit is attributable to changes in the value of portfolio companies and to profits realised from the sale of companies. The portfolio of unlisted investments represents a significant value which will be realised in the years to come.

The Sixth AP Fund's fund capital at the year-end amounted to SEK 15.1 billion. The value of investments in unlisted companies amounted to SEK 8.2 billion, which corresponds to 54 per cent of the fund capital.

### High profitability in buyout

Private equity is traditionally divided into two parts. Venture capital refers to investments in companies in the earlier phases of development, whereas buyout refers to investments in companies in later development phases. The division usually coincides with the size of the companies. The risk and the effort involved with each investment are higher in the venture segment than in the buyout segment. These two market segments have shown different rates of development in recent years. Generally speaking, profitability in the buyout segment has been considerably higher.

### Buyout

The return for the buyout segment has also been higher for the Sixth AP Fund. For 2005, the profit was SEK 1,417 million after management costs. A total of SEK 2,495 million has been paid back from funds and our own direct investments

in the buyout segment. The single largest repayment was related to the direct investment in Mölnlycke Health Care AB after the company was sold to Apax.

In 2005, we invested SEK 905 million in new and follow-on investments in companies and funds in the buyout segment. We have a strong position in leading Swedish funds and during the year, we decided to commit a further SEK 1,700 million to the segment.

The investments in AP Direct Investments, which operates in the buyout segment, have provided us with a good return at a low management cost.

I regard AP Direct Investments as an excellent complement to existing private equity funds. The market needs a player that can adopt a different approach in order to attract owner-managed companies who often seek diversity among potential owners.

### Venture

Unfortunately, we are yet to see the same degree of positive returns for venture capital. We reported a loss of SEK 701 million for 2005. Of this loss, management costs and realised losses account for SEK 231 million, while investment write-downs account for the remaining SEK 470 million.

We have chosen to write down our investments in several venture capital funds. The valuations have been carried out on the basis of current profit growth trends in the funds' portfolio companies. At the same time, we are aware that the timing of divestments is often brought forward compared to the time originally envisaged at the time the investment was made. This makes it difficult to estimate what the true value of the 180 or so portfolio companies will be when they are sold in the future.

In 2005, we invested SEK 362 million in new investments and SEK 428 million in follow-on investments in existing portfolio companies, while SEK 238 million has been paid back. We have not taken any decisions in 2005 regarding the commitment of new capital to the venture funds, but have only committed capital to annex funds.

The problems in venture capital look likely to continue. It is unclear when the values can be realised and when profitability will return to more normal levels. We are therefore devoting considerable resources and considering different alternatives to identify a sound business model for venture capital. The close co-operation we have with parties in the segment will continue in order to create better growth opportunities for those funds in which we have invested.

#### **Refined business model for 2006**

The high tempo of change in the market demands a great deal from our organisation. We must be able to respond appropriately and quickly adapt our strategies to take into account any changes in market conditions. At the same time, we will continue to develop active ownership and demand high ethical standards in those businesses in which we participate.

As regards the Swedish buyout funds, I believe that they will continue to deliver good returns in the future, albeit slightly lower than in recent years.

I have noted the following trends in the segment:

- Large inflow of international capital to Swedish buyout funds.
- Competition to invest in the major buyout funds in Sweden.
- An increasing number of transactions from major international funds.
- In addition to an increase in leverage, new financing instruments are being used.
- Several mega-deals can be expected following the commitment of over USD 200 billion in new international buyout funds in 2005.

In the venture segment, some points are worthy of mention:

- In order to create returns, long-term holdings of portfolio companies will be necessary and it is doubtful whether today's fund structures are optimum for the segment.
- Many companies are originally formed with the purpose of being acquired; in other words, they are know-how companies pure and simple.
- Swedish venture capital funds are generally too small to make further investments in portfolio companies on an international scale.
- Foreign venture capital funds have invested in several Swedish technology companies which are close to technological breakthroughs.
- Venture-stage companies with considerable potential are going into foreign ownership at an early stage.

The above-mentioned trends in venture mean that considerable effort will be required to create value in those investments already made in the segment.

#### **A new segment makes an appearance**

Alongside buyout and venture, a new segment has started to make an appearance.

We have chosen to call it mixed equity, since it is a hybrid, comprising different mixtures of private equity (unlisted shares) and public equity (listed shares). Listed investment companies, which have previously focused on investments in listed companies, are now increasing their shares in, or moving over entirely to, investments in unlisted companies. At the same time, we are seeing how players with traditional private equity funds for unlisted investments are complementing these with listed companies. We will invest in mixed equity to improve our liquidity and create new investment opportunities for our capital.

To adapt to the changing market conditions and the new requirements these entail, we have refined our business model. The business model is described in more detail on the pages that follow.

#### **Continued development of structural capital**

In 2005, we continued to pursue ways of developing the Sixth AP Fund's structural capital. Our methodology, with a focus on the owner directive, which defines the most value-driving activities, is a common feature in all our direct investments and gains confidence of those management teams we work with.

This, in combination with a refined business model – which will clarify our offerings and ensure that the skills of the Sixth AP Fund remain an accessible resource – means that we will be able to continue our efforts in 2006, confident of our ability to deliver positive results.

Gothenburg, 23 February 2006



Erling Gustafsson

The Sixth AP Fund's business model

# Capital and skills for growth companies

The Sixth AP Fund's refined business model has been designed to implement the Sixth AP Fund's market and investment strategies in an efficient manner. The business has been organised into four business areas. Each of these business areas has a well-defined strategy.

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Business Area Manager  
Urmas Kruusval

## AP Direct Investments

AP Direct Investments invests in businesses in the goods and services sector and in structures where AP Direct Investments can operate as a strategic financial partner.

The companies should have growth potential and be able to grow at a faster rate as the result of injections of both skills and capital.

The companies may also operate in sectors facing radical change, where they can serve as a platform for structural transformation.

**Market-valued  
capital invested**  
SEK 3.1 billion



Business Area Manager  
Mats Augurell

## AP Partner Investments

AP Partner Investments creates opportunities for business partners to invest, together with AP Partner Investments, in companies that need to reinvent their business models in order to grow.

Business partners must be able and willing to share the risk, to take an active part in the company's business development and have similar views regarding conditions and values.

AP Partner Investments offers the market professional expertise in the field of ownership and business development, long-term, committed and flexible capital, as well as business support for corporate governance.

**Market-valued  
capital invested**  
SEK 0.2 billion



Business Area Manager  
Lars Ingelmark

## AP Life Science

AP Life Science invests in companies and private equity funds in pharmaceuticals, biotechnology and medical technology.

This area of investment often requires special solutions. AP Life Science therefore applies a number of different investment models.

AP Life Science enjoys a close co-operation with the faculties of Science and Medicine at Sweden's universities.

**Market-valued  
capital invested**  
SEK 1.4 billion



Business Area Manager  
Per Rinder

## AP Fund Investments

AP Fund Investments invests in experienced and talented management teams that invest primarily in Swedish and Nordic small and medium-sized businesses in venture capital, buyout and mixed equity.

Investments are made primarily through funds and investment companies and are divided into three different market segments: Venture Capital, Buyout and Mixed Equity.

**Market-valued  
capital invested**  
SEK 8.1 billion

### Venture Capital

**Focus**

Invests in funds which invest in unlisted companies in the start-up or expansion phase of development. Does not invest in funds where the focus is on life science or seed-phase companies.

**Market-valued capital invested**  
SEK 1.1 billion

**Portfolio Manager**  
Cecilia Gross Friberger

### Buyout

**Focus**

Invests in funds which invest in unlisted companies in the latter stages of expansion and the mature phase of development.

**Market-valued capital invested**  
SEK 2.4 billion

**Portfolio Manager**  
Karin Osslind

### Mixed Equity

**Focus**

Consists of more liquid holdings and may comprise both listed and unlisted holdings. Investments are made in shares, funds and other financial instruments.

**Market-valued capital invested**  
SEK 4.6 billion

**Portfolio Manager**  
Magnus Dahlgren



# The role of the Sixth AP Fund in the pension system

The Swedish pension system consists of two parts: earnings-related pension and premium pension. The assets for earnings-related pension are managed by the five buffer funds: the First to Fourth Swedish National Pension Funds and the Sixth AP Fund.

The payments made to today's pensioners are financed through contributions, corresponding to 16 per cent of salaries, made by today's salary earners. The size of these incoming and outgoing payments varies over time and depends on factors such as demographic changes and the rate of salary increases. The buffer funds are designed to even out any temporary variations in incoming and outgoing payments. They are responsible for managing the public pension funds in the buffer to achieve the highest possible return.

The premium pension system is based on the individual's own invested funds. The

premium pension contribution corresponds to 2.5 per cent of the salary. The premium reserve is managed by the Seventh Swedish National Pension Fund and by private fund managers.

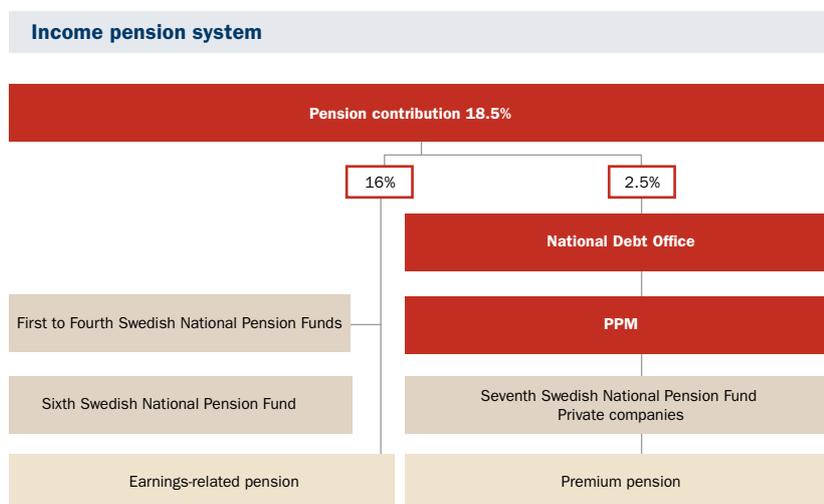
Those people whose earnings-related pension fails to reach the guaranteed minimum level will receive a supplement in the form of a guarantee pension that will be financed by the national budget.

boards of the former First to Third Swedish National Pension Funds and the capital remaining from the Winding-up Board for Fund 92–94.

The Sixth AP Fund is not required to make payments on an annual basis to balance the cash flows of the public pension system. This means that profits can be reinvested and that any losses must be covered by the fund capital.

## The role of the Sixth AP Fund

The Sixth AP Fund's fund capital consists of initial capital and retained earnings. The initial capital consists of a transfer from the



The basic principle for the income pension system is that pension payments made to today's pensioners are financed by continuous contributions (corresponding to 16 per cent of salary) from today's salary earners.

“Every undertaking in a portfolio company should have a clearly defined ownership plan with set objectives.”

## The Sixth AP Fund’s mission, goals and strategy

The Sixth AP Fund manages public pension funds in order to create high long-term returns and maintain satisfactory risk diversification by investing in Swedish small and medium-sized growth companies, thus contributing to the development of Swedish industry.

The Sixth AP Fund’s overall long-term goals are to develop its business operations in such a way that the return target can be raised significantly within a five-year period.

The annual return over 5 years shall correspond to the risk-free interest rate plus a risk premium of 4.5 per cent.

The Sixth AP Fund’s short-term goal is formulated as an absolute return target and is set each year by the Board. The goal is calculated once the Board has determined the allocation of the Sixth AP Fund’s assets. Each class of asset is allocated a risk premium which is then added to the applicable repo rate. The portfolio’s various return targets are then appraised to arrive at an overall return target for the Sixth AP Fund. The return target for the 2005 financial year was 6.1 per cent.

### Core values

Since its inception in 1996, the Sixth AP Fund has played an active part in the Swedish private equity market. Its work as an active owner has been based on its core values.

### *The Sixth AP Fund creates value*

- contributes to profitable expansion in growth companies
- is an active and committed owner with clearly defined return targets
- is capable of turning away from bad deals

### *The Sixth AP Fund is professional*

- develops and systematises skills
- sets ambitious targets and assumes personal responsibility for reaching them
- works with personal commitment and allows learning mistakes

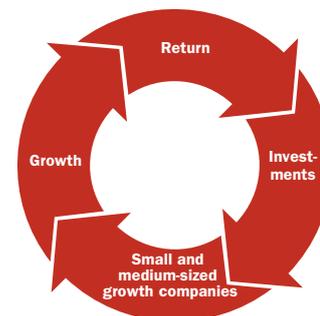
### *The Sixth AP Fund shows respect*

- understands those companies and funds in which it invests
- puts the company’s development ahead of personal gain
- takes a humble approach to both its own challenges and those of others

### *The Sixth AP Fund assumes responsibility*

- is aware that it is dealing with public pension funds
- stands for high ethical standards
- strives for an active environmental awareness

### The Sixth AP Fund’s mission



The mission of the Sixth AP Fund is to create high long-term returns and maintain satisfactory risk diversification by investing in Swedish small and medium-sized growth companies, thus contributing to the development of Swedish industry.

### Allocation strategy

The role of the Sixth AP Fund is to be an active and committed owner and investor in the Swedish private equity market.

- The Sixth AP Fund strives for optimum allocation in its investment portfolio, taking into consideration returns, risk, sector and vintage year.
- The Sixth AP Fund invests in experienced and talented management teams that invest in Swedish and Nordic small and medium-sized businesses in venture capital, buyout and mixed equity.
- The Sixth AP Fund invests in Swedish small and medium-sized unlisted companies through both direct investments and investments with business partners.

### Market strategy

The Sixth AP Fund's mission demands a thorough market analysis and clearly defined investment models. Four market segments stand out in the field of investments in small and medium-sized businesses.

The private equity market consists of non-commercial investments, venture and buyout. In the early phase, there is a non-commercial segment in which investments motivated primarily by economic policy factors are made in companies, that are in need of different types of starting capital. In venture capital, investors focus on developing companies in the expansion phase of development. Buyout refers to more mature companies that need private equity investments to pursue a higher degree of internationalisation through organic growth or acquisitions. In many cases, this may also involve a restructuring of the company.

Alongside the traditional market segments, a new market segment has made an appearance, which the Sixth AP Fund has chosen to call mixed equity. Mixed equity consists of different hybrid forms of unlisted shares (private equity) and listed shares (public equity).

#### *Non-commercial segment*

This segment comprises the initial stages of commercialising research results, business

concepts and products. The investments made in this segment consist primarily of government funds allocated for reasons of economic policy coupled with a limited degree of investment by private individuals. These investments are very personnel-intensive.

The Sixth AP Fund is of the view that the investments in this segment are associated with an unacceptably high risk for the Sixth AP Fund.

#### *Venture*

This segment focuses on expansion financing in portfolio companies, often for local growth. The development of the companies, not their products, often demands significant changes and an initial national or Nordic restructuring process. The capital invested in this segment comes from private individuals and numerous institutional investors, both Swedish and international.

Investments are mainly made through private equity funds. They are handled by increasingly specialised and professional management teams, who work in close cooperation with the management of the portfolio companies. The restructuring of the segment has not yet been completed; there are still management teams with limited experience. This, however, provides greater scope for their development.

In venture, the business logic differs from sector to sector. In technology, the focus is often on companies that are keen to take a leap forward through development or structural deals. In pharmaceuticals and medical technology, the investments tend to be in the development of products rather than companies.

In the more traditional manufacturing and service sectors, the focus tends to be more on thorough and long-term initiatives aimed at developing the company.

The Sixth AP Fund's assessment is that investments in venture capital involve significant risk, but can yield high returns. The terms for fund investments generate substantial costs at the same time as long-term commitment in portfolio companies is needed to create high returns. The question as to whether today's fund structures are

optimum for the segment paves the way for higher levels of direct ownership with a more long-term perspective.

#### *Buyout*

This segment includes financing the expansion of portfolio companies in mature phases.

Buyout is one of the market segments in private equity that in recent years has attracted considerable volumes of new capital. Most of this capital has come from international institutional investors.

The buyout market segment reports the highest average returns and the lowest spread in the level of return.

The assessment of the Sixth AP Fund is that the portfolio company risk is low, whilst the financial risk is relatively high as the portfolio companies often have a high leverage in buyouts. The terms for fund investments in this segment are characterised by high expenses, particularly for the management fee. This is justifiable as long as the players in the segment can deliver a high average return.

#### *Mixed equity*

The mixed equity segment consists of different hybrid forms of unlisted shares (private equity) and listed shares (public equity).

The Sixth AP Fund has identified the following players in the segment:

- Listed investment companies, which have previously focused on investments in listed companies, are now increasing their shares in, or moving over entirely to, investments in unlisted companies.
- Traditional private equity funds for unlisted investments, which complement their portfolios with listed companies.
- Unit trusts, which invest in listed and/or unlisted companies.

The view of the Sixth AP Fund is that mixed equity offers opportunities to create high returns while maintaining a high degree of liquidity.

### Three investment strategies

The Sixth AP Fund applies three main strategies: operating purely as an investor, developing management teams with which it is closely associated and making direct investments through its own management teams or investments with a business partner.

These investment strategies each place distinct demands on behaviour towards other investors, management teams and portfolio companies. One thing in common for all these strategies, however, is that each undertaking in a portfolio company should have a clearly defined ownership plan with set objectives.

#### A pure investor

The Sixth AP Fund invests in professional management teams in the buyout segment, as well as in the venture capital and mixed equity segments.

The Sixth AP Fund

- chooses well-established managers and investment companies with a proven track record.

- acts as an active investor when evaluating, monitoring and controlling private equity funds.
- adapts the type of demands, advice and participation in the decision-making process to suit individual funds and other parties.
- seeks to strike a balance between investors and management teams in its distribution of returns.

#### Development of related management teams

The Sixth AP Fund participates in the development of private equity funds in the venture capital segment, with an emphasis on life science.

The Sixth AP Fund

- plays an active role in the development of management teams and portfolio companies.
- invests in newly started private equity funds and management teams in pharmaceuticals and medical technology, fields in which the Sixth AP Fund is able to provide special skills.

- seeks to strike a reasonable and appropriate balance of influence and returns between investors and management teams.

#### Direct investments by the Sixth AP Fund

The Sixth AP Fund makes direct investments in unlisted small and medium-sized businesses in the buyout and venture capital segments. These investments are made through its own direct investments or investments with a business partner.

The Sixth AP Fund

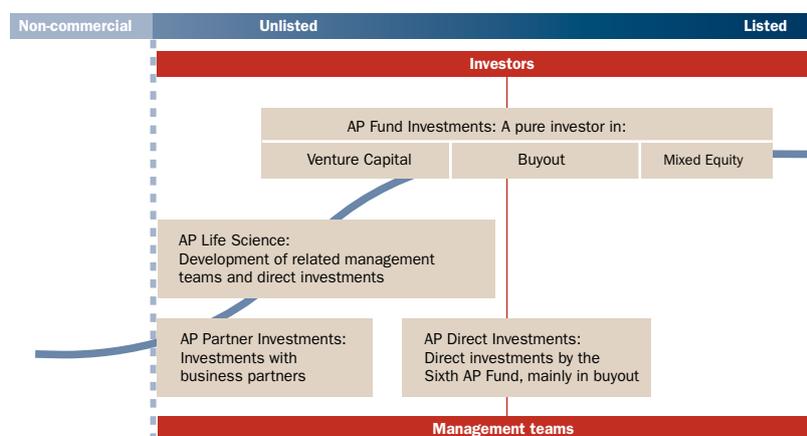
- is very active in its development of portfolio companies, primarily through board participation and by acting as an advisor to company management teams.
- makes the most of a strong brand and the ready availability of expertise.
- is capable of considerable staying power as a fund not restricted by time.
- safeguards low management costs.

### Investments

#### which the Sixth AP Fund eschews

In view of its mission and market analysis, the Sixth AP Fund has chosen not to invest in the non-commercial, very early stage of the market.

### The Sixth AP Fund's business model



The business model of the Sixth AP Fund has been designed to clarify the offerings to the market and to highlight the Sixth AP Fund's skills in the market segments.

“In 2005 investments in private equity in Sweden more than doubled compared with 2004.”

# The private equity market

2005 was characterised by a favourable climate for raising capital in the buyout segment and marked by a high rate of investment and advantageous exit opportunities. The Nordic venture capital market is starting to improve, but is still young.

## Very active buyout segment

The market climate for raising capital in the buyout segment was good in 2005. In the Nordic market, Nordic Capital, EQT and CapMan, among others, have raised new funds. There has been fierce competition among investors keen to be a part of the best funds. Several funds have only turned to their existing group of investors.

The market was characterised by strong industrial growth, which has had a positive impact on the development of many portfolio companies. The climate for divesting portfolio companies was also favourable.

Competition for investment objects is fierce and the scope for leverage can be regarded as good. In the years to come, considerable demands will be placed on enterprise development initiatives to ensure a good value growth for the investments.

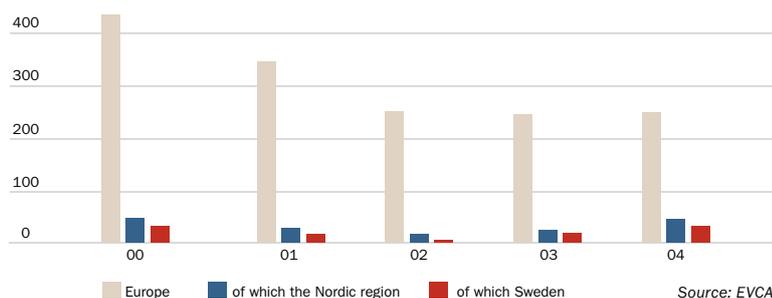
## Young venture capital market

A positive development noted for the venture segment is that the exit market has improved. Despite this improvement, it often takes longer than expected to develop portfolio companies.

A number of trade sales were completed in 2005. The one which attracted the most attention was the sale of Skype to eBay. Moreover, several successful IPOs took place in the European market.

The deal flow has improved and the technologies have become more sophisticated than they were a few years ago. Moreover, the entrepreneurs who seek capital are more experienced. Despite this, many investors are still cautious about allocating capital to the venture segment. The Nordic venture capital market is young and needs more time to develop into an established market – one which can create high returns over a longer period of time.

Committed capital per year and by market (SEK bn)





### Increase in committed capital

The size of the private equity market is usually measured in terms of total committed capital. In Sweden, total committed capital amounts to around SEK 235 billion. This corresponds to about 15 per cent of the European market. The U.S. market is around four times the size of its European counterpart.

Annual committed capital in Europe rose steadily from the mid-1990s and peaked in 2000. It then declined before stabilising at around SEK 250 billion.

Sweden is the single largest market in the Nordic region. In Sweden, annual committed capital has risen in recent years. In 2004, it was back on the same level as in 2000, at just over SEK 30 billion.

### Pension funds largest source of capital

Institutional investors, such as pension funds, insurance companies and banks, are the most important source of capital for private equity. The diagram to the right illustrates the distribution of new committed capital in Sweden during 2004 among different types of investors.

Compared with 2003, the proportion of committed capital from pension funds has risen while the proportion of capital originating from investors in the fund of funds segment has declined to the same extent.

### High rates of investment and divestment in Sweden

In Sweden, just over half the total committed capital, SEK 130 billion, has been invested. Buyout investments account for around two-thirds of the capital invested, while venture capital accounts for the remaining third.

During 2004, investments of around SEK 16.3 billion were made in the Swedish private equity market. The corresponding figure for Europe was around SEK 330 billion. In 2005, the rate of investment in Sweden more than doubled compared with 2004. Up to and including the third quarter of 2005, invested capital amounted to around SEK 35 billion.

In Sweden, some 180 companies were sold off in 2004 for an overall deal value in excess of SEK 18 billion. In the first three quarters of 2005, 131 companies were divested, with an overall deal value of around SEK 36 billion. The number of divestments for 2005 is on a par with 2004, whilst the average deal value has more than doubled.

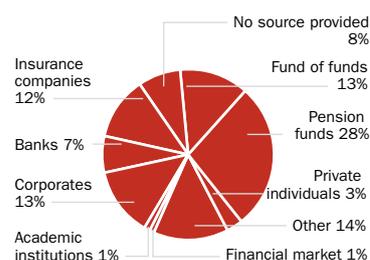
### Returns from private equity funds

Statistics for the returns from private equity funds are based on voluntary reporting. The reliability of the figures increases as the class of asset becomes more mature. However, there are no cumulated statistics for the returns in the Swedish market, since it is still relatively young. U.S. statistics are thought to be the most reliable. They have been recorded over a relatively long period of time and cover a large proportion of U.S. private equity funds.

The most common measure of return is the annual net return measured as the IRR (Internal Rate of Return). The table to the right shows annual average IRR for private equity funds in the USA and Europe as at 31 December 2004, which is the latest available information for both markets. The return is presented for one, three, five and ten years.

When analysing the return statistics, it is important to draw attention to the considerable variation in returns between different funds.

### Capital committed in 2004 in Sweden, by type of investor



Source: SVCA June 2005

### IRR for private equity funds as at 31 December 2004 (%)

Recording period	1 year	3 years	5 years	10 years
<b>Europe</b>				
Buyout	22.8	2.6	5.7	12.5
Venture	2.0	-6.6	-2.3	6.3
<b>USA</b>				
Buyout	14.3	6.9	2.3	8.4
Venture	19.3	-2.9	-1.3	26.0

Source: EVCA, NVCA and Thomson Venture Economics

Text sources: SVCA quarterly reports 2004 and 2005, and EVCA.



# AP Direct Investments

Prices of available investments have risen and market activity has been high. AP Direct Investments takes a positive view of the business opportunities in coming years and intends to invest in new companies and strategic partnerships as well as developing existing portfolio companies.

## Events during the year

- New investment in a property company that produces student accommodation in co-operation with Chalmers.
- Lindab showed positive growth with good profits and a strong cash flow. Lindab acquired the American company Astron Building Systems, which has a turnover of just over SEK 1 billion.
- The remaining shares in Sportex AB were acquired. Sportex opened two new outlets during the year and has expanded its range.
- Norrporten acquired two properties in central Copenhagen. The development and streamlining of its property holdings continued during the year.
- Meca launched a new workshop concept – the Meca Service Center – and began its construction of a new central warehouse in Eskilstuna.

AP Direct Investments makes investments directly in unlisted companies. Investments are made in well-established businesses in the goods and services sector, where financial and structural changes offer strong growth potential. Investments may also be made in structures where there is a need for a strategic financial partner.

## Numerous business opportunities

There has been a high degree of activity in AP Direct Investments' market. Price levels for available investments have continued to rise and many international players have been active in the Swedish market. During the year, AP Direct Investments has taken part in several business discussions and evaluated a considerable number of investment opportunities.

AP Direct Investments takes a positive view of the business opportunities in coming years. Investments will be possible in a number of new companies as well as in strategic partnerships. There is also considerable scope for developing existing portfolio companies to be able to exploit their potential to the full.

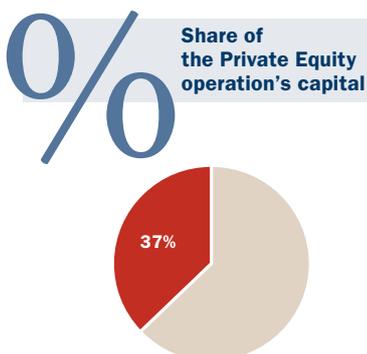
## Long-term sources of capital

AP Direct Investments has invested just under SEK 2 billion in Swedish unlisted companies and the portfolio currently comprises six investments. AP Direct Investments has a long-term ownership perspective. This creates good opportunities for the further development of companies and for helping them generate growth in value.

During the year, AP Direct Investments completed one new investment alongside follow-on investments in existing portfolio companies. The new investment is in a property company that produces student accommodation in Gothenburg. The investment is being made together with Chalmers. Additional acquisitions have been completed by portfolio companies, including Norrporten's acquisition of two properties in central Copenhagen. Meca began its construction of a new central warehouse in Eskilstuna, which will be operational during the first half of 2006. The remaining shares in Sportex AB were also acquired during the year.

## Financial results

The market value of the portfolio at the year-end was SEK 3,076 million. The profit before costs was SEK 346 million. This corresponds to a return of 13.3 per cent.



AP Direct Investments	2005	2004
Market-valued capital invested, SEKm	3,076	2,749
Profit/loss*, SEKm	346	537
Return*, %	13.3	23.3
Committed capital, SEKm	1,905	1,844

\* before costs

## Directly-owned companies

**LINDAB** is a world-leader in its field and develops, manufactures, markets and distributes products and systems solutions in thin sheet for an improved indoor climate and simplified construction. The Ventilation business area focuses on the ventilation industry and offers a wide range of products that includes everything from ventilation components to comprehensive indoor

climate solutions. The Profile business area offers customers a wide range of efficient, economic and aesthetically pleasing building solutions for residential accommodation and commercial properties.

The Head Office is situated in Grevie on the outskirts of Båstad and the Group has more than 3,700 employees in 26 countries.



**Sales** approx. SEK 6,100m  
**Managing Director** Kjell Åkesson  
[www.lindab.com](http://www.lindab.com)

**MECA** is one of Scandinavia's leading companies in the spare parts and accessories market, supplying mainly to non-brand workshops. Meca operates in Sweden, Denmark and Norway.

In addition to its role as an efficient supplier of products to workshops, Meca can offer workshop and service concepts – MECA Car Service and Bosch Car Service.

The car spare parts market is undergoing change, due, among other things, to technological developments and revised playing rules now that the EU's block exemption has ceased to apply. This creates an excellent opportunity for the further development of Meca's business opportunities and market position.



**Sales** approx. SEK 1,700m  
**Managing Director** Rickard Grann  
[www.meca.se](http://www.meca.se)

**NORRPORTEN** is a property company that acquires, develops and manages centrally located commercial properties of a high standard, with long leases and attractive tenants. Its property holdings are situated in places that offer long-term development potential along the E4 corridor. The proper-

ties have an overall surface area of 1.2 million sq.m., a rental value of SEK 1.3 billion and a total property value of SEK 13 billion. Norrporten aims to seek further growth in the framework of its chosen strategy at the same time as the streamlining of the business will continue.



**Property value** approx. SEK 13,000m  
**Managing Director** Anders Wiklander  
[www.norrporten.se](http://www.norrporten.se)

**SPORTEX** is a bicycle and sports retailer with a market-leading position in bicycles. Sportex is to expand its operations by setting up new outlets and by making acquisitions in order to become a leading retailer in sport and outdoor life. The Sportex Group comprises around 70 outlets – including 24 operated

under the Sportex brand – located all over the country. The objective is to create a national chain of outlets that consumers perceive as being “a genuine sports shop” with a wide range of products for sport and leisure.



**Sales** approx. SEK 325m  
**Managing Director** Lars-Åke Tollemark  
[www.sportex.se](http://www.sportex.se)

**TRADEX** is a world-leading company that focuses on the development and manufacture of self-adhesive components and systems for assembling mobile telephones and similar products. In addition to production facilities in Sweden, the business has manufacturing units in China, Brazil, Mexico and South Korea.

It also has dedicated sales offices in the USA, Singapore and Japan. It co-operates closely with its largest customers, Nokia, Motorola and Siemens, in order to be able to live up to the mobile telephone market's demands for innovation and flexibility.



**Sales** approx. SEK 700m  
**Managing Director** Hans Eriksson  
[www.tradex-convertering.com](http://www.tradex-convertering.com)

### JOHANNEBERG CAMPUSBO

In co-operation with Chalmersfastigheter, 479 student flats are being built on the Chalmers campus in Gothenburg. The

property is due to be completed in the summer of 2006 and will be leased under a long-term lease to Stiftelsen Chalmers Studenthem.

### AP Direct Investments portfolio

COMPANY	Share %	Activity
Johanneberg Campusbo	80.0	Student accommodation
Lindab Intressenter	23.9	Supplies ventilation and profile systems to the construction industry
MECA Invest	94.6	Provides a modern workshop concept for independent car repair shops
NS Holding (Norrporten)	33.3	Manages and develops commercial, centrally located properties
Sportex	100.0	Sports retailer
Tradex Holding	20.0	Supplies systems based on self-adhesive components for the telecommunications industry



# Life Science Ventures

After a weak start to 2005, the interest in investments in life science funds and companies has started to pick up. After its sale of Mölnlycke Health Care AB, Life Science Ventures has refined the strategy for its portfolio. More major divestments are planned for the period 2006–2008.

## Events during the year

- In June 2005, Mölnlycke Health Care AB was sold, resulting in a very good financial outcome. The Sixth AP Fund was the single largest owner, with a stake of 19.06 per cent.
- Life Science Ventures has been working intensely with management teams to raise the value of existing holdings and to make some exits. In December, Scandinavian Life Science Venture completed a successful sale of its holding in Carmel Pharma AB.
- At the beginning of 2005, a new managing director was recruited for Karo Bio AB, P.O Wallström, and during the first half of the year, the company's strategy underwent development. In the autumn, Life Science Ventures worked together with other owners to complete a directed share issue in the company. The issue was a success.
- In 2005, Life Science Ventures divested 13 companies, including four IPOs (Orexo AB, Inion OY, TopoTarget A/S and Arpida AG).

Life Science Ventures invests in private equity funds and companies in pharmaceuticals, biotechnology and medical technology. As these segments are research-intensive, Life Science Ventures works closely with the faculties of Science and Medicine at Sweden's universities.

In 2006, Life Science Ventures will change its name to AP Life Science.

## Improved market climate

The year got off to a poor start in both Europe and the USA, but the interest in investments in life science funds and companies began to pick up during the second quarter. Up to and including the third quarter of 2005, more capital had been invested than during all of 2004. Numerous IPOs were completed, primarily during the last two quarters of the year, and many of these showed a strong share performance.

In Europe alone, 20 or so companies in the field were listed. These included Orexo AB in Sweden and TopoTarget A/S in Denmark.

## Strategic development

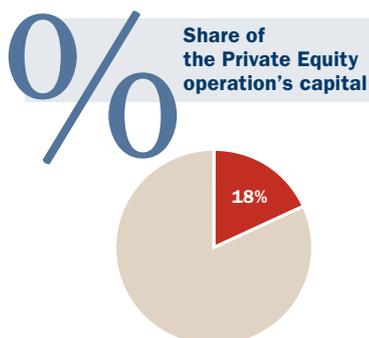
During the autumn of 2005, Life Science Ventures developed its strategy in co-operation with a firm of consultants.

This is partly in light of the divestment of its holding in Mölnlycke Health Care AB. The holding had previously accounted for a significant proportion of the business, in both financial and labour terms. During the period 2006–2008, Life Science Ventures is planning to invest around SEK 1 billion in direct investments and funds. Life Science Ventures intends to continue focusing on active ownership and will in the coming years prioritise exits from the funds. In 2006–2008, several major exits are planned, with a value in the region of SEK 3 billion.

## Financial results

The year's positive financial performance can largely be attributed to the sale of Mölnlycke Health Care AB and the appreciation of the Carnegie Global Healthcare Fund. Disposals and write-downs of less successful portfolio companies have been charged to the accounts, an effect of priorities in the funds.

At the end of the year, the market value of the portfolio was SEK 1,443 million. The profit before costs was SEK 200 million. This corresponds to a return of 10.2 per cent.



Life Science Ventures	2005	2004
Market-valued capital invested, SEKm	1,443	2,331
Profit/loss*, SEKm	200	47
Return*, %	10.2	2.1
Committed capital, SEKm	2,932	3,189

\* before costs

The management team of a private equity fund is responsible for the entire process, from the investment to the sale of a portfolio company. The composition, experience and skills of the management team are therefore key to the success of every private equity fund. A brief presentation of a selection of the management teams with whom the Sixth AP Fund has chosen to work and the funds in which the Sixth AP Fund has chosen to invest follows below.

### Management teams

#### GATENBECK, ZACKRISSON & PARTNERS [www.hbcapital.se](http://www.hbcapital.se)

Investment phase Venture  
Sector preference Life science  
Investment region Nordic region  
Managed capital SEK 1,500m  
Managing Director Lars Gatenbeck

**H&B CAPITAL**

#### KAROLINSKA INVESTMENT FUND [www.karolinskafund.com](http://www.karolinskafund.com)

Investment phase Venture  
Sector preference Pharmaceuticals, biotechnology and medical technology  
Investment region Nordic region  
Managed capital SEK 600m  
Managing Director Kjell Simonsson

**Karolinska**  
INVESTMENT FUND

#### ODLANDER, FREDRIKSSON & CO [www.ofco.se](http://www.ofco.se)

Investment phase Venture  
Sector preference Biotechnology and medical technology  
Investment region Global  
Managed capital SEK 6,344m  
Managing Director Björn Odlander

**HealthCap**

#### SCANDINAVIAN LIFE SCIENCE VENTURE [www.slsventure.com](http://www.slsventure.com)

Investment phase Venture  
Sector preference Pharmaceuticals, biotechnology and medical technology  
Investment region Nordic region  
Managed capital SEK 2,500m  
Managing Director Jonas Frick

**Scandinavian  
Life Science  
Venture**

### Life Science Ventures portfolio

FUNDS	Operative share %*	Managed by	Vintage year	Committed capital, SEKm
Carnegie Global Healthcare Fund	7.5	Carnegie	E/T	26
H&B IIS Sweden	15.8	Gatenbeck, Zackrisson & Partners	1999	141
HealthCap	12.1	Odlander, Fredriksson & Co	1997	31
HealthCap 1999	10.0	Odlander, Fredriksson & Co	2000	200
HealthCap Annex Fund I-II	38.9	Odlander, Fredriksson & Co	2003	100
HealthCap ColInvest	24.4	Odlander, Fredriksson & Co	1997	100
HealthCap III Sidefund	22.7	Odlander, Fredriksson & Co	2004	50
Innoventus Life Science I	32.7	Scandinavian Life Science Venture	2001	100
Karolinska Investment Fund	24.0	Karolinska Investment fund	2000	144
Medicon Valley Capital	43.3	Scandinavian Life Science Venture	2000	219
Medicon Valley Capital Two	65.7	Scandinavian Life Science Venture	2002	197
Scandinavian Life Science Venture	98.5	Scandinavian Life Science Venture	2002	944
Scandinavian Life Science Venture Two	70.4	Scandinavian Life Science Venture	2002	500
Swedestart Life Science	16.3	CapMan, see Technology Ventures	2001	75
<b>DIRECTLY OWNED COMPANIES</b>				
	Share %	Activity		
BiolInvent International	2.7	Develops new protein-based pharmaceuticals		
Innoventus Project	32.7	Invests in life science projects, mainly early biotech projects		
Karo Bio	2.4	Develops nuclear receptors for disease treatment		
Tripep	0.7	Develops pharmaceutical candidates for treatment of HIV, etc.		

\* See definitions on page 21



# Technology Ventures

With effect from 2006, fund investments made by Technology Ventures have been moved to the Venture Capital market segment in AP Fund Investments and direct investments have been transferred to AP Partner Investments.

## Events during the year

- Continued focus in the portfolios on funds with structural capital.
- A couple of major investments performed below expectations and had an adverse impact on the valuation of the entire portfolio.
- An investment has been made in the logistics consultancy firm United Logistics TSGS. The investment will be included in the new business area AP Partner Investments.

Technology Ventures invested in venture capital funds, with an emphasis on IT and telecommunications. Technology Ventures has been the lead investor in its various holdings and, through active ownership, has developed strong venture capital funds in order to generate high returns.

## Long investment horizon

Venture capital is characterised by high risk and a long investment horizon. Many companies fail to achieve the growth required for stability. Those companies which do manage to develop beyond the seed and start-up phases need a great deal of capital for investments in assets and personnel to achieve growth. This means that investments in venture capital take longer and demand more capital before they yield a return.

Holdings in the Technology Ventures portfolio are mainly valued to the amount invested. In 2005, a couple of major investments performed below expectations. This had an adverse impact on the valuation of the entire portfolio.

## Portfolio potential

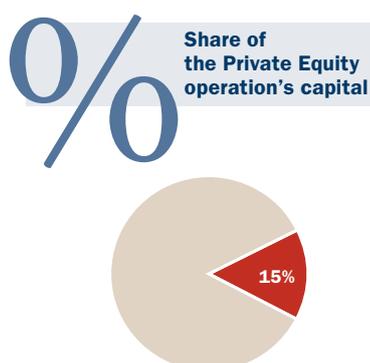
The combination of an improved market climate and the potential of the portfolio has created expectations of long-term, positive growth.

During the period 1997–2005, Technology Ventures invested approximately SEK 1,800 million in companies via venture capital funds and divestments valued at more than SEK 800 million were made.

Fund holdings included CapMan, IT Provider and BrainHeart Capital – which invest mainly in the expansion phase – as well as Creandum and Vision Capital, with an emphasis on investments in the start-up phase.

## Financial results

At the end of the year, the market value of the portfolio was SEK 1,244 million. The profit/loss before costs was SEK –398 million. This corresponds to a negative return of 27.1 per cent. The loss was largely attributable to changes in the value of the portfolio holdings.



Technology Ventures	2005	2004
Market-valued capital invested, SEKm	1,244	1,372
Profit/loss*, SEKm	–398	170
Return*, %	–27.1	17.0
Committed capital, SEKm	2,847	2,721

\* before costs

The management team of a private equity fund is responsible for the entire process, from the investment to the sale of a portfolio company. The composition, experience and skills of the management team are therefore key to the success of every private equity fund. A brief presentation of a selection of the management teams with whom the Sixth AP Fund has chosen to work, and the funds in which the Sixth AP Fund has chosen to invest, follows below.

## Management teams

### BRAINHEART CAPITAL [www.brainheart.com](http://www.brainheart.com)

Investment phase Venture  
Sector preference Wireless technologies  
Investment region Nordic region  
Managed capital SEK 1,500m  
Managing Director Ulf Jonströmer



### ITACT [www.itact.com](http://www.itact.com)

Investment phase Venture  
Sector preference IT and technology  
Investment region Sweden  
Managed capital SEK 300m  
Managing Director Fredric Gunnarson



### CAPMAN [www.capman.com](http://www.capman.com)

Investment phase Venture and buyout  
Sector preference Technology, life science and buyout  
Investment region Nordic region  
Managed capital SEK 20,000m  
Managing Director Heikki Westerlund



### PROVIDER VENTURE PARTNERS [www.providerventure.com](http://www.providerventure.com)

Investment phase Venture  
Sector preference IT and technology  
Investment region Nordic region  
Managed capital SEK 3,000m  
Managing Director Jonas Nygren



### CREANDUM [www.creandum.com](http://www.creandum.com)

Investment phase Venture  
Sector preference Innovations involving a high degree of technology and global competitiveness  
Investment region Nordic region  
Managed capital SEK 300m  
Managing Director Staffan Helgesson



### VISION CAPITAL [www.visioncap.com](http://www.visioncap.com)

Investment phase Venture  
Sector focus IT and technology  
Investment region Europe, with an emphasis on the Nordic region, Ireland, Scotland and the Alps region  
Managed capital USD 200m  
Managing Director Dag Syrrist



### INNOVATIONSKAPITAL [www.innkap.se](http://www.innkap.se)

Investment phase Venture  
Sector preference ICT and life science

Investment region Nordic region  
Managed capital SEK 1,800m  
Managing Director Staffan Ingeborn



## Directly-owned companies

**TODOS** offers security solutions for remote authentication and operates mainly in Europe and Asia.

Todos currently focuses on solutions for e-banking, fixed and mobile telephony, payment solutions for e-commerce and smart card-readers for electronic banking transac-

tions. Todos has experience of developing cost-efficient smart card-based security solutions for mass markets.

These developments are made possible by a combination of in-house expertise and close co-operation with its customers and strategic partners.



**Sales 2004:** SEK 20m  
**Managing Director** Maw Tsong-Lin  
[www.todos.se](http://www.todos.se)

## Technology Ventures portfolio

FUNDS	Operative share %*	Managed by	Vintage year	Committed capital, SEKm
Aumar	E/T	FöretagsByggarna	2002	E/T
BrainHeart Capital	39.2	BrainHeart Capital	2001	507
BrainHeart Capital ANX	53.6	BrainHeart Capital	2005	90
CapMan Equity VII	21.3	CapMan	2002	608
Creandum	49.3	Creandum	2003	148
InnKap 2 Co Investment Scheme	5.4	InnovationsKapital	2003	2
InnKap 2 Partners	5.4	InnovationsKapital	1999	19
InnovationsKapital Fond I	28.6	InnovationsKapital	1997	50
InnovationsKapital Fond I – follow-on fund I	40.0	InnovationsKapital	2000	10
InnovationsKapital Fond I – follow-on fund II	40.0	InnovationsKapital	2002	12
IT Provider Century Fund	32.5	Provider Venture Partners	2001	163
IT Provider Fund IV	25.2	Provider Venture Partners	2003	300
Nth Power Technologies	7.9	NthPower Technologies	1997	40
Slottsbacken Fund Two	37.5	FöretagsByggarna	2000	133
Slottsbacken Venture Capital	100.0	FöretagsByggarna	1996	178
Swedestart II	21.1	CapMan	1998	50
Swedestart Tech	20.6	CapMan	2000	150
V2 Co-investment Alfa	50.0	ITACT	2002	18
V2 Fund	18.0	ITACT	2000	50
Vision Capital	6.0	Vision Capital	1997	20
Vision Capital III	18.8	Vision Capital	2001	79
Vision Extension	6.2	Vision Capital	1999	34
<b>DIRECTLY OWNED COMPANIES</b>	<b>Share %</b>	<b>Activity</b>		
Logitall	7.1	Purchasing portal for IT and IT-related solutions		
Lokal TV Väst	9.9	Local television broadcasts using the digital terrestrial network		
Solibro	18.2	Development and production of solar cells for generating electricity		
TDS Todos Data System	85.9	Supplies security solutions for remote authentication		
United Logistics TSGS	42.0	Consulting services in logistics		

\* See definitions on page 21



# Products & Services

With effect from 2006, fund investments and parallel investments made by Products & Services have been moved to the Buyout market segment in AP Fund Investments and direct investments have been transferred to AP Partner Investments.

## Events during the year

- CapMan raised a new buyout fund, CapMan Buyout VIII, to which the Sixth AP Fund has committed EUR 80 million.
- EQT raised a new fund, EQT Opportunity, to which the Sixth AP Fund has committed EUR 40 million.
- Nordic Capital raised its sixth buyout fund, to which the Sixth AP Fund has committed EUR 65 million.
- The funds completed the sale of numerous portfolio companies and made several new acquisitions.

The Products & Services portfolio invested in private equity funds that focus on companies in the manufacturing and service sectors. The portfolio companies in which the funds invested were in the expansion or mature phase of development and had significant development and growth potential.

### Good climate for raising capital

Access to capital for Nordic buyout funds was already considerable in 2004 and improved further during 2005. It has been possible to raise several large funds without marketing initiatives, e.g. by investors in earlier funds renewing their capital commitments. International capital sources have continued to express considerable interest in investing in Nordic funds. Funds in the mid-sized segment have also attracted international investors.

There has been fierce competition for the opportunity to commit capital to funds with a history of high returns.

### Value creation produces results

Competition to acquire companies has become increasingly keen, with auctions

being held for smaller and smaller companies. The efforts made by funds to develop portfolio companies in order to create long-term value growth were evident in a number of sales of portfolio companies. Growth in value has been primarily attributable to enterprise development.

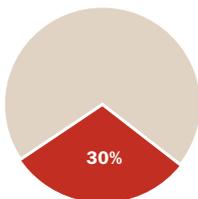
The stock exchange provided a possible exit route for portfolio companies during the year. However, industrial and financial buyers have in most cases had greater financial strength. Industrial buyers have faced greater competition from financial buyers with industrial development plans for portfolio companies.

The expectations going into 2006 are that the buyout segment will continue to yield high returns.

### Financial results

At the end of the year, the market value of the portfolio was SEK 2,480 million. The profit before costs was SEK 842 million. This corresponded to a return of 37.0 per cent. Portfolio companies were, almost without exception, sold for higher prices than previous market valuations.

**%**  
Share of the Private Equity operation's capital



Products & Services	2005	2004
Market-valued capital invested, SEKm	2,480	2,017
Profit/loss*, SEKm	842	398
Return*, %	37.0	22.1
Committed capital, SEKm	6,437	4,327

\* before costs

The management team of a private equity fund is responsible for the entire process, from the investment to the sale of a portfolio company. The composition, experience and skills of the management team are therefore key to the success of every private equity fund. A presentation of a selection of the management teams with whom the Sixth AP Fund has chosen to work and the funds in which the Sixth AP Fund has chosen to invest follows below.

## Management teams

### ACCENT EQUITY PARTNERS [www.accentequity.se](http://www.accentequity.se)

Investment phase Buyout  
Sector preference None  
Investment region Nordic region  
Managed capital SEK 3,300m  
Managing Director Jan Ohlsson



### ENGELSBERG [www.engelsberg.se](http://www.engelsberg.se)

Investment phase Venture  
Sector preference None  
Investment region Sweden  
Managed capital SEK 300m  
Managing Director Lars Lindgren



### AMPLICO KAPITAL AB [www.amplico.se](http://www.amplico.se)

Investment phase Reconstruction and buyout  
Sector preference None  
Investment region Sweden  
Managed capital SEK 160m  
Managing Director Mats Lindahl



### EQT [www.eqt.se](http://www.eqt.se)

Investment phase Buyout  
Sector preference None  
Investment region Northern Europe with emphasis on the Nordic region  
Managed capital SEK 55,000m  
Managing Director Conni Jonsson



### CAPMAN [www.capman.com](http://www.capman.com)

Investment phase Venture and buyout  
Sector preference Technology, life science and buyout  
Investment region Nordic region  
Managed capital SEK 20,000m  
Managing Director Heikki Westerlund



### NORDIC CAPITAL [www.nordiccapital.com](http://www.nordiccapital.com)

Investment phase Buyout  
Sector preference None  
Investment region Nordic region  
Managed capital SEK 22,000m  
Managing Director Robert Andreen



## Directly-owned companies

**GÖTAVERKEN MILJÖ AB** is a high-quality environmental company that specialises in emissions control and energy recovery. The company delivers turnkey facilities, supplies the products Adiox and Mercox and provides services, as well as undertaking engineering and consultancy assignments.

Its core business focuses on wet flue gas cleaning systems for separating HCl, SO<sub>2</sub>, HF and NH<sub>3</sub>, as well as heavy metals, including world-leading technologies for dioxin and mercury separation.



**Sales** 2004 approx. SEK 100m  
**Managing Director** Lennart Gustafsson  
[www.gmab.se](http://www.gmab.se)

## Products & Services portfolio

FUNDS	Operative share %*	Managed by	Vintage year	Committed capital, SEKm
Accent Equity 2003	20.0	Accent Equity Partners	2003	470
Amplico I	93.8	Amplico Kapital AB	1999	150
Baltic Rim Fund	22.8	Accent Equity Partners	1997	102
CapMan Buyout VIII	25.6	CapMan	2005	752
Engelsberg Industrietveckling	50.0	Engelsberg	2004	150
EQT II – initial fund	3.5	EQT	1998	200
EQT II – follow-on fund	21.9	EQT	2002	100
EQT III	3.4	EQT	2001	630
EQT IV	2.0	EQT	2004	470
EQT Opportunity	11.4	EQT	2006	376
Industrial Development & Investment Equity	14.7	Industrial Development & Investment Equity	1997	150
Nordic Capital III	9.4	Nordic Capital	1998	300
Nordic Capital IV	7.1	Nordic Capital	2000	500
Nordic Capital V	3.3	Nordic Capital	2003	470
Nordic Capital VI	4.9	Nordic Capital	2006	611
Nordico I	24.8	Accent Equity Partners	1999	E/T
Nordico II	37.1	Accent Equity Partners	2000	124
Nordico III	99.3	Accent Equity Partners	2002	543

DIRECTLY OWNED COMPANIES	Share %	Activity
DISAB Vacuum Technology	4.0	Vacuum systems for suction and blowing
Ekström Management and Investment	20.0	Venture capital company in IT and telecommunications
Findus	7.9	Frozen foods manufacturer
Gar Förvaltnings	100.0	Flue gas cleaning and energy recovery
Götaverken Miljö	100.0	Flue gas cleaning and energy recovery
Kreatel Communications	0.3	Develops and markets solutions in telecommunications and broadband
Nybron International Flooring	23.1	Manufacturer of hard floors, including brands such as Bauwerk, etc.

\* See definitions on page 21



# Asset Management

Asset Management will start to operate as a treasury function with effect from 2006. The main responsibility of the Treasury will be to manage that part of the Sixth AP Fund's capital that has not yet been invested in the business areas. Holdings in equity funds and shares have been transferred to the Mixed Equity market segment in AP Fund Investments with effect from 2006.

## Strong stock market

The Swedish stock market showed strong growth in 2005. Aided by low interest rates, a weak krona and the strong profit growth reported by Swedish listed companies, the Stockholm Stock Exchange's OMX index rose by 29.4 per cent.

## Greater proportion of shares

During the year, Asset Management increased its investments in equity funds through investments in two Swedish small cap funds and a model-based fund. In the fixed income portfolio, an investment was made in a fund with a focus on absolute return. Other asset management activities focused largely on allocations between equity and fixed income markets.

## High return at low risk

Asset Management made a profit before internal costs of SEK 561 million in 2005 (282m). This corresponded to a return of 9.1 per cent (5.1%). The level of risk in management activities was kept low, in accordance with Asset Management's mission and strategy. Exposure to equity markets has varied during the year, but has

averaged around SEK 840 million. At the same time the equity portfolio has generated returns of SEK 481 million. The standard deviation for Asset Management's overall portfolio totalled 1.9 per cent. Based on an average risk-free interest rate of 1.7 per cent in 2005 (the repo rate), the risk-adjusted return, measured using the Sharpe ratio, was 3.9. The corresponding Sharpe ratio for the Swedish equity market (OMX) was 2.4 at the same time as the standard deviation was 11.3 per cent.

An account of the returns, risk and risk-adjusted returns for Asset Management's portfolio since the introduction of the new management strategy on 1 January 2003 is given below.

## Asset Management to become Treasury

The Sixth AP Fund's business model for 2006 means that the operations of Asset Management have been transferred to a treasury function. The activities of the Treasury will focus on that part of the Sixth AP Fund's capital that has not yet been invested in the business areas, known as excess liquidity. They will cover the management of capital in interest-bearing

assets, hedge funds and the acquisition of convertible bonds in connection with the financing of generation change in family-owned businesses.

The Treasury will also be responsible for managing the market risk that arises from the business areas' listed equities. For derivative instruments, the Treasury will act in the listed equities market.

The operations of the Treasury will also encompass the Sixth AP Fund's financing solutions, meaning all external borrowing that takes place in connection with investments in the business areas and the management of the Sixth AP Fund's relations with banks.

Asset Management's holdings in equity funds and shares will be transferred to Mixed Equity, which is a part of the new business area, AP Fund Investments.

## Convertible bond

The Sixth AP Fund can offer the market a complement to traditional acquisition financing: a new product in the shape of a convertible bond with special terms and conditions.

The convertible bond will be launched in 2006 and will be treated as an interest-bearing instrument and managed by the Sixth AP Fund's Treasury.

	Market-valued capital, SEKm	Return*	Standard deviation	Risk-free interest rate	Sharpe ratio
2003	5,516	7.0%	5.9%	3.2%	0.6
2004	5,413	5.1%	2.5%	2.2%	1.2
2005	6,874	9.1%	1.9%	1.7%	3.9

\* All returns quoted are before internal costs.

# Financial accounts

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## Definitions

### **Operative share %**

Specifies the participating interest in a private equity fund, regardless of its legal structure. Legal ownership is reported in a separate note.

### **Return Private Equity operation portfolios**

Profit/loss before costs divided by average capital.

### **Total return**

Time-weighted return (TWR) before costs calculated on a daily basis.

### **Fund capital**

The initial capital that was allocated to the Sixth AP Fund at the beginning together with the profit brought forward and profit/loss for the year. Corresponds to shareholders' equity in a limited company.

### **Market-valued capital**

Listed securities valued at market value at the year-end and unlisted securities valued according to EVCA principles.

### **Net return**

The return after costs measured in SEK or as a percentage of the original investment sum.

### **Financial results (profit/loss)**

The total change in value – both realised and unrealised – of assets, returns in the form of interest, dividends and option premiums, minus costs and external management fees.

### **Equity investments**

An umbrella term for investments in a company's equity that covers both listed and unlisted companies.

### **Private equity**

Investments in unlisted companies where the ownership commitment is active and limited over a period of time.

# Directors' report

The Board of Directors and Managing Director of the Sixth Swedish National Pension Fund (the Sixth AP Fund) herewith present their annual report of the Sixth AP Fund's operations for the 2005 financial year. The income statement, balance sheet and notes to the accounts following this report constitute an integral part of the annual report.

## 2005 FINANCIAL YEAR

### Profits and returns

The profit for the year amounted to SEK 1,241 million (1,110m). The overall return for all investment activities by the Sixth AP Fund was 11.0 per cent (11.5%). The return after costs was 8.9 per cent (8.6%). This can be compared to the absolute return target for 2005, which was 6.1 per cent. The return thus exceeded the target by 2.8 percentage points.

The Sixth AP Fund's return target is an absolute return target. This target is based on the risk-free interest rate, defined as the repo rate, plus a risk premium. For 2005, the absolute return target was 6.1 per cent. The average repo rate was 1.7 per cent and the risk premium in the portfolio amounted to 4.4 per cent.

Of the Sixth AP Fund's profit before costs, SEK 990 million (1,152m) came from the Private Equity operation and SEK 577

million (298m) from Asset Management. The return after costs was 8.6 per cent for the Private Equity operation (11.9%) and 8.4 per cent for Asset Management (4.4%). The return exceeded the absolute return target by 0.2 percentage points for the Private Equity operation and by 5.3 percentage points for Asset Management.

The profit represents growth in the value – realised and unrealised – of the Sixth AP Fund's assets, returns in the form of interest, dividends and option premiums. The costs comprise internal and external management costs and internal shared costs. The realised profit consists partly of the difference between sales proceeds and book value at the disposal of holdings, partly of the write-down of book value, where applicable. Dividends amounted to SEK 125 million (99m).

The Sixth AP Fund's total management costs for 2005 amounted to SEK 326 million (340m), of which SEK 235 million were attributable to the Private Equity operation (245m), SEK 26 million attributable to Asset Management (28m) and SEK 65 million to shared costs (67m).

In 2005, external management costs of SEK 201 million were charged to the Sixth AP Fund's income statement (219m). The amount relates to remuneration for the management of private equity funds and funds managed externally on behalf of Asset Management. The Sixth AP Fund's investment assets

### Return trend 1999–2005

(%)	1999	2000	2001	2002	2003	2004	2005
Private Equity operation	33.3	17.0	11.1	-21.7	14.6	11.9	8.6
Asset Management	60.4	-6.3	-13.8	-34.7	6.7	4.4	8.4
<b>Total, Sixth AP Fund</b>	<b>55.8</b>	<b>-1.3</b>	<b>-8.0</b>	<b>-30.9</b>	<b>10.7</b>	<b>8.6</b>	<b>8.9</b>
SIX Return Index 1999–2002. Absolute return target 2003–2005	67.4	-11.9	-14.2	-35.7	7.4	6.4	6.1

### Profit/loss summary

(SEKm)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Private Equity operation	0	0	-23	504	624	503	-1,276	1,099	1,152	990
Asset Management	124	853	967	6,283	-870	-1,911	-3,529	394	298	577
Internal costs	-4	-35	-63	-78	-122	-148	-150	-153	-121	-125
External management costs	0	-2	-21	-37	-60	-124	-152	-187	-219	-201
<b>Profit/loss for the year</b>	<b>120</b>	<b>816</b>	<b>860</b>	<b>6,672</b>	<b>-428</b>	<b>-1,680</b>	<b>-5,107</b>	<b>1,153</b>	<b>1,110</b>	<b>1,241</b>

### Fund capital

(SEK bn)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Private Equity operation	—	0.4	0.9	2.6	3.7	6.0	5.9	7.3	8.5	8.2
Asset Management	10.5	10.9	11.3	16.2	14.7	10.7	5.7	5.5	5.4	6.9
<b>Total capital</b>	<b>10.5</b>	<b>11.3</b>	<b>12.2</b>	<b>18.8</b>	<b>18.4</b>	<b>16.7</b>	<b>11.6</b>	<b>12.8</b>	<b>13.9</b>	<b>15.1</b>

The above table represents the internal portfolio composition. The sub-totals stated in the list do not appear in the balance sheet.

are valued according to their fair value. Listed holdings are valued at the closing price on the closing date, while unlisted holdings are valued using EVCA principles (see Note 1 under Accounting Principles on page 28). This means that in addition to realised profit/loss, the Sixth AP Fund reports any unrealised change in value that arises during the reporting period in question.

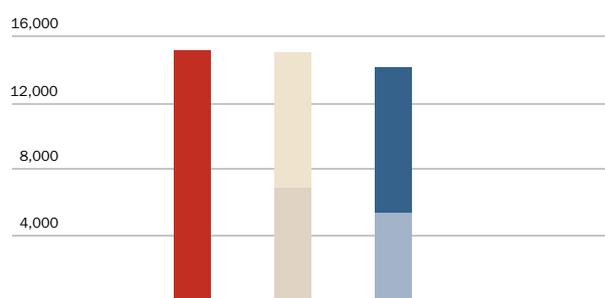
### Fund capital

Since the Sixth AP Fund's inception in 1996, the value of its fund capital has risen by SEK 4.8 billion, and at the end of 2005, it totalled SEK 15.1 billion. This represents an overall growth of 46 per cent in the value of invested capital since 1996.

The Sixth AP Fund is not required to make payments on an annual basis to balance the cash flows of the public pension system. This means that profits can be reinvested and that losses must be covered by the fund capital. The Sixth AP Fund's investments are financed by the fund capital, which means that the portfolio has a low financial risk and that the Sixth AP Fund has the strength to take a long-term approach.

At the year-end, SEK 14.1 billion of the Sixth AP Fund's capital was committed to investments in private equity funds or companies owned directly by the Sixth AP Fund. Of this committed capital, around SEK 5.4 billion has not yet been paid out.

### Fund capital, portfolios and committed capital, SEKm



In 2005, committed capital not yet paid out was managed by Asset Management.

- Fund capital
- Private Equity operation
- Asset Management
- Committed capital, paid out
- Committed capital, not yet paid out

### Private Equity operation

In 2005, the Sixth AP Fund's Private Equity operation had four portfolios. At the end of 2005, the Sixth AP Fund held shares in about 300 different companies, most of which were owned via the private equity funds in which the Sixth AP Fund had invested. The market value of the Private Equity operation as at 31 December was SEK 8.2 billion (8.5bn). During the year the Sixth AP Fund made new and follow-on investments amounting to just under SEK 1,700 million. In connection with the sale of directly owned companies and portfolio companies in private equity funds, just over SEK 2,700 million was paid back to the Sixth AP Fund during the year.

### Private Equity operation's capital by sector and phase, %

As at 31 December 2005	Properties/Other financial services	Life science	Products and services	Technology Ventures	Total
Venture	0	15	3	15	33
Buyout	14	2	51	0	67
<b>Total</b>	<b>14</b>	<b>17</b>	<b>54</b>	<b>15</b>	<b>100</b>

### AP Direct Investments

During the year, AP Direct Investments completed one new investment alongside additional investments in existing portfolio companies. The new investment, which was made together with Chalmers, is in a property company that is building student accommodation in a central location in Gothenburg. The remaining shares in Sportex AB were acquired during the year and the company is now wholly owned. Additional acquisitions have been completed by portfolio companies, e.g. Norrporten's acquisition of two properties in central Copenhagen. Meca started work on its construction of a new central warehouse in Eskilstuna, which will be operational during the first half of 2006.

The market value of the portfolio at the year-end was SEK 3,076 million. The profit before costs was SEK 346 million. This corresponds to a return of 13.3 per cent.

### Life Science Ventures

The year's positive financial performance by Life Science Ventures can largely be attributed to the sale of Mölnlycke Health Care AB and the appreciation of the Carnegie Global Healthcare Fund. Disposals and write-downs of some less successful portfolio companies have been charged to the accounts as the result of priorities in Life Science Ventures' funds.

In June 2005, Mölnlycke Health Care AB was sold, resulting in a very good financial outcome. The Sixth AP Fund was the single largest owner, with a stake of 19.06 per cent.

In December 2005, Scandinavian Life Science Venture completed a successful sale of its holding in Carmel Pharma AB. During the year, the funds in Life Science Ventures divested 13 companies, including four IPOs (Orexo AB, Inion OY, TopoTarget A/S and Arpida AG).

The market value of the Life Science Ventures portfolio totalled SEK 1,443 million at the year-end. The profit before costs was SEK 200 million. This corresponds to a return of 10.2 per cent.

#### Technology Ventures

With effect from 2006, fund investments made by Technology Ventures have been moved to the Venture Capital market segment in AP Fund Investments and direct investments have been transferred to AP Partner Investments.

The market value of the Technology Ventures portfolio totalled SEK 1,244 million at the year-end. The profit/loss before costs was SEK -398 million. This corresponds to a negative return of 27.1 per cent. The loss was largely attributable to changes in the value of the portfolio holdings.

Holdings in the Technology Ventures portfolio are mainly valued to the amount invested. A couple of major investments performed below expectations during the year. This had an adverse impact on the valuation of the entire portfolio.

During the period 1997–2005, Technology Ventures invested approximately SEK 1,800 million in companies via venture capital funds and made divestments to the value of more than SEK 800 million.

#### Private Equity operation

As at 31 December 2005	Capital SEKm	Profit/loss* SEKm	Return* %
AP Direct Investments	3,076	346	13.3
Life Science Ventures	1,443	200	10.2
Technology Ventures	1,244	-398	-27.1
Products & Services	2,480	842	37.0
<b>Total</b>	<b>8 243</b>	<b>990</b>	

AP DIRECT INVESTMENTS	2005	2004
Market-valued capital invested, SEKm	3,076	2,749
Profit/loss*, SEKm	346	537
Return*, %	13.3	23.3
Committed capital, SEKm	1,905	1,844

LIFE SCIENCE VENTURES	2005	2004
Market-valued capital invested, SEKm	1,443	2,331
Profit/loss*, SEKm	200	47
Return*, %	10.2	2.1
Committed capital, SEKm	2,932	3,189

\* before costs

\*\* before internal costs

#### Products & Services

With effect from 2006, fund investments and parallel investments made by Products & Services have been moved to the Buyout market segment in AP Fund Investments and direct investments have been transferred to AP Partner Investments.

In the Products & Services portfolio, the buyout funds completed the sale of numerous portfolio companies and acquired several new companies in 2005. Portfolio companies were, almost without exception, sold for higher prices than previous market valuations.

In 2005, capital was committed to three new funds. CapMan raised a new buyout fund, CapMan Buyout VIII, to which the Sixth AP Fund has committed EUR 80 million. EQT raised a new fund, EQT Opportunity, to which the Sixth AP Fund has committed EUR 40 million. Nordic Capital raised its sixth buyout fund, to which the Sixth AP Fund has committed EUR 65 million.

At the end of the year, the market value of the portfolio was SEK 2,480 million. The profit before costs was SEK 842 million. This corresponded to a return of 37.0 per cent.

#### Asset Management

Asset Management will start to operate as a treasury function with effect from 2006. The Treasury will assume responsibility for managing the various types of risk that arise in the Sixth AP Fund's business areas and for the management of hedge funds and fixed-income assets. Holdings in equity funds and shares have been transferred to the Mixed Equity market segment in the new business area AP Fund Investments.

TECHNOLOGY VENTURES	2005	2004
Market-valued capital invested, SEKm	1,244	1,372
Profit/loss*, SEKm	-398	170
Return*, %	-27.1	17.0
Committed capital, SEKm	2,847	2,721

PRODUCTS & SERVICES	2005	2004
Market-valued capital invested, SEKm	2,480	2,017
Profit/loss*, SEKm	842	398
Return*, %	37	22.1
Committed capital, SEKm	6,437	4,327

#### Asset Management

	2005	2004
Market-valued capital, SEKm	6,874	5,413
Profit/loss**, SEKm	561	282
Return**, %	9.1	5.1

The Swedish stock market showed strong growth in 2005. Aided by factors such as low interest rates, a weak krona and the strong profit growth reported by Swedish companies, the Stockholm Stock Exchange's OMX index rose by 29.4 per cent. In the fixed-income market, long-term bond rates fell.

Asset Management made a profit before internal costs of SEK 561 million in 2005 (282m). This corresponded to a return of 9.1 per cent (5.1%). The level of risk in management activities was kept low, in accordance with Asset Management's mission and strategy. Exposure to equity markets varied during the year, but averaged around SEK 840 million. The equity portfolio generated returns of SEK 481 million. The standard deviation for Asset Management's entire portfolio was 1.9 per cent. Based on an average risk-free interest rate of 1.7 per cent in 2005, the risk-adjusted return, measured using the Sharpe ratio, was 3.9.

#### **Costs**

The Sixth AP Fund's costs comprise internal and external management costs and internal shared costs. The internal shared costs are made up of personnel costs, other management costs and other shared costs.

The Sixth AP Fund's personnel costs are made up of costs for the management of the Sixth AP Fund's investments in private equity funds and directly owned companies, asset management, executive management and specialist functions. The other shared costs are related mainly to the cost of premises, consultants, travel, IT and general office expenses.

External management costs are related mainly to management fees paid to management teams who manage funds in which the Sixth AP Fund invests. The agreed fee normally corresponds to 1.5-3.0 per cent of the capital committed to the funds. At the end of a fund's investment period, the management fee is gradually reduced as the fund's portfolio companies are sold off. The management fee normally covers the fund's current expenses for management.

The income statement for 2005 has been adjusted to reflect more accurately how these management costs have been distributed between the Sixth AP Fund's different management areas. Internal management costs and external management costs are both reported in the relevant management area. See the specification in Notes 4 and 7.

The Sixth AP Fund's overall management costs totalled SEK 326 million in 2005 (340m), of which SEK 235 million were attributable to the Private Equity operation (245m), SEK 26 million to Asset Management (28m) and SEK 65 million to shared costs (67m).

Unlike some other market players, the Sixth AP Fund has chosen to write off all management fees as an expense.

The management of the Sixth AP Fund resembles a fund of funds in terms of its structure. To be able to monitor the Sixth AP Fund's cost levels and compare them with other fund managers, an index for management costs has been drawn up. Comparison against this index reveals that the Sixth AP Fund's costs are considerably lower than those of other comparable funds when measured in relation to the amount of managed capital.

#### **Organisation and employees**

At the end of the year, the Fund had 28 employees (27). Further personnel details are given in Note 9, along with a description of the Sixth AP Fund's incentive scheme.

For information regarding the Sixth AP Fund's organisation and employees, please refer to the website, [www.apfond6.se](http://www.apfond6.se).

#### **The Sixth AP Fund's Board of Directors**

The Board of the Sixth AP Fund shall, in accordance with Swedish law, consist of five members appointed annually by the government. The Sixth AP Fund holds six ordinary board meetings a year and extraordinary board meetings are held when necessary. Three extraordinary board meetings were held in 2005.

The Board follows the procedures set out in the Sixth AP Fund's Rules of Procedure for the Board. These rules of procedure include follow-up, reporting and decision-making routines.

The Board's most important steering documents are the Sixth AP Fund's business plan and activity plan, containing both an allocation plan and a budget. The Sixth AP Fund is also governed by policies set by the Board, such as the financial policy, ownership policy, working environment policy and equal opportunities policy. Steering instruments and policies are fixed on an annual basis and revised continuously whenever necessary.

The Board also takes decisions on issues regarding

- The Private Equity operation, in matters falling outside the mandate of the Managing Director
- terms of employment for the Managing Director
- total annual salary revisions and any bonus schemes relating to the staff of the Sixth AP Fund
- other matters of significance to the Sixth AP Fund.

Each year, the Board shall issue an evaluation of the fund management activities (budget follow-up) and of its own activities.

# Income statement

SEKm	Note	2005	2004
<b>Private Equity operation</b>			
Capital gain/loss		1,635	-218
Unrealised profit/loss	2	-782	1,266
Dividends		20	18
Net interest income/expense		118	90
Other financial expenses	3	-1	-4
Management costs	4, 9	-235	-245
<b>Private Equity operation total</b>		<b>755</b>	<b>907</b>
<b>Asset Management</b>			
Capital gain/loss	5	-211	-37
Unrealised profit/loss	6	666	245
Dividend		105	81
Net interest income/expense		17	9
Management costs	7, 9	-26	-28
<b>Asset Management total</b>		<b>551</b>	<b>270</b>
<b>Shared costs</b>			
Personnel costs	8, 9	-22	-21
Other shared costs		-43	-46
<b>Total shared costs</b>		<b>-65</b>	<b>-67</b>
<b>Profit/loss for the year</b>		<b>1,241</b>	<b>1,110</b>

# Balance sheet

SEKm	Note	31 Dec 2005	31 Dec 2004
<b>ASSETS</b>			
<b>Investment assets</b>			
Shares and participating interests in listed companies	10	5,014	2,537
Shares and participating interests in unlisted companies	11	8,789	9,033
Other interest-bearing securities	12	2,055	1,838
<b>Total investment assets</b>		<b>15,858</b>	<b>13,408</b>
<b>Receivables and other assets</b>			
Inventories and other tangible assets		1	2
Other current receivables		17	1,131
Liquid assets		15	49
Prepaid expenses and accrued income	13	23	19
<b>Total receivables and other assets</b>		<b>56</b>	<b>1,201</b>
<b>Total assets</b>		<b>15,914</b>	<b>14,609</b>
<b>FUND CAPITAL AND LIABILITIES</b>			
<b>Fund capital</b>			
Initial capital		10,366	10,366
Profit brought forward		3,519	2,409
Profit/loss for the year		1,241	1,110
<b>Total fund capital</b>		<b>15,126</b>	<b>13,885</b>
<b>Current liabilities</b>			
Accrued expenses		32	20
Other current liabilities	14	756	704
<b>Total current liabilities</b>		<b>788</b>	<b>724</b>
<b>Total fund capital and liabilities</b>		<b>15,914</b>	<b>14,609</b>
Pledged assets		5	10
Contingent liabilities		12	13
Commitments			
- contractual commitments for capital contribution		5,417	3,594

# Notes

All figures are given in SEK million unless otherwise stated

## Note 1 Accounting principles

The Sixth Swedish National Pension Fund (the Sixth AP Fund) adheres to the regulations set forth in the Sixth National Pension Fund Act (Lag (2000:193) om Sjätte AP-fonden). This Act came into force on 1 January 2001. The annual report has been prepared in accordance with generally accepted accounting principles.

As a result of the legislation which regulates the Sixth AP Fund, investments are valued according to their fair value in the Sixth AP Fund's accounts.

### Change in accounting principles

Investments in inventories in 2005 were recognised as an expense and will continue to be recognised as such henceforth. Fixed assets acquired prior to 1 January 2005 are depreciated according to plan.

### Amended presentation of items

With effect from 2005, the Sixth AP Fund has adapted the layout of its income statement for reporting management costs to conform to the presentation used for comparable organisations in Sweden and abroad.

### Reporting and valuation of unlisted securities

The Sixth AP Fund values all holdings according to their fair value and applies EVCA principles (European Private Equity & Venture Capital Association, [www.evca.com](http://www.evca.com)) as the basis for its valuation. This generally means that the holdings must present a fair value while taking into consideration principles of caution and consistency in the valuation. More recent holdings should be valued according to the acquisition cost, unless there has been a new round of financing or partial sale, in which a substantial investment has been made by a third party. In such cases, the valuation should be based on the price fixed at the time of the transaction. Another exception is where the assessment of a permanent and substantial reduction in the value of the investment has been made. These circumstances require a depreciation in value to be reported.

Purchases and sales of financial instruments are reported on the trade date.

Convertible loans are stated under the item Shares and participating interests, unlisted companies, as it is the intention of the Sixth AP Fund to convert these to shares.

Premiums paid in respect of positions in unlisted derivative instruments have been reported as a liability. These premiums are reported together with the underlying value of the asset.

Changes in values of unlisted securities, realised and unrealised, are reported in the income statement and included in the profit/loss for the year.

The realised profit consists partly of the difference between sales proceeds and book value at the disposal of holdings, partly of the write-down of book value, where applicable. As a rule, write-downs are preceded by a depreciation. This means that there will be a transfer between unrealised and realised profits. This transfer has no impact on the total profit/loss.

The acquisition value of a fund refers to all outgoing payments made except the management fee.

### Reporting and valuation of listed securities

Those assets in which capital has been invested are reported according to their fair value in the annual report.

The fair value is based on the closing prices listed on the last trade date of the year.

Purchases and sales of financial instruments are reported on the trade date. This principle applies to transactions on the money and bond markets and on the equity market. Transactions concerning calls, warrants, forwards and swaps are reported in the accounts on the day when serious risks and rights are transferred between parties, i.e. the day the deal is completed.

The acquisition value of shares and other securities includes commissions and other direct costs incurred in relation to the purchase.

When calculating capital gains and losses, the average value method has been applied.

Interest-bearing securities are reported at their fair value with reference to allocation over time of premiums and discounts over the remaining life of the security.

Valuation is primarily made according to the final price paid on the last trading day of the year.

If during certain conditions on certain markets it is considered that the final rate (price paid) is not representative, then a different rate may be used for calculating the fair value.

Positions in derivative instruments are valued at their fair value and reported under the same balance sheet item as each of the respective instrument's underlying asset type.

Changes in value, realised and unrealised, are reported in the income statement and included in the profit/loss for the year.

The capital gain/loss refers to the difference between sales proceeds and acquisition cost. The capital gain/loss is the result that arises when investment assets are sold.

### Management costs

External management costs in funds are reported as continuous expenses in the income statement, regardless of the type of management and method of payment chosen and regardless of the structure of the legal agreement.

With effect from 2005, internal management costs and external management costs are reported in a separate note.

### General accounting principles

Consolidated accounts have not been prepared as the subsidiaries are regarded to be of negligible importance with regard to the demand for a true and fair view and the shares and participating interests in subsidiaries are valued at their fair value.

Receivables are taken up in the accounts at the amount at which they are expected to be received.

The depreciation period for inventories and other tangible assets, acquired prior to 1 January 2005, is 3–5 years.

The Sixth AP Fund is exempt from income tax on its investments in Sweden.

The fund capital consists of initial capital and retained earnings. The initial capital comprises a transfer from the former 1st–3rd Boards and SEK 366 million remaining from the Winding-up Board for Fund 92–94. The Sixth AP Fund is not under any obligations regarding payments to or from the Swedish Social Insurance Administration (Försäkringskassan).

### Memorandum items

When investing in a private equity fund, a contractual commitment is made to invest a certain amount of capital. The capital is invested over time and payment made in line with the investments. The difference between committed capital and invested capital, with the addition of possible reinvestment sums, is reported as a commitment under Memorandum items.

## Note 2 Unrealised profit/loss, Private Equity operation

	2005	2004
Change in value for the period	- 1,494	1,037
Return of previous change in value	712	229
<b>Total</b>	<b>- 782</b>	<b>1,266</b>

## Note 3 Other financial expenses, Private Equity operation

	2005	2004
Conditional shareholders' contribution paid	1	4
<b>Total</b>	<b>1</b>	<b>4</b>

## Note 4 Management costs, Private Equity operation

	2005	2004
External management costs	185	203
Internal management costs		
- Personnel costs	29	27
- Other costs	21	15
<b>Total</b>	<b>235</b>	<b>245</b>

## Note 5 Capital gain/loss, Asset Management

	2005	2004
<b>Capital gain, net</b>		
Shares and participating interests	81	35
Bonds and other interest-bearing securities	—	13
<b>Total</b>	<b>81</b>	<b>48</b>
<b>Capital loss, net</b>		
Bonds and other interest-bearing securities	- 48	—
Derivatives*	- 244	- 85
<b>Total</b>	<b>- 292</b>	<b>- 85</b>
<b>Total</b>	<b>- 211</b>	<b>- 37</b>

\* Derivatives have been used to limit the risk in Asset Management's equity portfolio.

## Note 6 Unrealised profit/loss, Asset Management

	2005	2004
<b>Unrealised profit/loss, net</b>		
Shares and participating interests	637	257
Bonds and other securities	29	- 12
<b>Total</b>	<b>666</b>	<b>245</b>

## Note 7 Management costs, Asset Management

	2005	2004
External management costs	16	16
Internal management costs		
- Personnel costs	6	7
- Other costs	4	5
<b>Total</b>	<b>26</b>	<b>28</b>

External management costs do not include performance-based costs. Performance-based costs during the year amounted to SEK 31.5 million and reduce the profit realised for the asset managed.

## Note 8 Shared costs

	2005	2004
Personnel costs	22	21
Property-related costs	2	9
Information and computer expenses	4	4
Services bought	20	18
Other	17	15
<b>Total</b>	<b>65</b>	<b>67</b>

Shared personnel costs include the Managing Director, CFO and business support organisation. Other shared costs consist of costs for premises, central IT costs and services bought centrally.

## Services bought include remuneration to auditors (excluding Swedish VAT)

	2005	2004
<b>Audit fees</b>		
KPMG	1.2	1.1
Öhrlings PricewaterhouseCoopers	0.3	0.2
<b>Total</b>	<b>1.5</b>	<b>1.3</b>

## Other assignments to audit firms

KPMG	0	0.1
Öhrlings PricewaterhouseCoopers	—	—
<b>Total</b>	<b>0</b>	<b>0.1</b>

**Total** **1.5** **1.4**

## Note 9 Personnel costs

	2005	2004
<b>Salaries and fees</b>		
Chairman of the Board	0.1	0.1
Managing Director	2.5	2.5
Board, excluding Chairman	0.2	0.3
Senior management team, excluding Managing Director	10.7	8.4
Other employees	15.3	18.6
<b>Total</b>	<b>28.8</b>	<b>29.9</b>

## Incentive scheme

Senior management team, excluding Managing Director	1.4	1.4
Other employees	2.4	1.9
<b>Total</b>	<b>3.8</b>	<b>3.3</b>

## Social security expenses

Chairman of the Board	0.0	0.0
(of which pension costs)	(0.0)	(0.0)
Managing Director	2.2	2.2
(of which pension costs)	(1.4)	(1.4)
Board, excluding Chairman	0.1	0.1
(of which pension costs)	(0.0)	(0.0)
Senior management team, excluding Managing Director	9.3	5.5
(of which pension costs)	(4.9)	(2.9)
Other employees	11.3	12.0
(of which pension costs)	(6.9)	(6.4)
<b>Total</b>	<b>22.9</b>	<b>19.8</b>
(of which pension costs)	(13.2)	(10.7)

**Other personnel costs** **1.2** **2.3**  
**Total** **56.7** **55.3**

Average number of employees	22	26
(of whom women)	(10)	(15)
Number of employees as at 31 December	28	27
(of whom women)	(14)	(14)

## Cont. Note 9

The Managing Director's employment contract contains specific provisions regarding retirement benefits and severance pay. Annual contributions to pensions are made, corresponding to 42.5 per cent of the gross salary. These provisions entail retirement at the age of 62, entitlement to severance pay for 18 months and notice of 6 months. Deductions are made for any other remuneration received by the Managing Director. The Managing Director does not participate in the incentive scheme.

The total remuneration to the Sixth AP Fund's management group, including the Managing Director, but not including the outcome of incentive schemes, amounted to SEK 13,226 thousand. Members of the management group have pension agreements that have been negotiated individually with pension provisions that represent a proportion of the fixed salary until employment ceases. The Sixth AP Fund has no undertakings regarding future pensions and pension provisions. The average period of notice for members of the management team is 12 months. The results of incentive schemes do not count as pensionable income.

With the exception of the Managing Director, all employees of

the Sixth AP Fund are included in incentive schemes. Payments under incentive schemes are subject to the return target for the entire Sixth AP Fund being exceeded. The maximum amount payable is the equivalent of two monthly salaries. The Sixth AP Fund's total return for 2005 was 8.9 per cent, which means that the absolute return target was exceeded by 2.8 percentage points.

The Sixth AP Fund's earnings included a charge of SEK 3,785 thousand (excluding social security contributions) for payments made under the incentive scheme.

With the exception of the board fee, the Sixth AP Fund's Board received no further remuneration. Absence due to illness for all employees of the Sixth AP Fund totalled 82 days for the year. To protect the integrity of individuals, these statistics have not been broken down according to age or gender.

### Planning and decision-making process

Board fees are set by the government. The Board sets the Managing Director's salary each year and the general development of staff salary levels. Any incentive schemes are set each year by the Board.

## Note 10 Shares and participating interests in listed companies

Share	Number of participating interests	Share of equity, %	Voting rights, %	Market value
BioInvent International	1,268 718	2.7	2.7	15
Industrivärden C	35,000	0.0	0.0	7
Investor B	5,450,000	0.7	0.1	758
Karo Bio	1,830,520	2.4	2.4	16
Ratos B	506,000	0.6	0.2	99
Tripep	147,231	0.7	0.7	1
Didner & Gerge Aktiefond	576,144			538
Eikos	441			84
Enter Sverige Fokus	480,981			652
Graal	584,483			82
Lannebo Småbolag	8,100,892			188
Lannebo Total	1,004,572			1,490
HQ Nordic Hedge	447,712			53
Odin Sverige II	3,198,437			550
RAM ONE	66,774			70
SEB Sverige Småbolag Chans Risk	3,414,168			265
Simplicity Nordic	209,170			64
Yield	68,881			80
Equity derivatives				2
<b>Total</b>				<b>5,014</b>

Commission paid in 2005 amounted to around SEK 6 million.

## Note 11 Shares and participating interests in unlisted companies

Companies and funds	Org. No.	Registered office	Number of participating interests	Voting rights, %	Share of equity, %	Acquisition value
<b>Subsidiary companies</b>						
123 Servicecenter Fastighets AB	556660-4327	Gothenburg	1,000	100.0	100.0	0
AP Riskkapital AB <sup>1)</sup>	556536-4139	Gothenburg	30,000	100.0	100.0	53
Aumar AB	556631-5932	Gothenburg	1,000	100.0	100.0	38
Auvimo AB	556587-9565	Gothenburg	1,000	100.0	100.0	0
Auvimo KB	969621-7729	Gothenburg			100.0	116
Creandum AB	556544-8791	Gothenburg	1,000	100.0	100.0	0
Ferox Syd AB	556591-2259	Malmö	1,110	100.0	100.0	10
Fyrfond AB	556591-7027	Gothenburg	1,000	100.0	100.0	0
Fyrfond KB	969661-3109	Gothenburg			100.0	27
Gar Förvaltnings AB	556312-2968	Gothenburg	168,182	100.0	100.0	0
Grönsta Lager AB	556660-5431	Gothenburg	1,000	100.0	100.0	0
Götaverken Miljö AB	556652-2743	Gothenburg	5,000	100.0	100.0	20
Healthcare Göteborg AB	556572-2088	Gothenburg	1,000	100.0	100.0	0
Healthcare Göteborg KB	969654-8396	Gothenburg			100.0	26
Ilö Förvaltnings AB	556542-6151	Gothenburg	1,000	100.0	100.0	0

Cont. Note 11

Companies and funds	Org. No.	Registered office	Number of participating interests	Voting rights, %	Share of equity, %	Acquisition value
<b>Subsidiary companies</b>						
Industrial Equity (I.E.) AB	556599-9702	Gothenburg	1,000	100.0	100.0	0
Johanneberg Campusbo AB	556658-6730	Gothenburg	800	80.0	80.0	0
Johanneberg Campusbo KB	969704-9451	Gothenburg			79.2	0
MECA Invest AB	556601-9757	Malmö	88,589	93.8	94.6	551
NetSys Technology Group Holding AB	556550-2191	Mölnadal	100,000	100.0	100.0	0
Scandinavian Life Science Ventures AB	556587-9771	Gothenburg	1,000	100.0	100.0	0
Sjätte AP-fonden Syd KB	969667-4309	Malmö			100.0	26
Slottsbacken Venture Capital AB	556531-2245	Stockholm	1,000	100.0	100.0	0
Slottsbacken Venture Capital KB	969626-1313	Stockholm			100.0	66
Sportex AB	556220-0674	Gothenburg	102,500	100.0	100.0	150
TDS Todos Data System AB	556343-7218	Gothenburg	14,809,129	94.3	85.9	106
<b>Total, subsidiary companies</b>						<b>1,189</b>
<b>Company</b>						
Accent Equity Partners AB	556601-2315	Stockholm	1,000	10.0	10.0	0
AEP 2003 KB	969694-5196	Stockholm			15.8	1
Calleo Holding AB	556520-8930	Gothenburg	40,000	0.8	0.4	0
CashCap AB	556533-1930	Stockholm	12,062	12.1	12.1	0
Creandum Advisor AB	556644-0300	Stockholm	45,232	40.7	40.7	1
DISAB Vacuum Technology AB	556421-2941	Eslöv	29,700	4.0	4.0	2
Ekström Management and Investment AB	556540-2889	Umeå	10,160	20.0	20.0	25
Findus AB	556571-2709	Malmö	17,733,989	7.9	7.9	120
InnovationsKapital Management i Gbg AB	556541-0064	Gothenburg	1,300	13.0	13.0	0
Innoventus AB	556602-2728	Uppsala	4,662	33.3	33.3	3
Innoventus Project AB	556616-8356	Uppsala	62,067	32.7	32.7	26
Kreatel Communications AB	556518-5831	Linköping	10,906	0.3	0.3	22
Lindab Intressenter AB	556606-5446	Båstad	238,610	23.9	23.9	525
Logitall AB	556493-9535	Stockholm	869,564	7.1	7.1	20
Lokal TV Väst AB	556608-3027	Stockholm	110	9.9	9.9	2
Medicon Valley Capital Management AB	556581-4307	Stockholm	1,975	36.8	36.8	2
MVC Holding AB	556623-1816	Stockholm	66,667	66.7	66.7	1
NE Advisory AB	556577-4493	Stockholm	18,422	18.4	18.4	0
NS Holding AB	556594-3999	Sundsvall	1,213,256	33.3	33.3	1,180
Nybron International Flooring			2,305,182	23.1	23.1	128
Simpleworld AB <sup>2)</sup>	556399-2790	Stockholm	30,000	8.5	8.5	0
Slottsbacken Fund II 2003 AB	556648-9729	Stockholm	545	54.5	54.5	0
SLS Venture GP AB	556628-4641	Stockholm	8,099	82.9	82.9	8
SLS Venture Two GP AB	556628-4674	Stockholm	2,327	40.1	40.1	2
Solibro AB	556603-1596	Uppsala	54,545	18.2	18.2	5
Tradex Holding AB	556523-6881	Kungälv	2,690,559	20.0	20.0	85
United Logistics AB	556680-6914	Stockholm	420	42.0	42.0	8
<b>Total, companies</b>						<b>2,166</b>
<b>Funds</b>						
Accent Equity 2003 KB	969694-7739	Stockholm			63.1	146
Amplico I KB	969656-4088	Gothenburg			93.8	100
Baltic Rim Fund					22.8	27
BrainHeart Capital ANX KB	969703-4685	Stockholm			59.4	58
BrainHeart Capital KB	969674-4102	Stockholm			43.4	308
CapMan Buyout VIII Fund B KB	969705-5342	Stockholm			100.0	3
CapMan Equity Sweden KB	969683-1321	Stockholm			96.5	355
Creandum KB	969690-4771	Stockholm			49.3	30
Engelsberg Industriutveckling AB	556625-0923	Stockholm			50.0	57
EQT II					4.8	88
EQT IV 2004 KB	969697-5888	Stockholm			100.0	158
EQT Opportunity KB	969705-5227	Stockholm			100.0	0
Femfond KB	969687-5062	Stockholm			100.0	313
Fysikten KB	969712-1029	Stockholm			100.0	0
H&B IIS Sweden KB	969664-6570	Stockholm			49.5	84
HealthCap 1999 KB	969656-1647	Stockholm			10.5	133
HealthCap Annex Fund I-II KB	969690-2049	Stockholm			38.9	83
HealthCap ColInvest KB	969625-6255	Stockholm			24.4	75
HealthCap III Sidefund KB	969699-4830	Stockholm			22.7	45
HealthCap KB	969614-4162	Stockholm			12.1	6
Industrial Development & Investment Equity KB	969640-9631	Stockholm			14.7	17

Cont. Note 11

Companies and funds	Org. No.	Registered office	Number of participating interests	Voting rights, %	Share of equity, %	Acquisition value
<b>Funds</b>						
InnKap 2 Partners KB	969661-4735	Gothenburg			5.4	8
InnovationsKapital Fond I AB	556541-0056	Gothenburg			31.3	22
Innoventus Life Science I KB	969677-8530	Uppsala			32.7	24
IT Provider Century Fund KB	969673-0853	Stockholm			98.5	83
IT Provider Fund IV KB	969687-5468	Stockholm			59.1	79
Karolinska Investment Fund KB	969665-3444	Solna			24.0	74
Medicon Valley Capital KB	969657-5886	Stockholm			86.5	162
Medicon Valley Capital Two KB	969680-3056	Stockholm			98.5	72
Nordic Capital III					9.4	117
Nordico I KB	969660-1518	Stockholm			24.8	0
Nordico II KB	969660-1500	Stockholm			37.1	56
Nordico III KB	969680-3007	Stockholm			99.3	117
Northern Europe Private Equity KB	969670-3405	Stockholm			69.1	402
Scandinavian Life Science Venture KB	969680-2991	Stockholm			98.5	564
Scandinavian Life Science Venture Two KB	969680-5291	Stockholm			70.4	183
Slottsbacken Fund Two KB	969660-9875	Stockholm			54.5	36
Swedestart II KB	969648-6431	Stockholm			21.1	10
Swedestart Life Science KB	969675-2337	Stockholm			16.3	32
Swedestart Tech KB	969674-7725	Stockholm			20.6	53
V2 Co-investment Alfa KB	969677-6989	Stockholm			50.0	5
V2 Fund KB	969665-1281	Lund			18.0	10
<b>Total, funds</b>						<b>4,195</b>
<b>Total acquisition value</b>						<b>7,550</b>
<b>Total market value</b>						<b>8,789</b>

1) The company is in liquidation 2) The company has been declared bankrupt

Note 12 Other interest-bearing securities

	2005	2004
<b>Bonds</b>		
Government bonds	132	—
<b>Total</b>	<b>132</b>	<b>—</b>
<b>Bond funds</b>		
Enter Trend Räntefond	298	—
SHB Räntefond	508	587
SEB Penningmarknadsfond	544	774
Öhman Penningmarknadsfond	113	—
Öhman Obligationsfond	0	108
<b>Total</b>	<b>1,463</b>	<b>1,469</b>
<b>Other</b>		
Overnight loans	395	260
Pledged bank assets	5	10
Loans to unlisted companies	60	1
Other instruments, listed	0	98
<b>Total</b>	<b>460</b>	<b>369</b>
<b>Total</b>	<b>2,055</b>	<b>1,838</b>

Note 13 Prepaid expenses and accrued income

	2005	2004
Accrued interest income	21	17
Other prepaid expenses and income	2	2
<b>Total</b>	<b>23</b>	<b>19</b>

Note 14 Other current liabilities

	2005	2004
Loans from subsidiaries	37	37
Debts to credit institutions, transactions not settled on the closing day	112	61
Other liabilities, credit institutions	600	600
Other	7	6
<b>Total</b>	<b>756</b>	<b>704</b>

Gothenburg, 23 February 2006



Jan-Olle Folkesson  
Chairman of the Board



Lennart Jeansson  
Deputy Chairman



Gunilla Almgren



Göran Axell



Eva-Britt Gustafsson



Erling Gustafsson

# Auditors' report

## Org. No. 855104-0721

We have audited the annual report, the accounting records and the administration of the board of directors of the Sixth Swedish National Pension Fund for the year 2005. These accounts, the administration and the application of the Public Pension Funds Act when preparing the annual report are the responsibility of the board of directors. Our responsibility is to express an opinion on the annual report 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 high but not absolute assurance that the annual report is 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 assessing the accounting principles used and their application by the board of directors and significant esti-

mates made by the board of directors when preparing the annual report as well as evaluating the overall presentation of information in the annual report. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual report have been prepared in accordance with the Public Pension Funds Act and give a true and fair view of the Sixth Swedish National Pension Fund's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The director's report is consistent with the other parts of the annual report.

The audit has given no reason to qualify our opinion on the annual report, nor on the income statement and balance sheet contained therein, the accounting records or inventory of the Fund's assets or any other aspects of its administration.

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

Gothenburg, 23 February 2006



Anders Bäckström

*Authorised public accountant  
Appointed by the Swedish Government*



Göran Jacobsson

*Authorised public accountant  
Appointed by the Swedish Government*

# Board of Directors



**Jan-Olle Folkesson**



**Lennart Jeansson**



**Gunilla Almgren**



**Göran Axell**



**Eva-Britt Gustafsson**

## **Jan-Olle Folkesson**

*Chairman of the Board*

b. 1939. Elected in 1996.

*Other assignments:* Chairman of the Board of Desam Fashion Group AB, CBN Chamber Business Network AB, Sporthaus Moxter AB, Handelns Forskningsstiftelse, Word Finder International AB and Trados Scandinavia AB. Member of the Board of Lennart Wallenstam Byggnadsaktiebolag, Sahlgrenska Academy, Andra & Sjätte Fastigheter AB and Hakon Invest AB. Holdings in unlisted companies: 30 shares in CBN AB.

## **Lennart Jeansson**

*Deputy chairman*

b. 1941. Elected in 2004.

*Other assignments:* Chairman of Stena AB, Volvo Pensionsstiftelse and BIL Sweden. Deputy Chairman of the Chalmers University of Technology Foundation. Chairman of the Confederation of Swedish Enterprise, Volvo Lastvagnar, Volvo Construction Equipment and Stena Metall.

## **Gunilla Almgren**

b. 1955. Elected in 2001.

*Other assignments:* Managing Director of REGAB Reglerarmatur AB. Deputy Chairman of Börssällskapet. Deputy chair of the Federation of Private Enterprises in Sweden (Företagarnas Riksorganisation). Member of the Board of the Swedish Foreign Trade Association (Sveriges Allmänna Utrikeshandelsföreningen), FöreningsSparbanken in Gothenburg, Almi Väst AB and the Swedish Agency for Economic and Regional Growth (Nutek).

## **Göran Axell**

b. 1936. Elected in 1996.

*Other assignments:* None

## **Eva-Britt Gustafsson**

b. 1950. Elected in 1996.

*Other assignments:* Managing Director of Venantius AB. Chairman of the Board of Specialfastigheter Sverige AB. Member of the Board of Euler-Hermes Kreditförsäkring Norden AB and JM AB. Deputy member of the Board of Botniabanan AB.

## Auditors

Anders Bäckström  
*Authorised public accountant*  
KPMG

Göran Jacobsson  
*Authorised public accountant*  
Öhrlings PricewaterhouseCoopers

# Management



**Erling Gustafsson**



**Mats Augurell**



**Stefan Holmgren**



**Lars Ingelmark**



**Urmas Kruusval**



**Per Rinder**



**Jan-Erik Sundquist**

## **Erling Gustafsson**

### *Managing Director*

b. 1958. Joined the Fund in 1997.

Business Administration graduate

*Board assignments:* Chairman of United Logistics TSGS AB. Member of the Board of Scandinavian Life Science Venture, Andra & Sjätte Fastigheter AB and Aviation Capacity Resources AB. No holdings in unlisted companies.

## **Mats Augurell**

### *Business Area Manager*

#### *AP Partner Investments*

with effect from 2006.

b. 1958. Joined the Fund in 2000.

BSc in Business Administration

*Board assignments:* Member of the Board of TDS Todos Data System AB, Slottsbacken Venture Capital AB and Solibro AB. No holdings in unlisted companies.

## **Stefan Holmgren**

### *Manager of the Treasury*

with effect from 2006.

b. 1961. Joined the Fund in 2000.

Law graduate

*Board assignments:* Chairman of Göta-verken Miljö AB, KVD Kvarndammen Bilauktioner AB and GKSS Event AB. Deputy Chairman of the Royal Gothenburg Yacht Club (GKSS). Member of Riskkapitalbolaget Amplico and GAR Förvaltnings AB. No holdings in unlisted companies.

## **Lars Ingelmark**

### *Business Area Manager*

#### *AP Life Science*

b. 1949. Joined the Fund in 1998.

Medicine graduate, IFL diploma in marketing.

*Board assignments:* Chairman of Scandinavian Life Science Venture, Cefar AB and Svensk Våtmarksfond. Member of the Board of Karo Bio AB, A Carlsson Research AB, Innoventus AB, Karolinska Investment and Svenska Jägareförbundet. Holdings in unlisted companies: Skedala Säteri AB (10 per cent).

## **Urmas Kruusval**

### *Business Area Manager*

#### *AP Direct Investments*

b. 1951. Joined the Fund in 2000.

Business Administration graduate

*Board assignments:* Chairman of AB Volvofinans and Sportex AB. Deputy Board member of Lindab AB and Lindab Intressenter AB. No holdings in unlisted companies.

## **Per Rinder**

### *Business Area Manager*

#### *AP Fund Investments with effect from 2006.*

b. 1948. Joined the Fund in 2002.

Law graduate, reporting clerk to court of appeal.

*Board assignments:* Chairman of MECA Invest AB. Member of the Board of Göta-verken Miljö AB, Engelsberg Industriutveckling AB and Accent Equity Partners AB. No holdings in unlisted companies.

## **Jan-Erik Sundquist**

### *Chief Financial Officer*

b. 1953. Joined the Fund in 2005.

Business Administration graduate

*Board assignments:* None

No holdings in unlisted companies.

[www.apfond6.se](http://www.apfond6.se)



Sjötte AP-fonden

**THE SIXTH SWEDISH NATIONAL PENSION FUND**

Östra Hamngatan 18  
SE-411 09 Gothenburg, Sweden  
Tel +46 (0)31-741 10 00  
Fax +46 (0)31-741 10 98