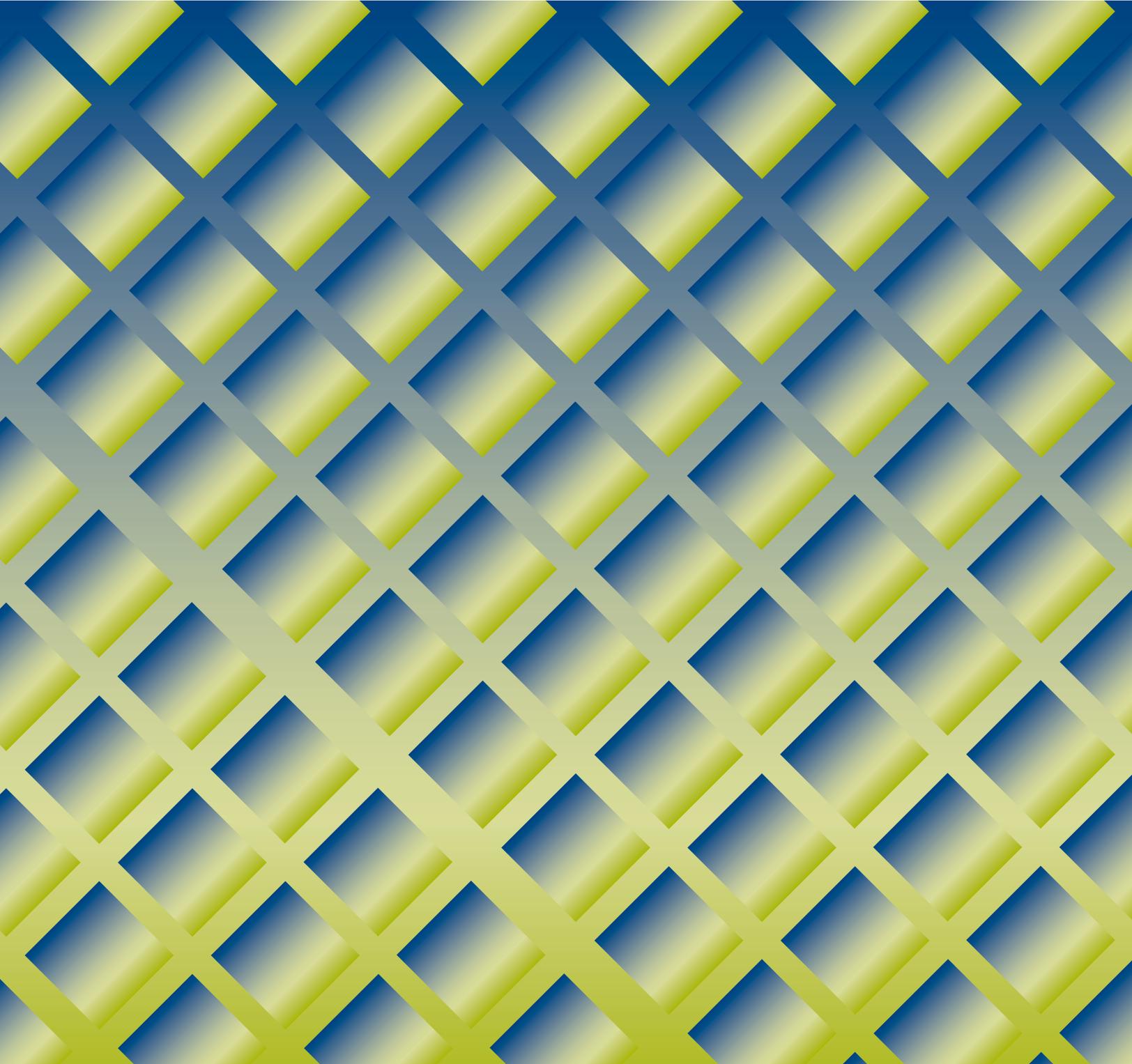


Sixth AP Fund Annual Report 2012



Contents

2012 in brief	1
The Sixth AP Fund in brief	2
Managing Director's statement	4
Overriding mission	7
Company Investments	10
Investment strategy	11
Examples of holdings	13
Fund Investments	14
Investment strategy	15
Examples of holdings	17
Sustainability work	18
Employees and organisation	20
Chairman's statement	23
Fund management report	24
Board of Directors	27
Management	28
Comparison of remuneration levels	29
Administration report	30
Income statement	37
Balance sheet	38
Notes	39
Audit report	48
Definitions	49

The Sixth AP Fund received its mission in 1996 and in that same year was allocated SEK 10.4 billion. This has grown by SEK 9.8 billion, which means that the Sixth AP Fund's capital totalled SEK 20.2 billion on 31 December 2012.

The strategy is based on the mission formulated in the Sixth Swedish National Pension Fund Act (2000:193). In simplified terms, this entails that the funds received by the Sixth AP Fund are to be invested in unlisted companies, that is, companies not listed on the stock exchange. The requirement is that the investments made shall provide a high long-term return, while also offering satisfactory risk diversification.

On the basis of this, the Board interprets the mission and formulates the strategy for the business.

In 2011, the government appointed a partly new Board, which in the same year made its interpretation of the mission and altered the strategy for how the Sixth AP Fund shall invest its funds. The new strategy entails a clear focus on more mature companies, from which the Sixth AP Fund has historically gained a high return: 17.1 per cent annually for investments directly in companies and 14.8 per cent annually for investments in companies through funds.

The new strategy is in line with the proposals made in the study dealing with how the future buffer capital should be organised.

The Sixth AP fund invests in two ways: firstly, directly in companies in which the Sixth AP Fund gains an ownership share in the company and board representation. Secondly, indirectly through funds, which is done by investing money in a fund managed by a fund company. This fund subsequently invests in a number of different companies.

2012 in brief

The return for the year amounted to

9.2%

The average return during the past 10 years was

5.7%

Profit for the year totalled

SEK 1,701 M

- Karl Swartling was appointed as the new Managing Director of the Sixth AP Fund in September following the resignation of Marianne Dicander Alexandersson during the spring.
- Norrporten, of which the Sixth AP Fund owns 50 per cent, invested in property in Stockholm with floor space of 53,000 square metres. The value of the deal exceeded SEK 1.1 billion.
- During the second quarter, the Norwegian competition authority approved Mekonomen's acquisition of the previously wholly owned automotive parts company, Meca. Thus, it was possible to complete the sale. As part of the payment, shares were received in Mekonomen, which were subsequently divested.
- The last portion of the shareholding in Lindab was sold.
- A commitment to invest EUR 65 million was made to Nordic Capital.
- At year-end 2012, an investment was made in the Norwegian offshore service company Aibel. The investment was made together with the Swedish private equity conglomerate, Ratos.
- In August, a report on the future buffer capital was submitted to the government. The Sixth AP Fund is positive to a number of the proposals made.



The Sixth AP fund in brief

Mission and strategy

The Sixth AP Fund shall invest in unlisted companies, meaning companies that are not quoted on the stock exchange.

The requirement is that the investments made shall provide a high long-term return, while doing so with satisfactory risk diversification.

The new strategy approved by the Board entails a clear focus on more mature companies, from which the Sixth AP Fund has historically enjoyed a high return.

The new strategy is in line with the proposals made in the report dealing with how the future buffer capital is to be organised.

Differs from other AP funds

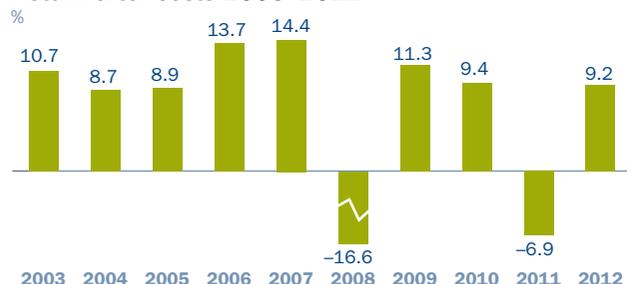
- Evergreen fund, no payments from or disbursements to the pension system
- Investments in unlisted companies
- Invests directly in companies and indirectly in companies through funds.
- Focuses on investment in the Nordic region.

The goals of Sixth AP Fund

The Sixth AP Fund shall create a high long-term return, while also maintaining satisfactory risk diversification through investments in the private equity market. The actual return target is represented by Handelsbanken Nordix All-Share Portfolio Index Total Return, with a risk premium for unlisted companies of 2.5 per cent.

Read more about our goals on pages 7-8.

Return after costs 2003-2012



Return over ten and five years, as well as for 2012

Year	2003-2012	2008-2012	2012
Total Buyout	16.3%	7.1%	13.5%
- Funds	18.6%	7.9%	17.7%
- Direct	14.8%	6.6%	11.4%
Total Venture capital	-14.2%	-18.3%	-5.0%
- Funds	-5.2%	-6.4%	19.1%
- Direct	-24.7%	-27.0%	-19.6%

The Sixth AP Fund manages SEK 20.2 billion

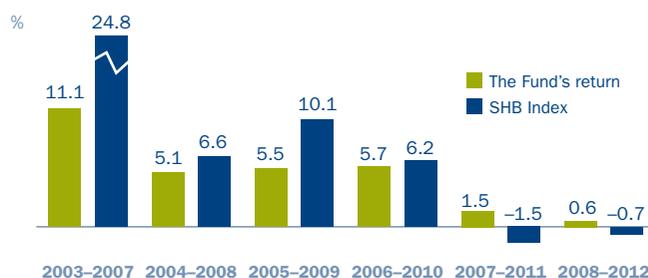
40% companies
Some 50 companies



28% funds
300 companies

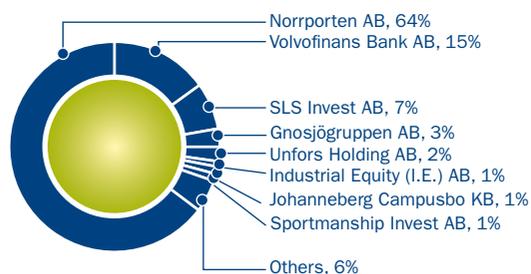
32% Liquidity

Return after costs, rolling five years, compared with index

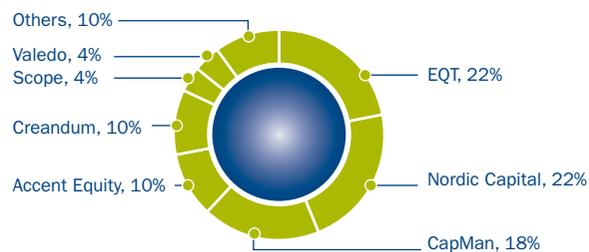




Major company investments



Major fund investments



Profit/loss breakdown by segment, 2003–2012

SEK M	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Average return, %
Buyout	1,127	836	1,590	1,422	1,976	-875	937	1,548	1,104	1,566	16.3
Venture Capital	-219	53	-637	-46	468	-874	-121	-683	-2,087	-131	-14.2
Return on capital employed	908	889	953	1,376	2,444	-1,749	816	865	-985	1,435	6.7
Treasury, risk management and internal costs	245	221	288	688	-12	-1,503	1,037	841	-397	266	-
Profit/loss	1,153	1,110	1,241	2,064	2,432	-3,252	1,853	1,706	-1,380	1,701	5.7

MANAGING DIRECTOR'S STATEMENT

Strong focus on new investments

During the year, the Sixth AP Fund continued to apply practically its new strategy by streamlining the portfolio and investment activities toward more mature companies. Target-oriented efforts to identify potential business partners led to an increased flow of new investment opportunities. Along with a sharp increase in liquidity as a result of a number of successful divestments, the conditions were created for a number of new investments in the years ahead. Sustainability issues also gained greater attention and are being actively integrated into investment activities.

During 2011, an extensive analysis was made of the Sixth Fund's holdings and forward-looking strategy. As the newly appointed Managing Director during autumn 2012, my focus has been on ensuring that these changes were applied in practice. In particular, this involves the new strategy of focusing on more mature unlisted companies, both directly and indirectly. In parallel with this, the organisation's working method continued to be developed and clarified. The focus has been on the quality assurance of the processes required for a professional investment business. This entailed extensive internal change programmes that are still in progress.

Profit and return

The net profit for 2012 amounted to approximately SEK 1.7 billion, corresponding to a return of 9.2 per cent. The return

should be compared with the benchmark index for 2012 (SHB Nordix All-Share Portfolio Index Total Return, with an increment of 2.5 percentage points), which amounted to 20.2 per cent. As the Fund works with a very long-term investment horizon, we feel, however, that this comparison should be made over a considerably longer time series. The Fund's net return has been 5.7 per cent annually over the past decade. On the one hand, this is the effect of highly successful investments in the mature segment (+16.3 per cent), and, on the other hand, sharply negative returns from venture investments (-14.2 per cent). The corresponding target for this time period is 13.8 per cent. Over the past five years, the Fund's net return was +0.6 per cent, compared with the target of +1.8 per cent. Historically, the Fund's return in Buyout/mature investments has system-

atically exceeded the target in comparisons over a number of years. However, this does not apply to the Fund's venture investments, which currently represent an increasingly smaller portion of the portfolio.

Performance of current holdings

Work with the current portfolio has entailed a number of successful divestments in direct investment activities. Measures have also been implemented to strengthen and further develop current holdings. All these actions are aimed at completing the adjustment of the portfolio to bring it into line with the new strategy in which the focus is on more mature companies.

As regards indirect investment via managed funds, during the year a programme aimed at further diversification was com-



Karl Swartling
Managing Director, Sixth AP Fund

pleted. This is being implemented through, for example, transactions on the market for secondaries and co-investments.

In 2012, portfolio companies that represent the largest holdings of the Sixth AP Fund in terms of value reported a favourable trend. Investments in managed funds also generated healthy results in the form of increases in value and repayments.

In the direct portfolio, Norrporten is the absolutely largest holding in terms of value.

The company continues to show stable development. The business is delivering according to schedule and features a large project portfolio for continuing value creation as well as rising surplus values in Sweden.

VolvoFinans also continues to deliver according to plan. One gratifying feature was that the company succeeded in increasing deposits from the public, which has become

an increasingly significant funding form that reduces the dependence on assessments by credit rating institutions. Also, business involving the Volvo charge/credit card continued to perform favourably during the year.

The fund portfolio reported a healthy performance in 2012. A number of exits are noted among our funds, while the value trend in the remaining portfolios has been positive overall. This has entailed a favourable flow of repayments to the Sixth AP Fund.

Active work with new investments

The work level during the year was very high, also in the case of new investments. We witnessed a favourable flow of exciting opportunities. New fund commitments were made to Nordic Capital, Cubera, Creandum and Scope.

During the year, intensive efforts were pursued to reposition the Sixth AP Fund for new, direct investments. This involves establishing a presence as a partner vis-à-vis other investors – for joint investments and syndications. This work has resulted in an increasing number of proposals that are continually analysed. It was very gratifying to be able to close the year by investing in the Norwegian oil services company Aibel, which we did together with the Swedish private equity conglomerate Ratos. We view the company as a highly exciting investment opportunity in an expanding industry with favourable growth potential. This investment is completely in line with our strategy of investing in more mature unlisted companies with positive growth opportunities, preferably in the form of joint investments and close shareholder cooperation.

Divestments

Over the course of the year, the Sixth AP Fund built up relatively substantial liquidity as a result of a number of significant divestments. The overwhelmingly largest of these was the transaction through which Mekonomen acquired the shares in Meca. With the Sixth AP Fund as owner, the Meca Group developed from being a local company to a leading player in the aftermarket for automotive parts, tools and engineering equipment in Scandinavia. The investment in Meca generated a profit of SEK 800 M, corresponding to an annual return of some 8 per cent.

The Fund had its holding in Lindab over a protracted period and benefited from an annual return of about 22 per cent. During the year, the remaining holding was divested in two batches.

Another divestment was the sale of STT Condigi, with a leading position on the Norwegian market for security in geriatric care and medical services. The buyer was Tunstall Healthcare Group, which is a world leader active in the same area. STT Condigi displayed sharp growth during the Sixth AP Fund's holding period.

As a result of these divestments and others, as well as substantial repayments from the fund activities, during 2012 the Sixth AP Fund created a favourable starting point and a very strong position for new investments during the years ahead.

Increased competence transfer

The new strategy also affects the organisation and working methods. For me as the new Managing Director, it has been important to introduce and stimulate working forms that enhance the transfer of competence among the organisation's various sections, and to raise efficiency. In line

with the introduction of revamped working methods, the strengthening of processes and committee work, the working tasks have changed and employees have changed roles. Among other developments, new managers have been appointed to lead Company Investments and Fund Investments.

“A favourable starting point and a very strong position for new investments”

Sustainability

For the purpose of having sustainability as an integral component of our investment activities, we intensified our efforts in this area during the year. This will continue to be a priority area. The Sixth AP Fund is affiliated to the United Nations Principles for Responsible Investments – PRI. The basis for our work is a model featuring requirement specifications, monitoring and assessment of all the Fund's holdings. In our programmes involving sustainability issues, we turn to PRI and other industry-wide or international regulations. As always, these must be broken down and adapted to current operations, which offer specific opportunities and challenges. Consequently, we feel it is necessary to supplement the range of international regulations with various requirement specifications and forms of reporting forms on the basis of the configuration of our portfolios.

The future pension system

In August, the report on the future buffer capital was submitted to the government. The referral process, which was finalised in December, included a series of dif-

ferent organisations, representatives of labour market parties and financial market representatives. As in the case of a number of other authorities, the Sixth AP Fund submitted a referral response. The Fund is positive to a number of proposals presented in the report, including the potential for more liberal investment rules. We regard the

report's proposals as generally positive in respect of continuing investments in Private Equity. This is also supported by the Fund's own historically high return on investments in mature unlisted companies (Buyout), both directly in companies and indirectly in funds. A return that outperformed that of the

stock exchange. With this as the point of departure, we believe that investments in this asset class are well suited to a future buffer capital system, too.

Exciting times ahead

The overall effect of divestments, the focus on new cooperation and other measures entail that the Sixth AP Fund meets a new year with a strong balance sheet, favourable liquidity and a clear strategy for new investments. This provides stability in operations and lays the foundation for being able to act on the market for the purpose of creating a healthy long-term return on the pension capital.

Gothenburg, February 2013

Karl Swartling
Managing Director, Sixth AP Fund

Overall mission

The Sixth AP Fund's activities are based on the mission decided by the Swedish Parliament, as formulated in the Sixth National Pension Fund Act (2000:193). On the basis of this, the Board interprets the mission and formulates the strategy for the business.

The Sixth AP Fund manages public pension funds and was given its original mandate in 1996. At that stage, the Fund received SEK 10.4 billion as investment funds, which by year-end 2012 had grown by SEK 9.8 billion to a total of SEK 20.2 billion. This corresponds to an annual net return since 1996 of 4.2 per cent.

The Sixth AP Fund is an evergreen fund, which means that no new funds are paid into the Fund. Similarly no funds are withdrawn from the Fund. The Sixth AP Fund manages the funds originally entrusted to it

as well as any returns on these funds. This offers the Fund considerable flexibility in terms of investment horizon and holding periods for the individual investment, which conventional private equity funds do not have.

Mission and goals

The Sixth Swedish National Pension Fund Act defines the objectives for investment activities as follows:

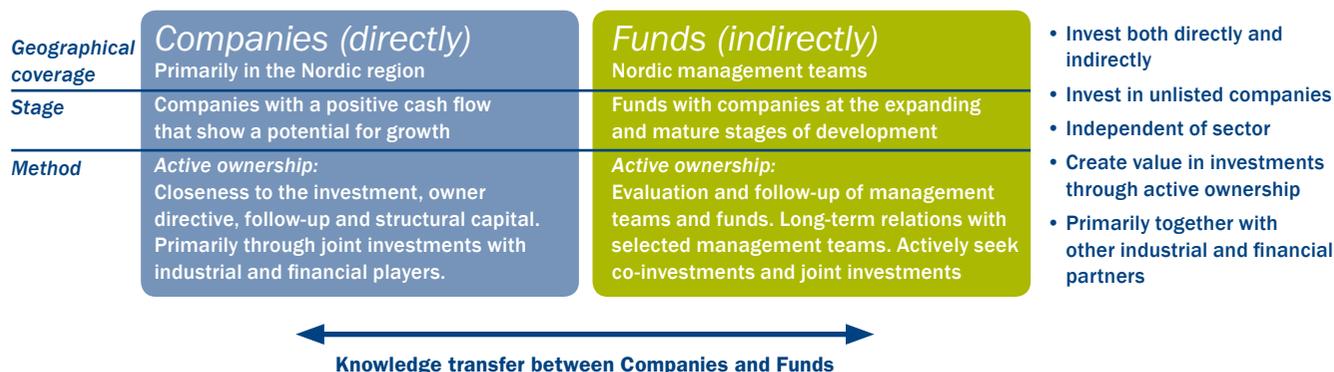
- The Sixth AP Fund shall, insofar that it benefits the insurance for earnings-related pensions, manage the funds entrusted to

it by making investments in the private equity market.

- These funds shall be invested in a manner that meets the requirements for high long-term returns and satisfactory risk diversification.
- The Fund must clearly specify goals for its investment activities.

The current Board's subsequent definition of the mission is that the Sixth AP Fund shall create high long-term returns and maintain a satisfactory level of risk

Investment strategy



diversification by making investments in the private equity market.

During the year, the Fund implemented a new return target against which the business performance shall be measured and assessed. Evaluating the return from the type of long-term investment strategy that the Sixth AP Fund follows also requires protracted measurement periods. The Sixth AP Fund's return target is represented by Handelsbanken Nordix All-Share Portfolio Index Total Return over a rolling five-year period, with a risk premium of 2.5 per cent for unlisted companies. The historic return began to be measured against this target in 2012.

Unique position on the Nordic private equity market position

The Sixth AP Fund is a long-term investor in unlisted companies. The focus is on more mature companies with growth potential. In this segment, the Fund has historically enjoyed a high favourable return (+16.3% annual return since its inception in 1996). This applies irrespective of whether the investments are made directly in compa-

nies (+17.1%) or indirectly via other funds (+14.8%). The Fund's future-oriented strategy is to build further on such investments in the Buyout segment. Direct investments in previous stages (venture capital) have thus not been included in the Fund's strategy since 2011.

The Fund utilises its strength both directly in companies and indirectly through funds. The investments in funds are conducted with the focus on medium-sized and large buyout funds. As noted above, direct investments in companies focus on more mature companies, and are preferably conducted together with other financial and industrial co-investors.

By means of this strategy, the Sixth AP Fund seeks a position as a long-term business partner to the funds and investment companies active on the Nordic market, and which share our long-term investment horizon and also have a robust return history. The Sixth AP Fund can act as a business partner by committing capital and investing in other management teams, but can also act as a direct investor and strong business

partner in a specific company investment. In many contexts, this entails co-operation in which the Sixth AP Fund takes a minority position and works closely, or via a business partner, for the purpose of creating value in the investment.

Thanks to our flexibility, we can perform in various roles as an investor, and have accumulated experience and structural capital to work both with direct and indirect investments.

Current business priorities

In the change and adjustment process that the Sixth AP Fund is undergoing, we have two fundamental business priorities:

- Maximise the value of current holdings through continuing development and/or through divestment when it is viewed as optimal from a value-creation perspective.
- Conduct new investments in line with the new strategy and steadily build a portfolio of more mature holdings that meet our return requirement.

Our organization is currently staffed to handle both of these priorities. We believe

Annual return for the period 1996–2011

	Direct investments	Funds
Buyout (Mature companies)	Accumulated profit: SEK 7.3 billion Annual return: 17.1 %	Accumulated profit: SEK 4.9 billion Annual return: 14.8 %
Venture Capital (early stage)	Accumulated loss: SEK -4.4 billion Annual return: -24.7 %	Accumulated loss: SEK -1.1 billion Annual return: -5.0 %

Note: Excluding investments made in liquidity management

we have favourable conditions for completing this adjustment in a manner that maximises the long-term return.

What we represent as an owner

The Sixth AP Fund's activities and ownership role shall be marked by being business-like but also responsible. As an owner, our aim is that – through the three development stages, namely, acquisition-management-divestment – provide business expertise and experience on the basis of our values.

Ahead of each investment, whether it involves a company or fund, a detailed analysis is made of the potential object. This involves studying current operations, history and the future.

Several areas are studied in a bid to gain answers to different questions. These range all the way from costs and revenue to the configuration of production and the legal structure. But it is not just purely a matter of financial factors and the return on the investment, but also the aim of working towards long-term and sustainable enterprise.

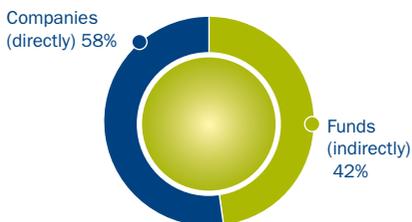
A commercial operation in which the Sixth AP Fund is an owner is expected to create value, expand and develop in a competitive market. In addition, the business must take due consideration of people and minimise its environmental impact. Thus, as an owner, the Sixth AP Fund seeks to assume responsibility and develop its investments in a business-like manner to attain its earnings potential, in parallel with meeting the sustainability requirements.

This is expressed by the fact that, in our ownership role, we seek to be involved and specify professional requirements. In addition, it involves being active in order to influence our investments.

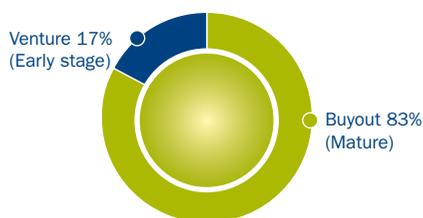


Investment activities, 31 December 2012, total

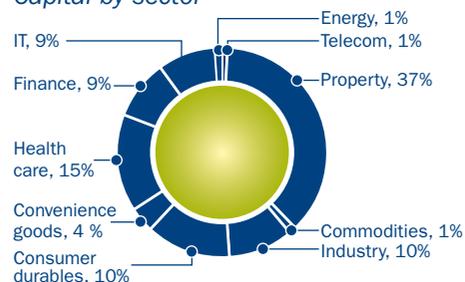
Investment activities



Capital by segment



Capital by sector



Company investments

The Sixth AP Fund invests directly in unlisted companies and sector independent, primarily in the Nordic region. The focus is on more mature companies with growth opportunities, meaning companies with positive cash flows and have made some progress in the development of their business concept. That the companies are growth oriented and offer potential for further expansion is of central and crucial significance.

The market-valued capital of Company Investments totalled SEK 8.0 billion (9.4) at year-end 2012 and profit for the year before internal costs amounted to SEK 526 million (loss: 934). As in previous years, it was companies in the mature stage (buyout) that generated the return, while remaining companies in the early stage (venture) found it difficult to live up to expectations. A streamlining of the portfolio continued during 2012, leading to the divestment of some ten companies, since they were no longer regarded as being within the Fund's core portfolio.

The Fund's goal is to optimise returns, which entails that in the future capital will be allocated to more mature companies. The

strategy is also that investments shall preferably be made together with strong financial and industrial partners, thereby reducing the risk in the investment.

Active and responsible owner

The Sixth AP Fund's goal is to be perceived as an active and responsible owner. This is achieved through, for example, a dialogue between the Fund and the particular company's executive management and board. These must be familiar with the owners' aim for the particular investment and agree with our ownership policy. When the Fund is a substantial owner in the company, direct board representation should also be sought. The Board of Directors shall annu-

ally assess the company's activities. As an owner, the Fund shall study this analysis and follow-up.



In the future, we plan to focus on more mature companies. Younger companies will be divested in pace with their growth and the development of their value creation. The purpose is to find new owners for these companies and preferably in an industrial structure.

Mats Lindahl, Business Area Manager, Company Investments



Investment model



Company Investments business area focuses on companies that have an established business model and market position, along with growth potential.

Investment strategy

Since autumn 2011, the Sixth AP Fund has worked with a strategy that entails even closer co-operation with professional investors. Partnership creates superior conditions for identifying attractive investment opportunities and we can gain more rapid leverage of our strong capital position. During the year, we noted significant interest from potential co-investors. This factor, combined with our high liquidity, leads us to believe that the conditions are good for investment activities during the year ahead.

In evaluating new direct investments, we make an assessment based on a number of factors. These include:

Geography

We focus on Nordic companies. However, in the case of joint investments with a Nordic partner we also evaluate opportunities outside the Nordic region.

The company's stage

The focus is on more mature companies with growth opportunities, meaning companies that have positive cash flows and have made some progress in the development of their business. It is also crucially

significant that the company is growth oriented and offers potential for further value growth.

Sector

All companies in various sectors and with differing conditions are attractive, provided that they are deemed to be able to meet the Fund's return requirement.

Size

The size of the investment that the Sixth AP Fund primarily seeks for new direct investments ranges from SEK 100 million to SEK 1 billion.

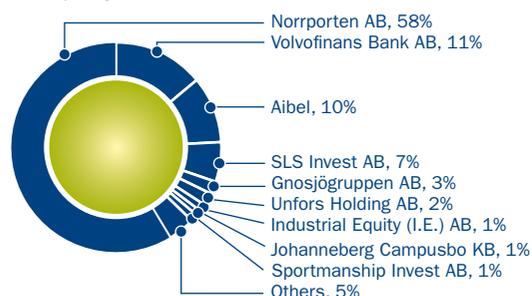
Ownership share

Our primary focus is on making investments along with partners who personally seek majority investments but who, for various reasons, wish to have a syndication partner. The Sixth AP Fund's ownership share can thus vary from 5 to 50 per cent for the specific holding.

Ownership horizon

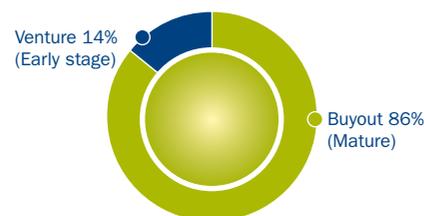
There is considerable flexibility here. Along with our co-investor, we remain an owner as long as the company displays value growth that meets our return requirements.

Largest company investments, incl. Aibel



Aibel is awaiting approval from the relevant competition authorities.

Capital by segment



Ownership role

The ownership role for our partners and us is defined as active, with requirement specifications. This applies throughout the entire process, all the way from acquisition, during the management phase and, finally, in conjunction with the divestment of the holding. Our influence varies based on the ownership share. Through an active dialogue with joint investors and portfolio companies, we ensure that our voice is heard. During the management stage, the work is conducted through the company's board.

Along with other owners, we ensure that the boards of the holdings have the relevant competence. As an owner, we have ambitious aims in respect of the holdings' work with sustainability issues. An endeavour that we also wish to see reflected in the board's composition.

Current portfolio

Following major change programmes during 2011 and 2012, we now feel considerable security in our existing portfolio. It currently consists of three components that, combined, represent an exciting mix. These three components are:

- a group of rapidly growing small companies,
- another group that is nearing an internationalization phase, and
- a third group consisting of large companies with stable cash flows.

The work involved in adjusting the current portfolio on the basis of our new strategy is proceeding in a responsible manner. Companies developing according to plan have a place with the Sixth AP Fund as an owner. Non-strategic holdings are being realised at a pace that is commercially warranted.

Our primary lodestar is the return we can generate for the pension system.

Investment activities in 2012

The year was marked by a high level of activity. A great deal of work was devoted to adjusting the portfolio. This has involved a major focus on new investment projects, at the same time as we have been active in divestments.

During the year, we evaluated a large number of new investment opportunities. Even though the market for corporate divestments was occasionally sluggish during 2012, we continuously had a number of new projects under evaluation and adopted an active position on the market. Meanwhile, we conducted several phase-outs of both an aggressive and defensive character.

During the final month of the year, a major investment was conducted that is completely in line

with the new strategy based on long-term investments in unlisted, more mature companies.

Along with Ratos and the Norwegian company Ferd, we invested in the Norwegian oil services company, Aibel. We view this investment as an exciting opportunity for a favourable long term return for the Fund. The company has lengthy industrial experience and is in a leading position in an expanding sector with healthy growth prospects.

In cases of direct investments like this, we readily seek co-operation with other investors. We view positively our ownership co-operation with Ratos, of which we previously have positive experience.

Divestments in 2012

Our holding in Meca was divested during the spring to Mekonomen. When the Sixth AP Fund became part owner in Meca in 2000, turnover was SEK 140 million and the number of employees was about 80. Rather soon, the Fund became sole owner and then conducted a number of measures to develop the company. In conjunction with the divestment, turnover was about SEK 1.5 billion and the number of employees totalled 600. With the Sixth AP Fund as owner, the Meca group advanced from being a local company to a leading player in the aftermarket for automotive parts, tools and engineering equipment in Scandinavia.

Lindab is a holding that we have had over a protracted period and with a high return. The remaining shares in the company were sold in two batches during 2012.

These divestments, combined with the disposal of a number of small, non-strategic holdings, entailed that we currently have considerable resources to complete new deals.



Key divestments during the year

Company	Investment year	Annual return
MECA	2000	8%
Lindab	2001	22%

Examples of holdings



Gyros

has developed an instrument that is used for the analysis of protein in connection with the development and production of protein pharmaceuticals. Protein pharmaceuticals account for most of all new pharmaceuticals coming on the market.

Ownership share 95.2%



Gnotec

is a leading supplier of worked-up sheet metal components for customers active in, for example, the automotive industry. The company conducts its operations at facilities in Kinnared, Reftele, Habo, Anderstorp and in Cadca in Slovakia.

Ownership share 100%

Accumulate

is a company working with technology and services for secure payments and secure authenticity by means of mobile telephones.

Ownership share 22%



Norrporten

is a property company that acquires and manages primarily centrally located commercial properties with high quality. The property portfolio is located in areas with long-term development potential along the E4-corridor.

Ownership share 50%



Fund Investments

The Sixth AP Fund invests in funds with experienced Nordic management teams in companies active in market segments such as venture capital and buyout. The Sixth AP Fund invests primarily in primary funds but is also active in the secondary market through commitments to secondary funds and through the acquisition of secondary participations.

The business area is split into three sub-portfolios – buyout, venture capital and secondaries. All investments in the last-mentioned portfolio are conducted in the buyout segment. The business area manages market-valued capital of SEK 5.7 billion (5.2) and profit for the year before internal costs was SEK 910 million (748).

The Sixth AP Fund builds long-term re-

lations with experienced management teams who are deemed capable of delivering high long-term returns. In choosing a management team, the Sixth AP Fund is selective and seeks a well-diversified portfolio. There is also the possibility of conducting joint investments and co-investments with the funds; these investments are managed by Company Investments. As an investor in

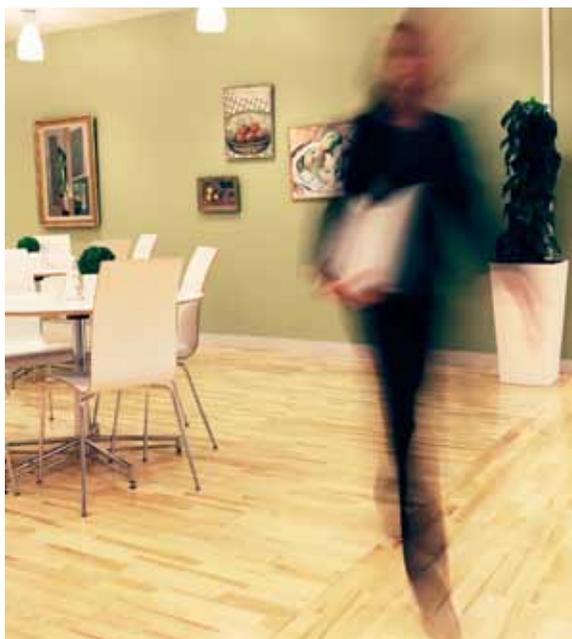
funds it is important to select the right management team, but also to continuously commit capital in order to attain a uniform investment pace over various business cycles.



The goal for the year ahead is to be active with new investments and to add new teams to the portfolio. The focus is primarily on investments in buyout funds, while investments in venture funds will be selective.



Karl Falk, Business Area Manager Fund Investments



Investment model



Fund Investments can generally be said to encompass everything from Venture to Buyout companies.

Investment strategy

The Sixth AP Fund's strategy includes being active with new investments and expanding our portfolio with more management teams. This approach will lead to a higher degree of diversification. In line with the overriding strategy, the focus is primarily on investments in buyout funds, while investments in venture funds are conducted more selectively.

The Sixth AP Fund makes primary investments in private equity funds while also being active in the secondary market. We invest primarily in funds with experienced Nordic management teams, who in turn invest in the buyout and venture capital market segments.

Keener focus on the secondary market

During the year, we intensified our focus on the secondary market, based on our strategy of increasing diversification in the portfolio. Since, by definition, the holding periods are long in private equity funds, we see attractive opportunities to acquire participations in private equity funds that are more

mature and in which we more rapidly can attain a realised return. We feel the market for these opportunities is attractive.

Evaluation of new investments

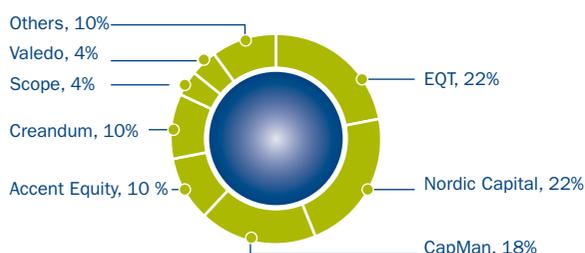
In assessing new fund investments, we take into consideration a number of overriding aspects:

- We invest primarily in funds with experienced management teams, who in turn invest in companies in the buyout and venture capital market segments.
- Major importance is attached to the evaluation of the frameworks established for a fund – commercial, legal and financial. The most significant components in the evaluation process consist of an

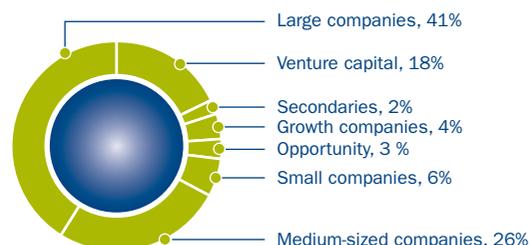
assessment of strategy, market position, organisation, processes, active ownership, return, and ESG issues.

- An additional aspect of the evaluation is to assess how the individual fund matches the overall fund portfolio. The Sixth AP Fund seeks a well-diversified portfolio in terms of the number of management teams, vintage, sector, geography and stage.
- As an investor in funds, it is important to select the right management teams, and also to continually commit capital to attain a uniform investment pace over various business cycles.

Major fund investments



Stages



The role as an investor in funds

The Sixth AP Fund builds long-term relations with management teams deemed capable of being able to deliver a healthy long-term return. We seek representation on the funds' Advisory Boards, which are usually made up of representatives of the major investors and whose roles are regulated in the fund agreement. This offers the potential to gain more detailed information regarding fund performance and to participate in issues such as the management of any conflicts of interest and approval of key people.

However, the point of departure is always that the management team assumes full responsibility for fund management in terms of investment and divestment decisions, and the exercise of ownership and value creation in the portfolio companies. Apart from regular reports and annually

general meetings, we also seek an on-going dialogue with funds to gain information regarding their performance.

Sector development

The Sixth AP Fund feels it is important to participate in the general development of the sector. This is done, for instance, through membership of a number of the sector's forums such as ILPA (Institutional Limited Partners Association), EVCA (European Private Equity and Venture Capital Association) and SVCA (Swedish Private Equity & Venture Capital Association).

The ILPA investor organisation works, for example, with best practice in areas such as alignment of interest between investors and management teams, governance issues, transparency and reporting. This helps us to exchange experience with other investors, monitor the development of best practice for investors at the international level and gain valuable information for the Sixth AP Fund as an investor.

Investment activities in 2012

During the year, the Sixth AP Fund has been active in the market through new investments both in buyout and venture, as well as in the secondary market. Activity in the fundraising market was high during the past year; however we note generally that it takes longer to raise capital now in the current market climate and a number of processes are continuing into 2013, too. We believe there will be many attractive opportunities during 2013.

The buyout portfolio

performed favourably during the year and a number of portfolio companies were realised with a healthy return. This entailed repayments to us as an investor. This was in addition to an upward revaluation of current holdings.

The venture portfolio also reported a favourable trend during the year. In particular, profit was positively impacted by the upward revaluation of the portfolio holdings.

During 2012 a number of new commitments were made:

- EUR 65 million in Nordic Capital VIII – Nordic Capital established a presence on the private equity market already in 1989 and is one of the most experienced players on the Swedish market. During the more than 20 years that the team has been on the market, they have managed to raise seven buyout funds and steadily broaden their geographic focus.
- EUR 15 million in Scope III – Scope, which was established in 2001, is active in the growth segment and invests in Nordic growth companies.
- EUR 15 million in Creandum III – Creandum is a Swedish private equity fund that was partly established by the Sixth AP Fund. Investments are made in the company that extend over the start-up and expansion stages and in the consumer, software and hardware industries.
- EUR 10 million in Cubera VI – Cubera was established in 2006 and is active on the Nordic secondary market, with its primary focus on acquiring fund participations in the buyout segment.
- EUR 10 million co-investment in the secondary segment with Cubera VI in HitecVision IV and V. HitecVision was established in 1985 and focuses on the oil and gas segment. The majority of the companies are active in Norway.



Examples of holdings



EQT

EQT, with more than EUR 19 billion of managed capital has a number of investment strategies and funds, such as Equity (buyout), Credit and Infrastructure.

EQT Partners is an investment advisor for all EQT funds and has some 230 employees in 11 countries, of whom about 120 are investment specialists.



Accent Equity,

Accent Equity, which was established in 1994, is a management team focusing on buyout investments in the Nordic region.

With a base in Stockholm, Accent Equity has 15 employees with both industrial and financial competence and also has a large number of industrial advisors in its network.



Creandum

Creandum is a Nordic management team that invests within the venture capital area, focusing on company investments in the consumer, hardware and software sectors.

Creandum has more than EUR 200 million under management and has invested in more than 20 companies, such as Spotify, Wrapp and Izettle.



Cubera

Cubera, which is based in Stockholm and Oslo, is a private equity player focusing on secondary transactions in Nordic buyout funds.

Cubera has acted as advisor for six funds and has a team consisting of eight employees.

Sustainability work

Commencing on the basis of the changes implemented at the Fund, work involving sustainability has also gained a more clarified structure and direction. The aim is that sustainability programmes should form a completely integral part of the Fund's investment operations, both for direct investments and investments in funds.

Having signed the United Nations-backed Principles for Responsible Investments, PRI, the Sixth AP Fund has commenced work designed to draw up models for implementing sustainability in on-going operations and to set requirement specifications and monitoring in respect of our investments. The models were tested during 2012 with favourable results and will be further developed during the years ahead.

In conjunction with work involving new fund investments, the Sixth AP Fund has incorporated ESG issues in negotiations as well as requirement specifications. This has resulted in a greater exchange of experience with other financial players on the basis of international frameworks. It has also led to discussions concerning consensus and co-ordination of future requirement specifications and goal fulfilment.

Encouraging holdings to affiliate to international regulations

It is important for the Sixth AP Fund to find its own way in observing the relevant international guidelines and conventions.

A practical resource for our direct investments is the UN Global Compact, which contains ten principles. By affiliating to this, a company pledges that, in its sphere of influence, it will support and act on the basis of a number of core values relating to human rights, working and employment conditions, environment and anti-corruption.

The Sixth AP Fund believes that the UN Global Compact's principles represent a good tool for companies wishing to develop

their sustainability programmes, and our endeavour is to, via our ownership role, influence our holdings to work actively in line with these principles.

One established and applicable tool for investor organisations (including private equity funds and buyout funds) is PRI. A number of the financial players to whom the Sixth AP Fund has committed capital are already affiliated to or have guidelines that track PRI. However, also in this case our endeavour, via our role as an investor and in

Requirement specifications

The principles are based on the UN Declaration on Human Rights, the ILO's basic conventions on human rights in working life, the Rio Declaration and the UN Convention against Corruption.

- Compilation of information with questions for all holdings (companies and funds)
- Companies in which the Sixth AP Fund has direct ownership are encouraged to affiliate to the UN Global Compact.
- Funds in which the Sixth AP Fund has an ownership share are urged to affiliate to or work in line with the PRI principles or act in line with PRI principles
- Monitoring
- Report in the four-month closing accounts for holdings
- Evaluation
- The established objectives for holdings are checked regularly (on a four-month and annual basis)

close cooperation with other investors, is to promote proactive and continuous development work on the basis of these principles.

Integration of sustainability issues in investment activities

As an investor of state pension funds, the Sixth AP Fund is subject to requirements from the owner to observe sustainability issues. In connection with the decision to affiliate to the United Nations-backed PRI, the Fund has drawn up a new sustainability policy, which integrates sustainability issues into investment activities.

This proceeds primarily through a work method that involves requirement specifications, monitoring and evaluations.

In the case of new investments, sustainability issues are integrated into the due diligence process in a clear manner. Transactions are ruled out of selection when the Fund concludes that potential investment objects cannot meet the requirements set for sustainability work.

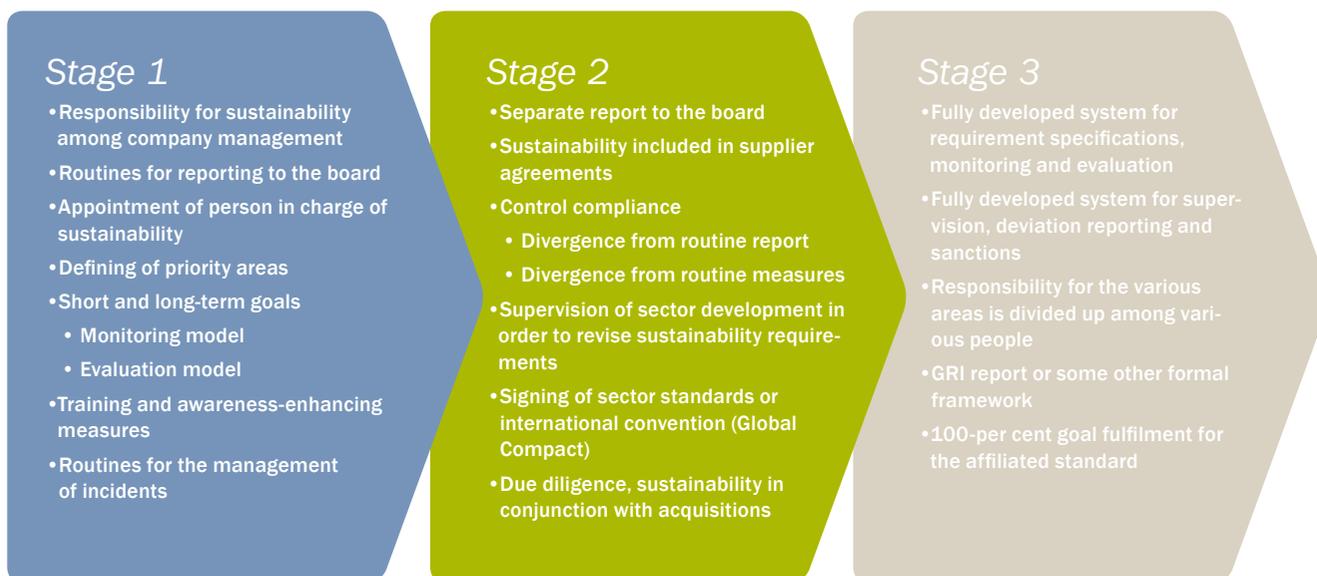
Current holdings in companies and funds are managed in line with a model in which the demands imposed on sustainability programmes become steadily more stringent. On-going status updating is applied to all holdings through integrated reporting in conjunction with the four-month closing accounts. By this means, potential improvement areas can be identified and rectified.

In an effort to continually increase

awareness of and raise the level of knowledge of sustainability issues, the Fund arranges training programmes and meetings. This is done internally in the Fund's organisation as well as together with the holdings. The latter represents a way of promoting an exchange of know-how among the Fund's various investments.

Also in its ownership policy, the Sixth AP Fund has direct links to the sustainability policy. This is a way of further underscoring that sustainability questions are not separate issues that are dealt with individually, but are actually an integral part of investment activities.

Management and steering of sustainability work for portfolio companies



Sustainability work in 2013

The objective is to intensify and further develop the projects launched in 2012 over the course of 2013. The aim is to conduct the projects successfully and devote time and energy to implementing these into operations as an integral component in routines and working method. As always,

the introduction of new models requires an initial running-in period during which the organisation must be given the possibility to learn and go through their own experiences in order to simplify and rationalise processes and routines.

During 2013, the portfolio will be evaluated on the basis of the potential to intro-

duce GRI reporting. The Sixth AP Fund's portfolio has a wide range in terms of the maturity and size of the holdings. In this case, various assessments must be weighed against each other. However, the objective is to commence GRI reporting for a number of the holdings, and overall for the Fund.

Employees and organisation

The Sixth AP Fund's working method is based on cooperation and knowledge transfer to capitalise optimally on the organisation's various competencies and experience.

Investments

Most of the organisation comprises investment activities, which are divided up into investments in companies and investments in funds.

The new strategy, in which the focus is more on mature unlisted companies, has also affected the organisation and working method. In line with this, employees participate from the two investment strategies in joint reviews and assessments of investments. Work responsibilities have changed and employees have changed roles in pace with the introduction of the revamped working method, strengthening of processes and committee work. Among other changes, new managers have been appointed to Company Investments and Fund Investments.

Business support

Managing the Fund's extensive investment activities, requires professional resources in the form of a range of different functions. This involves control, monitoring, analysis and evaluation to name just a few. Employees in accounting, business control

and other administration provide such functions.

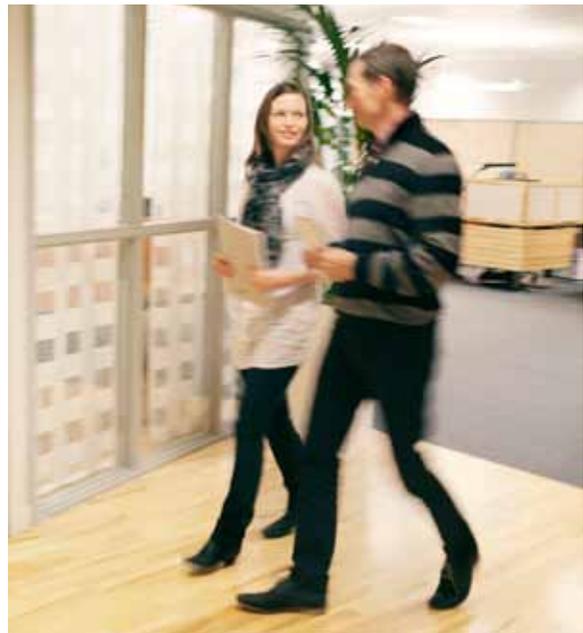
A smoothly functioning IT environment with related security functions is required to ensure that both investment and accounting activities operate optimally. This is provided by the Fund's IT unit.

Both investment activities and the ongoing management of the Fund's investments involve the handling of numerous legal issues and agreements. This may involve satisfying requirements imposed both by business partners and co-investors, as well as requirements for internal documentation. This is provided by the Fund's legal unit.

The Sixth AP Fund is part of the public pension system and in this role is subject to requirements in terms of openness, transparency and information. The Fund's communications unit is responsible for this.

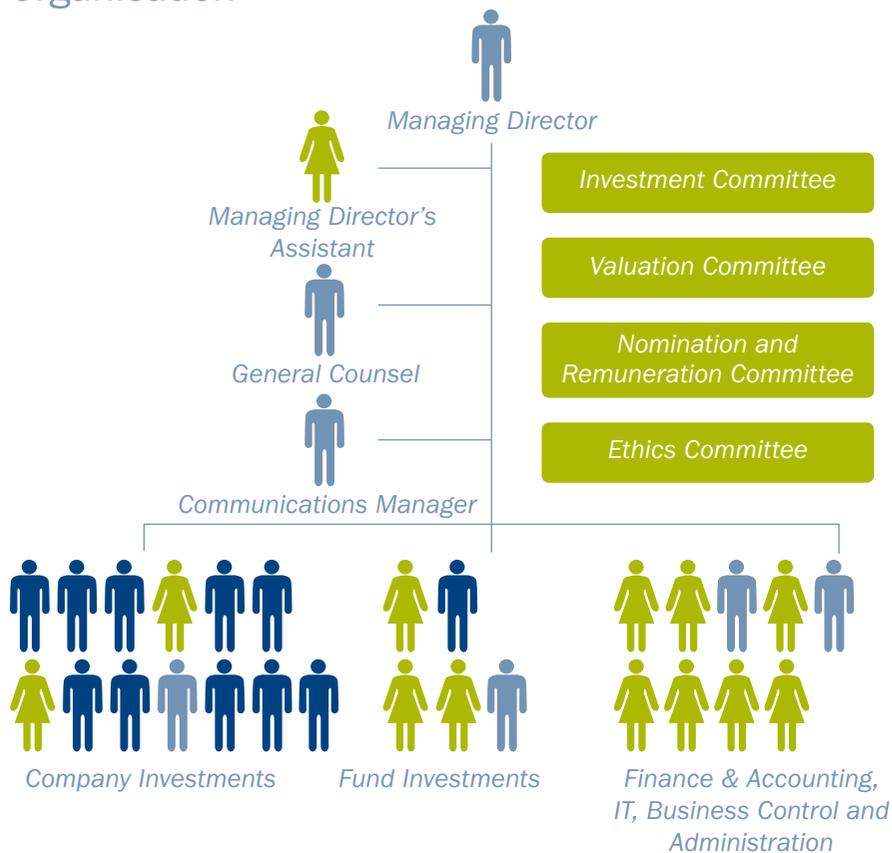
Management

In addition to the Managing Director, the Fund's senior management team consists of the managers and representatives of the various functions. The senior management team deals with overriding operational issues.





Organisation



At year-end 2012, the Sixth AP Fund had 31 employees.



The Investment Committee is the forum in which decisions on new investments, follow-on investments and divestments are managed. Permanent members are the senior management team and financial analysts. Investment managers and other experts are summoned for reviews of particular matters.

Values and ethics

The Sixth AP Fund's personnel shall observe ethics and moral standards corresponding to the public's expectations in respect of a state pension manager. This shall hallmark the Fund's working method in all areas to ensure that this approach is expressed in everyday operations.

The Fund's employees shall always act so that confidence in the Fund cannot be shaken or jeopardised.

The Sixth AP Fund has adopted policies and guidelines that regulate travel, business

representation and benefits. These are necessary, but equally important - if not more important - is creating and maintaining a culture that encourages responsibility and good judgement.

The Sixth AP Fund wishes to link a number of so-called soft factors to this that are aimed at creating an attractive work environment. Like most workplaces, time pressure and high workloads occur. Precisely because of this, it is important to contribute stimulation in the form of interesting and development-enhancing working responsibilities. Conditions should also exist to permit the individual to reconcile workplace requirements in terms of commitment and results with everyday demands. This means it should be possible to reconcile, for example, the role as a parent of young children with a successful professional role.

Senior management team and committees

Senior management team: Karl Swartling, Adam F Laurén, Jonas Lidholm, Mats Lindahl, Karl Falk, Henrik Dahl and Ulf Lindqvist.

Investment Committee: Håkan Bohlin, Karl Swartling, Adam F Laurén, Jonas Lidholm, Mats Lindahl, Karl Falk, Henrik Dahl and Ulf Lindqvist.

Valuation Committee: Henrik Dahl and Håkan Bohlin.

Nomination and Remuneration Committee: Jonas Lidholm, Karl Swartling and Mats Lindahl.

Ethics Committee: Ulf Lindqvist, Jonas Lidholm and Adam F Laurén.

CHAIRMAN'S STATEMENT

Effective combination of direct and indirect investments



The Sixth AP Fund's strategy of investing in mature companies has provided a highly favourable annual return since the Fund's inception in 1996. Since 2011, the Sixth AP Fund has focused precisely on this category of investments, both through direct investments and indirect investments through funds. The strategy offers unique and cost-effective opportunities to conduct joint investments with other industrial and financial partners.

The Board believes that precisely this combination of direct company investments and investments in funds creates the conditions for a high long-term return, while also creating satisfactory risk diversification for the pension funds. This strategy and the related operational changes are also in line with a number of the proposals that the Buffer Capital Report presented during 2012.

Internally, extensive quality-assurance work was completed. The implementation of clear decision-making processes and active committee work offers very favourable steering and control of operations. The combined effect of the new investment strategy and quality assurance significantly reduces operational risks.

In September 2012, Karl Swartling was appointed as the new Managing Director. With his lengthy experience of and wide-ranging contact network in the private equity sector, he is well suited to continue to develop the organization. Additional strengthening of the management and investment organisation was completed through the appointment of new managers for Company Investments and Fund Investments. A new CFO was also appointed. A common characteristic of all those appointed is that they have lengthy experience from private equity and investment activities.

For a long-term investor such as the Sixth AP Fund, it is important to invest in companies pursuing a business that is sustainable in the long term from an ethics, social and environmental perspective. With the radical change work at the Sixth AP Fund as the point of departure, work involving sustainability issues and ethics has gained greater focus. These efforts are aimed at processes for active requirement specifications, monitoring and evaluation. Sustainability issues shall be an integral part of investment activities.

The effect of the new strategy and the extensive restructuring efforts create favourable conditions for a high long-term return on pension funds with a balanced risk. Therefore, it is my opinion, and that of the entire Board, that the Sixth AP Fund meets the demands for efficient management of the pension funds.

Gothenburg, February 2012

Ebba Lindsö
Chairman of the Board, The Sixth AP Fund

Fund Management Report

According to the Swedish Code of Corporate Governance, Swedish listed companies are required to submit a Corporate Governance Report. The Swedish Code can be regarded as a catalyst for determining standard practice for other companies, organisations, public authorities, etc., and this Fund Management Report is therefore based on the Swedish Code of Corporate Governance while taking into account the particular characteristics of the Sixth AP Fund.

Like the other Swedish National Pension Funds, the Sixth AP Fund is a government authority. However, the Swedish National Pension Funds differ considerably from other government authorities. The main difference is that the Swedish National Pension Funds adopt a highly independent position in relation to the government since their activities are regulated by law and the government therefore has no regulatory authority over the funds.

Current issues in 2012

During the year, the Sixth AP Fund continued to focus on its strategic direction, which was established in 2011. The discussions and analyses behind this change can be traced back to 2009 when the return from investments in companies in early phases received considerable attention. The circumstances were that investments in this segment had historically failed to reach expected levels of return, above all because they demand a longer investment horizon compared with more mature growth companies. Furthermore, companies at the early stages of development are relatively resource-intensive, which leads to higher management costs. For this reason, it has been difficult to demonstrate value creation when measuring companies at the early stage of development, as the measurement of such companies cannot be immediately reflected, nor is it immediately discernible in their financial performance. Based on the Sixth AP Fund's mission pertaining to the return target, the Board of Directors therefore adopted a strategy in 2011 that will involve direct investments focusing on mature companies with a positive cash flow and the potential to continuously generate value growth that can be clearly discerned. Direct investments should preferably be made together with financial and industrial partners, thereby reducing the risk in the portfolio. The organisation for investment activities was further streamlined in 2012 since investment in the Life Science business area has been divided between Fund and Corporate Investments, based on character.

New Managing Director

In spring 2012, Marianne Dicander Alexandersson resigned as Managing Director, following which Adam F. Laurén took over as Acting Managing Director. On 1 September, Karl Swartling assumed the position of Managing Director for the Fund. He has worked at the Fund since 1 January 2012 but as Head of the Fund's Corporate Investments.

Composition of the Board

The Board of Directors has five members appointed by the government, which also appoints the Chairman and Deputy Chairman. The government applies a one-year term of office, which means that the current appointments apply until such time as the government has adopted the Sixth AP Fund's balance sheet and income statement for 2012. During the year, no changes occurred in the composition of the Board.

Board responsibilities

The Board has full responsibility for the business and in those areas where the Board's responsibilities are not regulated in the Sixth Swedish National Pension Fund Act (2000:193), they are regulated in the rules of procedure that are set by the Board on an annual basis. During 2012, the Board held six ordinary board meetings and five extra board meetings. Besides the board members, board meetings are also attended by the Sixth AP Fund's Managing Director and employees who have special expertise or who are reporting on a case. The most important tasks of the Sixth AP Fund's Board include setting the return target for the business, deciding on the allocation of equity, appointing and evaluating the Managing Director and ensuring that the business has reliable procedures for internal control and monitoring. In addition, the Board annually evaluates the day-to-day running of the business, focusing on the long-term perspective.

Audit Committee

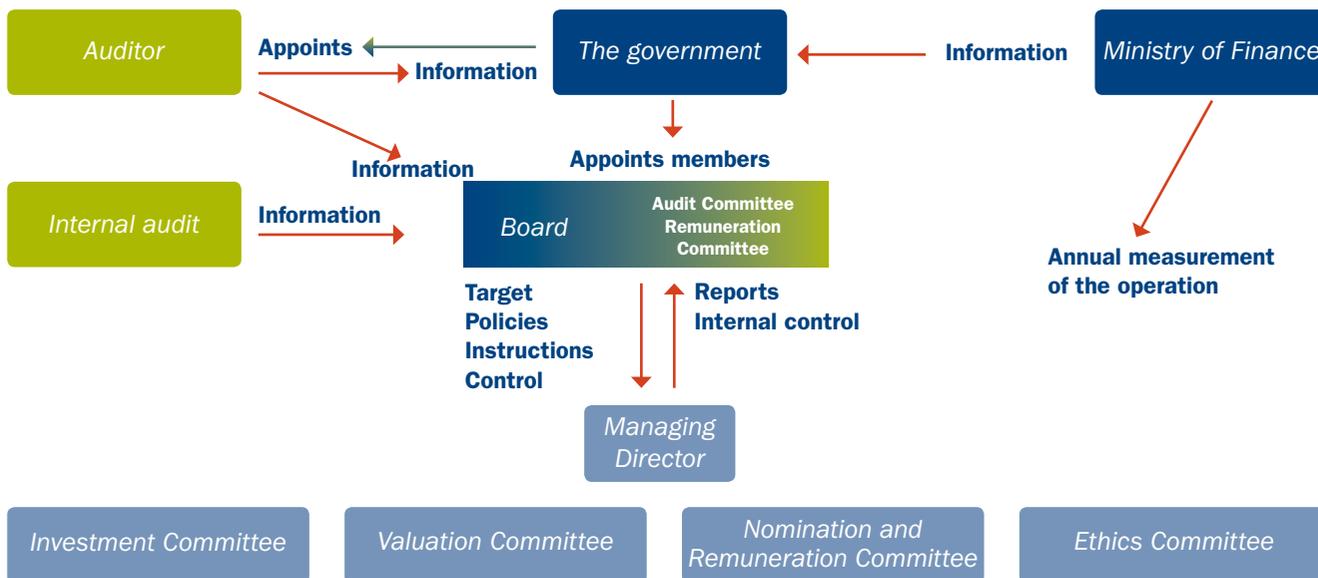
The Audit Committee assists the Board in a preparatory capacity on issues concerning audits and financial reporting. The task of the Committee is to monitor the financial reporting of the Fund and the efficiency of its internal control, internal audit and risk management, and to ensure that it is kept fully informed on matters pertaining to the audit of the Annual Report. The Committee is also required to meet the Sixth AP Fund's auditors at regular intervals for briefings on the audit and the Fund's risks. The Committee is to meet at least three times per year in connection with the four-monthly reports, and the Fund's auditor shall be required to attend at least one of these meetings. The Committee shall comprise two members of the Board, one of whom shall be appointed as its Chairman. Certain Fund employees normally participate as co-opted members.

The first Committee meeting was held in January 2012 when the Sixth AP Fund's measurement of unlisted company investments was discussed.

Remuneration Committee

The Remuneration Committee, in relation to the Board, has a preparatory function on issues pertaining to remuneration policies,

Governance overview



remunerations and other terms of employment for the Fund's management. The Committee is to monitor and evaluate the application of the guidelines regarding the terms of employment for senior executives decided by the Board and shall base its approach on the government's guidelines issued in April 2009. The Committee is to monitor and evaluate both ongoing and concluded incentive schemes and prepare proposals for new ones if required. The Committee is to prepare proposals for a framework for annual salary revisions for the Fund's employees. The Remuneration Committee shall comprise two members of the Board, one of whom shall be appointed as its Chairman. Certain Fund employees normally attend as co-opted members.

Fees, salaries and incentive schemes

Fees and other remuneration to the members of the Board are decided by the government. The annual remuneration amounts to SEK 100,000 for the Chairman, SEK 75,000 for the Deputy Chairman and SEK 50,000 for other Board members.

The Board decides the Managing Director's remuneration and the scope for salary revisions for other staff. In 2012, there was an incentive scheme for a maximum of two months' salary for all employees except management and the Managing Director. The incentive scheme was not used in 2012. From 2013, the scheme has been discontinued.

During 2009, the government issued new guidelines for the terms of employment for senior executives of the AP funds. The guidelines cover areas including the removal of variable remuneration, limitations in retirement benefits and the regulation of retirement age. The Sixth AP Fund complies with these guidelines. No variable remuneration has been paid to senior executives since the guidelines were introduced. For more information, see Note 8.

Internal control

Internal control is key to a well-functioning and efficient business. The Fund's work with internal control is based on COSO, which is an internationally accepted framework for internal control. Read more about COSO on the next page. Responsibility for internal control lies with the Board. The Board can turn to the Managing Director and internal audit for assistance. Since the Sixth AP Fund has relatively few employees and there is no separate function for internal audit, external consultants with the appropriate expertise are engaged for this purpose. An internal representative is appointed to maintain a continuous dialogue with these auditors, who report to the Audit Committee and the Board. Since the financial reporting is audited by external auditors, the focus for the internal auditors is on documenting process flows within the operating activities. The risks identified, partly by internal auditors and partly during the ongoing process of internal control, are then reduced to an acceptable level by introducing the necessary activities to the process flow. The activities introduced or modified will mainly concern the organisational structure, decision-making paths, levels of authority or assignment of responsibilities. These are then communicated in the policies adopted by the Board and the instructions determined by the Managing Director. Furthermore, documents and tools are created to facilitate the practical management of these tasks in the day-to-day running of the business.

The business is supported by four committees:

- **The Investment Committee** which is a decision-making body within the investment operation and the preparatory body prior to decision making in the Board.
- **Ethics Committee** handles issues pertaining to ethics in the operation.

- *Nomination and Remuneration Committee* monitors the nomination and remuneration issues that must be pursued by investment managers in portfolio companies.

- *Measurement Committee* which, prior to the publication of annual and four-monthly financial reports, must approve the measurement of the unlisted holdings.

For financial institutions with slightly larger organisations, and for those that comply with the regulations issued by the Swedish Financial Supervisory Authority, compliance and risk functions are needed and required. Taking into account the activities of the Fund, and its relatively limited organisation, these functions are shared by different levels within the organisation. The function corresponding to compliance is shared by the Fund's legal counsel (laws and regulations) and the CFO (financial reporting). The function corresponding to risk management is also managed by these employees, but it is also a natural part of the day-to-day running of the investment activities. Accordingly, the risks are also managed and reported directly by the investment manager for those funds and companies in which the Sixth AP Fund has invested.

Audit

The auditors of the Sixth AP Fund are appointed by the government. Björn Grundvall and Anna Peyron, both from Ernst & Young, were appointed as auditors and their mandate extends up to 31 May 2014, with the possibility of a further 12 months extension.

The auditors' assignment includes examining the Fund's operating activities, administration, annual accounts and accounting records. They express an opinion on the accounting records and the administration based on their audit. The assignment also includes verifying that the Sixth AP Fund complies with generally accepted accounting and measurement policies and that the accounting records give a true and fair view of the operating activities. An audit

has also been conducted on the Sixth AP Fund's IT environment, with a focus on processes relating to the entire IT structure, as well as the business system.

The auditors publish a report based on their audit and report directly to the Board verbally at least once a year, and they submit written reports on their audit of the administration and annual accounts. In addition, the auditors provide the Ministry of Finance with a verbal report once a year.

Board evaluation

According to the Sixth Swedish National Pension Fund Act (2000:193), the Board of the Sixth AP Fund must implement an annual evaluation of its administration of funds, meaning a performance review. The evaluation is to be submitted to the government in connection with delivery of the Annual Report and the Audit Report. The evaluation is prepared in a separate report that is published on the Sixth AP Fund's website.

The government's evaluation

In addition to the Board's own evaluation, the Ministry of Finance conducts an annual evaluation of the Sixth AP Fund's operations on behalf of the government. This evaluation is performed for all the AP funds with the assistance of external consultants. The evaluation is presented in a written communication to the Swedish Parliament and made public when the government adopts the AP funds' income statement and balance for the 2012 financial year.

Organisation

During 2011, a decision was made for a partly new organisation for the Sixth AP Fund. The investment operation was streamlined into two sections, companies and funds. Business support and a number of committees are connected to these sections.

COSO – a framework for internal control

The Sixth AP Fund's structure for internal control complies with the activities defined according to COSO, the internationally established framework for describing a company's internal control. The framework provides advice and guidance on how companies can organise good internal control and is developed to adapt to various types of operations. According to COSO, internal control comprises the control environment, risk assessment, control activities, information and communication and monitoring.

The control environment is a collective term used to describe factors that set the tone for the attitude towards internal control in the organisation and includes the environment in the form of, for example, steering documents, legislation, culture, values, leadership styles and assignment of responsibilities that surrounds the business. The control environment lays the foundations for the other four components by establishing discipline and structure, otherwise described as good order.

Risk assessment refers to the work to identify risks in advance so that these can be assessed and avoided or controlled in an efficient and business-like manner by implementing the appropriate measures. The identification of risks is about identifying

events, both internal and external, which could have an impact on the target fulfilment of the business.

Control activities are about preventing, discovering and correcting errors and may include, for example, IT controls, policy documents, authorisation procedures, reconciliation or breakdown of administrative, controlling and executive functions – also known as segregation of duties.

Information and communication should support the dissemination and availability of internal policy documents, and assignment of responsibilities on which the implementation of control activities is based. Information is also about ensuring that the people concerned receive adequate and relevant information about legislation, rules and regulations, etc., which could have a bearing on their daily work and which supports them in their work with control activities.

Monitoring is about monitoring all control activities that have been deemed necessary to ensure that they work in practice. The concept of monitoring also includes ensuring that reports are submitted to the Board regarding internal control activities or any incidents that occur.

Board of Directors



Ebba Lindsö

Chairman

Born 1955.

Elected 2011.

Other assignments: Brummer & Partners and Kommuninvest. Board member of SBAB Bank, HM King Carl XVI Gustaf's Foundation for Young Leadership, the party executive of the Swedish Christian Democrats and the Advisory Board of Statistics Sweden.



Katarina G Bonde

Board member

Born 1958.

Elected 2008.

Other assignments: Chairman of Propellerhead AB. Board member of MicronicMydata AB, Microsystemation AB, eBuilder AB, Aptilo AB, the Royal Swedish Opera and the Swedish-America Foundation.



Henrik Dägel

Board member

Born 1958.

Elected 2011.

Other assignments: Senior Investment Manager at Swedfund International AB. Board member of Raffia Holdings Ltd.



Olle Larkö

Board member

Born 1952.

Elected 2006.

Other assignments: Dean and Professor at the Sahlgrenska Academy at the University of Gothenburg. Board member of European Dermatology Forum and Chalmersinvest. Scientific Council, Medical Products Agency in Sweden.



Per Strömberg

Deputy Chairman

Born 1968.

Elected 2011.

Other assignments: Professor of Finance and Private Equity at the Stockholm School of Economics. Adjunct Associate Professor, University of Chicago Booth School of Business. Scientific Advisor, Swedish Financial Supervisory Authority. Independent Board member of Conversus Capital L.P., Director of the Swedish House of Finance (SHOF), Expert Advisor, Swedish Government Committee on the Financial Crisis.

Management



Karl Swartling

Managing Director

Born 1965.

Employed 2012.

Board assignments: Board member of KTH Holding AB. No holdings in unlisted companies.



Karl Falk

Head of Fund Investments

Born 1972.

Employed 2012.

Board assignments: AUVIMO AB and Fyrfond AB. No holdings in unlisted companies.



Adam F Laurén

Administrative Manager

(CFO until 31 December 2012)

Born 1967.

Employed 2006.

Board assignments: No operative board assignments at 31 December 2012. No holdings in unlisted companies.



Mats Lindahl

Head of Company Investments

Born 1964.

Employed 2012.

Board assignments: Water Jet Sweden AB, UnitedLog Group AB, Holmbergs Childsafety AB, SLS Invest AB, Nordia Innovation AB and Industrial Equity AB. No holdings in unlisted companies.



Jonas Lidholm

General Counsel

Born 1970.

Employed 2001.

Board assignments: Board member of Fordonsinvest Norden AB, AP Riskkapital AB, AP Partnerinvest AD AB and AP Partnerinvest Fashion AB. No holdings in unlisted companies.



Ulf Lindqvist

Communications Manager

Born 1963.

Employed 2008.

Board assignments: – No holdings in unlisted companies.



Henrik Dahl

CFO from 1 January 2013

Born 1975.

Employed 2008.

Board assignments: Dawa Däck AB, Industrial Equity AB and 123 Servicecenters Fastighets AB. No holdings in unlisted companies.

Benchmark of remuneration levels

Comparison of remuneration levels

Every year, the Ministry of Finance conducts an evaluation of the operations of the AP funds on behalf of the government. The evaluation examines primarily the return targets set by the Board and the extent to which the investment activities have reached the targets set. The evaluation also assesses the costs of the AP fund's operating activities, including personnel costs.

The Ministry of Finance's 2010 evaluation states that adjustments have been made to adapt to the government's guidelines, particularly with respect to the guidelines on variable remuneration to senior executives. However, there is insufficient documentation to be able to assess whether the remuneration paid to all the funds' employees is in accordance with the principles established.

Guidelines for the Sixth AP Fund's employees

The Sixth AP Fund's Board of Directors has established guidelines for senior executives and employees. The overall remuneration should be reasonable, well-balanced and moderate and the level of remuneration should be in line with market rates and competitive when compared with the relevant sector of the labour market for the employee in question, without necessarily being the highest. The remuneration comprises a fixed basic salary, benefits and a pension. The total remuneration should be based on market rates and on experience, competencies, responsibilities associated with the position and performance.

Analysis of the Sixth AP Fund's remuneration levels

The Sixth AP Fund has commissioned an evaluation of the Fund's remuneration levels for employees. The Sixth AP Fund enlisted the services of Aon Hewitts, an external, independent, international consulting company, to establish to what extent the remuneration paid by the Sixth AP Fund is reasonable, well-balanced, without being a wage leader, and moderate. At the same time, the Sixth AP Fund aims to offer competitive remuneration packages to be able to attract and retain individuals with the requisite competencies for the business. Individual salaries can vary according to individual performance, competencies and experience.

Material for comparison

The market consists of other Swedish companies and authorities with similar operations, which includes primarily companies that manage liquid assets on a long-term basis, for example, investment funds and life insurance companies. The material for comparison has been divided into a government category and a private category to take into account the differences in remuneration structures and remuneration levels between these two categories. Companies and government agencies for the government category included in the comparison are: Almi Invest, Fouriertransform, Industrifonden, Innovationsbron, the Legal, Financial and Administrative Services Agency, the Nobel Foundation, the Swedish Central Bank, the Bank of Sweden Tercentenary Foundation, the Swedish National Debt Office, SBAB Bank, Svensk Export Kredit (SEK) and Swedfund. Companies for the private category included in the material for comparison are: AFA Försäkring, Alecta, Alfred Berg, AMF Pension, Carnegie Investment Bank, Folksam, Handelsbanken Fonder AB, Länsförsäkringar Fondförvaltning AB, Nordea Fonder AB, SEB (Asset Management), Skagen Fonder, Skandia Liv, Swedbank Robur, Svenska Handelsbanken AB and Ålandsbanken. The Sixth AP Fund's operation differs somewhat from the others since the focus of the operation is based on unlisted holdings. This means that the Sixth AP Fund requires specific competencies in employees to identify, implement and monitor investments in unlisted companies.

Result of the evaluation

The result of Aon Hewitt's evaluation shows that the Sixth AP Fund's total average salaries are on par with the private market and slightly more than 10-per cent higher than comparable positions in government companies and agencies.

The conclusion of the Sixth AP Fund is that remunerations to employees can thus be deemed reasonable and in accordance with government guidelines, meaning that the remuneration levels are well-balanced and competitive compared with other companies with a focus on long-term equity management. No variable remuneration was paid to any employee during 2012. The possibility of variable remuneration for employees, except management, existed in 2012 but was not utilised. From 2013, the possibility of variable remuneration has been discontinued.

Administration Report

The Board of Directors and Managing Director of the Sixth AP Fund hereby present their Annual Report for the operations for the 2012 financial year. The income statement, balance sheets, specifications and notes to the accounts following this report constitute an integral part of the Annual Report.

Significant events for the year

The start of 2012 was characterised by continued major macro-economic turmoil in the business world. The trend at the end of the year was still somewhat stable since the US is now demonstrating positive real-economic effects and the situation in Europe now seems to be under control. However, there are still major structural problems that cannot be resolved in the short-term, but requires long-term, reliable plans and reforms. Consequently, it is now up to politicians and other decision-makers to create the conditions for long-term and stable growth. Therefore, the prevailing turmoil in the economic climate continues, which will generate uncertainty in the Private Equity sector. The banks' behaviour has changed and information requirements have increased, while higher demands are placed on the potential of investment proposals. Different assessments on the future development are creating longer lead times in buying and selling processes, which are primarily attributable to the inability of buyers and sellers to agree on prices. Consequently, searching for investments in stable sectors that are less sensitive to economic fluctuations will become more attractive in the future. The newly implemented investment in the Norwegian offshore service company, Aibel, is a good example of this type of investment. There are favourable prerequisites for long-term value growth that will be visible in the Fund's results. Unlike listed assets, this type of investment generates less volatile results over time, which will benefit the future buffer capital system. During the year, the fund worked intensely to increase the contact networks for potential investment partners. This work is the basis for the implementation of the Fund's new strategy. The results were very well received in the market and the need for such a player as the Sixth AP Fund is clear in the prevailing investment climate. On the whole, activities in the Fund's two business areas increased, which generated the conditions for higher transaction flows in 2013.

New strategy in practice

During 2011, the Sixth AP Fund changed its strategic direction to focus future investments on more mature companies, which historically generated very good return in both Fund and Company Investments. The adjustment of the portfolio is continuous and re-

sulted in several divestments in Company Investments in 2012. Of the companies that were divested, several were deemed unsuitable for the Fund's future core portfolio, since they did not comply with the established return requirements. The portfolio is streamlined continuously as satisfactory exit opportunities arise. The strategy for Company Investments is that investments are to be made preferably with financial and industrial partners, thus reducing the risk. Investments in venture will only be implemented through funds and to a lesser degree than in the past.

New return target

During 2012, the Fund established a new return target. The basis for the new return target is that it must reflect, in the best possible manner, the Sixth AP Fund's new strategic direction, as well as reflect the practices of the industry. After closer analysis of the main players that produce specific comparative data for unlisted companies, it appears that the attempt with separate comparative material for unlisted companies was not considered suitable since they did not fulfill the criteria with respect to validity, integrity and data quality, caused primarily by the restricted selection. This was followed by a review of various share indices based on the Fund's strategic direction with a focus on mature companies in the Nordic region. Following a careful selection process, it was decided that the Handelsbanken's Nordix All-Share Portfolio Index Total Return, with a rolling five-year period, was the most suitable for the Fund. The index covers the entire Nordic region and contains 200 companies, both large and small. The risk premium was analysed based on the practices of the industry and on what was considered suitable for the Fund's closed structure (no funds in or out) and internal liquidity management. In the analysis, it appears that a surcharge for a risk premium for unlisted companies of 2.5 per cent appeared reasonable. Consequently, analyses in the Annual Report pertaining to the Fund's return during various periods must be put in relation to this index.

Buffer capital inquiry

On 29 September 2011, the government decided to appoint a special investigator to evaluate the National Swedish Pension Fund

Act (2000:192) and the Sixth Swedish National Pension Fund Act (2000:193). The purpose of the inquiry was to mainly evaluate the fund's assignment and investment regulations, and to examine possible streamlining of administration, taking into account the risk of a power concentration. The inquiry was called the Buffer Capital Inquiry.

The results of the inquiry were published in August 2012, which proposed that the assets in the Sixth AP Fund, together with those in the First to Fourth AP Funds, be transferred to a new Pension Reserve Fund, to be managed by the new authority, the Pension Reserve Board. The main proposal is that the investment operation be handled by three funds with identical mandates and the assets of the Sixth AP Fund would then represent part of one or more of these three funds. Furthermore, the inquiry provided a number of conclusions pertaining to the Sixth AP Fund, such as individual operation. In many respects, the Fund agrees with these but would also like to point out that there are shortcomings in the analysis of the Fund's history, which also had an impact on the inquiry's conclusions. This may lead to an altogether restricted regulation of Private Equity in the future system. Experience from both the Fund and other players shows that investments in mature unlisted companies, through direct and indirect shareholding, will generate opportunities for good return. There is no doubt that the investments in venture capital were a disappointment for the Sixth AP Fund, as for other players. Overall, this return would have been negative regardless of whether it occurred directly in companies or indirectly through funds. However, the Fund's investments in mature companies (buyout) have been highly successful since inception, with an annual return of 17.1 per cent for the direct and 14.8 per cent for the indirect through funds. It is worthy of note that direct investments in mature companies exceed the indirect investments through funds. It is worthy of note that direct investments in mature companies exceed the indirect investments through funds. Since 2011, the

strategic focus for the investment operation has been to generate the highest possible return, through balanced risk, and thus contribute to the buffer capital system. This means a clear focus on mature companies, where the Fund has had high returns historically.

Fund capital

The point in time when the majority of the Sixth AP Fund's allocated capital was invested in unlisted companies was 2003. An analysis has shown that the Fund's capital grew during 2003–2012, meaning the past ten years, from SEK 11.6 billion to SEK 20.2 billion, corresponding to an average annual growth of 5.7 per cent. The Sixth AP Fund started at the end of 1996 with a fund capital of SEK 10.4 billion, and by the end of 2012, this had grown by SEK 9.8 billion to SEK 20.2 billion. This corresponds to an overall growth in value of approximately 94 per cent since the Fund's inception and an annual average growth of 4.2 per cent.

The Sixth AP Fund is a closed buffer fund, which means that it is not required to make payments or receive funds on an annual basis to balance the payment flows of the public pension system. This means that profits can be reinvested and that any losses must be covered by the fund capital.

At the end of 2012, capital pledged but not yet paid out by the Sixth AP Fund to investments in funds and directly owned companies amounted to SEK 3.4 billion (2.7).

Profit/loss

For 2012, the net profit for the Sixth AP Fund amounted to SEK 1,701 million (loss: 1,380), corresponding to a positive return of 9.2 per cent (neg: 6.9). The return can be compared with the benchmark index for 2012, which amounted to 20.2 per cent. Profit for 2003–2012 amounted to SEK 8,627 million, corresponding to a return of 5.7 per cent and can be compared with the return target for the period of 13.8 per cent.

The Sixth AP Fund's performance 1997–2012

SEK million	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Return trend, %	8.1	8.4	55.8	-1.3	-8.0	-30.9	10.7	8.7	8.9	13.7	14.1	-16.6	11.3	9.4	-6.9	9.2
Benchmark index ¹⁾	—	—	67.4	-11.9	-14.2	-35.7	7.4	6.4	6.1	7.2	9.0	7.4	7.5	6.5	7.7	17.7
Fund capital, SEK bn¹⁾	11.3	12.2	18.8	18.4	16.7	11.6	12.8	13.9	15.1	17.2	19.6	16.4	18.2	19.9	18.5	20.2
Profit/loss summary, SEK M																
Profit/loss before costs	851	923	6,752	-302	-1,522	-4,953	1,320	1,262	1,373	2,215	2,610	-3,108	1,999	1,874	-1,237	1 838
External management costs	0	0	-2	-4	-10	-4	-14	-31	-7	-20	-33	-17	-16	-22	-23	-21
Internal management costs and shared costs	-35	-63	-78	-122	-148	-150	-153	-121	-125	-131	-145	-127	-130	-146	-120	-116
Profit/loss for the year	816	860	6,672	-428	-1,680	-5,107	1,153	1,110	1,241	2,064	2,432	-3,252	1,853	1,706	-1,380	1,701

1. Benchmark index: For 1999–2002, the SIX yield index was used, for 2003–2011 the Absolute return target was used and for 2012, the SHB Nordix All-Share Portfolio Index Total Return was used. The fund's target amounts to a benchmark index of +2.5 per cent.

The Sixth AP Fund's profit/loss comprises realised and unrealised changes in the value of the Sixth AP Fund's assets plus interest and dividends. The realised profit/loss consists of the difference between sales proceeds and the carrying amounts at the time of divestment. It also includes any impairment losses in cost. The unrealised results comprise changes in value in current holdings. Costs comprise external and internal management costs attributable to investment activities, and the Sixth AP Fund's shared costs.

Management costs

The Sixth AP Fund's costs are divided into external management costs, internal management costs and shared costs.

External management costs consist primarily of management fees paid to fund managers of the Sixth AP Fund's listed holdings.

Internal management costs include the Sixth AP Fund's personnel costs related to investments in funds, directly owned companies and liquidity-management holdings, as well as costs directly attributable to investment activities.

Shared costs include personnel costs for the Managing Director and shared specialist functions, as well as the cost of premises, services bought externally, IT and general office expenses. Since the Sixth AP Fund's operations are not subject to VAT, input VAT cannot be deducted. Consequently, this is expensed on a continuous basis and is included in costs for the Sixth AP Fund.

The management fees paid to funds that invest in unlisted companies are recognised as part of the acquisition cost for each of the respective funds. Capitalised management fees are reduced in value if necessary when assessing the market value of the investment at year-end. At the end of 2012, all capitalised management fees were depreciated to zero kronor.

The Sixth AP Fund's total management costs for 2012 amounted to SEK 137 million (143), of which SEK 76 million (79) were attributable to investment activities and liquidity management, and SEK 61 million (64) pertained to shared costs.

Organisation and employees

The Sixth AP Fund's investment organisation is divided into two business areas, Company and Fund Investments. From 1 January 2012, the Life Science business area was discontinued and the remaining holdings, depending on the type of investment, were divided between these two business areas. To clarify the assignment pertaining to liquidity management, the investment area was expanded and now also includes management of the Fund's listed small companies, which were earlier organised in the Fund Investments business area. Liquidity management handles the cash reserve held for implementing new and supplementary investments in each business area. The investment operation is supported by administrative functions such as legal affairs, finance, business control, personnel administration and IT.

At the end of the year, the Sixth AP Fund had 31 employees (30). Additional information about personnel is available under Note 8. For more information about the Sixth AP Fund's organisation and employees, refer to the website.

Investment activities

The Sixth AP Fund's business operations are divided into investment activities and Liquidity management. The investment activities comprise investments made directly in companies and indirect investments made through funds.

Company Investments

The market value of Company Investments amounted to SEK 8.0 billion (9.4) at the end of 2012 and profit for the year before internal costs amounted to SEK 526 million (loss: 934). As in earlier years, mature companies (buyout) are responsible for generating return, while the remaining companies in early phases (venture) are having difficulty in fulfilling expectations. In line with the strategy established in 2011, streamlining of the portfolio continued in 2012, entailing that some ten companies have been divested since they are no longer deemed to fall within the Fund's core portfolio. An analysis of the return for the period 2003–2012 shows that the return within the Venture segment amounted to a negative 24.7 per cent, compared with a positive return of slightly more than 14.8 per cent in the mature segment. The Fund's target is to optimise the return, entailing that future capital will be allocated to more mature companies. The strategy also stipulates that investments must preferably be implemented with strong financial and industrial partners, thus reducing the investment risk. A recently implemented transaction that clearly demonstrates the Fund's strategy is the investment in the Norwegian offshore service company, Aibel. For 2012, Aibel is expected to report sales of approximately NOK 10 billion, with an EBITDA margin of about 9 per cent. The investment has excellent potential for long-term high return. The investment was made together with Ratos and Ferd. The Sixth AP Fund will own 18 per cent of Aibel, Ratos 32 per cent and Ferd 50 per cent. The transaction is anticipated to be finalised during the second quarter of 2013, following approval from the appropriate competition authorities.

The divestment of Meca was characteristic of performance in the buyout segment. The divestment process commenced in early 2011 and at the end of the year, it became clear that the company would be acquired by Mekonomen. However, the transaction was conditional upon approval from the Norwegian Competition Authority and uncertainty about the outcome was relatively high. During 2011, several aspects and risks were weighed up, which resulted in the entire result not being recognised in the annual accounts. During 2012, a positive decision was finally received, which had an impact of an additional SEK 330 million, when the divestment of the shares held in Mekonomen was taken into account.

Other mature companies are Norrporten and Volvofinans, which generated profits of SEK 360 million and SEK 80 million, respectively. Norrporten's property values are developing according to plan and the operation remains stable. Volvofinans, which is a financial institution, is naturally affected by the financial turbulence but differs significantly from most other financial companies, since the risk for credit losses is virtually nonexistent. Gnotec AB is another holding that performed well during the year despite the fact that most of the customers are from the automotive industry, which is highly sensitive to economic fluctuations. The company reported favourable earnings and a positive trend, which contributed a total of SEK 73 million to the Fund's profits. During 2012, profit for the Buyout segment amounted to SEK 857 million.

As mentioned earlier, the trend in the Venture segment was negative, resulting in a loss of SEK 331 million for 2012. One of the exceptions is Unfors, which develops measuring instruments for ionised radiation. The company developed in line with expectations, making a positive contribution of SEK 25 million. There are a further ten companies that could be regarded as attractive in this segment, but it is still difficult to discern the values. The investments are approximately five years old and are still at an early phase. The need to be long-term is key to achieving satisfactory exit levels.

In accordance with the Fund's strategy to invest in unlisted companies, the holding in Lindab, as well as the shares in Mekonomen received as remuneration for Meca, was divested during the year. The divestment of Lindab made a positive contribution of SEK 124 million to profit for the year. The divestment of the shares in Mekonomen is included in the realised gains pertaining to Meca, mentioned above. As of the balance-sheet date, only a few small listed holdings remained in the portfolio.

Fund investments

Fund investments invest in funds with experienced Nordic management teams that invest in companies within the Buyout and Venture market segments. Investments are mainly in funds, but the Sixth

AP Fund is also active in the secondary market through pledges to secondary funds and acquisition of secondary participations. The business area is divided into three sub-portfolios – buyout, venture capital and secondaries. All investments in the latter portfolio are implemented within the buyout segment. To clarify management of liquidity, management of the Fund's listed small-company funds, earlier handled in Fund investments, was transferred to liquidity management. Furthermore, the funds that were previously in the Life Science area have been transferred to Fund investments. The business area manages a market-valued capital of SEK 5.7 billion (5.2) and profit for the year before internal costs amounted to SEK 910 million (748).

The market-valued capital in the buyout portfolio amounted to SEK 4,480 million (4,184) at the end of 2012, and profit for the year before internal costs amounted to SEK 709 million (675). Earnings were positively impacted by the upward revaluation of the portfolio, and the realisations at higher value than their initial market value. Fund investments during the year were invested in Nordic Capital VIII, where the Sixth AP Fund pledged equity of EUR 65 million.

The market-valued capital of the Venture capital portfolio amounted to SEK 1,224 million (874) at the end of 2012, and profit for the year before internal costs amounted to SEK 201 million (55). Positive effects on earnings derived mostly from the upward revaluation of the portfolio. Fund investments invested during the year in Scope III, with a total pledge of EUR 15 million.

Fund investments also invested in Creandum III, with a pledge of EUR 15 million.

Within the secondary segment, Fund investments implemented co-investments with Cubera VI i HitecVision IV and V, totalling USD 10 million. Investments were also made in Cubera VI, with a pledge of EUR 10 million.

Management of the liquidity reserve

The portion of the Sixth AP Fund's equity not invested in the investment operation is held in a liquidity reserve. The purpose

Sixth AP Fund's profit/loss and fund capital by business area

SEK million	Profit/loss						Return before costs, %	Market-valued capital, 31 Dec 2012
	2008	2009	2010	2011	2012	Total	2008–2012	
Company investments	-741	474	729	-1701	526	-713	-1.4	7,980
Fund investments	-998	341	141	748	910	1,142	3.6	5,740
Liquidity management & risk management	-1,386	1,168	982	-307	381	838	—	6,510
Shared capital, net	—	—	—	—	—	—	—	19
Internal management costs	-56	-60	-62	-56	-55	-289	—	—
Shared costs	-71	-70	-84	-64	-61	-350	—	—
Total	-3,252	1,853	1,706	-1,380	1,701	628	0.6	20,249

of a liquidity reserve is to maintain good payment preparedness. It is managed with low risk through favourable diversification of risks and investments are made in interest-bearing assets with high liquidity. The objective of managing interest-bearing securities is to achieve returns in line with OMRX T-Bill. In addition to this, the treasury is also responsible for managing any financial risks that may arise in the operation, and if necessary, for borrowing capital.

In previous years, listed small companies were included in the Fund investments' managed capital but from 1 January 2012 were transferred to the Fund's liquidity management. The investments pertain to externally managed funds that make investments in small and medium-sized listed companies. Listed small companies, as the stock exchange on the whole, reported positive trends for the year and contributed SEK 213 million to profits.

The Fund's investment assets comprise mainly listed and unlisted funds and companies. During the year, an injection of capital was made in investments in interest-bearing securities. The reason is that most of the major companies in both Company and Fund Investments had been divested, which contributed to a significant inflow of liquidity. Within Company Investments, mention can be made of the divestments of Meca and Lindab, which contributed SEK 1.9 billion and SEK 0.4 billion, respectively. During the year, participations in listed small companies were divested, thereby contributing a further SEK 0.5 billion. Fund investments generated inflow, when major companies were divested in both EQT V and Nordic Capital V, which contributed SEK 0.4 billion.

Inflow in the Investment operation generated an increase in the managed capital in liquidity management from SEK 3 billion to SEK 6.4 billion. A large portion of this capital was invested during the year in a portfolio of interest-bearing securities, which is in line with the investment strategy for the liquidity reserve. Profit for liquidity management amounted to SEK 251 million (loss: 341).

Measurement of business targets

The Board of the Sixth AP Fund is required by the Sixth Swedish National Pension Fund Act (2000:193), to conduct an annual evaluation of its administration of funds, meaning a performance review. The evaluation must be submitted to the government in connection with the Annual Report and Audit Report. The evaluation is prepared in a separate report that is published on the Sixth AP Fund's website.

The government's evaluation

The Ministry of Finance conducts an annual evaluation of the Sixth AP Fund's operations on behalf of the government. This evaluation is performed for all the AP funds with the assistance of external consultants. The evaluation is presented in a written communication to the Swedish Parliament and made public when the government

adopts the income statement and the balance sheet for the year, which is normally in May of the following year.

The evaluation addresses primarily the return targets set by the Board and the extent to which the investment activities have achieved the targets set. The evaluation also includes analyses to assess the efficiency of the AP fund system from a general perspective. The latest document is available on the websites of the government and the Sixth AP Fund.

Significant events after the financial year-end

There were no events of material significance to report after the end of the year.

Sustainable business

Sustainability applies to investments, organisation and leadership. The sustainability aspect is an important platform and a prerequisite for being able to generate high, long-term return on the pension capital that the Sixth AP Fund has been entrusted to manage. During the year, work pertaining to sustainability issues intensified and the Fund became affiliated with PRI (Principles for Responsible Investment). This resulted in the demanding work to be clearly formulated both in the investment process and in sustainability issues in existing holdings in companies and funds. The prerequisites for the two types of investments differ, which is also reflected in the implementation of the sustainability effort. However, a common denominator is that the Fund imposes requirements. Companies, in which the Fund is a direct shareholder, are encouraged to join the UN Global Compact. Company investments consist of various sizes of holdings and various shareholdings, which mean that the Fund must adapt the models to the various prerequisites. Funds, in which the Fund has a shareholding, are encouraged to join or work according to PRI principles. Regardless of the type of investment, direct or indirect, the task in the ongoing process for sustainability issues includes ensuring that there are models for requirements, monitoring and control, reporting deviations and measures.

Sixth AP Fund's financial instrument and their impact on profit

In recent years, turbulence in the financial markets has increased significantly, leading to higher demand for transparency in financial reporting.

International Financial Reporting Standards (IFRS) is a body of regulations that is internationally accepted and the Fund is continuously evaluating ways in which its annual accounts can be changed and improved with the aim of presenting a clear and fair view of the business operations. In accordance with these regulations, significant disclosures must be made regarding financial instruments. Disclosures in accordance with IFRS 7 aim to make it possible for users to judge the significance of financial instruments when assess-

ing the Sixth AP Fund's financial position and performance, as well as the nature and scope of the financial risks inherent in holdings to which the Fund is exposed and how these are managed. Accordingly, a description of how financial instruments affect the Sixth AP Fund's performance and financial position, and of the financial risks existing in current holdings and how those risks are managed, is given below.

To begin with, it should be mentioned that, according to the Sixth Swedish National Pension Fund Act (2000:193), the Fund's financial instruments must be recognised at fair value. Fair value, when applied to a financial instrument, is defined as the amount at which an asset could be transferred or a liability written off. This is to occur between knowledgeable parties who are independent of one another yet share an interest that the transaction be completed. The Sixth AP Fund classifies its assets at fair value according to the following valuation hierarchy. The levels are determined on the basis of the market data available at the time of the valuation.

Fair value hierarchy, SEK million	Level 1	Level 2	Level 3	Total fair value
Shares and participations	1,671		13,631	15,302
Interest-bearing securities	4,620		76	4,696
Cash	233			233

Level 1) Listed prices are available on active markets for identical assets and liabilities.

Level 2) Financial instruments that do not belong on Level 1 belong to Level 2 if there are listed prices on inactive markets or if the value can be derived from listed prices.

Level 3) No noticeable market data that can be applied to the asset.

As illustrated in the table, the majority of the Fund's invested capital is categorised as Level 3. This means that in many cases no market data is available when the assets are to be measured. The Fund applies IPEV principles as the framework for its measurements. Most methods are applied for measuring, for example, discounted cash flow, net asset value, measurement using multiples, etc., (see also under Accounting policies, Note 1).

Most of the Fund's companies are measured using a model in which future cash flows are used as an indicator of the company's value. The condition under which this measurement method will function is that the company has to be able to predict, with reasonable certainty, its future cash flow. Since future cash flows are discounted at their present value, it is important to use the correct cost of capital. The cost of capital involves weighing the cost of borrowed and shareholders' equity and is termed WACC (Weighted Average Cost of Capital). With respect to the cost of shareholders' equity, the Fund uses a model that divides companies into different categories according to their stage of development and sector at the time of investment. Accordingly, the cost of shareholders' equity varies between 11 per cent (stage listed, sector small cap) and 24 per

cent (seed stage, sector technology). The cost of shareholders' equity can be compared with the return target that the Fund sets for that element of the business operations that cannot be financed externally by, for example, a bank loan. As a rule, the cost of borrowing is lower than the cost of shareholders' equity, particularly since interest expenses are a tax deductible item for the company. For a company at the early stage of its development, without the possibility of external financing, the return target for shareholders' equity can be relatively high and thus lead to a considerably more restrictive measurement in the form of lower company value. The opposite means that a company with good financing opportunities will have a lower WACC and thus also a higher company value according to the model. The cost of capital that the Fund uses is thus central to how the company is measured and accordingly, also to how changes in value are recognised in the Fund's income statement. However, the most important parameters in the model are the views of the company's future development, such as growth, operating margin, investment requirement and so on. Accordingly, those risks that have the greatest impact on a company's value are market risk and performance risk (see the section Risks in the Fund's operations).

Measurement at visible net asset value is a method used by the Fund for measuring Norrporten and Volvofinans. With this method, no direct estimate is made of the company's future earnings capacity; the measurement is based on adjusted shareholders' equity. The company's performance during the year thus has a direct bearing on the financial performance of the Sixth AP Fund.

Different models are used for company appraisals. These include the model for future cash flows and the model for estimated net asset value. In combination with these, peer groups are used. These comprise a cluster of similar companies, often listed, which are reminiscent of the company to be evaluated. A downturn on the stock markets will probably lead to lower multiples, thereby leading to lower values in an unlisted portfolio. If the stock market is turbulent, a certain degree of caution should be exercised when a measurement is based partly on multiples. The most common multiples used by the Sixth AP Fund in their measurements are EV/Sales and EV/EBIT (see definitions).

Several of the Fund's holdings have become known as pre-revenue companies, in other words, the company does not yet have any operations that generate income. These companies are very difficult to measure and, for obvious reasons, a restrictive measurement is used, which often means acquisition value or lower. The majority of these companies also have a fairly high technological risk.

The private equity funds in which the Sixth AP Fund invests apply the same measurement methods as described above. The Fund is continuously evaluating the measurement methods used and thus also the measurements that are being reported on a quarterly basis.

With respect to the Fund's listed holding, up-to-date market data is obtained at the accounting year-end. Accordingly, measurements of this kind have no element of estimation.

In recent years, there have been cases of financial institutions suffering substantial losses resulting from investments made in complex derivatives that lacked up-to-date market data. It is worth mentioning that the Sixth AP Fund has no investments in derivatives of this kind since the only derivatives used by the Fund are currency forwards for which current prices are available.

Risks in the Fund's operation

Every investment made on the financial market involves an element of risk. Therefore, the Sixth AP Fund faces a number of commercial risks, the most important of which can be divided up into the following five categories.

Market risk: Market risk pertains to the risk that a fair value or future cash flow from an investment may vary due to changes in the market. The main types of market risk that affect the Fund are equity risk, currency risk and interest-rate risk. As both Fund Investments and Company Investments are exposed to this kind of risk, it is monitored continuously. A maximum 10 per cent of the Fund's assets, valued at market value, may be exposed to currency risk. For this reason, the Fund uses derivative instruments to hedge currency risk.

The Sixth AP Fund's market-valued assets in foreign currency amounted to SEK 2,938 million (3,138). Of this, SEK 2,785 million (2,414) was hedged, resulting in a currency exposure of approximately 1 per cent (5) in relation to the fund capital.

Credit and counterparty risk: This type of risk arises as the result of the inability or unwillingness of a company or fund to fulfil its contractual obligations or other commitments, which could potentially lead to losses. In these cases, the Sixth AP Fund is working

to diversify its portfolio and ensure that its exposure to individual holdings does not grow too large. This risk is also managed by the Board every year deciding on a future allocation plan that shows how future funds are to be divided among different asset classes and business areas.

Liquidity risk: This risk can best be described as the risk of financial crisis. Liquidity risk arises when assets, liabilities and commitments have different maturities. Since the Fund has neither cash inflows nor outflows to or from the pension system it only has to take into consideration its own investment activities. Unlike other buffer funds, there is no legal requirement governing the proportion of capital that must be placed in investment with a low liquidity risk. The Sixth AP Fund's target is that the liquidity reserve should normally amount to 5–10 per cent of the overall capital managed by the Fund. There is also a line of credit that can be utilised if the need for financing should arise.

Performance risk: Refers to the risk that a holding fails to develop in line with the objectives set, for example, in the owner directive or business plan. The risk is monitored by both Company Investments and Fund Investments, but in the case of the former, a more active approach is required in response to growing risks. The Fund monitors its investments by being an active owner with the aim of having at least one representative on the board of each of its unlisted direct investments. Furthermore, the company's financial performance is monitored on a monthly basis through representative analyses.

Operational risks: The risk of financial loss as the result of human error, inadequate processes, external events or faulty systems. One of the methods used by the Fund to manage these risks is to document and map out its various process flows. This is part of the task assigned to internal audit. Furthermore, risk scenarios are performed, whereby risks and threats are analysed.

Gothenburg, 26 February 2013

Ebba Lindsö
Chairman

Per Strömberg
Deputy Chairman

Henrik Dagele
Board member

Olle Larkö
Board member

Katarina G Bonde
Board member

Karl Swartling
Managing Director

Income statement

SEK million	Note	2012	2011
Investment operation			
Net profit/loss, listed shares and participations	2	220	-830
Net profit/loss, unlisted shares and participations	3	1,122	-778
Dividend		115	87
Net interest income/expenses	4	288	226
Other financial income and expenses	5	93	58
Management costs	6, 8	-76	-79
Shared costs	7, 8	-61	-64
Profit/loss for the year		1,701	-1,380

Balance sheet

SEK million	Note	31 Dec 2012	31 Dec 2011
ASSETS			
Investment assets			
Shares and participations in listed companies	9	1,671	2,252
Shares and participations in unlisted companies	10	13,631	15,075
Other interest-bearing securities	11	4,696	75
Total investment assets		19,998	17,402
Current receivables			
Other current receivables		8	16
Prepaid expenses and accrued income	12	50	54
Cash and cash equivalents		233	1,117
Total receivables and other assets		291	1,187
Total assets		20,289	18,589
FUND CAPITAL AND LIABILITIES			
Fund capital			
Initial capital		10,366	10,366
Profit brought forward		8,182	9,562
Profit/loss for the year		1,701	-1,380
Total fund capital		20,249	18,548
Current liabilities			
Other current liabilities		14	14
Accrued expenses	14	26	27
Total current liabilities		40	41
Total fund capital and liabilities		20,289	18,589
Memorandum items			
Contingent liabilities		2	2
Commitments – pledged capital, not yet paid out		3,444	2,735

Notes

All figures are stated in SEK millions unless otherwise stated.

Note 1 Accounting policies

The Sixth AP Fund adheres to the regulations set forth in the Sixth Swedish National Pension Fund Act (2000:193). 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, all investments are measured according to their fair value in the Sixth AP Fund's accounts. There have been no changes in the Fund's accounting policies for 2012.

Reporting according to IFRS

IFRS is an internationally accepted set of standards and the Sixth AP Fund is therefore continuously evaluating the changes taking place in this field. However, it must be stressed that the Sixth AP Fund is unable to adopt IFRS to its full extent as the Act states that the Sixth AP Fund shall not prepare consolidated accounts. Consequently, the Sixth AP Fund must determine what is applicable for each individual standard and then judge which information should be presented to ensure that external readers are given a true and fair picture, while maintaining clarity in the annual report. The view is that the Sixth AP Fund's results conform to IFRS in all material respects.

The Sixth AP Fund is a government authority and therefore not a legal entity and can therefore not be considered a parent company.

Reporting and measurement of unlisted securities

The Sixth AP Fund measures all holdings according to their fair value and applies IPEV guidelines (International Private Equity and Venture Capital Valuation Board, www.privateequityvaluation.com) as the basis for its measurement. This essentially means that its holdings are to be reported at fair value. It should be noted that there is no formal requirement to conform to these regulations, but since they are internationally accepted and correspond to how other AP funds measure their unlisted holdings, the Sixth AP Fund has elected to comply with these principles. In connection with the annual accounts, the Sixth AP Fund conducts a measurement of all the companies in each of its portfolios. However, the emphasis is on those companies that have material worth in relation to the overall portfolio. The measurement of unlisted holdings largely involves attempting to estimate the anticipated growth of the underlying business, which means that changes to assumptions made can have a significant impact on the results. In each individual case, the Sixth AP Fund attempts to determine which measurement method is best suited to illustrating the fair value of the investment. The following measurement methods are used:

Price according to the latest round of investment

The Sixth AP Fund has several investments that involve third-party transactions. If such transactions took place during the financial year, they are used as the basis for measurement in

the annual accounts. Consideration is also given to any issues in which only the existing owners participate (known as internal rounds). In those cases where internal rounds indicate depreciation, a more detailed analysis is made, and in the event that the company has attempted to attract a third party, but failed to do so, or if there are indications of only marginal interest in the company from the market, the holding is depreciated.

In all cases, events occurring between the time of the transaction and the time of reporting it are taken into consideration.

Discounted cash flow

With this method, the measurement of the company is based on discounted future cash flows. This is followed by a deduction of the relevant net interest-bearing liability. The present value of future flows is calculated using a risk-adjusted interest rate. One of the tools used by the Sixth AP Fund to determine this interest rate, and accordingly the return target, is a risk premium model. The return targets calculated using this model should correspond to the average expected market return for a portfolio with the corresponding level of risk and investment horizon. The model for cash-flow measurement also provides a good basis for judging and discussing the company's future growth. In those cases where an investment at the time of measurement has not yet shown a positive cash flow, and where there is no alternative measurement that would provide a fairer indication of value, a more cautious estimate of the company's value is made. In such cases, the market value of the investment often corresponds to its cost or less.

Net asset value method

This method is suitable for use with companies whose value is most accurately reflected by a measurement of the company's net assets rather than the earnings capacity of the underlying business. The Sixth AP Fund uses this method for the measurement of Volvofinans Bank AB and the property company Fastighetsaktiebolaget Norrporten. In both cases, a measurement of the net assets produces a fairer value than any of the alternative measurement methods.

Measurement using multiples

This measurement method is based on the assumption that suitable multiples can be identified for the company to be measured. The multiples most commonly used by the Sixth AP Fund are EV/EBIT and EV/Sales. Since a number of the investments are in the early stage of development, the method is primarily used to estimate the multiples at the time of a future divestment and thus assess whether the company's future growth can be considered reasonable.

For most of the companies owned by the Sixth AP Fund, it is difficult to find suitable points of reference for measurement using multiples. For this reason, no measurements are based solely on this method; it is always used in combination with one of the other measurement methods.

Industrial benchmarks

Relevant industrial benchmarks may be used primarily to validate previous measurements. Examples of these are income per subscriber, viewer, etc. In some cases, the Sixth AP Fund has analysed benchmarks used in transactions by companies similar to those subject to measurement. These have then been used as a reference point to support the measurements.

As part of the Sixth AP Fund's measurement process, investments are subjected to stress testing in different scenarios. If the investment demonstrates signs of considerable volatility, the Sixth AP Fund will adopt a more restrictive approach when estimating its value. Since a number of the Sixth AP Fund's holdings are in the early stage of development, it can be difficult to identify a single suitable measurement model. The measurement is therefore based primarily on an analysis of the company's performance in relation to the owner directive agreed at the time of the initial investment. Remeasurement of unlisted holdings is recognised under the item Net profit/loss, unlisted shares and participations in the income statement and are also specified in Note 3. However, if there is a permanent and substantial reduction in value (e.g. bankruptcy), this will lead to an impairment, which often corresponds to the entire amount invested. This impairment is recognised in the income statement under Net profit/loss, unlisted shares and participations and is also specified in Note 3.

Measurements of holdings in funds that invest in unlisted companies are based primarily on measurements received at 31 December 2012 from the respective funds. For holdings where the Sixth AP Fund has not yet received measurements that take into account performance during the fourth quarter of 2012, an adjustment has been made to the most recent measurement received to reflect the change in market conditions.

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

Convertible loans are included in the item Shares and participations in unlisted companies and funds and recognised at amortised cost.

The cost of a fund refers to all outgoing payments made, excluding external management costs (which are subject to reduction), for the remaining portfolio companies.

Changes in values of unlisted securities, realised and unrealised, are recognised in the income statement and included in the profit/loss for the year. The realised profit consists of the difference between sales proceeds and the carrying amount on the date of divestment. Realised profit also includes impairments of carrying amounts that may arise in some cases, for example, a bankruptcy. As a rule, impairments are preceded by a depreciation that is defined as the unrealised profit/loss. This means that there will be a transfer of the depreciation between unrealised and realised profits. This transfer has no impact on the total profit/loss.

The Sixth AP Fund manages some investments through dedicated holding companies. To give a fair view of the business, any investment divested by the holding company is recognised as realised by the Sixth AP Fund. The sales amount less the cost of the investment gives the realised profit/loss. The holding company is then valued at its net asset value, whereby the value gradually decreases in line with the dividends relating to the sales proceeds. To ensure that the profit from a divestment

is not recognised twice, these dividends are only recognised in the balance sheet.

Recognition and measurement of listed securities

Those assets in which capital has been invested are recognised 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. Transactions pertaining to calls and forward contracts are recognised in the accounts on the day when the material risks and rights are transferred between parties, meaning on the day the deal is completed. This principle applies to transactions on the monetary and bond markets and on the equity market.

The cost of shares and other securities includes commissions and other direct costs incurred in connection with the acquisition.

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

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

If, in certain conditions on a certain market, it is deemed 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 measured at their fair value and recognised under the same balance-sheet item as each of the respective instrument's underlying class of asset.

Changes in values, realised and unrealised, are recognised 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 cost. The capital gain/loss is the result that arises when investment assets are sold.

Recognition and measurement of interest-bearing securities

The extent of the investment in interest-bearing securities varies to correspond to changes in the Fund's liquidity reserve, where the amount depends on the buying and selling of holdings. For purchases of interest-bearing securities, the asset is recognised in the balance sheet under the Other interest-bearing securities item. If, at the time of acquisition, there is an accrued interest, this is recognised as an accrued income. For all interest-bearing securities in which the Fund invests, apart from pure account investments, for example, deposits, listed prices are available. Since all the Fund's assets must be market-valued, the change in market value must be recognised in profit/loss for the listed assets and specified in Note 2. Accrued interests on instruments are recognised in the income statement on the Net interest income/expense line and specified in Note 4.

Management costs

The Sixth AP Fund's management costs are divided into external and internal management costs and shared costs. External management costs relating to management fees for listed holdings are recognised as continuous expenses in the income statement. The management fees paid to funds that invest in unlisted companies are recognised as part of the cost for each of the respective funds. Capitalised management fees

are subject to lower measurement if necessary when assessing the market value of the investment at the year-end. At the end of 2012, all capitalised management fees were revised downwards to zero kronor. In Company Investments, management costs are capitalised, but are only subjected to reduction in value if they cannot be recognised at fair value.

Internal management costs, which primarily refer to costs for the Sixth AP Fund's own personnel working in investment activities, are expensed together with shared costs, which primarily refer to personnel costs for the Managing Director and shared specialist functions as well as the costs of premises, IT and general office expenses.

Internal and external management costs are recognised separately in Note 6.

Performance-based remuneration is not included in external management costs. It does, however, reduce the capital gain/loss in respect of the asset managed.

Other accounting policies

No consolidated accounts have been prepared, since shares and participations in subsidiaries are measured at their fair value.

The Sixth AP Fund is a government authority and therefore not a legal entity and therefore not a parent company.

Receivables are taken up in the accounts at the amount at which they are expected to be received. Liabilities are measured at amortised cost. Purchases of new equipment are expensed on a continuous basis.

Realised and unrealised profit/loss is recognised as a net amount in the income statement. Gross values are reported in Note 3.

The Sixth AP Fund is exempt from income tax and its operations are not subject to VAT. For this reason, input VAT cannot be deducted, but is a cost to the business. From 1 January 2012, the Fund is obligated to pay tax on services and goods from abroad.

The fund capital consists of initial capital and retained earnings. The initial capital comprises a transfer from the former 1st–3rd Fund Boards and SEK 366 million remaining from the phase-out board for Fund 92–94. The Sixth AP Fund is not under any obligation for payments to or from the pension system.

Memorandum items

When investing in a private equity fund, a contractual pledge 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 pledged capital and capital paid out, with the addition of possible reinvestment sums, is recognised as a pledge under Memorandum items.

Note 2 Net profit/loss, listed shares and participations

	2012	2011
Listed holdings		
Shares and participations	223	-830
Bonds and other securities	-3	-
Total	220	-830

Note 3 Net profit/loss, unlisted shares and participations

	2012	2011
Realised		
Income from divestments	3,333	2,967
Invested capital	-2,598	-2,060
Reversal of earlier recognised changes in value pertaining to divested holdings	-207	-582
Impairment losses for the year	-709	-209
Reversal of earlier recognised changes in value pertaining to impaired holdings	706	78
Total realised	525	194
Unrealised		
Changes in the value of unrealised holdings for the year	1,096	-1,476
Reversal of earlier recognised changes in value		
– pertaining to divested holdings	207	582
– pertaining to impaired holdings	-706	-78
Total unrealised	597	-972
Total	1 122	-778

Note 4 Net interest income/expenses

	2012	2011
Interest income		
Convertible loans	213	191
Other interest income	77	39
	290	230
Interest expenses		
Other interest expenses	-2	-4
	-2	-4
Net interest income/expenses	288	226

Note 5 Other financial income and expenses

	2012	2011
Share in profits from internal companies	9	1
Exchange-rate differences	84	57
Total	93	58

Note 6 Management costs

	2012	2011
External management costs		
– Listed holdings	21	23
Internal management costs		
– Personnel costs	40	32
– Legal consultants	3	6
– Other external services	6	10
– Travel costs, etc.	2	2
– Debited VAT	3	4
– Other costs	1	2
Total	76	79

No performance-based costs were paid in the past two years.

External management costs attributable to holdings in unlisted funds and companies amounted to SEK 119 million (143) and SEK 23 million (32), respectively, and are capitalised continuously as part of cost. However, at the end of the year, management costs were revised downwards to zero kronor. The revised amount is included in the unrealised profit/loss.

Note 7 Shared costs

	2012	2011
Personnel costs	36	26
Property-related costs	5	5
IT costs	5	7
External services	5	13
Management costs	2	2
Travel costs, etc.	1	1
Debited VAT	4	6
Other costs	3	4
Total	61	64

Shared personnel costs include the costs related to the Managing Director and the business support organisation.

Management costs include remuneration for the following audit firms:

	2012	2011
Ernst & Young		
Audit assignments	0.9	1.1
Auditing services in addition to audit assignments	0.0	0.2
Other services	0.0	0.0
Total	0.9	1.3

Note 8 Personnel**New guidelines from the government in 2009**

In 2009, the government issued new guidelines for the terms of employment for senior executives in the AP funds. These guidelines covered areas such as the removal of variable remuneration, limitations in pension benefits and the regulation of retirement age. The guidelines also applied to other employees, with the exception that variable remuneration is permitted for employees who are not senior executives. The Sixth AP Fund's Board decided to gradually implement the new regulations regarding remuneration and benefits and completed this process in 2011. A senior executive is defined as an individual who holds a position in the Sixth AP Fund's management team. The Board's guidelines regarding the terms of employment for senior executives and other employees at the Sixth AP Fund are published on www.apfond6.se.

Regulations adopted for remuneration and benefits in 2012

The Board decides the total annual salary revisions, as well as any variable remuneration. In 2012, a comparison was conducted of the remuneration paid by comparable institutions, companies and funds, and based on the results of this comparison, it is the view of the Board that the remuneration and benefits paid to the senior executives and other employees of the Sixth AP Fund are reasonable, moderate and competitive. This comparison is reported on page 29 and www.apfond6.se.

Salaries and benefits

Salaries, fees and benefits paid to the Board, Managing Director, other senior executives and other employees are specified in the table below. Remuneration to senior executives is reported under a separate heading below.

Pensions

The management group, including the Managing Director, is entitled to a pension at the age of 65 and annual premium payments have been made corresponding to 30 per cent of pensionable salary.

The Sixth AP Fund has no undertakings pertaining to future pensions or pension conditions. Remuneration from incentive schemes is not pensionable.

Severance pay

Employment terms are negotiated individually. In the event employment is terminated by the Sixth AP Fund, a maximum period of notice of six months shall apply with no change in salary and other benefits. Thereafter, the individual will be entitled to severance pay corresponding to a maximum of 18 months' salary. Severance pay is paid out monthly and consists of the fixed monthly salary without any additional benefits. Deductions are made for any other remuneration received during the period in which severance payments are made.

Incentive schemes

The Managing Director and other senior executives are not included in the Sixth AP Fund's incentive scheme. For other employees, the Board has decided not to issue any incentive schemes for 2012. Remuneration from incentive schemes is not pensionable.

Decisions pertaining to fees and remuneration

Board fees are set by the government. The annual remuneration amounts to SEK 100,000 for the Chairman, SEK 75,000 for the Deputy Chairman and SEK 50,000 for other Board members.

With the exception of the Board fee, no other remuneration was paid to the Board of the Sixth AP Fund.

The Board sets the Managing Director's salary each year and also decides the general development of staff salary levels and any incentive schemes.

Remuneration to the Board of Directors

The breakdown of remuneration paid to Board members during 2012 as follows: Ebba Lindsö SEK 100,000, Per Strömberg SEK 75,000, Henrik Dagek SEK 50,000, Katarina Bonde SEK 50,000 and Olle Larkö SEK 50,000.

Remuneration to senior executives

From 3 September 2012, Karl Swartling has been appointed the Managing Director and the remuneration in the table below pertains to the period September to December. Remuneration of the previous Managing Director and the Acting Managing Director for the January to April and May to August periods, respectively, are recognised separately.

Salaries and remuneration, pension costs and other benefits must also be reported separately for senior executives other than the Managing Director according to the government's guidelines.

In addition to the Managing Director, the management team for whom separate disclosures were made at the end of 2012 included Karl Swartling, Adam F Laurén, Jonas Lidholm, Karl Falk, Mats Lindahl and Ulf Lindqvist.

Salaries and remuneration reported separately in the above order were as follows: SEK 2.3 million, SEK 2.5 million, SEK 1.9 million, SEK 1.3 million (11 months), SEK 0.5 million (four months) and SEK 1.4 million.

Pensions excluding payroll tax reported separately as follows: SEK 0.7 million, SEK 0.7 million, SEK 0.6 million, SEK 0.4 million (11 months), SEK 0.1 million (four months) and SEK 0.4 million.

In addition to salary, other remuneration and pensions, senior executives received the following benefits: SEK 3,000, SEK 85,000, SEK 64,000, SEK 35,000, SEK 14,000 and SEK 6,000.

Employees		2012	2011
Average number of employees	Men	16.1	13.8
	Women	13.4	13.6
		29.5	27.4
Number of employees as at 31 Dec 2012	Men	18	16
	Women	13	14
		31	30
Board of Directors	Men	3	3
	Women	2	2
		5	5
Management team	Men	6	3
	Women	–	2
		6	5

	2012	2011
Salaries and fees		
Chairman of the Board	0.1	0.1
Board of Directors excluding the Chairman	0.2	0.2
Managing Director (January–April 2012/April–December 2011)	1.3	2.2
Managing Director (September–December 2012)	1.0	–
Acting Managing Director (May–August 2012/January–March 2011)	1.0	0.7
Management team excluding the Managing Director	6.7	6.6
Senior executives, reservation	4.5	–
Other employees	27.4	22.7
Other employees, reservation	2.0	–
	44.2	32.5
Other benefits		
Managing Director (January–April 2012/April–December 2011)	0.0	0.1
Management team excluding the Managing Director	0.2	0.4
Other employees	1.7	1.8
Total	1.9	2.3
Pension costs		
Chairman of the Board	–	–
Board of Directors excluding the Chairman	–	–
Managing Director (January–April 2012/April–December 2011)	0.4	0.6
Managing Director (September–December 2012)	0.2	–
Acting Managing Director (May–August 2012/January–March 2011)	0.3	0.2
Management team excluding the Managing Director	2.1	1.9
Senior executives, reservation	0.3	–
Other employees	8.3	7.0
Other employees, reservation	0.1	–
	11.7	9.7
Social security expenses excluding pension costs	17.0	12.8
Personnel costs – Total	74.8	57.3

Note 9 Shares and participations in listed companies and funds

Share	No. of participations	Share of equity, %	Voting rights, %	Market value, SEK million
Biolvent International	1,395,589	1.9	1.9	5
CellaVision	644,416	2.7	2.7	9
Lannebo Micro Cap	659,833			956
Lannebo Småbolag	13,698,505			442
SEB Micro Cap	1,800,000			259
Total				1,671

Commission paid in 2012 amounted to approximately SEK 8.5 million (0.1).

Note 10 Shares and participations in unlisted companies and funds

In cases where the Sixth AP Fund has more than 50 per cent of the voting rights or in some other way has a controlling influence in a company, all investments made at that level are also stated. Furthermore, if a company in which the Fund has a majority interest is dormant, this is stated in parentheses after the company name.

Company	Investment	Corp. Reg. No.	Registered office	No. of participations	Voting rights, %	Share of equity, %
123 Servicecenters Fastighets AB		556660-4327	Gothenburg	1,000	100.0	100.0
	<i>Meca Danmark A/S (dormant)</i>				100.0	100.0
Amplico Kapital AB		556703-3161	Gothenburg	5,000,000	100.0	100.0
AP Industriinvest AB		556780-7184	Gothenburg	1,000	100.0	100.0
	<i>Nya Arvika Gjuteri AB</i>				99.2	99.2
AP Partnerinvest AD AB (dormant)		556740-3414	Gothenburg	100,000	100.0	100.0
AP Partnerinvest Auktion AB (dormant)		556751-9607	Gothenburg	920	92.0	100.0
AP Partnerinvest Fashion AB (dormant)		556742-8882	Gothenburg	1,000	100.0	100.0
AP Partnerinvest Miljö AB (dormant)		556751-9599	Gothenburg	920	92.0	100.0
AP Partnerinvest MIT AB		556754-4431	Gothenburg	1,000	100.0	100.0
AP Partnerinvest Positionering AB		556739-6857	Gothenburg	930	93.0	100.0
AP Partnerinvest Röd AB		556736-6322	Gothenburg	94,000	94.0	100.0
	<i>Redpill Linpro AB</i>				70.6	70.6
AP Partnerinvest Sec AB		556754-2583	Gothenburg	100,000	100.0	100.0
AP Partnerinvest Sport AB		556736-6934	Gothenburg	90,001	90.0	100.0
	<i>Sportmanship Invest AB</i>				49.0	49.0
AP Partnerinvest TDS AB (dormant)		556752-1363	Gothenburg	909	90.9	90.9
AP Partnerinvest XLR 2 AB		556749-6079	Gothenburg	1,000	100.0	100.0
	<i>Xelex Holding AB</i>				38.0	38.0
AP Partnerinvest XLR AB		556746-6510	Gothenburg	1,000	100.0	100.0
	<i>Xelex Holding AB</i>				38.0	38.0
AP Riskkapital AB		556711-0407	Gothenburg	1,000	100.0	100.0
DAWA Däck AB		556437-9344	Gothenburg	20,000	100.0	100.0
	<i>Gummigubben i Göteborg AB</i>				100.0	100.0
EkoNord Invest AB		556769-8625	Krokom	7,143	14.3	14.3
Ekoväst Invest AB		556859-8006	Arvika	6,666	11.8	11.8
Energy Potential AB		556614-9000	Uppsala	432,781	3.6	15.0
Fordonsinvest Norden AB		556601-9757	Gothenburg	175,275	100.0	100.0
Gar Förvaltnings AB (dormant)		556312-2968	Gothenburg	10,000	100.0	100.0
Gnosjögruppen AB		556742-8411	Gislaved	1,000	100.0	100.0
	<i>Gnotec AB</i>				100.0	100.0
	<i>Holmbergs Childsafety Holding AB</i>				100.0	100.0

Company	Investment	Corp. Reg. No.	Registered office	No. of participations	Voting rights, %	Share of equity, %
Grönklittsgruppen AB		556098-7462	Orsa	476,622	11.0	11.0
Industrial Equity (I.E.) AB		556599-9702	Gothenburg	1,000	100.0	100.0
	<i>Accumulate AB</i>				22.0	22.0
	<i>Applied Nano Surfaces Sweden AB</i>				17.0	17.0
	<i>Bokadirekt i Stockholm AB</i>				32.0	32.0
	<i>CombiQ AB</i>				26.0	26.0
	<i>Digital ADTV AB</i>				26.0	26.0
	<i>Flexion Mobile Ltd</i>				12.0	12.0
	<i>FPV Holding AB</i>				99.0	99.0
	<i>Mobot AB</i>				29.0	29.0
	<i>myFC AB</i>				23.0	23.0
	<i>Nodais AB</i>				38.0	38.0
	<i>O & G Research & Development AB</i>				28.0	28.0
	<i>Oricane AB</i>				16.0	16.0
	<i>Panopticon Software AB</i>				31.0	31.0
	<i>The Local Europe AB</i>				34.0	34.0
	<i>Yanzi Networks AB</i>				30.0	30.0
Innoventus AB		556602-2728	Uppsala	4,662	33.3	33.3
Iqube Holding AB		556676-0764	Stockholm	226,889	13.2	13.2
Johanneberg Campusbo AB		556658-6730	Gothenburg	800	80.0	80.0
Johanneberg Campusbo KB		969704-9451	Gothenburg			79.2
Jönköping Business Development AB		556693-2561	Jönköping	387,727	33.3	33.3
KA Intressenter AB		556771-4455	Stockholm	30,380	30.4	30.4
Krigskassa Blekinge AB		556709-7992	Ronneby	30,000	50.0	50.0
Mittkapital i Jämtland och Västernorrland AB		556784-9426	Krokoms	1,000	100.0	100.0
	<i>Arctic Engineering AB</i>				29.4	29.4
	<i>Bracke Forest AB</i>				25.0	25.0
	<i>Grönklittsgruppen AB</i>				8.2	8.2
	<i>Permascand Holding AB</i>				40.0	40.0
	<i>SkiLodge Tännaldalen AB</i>				19.0	19.0
	<i>ZMek Fastighet & Förvaltning AB</i>				29.4	29.4
NetSys Technology Group Holding AB		556550-2191	Mölnådal	100,000	100.0	100.0
Nordia Innovation AB		556228-6855	Stockholm	3,496,919	15.0	15.0
Norstel AB		556672-5346	Norrköping	21,447	0.7	0.7
NS Holding AB		556594-3999	Sundsvall	1,819,884	50.0	50.0
	<i>Norrporten AB</i>				50.0	50.0
Redpill Linpro AB		556641-0576	Karlstad	314	5.6	5.6
Seabased AB		556617-6557	Uppsala	198,478	0.8	3.5
SLS Invest AB		556730-2038	Stockholm	500	100.0	100.0
	<i>AdvanDx Inc</i>				41.8	41.8
	<i>Biopheresis Technologies Inc</i>				32.2	32.2
	<i>Gyros AB</i>				95.2	95.2
	<i>Light Sciences Oncology Inc</i>				21.7	21.7
	<i>Medical Vision AB</i>				71.2	71.2
	<i>Nuevolution A/S</i>				1.3	1.3
	<i>ONCOlog Medical QA AB</i>				81.7	81.7
	<i>Precisense A/S</i>				32.0	32.0
	<i>Carlsson Research AB</i>				n/a	n/a
	<i>MVCII GP AB</i>				100.0	100.0
	<i>SLSII GP AB</i>				78.6	78.6

Company	Investment	Corp. Reg. No.	Registered office	No. of participations	Voting rights, %	Share of equity, %
Startkapital i Norr AB		556865-6192	Luleå	5,000	50.0	50.0
	O & CO AB				10.0	10.0
	Satmission AB				8.5	8.5
Syncon International AB		556573-8894	Stockholm	3,868,362	24.2	24.2
Unfors Holding AB		556701-5747	Gothenburg	86,609	58.2	58.2
	Unfors RaySafe AB				100.0	100.0
United Intressenter AB		556727-5135	Stockholm	224	13.3	13.3
UnitedLog Group AB		556680-6914	Stockholm	46,898	57.0	57.0
	ARRIGO Logistics					
	Consultants AB (dormant)				100.0	100.0
	Capacent Holding AB				33.0	33.0
	Financial Industrial (FIND) Consulting AB (dormant)				100.0	100.0
	Primelog AB (dormant)				100.0	100.0
	UnitedLog AB				100.0	100.0
	Unitedlog Software AB				100.0	100.0
Vega Ronneby AB		556762-7798	Ronneby	2,017,365	25.0	25.0
Volvofinans Bank AB		556069-0967	Gothenburg	400,000	40.0	40.0

The total acquisition value of shares and participations amounted to SEK 7,333 million (9,732).

In the event the name of the legal entity through which the investment in the fund was made does not reflect the actual investment, the name of the investment is given in parentheses.

Funds	Corp. Reg. No.	Registered office	Share of equity, %	Cost
AEP 2003 KB	969694-5196	Stockholm	15.8	0
Accent Equity 2003 KB	969694-7739	Stockholm	65.6	144
Accent Equity 2012 L.P.	—	—	10.0	0
AE Intressenter KB (Accent Equity 2008)	969724-7873	Järfälla	100.0	296
Aumar AB	556631-5932	Gothenburg	70.0	47
Auvimo AB	556587-9565	Gothenburg	100.0	0
Auvimo KB	969621-7729	Gothenburg	100.0	164
Axel IV K/S 2	—	—	9.7	34
BrainHeart Capital ANX KB	969703-4685	Stockholm	59.4	0
BrainHeart Capital KB	969674-4102	Stockholm	43.4	0
CapMan Buyout IX Fund A L.P.	—	—	8.5	140
CapMan Buyout VIII Fund B KB	969705-5342	Stockholm	100.0	418
CapMan Equity Sweden KB	969683-1321	Stockholm	96.5	191
CapMan Technology Fund 2007 B KB	969720-4288	Stockholm	100.0	116
Chalmers Innovation Seed Fund AB	556759-5003	Stockholm	23.7	24
Creandum Advisor AB	556644-0300	Stockholm	34.0	1
Creandum I Annex Fund AB	556759-5623	Stockholm	49.3	22
Creandum II KB	969708-0274	Stockholm	98.5	168
Creandum III L.P.	—	—	13.5	4
Creandum KB	969690-4771	Stockholm	49.3	33
Cubera VI L.P.	—	—	9.0	46
EQT IV L.P.	—	—	2.0	348
EQT V L.P.	—	—	2.4	510
EQT VI L.P.	—	—	1.3	118
EQT Expansion Capital II L.P.	—	—	4.2	104
EQT Opportunity L.P.	—	—	10.8	56
Femfond KB (Nordic Capital V)	969687-5062	Stockholm	100.0	189
Fyrfond AB	556591-7027	Gothenburg	100.0	0
Fyrfond KB	969661-3109	Gothenburg	100.0	499
Fyrsikten KB (Nordic Capital VI)	969712-1029	Stockholm	100.0	425

Funds	Corp. Reg. No.	Registered office	Share of equity, %	Cost
HealthCap 1999 KB	969656-1647	Stockholm	10.5	100
HealthCap Annex Fund I-II KB	969690-2049	Stockholm	38.9	121
HealthCap III Sifefund KB	969699-4830	Stockholm	22.7	49
HitecVision IV L.P.	—	—	1.4	21
HitecVision V L.P.	—	—	0.8	34
InnKap 2 Partners KB	969661-4735	Gothenburg	5.9	11
InnovationsKapital Fond I AB	556541-0056	Gothenburg	31.3	0
Innoventus Life Science I KB	969677-8530	Uppsala	32.7	37
Intera Fund I KY	—	—	12.0	86
Intera Fund II KY	—	—	10.0	20
IT Provider Century Annex Fund KB	969728-8109	Stockholm	98.5	6
IT Provider Century Fund KB	969673-0853	Stockholm	98.5	16
IT Provider Fund IV KB	969687-5468	Stockholm	59.1	65
Nordic Capital III	—	—	9.4	1
Nordic Capital VII Beta L.P.	—	—	2.8	396
Northern Europe Private Equity KB (EQT III)	969670-3405	Stockholm	69.1	136
Norvestor V, L.P.	—	—	8.5	82
SG Partners II KB (Scope Growth II)	969724-7337	Stockholm	100.0	151
Scope Growth III L.P.	—	—	20.0	0
Sustainable Technologies Fund I KB	969734-9620	Stockholm	100.0	78
Swedestart Life Science KB	969675-2337	Stockholm	16.3	23
Swedestart Tech KB	969674-7725	Stockholm	20.6	30
Valedo Partners Fund I AB	556709-5434	Stockholm	25.0	151
Total funds				5 711
Total cost				12 833
TOTAL MARKET VALUE				13 631

Note 11 Other interest-bearing securities

	2012	2011
Other		
FX forwards	73	54
Overnight loan	1,175	—
Short-term interest-bearing securities	3,372	—
Loans to unlisted companies	76	21
Total	4,696	75

Note 13 Liabilities to credit institutions

	2012	2011
Approved credit limit	2,000	3,000
Unutilised portion	–2,000	–3,000
Utilised credit amount	0	0

Any utilised credit amount is regarded as a current and temporary financing with an estimated maturity of no more than one year.

The approved credit limit for the Group account is SEK 2 billion.

Note 12 Prepaid expenses and accrued income

	2012	2011
Accrued interest income	35	31
Prepaid management fee	5	11
Other prepaid expenses and accrued income	10	12
Total	50	54

Note 14 Other current liabilities

	2012	2011
Transactions not settled on the closing day	2	2
Other	12	12
Total	14	14

Audit report

For the Sixth AP Fund, Corp. Reg. No. 855104-0721

Report on the annual accounts

We have audited the annual accounts of the Sixth AP Fund for the 2012 financial year. The Fund's annual accounts are presented in the printed version of this document on pages 30–47.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the annual accounts in accordance with the National Swedish Pension Fund Act and for such internal control as the Board of Directors and Managing Director deem necessary to be able to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The auditor chooses such procedures based on such assessments, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Fund's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Sixth Swedish National Pension Fund Act (2000:193) and present fairly, in all material respects, the financial position of the Sixth AP Fund as at 31 December 2012 and its financial performance for the year in accordance with the National Swedish

Pension Fund Act. The administration report is consistent with the other parts of the annual accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts, we have examined the inventory of assets managed by the Sixth AP Fund. We have also examined whether there are any comments in other respect to the administration of the Board of Directors and Managing Director for the Sixth AP Fund for 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and Managing Director are responsible for the accounts and for the administration of the Fund's assets in accordance with the National Swedish Pension Fund Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the results of our examination and the inventory of assets managed by the Fund and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion concerning the inventory of assets, we examined the Fund's inventory and a selection of supporting evidence.

As a basis for our opinion concerning the administration, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the Fund in order to determine whether any member of the Board of Directors or the Managing Director has acted in contravention of the National Swedish Pension Fund Act.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

The audit has given no reason to comment on the inventory of the assets or any other aspects of administration.

Gothenburg, 27 February 2013

Björn Grundvall
Authorised Public Accountant
Appointed by the Swedish Government

Jan Birgersson
Authorised Public Accountant
Appointed by the Swedish Government

Definitions

Buffer funds – Consists of the First to Fourth AP Funds and the Sixth AP Fund. The role of the buffer funds is partly to even out temporary variations between pension contributions and pension disbursements, partly to assist in the long-term financing of the pension system.

Buyout – Investment in mature, unlisted companies that are cash-flow positive. The investments often occur with loan financing.

Co-investment – Entails that investments are made together with one or more other holding companies. A co-investment normally entails a minority shareholding.

Compliance – Adherence to rules and guidelines.

Corporate Governance – A term to describe issues relating to the governance of companies. The relationship between the different company organs (AGM, Board and MD) is central to corporate governance.

COSO – Committee of Sponsoring Organizations of the Treadway Commission, a framework for evaluating and managing a company's internal control, see page 26.

Due diligence – A work process and method for collecting and analysing information about a company prior to a company acquisition.

EVCA – European Private Equity and Venture Capital Association. European trade association for funds.

EV/EBIT – The enterprise value divided by the operating profit (before net financial items and tax).

EV/Sales – The enterprise value divided by sales.

Fair value – Fair value is defined as the amount at which an asset could be transferred or a liability written off, between parties who are independent of one another yet share an interest that the transaction be completed. This normally means that listed assets are valued at their purchase price (market value) and that the fair value of unlisted assets is estimated with the assistance of generally accepted valuation models.

Fund capital – The initial capital that was allocated to the Sixth AP Fund at the beginning together with the accumulated gain or loss.

Governance – See corporate governance.

ILPA – Institutional Limited Partners Association. International trade association for fund investors.

Investment operation – A collective term for the capital managed by the Sixth AP Fund's business areas.

IPEV – International Private Equity and Venture Capital Valuation Board.

IRR – Internal rate of Return – Describes the return on an investment in the form of an interest rate.

Life Science – Collective term for the pharmaceuticals, biotechnology and medical technology sectors.

Management fee – Fees paid for the management of a fund.

Market-valued capital – Listed securities valued at market value at the year-end and unlisted securities valued according to IPEV principles. For more information, see Note 1.

Operative share % – Specifies the participating interest in a private equity fund regardless of its legal structure. Legal ownership is reported in Note 10.

Pledged capital – The capital pledged by the Sixth AP Fund as risk capital in various funds and companies over a set period of time.

Private Equity – A collective term for equities that are not listed on an official or public market. The ownership commitment in a private equity investment is often active and limited in time.

Private equity fund – A fund that has as its core operations investment in unlisted companies and the realisation of their growth in value.

Profit/loss – The total change in value, realised and unrealised, of assets, returns in the form of interests and dividends, minus external management fees and internal costs.

Return business areas – Profit/loss before costs divided by the average capital.

Risk capital – A collective term for investments in a company's equity that applies to both listed and unlisted companies. It is occasionally confused with the concept of private equity, which is the term given to investments in companies that are not listed.

Risk premium – The compensation that an investor requires from an investment in, for example, shares, rather than investing in risk-free assets.

Secondary – Investments in the secondary market entail that the fund has already existed for some years. An investment in the secondary market is exposed to the same companies as the original investors, but often with lower expenses and a shorter investment horizon.

Structural capital – The shared knowledge capital of a company or organisation, compiled and documented in the systems of the company/organisation.

Sustainability reporting – A report describing how a company addresses financial, environmental and social issues.

SVCA – Swedish Venture Capital Association.

Total return for the Sixth AP Fund for one year – Calculated as the profit/loss for the year in relation to the fund capital at the beginning of the year.

Total return for the Sixth AP Fund for a period longer than one year – Calculated as the average return per year.

Venture capital – Investments made at an early stage of a company's development. The capital injected is often used for product or market development.

Production: Sjätte AP-fonden
in association with Wildeco
Photos: Joakim Folke and Dan Wallin
Translation: The Bugli Company AB
Printing: åtta45, 2013





Sjätte AP-fonden

P.O. Box 11395, SE-404 28, Gothenburg, Sweden
Street address
Gothenburg - Östra Hamngatan 18
Stockholm - Norrlandsgatan 16

Tel: +46 (0)31-741 10 00
www.apfond6.se
info@apfond6.se