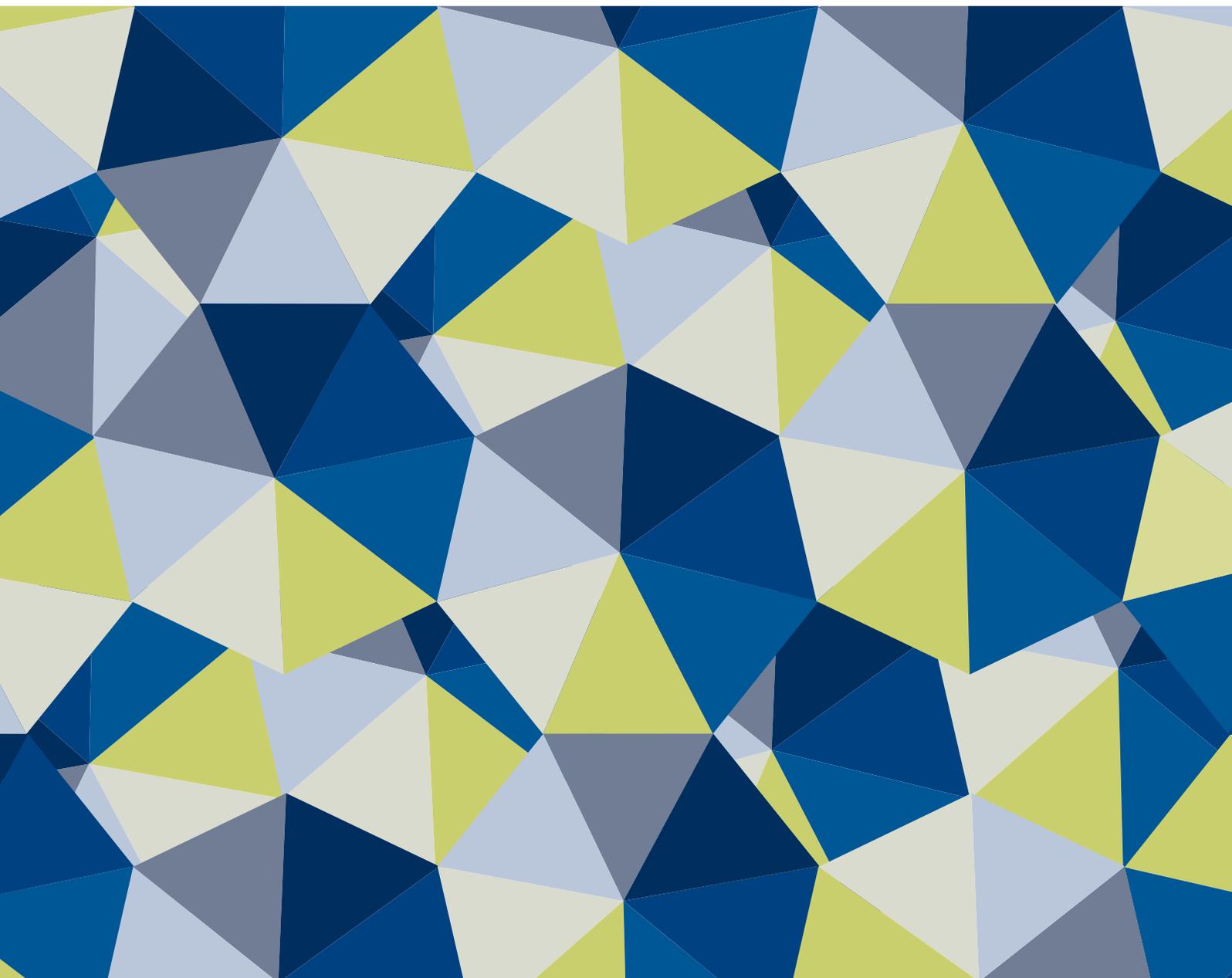


SIXTH AP FUND ANNUAL REPORT **2014**



COMPANY INVESTMENTS

Our biggest direct investment tops the customer satisfaction list, and is among the world's greenest property companies

8

FUND INVESTMENTS

Close co-operation with other parties results in new investments

14

SUSTAINABILITY

Climate analysis and new expertise are part of the sustainability work trend

18

INVESTS IN UNLISTED COMPANIES, DIRECTLY AND INDIRECTLY

THE SIXTH AP FUND (AP6) INVESTS IN TWO WAYS:

- **Directly in companies (Company Investments)**
Here, AP6 holds shares in the company and generally has a seat on the board.
- **Indirectly through funds (Fund Investments)**
AP6 invests in a fund, which in turn invests in a number of unlisted companies. AP6 holds shares in the fund, not directly in the individual companies.

DIFFERS FROM OTHER AP FUNDS

AP6 has a mission from its owners that differs from other AP funds. Its mission is to invest in unlisted companies, that is, companies that are not quoted on the stock exchange. In addition, AP6 is an evergreen fund. Expressed simply, this means no money in – no money out. Thus, AP6 manages the capital it received on its inception in 1996, including the return generated over the years.

THE STRATEGY IS BASED ON THE LEGISLATION GOVERNING AP6

This states that AP6 shall invest in unlisted companies and create a high, long-term return combined with balanced risk. The strategy that the Board has adopted for AP6 entails a distinct focus on mature companies, particularly in the case of direct investments.

The Sixth AP Fund (AP6) received its mission in 1996 and in that same year was allocated SEK 10.4 billion to manage. These funds have grown by SEK 13.2 billion, which means that AP6's funds totalled SEK 23.6 billion on 31 December 2014.

Direct investments are undertaken primarily with other financial investors who share AP6's values and have a long-term investment horizon. Fund investments are also mainly focused on more mature companies, what are referred to as buyout funds, but also include investments in funds focused on relatively young and newly established companies, or what are referred to as venture capital funds.

Contents

The year in brief	1	Management	35
Sixth AP Fund in brief	2	Remuneration, benefits and business representation expenses	36
Managing Director's statement	4	Directors' Report	37
Overriding investment strategy	6	Income statement	43
Company Investments	8	Balance sheet	44
Fund Investments	14	Notes	45
Sustainability report	18	Audit report	55
Chairman's statement	30	Definitions and glossary	56
Fund management report	31		
Board of Directors	34		

THE YEAR IN BRIEF

The return for the year amounted to

6.5%

Profit for the year totalled

SEK 1,441 M

The average return during the past 10 years was

5.4%

DIRECT INVESTMENTS

- Co-investment in Bureau van Dijk with EQT VI. The company is a leading global provider of business information.
- Co-investment in Siemens Audiology Solutions with EQT VI. The company is a leading global manufacturer of hearing aids.
- Co-investment in Lindorff with Nordic Capital Fund VIII. Lindorff is a leading European debt collection company, with its head office in Oslo.
- Direct investment in the Swedish company Tobii Technology. The company is a world leader within eye tracking, a technology that enables a computer to tell exactly where the user is looking.
- Co-investment in Visma with HgCapital. Visma is one of the Nordic region's leading providers of software and services for financial administration.
- Sale of Holmbergs Childsafety. Holmbergs Childsafety is a leading provider of car safety equipment for children.
- Sale of Unfors RaySafe to Fluke Corporation. Unfors RaySafe occupies a world-leading position in the quality assurance market for x-ray equipment.

FUND INVESTMENTS

- Commitment to new fund: Bridgepoint
- Commitments to existing funds: Cubera and Northzone

SUSTAINABILITY

- AP6 has carried out its first climate analysis, which aims to calculate the size of the carbon dioxide emissions financed by AP6 through its investments. For practical reasons, the analysis covers 80 per cent of the portfolio's value. In view of this, the assessment is that the most carbon-intensive companies in the portfolio can still be captured.

The result indicates that AP6's portfolio is less carbon-intensive than the corresponding investments in the comparison index. Estimated emissions per krona invested have been calculated at around one third lower than for corresponding investments according to the MSCI World Index.
- Recruitment of specialist expertise in order to develop sustainability work in relation to the portfolio, for both direct investments and fund investments.
- AP6 has devised its own model for measuring the fund companies' sustainability work.
- AP6 was nominated in the Medium & Small Funds category at the Responsible Investor Reporting Awards 2014 in London.

INVESTMENT ORGANISATION

- Recruitment of an Investment Director for direct investments and fund analysts for fund investments will further strengthen the investment organisation.

THE SIXTH AP FUND IN BRIEF

THE INVESTMENT ORGANISATION

Organisationally, the investment organisation is divided up into Company Investments, also known as direct investments, and Fund Investments, also known as indirect investments.

The terms 'direct' and 'indirect' relate to the shareholding. When investing in companies, AP6 has a direct shareholding in the actual company. Investing in funds gives an indirect shareholding in the companies that the fund in question chooses to invest in.

Investments are carried out together with other industrial and financial players.

HIGH RETURN FROM MATURE COMPANIES

The strategy approved by the Board in 2011 entails a clear focus on more mature companies, from which AP6 has historically enjoyed a high return.

DIFFERS FROM OTHER AP FUNDS

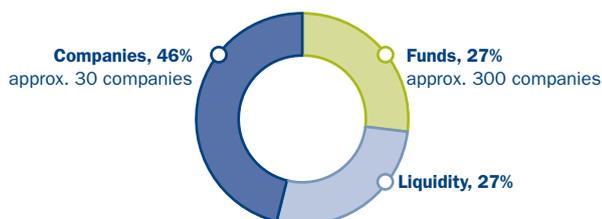
- Evergreen fund, no payments from or disbursements to the pension system
- Invests in unlisted companies
- Invests directly in companies and indirectly in companies through funds
- Focuses on investments in the Nordic region

THE GOALS OF THE SIXTH AP FUND

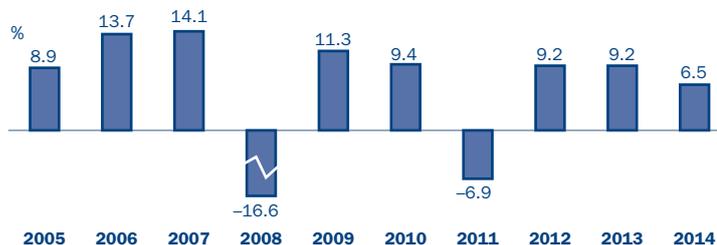
AP6 shall create a long-term high return, while also maintaining satisfactory risk diversification through investments in the private equity market.

The applicable return target is represented by the SIX Nordic 200 Cap GI index, with a risk premium of 2.5 per cent for unlisted companies.

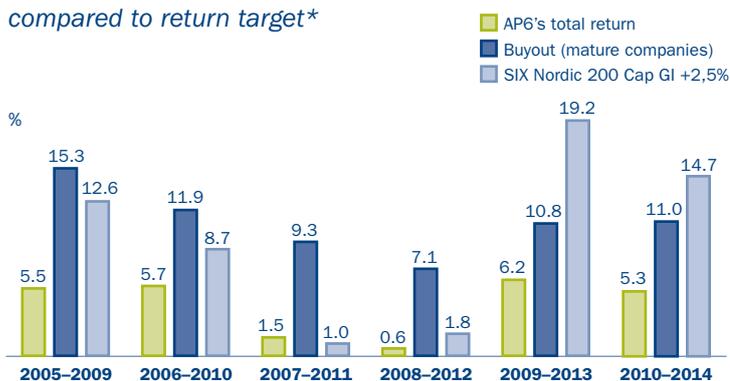
The Sixth AP Fund manages SEK 23.6 billion



Return after costs 2005–2014



Return after costs, rolling five years, compared to return target*



* Buyout (mature companies) is reported separately, since investments in this segment are in line with AP6's strategy from 2011.

Return over ten and five years and during 2014

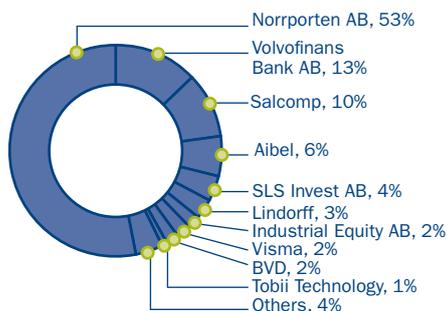
Year	2005–2014	2010–2014	2014
Total buyout, %	13.0	11.0	7.3
– Funds (indirect)	19.7	15.1	16.0
– Companies (direct)	9.7	8.7	3.2
Total venture capital, %	-9.9	-11.9	8.7
– Funds (indirect)	-3.7	5.9	9.1
– Companies (direct)	-17.1	-21.9	8.0
Return target	13.6	14.7	19.5



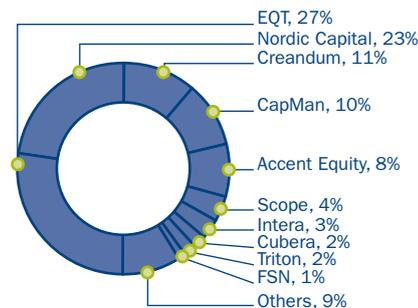
THE FOUR LARGEST DIRECT INVESTMENTS

Salcomp - a manufacturer of chargers for mobile telephones, tablets and computers
Aibel - a Norwegian offshore services company
Norrporten - one of Sweden's biggest property companies
Volvofinans - sales financing with one of the country's most popular loyalty and credit cards

Major company investments



Major fund investments



Profit/loss breakdown by segment, 2005-2014

SEK M	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average return, %
Buyout (mature companies)	1,590	1,422	1,976	-875	937	1,548	1,104	1,566	998	971	13.0
Venture capital (early phase)	-637	-46	468	-874	-121	-683	-2,087	-131	176	196	-9.9
Return on capital employed	953	1,376	2,444	-1,749	816	865	-983	1,435	1,174	1,167	6.0
Treasury, risk management as well as internal costs	288	688	-12	-1,503	1,037	841	-397	266	686	274	-
Profit/loss	1,241	2,064	2,432	-3,252	1,853	1,706	-1,380	1,701	1,860	1,441	5.4



Concrete results from a three-year change process

Over the course of the last three years, AP6 has implemented a successful change process. Positioning ourselves as a player with specialist expertise in both direct investments and fund investments has led to greater interest in the market and more investments. The results of our portfolio adjustment work speak clearly for themselves, having gone from around 50 holdings to the current level of around 30, with a number of these consisting of investments in accordance with the new strategy. The portfolio risk has thereby been reduced significantly. Our conscious, long-term sustainability work means that we can now impose clear requirements. During the year, we have carried out the first climate analysis of our portfolio.

AP6 is now an established attractive partner for both domestic and foreign players who, like ourselves, invest in unlisted assets. The journey towards this position began just over three years ago when the decision was made to adopt a new, more focused investment strategy.

This was based on AP6's specialist expertise and experience as an investor, both directly in companies and indirectly via funds, within the segment for more mature companies. At that time, we were convinced that an active, collaboration-based strategy within this segment would be seen as an attractive offering by the market. Today, three years later, I would be so bold as to say we now have proof that this was the right strategy to adopt.

This is also confirmed by the continued trend within the international market for unlisted investments.

The international trend involves many pension managers shifting from passive allocation towards active investment operations within unlisted companies. Specialist expertise is being built up within professional investment organisations. Direct investments are given ever greater scope, and are increasingly made with an ambition of being selective and making an active contribution towards developing the company.

Such an active investment, which is fully in line with the strategy now followed by AP6, places demands on independent decision-making and clear ownership control, which in turn places other demands in terms of competence, resources and working methods within the organisation.

A major part of the explanation behind AP6's successful positioning as a partner with specialist expertise is AP6's conscious decision to work with active investments in unlisted companies. This is based on clearly defined, quality assured processes for analysis, documentation and decision-making. It is also based on AP6's extensive experience of investing both directly in companies and indirectly via funds.

During 2014, AP6 has made a number of investments as a direct consequence of leading players seeking investment partners in unlisted companies.

PORTFOLIO CLIMATE ANALYSIS

In an attempt to get an idea of the size of the carbon dioxide emissions generated by our portfolio, we have carried out a climate analysis. Although this does not cover all holdings, it covers most of them – around 80 per cent. The analysis suggests that AP6's

portfolio is less carbon-intensive than the corresponding investments in the comparison index. Naturally this is pleasing, but a great deal of work remains to be done. There must be greater transparency in how unlisted companies report their carbon dioxide emissions. This class of assets needs relevant comparisons and clear objectives in order to reduce its climate impact.

AP6 decided early on that sustainability work should be integrated into its investment operations. We also take the view that this work will never be complete. There will always be new problems and new challenges to deal with. There are no ready-made solutions – each issue needs to be dealt with individually.

One example is our own model for monitoring the individual fund companies' sustainability work. The aim is both to get an overview and to further develop our requirement specifications.

AP6's direct investments in companies already follow a model for requirement specification and monitoring, in which the various holdings' share of the portfolio is taken into account. One consequence of this is that Norrporten, AP6's biggest holding, will compile a sustainability report in line with GRI for 2014.

At the same time, it is also important to note the advances and improvements that are made. In the comparisons carried out on behalf of the owner, AP6 has been identified as a player that has made greater progress in its sustainability work compared with several international players within the unlisted segment. AP6 earned recognition for its sustainability reporting during the year when it was nominated for the Responsible Investor Awards in London.

Carrying out climate analyses and strengthening resources for working with sustainability issues creates the right conditions for the continued improvement of AP6's requirement specification and monitoring within this area.

PROFIT AND RETURN

Net profit for 2014 amounted to some SEK 1.4 billion, corresponding to a return

of 6.5 per cent for the year. Since AP6 works with a very long-term investment horizon, we believe that the return should be assessed over a long time series. Looking at a ten-year history, AP6's net return has been 5.4 per cent annually. These results are attributable to highly successful investments in the mature segment (+13.0 per cent) and a negative return from venture capital investments (–9.9 per cent). Investments within this segment now represent an ever more limited share of the portfolio. According to the strategy adopted in 2011, investments in this class of assets are carried out selectively and solely through fund investments.

»» The international trend involves many pension managers shifting from passive allocation towards active investment operations within unlisted companies«

VALUE CREATION WITHIN THE PORTFOLIO

AP6 currently holds a highly stable portfolio through a balanced mix of direct investments in companies and holdings via funds, with the emphasis on mature companies. Through the adjustment work that began three years ago, the total number of holdings in the portfolio has been reduced despite making around ten new investments. These have been made in different industries, contributing towards diversification and spreading of risks within the portfolio. In the case of fund investments, the return was some 14.4 per cent in 2014. This was a result of successful listings and the positive progress of the fund companies' portfolio companies. Direct investments reported approximately 3.6 per cent. The historically low annual return is a result of the ongoing adjustment of the portfolio. When building up a new portfolio, it is reasonable to assume that value growth will not occur until after a couple of years.

Major direct investments include Volvo-finans, which reported its best ever result for 2014. Norrporten is continuing to show satisfactory progress, and Salcomp experienced excellent growth during the latter half of the year. Like many other Norwegian offshore

companies, Aibel suffered from the significant market turbulence. However, our assessment is that the company still has good opportunities for long-term value creation.

One smaller holding that enjoyed very strong growth was Apotea, which was named Online Store of the Year in 2014.

SPECIALIST EXPERTISE BRINGS NEW INVESTMENTS

During the year AP6's specialist expertise based on its combination of direct and indirect investments resulted in a number of new holdings. Together with HgCapital, AP6 has invested in Visma, one of the Nordic region's

leading providers of software and services for financial administration. With Nordic Capital Fund VIII, AP6 has invested in Lindorff, a leading European debt collection company, headquartered in Oslo. Other investments during the year included Tobii Technol-

ogy, Bureau Van Dijk and Siemens Audiology Solutions. The work to diversify and broaden the fund portfolio has resulted in commitments to both a new fund (Bridgepoint) and existing funds (Cubera and Northzone).

DIVESTMENTS

The divestment of holdings in Unfors RaySafe and Holmbergs Childsafety resulted in high returns. Both companies have a product focus on safety, specialising in hospital radiation and in car child safety respectively.

PROMISING PROSPECTS

The international trend of pension managers focusing on active investment operations within unlisted companies suggests a greater need for professional partners. With its continued very strong liquidity, AP6 is of the opinion that the number of investment opportunities as a result of this trend will continue to increase, benefiting pension capital.

Gothenburg, February 2015

Karl Swartling

Managing Director, Sixth AP Fund

SPECIALISING IN UNLISTED COMPANIES

Through its mission, AP6 focuses on unlisted companies. AP6 is an active owner, as expressed through ownership control and integrated sustainability work. Thanks to our extensive experience of investing both directly in companies and indirectly in companies through funds, the organisation has built up specialist expertise. This expertise is used to analyse and assess investments in companies and funds. Through this combination of experience of direct and indirect investments, AP6 is able to build a stronger position in relation to different funds and partners.

INVESTMENT STRATEGY

Specialisation

AP6 is distinct from other Swedish AP funds as a result of its specialisation in unlisted companies, in which AP6 invests both directly in companies and indirectly in companies through funds. The approach creates competence synergy by being able to analyse and assess investments in companies on the one hand and in funds on the other.

AP6 sees major benefits with a combined and active investment strategy for unlisted companies. This strategy unlocks the potential for AP6 to assume a unique role in the market

for Nordic unlisted companies in its capacity of a public pension manager.

A unique position in the Nordic region through our combination of direct and indirect investments

- Expertise in making both direct and indirect fund investments
- Benefit from very strong relationships with the industry's most skilful investors
- Stronger platform for active ownership control
- Active requirement specification in terms of both funds and direct holdings means that AP6 can challenge and influence the industry

- Enable portfolio balancing according to the desired risk profile
- Lower average management cost

THE OWNERSHIP ROLE

Direct ownership is accompanied by direct responsibility. As a state pension manager, all types of investments, including minority investments, imply considerable ownership responsibility. As a result, the portfolio consists of holdings that AP6 has chosen to invest in. Every investment is made based on a plan to practise active ownership control and to carry out sustainability work in which requirements are specified.

LEGISLATION GOVERNING THE SIXTH AP FUND

AP6's mission has been set by the Swedish Parliament (Riksdagen), as described in the Swedish National Fund Act (2000:193). In brief, this means that:

- Within the framework of what is of benefit for insuring income-based, retirement pensions, **AP6 shall manage the entrusted funds by means of investments in the private equity market, meaning unlisted companies.**
- The funds shall be invested in a manner that complies with the requirement

for **high, long-term returns**. An investor in unlisted companies generally requires a longer time horizon and greater financial endurance, compared with investing in listed shares. Generally, it also requires **a longer period to acquire and divest unlisted companies**. Consequently, returns must be gauged over a longer period.

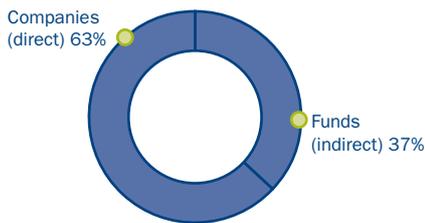
- The funds shall be invested in a manner that ensures **satisfactory risk diversification**. This means that the portfolio should offer diversification in terms of size, geography and industries among the selected companies.

- The Board shall set detailed goals for AP6's investment operations.

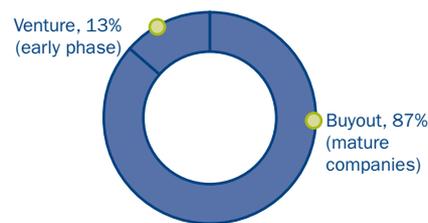
Since 2011, the Board has decided that the strategic investment direction shall focus on more mature companies with positive cash flows and attractive growth potential.

- **AP6 is an evergreen fund**. This means that AP6 does not receive payments from or make disbursements to other parts of the pension system. Accordingly, AP6 shall cope with costs and new investments using the funds originally granted and earnings generated over the years.

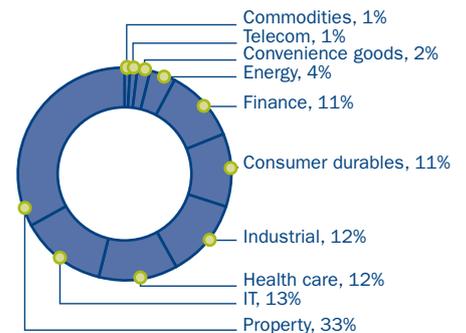
Investment operations



Capital by segment



Capital by sector



Direct ownership involves direct responsibility, and imposes high standards:

- Each investment decision requires in-depth analysis and an independent standpoint
- Proximity to the holding and distinct requirement specifications
- Promote transparency, ethics and sustainability

AP6'S ACTIVE INVESTMENTS IN UNLISTED COMPANIES

Unlisted companies are an effective form of ownership for developing companies and value creation. This goes hand-in-hand with an often concentrated ownership structure and a time horizon for developing the company of between 5 and 10 years.

DIRECT INVESTMENTS (COMPANY INVESTMENTS)

This manner of investing and owning places significant demands on independent decision-making and active ownership control, which drives other needs for expertise, resources and working methods within the investment organisation.

A direct investment is preceded by clearly defined, quality assured processes for analysis, documentation and decisions.

The evaluation phase in connection with an investment can be anything from three to twelve months long. The management phase, for example 5–10 years, consists of active ownership control through active shareholder dialogue and board meetings.

The divestment phase is a result of years of preparations.

INDIRECT INVESTMENTS (FUND INVESTMENTS)

Investing in a fund involves obtaining an indirect ownership as an investor in those companies in which the fund invests in turn. Just as is the case with direct investments, fund investments are preceded by an extensive evaluation process. Since the end of the 1990s, AP6 has followed a large number of funds. Management teams, investment focus, historic returns and contractual terms and conditions are some of the factors analysed.

COMBINATION OF DIRECT AND INDIRECT INVESTMENTS

This type of investment is called co-investment. It involves AP6, in addition to being an investor in a fund, also investing directly in companies together with the fund in question. The advantage of this type of investment is that AP6 gains access to a greater exposure in the best deals and also has a lower average management cost.

EFFECTIVE FORM OF OWNERSHIP FOR PURSUING SUSTAINABILITY ISSUES

The unlisted ownership form involves particularly good conditions for actively pursuing and influencing sustainability issues as an owner. This goes hand-in-hand with a concentrated ownership structure and clearly set targets for value creation.

AP6 has chosen to integrate the work involved in sustainability issues with investment operations.

Implementation takes place through structured, active ownership control. The aim is that this implementation should be marked by distinct requirement specifications and continual monitoring, reporting and evaluation.

The sustainability work is adapted according to the conditions within direct ownership (Company Investments) and indirect ownership (Fund Investments). AP6's basic view of sustainability work is that this is never complete – instead, it is constantly developed and improved.

Annual return for the period 1996–2014*

	Direct investments	Fund investments
Buyout (mature companies)	Accumulated profit/loss: SEK 7.9 billion Annual return: 15.2%	Accumulated profit/loss: SEK 6.4 billion Annual return: 14.9%
Venture capital (early phase)	Accumulated profit/loss: SEK -4.2 billion Annual return: -17.5%	Accumulated profit/loss: SEK -0.9 billion Annual return: -3.1%

Information: Excluding liquidity management investments.
* Return on unlisted investments

Norrporten – focusing on customers, staff and the environment



Norrporten is one of Sweden's biggest property companies and the Sixth AP Fund's biggest direct investment. Every day, around 50,000 people turn up for work at one of Norrporten's premises. These include faithfully renovated 19th century architecture and carbon-neutral properties powered by geothermal energy.

► “As one of Sweden’s biggest property companies owned by two AP funds, we must live up to the demands for a good return, ambitious sustainability work, openness and transparency,” says Jörgen Lundgren, CEO of Norrporten.

During his first year as CEO, the board and management have begun a far-reaching change process that has involved the creation of a new code of conduct and a new compliance function. Existing policies and internal steering documents have also been reviewed. A sustainability report – GRI reporting – was carried out for the first time. Another new feature for 2014 was the ambition that all financial communications should be of an equivalent quality to those issued by listed companies. Norrporten’s financial reporting should therefore be in accordance with IFRS.

CUSTOMER FOCUS

When it comes to a customer focus, Norrporten has a strong history on which to build. The Property Barometer carried out among Sweden’s leading property owners is an annual analysis of office tenants’ perceptions of their landlords. Norrporten has come first twice (2013 and 2011) and second twice (2014 and 2012), as a result of high customer opinions on issues relating to service, fault reporting and environmental considerations.

TAKING THE CLIMATE IN HAND. Property engineer Jens Davidsson virtually controls the entire air-conditioning plant for the court building in Jönköping using the laptop that he carries around with him. Norrporten has invested in a number of geothermal energy facilities, with the court building being one of them. It’s all about making use of the earth’s resources in the form of heat and cold.

Outside Norrporten's head office in Sundsvall are two buildings that can be said to symbolise the company's view of customer care. The nearest building was built in 2008, and is home to the Swedish Companies Registration Office. The indoor climate is provided by a technologically advanced facility that uses geothermal energy.

In simple terms, this involves making use of the earth's resources in the form of heat and cold. Next door to this modern, slightly box-like building, Casino Cosmopol is housed in a beautiful wooden building dating from 1886, complete with towers and pinnacles in keeping with the stylistic ideals of the time.

The building was renovated by Norrporten in the late 1990s, in order to meet the needs of its current tenant.

"These are two very different buildings, built more than a century apart," explains

Jörgen. "But for us, it boils down to the same thing. We listen to the tenant and strive to find solutions, whether it's a case of using modern energy technology or recreating older architecture."

»» When we entered the premises we stepped right through the rotten wooden floor onto soil. In some places there wasn't even any floor left.«

Jörgen Lundgren, CEO of Norrporten

ATTENTION TO DETAIL

Jörgen takes us on a guided walking tour of the properties that make up Sundsvall's grid street plan, together with Åsa Hansson, Norrporten's Head of Communications. The 2006 renovation of the

Hirsch House on Stora Torget required craftsmanship from Hungary to recreate the sculptures on the roof.

The results can be seen by anyone who passes by and glances upwards: Shining zinc sculptures in the form of towers, pinnacles, weathervanes, fish and not forgetting a two metre long gilded dragon.

"Before the sculptures were returned to their original positions up there, we arranged an exhibition at ground level so everyone could get the chance to see them up close," says Åsa.

The Hirsch House was erected after the great fire of 1888, as opposed to the Town

Hall, which was already standing at the time of the fire and was seriously damaged. When the smoke cleared, little more than a large sooty shell remained. Following the rebuilding work, the police moved in to the ground floor. This housed the drunk tank

Company Investments

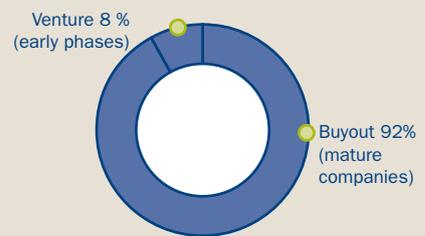


Mats Lindahl, Head of Company Investments at AP6

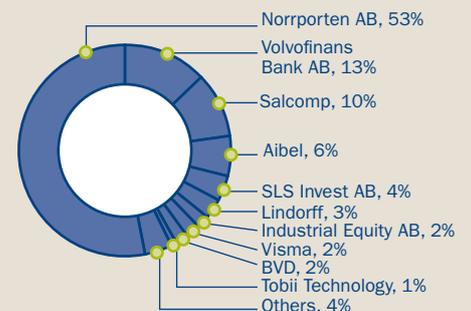
Company Investments within AP6 has a very clear orientation towards investing in collaboration with other professional players that share its values base and long-term approach. The purpose is that AP6 and its co-investors are able to capitalise on co-operation and complement each other in value creation.

AP6 is quite willing to take a minority position in new investments. However, this does not by any means imply a passive shareholder role. Irrespective of the percentage shareholding, AP6 is always an active and demanding shareholder, with its own analytical capacity and totally independent decision-making. AP6's typical holding in an investment may range from SEK 100 to 1,000 million, with an ownership share varying from 5 to 10 per cent, and up to 50 per cent. AP6 usually wishes to have a seat on the board, which is influenced by the existing ownership structure, of course.

Capital by segment



Major company investments



»» The process of building up a new portfolio has continued with the recent acquisitions of Aibel, Salcomp, Unifeeder, Lindorff, Tobii, Visma, Bureau van Dijk and Siemens Audiology Solutions.«



▲ Commitment. Head of Communications Åsa Hansson with CEO of Norrporten Jörgen Lundgren on Stora Torget in Sundsvall. The Hirsch House (which can be seen in the background) and the Town Hall are two buildings on the square that have undergone extensive renovations.

and storage space for stolen goods. The upper floor housed a function room used by the town's high society and meeting rooms for the municipal council. The police moved out in the mid-1970s, after which 40 years of neglect followed.

Extensive renovations were carried out in 2009. New life was breathed into the ground floor, which had been virtually inaccessible to visitors, when businesses, a tourist information office and a café moved in.

When Jörgen visited prior to the renovation, he encountered a building in a state of disrepair.

"When we entered the premises we stepped right through the rotten wooden floor onto soil. In some places there wasn't even any floor left."

ATTRACTIVE EMPLOYER

Norrporten has set itself the goal of being

the first choice for people who want to work in the property industry. Achieving this requires many differing things.

One is that it should be clear where the company is heading and what its vision is for the future. The far-reaching work of the board and the management with values, target fulfilment and compliance with internal rules and regulations is an important part of building an even stronger company. Here, employees have a key role to play. Staff issues have therefore been highlighted and reinforced.

"Issues that traditionally have been the domain of HR have been linked with the commercial side of the business," explains Anne-Marie Hamrén, who became Head of HR in 2014. "We now have a uniform strategy for both areas."

During her first year in the role, Norrporten carried out its first Satisfied

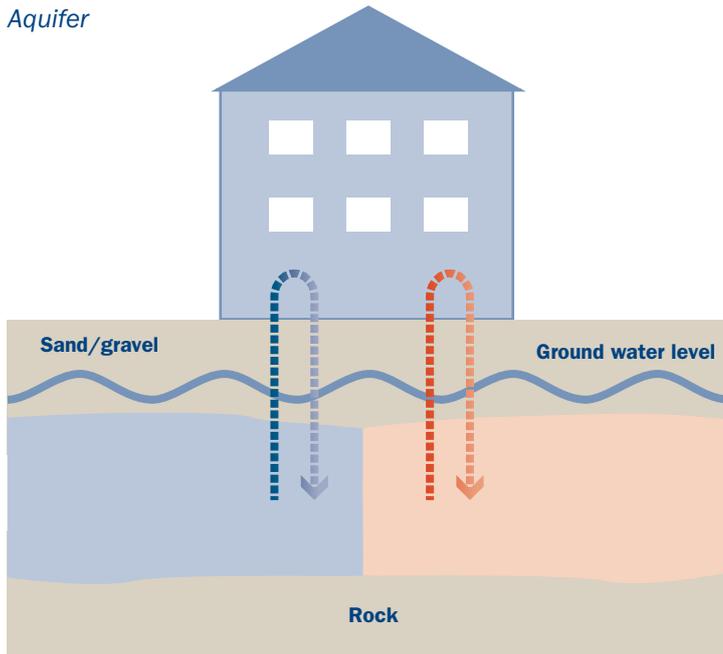
Employee Index survey. The response frequency was very high, 91 per cent. The combined score set by the employees was 74. By comparison, 70 is seen as a good score within similar industries.

CUTTING-EDGE ENVIRONMENTAL THINKING

Norrporten works to minimise its overall environmental impact. This could involve rebuilding existing buildings to make them less energy-intensive or constructing new buildings. Helping tenants to become more energy-smart is also important.

Norrporten currently has a total of seven buildings where the choice has been made to invest in technology based on making use of the earth's resources in the form of heat and cold, known as geothermal energy. Some of these properties use a technology called an aquifer. This is like a

Aquifer



◀ Geothermal energy solution. The model is based on making use of existing pockets in the earth layer where there are pools of water. The hotter water is drawn up and circulates through a building during the colder months. The colder water is used at warmer times of the year. Depending on ground conditions, two pools of water can be created or technology can be used with an existing pool.

large groundwater container in the ground, and works a bit like a thermos flask. If the geological conditions are right, two pools of water can be used – one to cool and one to heat. The cooler water is used during the warmer months to cool the property down, while the hotter water heats the building during the winter.

REDUCED CLIMATE IMPACT

In purely general terms, the geothermal energy solution model is more expensive when calculating the initial investment compared with connecting to existing district heating systems, for example. However, heating costs are dramatically lower.

“Up to 75 per cent savings can be achieved on energy compared with district heating or similar solutions,” says Jan-Åke Stenström, Norrporten’s Executive Vice President. “In view of the greenhouse effect, a geothermal energy solution has a significantly lower climate impact in the form of reduced carbon dioxide emissions.”

The electricity needed to run equipment such as the pumping system can be obtained from wind power.

One of the properties built by Norrporten with a geothermal energy solution is in Jönköping. It is known locally as

the court building, as it houses the district court, the administrative law department and the rent and leasehold tribunal.

The angular facade is metallic and smooth. When property engineer Jens Davidsson opens the door to welcome, it’s a bit like stepping into a high-tech cube. Behind natural materials such as stone and wood, there are plenty of technical fea-

tures. Whereas a property engineer might once have carried a toolbox in one hand, Jens carries a laptop. It might not be quite accurate to say that he never goes anywhere without it, but it’s not far from the truth.

During a tour of the corridors and office spaces, Jens stops from time to time to enter a command on the keyboard.

“If I want to adjust the ventilation in



▲ Jönköping. Located between Lake Munksjö and Lake Vättern, the court building uses geothermal energy, resulting in a significantly lower climate impact.



◀ The right pipe in the right direction. This is where the hot and cold water from the aquifer solution comes. It then makes its way into the court building in Jönköping.

» **With a geothermal energy solution, up to 75 per cent savings can be achieved on energy compared with district heating or similar solutions. This means even lower climate impact in the form of reduced carbon dioxide emissions.**◀

Jan-Åke Stenström, Executive Vice President of Norrporten

the area where we're standing right now, I do this," he says, giving a demonstration.

Elsewhere he checks the temperature, and in a third place he monitors the energy consumption. All using his trusty laptop. Jens leads the way to the basement, where the building's energy solution is located.

At first, I get the impression of having entered an old-fashioned district heating plant. The walls and ceiling are covered with countless pipes. But in contrast with the traditional technology, this is quiet, clean and odourless. In a far corner is a large grey metal cabinet.

"That's the computer that controls everything that goes on down here," explains Jens.

Two pipes that emerge from the floor help to explain how the geothermal energy solution works.

"The one on the right comes from the hot section, and the one on the left comes from the cold section."

The job of the computer in the grey cabinet is to control and distribute the hot and cold water as appropriate.

AWARD-WINNING SUSTAINABILITY WORK

Norrporten's sustainability work has resulted in the company being listed amongst the world's greenest companies for 2014. The annual Global Real Estate Sustainability Benchmark (GRESB) ranked Norrporten among the companies that have made the most progress with their sustainability work. ◀



NORRPORTEN

One of Sweden's biggest property companies, with centrally located office buildings from Luleå in the north to Hamburg in the south. The emphasis is on offices, and the company operates in a number of regional Swedish cities with a strong force of attraction for people in the region.

With its head office in Sundsvall, operations are run via local organisations in Luleå, Umeå, Gävle, Stockholm, Örebro, Jönköping, Växjö, Helsingborg, Copenhagen and Hamburg.



» **The change process has led to even better quality within the organisation.**◀

Jörgen Lundgren, CEO



» **The level of ambition has been raised for our financial communication.**◀

Åsa Hansson, Head of Communications



» **Good results in our first employee survey have spurred us on to make renewed efforts.**◀

Anne-Marie Hamrén, Head of HR



» **Investing in geothermal solutions has reduced our climate impact.**◀

Jan-Åke Stenström, Executive Vice President



◀ Continuity and sustainability. Joakim Karlsson emphasises the importance of continuity in an investment strategy. Sticking to this is the organisation's competitive advantage.

“Even when times are tough, we stick to the focus we decided on. Otherwise, we risk being dragged along with different trends and ending up in situations that we cannot fully control.”

Nordic Capital aims to be a partner for portfolio companies

Nordic Capital is well versed in the companies and industries in which it invests. When making an investment, there is always a clear idea, a need to develop and change the company. There is a long history of co-operating with other investors, such as AP6.

► “Nordic Capital focuses on investing in companies where we have an idea about how the company can be developed and enjoy long-term success,” says Joakim Karlsson, one of two Managing Partners at NC Advisory AB, the advisory company for Nordic Capital's funds. “The company shouldn't just need capital – it should also need access to knowledge.”

Nordic Capital mainly invests in larger, mature companies that are already profitable, usually in the Nordic region, and in selected companies within the health sector internationally. These tend to be companies

that are ready to take the next step, such as international expansion, developing their business, improving their internal efficiency or identifying a new strategic focus.

“We have followed many companies for several years and built up relationships with them, so when the fund invests in a company there is always a plan for how the company will be developed,” explains Joakim.

THE IMPORTANCE OF RELATIONSHIPS

Nordic Capital is used to co-operate and join ownership together with others.

The key is to build long-term, sustainable relationships that create knowledge for both parties. This in turn ensures predictability and confidence for all concerned.

“Just like in our co-operation with AP6. Nordic Capital has many relationships with institutional investors who build on this philosophy.”

Not only does AP6 have a long history of investing in Nordic Capital's funds, the two have also carried out co-investments together. Nordic Capital Fund VIII has invested in companies including Unifeeder, one of Denmark's leading logistics companies, and

Lindorff, a leading European debt collection company, headquartered in Oslo. AP6 has invested both in Nordic Capital Fund VIII and directly in the two companies. In all, Nordic Capital has made more than 85 investments since it was created in 1989, many of them within the health sector.

GATHERING KNOWLEDGE

During the 1990s, Nordic Capital carried out several successful investments in the pharmaceutical industry resulting in lasting knowledge for its investment strategy which, despite being a long-term strategy, also develops over time and is adjusted according to different industries. Through a meticulous process of gathering knowledge, it was possible to identify a number of pharmaceutical companies that were particularly interesting. While doing so, links were established with many people who were experts on current industry conditions.

Two examples of successful value crea-

tion within the pharmaceutical industry are Mölnlycke Health Care and Nycomed. Today, these are large, internationally successful companies.

Nordic Capital's approach was to define whether there was interesting underlying dynamics within the industry, and it turned out that there was. There were also high entry barriers as a result of issues such as

knowledge could be re-used, so to speak.

"This was an industry that many players didn't want – or didn't dare – to take an interest in at that time. But by really getting to know the industry and gathering knowledge, opportunities opened up for Nordic Capital."

The experience gained from investing and building value in the pharmaceutical industry has been kept alive at Nordic Capital.

"Our competitive advantage lies in being knowledgeable and having followed companies and industries for long periods of time. It's important to remind yourself what you're good at, particularly when times are tough

and things aren't going well."

Joakim is full of confidence when it comes to new acquisition opportunities. Nordic Capital's assessment is that the period since the financial crisis has created a pent-up need for restructuring, which sooner or later should lead to subsidiaries coming up for sale.

»» **When Nordic Capital invests in a company there is always a plan for how the company will be developed«**

Joakim Karlsson

patents, significant product differentiation and a need for operations to obtain permits from authorities. The industry was highly profitable, but several owners indicated for various reasons that they wanted to sell. Nordic Capital's assessment was that they could create competitive advantages through restructuring, and that essential cutting-edge

Fund Investments



Karl Falk, Head of Fund Investments for AP6

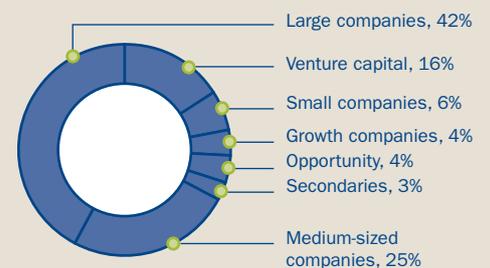
»» **We see opportunities in both primary and secondary investments«**

Fund Investments are divided into three sub-portfolios – **buyout, venture capital** and **secondaries**. In line with the overall strategy, the main focus is on investments in buyout funds, but investments in venture funds take place more selectively. Investments are aimed mainly at primary funds, but the secondary market is also targeted through capital commitments to secondary funds and the acquisition of secondary participations.

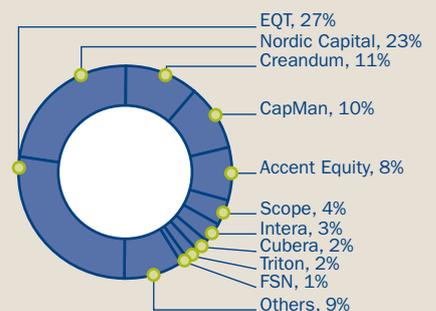
AP6 builds long-term relationships with experienced management teams that are deemed to be able to generate a high, long-term return. The strategy involves a highly diversified portfolio and continuously pledged capital to achieve an even investment rate through different business cycles.

There is also the opportunity to carry out co-investments together with the funds – investments that are dealt with by Company Investments.

Phases



Major fund investments



Creandum – a Nordic venture with one foot in the USA

Global platforms make it easier for entrepreneurs to test and develop their ideas at lower costs than before. Greater self-confidence is drawing more entrepreneurs to the USA's west coast, where Creandum has had a strong presence for ten years. The Swedish venture fund with investments in Spotify and iZettle was quick to see the importance of close exchanges of knowledge with companies in and around Silicon Valley. AP6 has been on board as an investor since Creandum was founded.



»Venture has built a robust ecosystem.«
Staffan Helgesson

► “We constantly try out the knowledge and experience that we gain over there in the Nordic and European venture environment,” explains Staffan Helgesson, one of the founders of Creandum.

For just over a decade, the fund has had a strong presence on the USA's west coast. An office was set up in 2013. This staying power is paying ever greater rewards. The big advantage is access to the cutting-edge expertise and experience of the many different players within the US venture market. This could involve how investors think and reason, how entrepreneurs who have received financial backing went about getting

this, or the best and cheapest ways of testing new ideas in the market. For Creandum, proximity to the USA's west coast was essential. Generally speaking, the industry has always had contact with Silicon Valley. In recent years, however, this exchange has been intensified.

THE USA'S WEST COAST HAS COME CLOSER

“Previously, European entrepreneurs who wanted to enter the US market first had to go to London,” continues Staffan. “This was where they had to go to meet American investors. Now, all that has changed. Having a presence in the USA means that Creandum receives many enquiries. Not to put too fine a point on it, we want to make London unnecessary in the long term.”

A number of factors have brought the dynamic American west coast and Silicon Valley closer to Sweden and Europe. The distance has shrunk in purely practical terms, with flight connections and communication technology that didn't exist ten years ago.

“Ten or fifteen years ago, we didn't have the IT universe that we now take for granted, with global platforms like Facebook, Google and iTunes.”

But it's not just entrepreneurs and venture investors who have come closer to the USA. American venture players have also turned to the rest of the world. Staffan himself is an example

of the latter. A few years after the turn of the millennium, he became one of the first five non-Americans to be made Kauffman Fellows. This is a prestigious and highly coveted two-year development programme aimed just as much at entrepreneurs themselves as at those who will lead entrepreneurs.

“It's like an MBA in venture capital,” continues Staffan. “We're seeing an interesting trend of dramatic growth in exchanges of venture ideas between the USA and the rest of the world.”

For Sweden's part, the venture capital history has been built up over the years.

“Today's entrepreneurs can look back at all the hits and misses since the IT bubble at the turn of the millenni-

»» **The price of failure has dropped sharply. This means that more people can and have the courage to test new ideas«**

Staffan Helgesson, one of the founders of Creandum



»A Swedish entrepreneur thinks globally from day one.«
Daniel Blomquist



»Sweden doesn't have a domestic market where you can get comfortable.«
Erik Olofsson

Stockholm, Sweden
Monday 15:15



Palo Alto, USA
Monday 06:15

▲ Weekly meeting. The whole office comes together to discuss projects and investment proposals. Creandum's man on the USA's west coast, Joel Eriksson, joins by video link. Having a presence on the creative west coast is important in order to learn from each other or when trying out a business idea for the first time.

um. We meet many entrepreneurs who think along the lines 'If Niklas Zennström can succeed with Skype and Daniel Ek can succeed with Spotify, so can I'. More and more people want – and dare – to take the plunge."

SWEDEN IS GOOD AT VENTURE CAPITAL

But if the USA's west coast is so important, why not move the whole office there? A slightly pointed answer to this question would be: "Because Sweden is good at venture capital!"

"Sweden has always been forced to be good, because we're so small," says Erik Olofsson, a member of Creandum's investment team. "There's simply no domestic market that's big enough for you to get comfortable."

And this is the reason behind an impor-

tant difference in the way entrepreneurs in Sweden think, compared with their counterparts in Germany or France, for example.

"The Swedish entrepreneur has to think along international lines, how the business idea can be scaled up so that it can be translated and work in more countries or globally," explains Daniel Blomquist from Creandum's investment team. "In the bigger European countries, the main focus is on succeeding in the domestic market."

He and Erik have had similar experiences from encounters with European entrepreneurs. They give Berlin as an example, a city that is always buzzing with new concepts and new ideas.

"It's exciting, and extremely interesting," says Erik. "But the focus is on the domestic market, and this can actually be a barrier for them if and when they succeed. They often

end up sitting there with their structures that work nationally, but aren't suitable for a global focus."

Even though the years since the financial crisis have been tough for many entrepreneurs, with an investment climate that has been pretty harsh at times, the Creandum team are optimistic about the future.

"Today, venture capital has succeeded in building an ecosystem that is able to both grow and deal with set-backs," says Staffan.

In many cases, knowledge gained from the past combined with new technology has led to dramatically lower development costs. What might have cost a million SEK five to ten years ago now costs around 100,000 SEK or less.

"The price of failure has dropped sharply. This means that more people can and have the courage to test new ideas," says Staffan. ◀



»» **With the recruitment of a sustainability specialist and the first climate analysis of our portfolio, we are taking the next step to develop our sustainability work«**

*Margareta Alestig,
Deputy Managing Director with
responsibility for sustainability issues*

Stronger expertise and climate analysis

In 2014, AP6 strived to develop the sustainability work in various ways. The recruitment of a sustainability specialist, our initial analysis to measure the portfolio from a climate perspective and our own model for the ranking of funds are a few examples.

► “The recruitment is a result of the development AP6 is undergoing. Even if we generally maintain a good level, specialist expertise will be needed to take the next step,” says Margareta Alestig, Deputy Managing Director with responsibility for sustainability issues.

The areas especially identified as important for AP6 are anti-corruption, human rights, labour law and environmental issues. Continuous training and development took place internally in the organisation within these and other areas.

External experts with international experience of these four areas have been engaged for reviews with all employees. The Senior

Management Team and investment managers have had special reviews.

FIRST CLIMATE ANALYSIS

AP6’s climate analysis should be seen as an initial attempt in our effort to measure the climate impact of our investments. The selection is limited to 80 per cent of the portfolio value and has been done on an overall level.

One difficulty is the fact that it is relatively uncommon for unlisted companies to publicly report carbon dioxide emissions. This means that access to information is limited.

Despite existing uncertainty factors, the analysis is deemed to be able to provide a reasonable overall illustration and should be able to form the basis of the work on reducing the portfolio’s climate impact. The analysis indicates that AP6’s portfolio is less carbon dioxide-intensive than the corresponding investments in the comparison index. On average, emissions per SEK invested are around one-third less than for corresponding investments according to the MSCI World index.

SUSTAINABILITY ACTIVITIES

As in previous years, a number of meetings were held with co-operation partners. Focus was on requirements and follow-up of various sustainability aspects. A number of workshops were held internally, resulting in AP6’s own ranking model for measuring the fund companies work on sustainability.

As a result of AP6’s activity in the sustainability field, various employees have been invited both as speakers and participants in various contexts externally. AP6’s Managing Director participated in panel debates on sustainability issues at Svenska Dagbladets Financial Forum and Investor Summit. AP6’s Deputy Managing Director participated in the international Business for Peace meeting in Oslo and the European Private Equity and Venture Capital Association’s course in responsible investments held in London.

When Responsible Investor Awards 2014 were decided, also in London, AP6 was nominated in the category “Best RI Report by a Medium & Small Fund”.

SUSTAINABILITY REPORT

Responsible investment is central to AP6. Since 2013, we have produced an annual sustainability report for our own operations. The report complies with the framework for the Global Reporting Initiative (GRI G4) according to the Core level, which means that the focus is to include the most significant operational features.

The premise for AP6 is that the sustainability work needs to be constantly developed and improved. The objective of AP6's sustainability work is to create lasting, measurable changes in the business. The purpose of the report is to measure the sustainability work already done and identify areas with improvement potential.

The attitude for the sustainability efforts is the same for AP6's entire investment organisation. However, the actual approach is different between company investments and fund investments. This is related to the forms of ownership differing. Company investments include companies where AP6 has direct holdings and thereby a direct influence. Here, it should be mentioned that the possibility of influence is proportional to the interest in the respective company.

Fund investments are investments in funds that in turn invest in companies. It thereby involves an indirect ownership for AP6. Here, influence is largely exerted through the signing of agreements and continuous dialogue.

Regardless of form of ownership, AP6's basic view is that it should take responsibility and try to influence the work on sustainability as an owner.

1. ACTIVELY SETTING REQUIREMENTS PROVIDES SUSTAINABLE INVESTMENTS

In its role as a national investor of pension funds, AP6 has both responsibility and possibilities to set requirements on the sustainability work in its investments.

AP6 should generate returns for the pensioners by investing in a sustainable and

responsible manner. This means that holdings in companies should be able to grow and generate returns through efficient resource utilisation, minimal impact on the environment, and by promoting social development and fair terms of employment.

AP6 may never act in a way that risks damaging the public's confidence in the management of the pension funds.

In its capacity as a manager of public pension funds, and as a national agency, AP6 must be a role model in terms of ethics and sustainability and actively strive for partners and holdings to work on these issues.

The requirements are based on the Code of Conduct adopted by AP6's Board of Directors. AP6 sees no contradiction between sustainable investments and the requirement on returns.

A consequence of this is that the work on sustainability issues (including opportunities and risks) has been integrated into the investment operations. This is to avoid an organisational format where the sustainability issues are on the side.

AP6 has the objective of working with sustainability in a structured manner, especially in terms of requirements and follow-up. By participating in and complying with the UN

Global Compact and PRI, AP6 has committed to ensuring that the sustainability aspects are always present in daily activities.

Supplier chain

AP6 is subject to the Public Procurement Act. AP6 continuously evaluates its suppliers and sustainability is an important factor among many. The suppliers are largely comprised of service providers based in Sweden. One category of purchases is goods and services linked to office activities. This involves consumables, premises rent, various services, etc. One important area comprises suppliers of the means of transport for business travel. Here, AP6 has various targets for stimulating sustainable travel.

Financial services in connection with the issue, sale, acquisition or assignment of securities or financial instruments are exempt from the Public Procurement Act.

2. GOVERNANCE FOR SUSTAINABLE INVESTMENTS

Code of Conduct

The Board of Directors has established and adopted a Code of Conduct that describes the values that apply to the business and is aimed at employees, partners and investments. The

Core areas covered by the Code of Conduct are:

- Training and skills of employees and stakeholders
- Requirements imposed on business partners and holdings in companies and funds
- Anti-corruption, bribes and gifts
- Human rights and social justice
- Environmental principles and environmental consideration
- Compliance, dialogue and consequences/controls



Code of Conduct is actively communicated to these groups (read the Code of Conduct at www.apfond6.se). There are sustainability targets for AP6's own organisation that are followed up annually. All employees must sign a confirmation that they have read and will comply with the Code of Conduct.

Whistleblowers

AP6 strives for an open corporate culture and good business ethics. All information is therefore important to management. To ensure reporting of information that for various reasons may be sensitive for employees to submit, AP6 has established a so-called whistle-

blower system. Through this, any employee can anonymously submit information if they suspect an impropriety or important deviation from the Code of Conduct. Anonymity is guaranteed by the system. The information is handled by the MD and Deputy MD.

Ethical Standards Committee

AP6's Ethical Standards Committee functions as an advisory body in matters concerning the areas of ethics, credibility and suitability linked with the business. The composition of the Committee is described on page 28. This may involve anything from invitations to business decisions regarding holdings. The

work of the Ethical Standards Committee is based on AP6's Code of Conduct, which establishes that employees may never act in a way that risks public confidence in how the pension funds are managed. The Ethical Standards Committee addresses matters, both on its own initiative and initiatives submitted by employees. In addition to this, ethical issues are continuously discussed in the organisation.

During the year, the Ethical Standards Committee received and answered a number of queries, none of which were related to suspected corruption.

3. OUR STAKEHOLDERS

In its role as an investor of national pension funds, AP6 is affected and dependent on a number of different stakeholders in various ways and to varying degrees. Common to all of these stakeholders is the fact that AP6 is affected by them and can also affect them.

Stakeholder analysis

AP6 has conducted a stakeholder analysis based on two aspects, where each of them forms an axis on the graph on page 21. One axis shows the degree to which AP6 is affected and the other shoulder shows the degree to which AP6 has an effect.

Furthest up and out to the right on the graph are three groups that have a major impact on AP6's business and vice versa. They are: companies in which AP6 made direct investments, employees and pensioners. During the year, a large number of meetings were held with the holdings, which means the companies that AP6 made direct investments in and fund companies where AP6 has invested in various funds.

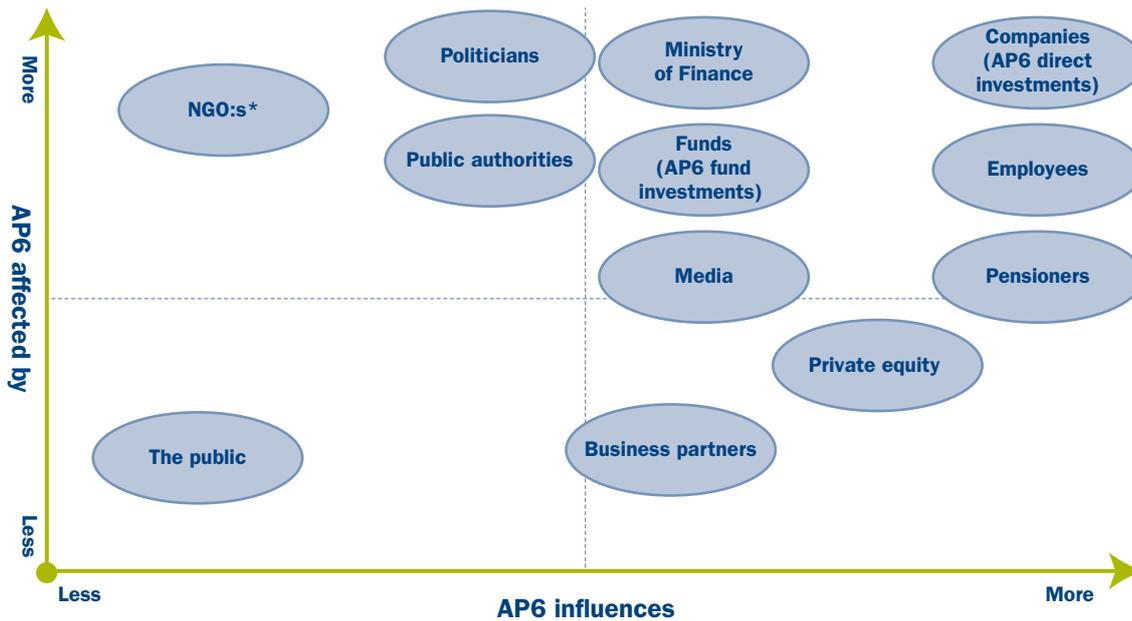
Focus was on requirements and follow-up of deviation reporting.

AP6 has also participated in various seminars, panel debates and conferences where sustainability issues have been the central theme. Other participants and audience members in these meetings have been representatives for the owner, partners and media. In addition to this, the MD has held a number of meetings with other authorities.

Co-operation and membership

AP6 is a member of multiple trade associations where various kinds of ethical and current

The Sixth AP Fund's stakeholders:



* NGO (non-governmental organisation): Non-governmental organisation, an organisation with no government links.

issues are discussed. Conditions are thereby created for AP6 to contribute to change and development of the industry and to serve as the driver of various issues. AP6 also has sustainability co-operation with the School of Business, Economics and Law at the University of Gothenburg.

4. RESPONSIBILITY - THE PENSIONERS

A long-term sustainable and positive return is a given and a matter of survival for a national pension manager like AP6. The entire objective of AP6's mission and activities is to generate returns for the pension system. This takes place through investments that provide a long-term sustainable growth in value.

In its capacity as a national pension manager, AP6 has a responsibility to contribute to

maintaining public confidence in the pension system. Pursuant to this, AP6 as an organisation and its employees may never act in a way that puts this confidence at risk.

As a national pension manager, AP6 must serve as a good example in terms of ethics, moral standards and sustainability work in addition to acting and behaving responsibly.

5. RESPONSIBILITY - THE OWNER/THE STATE

AP6's mission has been set by the Swedish Parliament, as described in the Sixth Swedish National Pension Fund Act (2000:193). Read more on page 6 in the Annual Report.

The Swedish Ministry of Finance has a clear influence on AP6 in its role as a representative for the owner, the Swedish people. Other representatives for the owner are the

Swedish Parliament and the Government. AP6's possibility to have an influence on the Ministry of Finance lies in AP6's ability to provide returns and satisfy the laws, rules and requirements set by the owner. Together with requirements regarding returns, sustainability and ethics are key areas.

Financial target

The actual return target is represented by the SIX Nordic 200 Cap GI index, with a risk premium of 2.5 per cent for unlisted companies.

SIX Nordic 200 Cap GI is calculated by SIX Financial Information and a portfolio index that reflects the development of the 200 largest companies, based on the market value that is listed on the Nordic stock exchanges in Copenhagen, Helsinki, Oslo and Stockholm.

Return

Crucial to returns in company investments is AP6's ability to evaluate, assess and invest in companies that can generate strong returns. AP6's ownership governance and the respective company management's ability to generate value are also crucial. Crucial for the return in fund investments is AP6's ability to evaluate, assess and invest in management teams that

In addition to the Global Compact and PRI, AP6 is a member of several trade associations:

- Swedish Private Equity and Venture Capital Association (SVCA)
- European Private Equity and Venture Capital Association (EVCA)
- Institutional Limited Partners Association (ILPA), is a global association of investors, including several pension funds
- Nordic Venture Network (NVN), an association of a number of leading venture capital teams in the Nordic region and Nordic institutional investors



in turn, through their work with investments, can generate good returns by developing and divesting companies.

Evaluation by the owner and the Board

The Ministry of Finance conducts an evaluation of AP6 in connection with the annual evaluation of the AP funds. In addition to this, there is an audit that is done by auditors appointed by the Ministry of Finance. The Board of AP6 also conducts an evaluation of the operations every year.

AP6 has, however, decided to report according to GRI on its own initiative. The total sustainability work for AP6 is continuously reported to the Ministry of Finance.

6. RESPONSIBILITY AND OWNERSHIP GOVERNANCE

The work with sustainability issues is integrated in AP6's investment organisation. AP6 as an owner should be close to the companies and funds that it has invested in. Proximity to company management and management teams is crucial to be able to set requirements

»» A fundamental element in all relationships between AP6 and its surrounding environment is the Code of Conduct«

Remuneration guidelines

The Ministry of Finance has adopted guidelines for the remuneration of senior executives in the AP funds. In addition to this, AP6's Board has adopted guidelines that not only apply to senior executives, but to all employees. Every year, AP6 commissions an evaluation of the remuneration levels of employees.

Owner requirements on sustainability work

The Ministry of Finance has stated that state-owned companies and administrations must have a high level of ambition with regard to sustainability work. GRI reporting is a requirement for state-owned companies. Such a requirement does not apply to the AP funds.

and monitor the sustainability work. AP6's definition of responsibility and ownership governance is based on a direct ownership entailing a direct responsibility. This applies regardless of the size of the participating interest.

Decision processes

Under the Managing Director, there is the Senior Management Team and a number of committees. This arrangement aims to create short, efficient decision pathways. AP6 works in a uniform manner with decision data that is documented in meeting minutes and kept on record.

When a project is initiated, an investment manager reports to the investment team and to the Head of Company Investments or the

Head of Fund Investments. Issues concerning sustainability, returns and legal affairs are involved from the beginning. Through a constant screening process, a limited number of projects go on to the Investment Committee. There, an assessment is done that often results in a demand for more in-depth fact gathering. Once a decision has been made to invest, the Committee has set up overall targets for the continued sustainability work.

The Investment Committee's recommendation goes on to AP6's Board as a matter for decision.

AP6's influence as an owner

In its role as an investor of national pension funds, AP6 has both the obligation and opportunity to exert influence. This is done through a corporate governance process that is based on AP6's Code of Conduct and the analyses done during the investment process with a focus on returns, risks and sustainability challenges. The analyses are converted into an ownership plan for every company investment.

Human rights

Respect for international norms with regard to human rights, anti-corruption, labour law and environmental issues is a given requirement in all investments that AP6 makes. AP6 is a signatory of the UN Principles for Responsible Investment (PRI) and the Global Compact. Both of these guidelines are based on the UN Universal Declaration of Human Rights. Together with AP6's Code of Conduct in which human rights are addressed, these three documents form the basis of the requirements that AP6 sets on its partners and investments.

Screening and evaluation based on sustainability criteria

As a rule, AP6 conducts an extensive review, so-called due diligence, in every investment process. This includes sustainability aspects as well as legal and financial issues. Special consultants and experts are generally engaged to ensure that all issues are covered.

Depending on the type of potential investment object, physical visits on site may also be conducted with the aim of providing AP6 its own view of the working environment and production.

This was the case in the investment in Sal-comp, which is a world-leading manufacturer of chargers for mobile phones, tablets and other mobile devices. The investment was made at the end of 2013 and was concluded at the beginning of 2014. AP6 engaged consultants to ensure the quality of the company's sustainability work. Local consultants conducted on-site inspections. AP6 visited the production facilities in China to be able to obtain its own impression. The work done by consultants and AP6 resulted in extensive documentation that provided an illustration of the actual situation and areas for improvement.

Examples of risks assessed and evaluated are:

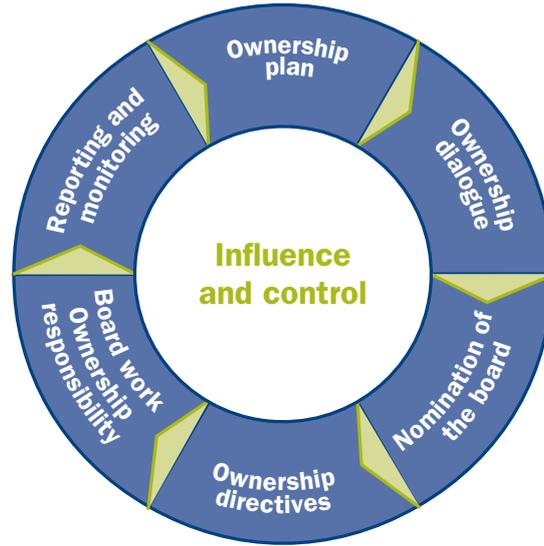
Kind of product, production, raw materials and how they are extracted, transports to and from the production unit, emissions and other environmental impact during production, waste and by-products that can arise in connection with production, recycling of products, working environment and terms of employment for staff and the risk of corruption.

The potential investment passes a number of control stations. This involves AP6's Investment Committee making principle assessments and decisions regarding sustainability and financial and legal aspects in the course of the process.

In 2014, the system with different control stations has meant that investment projects are disqualified on the basis of them not meeting the requirements set by AP6's Code of Conduct in various ways or to varying degrees.



The basis of ownership control work



AP6's most significant tool in achieving the objectives of sustainable, long-term value growth in holdings is the capacity to exert influence. This requires a clear description of what AP6 wishes to attain with its holding, clear communication to other stakeholders and systematic evaluation and monitoring work. The various components illustrated above are all crucial in active ownership work. Proceeding on the basis of these, AP6's ambition is to work in a systematic manner, in which each step is well documented and clear for each holding.

Investment portfolio

AP6 invests both directly in companies and indirectly in companies through funds. Around 40 per cent of the assets are invested in companies, around 30 per cent in funds and the rest comprises liquidity. The investment focus is the Nordic region and Europe.

AP6 invests independent of industry and does not use so-called negative screening, i.e. that certain industries are disqualified by definition. The reason is that any industry may have companies with activities of which conflicts with AP6's Code of Conduct.

Although AP6 does not work with negative screening, there are industries that are

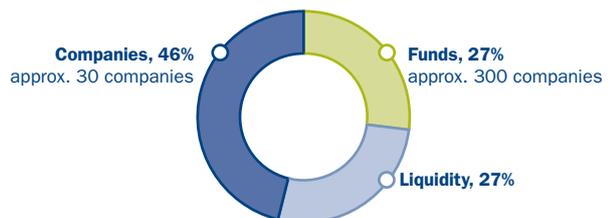
disqualified in practice. Some examples are weapons manufacturing and pornography.

Owner governance - Company Investments

AP6 has a documented plan for its holdings. The respective ownership plans are based on the analyses done during the investment process focusing on sustainability challenges, risks and returns.

The main objective of the plan is to describe how AP6 will generate a long-term sustainable growth in value. AP6 is often one of many owners in its holdings. This sets high demands on clear and continuous communi-

The Sixth AP Fund manages SEK 23.6 billion





collaboration with the other shareholders in the holdings. Through the owner dialogue, AP6 makes its view of the company's development clear as well as what priorities are the highest.

Establishing support for AP6's Code of Conduct is fundamental to the owner dialogue. It serves as a compass for all decisions concerning AP6 and the investment operations.

A central part of the owner governance is to appoint a professional Board of Directors. AP6 applies a broad approach with regard to recruitment of Board members. This involves creating a mix of specialist expertise, focus on sustainability issues, an even gender distribution and diversity. The latter is defined from a perspective that includes ethnic background, gender, experience, age and education.

Owner governance - Fund Investments

AP6's fund investments work according to

a model consisting of two processes. The first runs until contract signing, i.e. until AP6 decides to invest in a fund. During this period, AP6 makes its fundamental position in sustainability issues clear. For example, what international regulations and guidelines AP6 believes that a fund company and its investments should be affiliated or comply with.

Once the agreement is signed, the next process begins, which is expressed in part in a number of meetings and contacts. These occur continuously throughout the lifetime of the fund in question.

Focus in the relationship to both existing and new fund investments is on explaining, clarifying and deepening knowledge of AP6's Code of Conduct and its view of sustainability work. This includes setting requirements, deviation reporting and follow-up.

AP6 also strives to establish collabora-

tion between different investors. This is done by identifying issues around which as many investors as possible can rally. The aim is to get several to speak with one voice and thereby create a gathering of force to push various issues and requirements. In general, most investors that AP6 encounters are positive to collaborating.

Requirements reporting sustainability

AP6 requires that all directly owned companies have a Code of Conduct. At the end of 2014, 80 per cent of the companies had met this requirement. AP6 has the objective with regard to company investments that holdings corresponding to 80 per cent of the value of the portfolio shall report according to GRI or the equivalent. At the end of 2014, investments corresponding to 34 per cent of the value of AP6's portfolio reported according to GRI or the equivalent.

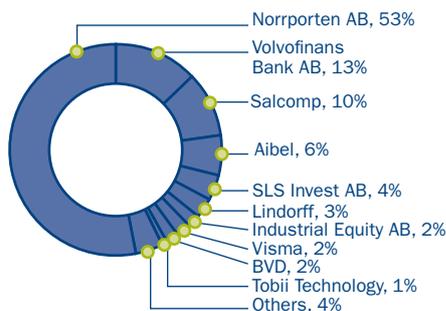
Norrporten, which is AP6's single largest holding, has since long conducted ambitious sustainability work. However, it did not previously report according to GRI, but decided to do so beginning in 2014. This is as a result of AP6's target for company investments.

Climate analysis

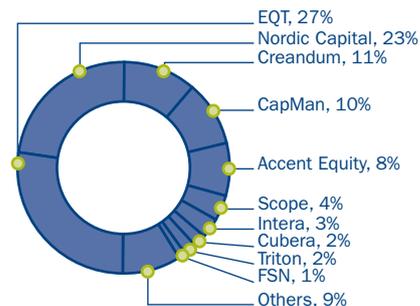
During 2014, AP6 carried out an initial attempt to analyse the climate impact of its portfolio. There are currently a number of difficulties for anyone seeking to analyse unlisted companies from this perspective. Generally accepted methods for measuring, analysing and comparing company carbon dioxide footprints are far more common for listed companies.

The fact that it is relatively uncommon for unlisted companies to publicly report their

Major company investments



Major fund investments



carbon dioxide emissions means that access to information is limited.

In light of these circumstances, the analysis came to be limited to cover 80 per cent of the total value in AP6's portfolio. The approach for assessing the companies was based on an overall perspective. South Pole Carbon was engaged to conduct the analysis.

Considering the existing uncertainty factors, AP6 believes that the analysis should be seen as an initial indication of how carbon dioxide-intensive the portfolio is. It is worth noting that the analysis indicates that the portfolio is less carbon dioxide-intensive than corresponding investment in comparative indexes. According to the analysis done, estimated emissions per SEK invested in AP6's portfolio are around one third lower than for corresponding investments according to the MSCI World Index.

In light of the experiences from this first climate analysis, AP6 confirms that there is a clear need to increase the transparency of carbon dioxide emissions of unlisted companies. This must be done to provide conditions for relevant comparisons and clear targets for unlisted holdings.

Investment follow-up

AP6's direct investments report progress and deviations from a sustainability perspective every four months. This is done based on a prepared template. The investment manager continuously follows up on the development with the respective company management. In addition to this, there is continuous follow-up of the ownership plan for each investment.

In 2014, investment managers followed up and reconciled AP6's Code of Conduct with each holding. Based on the results, deviations and progress have been compiled.

AP6's fund investments monitor the development in each fund through a dialogue with fund companies and management teams. Fund Investments have prepared an assessment template for the fund companies' sustainability work. The templates are followed



up regularly. This is done, for example, in the evaluation of existing funds and prior to potential new investments.

Internal follow-up

AP6's internal sustainability work is followed up during the year in connection with the compilation of the GRI Report.

The Code of Conduct has been signed by all employees.

established a so-called whistleblower system during the year. Through this, any employee can anonymously submit information if they suspect an impropriety. No reports were received during the year.

7. ENVIRONMENTAL RESPONSIBILITY

AP6 as an organisation

In its own operations, travel is the environmental impact that AP6's employees have the

»» During 2014, AP6 has carried out an initial attempt to analyse the climate impact of its portfolio«

Follow-up of the Code of Conduct is based on the reporting of deviations and progress. Reporting and follow-up every four months is applied to set criteria/targets in CSR/ESG for investments in companies and funds.

The Code of Conduct, policies and targets are evaluated and revised once a year.

AP6 strives for an open corporate culture and good business ethics. To ensure that all information reaches management, even information that for various reasons may be sensitive for employees to submit, AP6 has

greatest possibility to influence. Rules and attitudes are described in AP6's guidelines. This is a matter of reviewing whether a journey is necessary and when it can be replaced by video, phone or online conferences. Travel must be planned and carried out so that the environmental impact is as little as possible.

The base year for measurements and comparisons is 2013.

AP6 has invested in video conference systems and phone conference systems to be able to reduce the amount of travel. In 2014,

Long-term goals for diversity and equality

Diversity:

Equality:

Board equality:

A workplace that reflects Swedish society (ethnic background, gender, age and so forth).

An even distribution by gender in all departments and at all position levels.

The percentage of women shall be at least 50 per cent.



the video conference system was used on average almost two hours a day (1.5 hours/day in 2013). This is an increase of 30 per cent, which exceeds the target of a 10 per cent increase on a full-year basis.

In 2014, AP6 calculated carbon dioxide emissions from business travel for the first time. The emissions totalled 85,392 kg, which corresponds to 0.12 kg/km. The results from this measurement will provide a good tool for our continued work to reduce the climate footprint from our travel. Rail travel accounted for 16 per cent of air and rail travel in total, which is an increase of 3 per cent compared with 2013.

The IT environment underwent a number of changes during the year. Among other things, servers were replaced, leading to lower energy consumption. In connection with this, safety equipment was also replaced, such as the fire extinguishing system. This meant that an older and less environmentally friendly variant of gas used to extinguish fires in server halls was replaced by a more environmentally friendly variant.

8. EMPLOYEE RESPONSIBILITY

AP6's employees have a considerable influence on the operations. Value growth in investments and co-operation with various actors are entirely dependent on the performance of the employees. In its capacity as an employer, AP6 can influence ways of working, efficiency and attitudes in issues concerning ethics and sustainability.

Anti-corruption

As a national pension manager, AP6 is subordinate to the Ministry of Finance, which has issued guidelines for where the limit goes for bribes and conflicts of interest. These regulations have been presented to and reviewed with all employees. AP6's position is to maintain a broad safety margin to what is allowed. The closer the limit of what is permitted, the greater the risk of violating that limit.

An employee or elected official should not even be suspected of allowing him or herself to be swayed by irrelevant wishes or considerations in his or her work. AP6 emphasizes that accepting personal responsibility and the ability to make ethical choices are important.

AP6 has adopted its own guidelines that entail a zero-tolerance to gifts. With regard to invitations to individual employees, the invita-

tion must have a clear and relevant professional connection. What is offered in the form of a meeting setting, location, food and beverage must be reasonable.

The starting point for AP6's guidelines has been the discussion on the risks of accepting any gifts or benefits at all from people or companies that one has contact with on the job.

Secondary occupations are another topic where both employer and employee must be careful and apply law and regulations in the same way, which means establishing a safety zone to what is permitted. Not putting the organisation's credibility at risk is fundamental. What extra jobs and secondary occupations are compatible with employment in the state is regulated in the Public Employment Act.

As an employee at AP6, one may never risk acting out of personal gain – or be affected by



somebody else who gains influence over one's decisions.

AP6 does not allow secondary occupations that conflict with the requirement of loyalty to the employer.

Before accepting an invitation as an employee, one must ask oneself the following questions:

- Is this a benefit and why is it being offered to me?
- What does the benefit consist of and what is it worth?
- What influence do I have on my employer's relationship with the sender of the invitation?

Equal pay

AP6 complies with laws and regulations concerning equality and it is very important that equal terms apply for equal expertise, experience and with the same work description. This is a prerequisite for a well-functioning organisation. A review of this was conducted during the year.

Diversity

It is important that AP6's personnel composition reflects Sweden as a country and diversity is an important factor in this regard. AP6's organisation is comprised of a relatively small staff with low employee turnover, which makes it especially important to have an overriding and long-term plan for the diversity work.

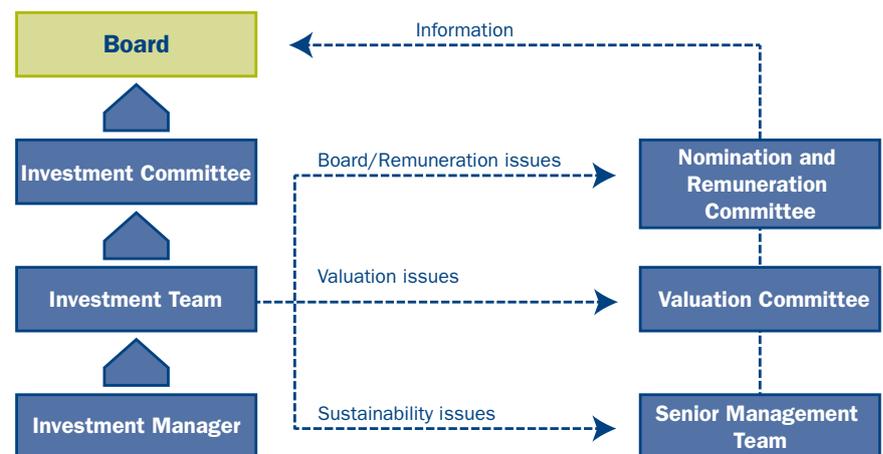
Investments corresponding to 80 per cent of the value of AP6's portfolio shall report in line with GRI or equivalent«

The diversity and equality aspects are a part of the specification in recruitment, both for temporary and permanent employment. An even gender distribution at all levels in the organisation is an important factor for an optimal organisation.

AP6 is involved in the organisation Mitt Liv, which works to make it easier for foreigners with an academic background to enter the Swedish labour market.

During the year, recruitment of substitutes

Decision-making processes and committees



AP6 works with considerable transparency through all levels of decision-making. The decision data that investment managers prepare that is discussed in team meetings and the Investment Committee forms the basis of the same material that the Board receives.

Committees and investment organisations are led by individuals who are members of the Senior Management Team. The Managing Director regularly reconciles the investment process with the Board.

An investment decision is a multiple-stage process. AP6 works in a uniform manner with well-documented decision input. Decisions in all decision forums are documented in meeting minutes.

was conducted in co-operation with Mitt Liv. AP6 was thereby able to offer a trained economist with a foreign background a position in the accounting department for five months.

AP6 has also been involved in the mentor programme arranged by Mitt Liv. The programme began in the autumn and will be concluded mid-year 2015.

Competence development

In order for AP6 to deliver a long-term sustainable and value-generating return, continuous competence development is a key issue. This also concerns being able to compete as an employer in the labour market. Competence development is planned at the annual development talks. A competence mapping for all of AP6 was done in 2014. Training comprising 20 hours was provided regarding anti-corruption, human rights and policies. Sustainability training was provided to all investment managers and the Senior Management Team. The latter also underwent management training. In connection with this, employee training was also provided. The number of training hours per employee was 23 hours in 2014.

Health

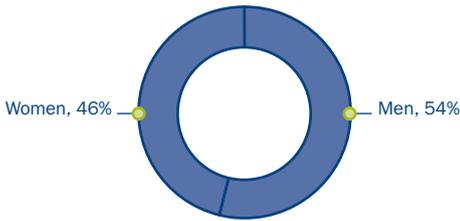
Employee health is important to AP6's development and ability to provide returns. Health risks can include stress or stress-related diseases and ergonomic problems related to office work. All employees are covered by occupational health services with one health exam every two years. All employees are also offered health insurance and a fitness allowance. The

The objective is to make it easier for educated personnel with a foreign background to enter the Swedish labour market. This is done through guidance and support, and by arranging workplace meetings and other activities.

In total, AP6 participated in the programme with five employees who were each assigned as the mentor for one person.

The follow-up of the targets for diversity and gender equality, as well as gender equality in company boards takes place as of 2014.

Distribution of women and men



employees can get help from an ergonomist to have a good working environment and tools for it.

Otherwise, AP6 complies with laws, rules and guidelines applicable to this area.

The previous year's value are provided in parentheses:

- Sickness absence 1.5 per cent (0.8)
- Personnel turnover 0.0 per cent (6.4)
- The fitness allowance was utilised by 89 per cent of the employees (82)

Attractive workplace

For AP6, being able to recruit and further develop competent personnel is of strategic significance. As it involves managing public pension funds through investments in unlisted companies, there are high demands on competence and judgement. AP6 recruits personnel in a competitive market. AP6 actively works with a balanced offering to do this and be perceived as an attractive workplace. This is based on three main components:

1. Interesting and exciting duties. AP6 is a substantial player in the Nordic market for unlisted companies. The organisation is on the leading edge with regard to owner governance and sustainability issues.

2. A balanced life. It should be possible to combine an occasionally hectic and very demanding professional role with, for instance, being the parent of small children. This perspective shall characterise the internal governance and work planning.

3. Market-based and attractive remuneration. Within the scope of the guidelines for remuneration and benefits (competitive compensation that is not a salary leader), the staff should be able to obtain good remuneration and reasonable benefits.

Staff composition

- The number of employees was 35 (33) divided between 16 (15) women and 19 (18) men.
- The Senior Management Team consists of 7 (7) individuals, of which 6 (6) are men and 1 (1) is a woman.
- Of the 35 (33) employees, 30 (29) are employed at the head office in Gothenburg and 5 (4) in Stockholm.
- The work is done by employees and no seasonal variations occur.
- The Board consists of 5 (5) individuals of which 2 (2) are women. The Chairman of the Board is a woman.

9. ABOUT THE REPORT

This GRI Report is the second compiled by AP6 and the reporting period is the 2014 calendar year. AP6 has chosen to do so-called "Core reporting". This means that the report is based on factors relevant to AP6's operations over which AP6 can influence in various ways. The report comprises every part of AP6's operations. The objective is to prepare this sustainability report once a year. No new conditions or significant changes have occurred since the previous year.

The GRI Report is a part of AP6's Annual Report. The GRI Report is not audited by the auditors.

For further information or to express opinions on the sustainability report, please contact:

MARGARETA ALESTIG JOHNSON

Deputy Managing Director with responsibility for sustainability issues
margareta.alestig@apfond6.se

Senior Management Team, committees and advisory bodies

SENIOR MANAGEMENT TEAM:

Karl Swartling (*MD*)
Margareta Alestig Johnson (*Deputy MD*)
Henrik Dahl (*CFO*)
Mats Lindahl (*Head of Company Investments*)
Karl Falk (*Head of Fund Investments*)
Jonas Lidholm (*General Counsel*)
Ulf Lindqvist (*Head of Communications*)

INVESTMENT COMMITTEE:

Margareta Alestig Johnson (*Chair.*)
Karl Swartling
Henrik Dahl
Mats Lindahl
Karl Falk
Jonas Lidholm
Ulf Lindqvist
Håkan Bohlin

VALUATION COMMITTEE:

Håkan Bohlin (*Chair.*)
Henrik Dahl
Karl Swartling
Margareta Alestig Johnson

REMUNERATION AND NOMINATIONS COMMITTEE:

Jonas Lidholm (*Chair.*)
Mats Lindahl
Margareta Alestig Johnson
Karl Swartling

ETHICAL STANDARDS COMMITTEE:

Ulf Lindqvist (*Chair.*)
Jonas Lidholm
Margareta Alestig Johnson

COMMITTEES IN AP6'S BOARD

Audit Committee
Katarina Bonde (*Chair.*)
Per Strömberg

Remuneration Committee

Olle Larkö (*Chair.*)
Henrik Dagerl

GRI Index Sixth AP Fund 2014

Reporting area	Page	External verification*
STRATEGY AND ANALYSIS		
G4-1 MD's statement	5	No
ORGANISATIONAL PROFILE		
G4-3 Organisational name	37	Yes
G4-4 Operations	Inside cover, 38, 39	Yes
G4-5 Location of headquarters	38	Yes
G4-6 Countries for operations	38	Yes
G4-7 Ownership	38	Yes
G4-8 Markets	N/A**	
G4-9 Organisational size	38, 49	Yes
G4-10 Employees	38, 49	Yes
G4-11 Employees covered by collective agreement	48	Yes
G4-12 Supplier chain	19	No
G4-13 Major changes during the year	28	No
G4-14 Precautionary principle	41	Yes
G4-15 Undertakings, affiliations	40	Yes
G4-16 Membership	21	No
MATERIAL ASPECTS AND LIMITATIONS		
G4-17 Scope financial/sustainability reporting	19	No
G4-18 Process content and limits	19	No
G4-19 Material aspects	see www.apfond6.se	No
G4-20 Internal limits for each aspect	see www.apfond6.se	No
G4-21 External limits for each aspect	see www.apfond6.se	No
G4-22 New conditions	28	No
G4-23 Significant changes since the preceding year	28	No
STAKEHOLDER DIALOGUE		
G4-24 Stakeholders	20, 21	No
G4-25 Process for selection of stakeholders	20, 21	No
G4-26 Stakeholder dialogue	20–23	No
G4-27 Content and response in the dialogue	20–23	No
ABOUT THE REPORT		
G4-28 Reporting period	28	No
G4-29 Date of latest report	19	No
G4-30 Reporting cycle	28	No
G4-31 Contacts	28	No
G4-32 Reporting levels/GRI reference list	29 and www.apfond6.se***	No
G4-33 External verification	29	No
GOVERNANCE		
G4-34 Governance, sustainability	1, 18–28	No
ETHICS AND INTEGRITY		
G4-56 Code of Conduct	1, 19, 20	No

* The practice is for the directors' report, income statement, balance sheet and notes to undergo external verification, in other words to be reviewed by auditors. Other content in the annual report is quality assured, but is not externally verified.

** N/A – not applicable

*** A complete sustainability report containing a reference list, including aspects and indications, is presented on the website www.apfond6.se

FACTS



Signatory of:

**GLOBAL COMPACT AND PRI**

AP6 participates in the UN Global Compact and pledges to realise and integrate the principles on human rights, working conditions and the environment in its operations and to encourage other companies to also observe the Global Compact.

AP6 is a signatory to the UN Principles for Responsible Investment. AP6 pledges to consider the management of environmental aspects, social issues and good administrative practice in conjunction with investment decisions and to encourage the reporting of ethical aspects in the investments through active ownership.



In 2014, AP6 conducted its first climate analysis with the aim of measuring the portfolio's carbon dioxide footprint. The analysis was performed by South Pole Carbon.

About the Sustainability Report

The report covers AP6's internal operations. The contents of the report were established through an analysis of areas impacted by the operations. The analysis includes a prioritisation of the significance of every current aspect and identification of where the impact occurs, internally or externally. The analysis is based on the GRI principles for the selection of content.

SPECIALISATION THAT PROVIDES RESULTS



Three years have passed since the Board decided on a new investment strategy and a number of other important changes.

As always in a change, it is important to safeguard continuity. By safeguarding expertise and experience at the same time as having the courage to change, question and challenge, the probability is the greatest that an organisation comes out even stronger and more professional.

This is, I dare say, what happened with AP6.

Higher quality in owner governance and analysis processes that lead to investment decisions has had a positive influence on a number of other processes and procedures.

This is not unusual. An organisation that is used to critically reviewing different approaches will never believe that its work is complete.

There are always things to improve, and once this process is begun, it is continued. Here, the Board plays an important role, one that involves both driving and encouraging. It is important for managers and employees to feel

that demands, support and encouragement are important, not to mention crucial, when it comes to long-term results.

One example is the demands and targets set by the Board for

sustainability work. To ensure that the work involved in these important issues is guaranteed a central role, we were very clear that sustainability work should be integrated into investment operations. It is pleasing to note that this has been successful.

AP6 has been highlighted by the owner as a player that has made greater progress in its sustainability work compared with several international players within the unlisted segment. AP6 has also been recognised for its sustainability reporting by being nominated for the Responsible Investor Awards in London.

One indication that a change process is generally of a high quality is that it produces results in both the short and long terms. The Board and management must navigate based on both the current situation and a long-term external analysis.

It is therefore extremely positive to be able to note that AP6's unique position as an investor both directly in companies and indirectly via

funds more than corresponds with the development of investors within our class of assets. More and more international pension managers are shifting from passive allocation towards active investment operations within unlisted companies.

At the same time, AP6 has long made a conscious choice to work with active investments. This is a large part of the explanation behind AP6's successful positioning as a partner for co-operation.

During 2014, AP6 has made a number of investments as a direct consequence of leading players seeking investment partners within our class of assets.

It takes time for the effects of a shift in investment strategy to be fully seen. This is particularly true of a portfolio valued at several billions. The work that has been done and is being done shows that AP6 has come a long way.

The combination of a continued strong focus on responsible investments and growing interest in AP6's specialist expertise creates good opportunities for a long-term sustainable value growth for the pension assets.

Gothenburg, February 2015

Ebba Lindsö

Chairman of the Board, 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 boilerplate for determining standard practice for other companies, organisations, public authorities, etc. This Fund Management Report has therefore taken inspiration from the Swedish Code of Corporate Governance while taking into consideration the particular characteristics of the Sixth AP Fund (AP6).

Like the other Swedish National Pension Funds, AP6 is a government agency. However, the Swedish National Pension Funds differ considerably from other government agencies. 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.

TOPICAL ISSUES IN 2014

During the year, AP6 continued to work on the strategic direction decided on in 2011. In direct investments, a number of strategic acquisitions were made of mature companies expected to achieve the target of a long-term stable return. The investments were made together with financial and industrial partners, lowering the risk in the portfolio. During the

year, fund investments also allocated assets to both existing and new management teams with a focus on the Nordic region, as well as Europe as a part of a broader geographic direction. The ambition is to broaden the geographic direction where appropriate with the aim of establishing a satisfactory diversification of risks and increasing the possibility of a strong return. This broadening primarily takes place through investments in venture capital funds.

The synergies by investing in both venture capital funds and directly in companies have been further developed during the year. The transaction flow that has arisen is beneficial, which generates opportunities for more direct investments in 2015.

RECRUITMENT OF SPECIALIST EXPERTISE IN SUSTAINABILITY

AP6 is now taking the next step in its sustainability work and as a part of this has recruited a sustainability manager. The organisation is thereby provided expertise and experience of operational sustainability work.

BOARD COMPOSITION

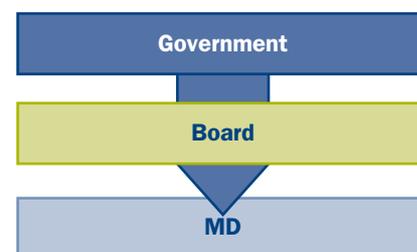
The Board of Directors, which consists of five members, is appointed by the government, which also appoints the Chairman and the Deputy Chairman. The government applies

one-year mandate periods for the Board members, which means that the current appointments apply until the government has adopted AP6's income statement and balance sheet for 2014. During the year, no change has occurred in the Board's composition.

BOARD WORK

The Board has full responsibility for the business and in those areas where the Board's work is not regulated in the Sixth Swedish National Pension Fund Act (2000:193), it is regulated in the Rules of Procedure which are set by the Board on an annual basis. In 2014, the Board held six ordinary meetings and three extra Board meetings. Besides the Board members, Board meetings are also attended by AP6's Managing Director and employees who have special expertise or who are report-

The owner appoints the Board



ing on a case. The most important tasks of the Board include setting the return target for the business, deciding on the allocation of capital, 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 drafting capacity in matters 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 of matters regarding the audit of the Annual Report. It is also the Committee's task to approve proposals on the valuation of the unlisted assets at each year-end closing. The Committee is also required to meet AP6's auditors at regular intervals for briefings on the audit and risk exposure. The Committee is to meet at least three times a year and AP6's auditors 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 Committee chairman. The Deputy Managing Director, the CFO and, when necessary, a controller in the role of committee secretary shall be co-opted into the Committee.

REMUNERATION COMMITTEE

The Remuneration Committee assists the Board in a drafting capacity in matters concerning principles of remuneration, remuneration and other terms of employment for AP6'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 shall draft proposals for a framework for annual salary revisions for AP6's employees. The Committee shall comprise two members of the Board, one of whom shall be appointed Committee chairman. The Managing Director, the Deputy Managing Director and a legal counsel in the role of committee secretary shall be co-opted into the Committee.

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.

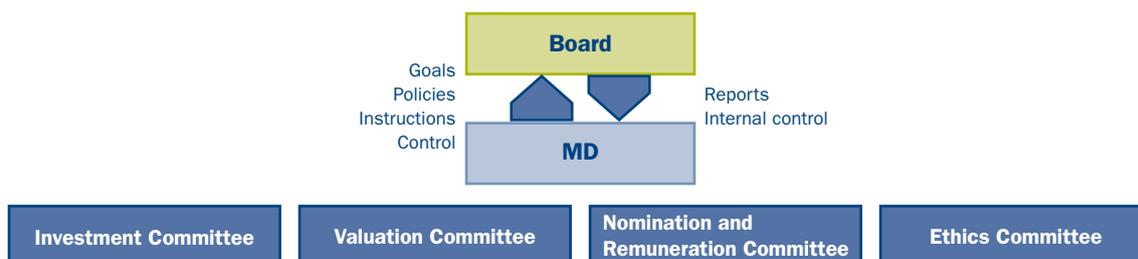
The Board decides the Managing Director's remuneration and the salary range for other staff. The Board also decides whether to adopt an incentive scheme. AP6 has no variable remuneration or incentive schemes for management or other employees. In 2009,

the government issued new guidelines regarding remuneration for senior executives in the AP funds. These guidelines covered areas such as the removal of variable remuneration, limitations regarding retirement benefits and the regulation of retirement age. For more information, see Note 8.

INTERNAL CONTROL

Internal control is a key element of a reliable and efficient business. The work with internal control is carried out with the aid of COSO, an internationally accepted framework for internal control. For more information about COSO, see Definitions. Responsibility for internal control lies with the Board. For assistance, the Board can turn to the Managing Director and internal audit, which is given assignments when the Board identifies a particular area that shall be audited. As AP6 has relatively few employees, and as there is no separate function for internal audit, external consultants with the appropriate expertise are brought in 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. As the financial reporting is audited by external auditors, the focus for the internal auditors is on documenting process flows within the operational side of the business. The risks identified, partly by internal auditors and partly during the ongoing process of internal control, are then reduced to an acceptable

Internal control of operations



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. Documents and tools are also created to enable 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 organised as part of the investment activities which also has a drafting function to prepare items for consideration by the Board.
- **The Ethical Standards Committee**, which handles all business matters relating to ethical standards.
- **The Nominations and Remuneration Committee**, which monitors all nominations and remuneration matters that investment managers need to handle in portfolio companies.
- **The Valuation Committee**, which, prior to the publication of annual and four-monthly accounts, needs to approve the valuations of the unlisted holdings.

For financial institutions with slightly larger organisations, and for those that adhere to the regulations issued by the Swedish Financial Supervisory Authority, there is a need and

a requirement for compliance and risk functions. Taking into consideration the activities of AP6, and its relatively limited organisation, these functions are shared by different levels within the organisation. The function corresponding to compliance is shared by AP6's legal counsel (laws and regulations) and the CFO (financial reporting). The function corresponding to risk management comprised of a risk controller with continuous reporting to the Deputy Managing Director. Risk management is a natural part of the day-to-day running of the investment activities. The risks are managed and reported directly by the investment manager for those funds and companies in which AP6 has invested.

AUDIT

The auditors used by AP6 are appointed by the government. Jesper Nilsson (Ernst & Young) and Jan Birgeron (Ernst & Young) were appointed as auditors with a mandate up to 31 May 2015. A new procurement has been initiated by the Ministry of Finance.

The auditors' work includes examining AP6's operating activities, administration, annual accounts and the Annual Report. The auditors express an opinion on the accounting records and the administration based on their audit. Their mandate also includes verifying that AP6 follows generally accepted accounting and valuation principles and that the accounting records give a true and fair view of the operating activities. There has also

been an audit of AP6's IT environment, with a focus on processes relating to the entire IT architecture as well as the business system.

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

BOARD EVALUATION

The Board is required by law, the Sixth Swedish National Pension Fund Act (2000:193), to carry out an annual evaluation of its administration of funds, in other words, a performance review. This evaluation is submitted to the government in connection with the presentation of the annual accounts and audit report. The evaluation is prepared in a separate report that is published on the AP6 website.

THE GOVERNMENT'S EVALUATION

In addition to the Board's own evaluation, the Ministry of Finance carries out an annual evaluation of AP6'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 statements and balance sheets for the 2014 financial year.

The owner exercises control



Board of Directors



EBBA LINDSÖ
Chair

BORN: 1955

ELECTED: 2011

OTHER ASSIGNMENTS:

Brummer & Partners. Member of the Boards of SBAB Bank, Burenstam och Partners, LRF, Employment Agency (Arbetsförmedlingen), the Advisory Board of Statistics Sweden, UNICEF Sweden and HRH King Carl XVI Gustaf's Foundation for Young Leadership.



PER STRÖMBERG
Deputy Chairman

BORN: 1968

ELECTED: 2011

OTHER ASSIGNMENTS:

Professor of Finance and Private Equity at the Stockholm School of Economics. Adjunct Professor, University of Chicago Booth School of Business.



KATARINA G BONDE
Board member

BORN: 1958

ELECTED: 2008

OTHER ASSIGNMENTS:

Chairman of the Board of Propellerhead Software AB. Board member of Aptilo Networks AB, Avega Group AB, Mycronic AB, Micro Systemation AB and Image Systems AB.



HENRIK DAGEL
Board member

BORN: 1958

ELECTED: 2011

OTHER ASSIGNMENTS:

Head of Special Operations at Swedfund. Board member of Raffia Holdings Ltd, Athi River Steel Ltd and HSF Wuxi Electro Mechanic Ltd.



OLLE LARKÖ
Board member

BORN: 1952

ELECTED: 2006

OTHER ASSIGNMENTS:

Professor, Dean, Sahlgrenska Academy at the University of Gothenburg. Board member of the European Dermatology Forum, board member of the Chalmers Foundation and medical expert for the Swedish National Courts Administration.

Management



KARL SWARTLING
Managing Director

BORN: 1965
EMPLOYED: 2012

BOARD ASSIGNMENTS:
None
No holdings in unlisted companies.



MARGARETA ALESTIG JOHNSON
Deputy Managing Director and Administrative Manager

BORN: 1961
EMPLOYED: 2013

BOARD ASSIGNMENTS:
Green Cargo AB and OX2 Group AB.
No holdings in unlisted companies.



HENRIK DAHL
CFO

BORN: 1975
EMPLOYED: 2008

BOARD ASSIGNMENTS:
AP Partnerinvest Sec AB, AP Industriinvest AB, Amplico Kapital AB, DAWA Däck AB, Gar Förvaltnings AB, Industrial Equity (I.E.) AB and 123 Servicecenters Fastighets 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.



MATS LINDAHL
Head of Company Investments

BORN: 1964
EMPLOYED: 2012

BOARD ASSIGNMENTS:
Norrporten, Gnosjögruppen AB, SLS Invest AB, Nordia Innovation AB, Industrial Equity (I.E.) AB, Bergsala AB and Gothenburg International Film Festival.
No holdings in unlisted companies.



JONAS LIDHOLM
General Counsel

BORN: 1970
EMPLOYED: 2001

BOARD ASSIGNMENTS:
Board member of AP Riskkapital AB, AP Partnerinvest Fashion AB and NetSys Technology Group Holding AB.
No holdings in unlisted companies.



ULF LINDQVIST
Head of Communications

BORN: 1963
EMPLOYED: 2008

BOARD ASSIGNMENTS:
None
No holdings in unlisted companies.

Remuneration, benefits and business representation expenses

In 2009, the government adopted guidelines for remuneration for senior executives in the AP funds; the other staff was not covered. The overriding objective was to safeguard public confidence in the AP funds. From a broader perspective, the issue of confidence encompasses multiple aspects. Remuneration is one part, and responsible investments is another. Openness and transparency are yet other factors that build confidence.

AP6 reports on its work with responsible investments in various places in the Annual Report, including the GRI Report. Benefits, guidelines for remuneration of all staff and the results of a comparison of the remuneration level for all employees are presented below.

Government guidelines for senior executives in the AP funds

- The total remuneration to the AP funds' senior executives must be reasonable and well considered.
- It shall also be competitive, subject to a ceiling and suitable, and contribute to good ethics and a positive organisational culture.
- The remuneration shall not be salary leading in relation to comparable institutions, but rather characterised by moderation.
- Variable salary, so-called bonuses, may not be paid.
- Other employees may receive variable salary, although not more than two months' salary.

AP6's Board has decided that:

- All personnel, not only senior executives, shall be covered by the government guidelines.
- No possibility of variable salary, so-called bonus, shall be provided.

AP6 shall also work in support of the guidelines being applied to the furthest possible extent in companies in which AP6 has a holding.

ANALYSIS OF AP6'S REMUNERATION LEVELS

AP6 has commissioned an evaluation of the total remuneration levels (salary and pension) to all employed personnel. For this evaluation, McLagan was engaged. This company is a part of the Aon Consulting Company, an external, independent international consulting firm. The comparison material has been divided into two categories to take into consideration differences in remuneration culture and remuneration levels between them. AP6's operations deviate to some extent from others as focus for the business is based on unlisted holdings. This means that AP6 has a need for specific expertise among employees who identify, carry out and monitor investments in unlisted companies.

Private asset managers:

- AFA Försäkring, Alecta, Alfred Berg, American Express, AMF Pension, Brummer & Partners Fund Services, Carnegie, Euroclear, Folksam, GE Capital, Handelsbanken Asset Management, Handelsbanken Liv, Länsförsäkringar Fonder, Nordea Fonder, SEB Kapitalförvaltningen, SEB Wealth Management, Skagen fonder, Skandia Liv, Swedbank, Swedbank Robur and Ålandsbanken.

State-owned companies and public authorities:

State-owned financial companies:

Almi Invest, Fouriertransform, Industriefonden, Inlandsinnovation, SBAB, SEK and Swedfund.

Public authorities: Finansinspektionen, Kammarkollegiet, Nobelstiftelsen, Riksbanken, Riksbankens Jubileumsfond and Riksgälden.

Results of the evaluation

The results of McLagan's evaluation show that the total remuneration (salary and pension) for employees at AP6:

- Is 12 per cent below the private market in total.
- Is 13 per cent above comparable positions in state-owned companies and public authorities in total.

TOTAL REMUNERATION (SALARY AND PENSION) FOR EMPLOYEES AT AP6 COMPARED WITH

	AP6 2014	AP6 2013
Private asset managers	-12%	-8%
State-owned companies and public authorities	+13%	+9%

The conclusion of the AP6 Board is that remuneration to the employees can thereby be considered reasonable and in line with the government guidelines. In other words, the remuneration levels are well considered and competitive, in comparison with other companies focused on long-term asset management.

Costs of representation and taxable benefits 2014

In the past two years, AP6 has reviewed benefits and rules for representation. This is done based on being an attractive and modern employer that manages public funds.

Here, a deliberate choice was made when, for instance, company cars were withdrawn and public transport passes were provided. For representation, it must be reasonable and appropriate. For example, alcohol is not permitted in internal representation.

Cost	SEK/employee/year
Representation (internal and external)	1,382
Taxable benefit (Public transport pass and lunch discount coupons)	10,946

Directors' Report

The Board of Directors and Managing Director of the Sixth AP Fund (AP6) herewith present their Annual Report for operations during the 2014 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 DURING THE YEAR

The strategy established by the partly new Board in 2011 is now deemed to have been fully implemented into the Sixth AP Fund's operations. The aim is clear, and involves creating a high, long-term return with satisfactory risk diversification investments in the unlisted private equity market. The portfolio for direct investments has now been restructured, and the resources have been reallocated in order to build a diversified future portfolio with a well balanced risk profile. The international contact network is now being developed within the investment organisation, which has helped to make AP6 an important Nordic partner for a number of foreign investors. This has had a positive impact on the business flow, and gives more, bigger syndicates with which to carry out investments. For Fund Investments, the geographic diversification has involved a number of pan-European funds having been evaluated during the year. This resulted in commitments to two well-reputed buyout funds. A total of SEK 2.1 billion was committed to private equity funds, of which SEK 2.0 billion was within buyout and SEK 0.1 billion within venture capital.

The investment organisation's cross-sharing of expertise between Fund Investments and Company Investments continues, creating efficiency within the organisation and in the internal processes. Company Investments contributes expertise when commitments are made to new funds, in relation to those cases where the process requires evaluations of AP6's existing investments in portfolio companies. Fund Investments contributes an important network of contacts through investments in the funds. For example, Company Investments has a unique opportunity to work with and selectively evaluate investment proposals (co-investments) arising in companies whose principal owners are funds in which AP6 has invested. These investment proposals are often analysed in detail by the principal owner, leading to a highly effective use of resources with minimised transaction costs as a result. The flow of new business opportunities has been favourable during the year, resulting in direct investments worth a total of around SEK 2.0 billion being carried. The investment rate for both Company Investments and Fund Investments is in line with the long-term plan established by the Board, and activity is expected to remain high during 2015.

A strong year for the stock exchange, but returns from mature companies exceed the target in the longer term

The stock exchange made a strong recovery in 2014, and thus so too did AP6's listed target index (SIX Nordic 200 Cap GI), which rose

by a full 17%. It can therefore be stated that AP6 did not manage to attain its target for the year, which was set at 19.5 per cent (index growth of 17.0 per cent, with a return supplement of 2.5 per cent). It should be noted that AP6 invests in unlisted assets, which naturally do not reflect the volatility and risk profile present in a listed share portfolio or in an individually listed index. The ambition is, instead, that existing investments together with those that are gradually carried out should give a high, stable return over a long period of time. For this reason, the return should not be compared with an individual year on the stock exchange, and should instead be evaluated over time and over several business cycles. Analyses since operations began (18 years) and over 10 years show a return within the mature companies segment of 15.1 per cent and 13.0 per cent respectively, which should be compared with the targets for the periods of 12.3 per cent and 13.6 per cent respectively. It can therefore be stated that the investments made in mature companies (buyout) and that form the basis for the current strategy have been highly successful. AP6's total return does not reach the target in any of the periods, but this should be seen as less relevant since the results are saddled with the previous strategy and investments completed in the early phase (venture capital).

FUND CAPITAL

Since 2003, most of the allocated capital has been invested in unlisted companies. An analysis shows that AP6's capital during the period 2005–2014, meaning the last 10 years, has grown from SEK 13.9 billion to SEK 23.6 billion, which corresponds to average annual growth of 5.4 per cent. At year-end 1996, AP6 started with capital of SEK 10.4 billion, which, by the close of 2014 had advanced by SEK 13.2 billion to SEK 23.6 billion. This corresponds to total value growth of some 127 per cent since inception, or an annual average growth of 4.6 per cent.

AP6 is a closed buffer fund, which means that there is no requirement to make annual disbursements to or receive funds so as to balance payment flows in the national pension system. This means that profit is reinvested and any losses must be covered by fund capital.

At year-end 2014, AP6's committed but as yet unpaid capital for investments in funds and directly owned companies totalled SEK 5.5 billion (5.6).

PROFIT/LOSS

The net profit for 2014 totalled SEK 1,441 million (1,860), or a

return of 6.5 per cent (9.2). The return may be compared with the return target of 19.5 per cent for 2014. Profit for the period 2005–2014 amounted to SEK 9,666 million. This corresponds to an annual return of 5.4 per cent, compared with the return target of 13.6 per cent for the period.

Profit consists of realised and unrealised value changes in assets, as well as interest and dividends. Realised profit is the difference between revenue from divestments and the carrying value on the divestment date. In addition, the figure includes any impairment of acquisition values. Unrealised profit is the difference between value changes in existing holdings. Costs consist of external and internal management costs attributable to investment operations and internal joint costs.

MANAGEMENT COSTS

Costs are divided into external management costs, internal management costs and shared costs.

External management costs refer primarily to management fees paid to managers of listed holdings.

Internal management costs include personnel costs relating to investments in funds, directly owned companies and management of liquidity holdings. These also include costs directly attributable to investment operations.

Shared costs include personnel costs for the Managing Director and shared specialist functions, as well as costs of premises, services purchased externally, IT and general office costs. Since AP6's operations are not subject to VAT, input VAT cannot be deducted. Consequently, this is expensed on a continuous basis and is included in AP6's costs.

Management fees paid to the funds that invest in unlisted companies are reported as part of the acquisition cost for each fund. Capitalised management fees are subsequently depreciated to zero in conjunction with the annual closing accounts.

Total costs for AP6 amounted to SEK 120 million (121) in 2014, of which SEK 72 million (71) was attributable to investment operations and liquidity management, while SEK 48 million (50) pertained to shared costs.

ORGANISATION AND EMPLOYEES

AP6 is owned by the government, and comes under the Ministry of Finance. Organisationally, the investment organisation consists of Company Investments and Fund Investments. These business areas manage what AP6 refers to in an analysis context as capital employed. In addition, there is also liquidity management, which includes investments in interest-bearing securities and listed small company funds. Liquidity management handles the cash reserve, which is held so as to conduct new and supplementary investments in companies and funds. Investment operations are supported by administrative functions such as legal affairs, finance, business control, human resources and IT. The head office is in Gothenburg.

The number of employees at AP6 amounted to 35 (33) at year-end. Additional information concerning employees is available under Note 8. For more information about AP6's organisation and employees, refer to the website, www.apfond6.se.

INVESTMENT OPERATIONS

Operations are divided into investment activities and liquidity management. Investment operations consist of direct investments in companies and indirect investments in companies via funds. The investment focus is primarily on the Nordic region.

Company Investments

The market value of Company Investments totalled SEK 10.80 billion (9.0) at year-end 2014, and profit for the year before internal costs amounted to SEK 372 million (418).

During 2014, AP6 conducted several transactions, involving both purchases and sales. Holmbergs Childsafety (a leading supplier of child car seat safety equipment) and Unfors RaySafe (a supplier of equipment for real-time radiation measurement) were sold for a total of SEK 346 million. The companies were valued at sale price at the end of the previous year, which is why the result on profit for the year is marginal.

Several acquisitions, in line with the strategy, were also carried out. In January 2014, the investment in the Finnish company Salcomp – a leading global manufacturer of chargers for mobile

THE SIXTH AP FUND'S PERFORMANCE 2005–2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Return trend, per cent	8.9	13.7	14.1	-16.6	11.3	9.4	-6.9	9.2	9.2	6.5
Benchmark index ¹	6.1	7.2	9.0	7.4	7.5	6.5	7.7	20.2	30.0	19.5
Fund capital, SEK bn	15.1	17.2	19.6	16.4	18.2	19.9	18.5	20.2	22.1	23.6
Profit/loss summary, SEK M										
Profit/loss before costs	1,373	2,215	2,610	-3,108	1,999	1,874	-1,237	1,838	1,982	1,561
External management costs	-7	-20	-33	-17	-16	-22	-23	-21	-24	-22
Internal management costs and shared costs	-125	-131	-145	-127	-130	-146	-120	-116	-98	-98
Profit/loss for the year	1,241	2,064	2,432	-3,252	1,853	1,706	-1,380	1,701	1,860	1,441

1. Benchmark index: 2003–2011 Absolute return target. 2012–2014 return target SIX Nordic 200 Cap GI +2.5%.

telephones, tablets and other mobile units – was finalised. The investment means that AP6 has commenced collaboration with Nordstjernan, which remains the major shareholder. An investment has also been made in Tobii Technology, a Swedish company that focuses on developing and marketing eye control and eye tracking products. Three co-investments have also been carried out, divided up between EQT (the information service company Bureau van Dijk), Nordic Capital (the credit management company Lindorff) and HgCapital (the IT company Visma). The first two have come about through the long and strong relationships created through investments in funds. The investment with HgCapital is unique in that it is an effect of increased international contact surfaces and a desire to have AP6 as a Nordic partner. The above investments total approximately SEK 2 billion.

The market value of investments in companies in the mature phase (buyout) amounted to SEK 9.9 billion, with profit for the year from these holdings totalling SEK 295 million before internal management costs. Profit provided a return for the year of 3.2 per cent. Profit for mature companies is mainly attributable to Norrporten and Volvofinans, which contributed a total of SEK 462 million. For Norrporten, this is primarily attributable to a healthy growth in the value of its property stock. Volvofinans recorded its best results ever, and the company's dividend yield is expected to grow successively over the coming years. Both holdings, which together represent SEK 7.1 billion or 66 per cent of the direct investment portfolio, are valued at net asset value. In comparison with similar listed companies and their premium on the share market, this is deemed to be cautious. The new investment in Salcomp is going according to plan, with the latter half of the year in particular showing good, profitable growth. During the year, the holding in the Norwegian offshore services company was revalued downwards as a result of the dramatic market trend and the resulting uncertainty. The market downturn that began in 2013 accelerated further during the year, affecting the entire sector. Under extremely difficult market conditions, Aibel took the necessary measures as a company and is deemed to remain competitive in anticipation of the market's recovery.

The market value of investments in the early phase (venture capital) amounted to SEK 0.9 billion, with profit for the year totalling SEK 78 million. The profit level led to a return for the year of 8.0 per cent, attributable mainly to the growth of Apotea. The company, a market-leading distance selling pharmacy, contributed SEK 51 million towards the profit for the year.

The return for the buyout business area since inception (1997–2014) and for the last ten years (2005–2014) amounted to 15.2 per cent and 9.7 per cent respectively. The corresponding figures for venture capital were –17.5 per cent and –7.1 per cent respectively, primarily as a result of the previous strategic focus. Investments in the mature segment exceeded the target since inception of 12.3 per cent, but are somewhat lower than the target for the last ten years of 13.6 per cent. The return for the buyout segment should be regarded over time as satisfactorily high, and the future outlook for these investments remains good.

Fund Investments

Fund Investments invests in funds headed by experienced management teams, who in turn invest in companies in the venture and buyout market segments. Investments are aimed mainly at primary funds, but the secondary market is also targeted through capital commitments to secondary funds and the acquisition of secondary participations. The business area is divided into three sub-portfolios – buyout, venture capital and secondaries. All investments in the latter portfolio take place in the buyout segment. At the close of 2014, the business area's market-valued capital totalled SEK 6.3 billion (5.9), with profit for the year amounting to SEK 796 million (763) before internal costs.

Market-valued capital in the buyout portfolio totalled SEK 5.0 billion (4.5) at year-end 2014, with profit for the year amounting to SEK 677 million (637) before internal costs. Profit was positively impacted by upward revaluations of the portfolio and by realisations completed at higher values than the opening market value. Over the course of 2014, Fund Investments committed capital to two new pan-European buyout funds: Bridgepoint V (EUR 100 million) and Carlyle IV (EUR 100 million). The commitments to the venture fund Northzone and the secondary fund Cubera VII were also increased by EUR 5 million and EUR 13.8 million respectively.

Market-valued capital in venture totalled SEK 1.3 billion (1.3) at the close of 2014, with profit before internal costs amounting to SEK 119 million (125).

The return for Fund Investments since inception (1997–2014) and for the last ten years (2005–2014) amounted to 14.9 per cent and 19.7 per cent respectively within buyout. The corresponding figures for venture capital were a negative 3.1 per cent and a negative 3.7 per cent respectively. Investments in the mature segment thereby exceeded the target for these periods of 12.3 per cent and 13.6 per cent respectively. As in the case of direct investments, this return confirms the current strategy, which entails new commitments focusing on private equity funds that invest in mature companies. Commitments to venture capital funds continue, but on a smaller scale than in the past.

MANAGEMENT OF THE LIQUIDITY RESERVE

The liquidity reserve represents that portion of AP6's capital that is not deployed in investment operations. The purpose of the liquidity reserve is to maintain high payment preparedness, and management is to be marked by low risk and favourable risk diversification. Investments are made in interest-bearing securities offering high liquidity. The goal for the management of interest-bearing securities is to attain a return in line with the OMRX T-Bill. In addition, liquidity management is tasked with handling financial risks that may arise in operations and capital borrowing requirements.

In addition to interest-bearing assets, liquidity management also pursues a number of investments in listed small company funds. These investments pertain to externally managed funds that invest in small and medium-sized listed companies. A number of these were divested during 2014, generating revenue from divest-

ments of SEK 746 million. The holding in Lannebo Microcap remains, which at year-end had a market value of SEK 1.6 billion. Listed small company funds progressed positively during 2014, contributing a profit of SEK 324 million (703).

Since the change in strategy was carried out in 2011, AP6 has restructured the portfolio for direct investments resulting in the divestment of a number of companies. Mature companies within Fund Investments and Company Investments have also continued to deliver large inflows. This means that liquidity is currently greater than deemed necessary in order to counter the portfolio's total inflows and outflows and to optimise the short-term return. Activity within investment activities is expected to remain high during the coming years, and the liquidity reserve is therefore expected to reduce over time. At year-end 2014, the market-valued capital in liquidity management totalled SEK 6.4 billion (7.1), of which listed small company funds accounted for SEK 1.6 billion (2.1). Overall profit from liquidity management operations totalled SEK 371 million (745).

REVIEW OF PERFORMANCE IN RELATION TO TARGETS

Pursuant to the Sixth Swedish National Fund Act (2000:193), the Board of AP6 is 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 submission of the Annual Report and Audit Report. The evaluation is prepared in a separate report published on AP6's website.

EVALUATION OF THE RETURN TARGET

During 2012, AP6 implemented a new return target. The starting point was that this should readily reflect the strategic orientation and mirror industry practice. The purpose was to identify an index that presents specific comparative data for unlisted companies. It soon emerged that existing indices did not meet the criteria in respect of validity, integrity and data quality. Instead, a selection was made of the various broad-based share indices based on AP6's strategic emphasis on mature companies in the Nordic region. This resulted in Handelsbanken's Nordix All-Share Portfolio Index Total Return. This index ceased to be published externally during 2013. The index is now owned and calculated directly by SIX in

exactly the same manner as previously. The index is now published under the name "SIX Nordic 200 Cap GI". AP6's target consists of this index, plus a risk premium for unlisted companies of 2.5 per cent. The analyses in the Annual Report regarding AP6's return during various time periods are done in relation to this index.

AP6 has previously stated that a listed target is not appropriate for its operations. In particular, it is of limited relevance when evaluating AP6's return during shorter periods. The target should also be used to evaluate the existing strategy in the long term and not be compared with historic investment activities. Work on developing an unlisted companies index is in progress among a number of index suppliers with whom AP6 has been in contact. These efforts will be tracked and a deeper analysis and discussion concerning a possible target replacement may arise when there is an alternative that better reflects AP6's asset types.

GOVERNMENT EVALUATION

On behalf of the government, the Ministry of Finance conducts an annual evaluation of the Sixth AP Fund's operations. This is performed for all AP funds with the assistance of external consultants. The assessment is presented in a written communication to the Swedish Parliament and made public when the government adopts the income statement and balance sheet, which is normally in May of the following year.

The evaluation primarily addresses the return targets established by the Board and the extent to which the investment activities have achieved the set targets. 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 government's and AP6's websites.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR-END

After year-end, AP6 completed the co-investment in Siemens Audiology Solutions together with EQT. AP6's commitment to Carlyle IV of EUR 100 million is conditional on the fund reaching a size of EUR 2 billion. The current assessment is that the fund is reaching the anticipated size, which is why the commitment is reported as a contingent liability like other commitments.

THE SIXTH AP FUND'S PROFIT/LOSS AND FUND CAPITAL BY BUSINESS AREA

SEK M	Profit/loss						Return before costs, % 2010–2014	Market-valued capital 31 Dec 2014
	2010	2011	2012	2013	2014	Total		
Company Investments	729	-1,701	526	418	372	344	0.8	10,810
Fund Investments	141	748	910	763	796	3,358	12.8	6,284
Liquidity management & risk management	982	-307	381	777	371	2,204	-	6,424
Shared capital, net	-	-	-	-	-	-	-	32
Internal management costs	-62	-56	-55	-48	-50	-271	-	-
Shared costs	-84	-64	-61	-50	-48	-307	-	-
Total	1,706	-1,380	1,701	1,860	1,441	5,328	5.3	23,550

SUSTAINABLE BUSINESS

Sustainability applies to investments, organisation and leadership. The sustainability concept represents a significant platform and a prerequisite for being able to generate a high, long-term return on the pension capital that AP6 has been entrusted to manage. During the year, the intense work relating to these issues has continued. AP6 reports in accordance with GRI (Global Reporting Initiative) and has signed up to PRI (the UN's initiative for responsible investments) and the Global Compact. Through this, requirements are clearly formulated during both the investment process and the holding period, for both Company Investments and Fund Investments. The prerequisites for the two types of investments differ, which is also reflected in the implementation of sustainability efforts; however, a common denominator is that AP6 imposes requirements. Companies in which AP6 is a direct shareholder are encouraged to join the Global Compact. Company Investments consist of various sizes of holdings and various shareholdings, which means that AP6 must adapt the model to meet various prerequisites. Funds in which AP6 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 sustainability process includes ensuring that there are models for requirements, monitoring, reporting deviations and measures. Sustainability work is also carried out in order to comply with the legal requirements imposed by the Swedish Environmental Code, which includes applying the precautionary principle.

THE SIXTH AP FUND'S FINANCIAL INSTRUMENTS AND THEIR IMPACT ON PROFIT

International Financial Reporting Standards (IFRS) is a series of internationally accepted regulations and AP6 is continuously evaluating ways in which its annual accounts can be changed and improved with the aim of presenting a clear and transparent view of operations. These regulations require that significant disclosures be made regarding financial instruments. Disclosures in accordance with IFRS 7 aim to make it possible for a user to assess the significance of financial instruments to AP6's financial position and performance. This also includes the nature and scope of the financial risks accompanying the holdings and to which AP6 is thereby exposed. A description is given below of how the financial instruments affect performance, financial position, the risks in relation to current holdings and how they are managed.

Firstly, it should be mentioned that, according to the Sixth Swedish National Pension Fund Act (2000:193), AP6's financial instruments should be reported at fair value. When applied to a financial instrument, fair value is defined as the amount at which an asset could be transferred or a liability settled. This shall take place between knowledgeable parties that are independent of each other and have an interest of the transaction being carried out. AP6 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 M	Level 1	Level 2	Level 3	Total fair value
Shares and participations	1,615	–	16,785	18,400
Interest-bearing securities	4,625	–162	444	4,907
Cash	210	–	–	210

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

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

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

Change for the year within level 3 SEK M	Company Investments	Fund In- vestments	Total
Opening balance 1 January	8,905	5,884	14,789
Investments	2,047	1,167	3,214
Change in fair value*	272	424	696
Less acquisition value	–537	–1,400	–1,937
Exchange rate differences, etc.	105	362	467
Closing balance 31 December	10,792	6,436	17,229

* No derivatives for hedging are included within level 3, which is why the "Change in fair value" item and the closing balance for the business area may differ somewhat from figures stated in notes and text.

As illustrated in the table, most of the Fund's invested capital is categorised as Level 3. In many cases, this means that no market data is available when the assets are to be valued. AP6 applies IPEV principles as the framework for its valuation. A number of methods are applied in valuation, such as discounted cash flow, net asset value, valuation using multiples, etc. (See also under accounting and valuation policies, Note 1.)

Some of AP6's companies are valued using a model in which future cash flows are used as an indicator of the company's value. The condition under which this valuation method functions is that, with reasonable certainty, the company has to be able to predict its future cash flow. Since future cash flows are discounted at their present value, it is important to apply the correct cost of capital. The cost of capital involves weighting the cost of borrowed funds and shareholders' equity, known as WACC (Weighted Average Cost of Capital). The cost of shareholders' equity can be compared with the return target that AP6 sets for that element of business operations that cannot be financed externally by a bank loan, for example. 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, leading to a considerably more restrictive valuation 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 AP6 uses is thus central to how the company is valued and, accordingly, also to how changes in value are reported in AP6's income statement. However, the most important parameters in the model are the assessments 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 AP6's operations).

Valuation at visible net asset value is a method used by AP6 for valuing Norrporten and Volvofinans. With this method, no direct estimate is made of the company's future earnings capacity or how equivalent listed companies are valued. Instead, the valuation is based on adjusted shareholders' equity, which on comparison with other market data shows a cautious valuation of these two companies at year-end 2014.

The most common valuation method, which is also the method used most often by AP6, is multiple valuation against peer groups. These comprise a cluster of similar companies, often listed, which are reminiscent of the company to be evaluated. A downturn on 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 valuation is based partly on multiples. The most common multiples that AP6 uses in its valuation are EV/Sales and EV/EBITDA (see Definitions).

A few of AP6's holdings are known as pre-revenue companies, meaning the company does not yet have any operations that generate income. These companies are very difficult to measure and, for obvious reasons, a restrictive valuation is used, which often means the acquisition value or lower.

The private equity funds in which AP6 invests apply the same valuation methods as described above. AP6 continuously evaluates the valuation methods used and thus also the valuations reported on a quarterly basis.

With respect to AP6's listed holdings, up-to-date market data is obtained in conjunction with the closing accounts at year-end. Accordingly, valuations of this kind have no element of estimation.

RISKS IN THE SIXTH AP FUND'S OPERATIONS

Every investment made in the financial market involves an element of risk. Therefore AP6 faces a number of commercial risks, the most important of which can be divided into the following five categories.

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 AP6 are equity risk, currency risk and interest-rate risk. These are monitored continuously, since both Fund Investments and Company Investments are exposed to these kinds of risk. A maximum of 10 per cent of AP6's assets, valued at market value, may be exposed to currency risk. For this reason, AP6 uses derivative instruments to hedge currency risk.

At year-end, AP6's market-valued assets in foreign currency amounted to SEK 6,290 million (4,038), of which assets in euro are the largest individual currency with a market value of SEK 3,104 million (1,089). Of the total market value, SEK 5,655 million (3,471) was hedged, resulting in a currency exposure of approximately 3.6 per cent (2.7) in relation to fund capital. AP6's target in accordance with the established financial policy is that currency exposure should be within the range of 0–5%.

Credit and counterparty risk: This type of risk arises as a result of the inability or unwillingness of a company to fulfil its contractual obligations or other commitments, which could potentially lead to losses. In these cases, AP6 is working to diversity its portfolio and ensure that its exposure to individual holdings does not grow too large. The Board determines this risk each year by deciding on a future allocation plan showing how future funds are to be divided among different asset classes and business areas.

Liquidity risk: This risk is best described as the risk of financial crisis. Liquidity risk arises when assets, liabilities and commitments have different maturities. Since AP6 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 shall be placed in investment with a low liquidity risk. AP6's target is that the liquidity reserve should normally amount to 5–10% of the overall capital managed by the fund. There is also a credit line 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 Company Investments and Fund Investments, but in the case of Company Investments a more active approach is required in response to growing risks. AP6 monitors its investments by being a captive 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 risk: The risk of financial loss as a result of human error, inadequate processes, external events or faulty systems. One of the methods used by AP6 to manage these risks is to document and map its various process flows. Furthermore, risk scenarios are performed, whereby risks and threats are analysed.

Income statement

SEK M	Note	2014	2013
Investment operations			
Net profit/loss, listed shares and participations	2	291	751
Net profit/loss, unlisted shares and participations	3	1,182	1,064
Dividend		86	31
Net interest income/expenses	4	82	112
Other financial income and expenses	5	-80	23
Management costs	6, 8	-72	-71
Shared costs	7, 8	-48	-50
Profit/loss for the year		1,441	1,860

Balance sheet

SEK M	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Investment assets			
Shares and participations in listed companies and funds	9, 10	1,615	2,193
Shares and participations in unlisted companies and funds	9, 11	16,785	14,595
Other interest-bearing securities	9, 12	5,069	5,022
Total investment assets		23,469	21,810
Receivables and other assets			
Derivatives for hedging		86	104
Other current receivables		1	13
Prepaid expenses and accrued income	13	71	81
Cash and cash equivalents		210	179
Total receivables and other assets		368	377
TOTAL ASSETS		23,837	22,187
FUND CAPITAL AND LIABILITIES			
Fund capital			
Initial capital		10,366	10,366
Profit brought forward		11,743	9,883
Profit/loss for the year		1,441	1,860
TOTAL FUND CAPITAL		23,550	22,109
Current liabilities			
Derivatives for hedging		248	54
Accrued expenses		34	16
Other current liabilities	15	5	8
Total current liabilities		287	78
TOTAL FUND CAPITAL AND LIABILITIES		23,837	22,187
Memorandum items			
Contingent liabilities		665	535
Commitments – pledged capital, not yet paid out		5,542	5,567

Notes

All figures are stated in SEK million unless otherwise stated.

Note 1 Accounting principles

The Sixth AP Fund (AP6) complies with the regulations in the Sixth Swedish National Pension Fund Act (2000:193). This act entered into effect on 1 January 2001. The Annual Report has been prepared in accordance with generally accepted accounting principles. As a result of the law that governs AP6, all investments must be valued at fair value in AP6's reporting. No changes took place in AP6's accounting principles in 2014.

Reporting according to IFRS

International Financial Reporting Standards (IFRS) are a regulatory code that is internationally accepted and AP6 therefore continuously evaluates changes that take place in this area. However, it should be emphasized that there is no possibility for AP6 to fully comply with IFRS as AP6 by law may not prepare consolidated accounts. As a consequence of this, AP6 must determine what is applicable for each individual standard and then assess what information should be presented in order for an external reader to receive an accurate view at the same time that the Annual Report is kept clear. The assessment is that the profit for the year for AP6 essentially agrees with IFRS.

AP6 is a public authority and accordingly not a legal entity and thereby also not to be considered a parent company.

Reporting and valuation of unlisted securities

AP6 continuously values all holdings at fair value and applies IPEV guidelines (International Private Equity and Venture Capital Valuation Board, www.privateequityvaluation.com) as the framework for its valuation. This essentially means that its holdings are reported at fair value. It should be noted that there is no formal requirement to conform to these regulations, but as they are internationally accepted and conform to the manner in which the other AP funds value their unlisted holdings, AP6 has elected to adhere to these principles. In connection with the annual accounts, AP6 conducts a valuation of all the companies in each of its portfolios. However, the emphasis is on those companies which have material worth in relation to the overall portfolio. The valuation of unlisted holdings involves a large amount of assessment, which means that changes to assumptions made can have a significant impact on the results. In each individual case, AP6 attempts to determine what combination of valuation methods is best suited to illustrating the fair value of the investment. The following valuation methods are used:

Price according to the latest round of investment

AP6 has investments that involve third-party transactions. If these transactions have taken place during the financial year, they constitute an important part of the valuation. Consideration is also taken to the issues in which only the existing owners participate (known

as internal rounds). In those cases where internal rounds indicate a 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 it may indicate that there is very little interest in the company. In these cases, an impairment of the holding is considered. 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 valuation of the company is based on discounted continuous 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 cost of capital. The return targets used in this model and thereby on the investment should correspond to the average expected market return for a portfolio with the corresponding level of risk and investment horizon. In those cases where an investment at the time of valuation has not yet shown a positive cash flow, and where there is no alternative valuation which would provide an accurate indication of value, a more cautious estimate of the company's value is made. In such cases, the market value of the investment most often equal to or less than its acquisition cost.

Net asset value method

This method is suitable for use with companies whose value is most accurately reflected by a valuation of the company's net assets. The Sixth AP Fund uses this method for the valuation of Volvofinans Bank AB and the property company Fastighetsaktiebolaget Norrporten. In both cases, this method provides a stable market valuation that, in the current market climate, is also cautious.

Valuation using multiples

This valuation method is most common and is often based on multiples such as EV/EBITDA and EV/Sales. Multiple valuation is traditionally easier to carry out on more mature companies as there are most often more listed peer groups to use. For smaller individual companies, it can be difficult to find suitable peer groups for a multiple valuation. This often gives rise to a more cautious valuation that is instead based on discounted cash flows or the price according to the latest investment round.

As a part of AP6's valuation process, the investments are stress-tested with the aim of illustrating the impact on the valuation interval in different scenarios. If the investment demonstrates large volatility, AP6 makes a more restrictive assessment of the value. Revaluations of unlisted holdings are reported under the heading Net profit/loss, unlisted shares and participations in the income statement and also specified in Note 3. If, however, there is a stable and material value decrease (e.g. bankruptcy), an impairment loss is applied and then often with the entire amount investment. This impairment loss is reported under the heading Net profit/loss, unlisted shares and participations in the income statement and also specified in Note 3.

Valuations of holdings in funds which invest in unlisted companies are based primarily on valuations received at 31 December 2014 from the respective funds. For holdings in respect of which AP6 has not yet received valuations that take into account performance during the fourth quarter of 2014, the most recently obtained valuation has been adjusted for actual transactions.

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

Convertible loans are stated under the item Shares and participating interests in unlisted companies and funds and reported at amortised cost.

The acquisition value of a fund refers to all outgoing payments made, excluding external management costs (which are subject to downward revaluation), for remaining portfolio companies.

Changes in values of unlisted securities, realised and unrealised, are recognised in the income statement and included in profit/loss for the year. The realised profit consists of the difference between sales proceeds and the book value on the divestment date. Realised profit also includes impairment losses on book values, which may arise in some cases, for example a bankruptcy. AP6 manages some investments through dedicated holding companies. To give an accurate view of the business, any investment divested by the holding company is reported as realised by AP6. The sales amount less the acquisition cost of the investment accordingly provides the realised profit/loss. The holding company is then valued at its net worth, with the value gradually decreasing in line with the dividends relating to the sales proceeds. To ensure that the profit from an exit is not reported twice, these dividends are only reported in the balance sheet.

Reporting and valuation of listed securities

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

The fair value is based on the closing prices listed on the last trade date of the year. Transactions concerning calls, warrants, forwards and swaps are reported in the accounts on the day when the material risks and rights are transferred between parties, i.e. the trade date. This principle applies to transactions on the money and bond markets and on the equity market.

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

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

Valuation 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 considered that the final rate (price paid) is not representative, then a rate at a different time may be used for calculating the fair value.

Positions in derivative instruments are valued at their fair value where value changes are recognised in the income statement together with the underlying asset class.

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

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

Reporting and valuation of interest-bearing securities

The scope of investments in interest-bearing securities varies in pace with the change in the fund's liquidity reserve where the size depends on purchases and sales of holdings. In the purchase of interest-bearing securities, the assets are reported on the balance sheet under the item Interest-bearing securities. If there is an accrued interest at the time of acquisition, it is reported as

an accrued income. For all interest-bearing securities in which AP6 invests, apart from pure account investments, for example, deposits, listed prices are available. Since all AP6's assets shall be valued at market rate, the change in market value is reported in the results for listed assets and specified in note 2. Accrued interest on the instruments is recognised in the income statement in the item Interest-bearing income/Expenses net and specified in Note 4.

Management costs

AP6'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 reported as continuous expenses in the income statement. Management fees paid to the funds that invest in unlisted companies are reported as part of the acquisition cost for each fund. Capitalised management fees are impaired as of the balance sheet date. At the end of 2014, all capitalised management fees were impaired to SEK 0. In company investments, management costs are capitalised, but are only impaired if they cannot be recognised at fair value. External costs that arise in connection with the purchase of companies are capitalised. If acquisition processes occur over a year-end closing, the costs for them are capitalised insofar as it is assessed as likely that the investment will be carried out.

Internal management costs, which primarily relate to costs for AP6's own personnel working in investment activities, are continuously expensed together with shared costs, which primarily relate 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 reported in a separate note.

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 principles

No consolidated accounts have been prepared, since shares and participating interests in subsidiaries are valued at their fair value.

AP6 is a public authority and therefore not a legal entity and thereby also not a parent company.

Receivables are taken up in the accounts in the amount at which they are expected to be received. Liabilities are valued at amortised cost. Purchases of new equipment are continuously expensed.

Realised and unrealised profit/loss is reported as a net amount in the income statement. Gross values are reported in note 6.

AP6 is exempt from income tax and its operations are not subject to VAT. However, AP6 is taxed as a business with regard to foreign goods and services. Input VAT cannot be deducted, but is a cost to the business.

The fund capital consists of initial capital and retained earnings. The initial capital comprises a transfer from the former 1st–3rd Boards and SEK 366 million remaining from the Winding-up Board for Fund 92–94. AP6 is not under any obligations regarding payments to or from the pension system.

Memorandum items

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

Note 2 Net profit/loss, listed shares and participations

	2014	2013
Listed holdings		
Shares and participations	291	751
Total	291	751

Note 3 Net profit/loss, unlisted shares and participations

	2014	2013
Realised		
Income from divestments	1,955	2,094
Capital invested	-1,094	-1,788
Reversal of changes in value booked previously regarding divested holdings	-617	-131
Impairment losses for the year	-20	-118
Reversal of changes in value booked previously regarding holdings impaired	16	71
	240	128
Unrealised		
Changes in the value of unrealised holdings	942	936
	942	936
Total	1,182	1,064

Note 4 Net interest income/expenses

	2014	2013
Interest income		
Convertible loans	-	3
Other interest income	82	109
	82	112
Interest expenses		
Other interest expenses	0	0
	0	0
Net interest income/expenses	82	112

Note 5 Other financial income and expenses

	2014	2013
Share in profits from limited partnerships	1	1
Exchange rate differences	-81	22
Total	-80	23

Note 6 Management costs

	2014	2013
External management costs		
- Listed holdings	22	24
Internal management costs		
- Personnel costs	38	34
- Legal consultants	1	4
- Other external services	5	2
- Travel costs, etc.	2	2
- Debited VAT	3	4
- Other costs	1	1
Total	72	71

No performance-based costs were payable in 2014 (in 2013, the corresponding figure was SEK 2.4 million).

External management costs relating to holdings in unlisted funds and companies amounted to SEK 155 million (130) and SEK 2 million (7), respectively, and are capitalised as part of the acquisition cost for each of the respective funds. However, at the end of year, all capitalised management costs were impaired to SEK 0. The impairment loss includes the unrealised profit/loss.

Note 7 Shared costs

	2014	2013
Personnel costs	26	27
Premises costs	6	7
IT costs	5	5
External services	2	4
Management costs	2	1
Travel costs, etc.	1	0
Debited VAT	3	4
Other costs	3	2
Total	48	50

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

Management costs include remuneration to audit firms, as follows:

	2014	2013
Ernst & Young		
Auditing assignments	1.0	1.0
Auditing services in addition to audit assignments	0.0	0.0
Other services	0.0	0.0
Total	1.0	1.0

Note 8 Personnel**Government's guidelines for terms of employment for senior executives**

In 2009, the government issued new guidelines regarding the terms of employment for senior executives in the AP funds. These guidelines covered areas such as the removal of variable remuneration, limitations regarding retirement 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. However, this is not applied by AP6, which has no variable remuneration. A senior executive is defined as an individual who holds a position in AP6's senior management team. The Board's guidelines regarding the terms of employment for senior executives and other employees at AP6 are published on www.apfond6.se.

Applied regulations for remuneration and benefits in 2014

The Board decides the total annual salary revisions as well as any variable remuneration. For 2014, a comparison was made of the remuneration paid by comparable institutions, companies and funds. Based on the results of this comparison, it is the view of the Board that the remuneration and benefits paid to the senior executives of AP6 are reasonable, moderate and competitive. This comparison is reported on page 36 and on www.apfond6.se.

All employees are covered by collective agreements between the Employers' Association of the Swedish Banking Institutions (BAO) and Jusek/Civilekonomernas Riksförbund/Sveriges Ingenjörer för akademiker (SACO).

Salaries and benefits

Salaries, fees and benefits for the Board, Managing Director, other senior executives and other employees are presented on page 49. Remuneration to senior executives is reported separately under its own heading.

Pensions

Members of the senior management team, including the Managing Director, shall be entitled to a pension at the age of 65 and annual premium payments have been made corresponding to 30 per cent of pensionable salary.

AP6 has no undertakings regarding future pensions or pension conditions.

Severance pay

Terms of employment are negotiated individually. Should AP6 serve notice to terminate employment, a maximum period of notice of six months shall apply with no change in salary or other benefits. According to the Board's guidelines, the senior executive can receive severance pay corresponding to a maximum of 18 months' salary, but AP6's policy is severance pay corresponding to a maximum of six months' salary. Employment contracts completed earlier may constitute an exception from this policy. Severance pay is paid each month 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 programme

AP6 has no incentive programmes for senior executives or for other employees.

Decisions regarding 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 further remuneration has been paid to the Board of AP6.

The Board sets the Managing Director's salary each year and also decides the general development of staff salary levels and any incentive programmes. There are no such programmes in AP6, however.

Remuneration to the Board of Directors

Remuneration paid to Board members in 2014 is reported separately as follows: Ebba Lindsö SEK 100,000, Per Strömberg SEK 75,000, Henrik Dagek SEK 50,000, Katarina Bonde SEK 50,000 kronor and Olle Larkö SEK 50,000.

Remuneration to senior executives

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.

As senior executives, the Managing Director and the rest of the Senior Management Team are reported separately at the end of 2014: Karl Swartling, Margareta Alestig Johnson, Jonas Lidholm, Karl Falk, Mats Lindahl, Ulf Lindqvist and Henrik Dahl.

Total salaries and remuneration reported separately in the above order was as follows: SEK 2.9 M, SEK 1.9 M, SEK 1.6 M, SEK 1.7 M, SEK 1.8 M, SEK 1.5 M and SEK 1.5 M.

Pensions excluding payroll tax reported separately as follows: SEK 0.9 M, SEK 0.5 M, SEK 0.5 M, SEK 0.5 M, SEK 0.6 M, SEK 0.4 M and SEK 0.4 M.

In addition to salary, other remuneration and pension, benefits have been received as follows: SEK 492, SEK 14,640, SEK 11,956, SEK 10,220, SEK 21,908, SEK 492 and SEK 21,740.

		2014	2013
Average number of employees	Men	17.6	17.4
	Women	14.2	13.8
		31.8	31.2
Number of employees at 31 Dec 2014	Men	19	18
	Women	16	15
		35	33
Board of Directors	Men	3	3
	Women	2	2
		5	5
Senior Management Team	Men	6	6
	Women	1	1
		7	7

	2014	2013
Salaries and fees		
Chairman of the Board	0.1	0.1
Board excluding the Chairman	0.2	0.2
Managing Director	2.9	2.9
Senior Management Team incl. Managing Director (2013 one person seven mos.)	10.0	8.7
Other employees	23.7	23.3
Total	36.9	35.2
Other benefits		
Managing Director	0.0	0.0
Senior Management Team excl. Managing Director	0.1	0.1
Other employees	0.4	0.3
Total	0.5	0.4
Pension costs		
Chairman of the Board	–	–
Board excluding the Chairman	–	–
Managing Director	0.9	0.9
Senior Management Team excl. Managing Director	2.9	2.6
Other employees	7.6	7.1
	11.4	10.6
Social security expenses incl. salary tax excl. pension costs	14.3	14.0
Personnel costs - Total	63.1	60.2

Note 9 Financial assets and liabilities by category

2014	Valued at fair value through profit or loss	Derivatives at fair value through profit or loss	Loan receivables and other receivables/liabilities	Total carrying amount	Fair value
Financial assets at fair value	18,400	86	444	18,930	18,930
Other current assets	–	–	72	72	72
Investments in securities, etc.	4,625	–	–	4,625	4,625
Cash and bank	210	–	–	210	210
Total financial assets	23,235	86	516	23,837	23,837
Accounts payable	–	–	3	3	3
Other liabilities	–	248	36	284	284
Total financial liabilities	–	248	39	287	287

2013	Valued at fair value through profit or loss	Derivatives at fair value through profit or loss	Loan receivables and other receivables/liabilities	Total carrying amount	Fair value
Financial assets at fair value	16,788	104	194	17,086	17,086
Other current assets	–	–	94	94	94
Investments in securities, etc.	4,828	–	–	4,828	4,828
Cash and bank	179	–	–	179	179
Total financial assets	21,795	104	288	22,187	22,187
Accounts payable	–	–	5	5	5
Other liabilities	–	54	19	73	73
Total financial liabilities	–	54	24	78	78

Note 10 Shares and participations in listed companies and funds

Holding	Number of shares	Share of equity, %	Share of voting rights, %	Market value, SEK million
Shares				
Datawatch	422,452	3.7	3.7	27
Funds				
Lannebo Micro Cap	659,833			1,588
Total				1,615

Note 11 Shares and participations in unlisted companies and funds

In those cases where AP6 holds more than 50 per cent of the votes or otherwise has a controlling influence in a company, all investments made at that level are also stated, as well as their share of voting rights and equity. Corporate ID number and registered office are not stated for foreign holdings.

Company	Investment	Corp. ID no.	Registered office	Number of shares	Share of voting rights, %	Share of equity, %
123 Servicecenters Fastighets AB		556660-4327	Gothenburg	1,000	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 Fashion AB*		556742-8882	Gothenburg	1,000	100.0	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 Sec AB		556754-2583	Gothenburg	100,000	100.0	100.0
AP Partnerinvest Sport AB		556736-6934	Gothenburg	90,001	90.0	100.0
AP Riskkapital AB		556711-0407	Gothenburg	1,000	100.0	100.0
Aumar AB		556631-5932	Gothenburg	7,149	53.2	53.2
DAWA Däck AB		556437-9344	Gothenburg	20,000	100.0	100.0
Energy Potential AB		556614-9000	Uppsala	432,781	3.6	15.0
EQT Yellow Maple Co-Investment L.P. (Bureau Van Dijk)					n/a	11.2
Gar Förvaltnings AB*		556312-2968	Gothenburg	10,000	100.0	100.0
Gnosjögruppen AB		556742-8411	Gislaved	1,000	100.0	100.0
HgCapital Gabriel Co-Invest L.P. (Visma)					n/a	12.1
Industrial Equity (I.E.) AB		556599-9702	Gothenburg	1,000	100.0	100.0
	<i>Accumulate AB</i>				23.0	23.0
	<i>Applied Nano Surfaces Sweden AB</i>				18.0	18.0
	<i>Bokadirekt i Stockholm AB</i>				29.0	29.0
	<i>CombiQ AB</i>				26.0	26.0
	<i>Digital ADTV AB</i>				17.0	17.0
	<i>Flexion Mobile Ltd</i>				13.0	13.0
	<i>FPV Holding AB</i>				99.0	99.0
	<i>myFC Holding AB</i>				8.0	8.0
	<i>Nodais AB</i>				49.0	49.0
	<i>Oricane AB</i>				19.0	19.0
	<i>The Local Europe AB</i>				29.0	29.0
	<i>Yanzi Networks AB</i>				34.0	34.0
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		n/a	79.2
Krigskassa Blekinge AB		556709-7992	Ronneby	30,000	50.0	50.0
NCS Invest AB (Aibel)		556914-7530	Stockholm	360,000	36.0	36.0
NetSys Technology Group Holding AB		556550-2191	Möndal	100,000	100.0	100.0
Neqst 3 AB		556920-9504	Stockholm	38,075	6.4	25.5
	<i>RP1 Holding AB</i>				100.0	100.0
Neqst Partner 3 AB		556920-9470	Stockholm	23,101	18.1	18.1
Nordia Innovation AB		556228-6855	Stockholm	3,496,919	15.0	15.0

Company (cont.)	Investment	Corp. ID no.	Registered office	Number of shares	Share of voting rights %	Share of equity, %
Nordic Capital VIII UF Alexander Co-Invest L.P. (Lindorff)					n/a	13.1
Nordic Capital VIII UF Co-invest Beta, L.P. (Unifeeder)					n/a	23.3
Norstel AB		556672-5346	Norrköping	21,447	0.0	0.0
NsGene A/S				403,585	n/a	n/a
NS Holding AB		556594-3999	Sundsvall	1,819,884	50.0	50.0
	<i>Norrporten AB</i>				50.0	50.0
Primelog Holding AB		556680-6914	Stockholm	331,552	53.4	53.4
	<i>ARRIGO Logistics Consultants AB</i>				100.0	100.0
	<i>Capacent Holding AB</i>				30.5	30.5
	<i>Financial Industrial (FIND) Consulting AB</i>				100.0	100.0
	<i>Primelog Services AB</i>				100.0	100.0
	<i>Primelog Software AB</i>				100.0	100.0
Primelog Intressenter AB		556727-5135	Stockholm	224	11.5	11.5
Salcomp Holding AB		556868-7999	Stockholm	225,000	45.0	45.0
SLS Invest AB		556730-2038	Stockholm	500	100.0	100.0
	<i>AdvanDx Inc</i>				45.6	45.6
	<i>Biopheresis Technologies Inc**</i>				32.2	32.2
	<i>Gyros AB</i>				96.8	96.8
	<i>Light Sciences Oncology Inc</i>				21.7	21.7
	<i>Medical Vision AB</i>				79.4	79.4
	<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
Tobii Technology AB		556613-9654	Danderyd	5,000,000	6.9	6.9
Unfors Holding AB		556701-5747	Gothenburg	163,332	71.2	71.2
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 in companies amounted to SEK 8,823 million (6,959).

In those cases where 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 brackets.

Funds	Corp. ID no.	Registered office	Share of equity, %	Acquisition value
AEP 2003 KB	969694-5196	Stockholm	15.8	0
Accent Equity 2003 KB	969694-7739	Stockholm	65.6	133
Accent Equity 2012 L.P.			10.0	81
AE Intressenter KB (Accent Equity 2008)	969724-7873	Järfälla	100.0	313
Auvimo AB	556587-9565	Gothenburg	100.0	0
Auvimo KB	969621-7729	Gothenburg	100.0	164
Axcel IV K/S 2			9.7	85
Bridgepoint Europe V L.P.			n/a	0
CapMan Buyout IX Fund A L.P.			8.5	173
CapMan Buyout VIII Fund B KB	969705-5342	Stockholm	100.0	288
CapMan Equity Sweden KB	969683-1321	Stockholm	96.5	97
CapMan Technology Fund 2007 B KB	969720-4288	Stockholm	100.0	93

Funds	Corp. ID no.	Registered office	Share of equity, %	Acquisition value
Chalmers Innovation Seed Fund AB	556759-5003	Stockholm	23.7	22
Creandum Advisor AB	556644-0300	Stockholm	34.0	1
Creandum I Annex Fund AB	556759-5623	Stockholm	49.3	25
Creandum II KB	969708-0274	Stockholm	98.5	135
Creandum III L.P.			18.6	69
Creandum KB	969690-4771	Stockholm	49.3	33
Cubera VI L.P.			9.0	32
Cubera VII L.P.			15.0	74
EQT IV (No. 1) L.P.			2.4	108
EQT V (No. 1) L.P.			3.5	489
EQT VI (No. 1) L.P.			1.6	356
EQT Expansion Capital II (No. 1) L.P.			4.2	120
EQT Mid Market (No. 1) Feeder L.P.			8.1	283
EQT Opportunity (No. 1) L.P.			18.9	61
Femfond KB (Nordic Capital V, L.P.)	969687-5062	Stockholm	100.0	53
FSN Capital IV L.P.			7.1	77
Fyrfond AB	556591-7027	Gothenburg	100.0	0
Fyrfond KB	969661-3109	Gothenburg	100.0	499
Fyrsikten KB (Nordic Capital VI, L.P.)	969712-1029	Stockholm	100.0	389
HealthCap 1999 KB	969656-1647	Stockholm	10.5	0
HealthCap Annex Fund I-II KB	969690-2049	Stockholm	38.9	194
HealthCap III Sidefund KB	969699-4830	Stockholm	22.7	0
HitecVision IV L.P.			1.4	15
HitecVision V L.P.			0.8	28
InnKap 2 Partners KB**	969661-4735	Gothenburg	5.9	0
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	80
Intera Fund II KY			10.0	85
IT Provider Century Annex Fund KB	969728-8109	Stockholm	98.5	6
IT Provider Century Fund KB	969673-0853	Stockholm	98.5	10
IT Provider Fund IV KB	969687-5468	Stockholm	59.1	40
Nordic Capital III			9.4	1
Nordic Capital VII Beta, L.P.			2.8	381
Nordic Capital VIII Beta, L.P.			4.4	266
Northern Europe Private Equity KB (EQT III UK (No. 7) L.P.)	969670-3405	Stockholm	69.1	66
Northzone VII L.P.			8.0	31
Norvestor V, L.P.			8.5	50
Scope Growth II L.P.			24.1	152
Scope Growth III L.P.			16.7	55
Sustainable Technologies Fund I KB	969734-9620	Stockholm	100.0	95
Swedestart Life Science KB**	969675-2337	Stockholm	16.3	23
Swedestart Tech KB**	969674-7725	Stockholm	20.6	22
Triton Fund IV L.P.			1.3	132
Valedo Partners Fund I AB	556709-5434	Stockholm	25.0	74
Total funds				6,096
Total acquisition value				14,919
TOTAL MARKET VALUE				16,785

* The company is dormant.

** The company is under liquidation.

Note 12 Other interest-bearing securities

	2014	2013
Day-to-day loan	1,475	1,900
Short interest-bearing securities	3,150	2,928
Loan to unlisted companies	444	194
Total	5,069	5,022

Note 14 Liabilities to credit institutions

	2014	2013
Approved credit limit	2,000	2,000
Unutilised part	-2,000	-2,000
Utilised credit amount	0	0

The utilised credit amount is regarded as short-term and temporary financing with an estimated maturity of no more than one year.

The approved credit limit in the group account structure amounts to SEK 2 billion.

Note 13 Prepaid expenses and accrued income

	2014	2013
Accrued interest income	51	54
Prepaid management fee	11	18
Other prepaid expenses and income	9	9
Total	71	81

Note 15 Other current liabilities

	2014	2013
Accounts payable	3	5
Other	2	3
Total	5	8

Gothenburg, 19 February 2015

Ebba Lindsö
Chairman of the Board

Per Strömberg
Deputy Chairman of the Board

Henrik Dagele
Board member

Olle Larkö
Board member

Katarina G Bonde
Board member

Karl Swartling
Managing Director

Audit report

For the Sixth AP Fund, org. no. 855104-0721

REPORT ON THE ANNUAL ACCOUNTS

We have audited the annual accounts of the Sixth AP Fund for the 2014 financial year. The Sixth AP Fund's annual accounts are presented in the printed version of this document on pages 37–55.

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 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.

The responsibility of the auditors

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 procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sixth AP 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 Sixth AP 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 2014 and its financial performance for the year in accordance with the Sixth Swedish National 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 if there are any remarks otherwise against the Board of Directors' and Managing Director's administration of the Sixth AP Fund for 2014.

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 Sixth AP Fund's assets in accordance with the Sixth Swedish National Pension Fund Act.

The responsibility of the auditors

Our responsibility is to express an opinion with reasonable assurance on the results of our examination and the inventory of assets managed by the Sixth AP 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 Sixth AP 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 Sixth Swedish National Pension Fund Act.

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

Opinions

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

Gothenburg, 19 February 2015

Jesper Nilsson
*Authorised Public Accountant
 Appointed by the Swedish
 Government*

Jan Birgeron
*Authorised Public Accountant
 Appointed by the Swedish
 Government*

Definitions and glossary

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. Investment often occurs with loan financing.

Co-investment – Means that an investment is made together with one or more other owner companies. A co-investment normally entails a minority interest.

Committed capital – The capital committed by the Sixth AP Fund as equity investments in various funds and companies over a set period of time.

Compliance – Adherence to rules and guidelines.

Corporate Governance – A collective term to describe issues relating to how companies are managed. The relationship between the different company bodies (AGM, Board and MD) is at the heart of corporate governance.

COSO – Committee of Sponsoring Organizations of the Treadway Commission, a framework for evaluating and managing a company's internal control, see page 30.

Due diligence – "Company inspection", a work process and method for gathering and analysing information about a company prior to a company acquisition.

Equity investments – 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.

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

EV/Sales – The enterprise value divided by sales.

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

Fair value – Fair value is defined as the amount at which an asset could be transferred or a liability settled, 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 cumulative gain or loss.

Governance – see corporate governance.

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

Investment activities – 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 balance sheet date 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.

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 which has as its core operations investment in unlisted companies and the realisation of their growth in value.

Profit/loss – The total change in value – both 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 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 mean that the fund has already existed a few years. An investment in the secondary market has exposure to the same companies as the original investors, but often with lower costs 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 Report – A report describing how a company addresses financial, environmental and social issues.

SVCA – Swedish Venture Capital Association.

Total return for AP6 for a period longer than one year – Calculated as the average return per year.

Total return for AP6 for one year – Calculated as the profit/loss for the year in relation to the fund capital at the beginning of the 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.

In active private equity investments, there are various investment approaches that are applied by leading institutional investors:

Fund investment – Primary commitment

This means that a commitment is made to invest a certain amount over time, which is then called on by the fund team when the investments are made in various companies. Money is sent back in the system to the investor when an exit is made. This means very long commitments and is essentially based on an assessment of a fund team's expected ability to make successful investments in the future and provide returns.

Fund investment – Secondary market

This means that – on the "second-hand" market for private equity interests – an investor acquires existing fund participations that another institutional investor wishes to sell, for one reason or another. The investor's analysis involves not only the fund team's skills but also the underlying portfolio company in which investments have already been made; in other words, a specific and detailed analysis of portfolio companies. A secondary investment may offer an excellent complement to a primary investment so as to gain diversification of the portfolio across funds of various vintages, for instance.

Direct investments

This means that one invests directly in an unlisted company, receives an ownership participation and must act as owner. This type of investment imposes totally different demands on the ability to analyse the investment and act as an active owner. A direct investment always entails a responsibility that one must accept as an owner. This applies regardless of the size of the participating interest.

Fund raising

The process that commences with a fund company announcing its plans to set up a new fund, the amount covered by the fund and the focus of the fund's investments. Fund companies with investment teams that have previously delivered high yield frequently encounter considerable investor interest. Usually, investors who have participated in earlier funds have a greater chance of participating in the new investment vehicle. Fund raising is conducted during a certain period.



Production: Sixth AP Fund in association with Wildeco

Photos: Johan Olsson. Page 3: Øyvind Sætre/Aibel, page 26: Göran Assnér/Johnér.

Other photos on pages 3 and 12 are published with the owner's permission. Printing: Åtta45, 2015.



Sjätte AP-fonden

Box 11395, 404 28 Gothenburg
Visiting address
Gothenburg - Östra Hamngatan 18, HQ
Stockholm - Norrlandsgatan 16

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