

ANNUAL REPORT 2015



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BRIEF FACTS ABOUT FÖRSTA AP-FONDEN

- Första AP-fonden is one of five funds that manage buffer capital in the Swedish national income pension system (the AP funds). When disbursements from the income pension system exceed contributions into it, the AP funds contribute the difference. The mandate of the funds is the **long-term management** of net assets to maximise return, while at the same time maintaining low risk in pension disbursements.
- Första AP-fonden has assets under management of **SEK 290.2 billion** in a global portfolio consisting of equities, fixed income securities, real estate, infrastructure, private equity funds and hedge funds.
- Around a quarter of the portfolio is invested in real estate, private equity funds, hedge funds and infrastructure. Such assets are expected to generate a **high return**, while at the same time **reducing the risk** in Första AP-fonden's total portfolio.
- A clear-cut **investment philosophy** forms the basis of Första AP-fonden's investment activities. Concentrated portfolios allow more time to be dedicated to each investment. For Första AP-fonden, it is important to exercise sound control of investments.
- Return after expenses for the past ten-year period is 5.5 per cent. Since 2001 Första AP-fonden has contributed total net investment income of **SEK 165 billion** to the pension system.
- Real return for the past ten-year period is 4.4 per cent annually after expenses. **Första AP-fonden's target was thus overshoot.** The target is real return of 4.0 per cent after expenses over rolling ten-year periods.

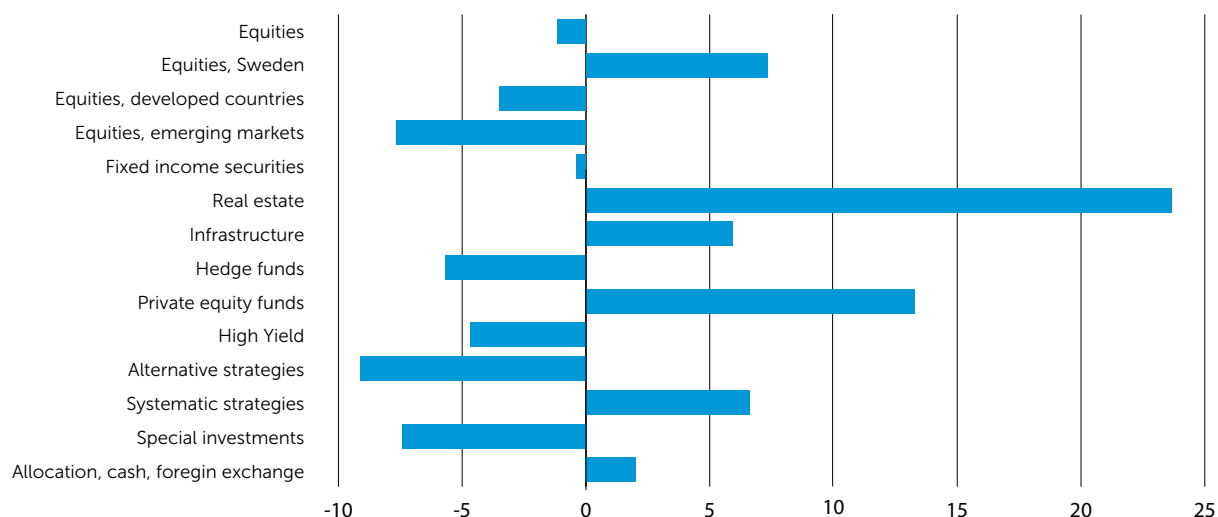
HIGHLIGHTS OF THE YEAR

Net investment income for 2015 means that Första AP-fonden's return is in line with the long-term target of real return of 4.0 per cent after expenses over rolling ten-year periods, both in 2015 and the ten-year period 2006–2015. Since its inception in 2001, Första AP-fonden has returned SEK 165 billion after expenses. During the same period, the Fund's return has outperformed the income index by 2.6 per cent annually.

- Net investment income after expenses for 2015 was SEK 11,340 million (36,424). This equals a return after expenses of 4.0 per cent (14.6). In the past ten years, the Fund's average return after expenses has been 5.5 per cent.
- Once again, the Fund's return exceeded the change in the income index (2.0 per cent) that occurred between 2015 and 2016.
- In real terms, return was 3.9 per cent in 2015.
- The Fund reports a high return in real estate, private equity funds and infrastructure for 2015.
- Första AP-fonden has disbursed SEK 29.9 billion since 2009, SEK 4.9 billion of which was disbursed in 2015, to cover the contribution deficit in the income pension system.
- The Fund's administrative expenses amounted to SEK 493 million (456), equalling 0.17 per cent (0.17) of average assets under management. The Fund's expenses are low in an international comparison.
- Första AP-fonden often cooperates with other AP funds and other investors. For example, in 2015 the Fund purchased electricity distribution company Ellevio from Fortum together with AP3, Folksam and Borealis Infrastructure Management.
- Another example of collaboration is the real estate company Cityhold Properties, of which Första AP-fonden and AP2 each previously owned 50 per cent. In 2015 the company was merged with TIAA-CREF's European properties. The Company, which changed names to Cityhold Property Partners, is now twice its former size and has further growth ambitions.



Return by asset class in 2015, %



Five-year overview – summary

SEK m	2015	2014	2013	2012	2011
Return before expenses, %	4.1	14.8	11.3	11.4	-1.7
Expense ratio, %	0.17	0.17	0.14	0.14	0.12
Return after expenses, %	4.0	14.6	11.2	11.3	-1.9
Net investment income after expenses, SEK bn	11.3	36.4	25.7	24.2	-4.2
Net flows, SEK bn	-4.9	-5.1	-6.9	-3.8	-1.2
Closing net assets, SEK bn	290.2	283.8	252.5	233.7	213.3

Exposure, %	2015	2014	2013	2012	2011
Equities	34.7	48.9	49.2	47.4	49.2
– of which, Swedish equities	12.3	11.6	12.0	11.4	12.6
Fixed income securities	30.2	30.9	31.2	36.4	40.9
– of which, fixed income securities in other assets	2.3	3.3	1.5		
Real estate	11.1	8.8	8.8	7.7	5.6
Infrastructure	2.9	–	–	–	–
Hedge funds	4.8	5.9	4.9	4.3	0.2
Private equity funds	5.0	4.4	3.3	3.2	2.8
High Yield	2.9	5.6	4.8	0.7	0.6
Alternative strategies	4.4				
Systematic strategies	5.2				
Special investments	1.1				
Foreign exchange	31.3	35.1	29.2	27.4	21.3
Share of external management, %	31.0	34.6	37.1	39.3	41.4

FOUR PER CENT RETURN AND MAINTAINED LONG-TERM INVESTMENTS



Much of the current model of the AP funds works well. Net investment income in 2015 speaks for itself. Our net investment income of SEK 11.3 billion after expenses equals return of 4.0 per cent. Since inflation was around zero during the year, the 2015 outcome is also on a par with the long-term target of real return of 4 per cent after expenses over rolling ten-year periods. During the year, we also contributed SEK 4.9 billion to the Swedish Pensions Agency to cover the deficit in pension disbursements. Real return after expenses for the past ten years is 4.4 per cent – slightly above the Fund's long-term target.

Despite great uncertainty last year about the future of the AP Funds, we are focusing and working ahead with the best interests of pension capital at heart. We continue to concentrate on direct investments in infrastructure and real estate. Our investments in private equity funds, which have performed very well indeed, reached our permitted maximum limit of 5 per cent of the portfolio last year. We are persevering with our effort to bring back capital that used to be managed externally.

“Despite great uncertainty last year about the future of the AP Funds, we are focusing and working ahead with the best interests of pension capital at heart.”

In 2015 we continued to bolster our internal management. To a certain extent, we are allocating the capital brought back to new types of investment such as infrastructure and real estate, where we see attractive potential. Because of the change in the management structure, the Fund's cost mix will also change. Commission expenses will be reduced, while operating expenses are expected to increase. During the transitional wind-down and build-up period that we have commenced, we will have slightly higher expenses than in previous years. Our ambition is for costs, as a share of Fund assets, to stabilise, and I am convinced that this structure will provide better conditions for higher return, and the cost increase should be seen in that context.

During the year, we made substantial direct investments in infrastructure and real estate. For example, we completed our first infrastructure investment when we purchased, as part of a consortium, electricity distribution company Ellevio from Fortum. Infrastructure is a natural part of our long-term portfolio, with long-term stable cash flow and hence predictable return. The fact that its value does not track the market in the same way as the majority of our other investments either, makes infrastructure an excellent complement in the portfolio. Together with ICA Fastigheter the Fund formed Secore Fastigheter – an equally owned company. The company owns and develops real estate in which ICA is the main tenant. Secore Fastigheter has a real estate value of SEK 1.1 billion and an explicit ambition to grow.

“We can now look ahead to doing what we do best – delivering long-term high sustainable return.”

The long-term approach features throughout our entire operations. As a long-term investor, focus on sustainable value creation is a natural element. Sustainable value creation penetrates our entire asset management, covering all asset classes in our portfolio

We have defined resource efficiency as a core element of our sustainable value creation. With a focus on resource efficiency – that is, responsible use of natural resources, human capital and financial capital, in our

investment decisions and in our actions – we contribute to a long-term solution to global challenges linked to this. One element of this resource efficiency is that the companies in which we invest must not have excessive carbon footprints. We are therefore delighted to report (on page 19) that our listed equity portfolio has much lower climate risk than the market at large. We have also decided to make dedicated sustainability investments with a focus on resource efficiency.

We are a visible and active owner, especially in our Swedish holdings. Through dialogue and active participation in AGMs, we pursue important ESG issues of particularly high priority. A clear example in 2015 was when we, in cooperation with other institutional owners, achieved change at SCA and ultimately in the entire Industrivärden sphere.

2015 was heavily marked by the report issued by the Swedish Ministry of Finance in the second quarter regarding new rules for the AP Funds. The proposal presented too many flaws and will now not be implemented. Hence, the Fund can now concentrate on its work and look ahead to doing what it does best – delivering long-term high sustainable return.

Stockholm, February 2016
Johan Magnusson

“For Första AP-fonden, it is important to know what we own.
All investments are the consequence of conscious choices.”



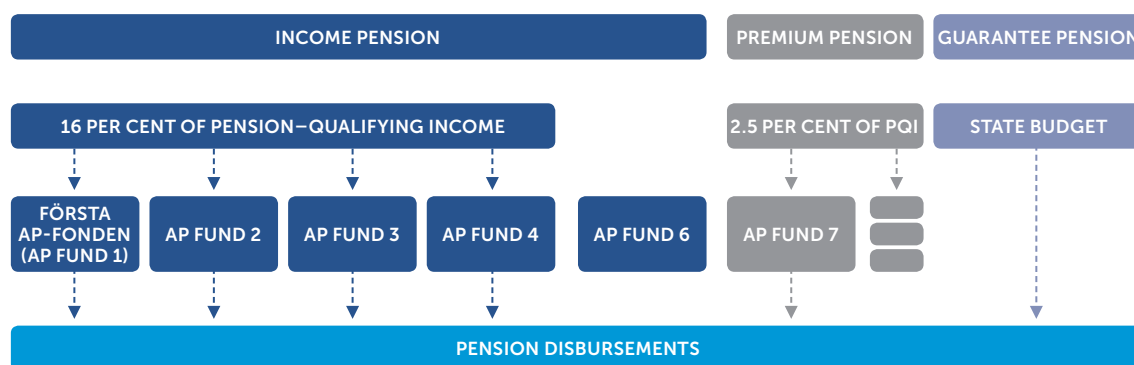
THE PENSION SYSTEM AND FÖRSTA AP-FONDEN CREATE VALUE IN THE PENSION SYSTEM

The Swedish income pension system – stability over several generations

The Swedish national pension system has received international acclaim for its financial stability over time. The mandate of Första AP-fonden in the pension system is to manage part of the capital in the income pension system. Första AP-fonden's target is to generate real return exceeding 4.0 per cent after expenses measured over rolling ten-year periods.

The national pension system consists of three parts – income pension, premium pension and guarantee pension. The size of the pension that will be disbursed as income pension and premium pension to each individual is determined by the extent of the contributions paid into the system throughout that person's entire working

life. Neither income pensions nor premium pensions are funded through the state budget. The guarantee pension, which serves as protection for people who would otherwise have had low pension disbursements, is separate from the other two parts and is entirely funded through the state budget.



Everybody who works in Sweden is entitled to a pension from the national pension system, which consists of three parts: income pension, premium pension and – in certain cases – guarantee pension. In addition, most are entitled to an occupational pension and many have private pension investments.

The provision to the premium pension is 2.5 per cent of salary up to a ceiling¹⁾. Each individual selects how this money is invested. Those who do not make an active choice have their money invested in the Seventh AP fund.

Första AP-fonden is one of five funds in the income pension system. 16 per cent of an employee's salary is allocated to income pension (up to the ceiling). This is

distributed equally between the First–Fourth AP funds. Correspondingly, each month capital is transferred from First–Fourth AP funds to cover disbursements to current pensions. The Sixth AP fund is also part of the income pension system, but the fund neither receives nor dis-burses capital.

1) The contributions grant entitlement to income pension and premium pension, respectively, up to 7.5 income base amounts, which for 2015 equalled an annual salary of SEK 435,750. The ceiling is often called the PQI ceiling because it applies for pension-qualifying income.

The pension system is affected by the aggregate wage level and rate of employment in Sweden. Between 2001 and 2008, a total of SEK 21.3 billion was contributed to Första AP-fonden. Since 2009 the Fund has disbursed SEK 29.9 billion. Because of large waves of retirement in the decades to come, it is estimated that net disbursements will continue for a long time.

The size of income pension depends on how much was contributed throughout professional life. The contributions of each individual are converted into pension rights that are entered in individual accounts. The higher a person's salary, and the more years the person has worked, the greater the contributions will be, and hence future income pension disbursements.

Return is added each year to the pension rights entered. The value of the pension rights is usually increased, equalling the increase in average income levels in Sweden. This is measured using the income index. The pension rights thus grow in the same way as income.

In order to secure the financial stability of the pension system, total liabilities are compared with total assets in the system. If liabilities are greater than assets, the increase to pension rights is reduced, and thus disbursed pensions, through what is known as automatic balancing (often termed "the brake"). In this case, the pension rights will underperform the income trend until balance is restored in the system. Automatic balancing forms an important reason as to why the income pension system is considered to be financially stable.

On 31 December 2014 (the latest available data), the pension liability was SEK 8,141 billion. The assets consist partly of the capital in the AP funds, which amounted to SEK 1,185 billion, and partly the value of all future contributions to the pension system. That value is known as "contribution assets", and amounted to SEK 7,380 billion at 31 December 2014. Contribution assets are mainly affected by employment, salaries and retirement age.

Although the AP funds account for a small proportion of pension liabilities (14.6 per cent), return on the capital is important. On several occasions, it has not been necessary to activate automatic balancing thanks to the return.

Första AP-fonden's mandate and target

Pursuant to The National Pension Insurance Funds (AP Funds) Act²⁾, the AP Funds have a common mandate to manage capital to the greatest possible benefit of the pension system. The mandate encompasses maximising return, while keeping risk in the pension disbursement low. An important concept underlying the pension system is that pension rights should perform in the same way as Swedish average wages, measured using the income index. A requirement for Första AP-fonden is thus that return should outperform the income index over time. On top of this return requirement, Första AP-fonden's return should, to the extent possible, help avoid future balancing. This requires a higher return than the fundamental return requirement.

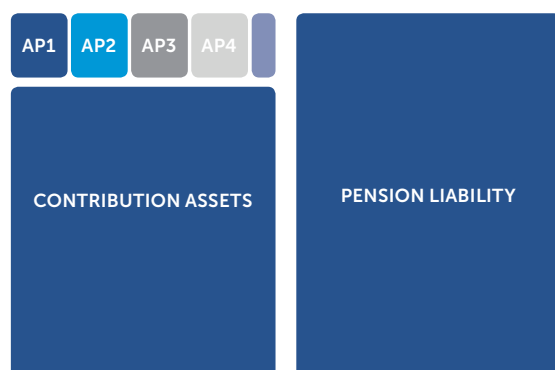
Due to changed conditions in the Swedish economy and hence in the pension system, the Board of Directors of Första AP-fonden established the Fund's return target as of 1 January 2015, in real terms, at 4.0 per cent average return after expenses measured over rolling ten-year periods, which is an increase from before. In the past ten years, Första AP-fonden has returned 5.5 per cent on average after expenses. In real terms, the return is 4.4 per cent after expenses for the same ten-year period. Första AP-fonden has thus exceeded the target that the Fund introduced from 2015. Return has, during the ten-year period, considerably outperformed the income index, which has gained 2.9 per cent per year on average.

Första AP-fonden creates value

The basis of Första AP-fonden's investment work is that its mandate enables a long-term approach. A long-term asset manager can harness investment opportunities that a more short-term-focused manager cannot. The Fund's investment horizon extends over 30–40 years and analyses of the pension system cover several decades. Because of the long-term approach, the pension system and the Fund are less sensitive to financial risk in the form of short-term fluctuations in return.

For Första AP-fonden, it is important to know what we own. The inclusion of a share, a bond or other investment in the investment portfolio should always be the result of a conscious choice. The Fund has therefore opted to have concentrated portfolios with a handful of securities in several areas. This provides greater opportunity to analyse and become familiar with the investments. Internal independent analysis of high

Assets and liabilities in the income pension system



2) Lagen (2000:192) om allmänna pensionsfonder (AP-fonder).

quality is fundamental to this. It reduces the risk of suffering negative surprises. It also better enables being an engaged owner that enjoys cooperating with the boards and management teams of the businesses.

Resource efficiency in focus

A long-term focus in the investing activities makes sustainability issues important. How the companies manage climate and environmental challenges, how they manage human rights and employee rights, and how they manage the relationship with their owners will affect their revenues, expenses and attainable profits. Hence, the return that Första AP-fonden obtains on its investments is affected. When existing and potential investments are analysed by the Fund, the resource efficiency of the companies is an important focal point. "Resource efficiency" means the responsible usage of natural resources, human capital and financial capital. By focusing on resource-efficient solutions and by, in dialogue, working towards responsible action, the fundamentals are put in place for long-term sustainable return. At the same time the investments help attain a long-term solution to global challenges linked to a growing population, resource shortage and climate change. Sustainable investments are good for return, pensioners and our surrounding world.

Part of being resource-efficient is to run the operations cost-efficiently – economising with financial capital. This is also the case for Första AP-fonden's investing activities. Cost-efficiency is not, however, the same thing as low costs. Costs should be low in relation to the outcome achieved. It is high return after expenses – not low costs – that affect how high disbursed pensions can be in future. In 2015 Första AP-fonden took part in a benchmark study of pension managers conducted by Canadian company CEM. The study shows that Första AP-fonden has low costs compared with pension managers with similar investment portfolios.

Part of Första AP-fonden's mandate from the Swedish Parliament is to inspire a high level of confidence from the general public. The Fund therefore works actively with matters such as core values, corporate culture, policies and guidelines. The Fund's core values are available at www.ap1.se.

Clear-cut responsibility and close follow-up

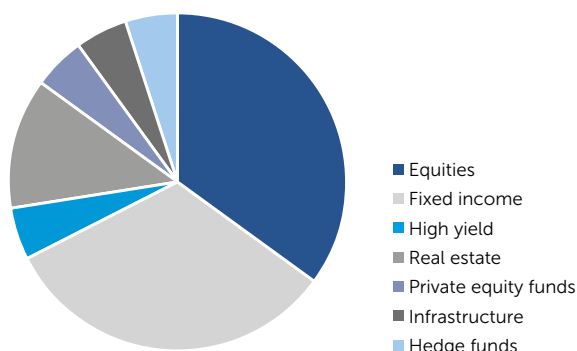
In order to conduct efficient and successful asset management, the allocation of responsibility must be clear, and follow-up of the operations thus enhances how they develop. Första AP-fonden's Board of Directors represents the capital owners, i.e. present and future pensioners. The Board does so by deciding on the overarching focus of the Fund's operations and the

target of 4.0 per cent real return after expenses over rolling ten-year periods. Another important decision is the Fund's long-term view of financial risks – risk tolerance. The risk tolerance is manifested in an overarching asset allocation. The Board of Directors also decides on the assets in which the Fund is permitted to invest. The CEO is given a mandate from the Board of Directors so that he may run the operating investing activities. The operating activities entail the CEO implementing the Board's risk preference together with the Fund's investment philosophy, including the investment convictions and the Fund's expectations regarding future return and risk.

Certain parts of the CEO's mandate to run the operations are then delegated to the Fund's Chief Investment Officer and the various investment divisions. Their task is to invest at high return by harnessing opportunities that arise on the markets.

Thanks to the clear-cut allocation of responsibility, follow-up can be performed of the Fund's outcome based on the responsibility allocated. Follow-up of Första AP-fonden is devised so as to enable learning from investments made – both the successful and less successful ones. The follow-up adheres to the risk control model that the Fund applies with three different levels (read more about risk control in the Board's report on this on page 48). The first level – the most important one from a learning perspective – is the follow-up performed by the people who were responsible for and participated in the investment. The second and third levels consist of the Fund's internal control, compliance and independent review through internal audit. Together with the review of the external auditors and the Government's annual evaluations of the operations, this bodes well for Första AP-fonden's investments being made in a controlled manner.

Strategic asset allocation



THE INVESTMENT PROCESS AND ASSET CLASSES

At the core of Första AP-fonden's value creation in the pension system is the Fund's investment philosophy. It describes the Fund's view of how capital markets function, and the Fund's possibilities and conditions for generating a high return. The investment philosophy also contains six investment convictions that describe in more detail how the Fund operate on capital markets to deliver on the mandate. It must be possible to attribute each investment made by the Fund to at least one conviction.

Long-term horizon and risk premiums

Första AP-fonden's mandate in the pension system is very long-term. Analyses of future performance in the pension system extend over several decades. Equivalent analyses of the expected performance of capital markets extend over a couple of dozen years. In order to evaluate whether the Fund's targets have been reached, rolling ten-year periods are used. While many investors have seen their investment horizons contract in recent years, Första AP-fonden can capitalise on the benefits of a long analysis, investment and evaluation horizon. The Fund's long-term approach enables obtaining a higher return, because the Fund can benefit from risk premiums over several different time horizons. In addition, the Fund has the possibility of taking risks and obtaining risk premiums that other investors are unwilling or unable to take, e.g. by investing so that premiums for illiquid investments are obtained.

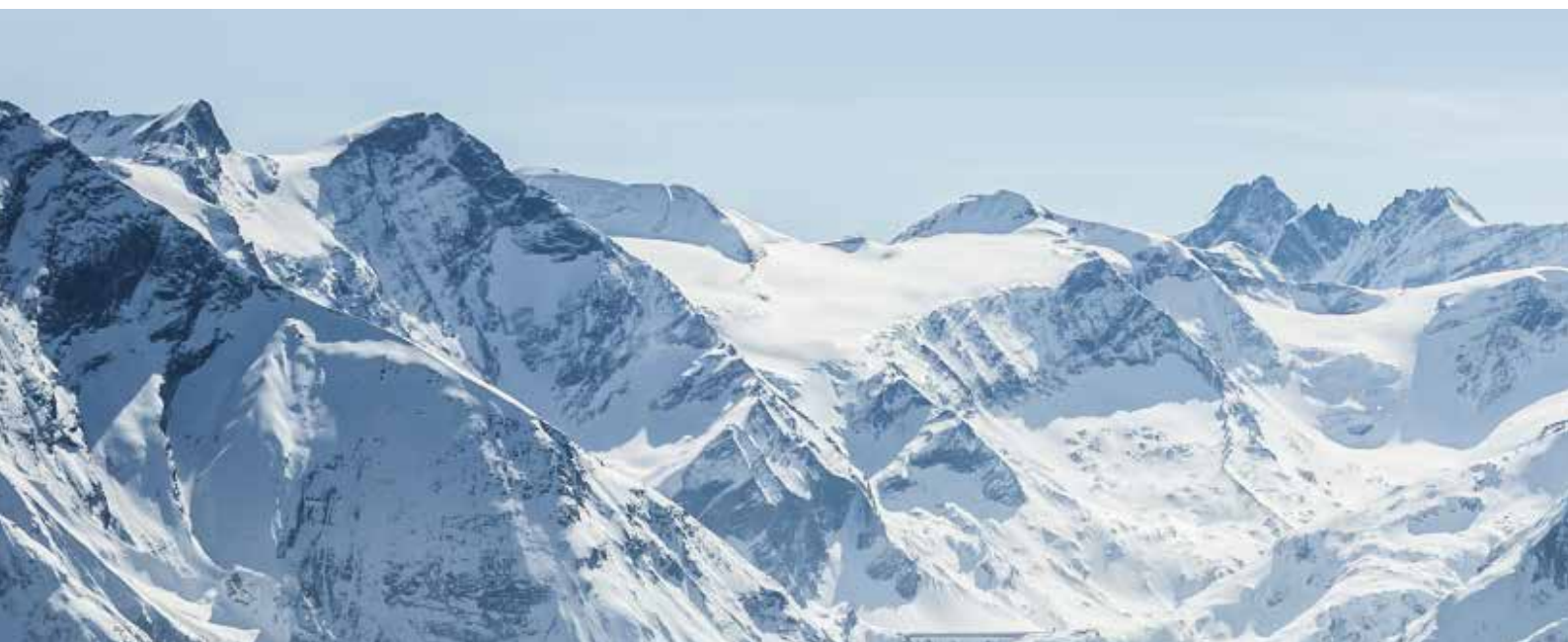
Inefficient markets, high financial risk and diversification

The high financial risk is profitable in the long term, but also mean that short-term fluctuations in portfolio value

can be substantial at times. Diversification between many different asset classes is thus important for obtaining sound risk-adjusted return. Första AP-fonden's investment process assumes that capital markets are not always entirely efficient, and for this reason conscious investment choices form the basis of the operations. Internal independent analysis of high quality is fundamental to this. Första AP-fonden shall always know what is in the portfolios – we must know what we own.

The Fund's ambition in sustainability matters is high.

Focus on sustainable value creation in the management can enable increasing return and reducing financial risk in the long term. Companies with sound management of sustainability issues generally have higher profits, lower risk and often generate higher return on equity than other companies. Markets are not always efficient either in terms of sustainability information. One example of this is that markets only to a small extent price in how effective companies are in their use of natural resources.



Första AP-fonden's investment philosophy

The Fund shall normally work with high financial risk in order to deliver on its mandate in the pension system. The Fund's ambition in sustainability issues is high. We must know what we own. Investments are carried out in the form of conscious choices that are based on internal independent research of high quality.

- Long-term management
- Well-diversified portfolio
- Utilisation of risk premiums
- Inefficient markets at times
- Cost-efficient management
- Focus on sustainable value creation

Public confidence and costs

The rules, culture and actions of the Fund ensure that public confidence is maintained. Cost-efficiency is key because it is return after expenses that contributes to the pension system. The Fund's return target is expressed as return after expenses. This requires an understanding of how costs arise, and underscores the importance of establishing fee structures that are as transparent and simple as possible.

Första AP-fonden's portfolio consists of a series of different asset classes with varying characteristics that match the investment philosophy and its investment convictions well. The Fund's return target is reached by means of a well-balanced portfolio of asset classes and specific assets.

Första AP-fonden's portfolio has an exposure just shy of 45 per cent to listed equities, 30 per cent to fixed income assets and just over 25 per cent to alternative investments such as real estate, private equity funds, hedge funds and alternative investments. In each asset class, investments are made in different assets to reach the desired risk level and expected return.

Since 2009 Första AP-fonden has worked according to an investment process that is based on a long-term approach, fundamental research and a higher share of investments other than listed equities and fixed income assets. For example, the Fund increased its investments in real estate, hedge funds, private equity funds and infrastructure.

Equities

Equities are the largest individual asset class in the portfolio. Equities have a high risk and higher expected return in the long term than, for example, fixed income securities. The difference in expected return between bonds and equities, the equity risk premium, is usually estimated at between 3 and 5 percentage points annually.

Första AP-fonden has an internally managed concentrated equity portfolio, with relatively few companies based on active selection ensuing from its own research. A long-term approach in the management is a cornerstone in the equity portfolio. The in-house management organisation manages Swedish and foreign



equities on developed markets with a focus on large and medium-sized companies.

Equities are also managed in other portfolios. An example of this is the portfolio in which the fund invests in equities with low fluctuation in return. Such equities have proved to have higher return than what normally ensues from the lower financial risk. The low risk of the portfolio also means that the Fund can work with higher risk in other areas where this is expected to be profitable. Första AP-fonden manages this portfolio internally.

Around 69 per cent of the equity portfolio was managed internally in 2015. The remaining 31 per cent of the equity portfolio is managed by 15 external managers. They are used to supplement the Fund's in-house expertise and to broaden exposure by investing in emerging markets and SMEs in developed countries.

The high risk premium and the possibility of cost-efficient management are the investment convictions that form the basis of such a large proportion of the portfolio consisting of equities. At the same time, the Fund's systematic strategies, which also consist of equity investments, present a good opportunity to benefit from markets not always being efficient. The Fund's equity portfolio has a sustainability focus geared to resource efficiency – read more about this in the Fund's ownership report.

Fixed income securities

Fixed income securities normally reduce the risk in the total portfolio and consist of three different assets with partially varying qualities.

Nominal bonds normally provide diversification in relation to the equity market. Government bonds generally have very high liquidity and transparent pricing. Nominal bonds of long maturity generate higher return over time than bonds with shorter maturity – the maturity premium.

Real bonds do not provide the same diversification in relation to the equity market. However, real bonds provide a liquidity premium and protection against unexpected changes in inflation.

Credit bonds – which are primarily issued by companies – can be seen as a hybrid of nominal bonds and equities. A high credit risk gives equity-like qualities with higher credit and liquidity premiums, and hence higher expected return.

Första AP-fonden manages a global fixed income portfolio in which the bulk is invested in foreign assets. The strategic focus in fixed income management is to create the highest and most stable portfolio return possible over a long time horizon. The operating management

involves tactically capitalising on the different opportunities arising in the market.

Diversification of the risk in other asset classes is one of the main reasons for investing in fixed income securities – besides the requirements in the AP Funds Act. On fixed income markets too, there are risk premiums and situations in which markets are inefficient, which the Fund can utilise to increase return.

Real estate

Real estate has qualities in between equities and bonds. Most real estate investments have good protection against inflation in the long term.

Första AP-fonden's strategy is to increase the share of real estate investments both in Sweden and abroad. Första AP-fonden's real estate investments consist mainly of the partly owned Vasakronan, which invests in properties in selected Swedish growth regions, the wholly owned real estate company Willhem, which invests in residential properties in Sweden, and the co-owned company Cityhold Property Partners, which invests in commercial properties in a selection of major European cities. Since 2015, the Fund has owned 50 per cent of real estate company Secore.

The Fund also pursues international real estate investments through investments in unlisted real estate companies and funds.

The Fund's real estate investments are of a long-term nature since they are primarily based on running return from rent payments and only to a slight extent on investments, with an expected appreciation in value being the most important component. Real estate is also important in giving a diversified portfolio composition. The Fund's real estate company manages properties with a great focus on sustainability and particularly resource efficiency, because this is considered to be a profitable strategy.

Private equity funds

Private equity funds invest in unlisted companies. Return on this asset class is expected to be higher than for listed equities over time. Private equity funds operate through active ownership with major resources and a clear strategic agenda for value creation, which usually increases the value of such companies. Första AP-fonden has invested globally in private equity funds since 2006. The strategy has been to increase exposure to the asset class up to the maximum limit of 5.0 per cent of the portfolio, and this was achieved in 2015.

Private equity funds help diversify the Fund's portfolio. They also contribute through the expectation that the Fund will receive a risk premium because liquidity in unlisted shares is low – a risk and a risk premium from which a long-term manager like Första AP-fonden is particularly apt to benefit.

Hedge funds

Hedge funds are a heterogeneous asset class. Första AP-fonden invests in hedge funds to diversify the portfolio – particularly for major dips in the equity market. A key part of the risk in hedge funds is exposure to individual hedge fund managers. The Fund's hedge fund strategy is to curb the impact of sharp price volatility on the rest of the portfolio. In normal circumstances, the hedge fund portfolio is not correlated with the rest of the Fund's portfolio, and is expected to be negatively correlated in sharp downturns on the equity market.

Infrastructure

Infrastructure consists of facilities or systems for the transportation of, for example, goods, people, services, energy and information, i.e. roads and railways, electricity networks and other energy systems, telecommunications networks and the internet, and water and sewerage systems. It is often a case of natural monopolies and is hence publicly regulated in one way or another. Infrastructure investments often give stable cash flows and sound diversification in relation to the other assets of the Fund. Return is also less sensitive to economic cycles. Since infrastructure often comprises major investments that can be difficult to divest at short

notice, there are possibilities of obtaining a liquidity risk premium. The risk in infrastructure investments is mainly that regulatory changes can occur.

Foreign exchange

Foreign exchange is an asset class with particular characteristics. The asset class does not tie up any capital and neither is it expected to generate any long-term return. The value of a currency is affected by expected differences in the rate of inflation and short interest rates between currency regions. Currency as an asset, however, provides sound diversification in relation to other asset classes, particularly equities.

Första AP-fonden's foreign exchange management works both strategically and operationally. The strategic focus is that the Fund's long-term composition of currencies is determined by, for instance, utilising central parity relations.

Other asset classes

With a view to further diversifying the risks and capitalising on inefficient markets, Första AP-fonden invests in alternative strategies, systematic strategies, high yield and special investments. Read more on page 20.

Investment rules

Första AP-fonden complies with the investment rules established by the Swedish Parliament, which state that:

- investment decisions may not be influenced by prevailing government policies, whether industrial or economic
- consideration shall be given to environmental and ethical matters without compromising the overall objective of attaining a high return
- the Fund's investments in regulated Swedish markets may not exceed 2 per cent of the exchange's market capitalisation
- the Fund may hold no more than 10 per cent of the votes in any single listed company
- at least 10 per cent of assets must be managed externally
- at least 30 per cent must be invested in low-risk fixed income securities
- no more than 5 per cent may be invested in unlisted securities
- no more than 40 per cent of assets may be exposed to foreign exchange risk
- no investments in commodities may be made

Engaged owner

Första AP-fonden is an active and engaged owner that believes that sustainable value creation is best achieved through investing in companies with healthy values, sound finances, that are environmentally and socially responsible and that are run in line with sound corporate governance practice.

Read more about Första AP-fonden's engagement as an owner in the 2015 ownership report.

TREND OF THE REAL ECONOMY

In 2015, the global macroeconomic trend featured low growth and low inflation, but with substantial regional variations.

The US economy grew in line with the trend or slightly above, with signs of some slowdown in the latter part of the year. Unemployment declined, prompting an initial rate hike from the Federal Reserve. Core inflation increased somewhat during the year, approaching the Fed's target.

In 2015 the ECB worked against an increasingly clearer threat of deflation. Through aggressive quantitative easing, the economy was stimulated through declining interest rates and a weaker currency. Core inflation was stabilised at a low level, but the ECB announced that further measures may be needed to reach the inflation target.

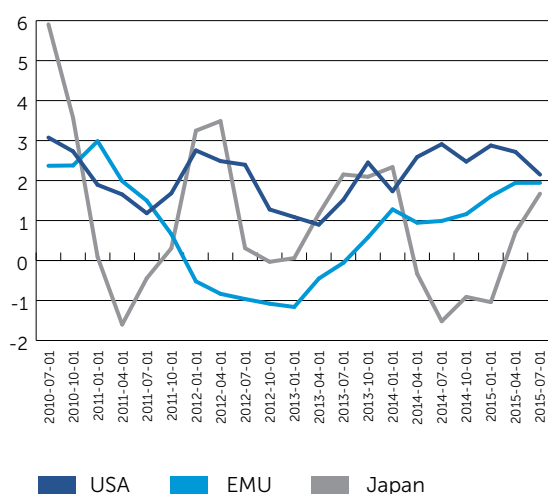
In 2015, the Japanese central bank maintained its aggressive monetary policy. Growth in 2015 was around one per cent. In Japan the demographic trend makes a negative contribution to inflation, and potential growth is hence negligibly above zero. Core inflation has gradually risen since 2012, when prime minister Abe launched his programme to combat deflation. In 2015 it was at

around one per cent, which is a considerable improvement.

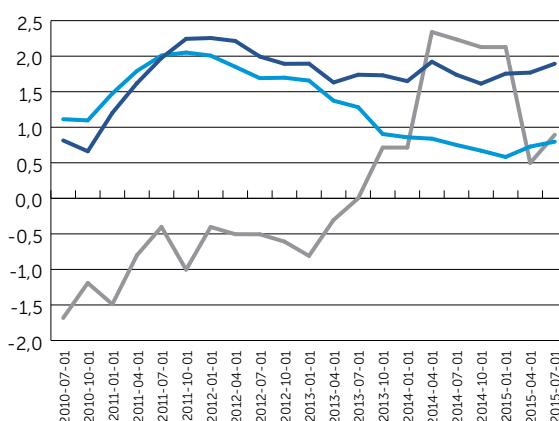
Growth in China remained under pressure in 2015 with the transition from production-driven to consumption-driven growth bringing to light economic imbalances. The Politburo is working on bridging the problems, but it is highly probable that the growth figures are overestimated.

The macroeconomic trend during the year was well reflected in the performance of financial prices. The dollar remained the winner, largely explained by the considerably divergent monetary policy, with the US tightening while the rest of the world stimulates. Long rates have stabilised at rather low levels, with inflation in general ceasing to decline, at least temporarily. The equity market surged during the year, but with a fairly volatile performance in the second half of the year. The countries that fared best were those that experienced a sharp currency depreciation, i.e. the EMU and Japan.

GDP annual change 2010–2015



Core inflation annual change 2010–2015



AN ATTRACTIVE WORKPLACE

Första AP-fonden is a small, cost-efficient organisation. The Fund's global focus and large assets under management impose stringent demands on staff. Often, individuals with cutting-edge expertise are required in the relevant area.

The ability of the Fund to attract, retain and develop the right people is important to its operations. Not least, it is important to put together teams representing a mixture of selected areas of expertise that complement each other.

The Fund endeavours to offer its employees good advancement opportunities. In the annual progress reviews, employees discuss their work situation, skills development requirement and advancement opportunities with their immediate manager. Employees are continually offered skills development.

Flexible working hours and autonomy in the workplace make it easier for employees to combine professional and family responsibilities.

Skills supply

Första AP-fonden works in a structured manner with a model to ensure that the organisation has the right expertise in place, and to secure key functions. The model includes identifying the expertise and resources currently housed within the Fund, and supporting employee skills development. This is done together with the Fund's managers and prepares the Fund for managing changes in its business environment and retirement in the short and long term.

Staff turnover was 13 per cent in 2015 – an increase of 7 percentage points compared with the average of the past five years. At the end of the year, the Fund employed 55 people, an increase of 4 people since 2014.

Första AP-fonden works actively to achieve a more even gender balance, and this is a clear ambition when appointing new staff. The share of women increased in 2015 from 31 per cent to 34 per cent.

Management development programme

In order to bolster managers at the Fund in their leadership, a management development programme has been conducted in recent years, at which expectations and demands placed on leadership at the Fund have been defined. The objective is for participants to grow as managers and in their work of supporting staff development.

Remuneration

Offering competitive remuneration is necessary for attracting the right expertise to the Fund. In the Fund governance report in this annual report and at www.ap1.se, the Fund's



remuneration policies and how remuneration is determined are described. A description of remuneration paid out in 2015 is provided in Note 5. Since 2010, there has been no variable remuneration at Första AP-fonden.

Ethical guidelines

Första AP-Fonden stands for a high ethical standard. Internal ethical guidelines are in place for Fund employees in terms of hospitality and gifts, secondary occupations and conflicts of interest, as well as guidelines for addressing insider information. Rules for employee securities dealings are based on the recommendations of the Swedish Securities Dealers Association.

DIRECTORS' REPORT

The Board of Directors and the CEO of Första AP-fonden hereby submit their Directors' report for 2015. The Directors' report, together with the financial statements and notes and the Fund governance report have been reviewed by the auditors of the Fund. The review covers pages 18 to 43.

Första AP-fonden's net investment income for 2015 was SEK 11,340 million (36,424), giving return after expenses of 4.0 per cent (14.6). Measured over the last ten-year period, return was 5.5 per cent. This equals real return of 4.4 per cent, overshooting the long-term target of real return after expenses of 4.0 per cent over rolling ten-year periods.

Transfer to the Swedish Pensions Agency

In 2015, the Fund transferred SEK 4.9 billion (5.1) to the pension system to cover the deficit in pension contributions in relation to pension disbursements. Since 2009, the Fund has paid SEK 29.9 billion to the Swedish Pensions Agency to cover the deficit in pension disbursements.

Investing activities

The Board of Directors of Första AP-fonden bears full responsibility for the operations of the Fund and is responsible for the Fund's organisation and management of Fund assets. The work of the Board is regulated in the National Pension Insurance Funds (AP Funds) Act. The Board has delegated a management mandate to the CEO, who establishes the asset management framework. The mandate is expressed in a risk tolerance, manifested in an

overarching asset allocation and limitations for permitted divergences from this asset allocation. The limitations are expressed both as exposure limits and limitations in terms of forecast tracking error. Read more in the risk management plan for 2016 at www.ap1.se.

Asset allocation and operating earnings

The CEO of Första AP-fonden decides on the management orientation and asset allocation in the form of a strategic asset allocation. The strategic asset allocation forms the basis of the Fund's work with dynamic allocation and operating management. For 2015, the outcome for these operations, compared with the strategic portfolio, was 1.2 per cent, equalling SEK 3.6 billion.

Sustainable value creation

Första AP-fonden's entire asset management is steeped in its ambition to generate long-term sustainable value growth. This includes, in accordance with the mandate from Swedish Parliament, taking ethics and the environment into consideration in investment decisions. It also encompasses working actively with shareholder activism in existing holdings to steer the companies towards more sustainable business. In all asset classes, sustainability is taken into consideration in investment decisions.

Net investment income for 2015 before expenses in local currency

	Contribution, SEKbn	Contribution, %	Portfolio return, %
Equities	-0.6	-0.2	-1.1
Sweden	2.6	0.9	7.3
Developed countries	-1.2	-0.4	-3.5
Emerging markets	-2.0	-0.7	-7.7
Fixed income securities	-0.4	-0.2	-0.4
Real estate	6.4	2.2	23.6
Infrastructure	0.1	0.0	5.9
Hedge funds	-0.7	-0.3	-5.7
Private equity funds	1.8	0.6	13.3
High yield	-0.4	-0.1	-4.7
Alternative strategies	-1.3	-0.5	-9.1
Systematic strategies	1.2	0.4	6.6
Special investments	-0.2	-0.1	-7.4
Allocation, cash, foreign exchange		2.2	2.0
Total	11.8	4.1	4.1

Equities

At the end of the year, Första AP-fonden's equity portfolio was valued at SEK 100 billion, broken down into 42 per cent in foreign developed countries, 23 per cent in emerging markets and 35 per cent in Sweden. Swedish equities and equities in foreign developed countries are managed internally. Emerging markets and small caps are dealt with by external managers. Besides in the equity portfolio, the Fund owns listed equities under other assets in the systematic strategies sub-portfolio in the amount of SEK 15.2 billion.

The return of the equity portfolio in 2015 was -1.1 per cent, equalling SEK -0.6 billion.

Fixed income securities

Första AP-fonden's fixed income portfolio was valued at SEK 87.7 billion at the end of the year, with the majority invested in foreign securities.

Besides in the fixed income portfolio, the Fund has fixed income securities, through Fund holdings, that are reported under other assets in the Alternative Strategies sub-portfolio, equalling SEK 6.8 million.

Return on the Fund's fixed income portfolio in 2015 was -0.4 per cent, equalling SEK -0.4 billion.

Foreign exchange

Första AP-fonden owns assets denominated in different currencies. Currency is treated as a separate asset that is managed according to special foreign exchange strategies. The value and return of all foreign assets are translated into Swedish kronor. The majority of the fund's foreign assets are protected, in terms of exchange rate fluctuations, using currency hedges.

The return of the Fund's currency positions in 2015 was 2.0 per cent, equalling SEK 6.2 billion.

Första AP-fonden's carbon footprint

Measurements of the Fund's carbon footprint show that all of Första AP-fonden's portfolios have a much lower carbon footprint than the benchmark portfolios, irrespective of the measure used. For the total listed equity portfolio, the Fund's footprint is between 46 and 54 per cent lower than that of benchmark portfolios.

The carbon footprint of an equity portfolio describes the extent of emissions of greenhouse gases released by the portfolio companies, in relation to Första AP-fonden's share of ownership. The AP Funds AP1, AP2, AP3, AP4, AP6 and AP7 agreed in 2015 on a common standard for reporting the Funds' carbon footprints (see www.apfonderna.se).

The carbon footprint of the AP Funds is calculated for holdings as at 31 December 2015 using the latest available CO₂ data for direct emissions (Scope 1) and indirect emissions from energy (Scope 2).

The carbon footprints are reported using the following three indicators:

1. Absolute carbon footprint for the listed equity portfolio equalling the owned share of the companies' aggregate emissions (tCO₂e).
2. Carbon dioxide intensity, in which the absolute carbon footprint is related to the share of ownership of the companies' market value (tCO₂e/SEKm).
3. Carbon dioxide intensity, in which the absolute carbon footprint is related to the share of ownership of the companies' turnover (tCO₂e/SEKm).

The table below shows Första AP-fonden's carbon footprint according to the measures described above for the listed part of the equity portfolio. That portfolio makes up 39 per cent of the Fund's total portfolio. For 2015, 69 per cent of the carbon footprint in the total portfolio is based on reported emissions, 8 per cent is calibrated data and the remaining 23 per cent is based on estimated information. A summary of the calculations is published on www.ap1.se. The calculations are performed by Trucost.

	Absolute carbon footprint (tCO ₂ e)		Carbon dioxide intensity in relation to market value (tCO ₂ e/SEKm)		Carbon dioxide intensity in relation to turnover (tCO ₂ e/SEKm)	
	Absolute	Relative*	Absolute	Relative*	Absolute	Relative*
Sweden	82,039	-89%	2.4	-89%	4.3	-84%
Developed countries	582,900	-50%	9.5	-50%	16.8	-42%
Emerging markets	423,617	-32%	33.9	-32%	46.9	-21%
Total	1,088,556	-54%	10.1	-54%	21.2	-46%

* The "Relative" columns show the extent of the portfolios' carbon footprint in relation to that of the benchmark portfolios. Negative figures mean that the Fund's portfolio has such a lower footprint than that of the benchmark portfolios.

Real estate

Första AP-fonden's real estate holding was valued at SEK 32.2 billion at the end of the year, equalling 11.1 per cent of net assets. The Fund's real estate investments are mainly focused on running return from rent payments, and to a lesser extent on expected value appreciation as the main return component. The value of the portfolio increased thanks to value growth in the existing holding, and through new investments in, for example, Aros Fastigheter and Secore Fastigheter. The return of the real estate portfolio in 2015 was 23.6 per cent, equalling SEK 6.4 billion.

Hedge funds

Första AP-fonden's hedge fund portfolio was valued at SEK 14.0 billion at the end of the year, equalling 4.8 per cent of net assets. Investments in hedge funds are designed to generate a healthy return over time, while at the same time they are to tone down the effects of sharp price volatility in the rest of the portfolio.

The return of the hedge fund portfolio in 2015 was -5.7 per cent, equalling SEK -0.7 billion.

Private equity funds

Första AP-fonden's investments in private equity funds amounted to SEK 14.6 billion at year-end, equalling 5.0 per cent of net assets. The Fund invests globally in private equity funds through external managers. Return on this asset class is expected to be higher than for listed equities over time.

In 2015 the value of the Fund's investments in private equity funds slightly exceeded the 5.0 per cent limit on a couple of occasions. This was due to declines on listed equities markets. The Board of Directors has decided on an action plan, according to which no further private equity undertakings will be assumed as long as the share of private equity exceeds 5.0 per cent. The return of the private equity portfolio in 2015 was 13.3 per cent, equalling SEK 1.8 billion.

Infrastructure

The Fund's investments in infrastructure amount to SEK 8.5 billion, equalling 2.9 per cent of net assets. In 2015 the Fund made its first direct investment in infrastructure by acquiring electricity distribution company Ellevia from Fortum. The investment was made in a consortium with Folksam, Tredje AP-fonden (AP3) and Canadian pension fund OMER's infrastructure company Borealis.

High yield

Första AP-fonden's high yield investments amount to SEK 8.5 billion, equalling 2.9 per cent of net assets. High yield includes the Fund's investments in fixed income securities with high credit risk.

Alternative strategies

Första AP-fonden's alternative strategies portfolio amounted to SEK 12.7 billion at year-end, equalling 4.4 per cent of net assets. Alternative strategies includes a risk parity portfolio with the purpose of limiting macro-economic risks without renouncing return opportunities and a portfolio consisting of alternative beta strategies designed to systematically obtain risk premiums.

Systematic strategies

Första AP-fonden's systematic strategies portfolio amounted to SEK 15.2 billion at year-end, equalling 5.2 per cent of net assets. Systematic strategies include investments in equities with low volatility in developed countries.

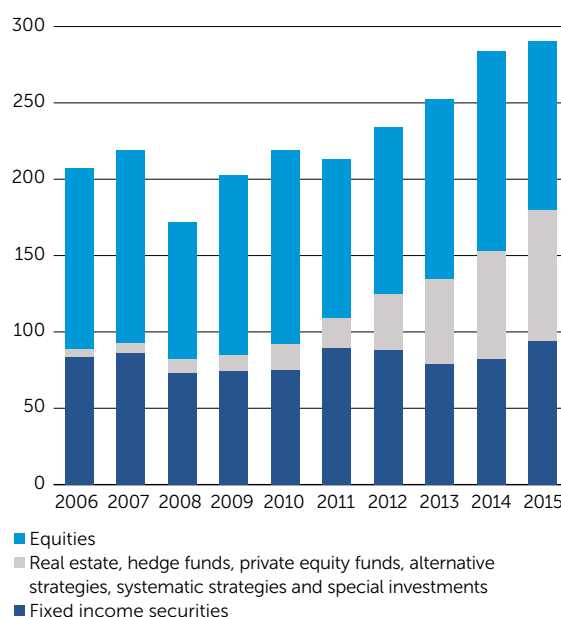
Special investments

Första AP-fonden's special investments portfolio amounted to SEK 3.1 billion at year-end, equalling 1.1 per cent of net assets. Special investments include the Fund's new investment areas, such as agricultural land and real estate investments on new markets.

Fund asset performance, SEKm

	2015	2014
Opening net assets	283,811	252,507
Net investment income before expenses	11,835	36,880
Expenses of the Fund	-493	-456
Net payments to/from the Swedish Pensions Agency	-4,768	-4,896
Administrative contributions to the Swedish Pensions Agency, etc.	-176	-224
Closing net assets	290,207	283,811

Net asset performance 2006-2015, SEKbn



Expenses and expense ratio

	2015		2014	
	Expenses, SEKm	Expense level, %	Expenses, SEKm	Expense level, %
Personnel costs	116	0.04	120	0.05
Other administrative expenses	69	0.02	57	0.02
Operating expenses	185	0.06	177	0.07
Commission expenses	308	0.11	279	0.10
Total expenses	493	0.17	456	0.17

Foreign exchange return 2015

	Return, %	Return, SEKbn
Translation to SEK	2.3	6.21
Currency hedges	-1.0	-2.82
Foreign exchange exposure		
Developed countries	1.7	4.67
Emerging markets	-0.4	-1.27
Total currency exposure	1.3	3.40

Portfolio composition

Asset class	Portfolio value SEKm, 31/12/2015			Portfolio value SEKm, 31/12/2014		
	Holding, %	Exposure, %		Holding, %	Exposure, %	
Equities	95,632.2	32.9	34.7	104,477.3	36.8	39.4
Sweden	35,219.6	12.1	12.3	32,390.6	11.4	11.6
Developed countries	37,963.8	13.1	14.4	43,434.2	15.3	17.7
Emerging markets	22,448.8	7.7	8.0	28,652.4	10.1	10.1
Fixed income securities	80,985.9	27.9	27.9	71,040.1	25.0	25.0
Nominal, government	26,928.9	9.3		18,155.3	6.4	
Nominal, credit	37,770.6	13.0		33,867.2	11.9	
Real interest rates	16,286.4	5.6		19,017.6	6.7	
Cash	4,677.1	1.6	-0.1	4,299.9	1.5	-1.1
Total listed investments	181,295.2	62.5	62.5	179,817.3	63.3	63.4
Real estate	32,241.8	11.1	11.1	24,987.8	8.8	8.8
Infrastructure	8,466.3	2.9	2.9	-	-	-
Hedge funds	14,023.2	4.8	4.8	15,811.5	5.6	5.6
Private equity funds	14,608.0	5.0	5.0	12,516.2	4.4	4.4
High yield	8,536.3	2.9	2.9	7,033.2	2.5	2.5
Alternative strategies	12,690.9	4.4	4.4	13,378.3	4.7	4.7
Systematic strategies	15,209.0	5.2	5.2	26,114.6	9.2	9.2
Special investments	3,136.2	1.1	1.1	4,152.0	1.5	1.5
Total portfolio	290,207.0	100.0	100.1	283,811.0	100.0	101.1
Foreign exchange exposure	90,817		31.3	99,681.0		35.1

Currency exposure, 31/12/2015

SEKm	USD	GBP	EUR	JPY	Others	Total
Shares and participations	86,934	8,176	18,537	1,238	22,674	137,559
Fixed income securities	29,657	6,446	15,227	0	285	51,615
Other assets	5,581	-64	465	78	45	6,105
Derivatives	-55,771	-16,878	-24,667	5,520	-12,666	-104,462
Currency exposure, 31/12/2015	66,401	-2,320	9,562	6,836	10,338	90,817
Currency exposure, 31/12/2014	69,973	6,251	8,069	-582	15,970	99,681
Currency exposure, 31/12/2013	47,146	3,281	8,899	-1,817	16,267	73,776

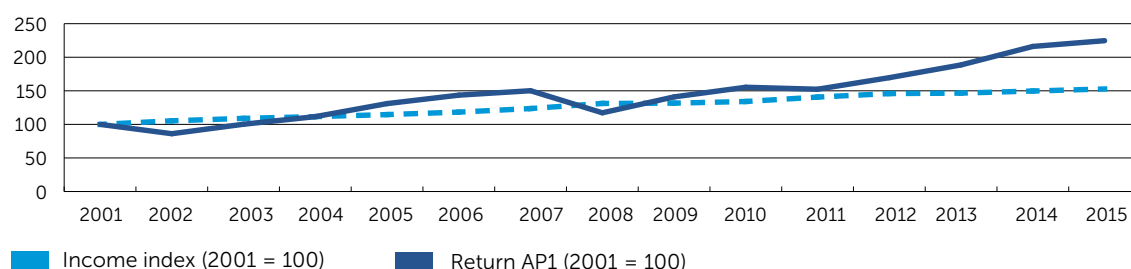
TEN-YEAR OVERVIEW

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net investment income and inflow, SEKbn										
Net assets at 31 December	290.2	283.8	252.5	233.7	213.3	218.8	202.3	171.6	218.8	207.1
Net flow from the pension system	-4.9	-5.1	-6.9	-3.8	-1.2	-4.0	-3.9	0.9	2.0	1.7
Net investment income for the year	11.3	36.4	25.7	24.2	-4.2	20.5	34.6	-48.0	9.7	18.2
Return, expenses and risk, %										
Return before expenses	4.1	14.8	11.3	11.4	-1.7	10.3	20.4	-21.7	4.8	9.8
Operating expenses, annualised, % of AUM	0.06	0.07	0.07	0.08	0.07	0.08	0.10	0.09	0.08	0.08
Commission expenses, annualised, % of AUM	0.11	0.10	0.07	0.06	0.05	0.05	0.06	0.07	0.07	0.07
Return after expenses	4.0	14.6	11.2	11.3	-1.9	10.2	20.2	-21.9	4.6	9.6
Net investment income and expenses in total portfolio, SEKbn										
Net investment income before expenses	11.8	36.9	26.0	24.5	-4.0	20.8	34.9	-47.7	9.8	18.4
Operating expenses, SEKbn	-0.5	-0.5	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Exposure, %										
<i>Equities</i>	34.7	48.9	49.2	47.4	49.2	60.3	58.6	54.6	59.2	59.8
Sweden	12.3	11.6	12.0	11.4	12.6	15.7	13.8	11.2		
Developed countries	14.4	27.1	27.5	25.0	25.3					
Emerging markets	8.0	10.1	9.7	11.0	11.4					
<i>Fixed income securities</i>	30.2	30.9	31.2	36.4	40.9	32.5	34.7	40.1	39.2	37.8
– of which, fixed income securities in other assets	2.3	3.3	1.5							
Cash	-0.1	-1.1	-0.7							
Real estate	11.1	8.8	8.8	7.7	5.6	5.0	3.4	4.0	2.3	2.5
Infrastructure	2.9	-	-	-	-	-	-	-	-	-
Hedge funds	4.8	5.9	4.9	4.3	0.2	0.3	-	-	-	-
Private equity funds	5.0	4.4	3.3	3.2	2.8	2.0	1.7	1.4	0.7	-
High yield	2.9									
Alternative strategies	4.4									
Systematic strategies	5.2	5.6	4.8	0.7	0.6	0.7				
Special investments	1.1									
Foreign exchange	31.3	35.1	29.2	27.4	21.3	24.0	21.6	22.2	18.2	16.0
Risk										
Risk ¹	8.1	5.4	5.0	5.9	8.9	7.4	9.7	16.6	7.7	6.8
Sharpe ratio	0.5	2.6	2.1	1.9	neg.	1.1	2.0	neg.	0.1	1.0
External management, %										
Share of total portfolio at 31 December ²	31.0	34.6	37.1	39.3	41.4	43.7	42.4	39.7	36.0	34.2

1) Standard deviation annualised, nominal return before expenses

2) In accordance with a joint decision, the AP funds report wholly or partially owned real estate companies as being internally managed

Första AP-fonden's return compared with the income index 2001–2015



FINANCIAL STATEMENTS AND NOTES



INCOME STATEMENT

SEKm	Note	31/12/2015	31/12/2014
Operating income			
Net interest income	1	1,371	2,626
Dividends received		5,388	3,999
Net gains/losses, listed shares and participations	2	-1,481	8,549
Net gains/losses, unlisted shares and participations	3	4,391	6,046
Net gains/losses, fixed income assets		-1,349	3,888
Net gains/losses, derivative instruments		-144	-2,310
Net gains/losses, foreign exchange movements		3,657	14,082
Commission expenses	4	-308	-279
Total operating income		11,525	36,601
Operating expenses			
Personnel costs	5	-116	-120
Other administrative expenses	6	-69	-57
Total operating expenses		-185	-177
Net investment income		11,340	36,424

BALANCE SHEET

SEKm	Note	31/12/2015	31/12/2014
Assets			
Shares and participations, listed	7	123,667	132,907
Shares and participations, unlisted	8	67,788	60,617
Bonds and other fixed income assets	9	90,103	90,567
Derivatives	10	2,275	622
Cash and bank balances		6,420	2,112
Other assets	11	1,380	162
Prepaid expenses and accrued income	12	915	866
Total assets		292,548	287,853
Liabilities			
Derivatives	10	730	3,908
Other liabilities	13	1,566	89
Deferred income and accrued expenses	14	45	45
Total liabilities		2,341	4,042
Net assets	15		
Opening net assets		283,811	252,507
Net payments to/from the pension system		-4,944	-5,120
Net investment income for the year		11,340	36,424
Total net assets		290,207	283,811
Total net assets and liabilities		292,548	287,853
Memorandum items	16	32,103	20,142

NOTES

Första AP-fonden, corporate identity number 802005-7538, is one of the buffer funds in the Swedish pension system and is domiciled in Stockholm. The annual report for the 2015 financial year was approved by the Board of Directors on 17 February 2016. The income statement and balance sheet are subject to adoption by the Swedish Government.

ACCOUNTING AND VALUATION POLICIES

The Swedish National Pension Funds Act (2000:192) sets out that the annual report shall be prepared in accordance with generally accepted accounting principles, whereby the assets in which the Fund invests shall be entered at market value. In light thereof, the First to Fourth AP funds (AP1, AP2, AP3, AP4) have developed joint accounting and valuation policies which have been applied and are summarised below.

The funds' accounting and valuation policies are being gradually adapted to International Financial Reporting Standards, IFRS. Because IFRS is undergoing extensive revisions, the adaptations so far have been focused on meeting the disclosure requirements in IFRS 7 and IFRS 13. Complete adaptation to IFRS would have no material impact on the reported net investment income and net assets. The AP Funds meet the requirements to be defined as an investment entity under IFRS 10. Compared to the currently applicable IFRSs, the only major difference is that a cash flow statement is not prepared. Accounting and valuation policies are unchanged from the preceding year.

Trade date accounting

Transactions in securities and derivative instruments in the money, bond, equity and foreign exchange markets are recognised in the balance sheet at the trade date, i.e. the time at which material rights and hence risks are transferred between the parties. The receivable from or liability to the counterparty between the trade date and settlement date is recognised in "other assets" or "other liabilities". Other transactions, primarily those relating to unlisted equities, are recognised in the balance sheet at the settlement date, which is consistent with market practice.

Netting

Financial assets and liabilities are recognised net in the balance sheet when there is a legal right to net transactions and there is an intention to pay net proceeds or realise the asset and simultaneously settle the liability.

Translation of foreign currency

Transactions in foreign currency are translated to SEK at the exchange rate on the transaction date. In the balance sheet, assets and liabilities in foreign currency are translated to SEK at the exchange rate on the balance sheet date.

Changes in the value of assets and liabilities denominated in foreign currency are broken down into the part attributable to the change in the value of the asset or liability in local currency and the part caused by fluctuations in the exchange rate. Foreign exchange gains/losses arising from changes in foreign exchange rates are recognised in the income statement in the line "Net gains/losses, foreign exchange movements".

Shares in subsidiaries/associated companies

In accordance with the Swedish National Pension Funds Act, shares in subsidiaries/associated companies are stated at fair value. Fair value is determined using the same methods that apply for unlisted shares and participations. There is no requirement to prepare consolidated financial statements.

Valuation of financial instruments

All of the Fund's investments are measured at fair value, and both realised and unrealised changes in value are recognised in the income statement. Consequently, the lines for net gains/losses per asset class include both realised and unrealised gains/losses. A description of how the fair values of the Fund's various investments are determined is provided below.

Listed shares and participations

For shares and participations that are admitted to trade on a regulated market or trading venue, fair value is determined based on official quoted market prices on the balance sheet date according to the Fund's designated index supplier (MSCI, Six, Russel), most often the

average price. Holdings that are not part of an index are valued at quoted prices observable in an active market. Paid brokerage commissions are recognised in net gains/losses on listed shares.

Unlisted shares and participations

For shares and participations that are not admitted to trade on a regulated market or trading venue, fair value is determined based on the valuation provided by the counterparty or other external party. This valuation is updated when a new valuation has been obtained and is adjusted for any cash flows up to the close of accounts. In cases where the Fund has reasonable grounds to consider the valuation incorrect, the valuation is adjusted.

This valuation complies with International Private Equity and Venture Capital Valuation Guidelines (IPEV) or similar valuation principles and should be primarily based on arm's length transactions, although other valuation methods can be used.

Unlisted real estate shares are valued according to the net worth method to the extent that the share is not subject to transactions in a secondary market. Development of methodology for the valuation of holdings in unlisted real estate companies took place in 2013 in order to ensure measurement at fair value. As of 2013, deferred tax liabilities are measured at a value that is used in real estate transactions, which differs from the valuation performed in the financial statements of the real estate companies. The changed method for calculating fair value has affected net investment income for 2013, for further information see Note 3, Net gains/losses, unlisted shares and participations.

Bonds and other fixed income assets

For bonds and other fixed income assets, fair value is determined based on the official quoted market prices on the balance sheet date (most often the bid price) according to the Fund's designated index supplier (Barclays, SEB). Holdings that are not part of an index are valued at quoted prices observable in an active market. For an instrument that is not traded on an active market and for which no reliable market prices are available, the instrument is valued using generally accepted valuation models in which cash flows are discounted to the applicable valuation curve.

Interest income is recognised as interest calculated according to the effective interest rate method based on amortised cost. Amortised cost is the discounted present value of future payments, in which the discount rate is the effective rate of interest on the acquisition date. This means that acquired premiums and discounts are apportioned to periods over the remaining maturity or until the next interest adjustment date and are included in recognised interest income.

Derivative instruments

For derivative instruments, fair value is determined based on quoted market prices at the end of the year. For an instrument that is not traded on an active market and for which no reliable market prices are available, the value of the instrument is established using generally accepted valuation models in which input data consists of observable market data.

Derivative contracts with a positive fair value on the balance sheet date are recognised as assets, while contracts with a negative fair value are recognised as liabilities. The difference between the forward and spot rates for futures contracts is apportioned to periods on a straight-line basis over the maturity period and is recognised as interest.

Repurchase transactions

In a true repo (repurchase) transaction, the sold asset remains in the balance sheet and the proceeds received are recognised as a liability. The divested security is recognised in the balance sheet as a pledged asset under memorandum items. The difference between proceeds in the spot and forward legs is apportioned to periods over the maturity of the security and recognised as interest.

Securities lending

Securities on loan are recognised in the balance sheet at fair value, while compensation received for securities on loan is recognised as interest income in the income statement. Collateral received for securities on loan may consist of securities and/or cash. In cases where Första AP-fonden has a right of disposal over the received cash collateral, this is recognised in the balance sheet as an asset and a corresponding liability. In other cases, the collateral received is not recognised in the balance sheet but is stated separately under the heading "Pledged assets, contingent liabilities and obligations". The value of securities on loan, as well as collateral for these, are also recognised under this heading.

Items recognised directly in net assets

Incoming payments to and outgoing payments from the national pension system are recognised directly in the Fund's net assets.

Commission expenses

Commission expenses are recognised in the income statement as a deduction from operating income. These consist of direct transaction costs such as custodian bank fees and fixed fees for external managers, as well as fixed fees for listed funds. Performance-based fees, which are payable if the manager achieves a return over a predetermined level at which profit-sharing applies, are recognised as a deduction from net investment income for the relevant asset class in the income statement.

Management fees for unlisted shares and participations, for which a refund is permitted before profit-sharing and in which a refund is deemed probable, are recognised at cost and are therefore included in unrealised gains/losses. In other cases, they are recognised as commission expenses.

Operating expenses

All administrative expenses, excluding brokerage fees, fees for external managers and custodian bank fees, are recognised in operating expenses. Investments in equipment and software developed or acquired by the Fund are normally expensed as incurred.

Taxes

Första AP-fonden is exempt from all income tax on domestic investments in Sweden.

The dividend and coupon taxes imposed in certain countries are recognised net in the income statement under the relevant income item.

With effect from 2012 the Fund is registered for value added tax and is therefore liable for VAT on acquisitions from outside Sweden. The Fund does not have the right to recover paid VAT. Expensed VAT is included in the relevant expense item.

NOTE 1 Net interest income

SEKm	2015	2014
Interest income		
Bonds and other fixed income securities	1,986	2,364
Derivatives	140	431
Other interest income	36	13
Total interest income	2,162	2,808
Interest expenses		
Derivatives	-788	-182
Other interest expenses	-3	0
Total interest expenses	-791	-182
Total net interest income	1,371	2,626

NOTE 2 Net gains/losses, listed shares and participations

SEKm	2015	2014
Net gains/losses	-1,407	8,598
Less brokerage commissions	-74	-49
Net gains/losses, listed shares and participations	-1,481	8,549

NOTE 3 Net gains/losses, unlisted shares and participations

SEKm	2015	2014
Capital gains/losses	1,899	69
Unrealised value changes	2,492	5,977
Net gains/losses, unlisted shares and participations	4,391	6,046

NOTE 4 Commission expenses

SEKm	2015	2014
External management fees, listed assets	-171	-153
External management fees, unlisted assets	-118	-109
Other commission expenses, incl. custodian bank fees	-19	-17
Commission expenses	-308	-279

Commission expenses do not include performance-based fees. In 2013 these amounted to SEK 34 million (34) and reduce net investment income for the asset under management.

External management fees for unlisted assets are recognised as commission expenses to the extent that the agreements do not permit a refund before profit-sharing in connection with future profit-generating divestments. During the year, SEK 71 million (84) was recognised as part of the cost of assets. In total, the management fees for unlisted assets amount to SEK 189 million (193).

NOTE 5 Employees

Number of employees	2015			2014		
	Total	Men	Women	Total	Men	Women
Average number of employees	53	35	18	51	36	15
Closing no. of employees ¹	55	36	19	51	35	16
No. of executive management members at 31/12/2015	5	4	1	5	4	1

1) At year-end 2015, one individual was employed on a project basis..

Personnel costs 2015, SEK thousands	Salaries and remuneration	Pension costs	Of which salary exchange	Payroll overheads ¹	Total
Board Chairman	113			36	149
Other Board members (8 people)	510			160	670
Chief Executive Officer	2,849	2,436	1,260	1,486	6,771
Executive management team, excl. CEO					
Head of Asset Management	2,724	437		1,064	4,225
Head of Communications and ESG	1,785	669	13	647	3,101
Administrative Manager	1,557	488		607	2,652
Head of Human Resources	1,436	581		560	2,577
Other employees ²	51,704	19,727	3,547	20,948	92 379
Total	62,678	24,338	4,820	25,508	112,524
Other personnel costs					3 902
Total personnel costs					116,426

Personnel costs 2014, SEK thousands	Salaries and remuneration	Pension costs	Of which salary exchange	Payroll overheads ¹	Total
Board Chairman	113			36	149
Other Board members (8 people)	511			161	672
Chief Executive Officer	2,731	2,369	1,260	1,434	6,534
Executive management team, excl. CEO					
Head of Asset Management	2,694	437		952	4,083
Head of Communications and ESG	1,614	664	13	668	2,946
Administrative Manager	1,786	1,216	21	857	3,859
Head of Human Resources	1,391	544		570	2,505
Other employees ²	56,230	19,572	3,383	21,854	97,656
Total	67,070	24,802	4,677	26,532	118,404
Other personnel costs					1 936
Total personnel costs					120,340

1) Payroll overheads also include the cost of payroll tax.

2) Including the cost of compensation for paid out and reserved salary in connection with personnel attrition.

Första AP-fonden's remuneration policy for senior executives is based on the Government's guidelines for remuneration to senior executives and other employees. There were no deviations from the policy or guidelines in 2015.

Salaries and other benefits

Board fees are determined by the Government. The Fund governance report provides information about fees and attendance for each Board member. The Board of Directors determines the terms of employment for the CEO, following preparation in the remuneration committee. The terms of employment for the Fund's senior executives are determined by the CEO following preparation in the remuneration committee. All employees have individual employment contracts. Since 1 January 2010, Första AP-fonden has no variable remuneration. In the event of termination on the part of the employer, the notice period for the CEO is 18 months. For members of the executive management team and other employees it is between 3 and 6 months. Certain agreements entered before 2009 contain divergences. For cost-related reasons, these agreements are not renegotiated.

In the event of the Fund issuing notice of termination of employment, severance pay can equal a maximum of 18 months' salary. The severance pay shall only consist of fixed salary, without the addition of benefits. Both salary during the notice period and severance pay shall

be reduced by an amount equal to any income from new employment or business activity during the payout period. Severance pay is never paid out beyond 65 years of age. On 1 February 2015, the new Administrative Manager assumed the position.

Pensions and similar benefits

The employment contract of the CEO includes an obligation for the Fund to pay pension premiums equal to 30 per cent of salary. For the portion of salary granting entitlement under the national pension, the pension premium is reduced to 11.5 per cent.

As of 1 February 2013, Första AP-fonden has switched to a defined contribution pension plan, BTP1, for newly hired employees. The pension agreement has been signed and agreed on between the parties. This means that the Fund has two occupational pension plans – BTP1, which is a defined contribution plan, and BTP2, which is a defined benefit plan.

All employees have the option of participating in a salary exchange scheme in which gross salary is exchanged for pension premiums. The pension premium is then increased by 5 per cent, which corresponds to the difference between payroll tax and social security fees. The premium exchange is therefore cost-neutral for the Fund. Other benefits are taxable and amount to smaller values.

NOTE 6 Other administrative expenses

SEK th.	2015	2014
Costs for premises	-11,440	-10,448
Purchased services	-21,851	-16,382
Information and data expenses	-29,633	-24,298
Other administration expenses	-6,439	-5,613
Other administrative expenses	-69,363	-56,741

The amount for purchased services includes remuneration for auditors according to the following break-down:

Ernst & Young:

Audit services	-929
Audit services outside the scope of the audit	-23
Non-audit services ¹	-1 704
	-2,656

PWC

Audit services	-638	-
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1) Advisory services for corporate structure, real estate and private equity investments, as well as tax advisory services for private equity investments.

NOTE 7 Listed shares and participations

Market value, SEKm	31/12/2015	31/12/2014
Equities, Swedish	34,660	30,158
Equities, non-Swedish	80,090	87,970
Participations in Swedish funds	-	-
Participations in non-Swedish funds	8,917	14,779
Total market value	123,667	132,907

At 31/12/2015, Första AP-fonden had shares on loan to a value of SEK 1.5 billion (1.1). As collateral, government bonds to a value of SEK 1.6 billion were received. The market value of the loaned position and collateral is calculated daily. The collateral shall amount to a minimum of 102 per cent.

Five largest Swedish equity holdings	Number	Fair value, SEKm
Hennes & Mauritz B	12,317,888	3,721
Volvo B	40,618,397	3,213
Nordea Bank	30,903,513	2,883
Hexagon B	6,894,515	2,170
Swedbank	10,572,915	1,978
Total		13,966

Five largest non-Swedish equity holdings	Number	Fair value, SEKm
Pershing Square Holdings	8 000,000	1,366
Ross Stores	1,801,594	817
Lilly (Eli) & Company	1,118,625	795
Alphabet C	122,537	784
CVS Health	949,325	782
Total		4,544

A complete list of all listed holdings at 30 June and 31 December is available on Första AP-fonden's website ap1.se

NOTE 8 Unlisted shares and participations

Fair value, SEKm	31/12/2015	31/12/2014
Swedish unlisted shares and participations: subsidiaries and associated companies	18,068	14,912
Non-Swedish unlisted shares and participations: subsidiaries and associated companies	3,876	655
Other unlisted shares and participations	45,844	45,050
Total	67,788	60,617

Associated companies and subsidiaries	Domicile	Corp. id no.	Number	Holding, %	Net investment income	Equity	Fair value, SEKm
Swedish shares and participations, associated companies and subsidiaries							
Vasakronan Holding AB	Stockholm	556650-4196	1,000,000	25	1,797*	23,094*	8,982
Cityhold AB**	Stockholm	556845-8631	2,830,342	50	601*	4,205*	63
Ellevio AB	Stockholm	559005-2444	6,250	12.5	-	-	840
Secore Fastigheter AB	Stockholm	559018-9451	25 000	50	-	-	29
Willhem AB	Göteborg	556797-1295	100,000	100	317*	5 833*	8,154
Total							18,068
Non-Swedish shares and participations, associated companies and subsidiaries							
First Australian Farmland Pty Ltd	Australien	155 718 013		100	-7*	218*	189
Chapone S.à.r.l	Luxemburg	B 200297		100	-	-	3,239
ASE Holdings S.à.r.l	Luxemburg	B 169327		38	313***	1 190***	448
Total							3,876

*) Pertains to figures released 31/12/2014

**) Company being wound up. The assets are transferred to the newly formed company Chapone S.à.r.l

***) Refers to 31/12/2014 translated at the exchange rate on 31/12/2015

Five largest holdings, unlisted shares and participations	Domicile	Holding, %	Cost, SEKm
Bridgewater Tailored All Weather Fund L.P.	Cayman Islands	100	9,630
LGT, First Hedge Fund Investments L.P.	Guernsey	100	7,256
Hamilton Lane, Private Equity	USA	99	5,587
Triangular Fund L.P.	Cayman Islands	100	2,815
WP North America, Private Equity	USA	99	2,220

A complete list of all unlisted shares and participations at 30 June and 31 December is available on Första AP-fonden's website ap1.se

NOTE 9 Bonds and other fixed income assets

Fair value, SEKm	31/12/2015	31/12/2014
Breakdown by type of issuer		
Swedish state	4,991	7,347
Swedish municipalities	2,008	1,131
Swedish mortgage institutions	7,711	7,604
<i>Other Swedish companies</i>		
Financial companies	8,159	11 413
Non-financial companies	12,104	11 117
Foreign states	36,821	31,855
Other foreign issuers	18,309	20,100
Total	90,103	90,567
Breakdown by type of instrument		
Inflation-indexed bonds	19 444	22,960
Other bonds	57 234	49,838
Treasury bills		
Commercial paper		
Other instruments	13 425	17,769
Total	90,103	90,567

NOTE 10 Derivatives

	31/12/2015		31/12/2014	
	Derivative instruments with:			
SEKm	Positive fair value	Nega- tive fair value	Positive fair value	Nega- tive fair value
Equity-linked instruments				
<i>Options</i>				
Held	187		129	
Issued		-166		-35
Swaps	1	-54		
Futures	1	-2	8	
Total	189	-222	137	-35
Interest-linked instruments				
Swaps	2	-60	6	-99
Futures				
Total	2	-60	6	-99
Currency-linked instruments				
Swaps	2,073	-430	479	-3,774
Futures	11	-18		
Total	2,084	-448	479	-3,774
Total derivative instruments	2,275	-730	622	-3,908
of which, cleared	169	-149		

Derivative positions with a negative value amounting to SEK 121 million have a maturity exceeding 12 months. For maturity analysis thereof, see Note 17.

NOTE 11 Other assets

SEKm	31/12/2015	31/12/2014
Outgoing payments, unsettled transactions	744	26
Receivables from foreign tax authorities	124	127
Reinvested cash collateral for derivative positions	505	-
Other assets	7	9
Other assets	1,380	162

NOTE 12 Prepaid expenses and accrued income

SEKm	31/12/2015	31/12/2014
Accrued interest income	762	753
Accrued dividends	142	103
Other prepaid expenses and accrued income	11	10
Prepaid expenses and accrued income	915	866

NOTE 13 Other liabilities

SEKm	31/12/2015	31/12/2014
Outgoing payments, unsettled transactions	1,034	66
Received cash collateral for derivative positions	505	-
	27	23
Others	1,566	89
Other liabilities		

NOTE 14 Deferred income and accrued expenses

SEKm	31/12/2015	31/12/2014
Accrued management fees	27	25
Other accrued expenses	18	20
Deferred income and accrued expenses	45	45

NOTE 15 Net assets

SEKm	2015	2014
Opening net assets	283,811	252,507
<i>Net flow to/from the pension system:</i>		
Incoming pension contributions	61,374	58,880
Outgoing pension disbursements	-66,141	-63,775
Transfer of pension rights to the EU	-3	-2
Settlement of pension rights	2	1
Outgoing administrative contribution	-176	-224
to the Swedish Pensions Agency	-4,944	-5,120
Total net outflow to the pension system	11,340	36,424
Net investment income after expenses for the year	290,207	283,811
Closing net assets		

NOTE 16 Memorandum items

SEKm	2015	2014
Pledged assets and equivalent collateral for own liability	inga	inga
Securities on loan against other collateral ¹	1,456	1,092
Collateral provided for futures transactions	3,048	2,115
Collateral provided for OTC transactions ²	130	3,247
Other pledged assets and equivalent collateral	4,634	6,454
Investment commitments, unlisted holdings	27 469	13,688
Undertakings	27 469	13,688
Total memorandum items	32 103	20,142
¹ Collateral received for securities on loan	1,665	1,162
² Collateral received for OTC transactions	1,384	180

NOTE 17 Financial instruments, price and valuation hierarchy

This Note provides disclosures about how fair value is determined for the financial instruments used by the Fund. The AP funds' accounting and valuation policies are in accordance with the international reporting standard. The objective is to present information about the fair values of financial assets and liabilities and to ensure transparency and comparability between different companies. This means that the disclosures about valuation of assets and liabilities in the balance sheet take account of whether trade occurs on an active or inactive market and whether quoted prices are available at the time of valuation.

Valuation of the Fund's net assets – market-listed assets

The majority of the Fund's assets are market listed, which means that they are traded on an active market at prices that represent actual and regularly occurring

market transactions. The majority of the Fund's market listed assets are valued daily at their quoted market prices and consist of equities, bonds, derivatives and foreign exchange. Some Fund holdings with listed holdings in underlying securities are valued less frequently than daily, e.g. weekly or every other week. A handful of Fund holdings with listed holdings in underlying securities are valued only once a month.

For OTC derivatives the valuation is based on either theoretical modelling or on a valuation from an external party. For the Fund's holdings of currency futures the valuation is based on theoretical modelling, whereby the model's subjective feature at present consists exclusively of the choice of yield curve and methodology for calculating and forecasting future values (interpolation and extrapolation). The same methodology is applied for deposits, short-dated commercial paper and similar instruments. For other OTC derivatives, valuation is per-

formed exclusively by an external party as a comparison to the Fund's own valuations.

In periods when the market lacks liquidity for market listed securities, a higher degree of subjectivity is required in the valuation process. At such times, the market features sharply increased spreads between bid and ask prices, which can also differ substantially between market participants. At such times, the Fund has used a conservative approach to valuation.

Valuation of net assets – alternative investments

For assets that are not valued in an active market, different valuation methodologies are applied to determine fair value. Fair value is defined as the price that would have been received or paid in an orderly transaction between two independent parties. Första AP-fonden's unlisted investments consist of investments in hedge funds, risk parity funds, private equity funds, real estate companies and real estate funds.

Investments in unlisted hedge funds and risk parity funds are normally valued with a one-month lag. These funds invest primarily in market listed securities. Valuation of fund participations is based on the same principles as for market listed assets. Investments in private equity funds are valued according to the IPEV (International Private Equity and Venture Capital Guidelines) or similar principles. According to IPEV, the valuation can be based on completed transactions, market multiples in valuation, the net asset value or discounting of future cash flows. Valuation of the Fund's investments in private equity funds is based on the most recent available reporting. Since reporting from private equity funds is received with a lag, the Fund's annual accounts are generally based on reporting at 30 September adjusted for cash flows for the subsequent period and up to the closing date. In a situation with rising returns in the equity markets, this means that the Fund has a lower valuation in the annual accounts than that which is later reported by private equity fund managers.

Investments in real estate companies are valued in accordance with IFRS and industry practice as established in IPD's recommendations. The valuation is based on discounting of future rental income, operating expenses and sales prices by market-based return requirements. With regard to valuation of deferred tax in a real estate company, this is measured at fair value, i.e. a discounting of future tax effects by an interest rate that is relevant for the individual company. Investments in real estate funds are valued according to recommendations from industry organisations such as INREV.

Fair value

The fair value of a financial instrument is defined as the amount for which an asset could be transferred or a liability settled between knowledgeable and willing parties in an arm's length transaction. Depending on which market data is available for valuation of the financial instruments, these are broken down into three levels:

- Level 1: Financial instruments¹ traded in an active market. The market is deemed active if there are quoted prices that are regularly updated with a greater frequency than once a week and if the prices are used unaltered to settle trades in the market.
- Level 2: Financial instruments¹ traded on a market that is not considered active but for which there are quoted prices that are used unaltered to settle trades, or observable input data that is regularly updated for indirect valuation using generally accepted models.
- Level 3: Instruments belong to level 3 if they cannot be included in level 1 or level 2. In such cases, no observable market data can be used for valuation. Valuations are based on information with consideration to the circumstances, and may require a significant element of estimation from the Fund's management.

Active market

An active market is one in which quoted prices are readily and regularly available from an exchange, a trader or similar and where transactions are priced on commercial terms. It is virtually only equities for listed companies, currencies and fixed income securities issued by governments, municipalities, banks or major corporations that are traded on an active market and can thus be included in level 1. However, the fact that a financial instrument is traded on an active market is not sufficient for the instrument to be classified at level 1. For example, currency derivatives are traded on very active markets, but are classified at level 2 since the value must be derived from prices of other instruments.

Inactive market

An inactive market features a low trading volume and a much lower level of trading activity than on an active market. Available prices vary sharply over time or between market participants. In many cases, the prices are not current.

¹ In classification to an appropriate level in the valuation hierarchy, financial instruments shall be assessed without screening.

Financial assets and liabilities, closing balance 31/12/2015, SEKm	Level 1	Level 2	Level 3	Total
Financial assets				
Shares and participations, listed	121,493		2,174	123,667
Shares and participations, unlisted			67,788	67,788
Bonds and other fixed income assets	79,160	4,755	6,188	90,103
Derivatives		2,275		2,275
Total assets valued at	200,653	7,030	76,150	283,833
Financial liabilities				
Derivatives		-730		-730
Total liabilities valued at	0	-730	0	-730
Financial assets and liabilities	200,653	6,300	76,150	283,103

Financial assets and liabilities, closing balance 31/12/2014, SEKm	Level 1	Level 2	Level 3	Total
Financial assets				
Shares and participations, listed	130,459	2,448		132,907
Shares and participations, unlisted			60,617	60,617
Bonds and other fixed income assets	76,540	9,117	4,910	90,567
Derivatives		622		622
Total assets valued at	206,999	12,187	65,527	284,713
Financial liabilities				
Derivatives		-3,908		-3,908
Total liabilities valued at	0	-3,908	0	-3,908
Financial assets and liabilities	206,999	8,279	65,527	280,805

Change level 3, SEKm	2015	2014
Shares and participations, listed, opening balance	0	-
Reclassification from level 2, opening balance 2015	1,787	-
Buy	630	-
Sell	-173	-
Change in value	-70	-
Change in shares and participations, listed	2,174	-
Shares and participations, listed, opening balance	2,174	-
Shares and participations, unlisted, opening balance	60,617	44,285
Reclassification from level 1, opening balance 2015	0	722
Buy	12,779	5,632
Sell	-12,189	-1,903
Change in value	6,590	11,881
Change in shares and participations, unlisted	7,171	16,332
Shares and participations, unlisted, closing balance	67,788	60,617
Bonds and other fixed income assets, opening balance	4,910	7,328
Buy	2,907	673
Sell	-1,618	-3,233
Change in value	-11	142
Change in bonds and other fixed income assets	1,278	-2,418
Bonds and other fixed income assets, closing balance	6,188	4,910
Total change level 3	10,623	13,914

Of the change in value reported above, 39 per cent (99) was unrealised on the balance sheet date. The Fund has the majority of its investments at level 1 where the valuations are obtained from independent and reputed valuation sources. Level 3 listed equities refer to listed fund participations, for which prices are updated less frequently than every seventh day. Three listed holdings were reclassified from level 2 to level 3. One listed Fund holding was reclassified from level 2 to level 1 since prices are updated more frequently than every third day.

Risk profiles

All investments in the financial markets are associated with risk. The most significant risks can be divided into three groups – investment risks, administrative risks and operational risks. Investment risks can be further divided into market risk, liquidity risk and credit risk. The Fund's most significant investment risk is market risk, which is the risk of changes in the value of an asset. Market risk is quantifiable and is typically measured in terms of standard deviation of return (volatility), value at risk and expected shortfall.

Liquidity risk is the risk of a low volume of trading in an instrument, which can lead to substantial differences between bid and ask prices and therefore high transaction costs, or make it impossible to sell an instrument at the desired time. The Fund's equity investments take place in quoted markets and are in most cases highly liquid. However, alternative investments have low liquidity. The table below shows the maturity structure of the Fund's bond portfolio.

Credit risk arises in bond investments and the risk that an issuer will be unable to meet its obligations or, in the worst case, will suspend payments. Credit risk is estimated by a credit rating agency. To limit this risk the Fund only invests to a minor extent in bonds with a rating below BBB.

Credit risk also arises when there is a risk that a counterparty will not meet its obligations with respect to the Fund. Counterparty risk arises in trading in securities and OTC contracts. To minimise this risk, such trading is limited and diversified. For counterparties trading in OTC contracts, high creditworthiness from credit rating agencies and signed netting agreements (ISDA agreements) are required.

Sensitivity analysis: Reporting of market risk

Forecast risk

The assets' expected market risk is presented in the sensitivity analysis according to the table below. The calculations are based on the Fund's portfolio composition at 31 December 2015 and historical market returns.

The sensitivity analysis is carried out through simulation of return outcomes for the Fund's assets. By using the historical return breakdown in the simulation, any extreme outcomes are taken into account. Hence, no assumptions about normal distribution are neces-

sary. The simulations shown in the table are based on a short-term risk perspective. The simulation uses a one-year data history and risk is presented for a horizon of a one-day change in value. The simulation is based on a joint standard that has been agreed on by the First, Second, Third and Fourth AP funds.

The simulation is shown with two different but related risk measures. Value at Risk shows the outcome exceeded by the Fund with 95 per cent probability. The Expected Shortfall measure estimates the extent of the loss that may occur with 5 per cent probability. Expected Shortfall shows the expected loss given that the loss is greater than the Value at Risk measure.

The Fund's risk measured as forecast volatility amounted to 11.6 per cent annualised for the Fund's total portfolio at 31 December. The foreign exchange asset class shows the Fund's total currency risk, while the other assets in the table are hedged for currency risk. The table shows the diversification gain achieved through the Fund's investment in different assets, which together reduce the Fund's risk of loss compared to the risks specific to each individual asset.

Realised risk

Average realised risk is calculated based on a joint standard that has been agreed on by the First, Second, Third and Fourth AP funds and which is founded on the principle that calculation of risk shall reflect the market valuation of the Fund's total assets. The valuation frequency is established as quarterly and the period for calculation is established at ten years. Consequently, for the total portfolio the realised standard deviation for the past ten years has been expressed at an annual rate based on quarterly data.

Första AP-fonden's average realised risk for the past ten-year period was 8.94 per cent based on this calculation methodology.

The First, Second, Third and Fourth AP funds have also agreed to report average realised risk for the past year both for the total portfolio and for the assets that are market valued daily. For this calculation of standard deviation, daily data is used. The average realised risk during the year was 8.12 per cent for the total portfolio and 9.40 per cent for the daily market valued part of the portfolio. The share of the portfolio that is market valued daily was at the end of the year 75 per cent.

Sensitivity analysis, market risk, at 31 Dec

	Volatility Annualised %		Value at Risk annualised, SEKm		Expected Shortfall annualised, SEKm		Value at Risk one day, SEKm		Expected Shortfall one day, SEKm	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Equities	17.4	8.4	-35,909	-18,478	-49,392	-27,396	-2,227	-1,146	-3,063	-1,699
Fixed income	1.6	1.1	-2,354	-1,623	-3,709	-2,080	-146	-101	-230	-129
Alternative investments	10.5	11.8	-14,862	-7,931	-20,473	-10,490	-922	-492	-1,270	-651
Foreign exchange	10.4	9.6	-11,302	-10,744	-16,503	-13,215	-701	-666	-1,023	-820
Contribution from Diversification	-1.9	-2.5	8,823	6,454	10,725	11,767	547	400	665	730
Liquid portfolio	11.9	6.8	-45,568	-27,250	-66,702	-34,310	-2,826	-1,690	-4,137	-2,128
Total portfolio	11.6	6.9	-55,605	-32,323	-79,352	-41,413	-3,449	-2,005	-4,921	-2,568

Liquidity risk (maturity structure), at 31 Dec

Maturity in years, SEKm	< 1		1 < 3		3 < 5		5 < 10		> 10		Total balance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Nominal, government	45	485	465	526	12,305	8,955	9,417	7,773	1,244	2,668	23,476	20,407
Nominal, credit	724	4,428	8,226	10,277	16,989	10,581	12,416	8,868	3,241	2,508	41,597	36,662
Inflation-indexed	107	2,794	3,110	3,294	6,583	5,658	5,791	5,413	3,956	5,903	19,547	23,062
Total	876	7,707	11,801	14,097	35,877	25,194	27,624	22,054	8,441	11,079	84,619	80,131

Derivative positions with a negative fair value and maturity exceeding 12 months, at 31 Dec

Derivative positions with a negative fair value and maturity exceeding 12 months, at 31 Dec					
Maturity structure					
Maturity in years, SEKm	1 < 3	3 < 5	5 < 10	> 10	Total balance, SEKm
Equity-linked instruments	-61	0	0	0	-61
Interest-linked instruments	0	-9	-51	0	-60
Currency-linked instruments	0	0	0	0	0
					-121

Reporting of maturity structure

The maturity structure for bonds is presented in the table above. According to the current maturity structure, Första AP-fonden's fixed income assets will generate inflows to the Fund that exceed forecast payments to the pension system. The Fund will thus be able to meet the forecast requirements for payments to the pension system.

Reporting of credit risk

Credit risk for bonds is estimated through grading into different rating classes. Första AP-fonden uses the credit rating agencies Standard & Poor's and Moody's. These agencies issue an assessment that assigns a bond's credit rating, with a highest possible rating of AAA. The Fund has limited holdings of bonds with a rating of BBB, SEK 13,547 million, and holdings with a lower rating, <BBB, in funds with high yield investments, SEK 7,236 million. The overall assessment is that the Fund has low exposure to credit risk in its bond holdings.

Credit risk, at 31 Dec

Rating SEKm	AAA		AA		A		BBB		<BBB		Total balance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Nominal, government	13,600	7,645	6,784	11,852	0	0	3,092	910	0	0	23,476	20,407
Nominal, credit	16,428	15,191	3,297	2,053	9,329	7,990	5,306	4,383	7,236	7,045	41,597	36,662
Inflation-indexed	11,019	11,681	3,378	6,230	0	0	5,149	5,151	0	0	19,546	23,062
Total	41,047	34,517	13,459	20,135	9,329	7,990	13,547	10,444	7,236	7,045	84,618	80,131

1) Reporting of credit risk for fixed income securities based on ratings issued by reputed rating agencies.

NOTE 18 Financial assets and liabilities that are netted or governed by netting agreements

31/12/2015, SEKm	Gross amount	Netted amount in the balance sheet	Net amount in the balance sheet	Related agreements			Other ¹	Total in the balance sheet
				Framework agreements regarding netting	Collateral received	Net amount		
Assets								
Unsettled assets	3,674	3,674	0	0	0	0	744	744
Derivatives		0	2,274	728	1384	161	1	2,275
Total assets	3,674	3,674	2,274	728	1384	161	745	3,019
Liabilities								
Unsettled liabilities	3,674	3,674	0	0	0	0	1,034	1,034
Derivatives			728	728		0	2	730
Total liabilities	3,674	3,674	728	728	0	0	1,036	1,764

31/12/2014, SEKm	Gross amount	Netted amount in the balance sheet	Net amount in the balance sheet	Related agreements			Other ¹	Total in the balance sheet
				Framework agreements regarding netting	Collateral received	Net amount		
Assets								
Unsettled assets	-	-	-	-	-	-	26	26
Derivatives	551	-	551	551	0	0	71	622
Total assets	551	-	551	551	0	0	97	648
Liabilities								
Unsettled liabilities	-	-	-	-	-	-	66	66
Derivatives	3 873	-	3 873	551	3 247	75	35	3 908
Total liabilities	3 873	-	3 873	551	3 247	75	101	3 974

1) Other instruments in the balance sheet that are not governed by netting agreements

The table above shows the financial assets and liabilities that are presented net in the balance sheet, or that carry rights associated with legally binding framework agreements regarding netting or similar agreements. Financial assets and liabilities are recognised net in the balance sheet when the Fund has a legal right to perform netting. This can occur in normal business conditions and in the event of insolvency, and if there is an intention to pay net proceeds or realise the asset and simultaneously settle

the liability. Financial assets and liabilities that are governed by legally binding framework agreements regarding netting or similar agreements that are not presented net in the balance sheet are arrangements that commonly come into legal effect in the event of insolvency, but not in normal business conditions or arrangements in which the Fund does not intend to settle the positions simultaneously.

NOTE 19 Related parties

The table shows Första AP-fonden's transactions in outstanding dealings, including obligations, with related parties in accordance with definitions in IAS 24.

Related parties to Första AP-fonden are considered to be subsidiaries and associates in which the Fund's

ownership is a minimum of 20 per cent, and the Fund's Board members and executive management team.

Regarding salaries and remuneration for Board members and the executive management team, see Note 5.

Counterparty, ownership and transactions	31/12/2015	31/12/2014
Cityhold AB, 50 %		
Interest income	14	9
Proprietary loans	-	680
Shareholder contribution during the year	-	-
Secore AB, 50 %		
Interest income	1	-
Proprietary loans	205	-
Shareholder contribution during the year	29	-
Investment commitments	1,000	-
Vasakronan Holding AB, 25 %		
Rent for premises		
Första AP-fonden rents office premises from Vasakronan AB on market terms	10	9
Interest income	211	233
Proprietary loans	3,000	3,000
Shareholder contribution during the year	-	-
Undertaking, on the request of Vasakronan, to purchase commercial paper in the company, up to the highest total settlement amount at any time of:	4,500	4,500
Willhem AB, 100 %		
Interest income	7	140
Proprietary loans	-	-
Shareholder contribution during the year	-	-
Undertaking, on the request of Willhem, to purchase commercial paper in the company, up to the highest total settlement amount at any time of:	3,000	3,000
ASE Holdings Ltd, 38 %		
Interest income	31	28
Proprietary loans	248	244
Shareholder contribution during the year	-	-
First Australian Farmland Pty Ltd, 100 %		
Interest income	26	27
Proprietary loans	358	347
Shareholder contribution during the year	-	-
Chapone S.à.r.l., 25 %		
Shareholder contribution	4	-
Investment commitments	2,290	-

THE BOARD OF DIRECTORS' STATEMENT OF ASSURANCE

We hereby give our assurance that, to the best of our knowledge, the annual accounts have been prepared in conformity with generally accepted accounting principles in Sweden and with the joint accounting and valuation principles developed by the AP funds, that the information therein gives a true and fair presentation of the actual conditions, and that nothing of material significance has been omitted that could affect the presentation of the Fund created by this annual report.

Stockholm, 17 February 2016

Urban Karlström
Chairman

Annika Sundén
Deputy Chairman

Göran Arrius

Kent Eriksson

Anna Hesselman

Åsa-Pia Järliden Bergström

Åsa Kullgren

Per Nordberg

Eva Redhe

Our auditors' report was submitted on 17 February 2016

Susanne Sundvall
*Authorised Public
Accountant
Appointed by the
Swedish Government*

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

AUDITOR'S REPORT

For Första AP-fonden, corporate identity number 802005-7538.

Report on the annual report

We have audited the annual report of Första AP-fonden for 2015. The Fund's annual report is found under the headings Report of the Directors and Financial Statements, pages 18–39.

The Board of Directors' and the CEO's responsibility for the annual report

The Board of Directors and CEO are responsible for the preparation and fair presentation of an annual report in accordance with the Swedish National Pension Funds Act, and for such internal control as the Board of Directors and the CEO deem necessary for the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

The auditor's responsibility

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

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

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

Opinion

In our opinion the annual report has been prepared in accordance with the Swedish National Pension Funds Act (2000:192) and presents fairly, in all material aspects, the financial position of Första AP-fonden as of 31 December 2015 and of its financial performance for the year then ended in accordance with the Swedish National Pension Funds Act.

The statutory administration report is consistent with the other parts of the annual report. 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 report, we have examined the inventory of the assets managed by Första AP-fonden. We have also examined the administration of the Board of Directors and the CEO of Första AP-fonden for the financial year 2015.

The Board of Directors' and the CEO's responsibility

The Board of Directors and the CEO are responsible for the preparation of the financial statements and for the management of the Fund's assets in accordance with the Swedish National Pension Funds Act.

The auditor's responsibility

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

As a basis for our opinion regarding the inventory of assets, we have examined the Fund's holdings register and, on a test basis, supporting evidence thereof.

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

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

Opinion

Our audit has not resulted in any qualifications concerning the inventory of assets or administration of the Fund.

Stockholm, 17 February 2016

Susanne Sundvall
Authorised Public
Accountant
Appointed by the
Swedish Government

Peter Nilsson
Authorised Public
Accountant
Appointed by the
Swedish Government

FUND GOVERNANCE REPORT

The Board of Directors of Första AP-fonden has chosen to publish a Fund governance report to provide information on the work of the Board and Fund on governance and risk management. The Fund's core values – professionalism, engagement and a long-term approach – are at the heart of its corporate culture.

The Fund governance report including the Board of Directors' report on risk management has not been reviewed by the auditors.

Första AP-fonden is a Government authority (for details see the Fund's website, www.ap1.se) commissioned to manage assets in the Swedish income pension system. The AP funds are more independent than most Swedish authorities because their operations are only regulated in the Swedish National Pension Funds Act (the AP Funds Act) and not by regulations or directives. As a Government authority, Första AP-fonden is also affected by other laws.

Each year, the operations of all AP funds are evaluated by order of the Swedish Government and the results are presented in a communication to the Swedish Parliament, presented in May of the year following the review period. Government communication 2014/15:130 describes the evaluation through 2014. The communications are available at www.ap1.se.

Första AP-fonden voluntarily complies with the Swedish Code of Corporate Governance, part of which requires the publication of this Fund governance report. However, not all rules in the Code are applicable, since Första AP-fonden is a Government authority. In the table, the rules which the Fund does not follow are set out, and the reasons for this. All other rules of the Code are followed.

Board of Directors

The Board of Directors of Första AP-fonden bears full responsibility for the operations of the Fund and is re-

sponsible for the Fund's organisation and management of Fund assets. The work of the Board is regulated in the National Pension Insurance Funds (AP Funds) Act.

Första AP-fonden's Board of Directors consists of nine members, all of whom are appointed by the Swedish Government. Two of the members are appointed by the proposal of organisations representing employee interests, and two are appointed by the proposal of organisations representing employer interests. The Government also appoints the Chairman and Deputy Chairman from among the members not proposed by labour market parties. The Fund's CEO is not a member of the Board. The Government also appoints the Fund's external auditors.

On 22 January 2015 the Government decided that Anna Hesselman would succeed Christina Lindenius. On 22 May 2015 it was decided that Åsa Kullgren, Åsa-Pia Järliden Bergström and Kent Eriksson would replace Anders Knape, Ola Pettersson and Ulf Axelsson. When a new member is appointed, the Fund arranges for that person a specific review of the Fund's operations. The members' term of office is one year, i.e. it extends until the Fund's income statement and balance sheet for 2015 have been adopted.

Fees and other remuneration for members of the Board are determined by the Government. Remuneration for the full year amounts to SEK 100,000 for the Chairman, SEK 75,000 for the Deputy Chairman and SEK 50,000 each for the other Board members. In addition, there is scope to pay total fees of SEK 100,000 for work on the Board's committees. The Board has resolved to

Rule	Divergence	Reason
Section 1	Första AP-fonden does not hold an AGM	The Board members of the Fund are appointed by the Swedish Government. Therefore, the Fund has neither an AGM nor a nomination committee.
Section 2	Första AP-fonden does not have a nomination committee	The Board members of the Fund are appointed by the Swedish Government. Therefore, the Fund has neither an AGM nor a nomination committee.
7.6	The Fund's six-month interim report is not reviewed by the auditors	AP funds report full-year and six-month results. The six-month report, which does not affect the pension system, is not reviewed for cost reasons.
10.2 p1	The Fund does not report the composition of the nomination committee	The Fund's Board members are appointed by the Government and there is thus no nomination committee.

2) The Swedish National Pension Funds Act (2000:192) (the AP Funds Act)

3) For example, the Public Procurement Act (2007:1091), the Public Access to Information and Secrecy Act (2009:400), the Financial Instruments Trading (Market Abuse Penalties) Act (2005:377) and Anti-Bribery legislation in Chapter 10 of the Criminal Code. The Retirement Pension (Income-Based) Act (1998:674) also affects the Fund's operations

Appointed by proposal of		Attendance Board meetings	Audit committee (attendance)	Remuneration com- mittee (attendance)
Urban Karlström, Chair		6/6		Chairman 2/2
Annika Sundén, Deputy Chair		6/6	Chairman 4/4	
Göran Arrius	Employee organisation (Saco)	4/6		Board member 2/2
Kent Eriksson		4/4		
Anna Hesselman		5/6	Board member 3/3	
Åsa-Pia Järliden Bergström	Employee organisation (LO)	3/4		
Åsa Kullgren		4/4		Board member 1/1
Per Nordberg	Employer organisation (Confederation of Swedish Enterprise)	5/6	Board member 4/4	
Eva Redhe		5/6		
Ulf Axelsson		1/2		
Anders Knappe	Employer organisation (Swedish Associ- ation of Local Authorities and Regions)	1/2		Board member 1/1
Christina Lindenius		0/0	Board member 0/0	
Ola Pettersson	Employee organisation (LO)	2/2		
Total		46/54	11/11	6/6

pay fees of SEK 20,000 per year to each member of the audit committee and SEK 13,000 per year to each member of the remuneration committee. For more information about fees for Board members see Note 5. A more detailed presentation of the members of the Board of Directors is provided on page 50.

The work of the Board of Directors

Each year, in compliance with the requirements imposed by the AP Funds Act, the Board of Directors establishes targets and guidelines for the investing activities, the Fund's risk management plan, ownership policy, business plan and budget. In addition, the Board resolves to operationalise the Fund's mandate in its strategy and a number of governance documents, the most important being its value foundation and ethical policy, policy for gifts, hospitality and other benefits, remuneration policy for senior executives and rules governing employees' trade in financial instruments.

The Board also appoints a CEO to whom it delegates responsibility for the Fund's day-to-day activities. The Board has resolved on rules of procedure for its own work. In 2015 the Board met on six occasions.

During the year, the Board addressed the outcome of management, expenses, ownership matters, business plan, budget, etc. In addition to the ordinary meetings, the Board of Directors also discussed the Fund's mandate, strategy and targets at a seminar ahead of forthcoming decisions. Average attendance at Board meetings was 85 per cent (see table). Reporting of day-to-day asset management and risk reporting have been standing items on the agenda. At Board meetings, in addition to Board members, the CEO of the Fund attends as well as the secretary to the Board. Until 18 February, the Administrative Manager was the secretary to the Board, after which time the Fund's Legal Counsellor assumed this position. Other staff of the Fund also participate as experts or reporting persons. External

speakers are also invited to Board meetings when needed. The Fund's external auditors report to the Board at least once a year. On these occasions, there is time for discussions between the Board and auditors without the presence of employees of the Fund.

In December 2014 the Board resolved to change the Fund's return target. As of 1 January 2015, the Fund's target is that return after expenses on the total portfolio shall be 4.0 per cent in real terms annually measured over rolling ten-year periods. Read more on page 9 ff.

Each year, the Board conducts an evaluation of its own work. The evaluation is then used to improve the work of the Board and its committees, as well as the preparatory work of management ahead of Board meetings. The Chairman of the Board reports the main results to the Government.

From among its own members the Board has appointed two committees, an audit committee and a remuneration committee. Both committees are preparatory organs and the Board retains the right to make decisions in all matters addressed in the committees. The audit committee assists the Board in matters related to internal control, operational risks, financial reporting and auditing. In 2015 Annika Sundén was chair and Per Nordberg was member of the audit committee. Christina Lindenius was member until 21 January and was replaced by Anna Hesselman from 22 January. The committee met on four occasions. Attendance at meetings of the audit committee was 100 per cent. The Fund's auditors take part in the meetings of the audit committee on three occasions. The Fund's compliance officer and Administrative Manager and Head of back office and finance were co-opted into the audit committee meetings.

The remuneration committee assists the Board in matters related to remuneration. In 2015 the committee consisted of Board Chairman Urban Karlström (chairman of the committee), Göran Arrius, Anders Knappe and

Åsa Kullgren, who replaced Anders Knappe from 21 May. The committee met on two occasions during the year. Attendance at meetings of the remuneration committee was 100 per cent. The CEO of the fund is co-opted into the remuneration committee's meetings, apart from when his remuneration is discussed. The Head of Human Resources is co-opted into remuneration committee meetings.

Management of the Fund

The Board of Första AP-fonden has delegated responsibility for operating activities to the Fund's CEO. The Board decides on the long-term risk preference of the Fund, which is manifested in overarching asset allocation. In order to implement the Fund's investment philosophy, the CEO is given a mandate to diverge from the overarching asset allocation within specified bounds.

In support of the CEO in decisions pertaining to operating activities, the CEO has decided to appoint an executive management team that includes the heads of asset management, of the department of administration and risk control, of human resources and of communication and ESG.

Remuneration

Första AP-fonden's Board of Directors annually adopts a policy for remuneration for senior executives (published on www.ap1.se). The Fund's policy is based on the guidelines resolved by the Government on 20 April 2009. The policy sets out that the total amount of remuneration for each person should be fair and reasonable, balanced and characterised by moderation. Furthermore, remuneration should be market-based and competitive with respect to the labour market in which the executive works, but without being higher than the norm for comparable positions. No variable remuneration is available to the Fund's employees. Första AP-fonden, together with the Second, Third, Fourth, Sixth and Seventh AP funds, also has a joint policy for remuneration, employee benefits, hospitality and business travel. It is published on www.ap1.se.

Remuneration to the CEO is determined by the Board of Directors and consists of fixed salary and payment of defined contribution pension premiums equal to 30 per cent of basic salary. For the portion of remuneration granting rights under the national pension scheme, the pension premium is reduced to 11.5 per cent. Remuneration for senior executives of Första AP-fonden is determined by the CEO according to a well-defined process that involves the Board of Directors and its remuneration committee. Första AP-fonden complies with all points (9.1–9.8) relating to remuneration to senior executives in the Swedish Code of Corporate Governance.

In each of the past five years, the Fund's average salary increases have been low. They have averaged at 1.9 per cent, which is lower than the corresponding increase for the comparable market and within the public administration sector. See Note 5 for further information

regarding remuneration for the executive management team paid in 2015.

Every year, the Fund commissions a comparison of remuneration levels with relevant parts of the labour market as a basis for monitoring remuneration for the Fund's employees, and this also occurred in 2015. In the Board's opinion, salary levels are market-based, competitive, reasonable and appropriate without being higher than the norm with regard to the CEO, senior executives and other employees. The Board has found that the Fund is in compliance with both the remuneration policy established by the Board and the Swedish Government's "Guidelines for terms of employment of senior executives in the AP funds". A small number of old employment contracts have a notice period exceeding six months. However, the Board has decided not to renegotiate these contracts since this would result in higher costs for the Fund without achieving any significant improvement in the contracts.

Compared to the other entities in the study, remuneration for the Fund's employees is in some cases in the upper quartile for each position. Furthermore, the Board of Directors' analysis shows that there are two reasons why the Fund's remuneration is higher than that in the comparison groups:

- **Employees with cutting edge expertise:** Första AP-fonden is a small and knowledge-intensive organisation that has an explicit strategy to hire and retain employees with cutting edge expertise in specific areas.
- **No variable salary:** The Fund's employees are offered only fixed remuneration. Many of the areas of expertise sought by the Fund are offered variable salary by other employers. To attract and retain employees, the Fund therefore offers higher fixed salaries. The fact that Första AP-fonden does not pay variable salary when other entities in the study do makes it more difficult to interpret the comparative statistics. At times when performance-based variable salary is lower, Första AP-fonden's remuneration can therefore be higher than the average for comparable areas of expertise. At times of high returns in the financial industry, the Fund's remuneration will instead be lower than the average for comparable areas of expertise.

Hence, the Fund's remuneration is within a range that can be regarded as market-based.

The auditors perform a review to ensure compliance with the Fund's remuneration policy for senior executives, the Swedish Government's guidelines for terms of employment of senior executives in the AP funds and the joint policy with other AP funds. No divergences from the above were noted.

Första AP-fonden invests in various real estate markets via companies in which the Fund has a significant voting share. This currently includes Vasakronan, Cityhold and Willhem. The Fund has issued ownership directives that affect remuneration matters for these companies. The directives are published on www.ap1.se.



Conflicts of interest

As an independent state pension fund, the risk of Första AP-fonden encountering conflicts of interest is lower than for many other asset managers. Första AP-fonden employs a three-stage procedure to manage potential conflicts of interest. The first stage is to identify potential conflicts of interest in advance. In the second stage, transpired conflicts of interest are addressed by means of the CEO deciding on the Fund's action in the individual case. For conflicts of interest of particular importance, the Chairman of the Board is consulted. Transpired conflicts of interest are reported to the Board of Directors and published retrospectively on the Fund's website. In 2015 no conflicts of interest arose.

Internal control

The Board of Directors is responsible for the governance and risk management of the Fund. In the Fund's risk management plan, the Board has adopted guidelines and frameworks for the Fund's overarching allocation of responsibilities, risks, risk limits and procedures for monitoring and control of compliance with rules and guidelines. In 2015 the risk management plan was reworked, partly to align it with the new guidelines of Finansinspektionen (the Swedish financial supervisory authority) and partly to replace micromanaging rules with governance through established procedures. The Board's risk report is provided on pages 48–49.

Independent review

The Board of Directors has resolved to commission independent reviews through internal audit supported by an external consultant. The outcome of the independent reviews will be reported to the Board of Directors starting in 2016.

External audit

Första AP-fonden's auditors are appointed by the Swedish Government. The current assignment, shared by Sussanne Sundvall and Peter Nilsson, both from PwC, commenced on 1 June 2015 and extends until the adoption of the Fund's income statement and balance sheet for 2015. For the period before 1 June 2015, Jan Birgeron and Peter Strandh, both from EY, were the Fund's auditors.

Sussanne Sundvall has been appointed by the Government to coordinate the auditing procedures of all AP funds. The auditors have also been appointed as auditors of the Second, Third, Fourth and Seventh AP funds. The auditors report directly to the Board in the form of a written audit report and a verbal presentation. The auditors participate in at least one Board meeting per year. In addition, regular meetings with the audit committee are held. The auditors present an audit report of their findings. The auditors also submit a yearly verbal report to the Swedish Ministry of Finance. The auditors' duties include examining the Fund's operating activities, the administration of the Fund, the year-end accounts and the annual report, and expressing an opinion on the Fund's financial statements and asset management based on their audit. Their duties also include assessment of Första AP-fonden's application of the accounting and valuation standards established for the AP funds and whether the financial statements prepared provide a true and fair presentation of the operations. In addition to a regular audit, the AP funds' auditors must append a written signed statement to the auditors' report to express their opinion on whether or not the guidelines for remuneration to senior executives as established for the financial year have been complied with. Besides the assignment from the government, the auditors have also reviewed the Fund governance report.

THE BOARD OF DIRECTORS' REPORT ON RISK MANAGEMENT

Since 2015, Första AP-fonden works according to a new investment process, which is an enhancement of the investment process implemented in 2014. This report describes risk management in 2015. The Swedish Government commissions external auditors to review the Fund's financial statements and risk control. An internal audit is also conducted, as commissioned by the Board.

According to the Swedish National Pension Funds Act (2000:192), the Board of Directors of Första AP-fonden is responsible for the Fund's organisation and management of the Fund's assets. Part of this responsibility is to ensure the high quality of the Fund's internal control. From among its members, the Board appoints an audit committee to prepare matters pertaining to internal control. The Board submits this report on risk management annually. However, this report is not part of the formal annual report and is therefore not examined by the Fund's auditors.

As a participant in financial markets, the Fund distinguishes between three risk categories that are addressed in different ways.

- *Financial risks* – market risks and issuer risks – enable the Fund, when employed correctly, to increase return on invested capital. Financial risks shall thus be optimised within the risk mandate delegated to the CEO by the Board, and the risk mandate further delegated by the CEO within the management organisation.
- *Counterparty and delivery risks* shall be minimised. Counterparties are evaluated and approved in a set process in which account is taken of, for example, their official rating.
- *Operational risks* shall be minimised by means of incident follow-up, preparing relevant policy documents, staff training and investment in IT systems.

Control environment – Fund governance

The Board of Directors annually adopts a risk management plan that sets out guidelines and limitations for the risk mandate delegated by the Board to the CEO. This document serves as a basis for internal control and monitoring of the Fund's investing activities. Therein, limitations are specified for the Fund's financial risk-taking, as are well-defined decision-making structures for

the operating activities. The approach leads to sound internal risk control.

Although Första AP-fonden does not formally come under the regulations of Finansinspektionen (the Swedish financial supervisory authority), the Fund's risk management rests on Finansinspektionen's Regulations and General Guidelines regarding governance, risk management and control at credit institutions (FFFS 2014:1) in terms of the three lines of defence, (i) responsibility for risk management and control in the business operations, (ii) internal control and compliance and (iii) independent review. For the third line of defence, independent review through internal audit, the Board of Directors has resolved to conduct independent reviews with the support of an external consultant.

Managing financial risks is fundamental to the ability of the Fund to deliver on its mandate in the pension system. Risk management in the Fund is thus proactive, with financial risk forecast for each asset individually and for the portfolio as a whole. For this reason, there is a well-established risk culture at the Fund. Important elements of this culture are transparent reporting of the Fund's investments and a principle of duality for executing business transactions. This means that the entire organisation can monitor investing activities via an enterprise-wide system and that each business transaction requires the approval of at least two people – one from the Fund's back office and one from the relevant investment unit.

The second line of defence comprises the internal risk control function, finance function and compliance function. Middle Office focuses on financial risks and counterparty and delivery risks. The Compliance Officer works primarily with verifying compliance with external regulations. The finance function ensures the financial reporting. Middle Office and the finance function jointly control operational risk.

Risk assessment

To ensure effective financial reporting and identification of operational risks, a yearly review of the Fund's processes and documentation thereof is conducted by order of the Board. The results of this review are reported to the Board's audit committee. A key component of this review is the account-closing process, which serves as a basis for the Fund's external financial reporting. The account-closing process encompasses valuation, reconciliation and controls of securities in connection with the closing of accounts. Aside from a general review of the processes, the Chief Risk Officer, after consultation with the CEO, establishes on a yearly basis the areas to be prioritised and subjected to special review. The units within the organisation that are affected by the review participate actively in the analysis, which is based on a self-assessment method. This work results in an evaluation of identified risks and a prioritisation of measures. The Fund's Chief Risk Officer oversees the analysis process and ensures that the prioritised measures are implemented.

Control structure and activities

The financial information is analysed and verified by the Fund's Back Office and Middle Office. The systems in Back Office and Middle Office also produce source materials for various risk analyses that are used as support for control activities.

Första AP-fonden's accounting and valuation policies are being gradually adapted to International Financial Reporting Standards, IFRS. Complete adaptation to IFRS would have no material impact on the reported net investment income and net assets. Compared to the currently applicable IFRSs, the only major difference is that consolidated financial statements and cash flow statements are not prepared.

To read more about this, see the Fund's accounting and valuation policies.

The portfolio is managed according to forecast financial risk within the given mandates. Forecast risk is analysed retrospectively in relation to the actual risk outcome. In this way, the model for portfolio management can be developed.

Communication and reporting

All guidelines and instructions with relevance for internal control are communicated clearly and are available to all employees on the Fund's intranet. This transparency also applies to the daily internal performance reports, which are also available on the Fund's intranet.



The Board is regularly informed about the Fund's financial position and performance. Each month, the Board is provided with an income, return and risk report. An income statement and balance sheet report is presented to the Board on a quarterly basis. The Fund's financial position and risk-taking are also reported at each ordinary Board meeting. Risk reporting is a standing item on the agenda of all of the Fund's ordinary Board meetings. These procedures are deemed to secure the Fund's external financial reporting. External reports of the Fund's financial position are published in connection with the annual and semi-annual accounts. Middle Office reports to the audit committee in connection with its meetings. The auditors report continuously to the audit committee and to the Board in connection with the annual closing of accounts.

BOARD OF DIRECTORS



Urban Karlström



Annika Sundén



Göran Arrius



Kent Eriksson



Anna Hesselman



Åsa-Pia Järliden Bergström



Åsa Kullgren



Per Nordberg



Eva Redhe

Urban Karlström

Chairman, chair of the remuneration committee

Born 1953. Elected to the Board in 2011. Ph.D. Econ., Director General of the Swedish Fortifications Agency.

Other assignments: Chairman of Forum for Innovation in the Transport Sector, chairman of Arcato AB, board member of Caterva AB.

Annika Sundén

Deputy Chairman, chair of the audit committee.

Born 1964. Elected to the Board in 2011. Associate Professor, chief economist Swedish International Cooperation Development Agency.

Other assignments: Member of the Institute for Future Studies, member of the Expert Group for Studies in Public Economics, member of the Delegation for Migration Studies, member of the Scientific Council of IFAU.

Göran Arrius

Born 1959. Elected to the Board in 2011. Member of the remuneration committee. Appointed by proposal of employee organisation (Saco – the Swedish Confederation of Professional Associations) Chairman of Saco.

Other assignments: Chairman of AEA, member of the Swedish Defence Intelligence Court, chairman of Folk och Försvar, chairman of LO, TCO and Saco's office in Brussels, member of Folksam Liv, member of the National Committee for Sweden's National Day, member of The Royal Society of Naval Sciences.

Kent Eriksson

Born: 1964. Elected to the Board in 2015. Professor at the Royal Institute of Technology (CEFIN), currently in Stanford, US.

Other assignments: –

Anna Hesselman

Born 1954. Elected to the Board in 2015. Member of the audit committee.

Licentiate degree in economics. Consulting business in accounting and finance.

Other assignments: Chairman of St Eriks Vårdbolag AB, chairman of PSG Capital AB.

Åsa-Pia Järliden Bergström

Born 1969. Elected to the Board in 2015. Appointed by proposal of employee organisation (LO).

M.Sc. economics, LO economist.

Other assignments: Chairman of Bantorget finans AB, board member of Vetlinebio AB.

Åsa Kullgren

Born 1971. Elected to the Board in 2015. Member of the remuneration committee. Appointed by proposal of employer organisation (Swedish Association of Local Authorities and Regions). Bachelor of laws.

Other assignments: County council commissioner of finance in Sörmland (until 31 December 2015). Special investigator in the New pharmacy market inquiry (from 1 January 2016).

Per Nordberg

Born 1956. Elected to the Board in 2007. Member of the audit committee.

Appointed by proposal of employer organisation (Confederation of Swedish Enterprise).

MBA, Managing Director of Fouriertransform AB.

Other assignments: –

Eva Redhe

Born 1962. Elected to the Board in 2013. MBA.

Other assignments: Chairman of Spago Nanomedical AB and Ftrack AB, Starbreeze AB, Probi AB, D Carnegie AB, Pled Pharma AB, TAM Asset Management AB and Axel Christiernsson International AB.

EXECUTIVE MANAGEMENT TEAM



Johan Magnusson



Ossian Ekdahl



Kaj Martensen



Mikael Angberg



Marina Westman

Johan Magnusson

Chief Executive Officer

Born 1959. Economist.

Employed since 2008.

In current position since 2008.

Previous experience:

Senior positions at SEB Wealth Management and ABB Investment Management.

Kaj Martensen

Administrative Manager

Born 1967. Ph. D Economics

Employed since 2015.

In current position since 2015.

Previous experience:

Shell Asset Management, AEGON Asset Management.

Ossian Ekdahl

Head of Communication and ESG

Born 1961. M.B.A., Licentiate degree in economics.

Employed since 1999.

In current position since Head of Communication since 2009, Head of ESG since 2001.

Previous experience:

Stockholm School of Economics, University of Karlstad, the Ministry of Finance and the Central Bank of Sweden.

Mikael Angberg

Head of Asset Management

Born 1973. Master of Engineering.

Employed since 2013.

In current position since 2013.

Previous experience:

PIMCO, BNP Paribas, Goldman Sachs, AXA Investment Managers and CERN.

Marina Westman

Head of Human Resources

Born 1960. B.Sc. Human Resources

Development and Labour Relations.

Employed since 2008.

In current position since 2008.

Previous experience:

HR positions in the SEB group.

TABLE OF CONTENTS BASED ON GRI

Första AP-fonden hereby reports the economic, environmental and social impact of its own operations as part of the annual report. The sustainability reporting is based on Global Reporting Initiative guidelines, G4, and the industry-specific supplement Financial Services (FS).

The reporting encompasses Första AP-fonden's own operations. No limitations have been imposed, and the scope is the same as for financial reporting.

Reported indicators have been selected based on the Fund's stakeholder picture and its own prioritisations, and reflect a common view of material aspects. Some

of the reported indicators are not complete. Första AP-fonden intends to develop the work and reporting in 2016.

This GRI report has not been reviewed by an external party.

General information

Indicator	Name	Reference
Strategy and analysis		
G4-1	Statement from the most senior decision maker	Comments from the CEO, page 6
Organisational profile		
G4-3	Name of the organisation	page 3
G4-4	Brands, products and services	Första AP-fonden does not sell any products or services. The Fund manages pension assets in the national income pension system. See page 9
G4-5	Location of headquarters	Regeringsgatan 28, Stockholm, Sweden
G4-6	Number of countries where the organisation operates, and their names	Första AP-fonden only has an office in Stockholm. The Fund invests globally.
G4-7	Nature of ownership and legal form	Swedish Government authority, page 28
G4-8	Markets served	page 12
G4-9	Scale of the organisation	pages 4–5, 17, 20 and Note 5.
G4-10	Number of employees	Note 5
G4-11	Percentage of total employees covered by collective bargaining agreements	All, except CEO
G4-12	Organisation's supply chain	–
G4-13	Changes regarding the organisation's size, structure, ownership, or its supply chain	pages 18–24
G4-14	How the precautionary approach or principle is addressed	–
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Ownership report and the yearly report of the Ethical Council, ap1.se
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	Ownership report, ap1.se, etikrådet.se
Material aspects and boundaries		
G4-17	Organisational structure	pages 9–21
G4-18	Process for defining the report content	page 51

Indicator	Name	Reference
G4-19	Material aspects identified	page 51
G4-20	For each material aspect, the aspect boundary within the organisation	pages 9–11
G4-21	For each material aspect, the aspect boundary outside the organisation	pages 9–11
G4-22	The effect of any restatements of information provided in previous reports	pages 28–29 as regards financial data, otherwise not relevant
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	pages 28–29 as regards financial data, otherwise not relevant
Stakeholder engagement		
G4-24	List of stakeholder groups	page 51
G4-25	Basis for identification and selection of stakeholders	page 51
G4-26	The organisation's approach to stakeholder engagement as part of the report preparation process	page 51
G4-27	Key topics and concerns and how the organisation has responded, including through its reporting	page 51
Report profile		
G4-28	Reporting period	01/01/2015–31/12/2015
G4-29	Date of most recent previous report	01/01/2014 – 31/12/2014
G4-30	Reporting cycle	The financial year is the calendar year
G4-31	Contact point	www.ap1.se
G4-32	GRI content and reference	pages 49–50
G4-33	Policy with regard to seeking external assurance	Not submitted to an external party for review
Governance		
G4-34	Governance structure including responsibility for decision-making on economic, environmental and social impacts	Fund governance report, ownership policy and ap1.se
Ethics and integrity		
G4-56	Values, principles and codes of conduct	www.ap1.se

Specific disclosures

Indicator	Name	Reference
G4-DMA	Why the aspect is material and management approach and evaluation thereof	pages 6–7, 12, 49–50
ECONOMY		
Specific DMA	Explain the organisation's strategy for civic investment	Första AP-fonden's operations consist of managing assets in the national pension system, which is an important civic function. pages 9–15
G4-EC1	Direct economic value generated and distributed	Income statement
ENVIRONMENT		
<i>Energy</i>		
G4-EN3	Energy consumption	Not reported
<i>Emissions</i>		
G4-EN15	Direct greenhouse gas emissions	Not reported
G4-EN16	Indirect greenhouse gas emissions	page 19
<i>Total weight of waste</i>		
G4-EN23	Total weight of waste	Not reported
SOCIAL		
Labour practices		
<i>Employment</i>		
Specific DMA	Legal divergences in labour practices in the value chain	Not relevant for Första AP-fonden
G4-LA1	New employee hires and employee turnover	Note 5
G4-LA2	Benefits provided to full-time employees	Note 5
<i>Labour practices</i>		
<i>Employee health and safety</i>		
Specific DMA	Programmes supporting employees and their families	–
G4-LA6	Injury, absenteeism and work-related fatalities	No injury or accidents have occurred during the year
<i>Training and education</i>		
G4-LA9	Hours of training	Not reported
G4-LA11	Evaluation and follow-up	page 17
<i>Diversity and equal opportunity</i>		
G4-LA12	Composition of governance bodies	page 17
Human rights		
<i>Investment</i>		
G4-HR1	Investment agreements that include human rights clauses/screening	The Fund's ownership report and the yearly report of the Ethical Council
<i>Non-discrimination</i>		
G4-HR3	Discrimination	The Fund has an internal policy. Discrimination is not permitted. No discrimination cases were reported during the year
<i>Freedom of association and collective bargaining</i>		
Specific DMA	Policies	www.ap1.se
G4-HR4	Freedom of association and collective bargaining	Freedom of collective bargaining prevails at Första AP-fonden, the Fund has signed collective bargaining agreements.
<i>Child labour</i>		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour	Första AP-fonden does not employ persons under 18 years of age
<i>Forced or compulsory labour</i>		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour	Not relevant for Första AP-fonden

Indicator	Name	Reference
Society		
<i>Local community</i>		
FS13	Access points in low-populated areas	Not relevant for asset management operations
FS14	Initiatives to improve access	Not relevant for asset management operations
<i>Anti-corruption</i>		
Specific DMA	Anti-corruption policies and procedures	The Board's report on internal control
G4-SO4	Communication and training	Recurring communication and training takes place during the year
G4-SO5	Confirmed incidents of corruption	No incidents of corruption have occurred
<i>Anti-competitive behaviour</i>		
G4-SO7	Legal actions brought against the organisation	–
Product responsibility		
<i>Product and service labelling</i>		
FS15	Policy for the fair design and sale of financial products and services	Not relevant for Första AP-fonden
FS16	Initiatives to enhance financial literacy	www.ap1.se
Impact of products and services		
<i>Product portfolio</i>		
FS1	Guidelines for environmental and social components	The ownership report and www.ap1.se
FS2	Procedures for assessing and screening environmental and social risks	The ownership report and www.ap1.se
FS3	Processes for monitoring clients' implementation and compliance	Not relevant for asset management operations
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures	–
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	The ownership report and www.ap1.se
FS6	The product portfolio	Första AP-fonden's management portfolio – see the Directors' report for more information.
FS7	Monetary value of products and services designed to deliver a specific social benefit	Not relevant for asset-managing operations
FS8	Monetary value of products and services designed to deliver a specific environmental benefit	Not relevant for asset-managing operations
Audits		
FS9	Audits to assess implementation of environmental and social policies	Ownership report, yearly report of the Ethical Council
Active ownership		
FS10	Companies with which the institution interacted on environmental or social issues	Ownership report, www.ap1.se and the yearly report of the Ethical Council and www.etikradet.se
FS11	Assets subject to environmental or social screening	Ownership report, www.ap1.se and the yearly report of the Ethical Council and www.etikradet.se
FS12	Voting policies applied to environmental or social issues	The Fund's ownership policy and www.ap1.se

STAKEHOLDER ANALYSIS

Första AP-fonden and the assets in which it invests have a direct and indirect impact on its environment. The direct economic values generated by the Fund's operations chiefly consist of net flows into the pension system. Salaries for employees and paid taxes are other

examples of economic value created by the Fund. The Fund has defined a number of stakeholder groups that particularly affect or are affected by the Fund's operations, compiled their expectations of the Fund, and the dialogues held with them.

Stakeholder group	Expectations	Dialogue
Principal (Swedish Parliament and Government)	Return target Cost efficiency Long-term buffer Compliance Transparency	Meetings The Government's annual evaluation External audit by auditors appointed by the Government Reports
Pensioners	Counteract balancing Cover the deficit in the system	Speaker at seminars Meetings with journalists
Society	Transparency in terms of environmental and social risks Transparency in terms of owner engagement Contribution to the long-term funding of the pension system Sustainable investments	Individual meetings Speaker and expert panel at seminars Reports, website Support in academic essays
Employees	Interesting, stimulating work Openness Equal treatment	Progress review Daily dialogue Staff survey
Media	Transparency Availability	Individual meetings Media monitoring Reports, website
Other investors	Cooperation regarding owner engagement Sharing knowledge	Meetings Joint contacts with companies Exchanging experiences Reports

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