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Debt crisis and market declines affect result

The Second Swedish National Pension Fund/AP2 posted a return of -1.9 percent for 2011 on its total portfolio, excluding expenses, which was less than the decline noted by the major stock markets. Diversification of the Fund's portfolio assets in recent years has served to counteract this negative trend. The Fund's return relative to benchmark index was -0.3 percent, excluding alternative investments and costs.

- The Second AP Fund's assets under management totalled SEK 216.6 (222.5) billion on December 31st 2011, against which net outflows to the national pension system were charged in an amount of SEK -1.2 (-4.0) billion.
- The net result for the year amounted to SEK -4.6 (22.3) billion.
- The Fund's return on the total portfolio was -1.9 (11.2) percent, excluding commission fees and operating expenses. Including these expenses, the portfolio noted a return of -2.1 (11.0) percent.
- The relative return on the Fund's overall portfolio, excluding alternative investments and expenses, was -0.3 (0.8) percent, -0.16 percent of which is attributable to implementation effects.
- The most substantial contributions to ROI derived from alternative investments and fixed-income securities. The return on these asset classes was 8.4 (15.0) and 6.8 (0.5) percent respectively.
- During the spring, the Fund instituted a comprehensive reallocation of its portfolio assets, from Swedish equities and fixed-income securities to emerging market equities and government bonds.
- During 2011, the Fund established a joint real-estate company in association with the First Swedish National Pension Fund/AP1, focused on investment in European real estate. The Fund has also launched a joint venture with US pension fund TIAA-CREF, which will focus on investment in agricultural real estate in the US, Australia and Brazil.

"The European debt crisis and falling stock markets the world over have had an impact on much of the year – and on the result. In spite of this, we can report a limited decline in market worth than experienced by the major stock markets. This derives from our long-term commitment to diversify the portfolio," states CEO Eva Halvarsson, Second AP Fund.

The English version of the AP2 Annual Report 2011 will be available at www.ap2.se from the end of February.

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