

A photograph of a forest with tall, thin tree trunks and a dense green undergrowth. A semi-transparent blue circle is overlaid on the left side of the image.

Interim report 2025

This is Första AP-fonden
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This six-month interim report has been prepared in accordance with the accounting and valuation policies formulated jointly by the AP Funds; see the AP1 Annual Report 2024. Unless otherwise stated, the accounting policies and calculation methods used are consistent with those used in the Annual Report 2024. The figures in the tables and charts for this six-month interim report have been individually rounded, which is why they may not always add up to the totals provided.

The six-month interim report has not been reviewed by AP1's auditors.

There have been no significant events since the end of the period.

The AP1 Annual Report for the 2025 financial year will be published in February 2026.

OUR PURPOSE

We exist to build pension security for us all, now and in the future

Första AP-fonden's (AP1's) mandate is to manage a portion of the income pension system's capital in an exemplary manner, so as to cost-efficiently deliver a long-term, high return.

The Fund helps to build pension security for us all, now and in the future. By performing well, we help create long-term stability for generations.

Första AP-fonden maximises long-term returns while ensuring balanced risk, efficiency and sustainability so as to achieve or exceed the Fund's return target. We can help promote sustainable development through responsible investments and engaged ownership.

First half of the year in figures

Net investment income

Net investment income for the first half of the year totalled

SEK 2.7 bn

Expense ratio

AP1's expense ratio

0.05%

Assets

Total assets on 30 June amounted to

SEK 497.2 bn

Payments

The amount paid into the pension system in the first half of the year 2025 was

SEK 2.4 bn

Return

The return after expenses for the first half of the year amounted to

0.6%

Annualised return

The annualised return after expenses for the last five-year period was

8.2%

Key ratios

	30 Jun 2025	30 Jun 2024	31 Dec 2024
Closing net assets, SEK bn	497.2	476.2	496.9
Net investment income for the period, SEK bn	2.7	22.7	44.6
Net flows for pension system, SEK bn	-2.4	-0.9	-2.0
Opening net assets, SEK bn	496.9	454.4	454.4
Expense ratio, Operating expenses, %*	0.05	0.06	0.05
Expense ratio, Commission expenses, %*	0.00	0.00	0.00
Total expense ratio, %*	0.05	0.06	0.05
Return after expenses, %	0.6	5.0	9.8
Real return after expenses, %	0.5	4.3	4.4
Annualised return after expenses, 5 years, %**	8.2	7.7	7.7
Annualised return after expenses, 10 years, %**	7.0	7.8	7.5
Real annualised return after expenses, 5 years, %**	3.6		3.1
Real annualised return after expenses, 10 years, %**	3.9	4.8	4.4

* In the six-month interim report, the expense ratio is calculated as the full-year effect.

** In the six-month interim report, the annualised return is calculated for 5 and 10 years.
The CPI for June 2025 is an estimate as this figure was not available at the time of the half-year closing.

Responsible ownership



AP1 has had a responsible ownership role during the first half of 2025 and voted at the AGMs of 84 Swedish and 1,278 foreign companies.



Ahead of the 2025 AGM season, Första AP-fonden (AP1) worked on 22 nomination committees, encompassing 19 listed and three unlisted companies.

Composition of the portfolio

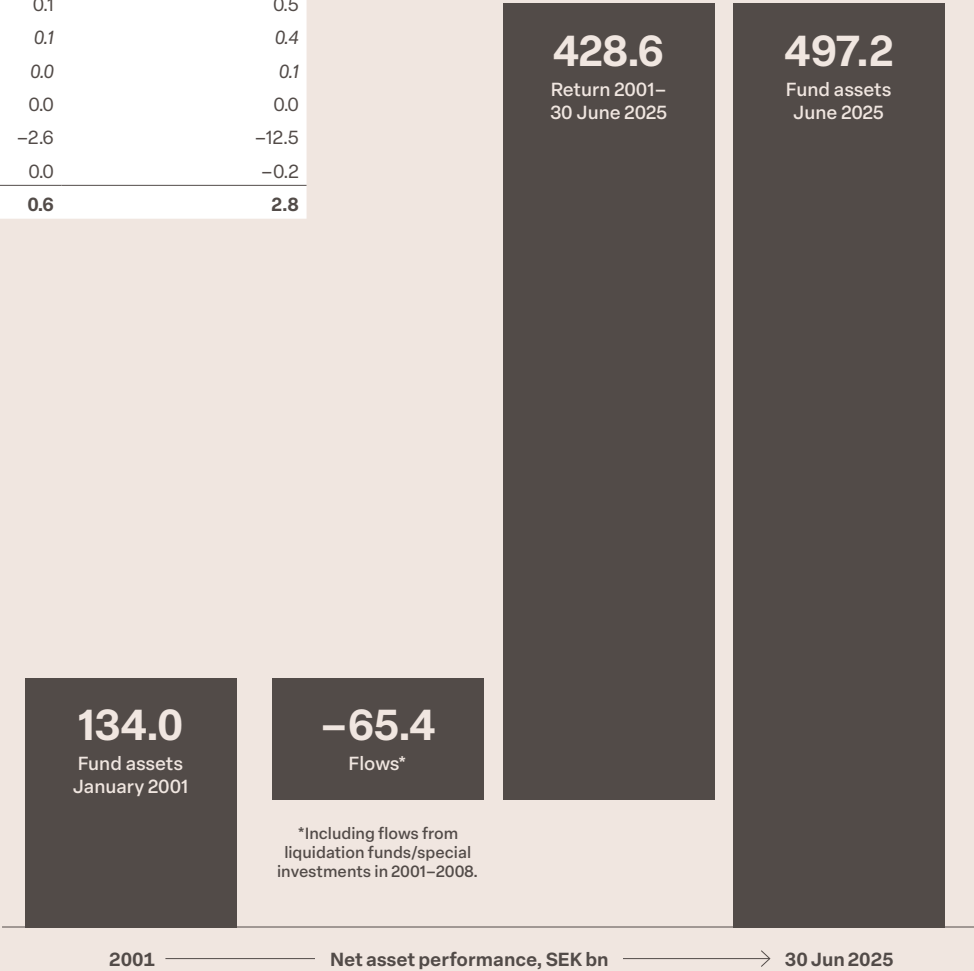
	Market value, SEK bn	Return on investment, %	Return contribution, %	Return contribution, SEK bn
Equities	273.6	4.9	2.7	13.4
<i>Swedish equities</i>	99.4	5.1	1.0	4.8
<i>Non-Swedish equities</i>	174.2	4.7	1.7	8.5
Fixed-income securities	107.3	1.5	0.3	1.7
High yield	0.0		0.0	0.0
Alternative investments	107.9	0.5	0.1	0.5
<i>Real assets</i>	77.6	0.5	0.1	0.4
<i>Private equity funds</i>	30.4	0.4	0.0	0.1
Cash	8.4		0.0	0.0
Foreign exchange			-2.6	-12.5
Absolute return mandate			0.0	-0.2
Total	497.2	0.6	0.6	2.8

We are proud of what we contribute to Sweden’s pensioners and how our work has strengthened the pension system in the long term. The diagram shows AP1’s contribution to the stability and sustainability of the pension system over time.

Expenses and expense ratio

Asset classes	First half of the year 2025		First half of the year 2024	
	Expenses, SEK m	Expense ratio ¹⁾ , %	Expenses, SEK m	Expense ratio ¹⁾ , %
Personnel costs	77	0.03	79	0.03
Other administration expenses	49	0.02	46	0.02
Operating expenses	126	0.05	125	0.05
Commission expenses	6	0.00	6	0.00
Total expenses	132	0.05	131	0.06

1) The Fund’s expenses in relation to average net assets.



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COMMENTS FROM THE CEO

Focus and change management in turbulent times

Geopolitical tensions and trade policy turbulence dominated the first half of 2025. The market raised questions regarding the future performance of US stock markets, the sustainability of US budget deficits and the role of the US dollar as insurance against global turmoil. In conjunction with the above, the Swedish krona appreciated strongly. In this challenging market climate, AP1 has remained stable and by means of a diligently balanced portfolio strategy and focused execution, the Fund achieved a return of 0.6 per cent.

Net investment income for the first half of the year amounted to SEK 2.7 billion, corresponding to a return of 0.6 per cent. Assets under management totalled SEK 497.2 billion as of 30 June 2025 and all asset classes contributed positively to the return for the period. To avoid any negative impact on net investment income from the strengthening of the Swedish krona, the Fund increased currency hedging for the portfolio in the period to protect the value of foreign assets measured in SEK. AP1 transferred SEK 2.4 billion to the income pension system in the period. Our continued focus on cost-efficiency has led to a consistently low expense ratio of 0.05 per cent.

The average return over the last five years now amounts to 8.2 per cent, compared with 5.8 per cent over the previous five years. With a real return of 3.9 per cent for the last ten-year period, we have exceeded our long-term target of a 3.0 per cent real return over rolling ten-year periods.

Political uncertainty triggered exceptional market reactions and continuing questions

A shift in US foreign trade policy, specifically high and varying proposed tariffs on international trade, resulted in considerably greater uncertainty in the first half of the year. The interpretation and pricing of these policy announcements in actual trade agreements and financing arrangements and, accordingly, the impact on businesses, capital flows and global economies, presented challenges for investors around the world. Concurrently, concerns increased regarding both the current and the future US budget deficit, and the Swedish national debt increased. These stemmed mainly from the proposed unfunded fiscal stimuli for the years ahead. Questions were raised about the ability to sustain a high rate of investment in the US private sector, not least due to its considerable historic and

ongoing dependence on foreign capital. Oil prices and the global risk sentiment were adversely impacted by violent conflict in the Middle East. US treasury bonds with longer maturities and the US dollar, traditional safe havens in the event of global turmoil, both weakened over the period and capital inflows to the US declined temporarily.

The Swedish krona appreciated strongly to become one of the world's strongest performing currencies. While the global turbulence impacted the Stockholm stock exchange and our many international companies to varying degrees, they also exhibited good resilience following last year's relatively weak performance. A cyclical recovery and hopes for regulatory simplification together with a raised borrowing capacity for the German government led to generally strong performances by European stock markets. The climate remained cautious for unlisted assets and the expected uptick in transaction activity failed to materialise.

Active portfolio adaptation in a changing world

We increased currency hedging for the portfolio in the first half of the year to protect the return on foreign assets in pace with the Swedish krona strengthening, a measure that proved effective. We also reduced the allocation to North American equities and increased exposure to European equities. The exposure to US treasury bonds with longer maturities was adjusted downward slightly due to our assessment of the expected return as insufficiently attractive in relation to the increased risk. Within our unlisted investments our wholly owned rental property company Willhem completed an ongoing acquisition of residential properties, which comprises an investment that we believe will contribute very positively to the income pension system over time.

“We increased currency hedging for the portfolio in the first half of the year to protect the return on foreign assets in pace with the Swedish krona strengthening, a measure that proved effective.”

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Strong owner engagement for long-term value creation

We have worked actively with responsible stewardship and participated in person at most of our Swedish portfolio companies' AGMs. Once again, Board fees have been a key theme this year, with several major shareholders taking initiatives to align fees in Swedish companies closer to a more internationally competitive level. We believe that the fees should be market-based and motivated to enable the recruitment of the right skills to the companies' boards. From an international perspective, we are following, with concern, challenges to shareholders' rights, especially in the US, where new rules risk weakening shareholders' ability to influence the development of companies, and issues related to climate and social responsibility. We are convinced of the critical importance of strong shareholder engagement for sustainable value creation, and we will continue to pursue the right to engage in dialogue, make proposals and exercise an influence.

Focus on responsible consolidation of the AP Funds

At the end of May, the Riksdag approved the government's proposal to consolidate the AP Funds from five to three. Accordingly, AP1 will cease its operations at the end of this year, and the assets under management will be transferred to AP3 and AP4. During spring, the organisation prepared extensively to enable the implementation of a parliamentary decision within the given time frame. In several areas, these efforts are now entering the implementation phase. We have full responsibility for our portfolio until the end of the year and are managing it within the framework set by our Board. Within weeks of the parliamentary decision, we had ensured access for the receiving funds to all data on our holdings relevant for continued management after the year end. Furthermore, we have facilitated contact with our companies and external investment

partners to enable them, together with the receiving funds, to design future responsible stewardship.

Concurrent with the above, operational preparations are in progress to manage the transfer of financial assets and data, and to ensure that our accounting and archiving obligations are met. In our role as employer, we are supporting staff in the transition to a new phase in their working lives after the end of the year, and we attach great importance to maintaining our strong community from start to finish.

I am highly gratified by how our staff have responded to the current situation and for the great commitment, responsibility and determination they have shown. While the task we have been given to solve together is highly complex and challenging, everyone's positive attitude, open communication and ability to leverage each other's experience and expertise means that I am convinced that we will identify the best way to complete a good exit. For the ship with the right crew, any major change process presents opportunities for learning and development. I am delighted that at the end of this year I will be steering this ship into port together with you.

Stockholm, August 2025



Kristin Magnusson Bernard
CEO

Return targets and outcomes



Ten-Year Overview

	30 Jun 2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Net investment income and inflow, SEK bn												
Net assets, 31 December	497.2	496.9	454.4	421.2	465.8	392.6	365.8	323.7	332.5	310.5	290.2	
Net flow pension system	−2.4	−2.0	−4.3	−4.7	−7.5	−7.9	−6.5	−6.8	−7.4	−6.6	−4.9	
Net investment income for the year	2.7	44.6	38.0	−39.9	80.7	34.8	48.6	−2.1	29.3	27.0	11.3	
Return, expenses and risk, %												
Return before expenses	0.6	9.9	9.1	−8.5	20.8	9.8	15.3	−0.6	9.7	9.5	4.1	
Operating expenses, annualised, % of AUM	0.05	0.05	0.06	0.05	0.05	0.06	0.07	0.07	0.07	0.06	0.06	
Commission expenses, annualised, % of AUM	0.00	0.00	0.00	0.01	0.02	0.02	0.05	0.07	0.07	0.09	0.11	
Return after expenses	0.6	9.8	9.1	−8.6	20.8	9.7	15.1	−0.7	9.6	9.3	4.0	
Market returns ¹⁾	3.0	15.1	16.5	−14.2	17.9	6.8	19.7	−3.4	9.1	8.0	1.5	
Net investment income and expenses in total portfolio, SEK bn												
Net investment income before expenses	2.8	44.8	38.3	−39.6	81.0	35.1	49.0	−1.6	29.8	27.4	11.8	
Operating expenses	−0.1	−0.3	−0.3	−0.3	−0.3	−0.3	−0.4	−0.5	−0.4	−0.5	−0.5	
Exposure, %												
Equities	55.0	56.3	61.2	47.9	61.4	49.2	36.3	34.1	37.9	34.1	34.7	
Sweden	20.0	20.5	22.1	18.8	18.6	17.3	10.5	11.2	12.9	12.3	12.3	
Foreign ²⁾	35.0	35.9	39.2	29.1	42.9	32.0	25.8	22.9	24.9	21.7	22.4	
Fixed-income securities ³⁾	21.6	22.4	24.9	24.1	22.9	24.2	32.3	33.3	31.7	29.8	30.2	
High yield	0.0	−	−	0.3	1.1	1.9	3.0	2.8	4.5	4.5	2.9	
Alternative investments	21.7	22.3										
Real assets	15.6	15.3	15.8	19.6	17.7	16.2	17.8	18.0	16.2	15.6	14.4	
Private equity funds	6.1	7.1	6.9	7.9	6.0	4.9	5.4	5.5	4.6	4.7	5.0	
Hedge funds	−	−	−	0.5	0.8	3.8	4.3	4.6	4.0	5.0	4.8	
Alternative strategies	−	−	0.3	0.3	0.2	−	1.1	0.9	1.0	5.0	4.4	
Systematic strategies	−	−	−	−	−	−	−	3.2	3.0	4.5	5.2	
Special investments	−	−	−	−	−	−	−	−	−	0.5	0.7	
Cash ⁴⁾	1.7	−1.1	−9.2	−0.7	−10.1	−0.2	−0.3	−2.5	−2.4	−1.1	−0.1	1) Market returns and market volatility refer to the returns and the volatility in the investment universe that arise as a consequence of the buffer funds' statutory mandate.
Foreign exchange	15.5	23.6	18.1	20.0	30.3	23.2	25.7	26.0	25.3	22.1	31.3	2) Starting in 2019, systematic strategies are included as part of Equities in developed markets
Risk												3) Investment grade bonds (fixed-income, incl. cash funds in accounts = 23.4% for 2025)
Risk, % ⁵⁾	11.6	7.3	6.6	9.3	6.4	10.6	3.8	4.9	3.6	6.4	8.1	4) Cash exposure includes commitments related to certain equity derivative instruments
Sharpe ratio	neg.	0.9	0.9	neg.	3.3	0.9	4.2	−	2.9	1.5	0.5	5) Standard deviation calculated on daily return in 2025
Market volatility, % ¹⁾	12.5	7.5	7.5	12.5	7.2	15.8	6.1	7.4	4.3	8.1	9.4	6) In accordance with a joint decision, the AP Funds report wholly or partially owned real estate companies as being internally managed
External management, %												
Share of total portfolio as of 31 December ⁶⁾	8.0	9.0	8.2	10.1	15.9	22.6	31.4	33.5	32.5	31.8	31.0	

Income Statement

SEK m	30 Jun 2025	30 Jun 2024	31 Dec 2024
Operating income			
Net interest income	1,437	1,346	2,666
Income from equity shares	4,124	3,998	5,828
Net gains/losses, listed shares and participations	12,059	25,267	34,283
Net gains/losses, unlisted shares and participations	868	-779	-393
Net gains/losses, fixed-income assets	397	-2,693	-2,056
Net gains/losses, derivative instruments	-1,107	-4,441	-1,516
Net gains/losses, foreign exchange movements	-14,936	143	6,002
Commission expenses	-6	-6	-13
Total operating income	2,835	22,835	44,801
Operating expenses			
Personnel costs	-77	-79	-150
Other administrative expenses	-49	-46	-97
Total operating expenses	-126	-125	-247
Net investment income	2,709	22,710	44,554

Balance Sheet

SEK m	30 Jun 2025	30 Jun 2024	31 Dec 2024
Assets			
Shares and participations, listed	273,117	263,072	279,254
Shares and participations, unlisted	103,905	103,667	106,766
Bonds and other fixed-income assets	109,947	112,785	113,924
Derivatives	2,662	2,260	2,460
Cash and bank balances	8,197	2,846	3,839
Other assets	314	1,422	723
Prepaid expenses and accrued income	935	853	873
Total assets	499,077	486,905	507,838
Liabilities			
Derivatives	1,815	1,198	3,376
Other liabilities	42	9,474	7,541
Deferred income and accrued expenses	4	3	4
Total liabilities	1,861	10,675	10,921
Net assets			
Opening net assets	496,917	454,386	454,386
Net payments to/from the pension system	-2,410	-866	-2,024
Net investment income for the year	2,709	22,710	44,554
Total net assets	497,216	476,230	496,917
Total net assets and liabilities	499,077	486,905	507,837



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