

Hansa Pension Fund K2 (Balanced Strategy)

Investment Principles

Hansa Pension Fund K2 (Balanced Strategy) is a contractual investment fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve long-term, stable capital growth. The Fund's assets will be invested in bonds, shares, money market instruments and other assets of either Estonian or foreign origin. The Fund's assets may be invested in shares or in the investment funds dealing with investments in shares to the extent of 25% of the market value of the Fund's assets.

General information

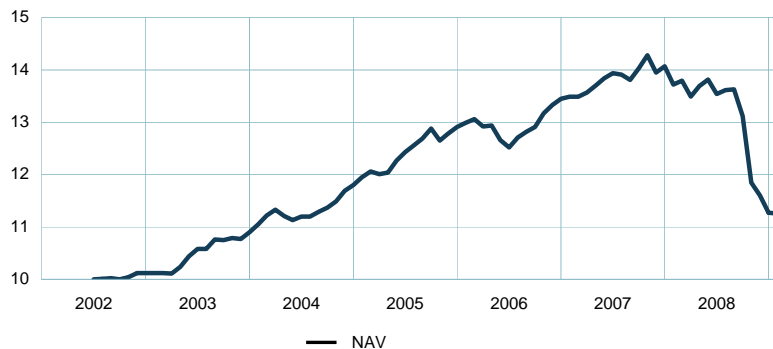
| | |
|-------------------------|---|
| Fund Management Company | Hansa Investment Funds |
| Fund Manager | Kristjan Tamla |
| Inception | 2002 |
| Contact | Hansapank offices and tel. 631 0310 www.hansa.ee/funds |

| | |
|--------------------------|-------------------|
| Net Asset Value (NAV) | 11.26 EEK |
| Net Assets | 1 825 729 760 EEK |
| Management Fee per annum | 1.49% |
| Subscription Fee | 1.5% |
| Redemption Fee | 1.0% |
| Benchmark | EPI75 |

Statistics (computed over 3 years)

| | |
|--------------------|------|
| Standard Deviation | 7.6% |
|--------------------|------|

Fund performance



| | YTD | 1 month | 3 months | 1 year | 3 years | 5 years | Inception |
|-------------|-------|---------|----------|--------|---------|---------|-----------|
| Performance | -0.1% | -0.1% | -5.0% | -18.0% | -13.3% | 1.9% | 12.6% |
| Annualized | | | | -18.0% | -4.7% | 0.4% | 1.8% |

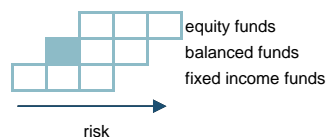
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------|------|------|------|------|------|--------|------|
| Performance | 7.7% | 8.3% | 9.4% | 4.2% | 4.6% | -19.9% | |

Manager Commentary

Most equity markets fell at the beginning of 2009, however the returns in different regions were diverse. Despite the negative sentiment in equity markets, K2's performance remained practically unchanged – decreased only by 0.1% in January. Central- and Eastern-European and Russian stock markets led the way down by almost 15%. Although at the beginning of January, we decreased our positions there substantially, they were still the biggest negative contributors to the fund's performance.

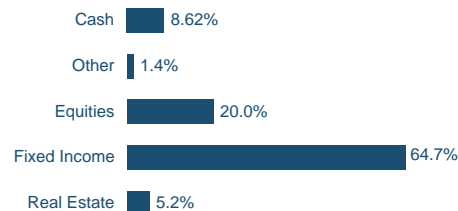
In the short term we still expect to see the most interesting investment opportunities in credit markets, especially in Eurozone investment grade corporate bonds. With regard to equity markets we reallocated part of the Central- and Eastern- European allocation into developed markets.

Risk level

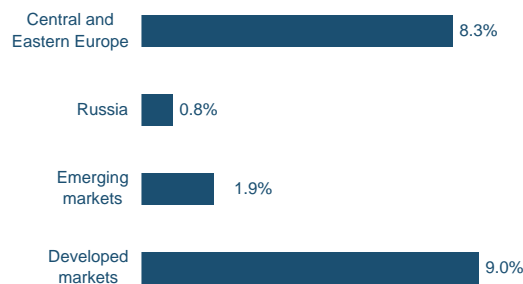


Higher expected yield is accompanied by higher risk

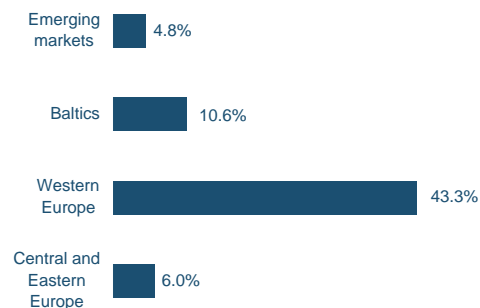
Portfolio by instruments



Equity portfolio by regions



Fixed Income portfolio by regions



Largest investments

| Stocks | Weight |
|--------------------------------------|--------|
| SSGA USA Index Equity I Fund | 2.9% |
| SSGA Europe Index Equity - I | 1.9% |
| SSGA Tracks Pan Euro | 1.8% |
| Hansa CEE Fund Of Funds | 1.8% |
| Accession Mezzanine Capital Ii | 1.3% |
| Bonds | Weight |
| Bluebay Inv Grad Bd I-Base Prf | 5.7% |
| Hansa Private Debt VK Fond | 5.2% |
| DWS Instit Euro Gov Bond Fund | 4.4% |
| Pimco Gis Euro Bond Fnd Inst A | 4.2% |
| Pimco D S C Opportunities Fund Disco | 3.0% |

The value of the Fund's unit can either grow or decrease in time. The current return of the Fund shall not guarantee the same return in the future. Funds investing in foreign markets are vulnerable to monetary movements, which may lead to a growth or decrease of the net asset value of the Fund's unit. Pension Funds are founded on the basis of Funded Pensions Act. The following payment which conditionally consists of two parts - tax (4% portion of the social tax) and contribution (2% contribution of the state funded pension, withheld by the employer on the employee's gross wages) - shall be transferred to the mandatory funded pension account for a person who has joined the funded pension system.