

Swedbank Pension Fund K2 (Balanced Strategy)

September 30, 2009

Investment Principles

Swedbank 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

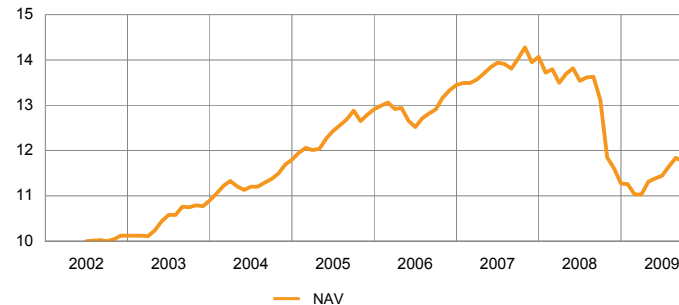
Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Jelena Fedotova
Inception	2002
Contact	Swedbank offices and tel. 6 310 310 www.swedbank.ee/funds

Net Asset Value (NAV)	11.77 EEK
Net Assets	2 092 662 116 EEK
Management Fee per annum	1.49%
Subscription Fee	1.5%
Redemption Fee	1.0%
Benchmark	EPI75

Statistics (computed over 3 years)

Standard Deviation	7.8%
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Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	4.5%	-0.5%	2.9%	-10.3%	-8.8%	3.5%	17.7%
Annualized				-10.3%	-3.0%	0.7%	2.3%

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

Manager Commentary

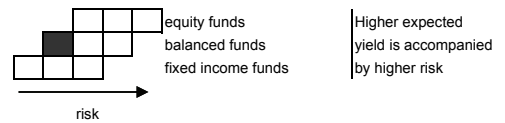
With the exception of Japan all major equity markets where the fund invests in posted a positive return in September. Fund benefited the most by being invested in the Russian equity market, which was up by over 10% in a month. The biggest negative contribution came from the downward valuation on Baltic corporate bonds, which were devalued to the price we consider them being possible to offload. This subtracted approximately 1.4% from the September performance.

Fund entered the Q4 with close to maximum (25%) allowed equity allocation. We see that global business cycle and market technical indicators are still supportive for equities. In addition, there are signs that Q3 earnings season has a potential to surprise on the upside.

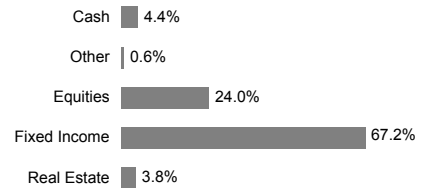
In fixed income we added positions to double digit yielding Lithuanian EEK denominated bonds. We also continue working hard on Baltic corporate bonds with the aim of realising their execution value at the higher level. In the Euro market the fund made good profits from exploiting misruled yield curves within the EMU area. For instance the 10 year Greece bond was very cheap compared to the 7 year and the 15 year bond. The fund was also overweight in peripheral EMU that rallied at the end of the month.

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.

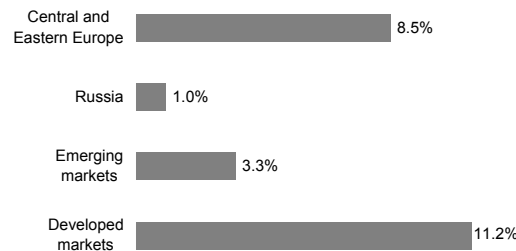
Risk level



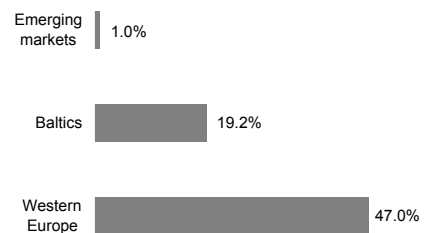
Portfolio by instruments



Equity portfolio by regions



Fixed Income portfolio by regions



Largest investments

Stocks	Weight
SSGA USA Index Equity Fund	3.1%
SSGA Tracks Pan Euro	3.0%
Luxor Eastern Europe Index Fund	2.3%
Hansa CEE Fund of Funds	2.1%
SSGA Europe Index Equity Fund	1.9%
Bonds	Weight
SSGA Euro Corp. Bond Index Fund	5.8%
Italy 3.75% 15.12.2013	4.0%
France 4.25% 25.04.2019	3.9%
Italy 5% 08.01.2039	3.7%
Spain 4.3% 31.10.2019	3.0%